

# Engagement Policy Implementation Statement (“EPIS”)

## Cosworth Racing Limited Pension Fund (the “Fund”) Fund Year End – 31 March 2024

The purpose of the EPIS is for us, the Trustee of the Cosworth Racing Limited Pension Fund, to note what we have done during the year ending 31 March 2024 to achieve 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 Fund’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, the Fund’s investment manager was able to disclose adequate evidence of voting and/or engagement activity, that the activities completed by our manager align with our stewardship expectations, and that our voting policy has been implemented effectively in practice.

We will continue engaging with the manager to encourage them to provide detailed and meaningful disclosures about their engagement activities. In particular, the Trustee’s investment adviser, Aon, will engage with LGIM on behalf of the Trustee to encourage consistency with the wider market in how the manager reports engagements.

## How voting and engagement policies have been followed

At year end the Fund was invested entirely in pooled funds with a single investment manager, and so the responsibility for voting and engagement is delegated to the Fund's investment manager, which is in line with the policies set out in our SIP. We reviewed the stewardship activity of the investment manager carried out over the Fund year and in our view, the investment manager was able to disclose adequate evidence of voting and engagement activity. More information on the stewardship activity carried out by the Fund's investment manager can be found in the following sections of this report.

While the Fund has held investments with other investment managers over the year to the effective date of this report, we have only considered the activities of the current investment manager for this report.

Over the reporting year, we monitored the performance of the Fund's investments on a quarterly basis and received updates on important issues from our investment adviser, Aon Investments Limited ("Aon"). In particular, we received quarterly ESG ratings from Aon for the funds the Fund is invested in where available. This reporting is designed to assess whether investment managers integrate responsible investment and more specifically ESG considerations into their investment decision making process.

In setting and implementing the Fund's investment strategy we do not explicitly take into account the views of Fund members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").

We are a professional trustee and our representatives undertake training in line with (and beyond) the requirements of the voluntary codes of practice applying to professional trustees. This is monitored by the accreditation firms overseeing professional trustees and by the Committee of Governance operated by us. We have undertaken specific training and continuous professional development in the field of investment management and oversight during the year.

The Fund's stewardship policy can be found in the SIP:  
[\[https://pensioninformation.aon.com/cosworthtracing\]](https://pensioninformation.aon.com/cosworthtracing)

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 which the Fund invests, as this ultimately creates long-term financial value for the Fund and its beneficiaries.
- We regularly review the suitability of the Fund's appointed investment manager and take advice from our investment consultant with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed manager, where applicable.
- We will engage with our investment manager as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, is being actioned.

## 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*

## Our manager's voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. 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. Understanding and monitoring the stewardship that investment managers practice in relation to the Fund's investments is an important factor in deciding whether a manager remains the right choice for the Fund.

Voting rights are attached to listed equity shares. We expect the Fund's investment manager to responsibly exercise its voting rights.

### Voting statistics

The table below shows the voting statistics for the Fund's equity funds for the year to 31 March 2024.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM - Future World Global Equity Index (Hedged & Unhedged)	52,212	99.9%	19.5%	0.3%

Source: Manager. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast and are distinct from a non-vote.

### Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Fund's manager uses proxy voting advisers.

Manager	Description of use of proxy voting adviser (in the manager's own words)
Legal & General Investment Management (LGIM)	LGIM's Investment Stewardship team uses Institutional Shareholder Services (ISS) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM, and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.

Source: Manager

### Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked LGIM to provide an example of a significant vote in relation to the Fund's equity funds. This can be found in the appendix.

### Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Source: UN PRI

### Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

## Our manager's 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 the Fund's investment manager. The manager has provided information for the most recent calendar year available.

Funds	Number of engagements		Themes engaged on at a fund level
	Fund level	Firm level	
LGIM - Future World Global Equity Index (Hedged & Unhedged)	287	2,500	Environment - Climate Change; Climate Impact Pledge Social - Ethnic Diversity Governance - Remuneration Other - Corporate Strategy
LGIM – 6A Over 15 Year Corporate Bond Fund	118	2,500	Environment - Climate Change; Energy Governance - Remuneration Other - Corporate Strategy; Disclosure & Transparency

Source: Manager.

## Data limitations

At the time of writing, LGIM did provide fund-level engagement information but not in the industry standard template.

This statement does not disclose stewardship information on the Fund's Liability Driven Investment or Sterling Liquidity Fund holdings with Legal and General Investment Management (LGIM) due to limited materiality of stewardship to these asset classes.

## Appendix – Significant Voting Example

In the table below is an example of a significant vote provided by the Fund's manager. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, one of which is outlined in the example below, in the manager's own words:

<b>LGIM - Future World Global Equity Index (Hedged &amp; Unhedged)</b>	<b>Company name</b>	JPMorgan Chase & Co.
	<b>Date of vote</b>	16 May 2023
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	0.9
	<b>Summary of the resolution</b>	Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets
	<b>How you voted?</b>	For (Against Management Recommendation)
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was sent to the company ahead of the meeting.
	<b>Rationale for the voting decision</b>	We generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. We believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company.
	<b>Outcome of the vote</b>	Failed
	<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	LGIM will continue to engage with the company and monitor progress.
	<b>On which criteria have you assessed this vote to be most significant?</b>	Pre-declaration and Thematic – Climate: LGIM considers this vote to be significant as we pre-declared our intention to support. We continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.

Source: Manager.