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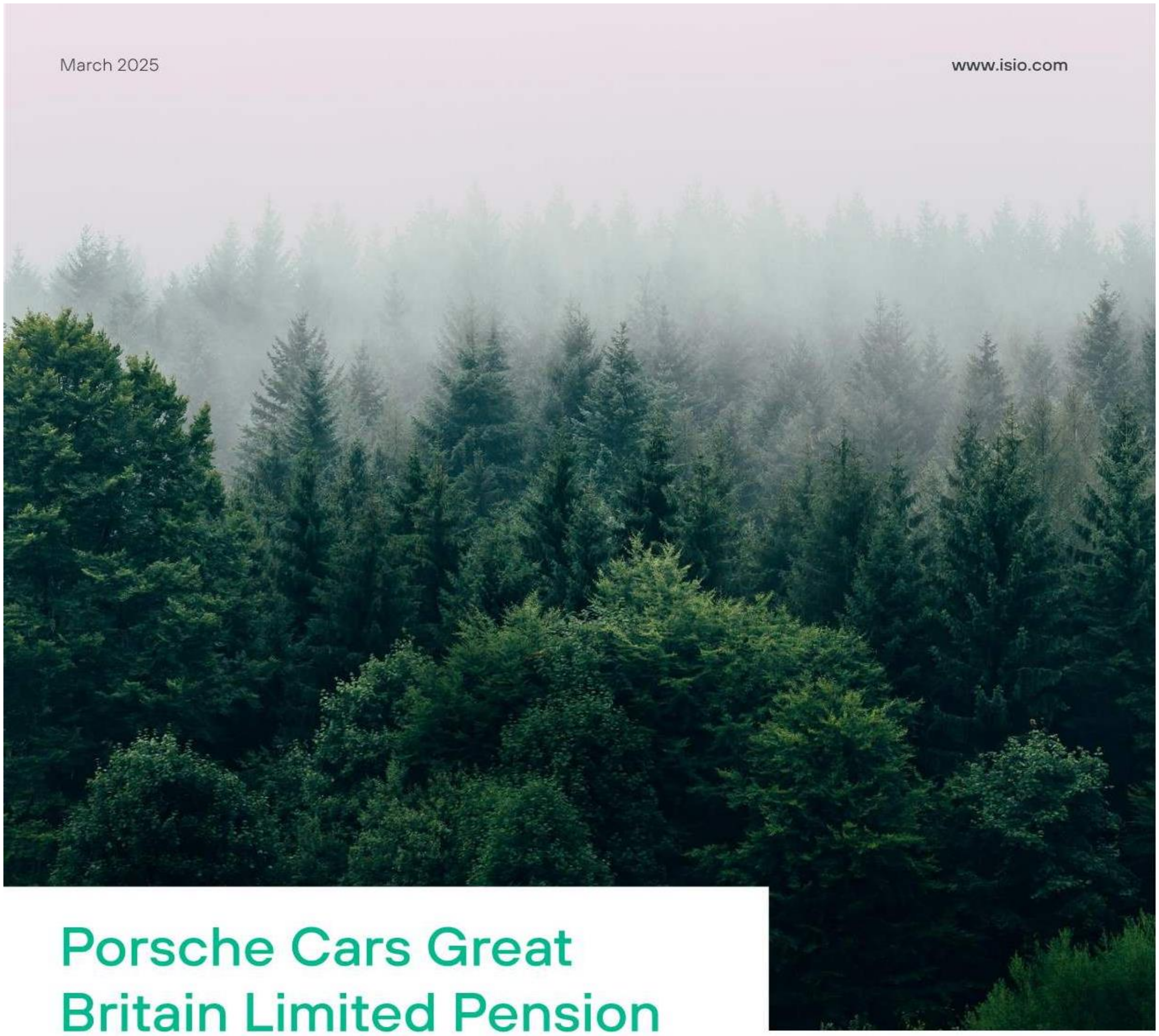

Porsche Cars Great Britain Limited Pension and Assurance Scheme Implementation Report

March 2025

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Document classification: Public

Background and Implementation Statement

Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

Implementation Report

This implementation report is to provide evidence that the Scheme continues to follow and act on the principles outlined in the SIP.

The SIP can be found online at the web address here changes to the SIP are detailed on the following page.

