



# Engagement Policy Implementation Statement

**Cooper-Avon Tyres Limited Pension Plan**

01 October 2024 – 30 September 2025



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## Introduction

Dalriada Trustees Limited (the 'Trustee') is obliged, acting in its capacity as trustee of the Cooper-Avon Tyres Limited Pension Plan (the 'Plan'), to prepare a yearly statement setting out how it has complied with the Statement of Investment Principles (the 'SIP'), including:

- a description of any amendments to the SIP during the period covered by the statement.
- how and the extent to which, in the opinion of the Trustee, compliance with the SIP has been achieved.
- how the Trustee has demonstrated good stewardship over investments, which includes
  - o a demonstration of compliance with policies on investment rights (including voting) and engagement described within the SIP.
  - o a description of voting behaviour made by or on behalf of the Trustee.
  - o a statement on any use of a third-party proxy voting provider.

This statement relates to the period from 01 October 2024 – 30 September 2025 (the 'reporting period') and has been prepared in accordance with regulatory requirements and guidance published by the Pensions Regulator. This statement is based on the SIP that applied during the reporting period, the latest of which is publicly available at the following link: [coopertire.co.uk/pension-plan.html](https://coopertire.co.uk/pension-plan.html)

This Implementation Statement is publicly available at the following link: [coopertire.co.uk/pension-plan.html](https://coopertire.co.uk/pension-plan.html)

## Amendments to SIP

During the period, the Trustee conducted an investment review in collaboration with its professional advisors. This resulted in a decision to amend the investment strategy, which required an update of the Investment Policy in the SIP, which included:

- a new return target of gilts +0.5% per year.
- an aim to sell illiquid assets and improve liquidity in the portfolio.
- a mandate for the Trustee to seek to buy-in for the Plan with an insurer (given the recent improvement in funding level).

The new SIP was adopted in April 2025, replacing the previous SIP from February 2024.

## Compliance with SIP

The Trustee monitors compliance with the SIP annually. In particular, the Trustee obtains confirmation from its fiduciary manager, Van Lanschot Kempen Investment Management (VLK) and other advisors that they have complied with the relevant SIP (insofar as is reasonably practicable) in accordance with Occupational Pension Schemes Regulations.

In particular, the Trustee has received periodic investment reports and investment updates from VLK that provide:

- details of the asset allocation and compliance of these allocations with the investment policies specified in the SIP.
- details of the value of investments, and the estimated value of the liabilities from which an estimated funding position can be determined.
- progress of the funding position with respect to funding targets.
- details of the performance of the individual investments, including relative to a benchmark.
- details of the performance of the total investments, including relative to the target return and investment objectives.
- details of the hedging of the interest rate and inflation risks associated with the liabilities, and whether the hedging is working as expected, and compliant with the bandwidths specified in the SIP.
- details of the investment risk of the underlying investments, and the change in the total investment risk over time.
- details of the underlying investment managers used in the portfolio.
- details of the engagement behaviour of both VLK and the underlying investment managers, including their voting behaviour.
- the responsible investment characteristics of the underlying investments.

The Trustee has reviewed the information provided by VLK and its other advisors, and is satisfied that the policies set out in the SIP have been followed, including:

- investing the assets according to the investment policy and the investment strategy advised and implemented by VLK.
- choosing suitable investments to achieve the right balance between risk and return, with a focus on security, quality, liquidity, and profitability of the assets.
- managing the key investment risks appropriately.
- monitoring the underlying managers of the investments, and the performance of those managers relative to the objectives.
- managing Environmental, Social, and Governance ('ESG') risks where financially material (note that non-financial factors, such as member views, are not taken into consideration).
- exercising of the rights (including voting rights) attaching to investments.

A summary of the stewardship behaviour of both VLK and a selection of the underlying investment managers they appoint on the Trustee's behalf is provided in the sections below. This includes information on voting behaviour, and votes considered significant by each of the investment managers. The Trustee has no influence on the underlying managers' definitions of "significant votes", but has noted these and is satisfied that they are reasonable and appropriate. It also includes information on the engagements undertaken by investment managers with the companies/issuers in which they invest.

# VLK monitoring and engagement behaviour

## Background

The Trustee does not monitor or engage directly with issuers or managers of debt or equity investments, but instead delegates this activity to VLK and to the underlying investment managers appointed by VLK. The Trustee expects VLK to undertake regular monitoring and engagement in line with its own corporate governance policies, taking account of current best practice, including the UK Corporate Governance Code and the UK Stewardship Code. The remainder of this document provides insights into VLK's responsible investment and engagement activities which have directly and indirectly helped the Trustee with its stewardship responsibilities.

