

Engagement Policy Implementation Statement (“EPIS”)

BMW (UK) Operations Pension Scheme (the “Scheme”)

Scheme Year End – 31 December 2025

The purpose of the EPIS is for us, the Trustee of the BMW (UK) Operations Pension Scheme, to explain what we have done during the year ending 31 December 2025 to meet certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Scheme’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, most of our material investment managers were able to disclose adequate evidence of engagement activity, and the activities completed by our managers align with our stewardship expectations. There are no investments in equities and so there are no voting responsibilities.

Some investment managers did not provide us with all the stewardship information requested. We will Continue to engage with these managers to encourage improvements in their reporting, as set out in our Engagement Action Plan.

How engagement policies have been followed

Our responsibility for voting and engagement is delegated to our appointed investment managers. This is in line with the policies set out in our SIP and our expectations regarding the stewardship activity of the investment managers. We have reviewed the stewardship activity of the investment managers of our largest holdings over the Scheme year and, in our view, most of the investment managers were able to disclose adequate evidence of engagement activity. More information on the stewardship activity carried out by the investment managers can be found in the following sections of this report.

We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately and protect shareholders' interests. Over the reporting year, we monitored the performance of our investments on a quarterly basis and received updates on important issues from our investment adviser, Aon Investments Limited. Aon's reporting includes Environmental, Social and Governance ("ESG") ratings covering buy-rated investment strategies and is designed to assess whether investment managers integrate responsible investment and more specifically ESG considerations into their decision-making process. Ratings are updated quarterly to reflect any changes in the level of ESG integration or broader responsible investment developments.

We aim to perform a detailed review of each of the investment managers, at least once every three years. As part of this, we review the integration of ESG in the investment process and assess the fund's carbon metrics (where data permits).

During the year, once again we published our climate change report in line with the Taskforce on Climate-Related Disclosure ("TCFD") recommendations for the year ended 31 December 2024. Building on the prior year's TCFD report, the report now explains the further actions that we have undertaken. We believe we have continued to make strong progress against this initiative, and we will continue to build on these foundations in moving towards our long-term climate goals. We will produce this report on an annual basis, and this will be published online within seven months of the Scheme year end. The report can be found here:

<https://pensioninformation.aon.com/bmw schemes/documents.aspx>

Each year as part of the preparation of this statement, we review the engagement policies of our investment managers to ensure they align with our own policies for the Scheme and help us to achieve them.

There were no assets with voting rights held during the year.

Our stewardship policy can be found in the SIP:

<https://pensioninformation.aon.com/bmw schemes/documents.aspx>

The SIP demonstrates that,

- We recognise the importance of our role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental Social Governance ("ESG") issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

which we invest, as this ultimately creates long-term financial value for the Scheme and its beneficiaries.

- We regularly review the suitability of the appointed asset managers and take advice from our investment consultant with regards to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. Where this is delegated to our investment managers, we accept responsibility for how the managers steward assets on our behalf.
- We will engage with our investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of our active ownership policies, are being actioned.

Our Engagement Action Plan

Based on the work we have done for the EPIS, we have decided to take the following steps over the next 12 months:

1. Global Infrastructure Partners, ICG and Macquarie Group provided insufficient engagement information requested both at the firm-level and fund-level. Aon will continue to encourage these managers to improve the quality and depth of the data they provide. Additionally, when scheduled for triennial review Aon will report on the implementation of ESG principles at the fund and firm level.
2. As part of every manager selection, we actively review the managers ESG credentials and assess how the fund actively seeks to reduce its carbon exposure. In addition, the manager's ESG credentials are actively considered to ensure they are aligned with our policies.

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by our material investment managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e. not necessarily specific to the funds invested in by the Scheme.