The Implementation Report details:

- actions the Scheme has taken to manage financially material risks and implement the key policies in its SIP
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks
- the extent to which the Scheme has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate
- voting behaviour covering the reporting year up to 31 December 2024 or and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf

Summary of key actions undertaken over the Scheme reporting year

- The Trustees received the annual deficit contribution from the Company in March 2024. The Trustees invested 50% of the cash into the Columbia Threadneedle Sterling Liquidity Fund to increase the available collateral that can be used for deleveraging events in the LDI funds, with the remaining invested across the BlackRock Diversified Growth Fund and M&G Multi-Asset Credit mandates in line with the strategic asset allocation.

Implementation Statement

This report demonstrates that the Trustees of The Porsche Cars Great Britain Limited Pension and Assurance Scheme have adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Signed

Position Trustee

Date 24 July 2025

Managing risks and policy actions DB

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Investment	The risk that the Scheme's position deteriorates due to the assets underperforming.	Selecting an investment objective that is achievable and is consistent with the Scheme's funding basis and the sponsoring company's covenant strength. Investing in a diversified portfolio of assets.	
Funding	The extent to which there are insufficient Scheme assets available to cover ongoing and future liability cash flows.	Funding risk is considered as part of the investment strategy review and the actuarial valuation. The Trustees will agree an appropriate basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time.	
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Scheme.	When developing the Scheme's investment and funding objectives, the Trustees take account of the strength of the covenant ensuring the level of risk the Scheme is exposed to is at an appropriate level for the covenant to support.	
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge c.90% of these risks (as measured on a Technical Provisions basis), increasing to 100% over time.	The hedge level is regularly monitored. The Trustees are reviewing the hedge ratio in 2025.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to	Balance held in the Columbia Threadneedle Sterling Liquidity Fund to meet any initial capital calls.

		provide collateral to the LDI manager.	
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	
Credit	Default on payments due as part of a financial security contract.	To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Scheme for the risk of default.	
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory The Trustees monitor the mangers on an ongoing basis.	More details of the ESG policy and how it was implemented are presented later in this report.
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	Hedge all currency risk on assets that deliver a return through contractual income.	
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.	

Changes to the SIP

Over the year to 31 December 2024, the Trustees made no changes to the SIP.

Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Scheme's policy with regards to ESG as a financially material risk. This page details the Scheme's current ESG policy, while the following page outlines the areas Isio have used when evaluating the Scheme's managers' ESG policies and procedures. The rest of this statement details our view of the managers, our actions for engagement and an evaluation of the engagement activity.

The below table outlines the areas which the Scheme's investment managers are assessed on when evaluating their ESG policies and engagements. The Trustees intend to review the Scheme's ESG policies and engagements periodically to ensure they remain fit for purpose.

Current Policy

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Environmental, Social, Corporate Governance factors and the exercising of rights	• The Trustees' investment managers provide annual reports on how they have engaged with issuers regarding social, environmental and corporate governance issues. • The Trustees receive information from their investment advisers on the investment managers' approaches to engagement. • The Trustees will engage, via their investment adviser, with investment managers and/or other relevant persons about relevant matters at least annually.	• The manager has not acted in accordance with their policies and frameworks. • The manager's policies are not in line with the Trustees' policies in this area.

Areas of assessment

Risk Management	1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Scheme. 2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustees.
Approach / Framework	3. The Trustees should understand how asset managers make ESG decisions and will seek to understand how ESG is integrated by each asset manager. 4. ESG factors are relevant to investment decisions in all asset classes. 5. Managers investing in companies' debt, as well as equity, have a responsibility to engage with management on ESG factors.
Reporting & Monitoring	6. Ongoing monitoring and reporting of how asset managers manage ESG factors is important. 7. ESG factors are dynamic and continually evolving; therefore the Trustees will receive training as required to develop their knowledge. 8. The role of the Scheme's asset managers is prevalent in integrating ESG factors; the Trustees will, alongside the investment advisor, monitor ESG in relation to the asset managers' investment decisions.
Voting & Engagement	9. The Trustees will seek to understand each asset managers' approach to voting and engagement when reviewing the asset managers' approach. 10. Engaging is more effective in seeking to initiate change than disinvesting.
Collaboration	11. Asset managers should sign up and comply with common codes and practices such as the UNPRI & Stewardship code. If they do not sign up, they should have a valid reason why. 12. Asset managers should engage with other stakeholders and market participants to encourage best practice on various issues such as board structure, remuneration, sustainability, risk management and debtholder rights.