VLK expects the underlying investment managers they select to exercise rights attached to their investments, including voting rights, and to engage with issuers of debt and equity (and other relevant persons) about matters such as performance, strategy, management of actual or potential conflicts of interest, and ESG considerations. ESG criteria are defined as a set of non-financial indicators relating to a company's operations that are used by investors to evaluate corporate behaviour and to determine how it may impact the future financial performance of companies. Environmental criteria consider how a company's interaction with the natural environment may affect its performance. Social criteria examine how it manages relationships with its stakeholders (employees, suppliers, customers, local communities etc.). Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

There are several levels of engagement at VLK: they engage with the investment managers they appoint, with companies in which they invest directly (e.g. within VLK-managed investment products), and via collaborative engagement with industry stakeholders, such as regulators, industry initiatives, benchmark providers, and peers.

## VLK monitoring of investment managers

VLK has limited influence over external investment managers' investment practices (particularly where assets are held in pooled mutual funds). However, throughout the last 12 months, VLK has encouraged its appointed managers to improve their own stewardship and engagement practices and consider ESG (risk) factors when making investment decisions.

When assessing investment managers, VLK bases its ESG criteria on international conventions and initiatives, such as the UN Global Compact and the UN Principles for Responsible Investment (PRI).

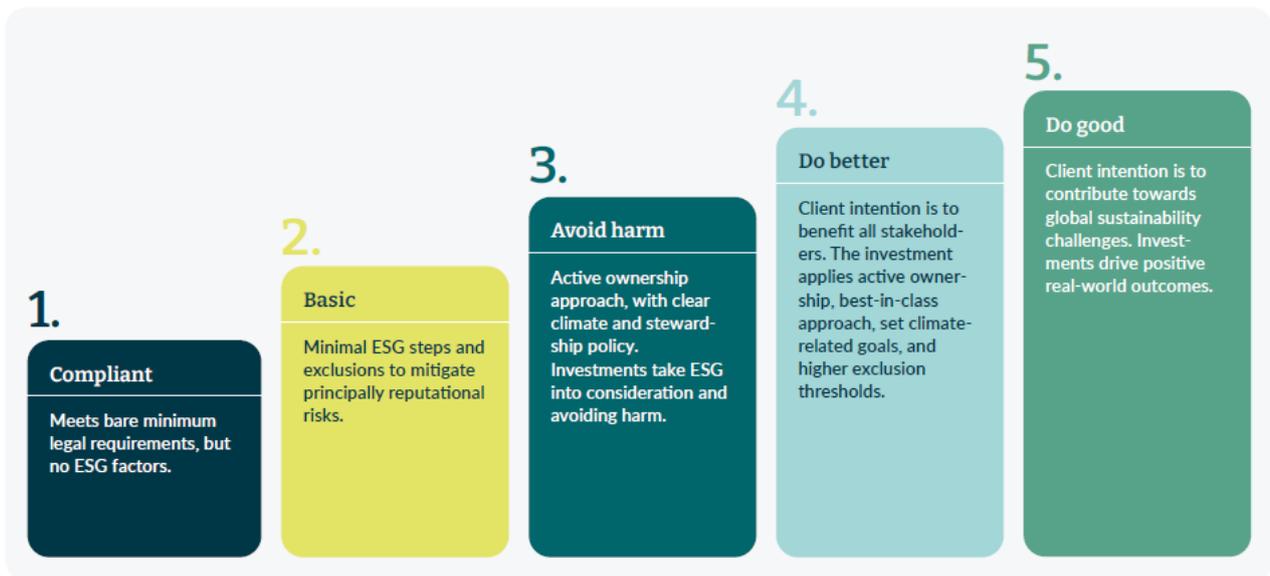
VLK has created a proprietary scoring framework ('the Sustainability Spectrum') to help them understand and evaluate how investment managers integrate various ESG factors into their investment processes. This framework assesses investment managers on six core pillars:

1. **Commitment to Responsible Investment:** policies and objectives relating to responsible investment.
2. **ESG Integration:** incorporation of ESG factors into investment processes and decision making.
3. **Active Ownership:** voting and engagement with underlying companies/issuers.
4. **Evidence & Transparency:** reporting and disclosure on ESG issues.
5. **Exclusion:** policy on avoidance of controversial sectors and companies with high ESG risk.
6. **Impact:** framework for measuring and managing environmental and social impacts.

