

Engagement Policy Implementation Statement (“EPIS”)

Cosworth Racing Limited Pension Fund (the “Fund”)

Fund Year End – 31 March 2025

The purpose of the EPIS is for us, the Trustee of the Cosworth Racing Limited Pension Fund, to explain what we have done during the year ending 31 March 2025 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 engagement activity, and the activities completed by our manager align with our stewardship expectations, and that our voting policy has been implemented effectively in practice.

Given the Fund’s investments are now solely invested in the LDI portfolio (consisting of leveraged and unleveraged gilts, index-linked gilts and a liquidity fund), in the future there will be very limited expectation for the investment manager to disclose evidence of engagement with the issuers of the underlying funds.

The rest of this report focuses on the reporting period, during which the Fund had other investments in addition to the LDI mandate.

How voting and engagement policies have been followed

The Fund is invested entirely in pooled funds, 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, given the nature of our investments. More information on the stewardship activity carried out by the Fund's investment manager can be found in the following sections of 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:
[\[https://pensioninformation.aon.com/cosworthracing\]](https://pensioninformation.aon.com/cosworthracing)

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 managers' 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 equity-owning investment manager to responsibly exercise their voting rights.

Voting statistics

The table below shows the voting statistics for the Fund's material fund with voting rights for the year to 31 March 2025.

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)	55,096	99.8%	17.9%	1.1%

Source: LGIM. 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")'s 'Proxy Exchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and LGIM do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, they have put in place a custom voting policy with specific voting instructions.

Source: LGIM

Significant voting example

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 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 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/ firm level
	Fund level	Firm level	
LGIM - Future World Global Equity Index (Hedged & Unhedged)	2,027	4,399	Environment - Climate Impact Pledge; Climate Change; Climate Mitigation Social - Human Rights; Gender Diversity; Ethnic Diversity Governance - Capital Management; Remuneration Other - Corporate Strategy
LGIM - 6A Over 15 Year Corporate Bond Fund	253	4,399	Environment - Climate Impact Pledge; Climate Mitigation; Energy Social - Human Rights; Gender Diversity; Ethnic Diversity Governance – Board Composition, Remuneration Other - Corporate Strategy; Company Disclosure & Transparency

Source: LGIM.

Data limitations

At the time of writing, LGIM provided a complete list of engagements for the invested funds. However, LGIM did not include as much detail as recommended in the best practice industry standard Investment Consultants Sustainability Working Group ("ICSWG") reporting guide. We expect LGIM to provide engagement information in line with the ICSWG reporting guide and have communicated our views to them.

This report does not include commentary on certain asset classes such as liability driven investments or cash because of the limited materiality of stewardship to these asset classes.

Appendix – Significant Voting Examples

The table below provides 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:

LGIM - Future World Global Equity Index (Hedged & Unhedged)	Company name	Shell Plc
	Date of vote	21 May 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.2
	Summary of the resolution	Approve the Shell Energy Transition Strategy
	How you voted?	Votes Against Resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Climate change: A vote against is applied. We acknowledge the substantive progress the company has made in respect of climate related disclosure over recent years, and we view positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, in light of the revisions made to the Net Carbon Intensity (“NCI”) targets, coupled with the ambition to grow its gas and liquefied natural gas (“LNG”) business this decade, we expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. In essence, we seek more clarity regarding the expected lifespan of the assets Shell is looking to further develop, the level of flexibility in revising production levels against a range of scenarios and tangible actions taken across the value chain to deliver customer decarbonisation. Additionally, we would benefit from further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capex allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a material lever in Shell Energy’s decarbonization strategy.
	Outcome of the vote	Pass
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be most	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect

significant?

transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.

Source: LGIM.