ESG summary and actions with the investment managers

Isio conducts an annual ESG assessment of the Scheme's investment managers. A summary of Isio's view on each of the managers' is outlined in the table below.

Manager and the Fund	ESG Summary	Actions identified	Engagement with manager commentary
CT Liability Driven Investment (LDI) Funds	CT considers ESG factors in their investment process and integrates ESG in their counterparty selection. CT continue to have a robust engagement programme with the inclusion of social and climate criteria. However, CT lack a comprehensive approach to ESG risk management.	To strengthen their ESG risk management and reporting capabilities, CT should consider utilising multiple data sources to inform their ESG metrics and provide Task Force on Climate-related Financial Disclosures (TCFD) Reporting for the Funds.	Isio engaged with CT on the Scheme's behalf. CT have agreed to produce TCFD reports on a quarterly basis.
M&G Total Return Credit Investment (TRCI) Fund	M&G have a robust firm-wide ESG policy and have upheld their ability to manage ESG risks in the TRCI Fund, with a dedicated stewardship team and evidence of successful ongoing engagements. However, M&G continue to lag peers in terms of ESG reporting.	M&G should continue to improve data coverage and reporting metrics, and disclose ESG ratings for assets held in the Fund on a quarterly basis.	Isio engaged with M&G on the Scheme's behalf. M&G have made progress towards quantifying engagements on stewardship priorities at a fund level, confirming that these will be made available upon request.
BlackRock Dynamic Diversified Growth Fund (DDGF)	BlackRock have well-established firm-wide ESG policy and utilise a wide range of third-party data sources to support their approach to sustainable investing. However, they lack evidence of these policies being monitored and reported on at a fund-level.	To strengthen its ESG integration, BlackRock should introduce fund-specific ESG objectives and report on fund-level GHG emissions and ESG metrics on a quarterly basis.	Isio engaged with BlackRock on the Scheme's behalf. While BlackRock does not have any formal ESG objectives, they seek to deliver an informal, aggregated portfolio ESG score.

Engagement

As the Scheme invests via fund managers the managers provided details on their engagement actions including a summary of the engagements by category for the 12-month period to 31 December 2024.

Fund name	Engagement summary	Commentary
CT Real, Nominal and Short Profile Real Dynamic LDI Funds	Total engagements: 10 Climate change: 7 Environmental stewardship: 2 Human rights: 1 Labour standards: 2 Corporate governance: 4 Business conduct: 4 Engagement activity breakdown across ESG issues based on estimates. Engagement themes will not sum to the total due to some engagements covering multiple themes.	CT are committed to the good stewardship of their clients' investments through engagements and public policy activities. Their primary purpose in engagement is to support long-term returns and mitigate risk. This is in line with the Scheme's policies. CT's Responsible Investment team engages with trading counterparties and clearing members on ESG topics to assess their ESG credentials and to foster improvement in areas of concern. This engagement work is structured in terms of prioritisation (in terms of companies that have the greatest exposure and companies CT feel have the greatest ESG deficiencies) and in terms of progress monitoring against predefined milestones. Examples of significant engagements include: **Barclays PLC –** Barclay's annual report highlights progress in their approach to biodiversity risk management. In addition, they have started to pilot the Task Force on Nature-related Financial Disclosures (TNFD) framework and assessment for certain sectors, following their contributions to the TNFD consultation. CT previously discussed this topic with Barclays and followed up with their biodiversity best practices and findings from engagements with other banks. **UBS Group** – The bank published its 2023 Climate and Nature Report as well as related risk statements, and updated their emissions target to cover more areas, including but not limited to fossil fuels and power stations. UBS aims to reduce absolute financed emissions from fossil fuel lending by 70% from 2021 levels. CT notes this as significant progress and integration of strategic development efforts.
CT Sterling Liquidity Fund	Total engagements: 20 Climate change: 18 Environmental stewardship: 3	CT are committed to the good stewardship of their clients' investments through engagements and public policy activities. Their primary purpose in engagement is to support long-term returns and mitigate risk. This is in line with the Scheme's policies.