## Framework for assessing investment managers on ESG factors

Within this framework, investment managers and their products are classified into one of five different levels: Compliant (level 1), Basic (level 2), Avoid harm (level 3), Do better (level 4), Do good (level 5).

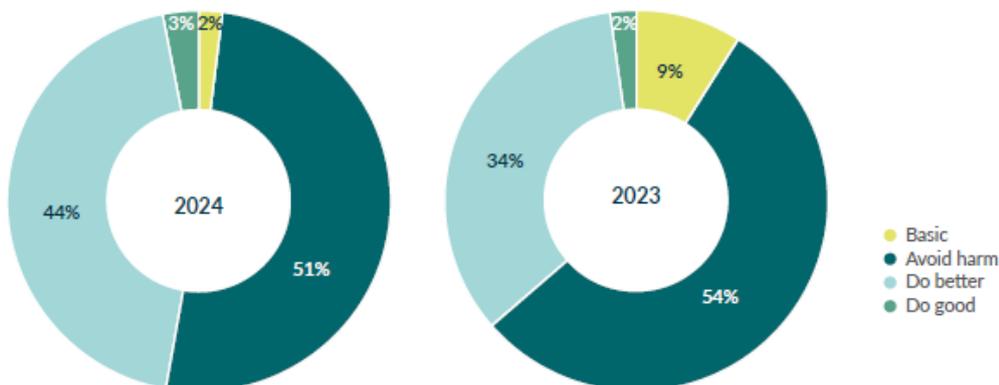
## Five flavours of the Sustainability Spectrum



## VLK's scoring of investment funds

In 2024, VLK assessed 394 mutual funds. Each fund was assigned a score on the Sustainability Spectrum. These assessments are conducted by their Manager Research Solutions team, with research and conclusions shared across the organisation.

### Sustainability Spectrum scores of investment managers



## VLK highlights in 2024

During 2024, VLK:

- Proactively engaged with 38 different investment managers, covering 162 mutual funds. Many of these engagements centred around the upcoming fund naming guidelines of the European Securities and Markets Authority (ESMA). The ESMA guidelines aim for transparency and consistency in requirements for funds whose names include sustainability terms (such as 'sustainable', 'ESG' or 'climate')
- Assessed 394 mutual funds on ESG criteria (see above). This included assessments across six key ESG areas: Responsible Investment, ESG Integration, Active Ownership, Transparency, Exclusion, and Impact.
- VLK worked with its Dutch institutional clients to develop a biodiversity framework for Dutch clients on the integration of measurable key performance indicators (KPIs) and key risk indicators (KRIs).

- Conducted detailed research on key risk indicators (KRIs) relating to physical climate risk – the risk to physical assets posed by a changing climate. This included analysing third-party data providers, portfolio integration assessments, and climate modelling.
- VLK worked with its Dutch institutional clients to develop an impact investment framework for Dutch clients with an appetite for measurable sustainability impact. This includes advice on investment objectives, manager selection, implementation, and reporting and monitoring.
- Entered into a partnership with Collective Action, a private markets impact specialist.
- Produced three separate reports on the risks and opportunities created by (they believe) three of the most pressing economic transitions of our times: energy transition (decarbonisation and climate), food transition (making agriculture more sustainable), and material transition (focusing on the circular economy).
- Reviewed the Exclusion Policy, which applies across the entirety of the assets VLK manage (including its fiduciary management mandates). As the end of 2024, almost 300 companies were excluded (primarily due to involvement in controversial weapons, tobacco, and international sanctions).
- Reduced the Weighted Average Carbon Intensity of its discretionary assets under management by 17%.
- Were awarded “5 stars” for their “Policy & Governance Strategy” in their firmwide Principles for Responsible Investment Assessment Report 2024.
- Continued their involvement in industry initiatives, as members of PRI, GIIN (the Global Impact Investing Network), and ICGN (the International Corporate Governance Network).
- Remained signatories to the Dutch and UK Stewardship Codes.

## VLK engagement with the Plan’s appointed managers

VLK appoints a number of investment managers to manage assets in the Plan’s portfolio. Below are some specific engagement examples to demonstrate how VLK are monitoring and engaging with some of the Plan’s underlying managers on stewardship and ESG issues.