Funds	Number of engagements		Themes engaged on at a fund/ firm level
	Fund level	Firm level	
BentallGreenOak UK Secured Lending Fund III	15	<i>Not provided</i>	Environment - Climate Change; Natural Resource Use/Impact Social - Human Capital Management; Human and Labour Rights
BlackRock Absolute Return Bond Fund ("BARBF")	91	2,362	Environment - Climate Risk Management; Other company impacts on the environment Social - Business Ethics and Integrity; Human Rights Governance - Corporate Strategy; Business Oversight; Executive Management & Succession
CBRE Global Investment Partners Segregated Multi Manager Mandates	33	<i>Not provided</i>	Environment - Climate Change; Data Collection; Global Real Estate Sustainability Benchmark Participation; Carbon Transition Plan; Net Zero Carbon Target; Climate Change – Physical Risk Social - Community Engagements; Health and Safety
Chorus Capital Credit Fund IV ¹	<i>Not provided</i>	26	Environment - Climate Change; Natural Resource Use/Impact; Pollution, Waste Social - Inequality; Public health
Global Infrastructure Partners III		<i>Not provided</i>	
DRC UK Whole Loan Fund	20	120	Environment - Pollution, Waste; Climate Change Social - Conduct, culture and ethics; Human and labour rights Governance - Remuneration; Shareholder Rights
GSAM Global Credit	118	1,353	Environment - Climate Change; Natural Resource Use/Impact Social - Human capital management; Human and labour rights Governance – Remuneration; Board effectiveness - Other
ICG Longbow UK Real Estate Debt Investment V		<i>Not provided</i>	
ICG Senior Debt Partners 3		<i>Not provided</i>	
Insight Global Asset Backed Securities ("ABS") Fund	70	954	Environment - Climate Change; Natural resource use/impact Social - Human and labour rights; Human capital management Governance - Strategy, Financial & Reporting
Insight UK Corporate Bonds	131	954	Environment - Climate Change; Natural resource use/impact Social - Human and labour rights; Human capital management Governance - Shareholder rights; Board effectiveness - Independence or Oversight Strategy, Financial & Reporting - Strategy/Purpose

L&G Property Segregated Funds ¹	0	3,762	Environment - Climate Change; Natural resource use/impact Social - Human and labour rights; Human capital management Governance - Remuneration; Strategy, Financial and Reporting Other - Acquisitions/Takeovers/Mergers
Macquarie European Infrastructure Fund 5		<i>Not provided</i>	
PIMCO Global Investment Grade Credit	362	1,300	Environment - Climate Change; Natural resource use/impact Social - Conduct, culture and ethics; Human and labour rights Governance - Board Effectiveness - Diversity; Independence/Oversight
PIMCO Low Duration Opportunities	91	1,300	Environment - Climate Change; Natural Resource Use/Impact Social - Human and labour rights; Human capital management Governance - Strategy, Financial & Rep; Board, Management & Ownership
Schroders ISF Securitised Credit	67	956	Environment - Climate Change Strategy, Financial & Reporting - Reporting

Source: Investment managers.

¹Themes listed for Chorus and L&G are at a firm-level.

Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- BentallGreenOak and CBRE did not provide number of engagements at firm-level but did provide detailed case studies which is typical for these funds due to the nature of their underlying investments, and thus there is no need for further engagement.
- BlackRock did provide a comprehensive list of fund level engagements, which we find encouraging, however, the manager did not provide detailed engagement examples specific to the funds in which we are invested, as per the Investment Consultants Sustainability Working Group (“ICSWG”) industry standard engagement reporting template.
- Chorus Capital did not provide fund level engagement data and themes for Chorus Capital Credit Fund IV as the fund is no longer in its investment period.
- Global Infrastructure Partners, ICG and Macquarie Group provided insufficient engagement information requested both at the firm-level and fund-level.
- LGIM said there were no engagements recorded for the property fund during the entire calendar year 2025.

This report does not include commentary on the Scheme’s liability driven investments/gilts or cash because of the limited materiality of stewardship to these asset classes. Further, this report does not include the additional voluntary contributions (“AVCs”) due to the relatively small proportion of the Scheme’s assets that are held as AVCs.