

Engagement Policy Implementation Statement (“EPIS”)

Tenneco Automotive (UK) Limited Pension Scheme (the “Scheme”)

Scheme Year End – 5 April 2025

The Engagement Policy Implementation Statement (‘EPIS’) has been prepared by the Tenneco Automotive (UK) Pension Scheme Trustee Limited (the ‘Trustee’) and covers the Scheme year 6 April 2024 to 5 April 2025.

The purpose of the EPIS is for us, the Trustee Directors of the Tenneco Automotive (UK) Limited Pension Scheme, to explain what we have done during the year ending 5 April 2025 to achieve certain policies and objectives set out in the Statement of Investment Principles (‘SIP’). It includes

- 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
- 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

The Scheme purchased a bulk annuity policy from Aviva Life & Pensions UK Limited ("Aviva") in October 2022. The aim of the annuity policy is to wholly cover the benefits payable to all members of the Scheme and we have deemed the purchase to be in the best financial interests of all members.

While we were comfortable with the stewardship and corporate governance policies of Aviva as part of our initial due diligence of the insurer, we recognise that going forward we cannot directly influence the ESG integration or stewardship policies and practices of Aviva. As a result, we do not actively seek to monitor its activities and policies in this area. However, we expect Aviva to use its influence and purchasing power (where possible) to ensure that ESG factors, including climate change, are appropriately considered by underlying investment managers and financial counterparties. We also believe that Aviva is appropriately incentivised to make decisions relating to the medium and long-term financial and non-financial factors which may influence performance.

Further information on our stewardship policies following the purchase of an annuity can be found in the Scheme’s SIP.

How voting and engagement policies have been followed

The Scheme purchased a bulk annuity policy from Aviva in October 2022. Surplus monies following the annuity purchase have been held as cash within the Trustee's bank account and invested in three of LGIM's funds: the Sterling Liquidity Fund, the 2042 Gilt Fund and the 2035 Index-Linked Gilt Fund. The investment in the 2042 Gilt Fund and the 2035 Index-Linked Gilt Fund is designed to broadly match the eventual cost of insuring the Scheme's Guaranteed Minimum Pension (GMP) equalisation benefits.

As the Scheme does not hold any equity investments, there is no voting information to share.

Over the reporting year we monitored the Scheme's investments on a quarterly basis and received updates on important issues from our investment adviser, Aon Investments Limited ("Aon").

The Scheme's stewardship policy can be found in the SIP: <https://pensioninformation.aon.com/tennecogroup>

Our Engagement Action Plan

The Scheme's assets have been used to purchase an annuity with Aviva and therefore Aviva now has the main responsibility for managing arrangements with underlying investment managers. This responsibility may include ensuring that arrangements with appointed asset managers are aligned to an appropriate long-term objective; as well as having appropriate performance, costs (including turnover costs), and remuneration monitoring with respect to the appointed asset managers. In addition, we expect Aviva to use its influence and purchasing power (where possible) to ensure that ESG factors, including climate change, are appropriately considered by underlying investment managers and financial counterparties.

We have deemed that the purchase of an annuity policy is in the best financial interests of the membership but recognise that going forward we cannot directly influence the ESG integration nor stewardship policies and practices of Aviva.

We have limited ability to incentivise Aviva to align its investment strategy and decisions with our policies in relation to stewardship, corporate governance, and responsible investment. However, given the nature of annuity policies, such as the annuity policy purchased by the Scheme, we believe that Aviva is appropriately incentivised to make decisions relating to the medium and long-term financial and non-financial factors which may influence performance.

Should we be provided with any opportunity which we deem appropriate to incentivise Aviva concerning these areas, we will consider the opportunity. We were unaware of any such opportunity during the Scheme year in scope.

Data limitations

This report does not include commentary on the Scheme's investments in cash and gilts 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.

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 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