### Manager engagement example – State Street

State Street – Sustainability commitments, voting & stewardship programme	
<b>Engagement description</b>	VLK provided feedback on sustainability commitments and the launch of new stewardship programme
<b>Investment manager</b>	State Steet Global Advisors (SSGA)
<b>Fund/Mandate</b>	General
<b>Rationale for engagement</b>	Engagement to provide feedback on SSGA’s sustainability commitments/practices and enhance existing voting capabilities. This was a pivotal engagement as SSGA manage VLK’s flagship global equity mandate for UK fiduciary management clients.
<b>Summary</b>	<p>VLK identified and engaged with SSGA to improve their commitment to responsible investing. This included areas such as becoming a signatory to initiatives like Science-Based Targets initiative (SBTi) and Finance for Biodiversity Pledge. Additionally, VLK noted that SSGA does not engage with companies on severe controversies, while also scoring lower in ShareAction’s (a UK-based charity which provides responsible investment analysis) voting assessment compared to other equity index managers.</p> <p>Given this feedback alongside that of other clients, SSGA acknowledged the importance of strengthening their stewardship offering. This has been a point of attention for the organisation who have been working on a new stewardship programme aimed at clients focused on real-world sustainable outcomes. This programme was rolled out later in the year. The new stewardship programme offers clients an “opt-in” to a more ambitious stewardship approach. While the default policy will focus on governance-related issues, the new optional policies focus on three sustainability priorities: Climate Change, Nature, and Human Rights, with potential additions like Diversity, Equity, and Inclusion (DEI) to be considered at a later date. A new, dedicated team has been created to represent this new policy, ensuring clear delineation and transparency.</p> <p>Alongside this, VLK also engaged with SSGA over the course of the year to roll-out tailored voting policies for investors in the World TPI Climate Transition Index Equity Fund (VLK’s flagship equity mandate for UK FM clients) to provide greater optionality related to sustainability-related votes. This would include a voting policy which is more ambitious on responsible investing issues (e.g. stronger policy on environment-related votes). VLK has successfully managed to engage with SSGA to drive change in this area.</p> <p>Over the course of the next year, VLK expects to roll out of the new voting policy for its clients’ mandates. They also expect the improved stewardship programme to be finalised.</p>
<b>Conclusion</b>	SSGA has significantly improved their stewardship and voting capabilities over the course of the year with significant resource allocation. Both developments will help better align with VLK’s sustainability ambitions.
<b>Next steps</b>	VLK will continue to monitor progress and development across both these domains as they are rolled out to clients.

## Manager engagement example – Insight

Insight – Exclusion policy for Oil & Gas	
<b>Engagement description</b>	VLK enquired about the rationale for environmental exclusion
<b>Investment manager</b>	Insight
<b>Fund/Mandate</b>	Insight Mature Buy & Maintain Credit Funds
<b>Rationale for engagement</b>	Insight had invested in bonds issued by Equinor, which had initially been flagged as having Unconventional Oil & Gas operations
<b>Summary</b>	<p>Van Lanschot Kempen (VLK) is invested in Insight’s Buy &amp; Maintain Credit Funds (“the Funds”). The Funds had significant holdings in bonds issued by Equinor (a Norwegian oil and gas company). Equinor had been flagged as having “Unconventional Oil &amp; Gas” operations (meaning extracting reserves located deep underground using complex methods which may damage the environment) due to their work in the Arctic Circle. However, this classification proved to be inaccurate.</p> <p>VLK engaged with Insight about this holding as part of VLK’s monitoring and engagement with managers. Subsequently, Insight explained that MSCI ESG (a provider of business operation data which used by investment managers) has updated their policy. Originally, MSCI ESG had flagged Equinor as “Unconventional Oil &amp; Gas” (i.e. at heightened risk of causing environmental damage through their operations due to complex extraction methods) due to their operations in the Arctic Circle. This classification was based solely on location, with no consideration for actual operations or extraction method. MSCI ESG has since updated its policy to only flag companies as Unconventional Oil &amp; Gas that both operate in the Arctic Circle and drill directly through ice to access reserves (given the damage that ice drilling causes to local ecosystems).</p> <p>Given that only c.1% of Equinor’s revenue comes from operations which meet this criteria, MSCI ESG decided to reclassify Equinor as “Conventional Oil &amp; Gas”.</p>
<b>Conclusion</b>	Equinor is now classified as “Conventional Oil & Gas” and Insight continue to hold the position in their portfolio; VLK believes this classification to be more accurate. As VLK is committed to the energy transition (including reducing emissions from fossil fuels), they were pleased with both Insight and MSCI ESG’s nuanced and pragmatic approach to this issue.
<b>Next steps</b>	VLK will continue to regularly monitor all funds for exposure to controversial sectors, such as Unconventional Oil & Gas.