	Human rights: 1 Labour standards: 2 Corporate governance: 7 Business conduct: 3 Engagement activity breakdown across ESG issues based on estimates. Engagement themes will not sum to the total due to some engagements covering multiple themes.	Examples of significant engagements include: **HSBC Holdings PLC** – CT have had ongoing engagement with HSBC on their energy financing and climate risk management. In January 2024, HSBC became the first UK bank to publish a climate transition plan, aligned with the UK Government Treasury's Transition Plan Taskforce guidelines. As part of this, they set emissions reduction targets for the oil and gas, and utility assets. **Toyota Motor Corp** – Toyota has continued slow progression from previous engagements, however recently published its latest climate lobbying report which broadened the number of industry associations captured and included third-party evaluation of industry activities. CT continues to engage with Toyota to expand the report's scope and are requesting for further improvements, such as carrying out a more robust evaluation of its own lobbying activities.
M&G Total Return Credit Investment Fund	Total engagements: 10 Environmental: 7 Social: 2 Governance: 1	M&G implement a systematic engagement approach which outlines specific objectives in advance and measures based on the outcomes from the engagements. Engagements and objectives are logged on a central system and are maintained by the Stewardship & Sustainability team. Examples of significant engagements include: **Orsted –** M&G engaged with Orsted, the Danish offshore wind specialist, to ensure it was advancing its approach to biodiversity. Orsted evidenced progress in line with their nature positive by 2030 target, which included engaging a biodiversity consultancy, launching a measurement framework and working towards implementing a framework with metrics by the end of 2025. M&G is satisfied with how seriously Orsted is taking biodiversity and will follow up after their initial framework and metrics are published in 2025. **Hannover Re** – M&G requested evidence of the Company's plan to address its thermal coal exposure, publish Scope 3 emissions and publish near-term net zero absolute emission reduction targets, validated by SBTi. Hannover Re confirmed they are in the process of calculating emissions and have a strategy in place to phase out of coal by 2038. It is also explicitly committed to the expansion of renewable energy underwriting. However, it is waiting until it completes its first reporting cycle before committing to SBTi approved targets. M&G are aiming to encourage enhanced disclosure ahead of the Company's next sustainability report.
BlackRock Dynamic Diversified Growth Fund	Total engagements: 2,138 Environmental - 828 Social - 832 Governance – 2,027 Engagement themes will not sum to the total due to some engagements covering multiple themes.	BlackRock's ESG engagement efforts are led by the Investment Stewardship team, who are also supported by the Diversified Strategies (DS) team. Engagement activities are consistent with the DS team's priorities, with ESG considerations in mind. This is aligned with the Scheme's ESG policies. BlackRock did not provide any examples of significant engagements.

Voting (for equity/multi asset funds only)

The Trustees have acknowledged responsibility for the voting policies that are implemented by the Scheme's investment managers on their behalf.

The Scheme's fund managers have provided details on their voting actions including a summary of the activity covering the reporting year up to 31 December 2024. The Trustees have adopted the managers definition of significant votes and have not set stewardship priorities.

Fund name	Voting summary	Examples of most significant votes	Commentary
BlackRock Dynamic Diversified Growth Fund	Votable proposals: Votes cast: 6,340 Votes 'with' management: 6,017* Votes 'against' management: 323* Votes abstained from: 71* Non-proxy agent votes: 20 Proxy agent votes: 6,320 *Figures may not total 100% due to a variety of reasons, including such scenarios where an agenda has been split voted, or a vote of 'Abstain' has also been considered a vote against management.	**A. O. Smith Corporation –** BlackRock voted against the sitting CEO being elected as Director as they serve on multiple public company boards. This could cause the risk of lack of sufficient oversight on the board. **Accton Technology Corp –** BlackRock voted against the election of a director due to concerns around the lack of gender diversity at the board level. BlackRock believe that greater board diversity can improve risk management. **ADLER Group SA** – BlackRock voted against approving a remuneration policy as the disclosure lacked sufficient understanding of the company's remuneration policies, and the link between performance-based pay and company performance.	BlackRock use Institutional Shareholder Services' (ISS) electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, they work with proxy research firms who apply BlackRock's proxy voting guidelines to filter out routine or non-contentious proposals and refer any meetings where additional research and possibly engagement might be required to inform their voting decision. During the period, more that 99% of votes were enacted by a proxy agent.

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