## Voting & engagement of the Plan's appointed managers

The Shareholder Rights Directive (SRD II) and The UK Stewardship Code 2020 both emphasise the importance of institutional investors and asset managers engaging with the companies in which they invest, and stress the importance of exercising shareholder voting rights effectively.

Via VLK's monitoring and engagement activities, the Trustee encourages all underlying investment managers to be engaged investors. Furthermore, the Trustee encourages the managers to report on these activities and to disclose information about responsible investing on their website and in their reporting.

The assets are invested in a diverse range of asset classes. The intention of this section is to provide specific details of the voting and engagement behaviour overview and examples of the Plan's equity managers who manage equity investments which have voting rights attached, as well as the engagement behaviour of the Plan's fixed income credit/bond managers. Government bonds are excluded from this analysis.

While investment managers may have used proxy voting services, the Trustee has not used proxy voting services itself during the reporting period.

## Equity Managers – Voting

The Plan did not have any investments in listed equity. Therefore, there is nothing to report here.

The Trustee has no influence on the underlying managers' definitions of "significant votes". Equity managers are expected to vote in the interest of their underlying clients. In consultation with VLK, the Trustee has ensured that any assessment of equity managers includes an analysis of their voting policy – including analysis of their significant votes.

## Fixed Income – Engagements

Below is a summary of the engagement activities of a selection of the Plan's fixed income managers.

<b>Insight Maturing Buy and Maintain Bond Fund 2026-2030</b>	
Period: 01 Oct 2024 – 30 Sep 2025	
<b>Fund Information</b>	<b>Response</b>
Name of fund / strategy	Maturing Buy and Maintain Bond Fund 2026-2030
What is the Fund's International Securities Identification Number (ISIN) (if applicable)	IE00BHNGR021
What was the total AUM of the fund / strategy at the end of the period? (GBP)	£2.0b
What was the number of holdings in the fund / strategy as at the end of the period?	199
<b>Engagement with portfolio companies</b>	
How many engagements were initiated over the last 12 months which were relevant to this strategy?	125
How many entities did you engage with over the last 12 months which were relevant to this strategy?	78
What percentage of entities did you engage with over the 12 months which were relevant to this strategy?	39%
<b>Meetings with portfolio companies</b>	
How many times did you have a meeting/call with the board (or chair of the board) to discuss matters in the last 12 months which were relevant to this strategy?	0
How many times did you have a meeting/call with member(s) of C-suite to discuss matters in the last 12 months which were relevant to this strategy?	33
How many times did you have a meeting/call with a different individual (not covered in categories above) to discuss matters in the last 12 months which were relevant to this strategy?	81
<b>ESG Engagements</b>	
Please provide breakdown of engagements by theme/topic: <b>Environmental</b> <b>Social</b> <b>Governance</b> <b>Other (specify)</b>	Environmental - 86 Social - 49 Governance - 28 Other - 11

### Engagement Case Study: Insight Maturing Buy and Maintain Bond Fund 2026-2030

Name of fund / strategy	Insight Maturing Buy and Maintain Bond Fund 2026-2030
Name of entity you engaged	Volkswagen
Date	Q1 2025
Theme / topic of the engagement	Social (Human Rights)
Please describe your engagement method.	<p>Volkswagen ('the issuer') is a global automobile manufacturer. Insight have engaged with this issuer several times over recent years due to weak ESG performance.</p> <p>Insight have monitored the issuer closely following allegations that a factory in China, operated by an outsourced partner, used forced labour in their production process. While a 2023 internal audit found no use of forced labour, Insight continue to monitor the issuer's human rights approach. The issuer appears to only have a reactive approach around labour rights when working with its (indirect) suppliers and partners. This falls short of Insight's understanding of the EU's Corporate Sustainability Due Diligence Directive (CSDDD).</p> <p>Therefore, Insight wanted to understand how the issuer plans to evolve its approach around this type of due diligence, particularly in high-risk regions.</p>
Please comment on the outcomes from this engagement so far?	<p>Insight queried whether the issuer would consider including metrics on indirect suppliers within its human rights reporting framework for direct suppliers. The issuer responded that it has a dedicated officer and function to conduct deep dives into parts of its supply chain that may be sensitive to human rights violations.</p> <p>Finally, Insight asked the issuer whether it intends to increase its coverage and assessments of its direct suppliers with self-assessment questionnaires and auditing coverage. The issuer highlighted it has instituted specific KPIs related to responsible and sustainable supply chains. 79% of its issuers are rated positively, representing 79% of its total procurement volume, with a target of greater than 95% by 2040.</p> <p>Insight communicated its views on best practice and continues to monitor the issuer closely.</p>

<b>Macquarie Infrastructure Debt Fund 2</b>	
<i>Please note: the data in the table below is for the period 01 July 2024 to 30 June 2025</i>	
<b>Fund Information</b>	<b>Response</b>
Name of fund / strategy	Macquarie Infrastructure Debt (UK Inflation Linked) Fund 2
What is the Fund's International Securities Identification Number (ISIN) (if applicable)	N/A
What was the total AUM of the fund / strategy at the end of the period? (GBP)	£340m.
What was the number of holdings in the fund / strategy as at the end of the period?	20
<b>Engagement with portfolio companies</b>	
How many engagements were initiated over the last 12 months which were relevant to this strategy?	4
How many entities did you engage with over the last 12 months which were relevant to this strategy?	4
What percentage of entities did you engage with over the 12 months which were relevant to this strategy?	27%
<b>Meetings with portfolio companies</b>	
How many times did you have a meeting/call with the board (or chair of the board) to discuss matters in the last 12 months which were relevant to this strategy?	Not currently tracked.
How many times did you have a meeting/call with member(s) of C-suite to discuss matters in the last 12 months which were relevant to this strategy?	Not currently tracked.
How many times did you have a meeting/call with a different individual (not covered in categories above) to discuss matters in the last 12 months which were relevant to this strategy?	Not currently tracked.
<b>ESG Engagements</b>	
Please provide breakdown of engagements by theme/topic: <b>Environmental</b> <b>Social</b> <b>Governance</b> <b>Other (specify)</b>	100% Governance for the individual asset engagements (strategy, financial, and risk management).  In addition, Macquarie engaged with all assets on their approach to climate risk. However, this is covered in the annual ESG questionnaire and is therefore not included in the engagement figures above.

Engagement case studies: Macquarie Infrastructure Debt Fund 2	
Name of fund / strategy	Macquarie Infrastructure Debt (UK Inflation Linked) Fund 2
Name of entity you engaged	Northwest Electricity Networks
Date	Q1 2025
Theme / topic of the engagement	Environment, including emissions and hazardous waste
Please describe your engagement method.	<p>Context:</p> <ul style="list-style-type: none"> <li>- In February 2025, as part of a portfolio-wide ESG engagement project, Macquarie engaged with Northwest Electricity Networks (ENW) to collect a range of ESG data points. The aim was to identify and manage potential risk, as well as identify potential positive ESG initiatives or opportunities.</li> </ul> <p>Activity and Aim:</p> <ul style="list-style-type: none"> <li>- Macquarie engaged with the Head of Treasury and Corporate Finance with an ESG Questionnaire.</li> <li>- Following receipt of the questionnaire, Macquarie analysed the data and identified two areas requiring additional engagement due to potential heightened risk: (1) the generation of hazardous or radioactive waste and (2) an increase in emissions.</li> </ul> <p>Macquarie sought an explanation for each.</p>
Please comment on the outcomes from this engagement so far?	<p>Outcomes:</p> <ul style="list-style-type: none"> <li>- ENW informed Macquarie that the generation of hazardous waste related to the replacement programme for PCB Pole Mounted Transformers (a key piece of technology installed on utility poles in residential areas), specifically that PCB contaminated oil that requires disposal.</li> <li>- ENW also confirmed that they do not generate any radioactive waste.</li> <li>- Macquarie were satisfied with this response as the replacement programme is important for the efficient operation of the network and ENW have public commitments to ensure the responsible disposal of waste.</li> <li>- Regarding the increase in emissions, ENW explained this was due to a refinement in reporting methodology following a validated science-based target.</li> </ul>

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## INVESTMENT MANAGEMENT

20 Gracechurch Street  
London EC3V 0BG  
United Kingdom

T +44 20 36 36 94 00  
[vanlanschotkempen.com/investment-management](https://vanlanschotkempen.com/investment-management)