

# *General Motors (Millbrook) Pension Plan*

## *Implementation Statement, covering 1 January 2023 to 31 December 2023*

The Trustee of the Millbrook Pension Plan (the “Plan”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles (“SIP”) during the Plan Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Plan Year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Trustee has had regard to the [guidance](#) on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions (“DWP’s guidance”) in June 2022.

### **1. Introduction**

The voting and engagement policies in the SIP were reviewed and updated during the Plan Year in June 2023 to reflect The Trustee’s response to the DWP’s new guidance on Reporting on Stewardship and Other Topics through the SIP and Implementation Statement which expects trustees to take a more active role in relation to monitoring and engaging with investment managers on stewardship. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed the Plan’s voting and engagement policies during the Plan Year.

### **2. Voting and engagement**

The Trustee has delegated to General Motors Investment Management Corporation (“GMIMCo”) and its investment managers the exercise of rights attaching to investments, including voting rights, and engagement. Management of these matters has been delegated to GMIMCo, and the investment managers have been delegated responsibility for actually exercising the rights and conducting engagements in respect of the assets of the Plan.

However, the Trustee takes ownership of the Plan’s stewardship by monitoring and engaging with managers as detailed below.

As part of its advice on the ongoing review of the investment managers, the Plan’s investment adviser, LCP, and GMIMCo incorporate their assessments of the nature and effectiveness of managers’ approaches to voting and engagement.

Following the introduction of DWP’s guidance, the Trustee agreed to set stewardship priorities to focus engagement with their investment managers on specific ESG factors. In March 2023, the Trustee received training from LCP on understanding the DWP’s stewardship guidance and setting stewardship priorities. After discussion, the Trustees agreed to select Climate Change as its priority.

This was selected as a priority because it is one of the ESG factors that the Trustee has formed a good understanding of after a significant amount of training in recent years, and is appropriate given the nature of the assets and sponsoring company. The Trustee’s stewardship priorities have been communicated to the investment managers.

In October 2023, the Trustee reviewed and discussed climate-related data from managers. This was in order to highlight any risk areas or areas where the portfolios were out of line with expectations. A number of points for manager engagement were identified: regarding data quality and missing data, and where climate related risks had been identified e.g. high carbon emissions associated with the portfolio.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most members will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

### 3. Description of voting behaviour during the Plan Year

The Trustee's holdings in listed equities are held in pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. The Trustee is not able to direct how votes are exercised in pooled funds, and the Trustee expects managers to vote in line with their own policies. The Trustee itself has not used proxy voting services over the Plan Year. The Trustee monitors managers' voting and engagement behaviour on an annual basis and challenges where their activity has not been in line with the Trustee's expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, on the Plan's portfolios that hold equities as follows:

- the Arrowstreet Global Equity (GBP) Fund;
- the Marathon International Equities Fund;
- the State Street Global Advisors ("SSGA") North America ESG Screened Index Equity Sub-Fund; and
- the SSGA State Street Emerging Markets ESG Screened Enhanced Equity Fund.

The Trustee has sought to obtain the relevant voting data for Section 3 from all the investment managers listed above and has obtained data for all managers. Note that The Plan disinvested from three of the above funds during the year, but it was not proportionate to obtain voting statistics for the invested part-period, so calendar year information is included in this note.

In addition to the above, the Trustee contacted the Plan's asset managers that do not hold listed equities, to ask if any of the assets held by the Plan had voting opportunities over the Plan Year. One bond portfolio had one asset with voting opportunities. This has been excluded from this statement on materiality grounds. None of the other portfolios that the Plan invested in over the Plan Year held any assets with voting opportunities.

#### 3.1 Description of the voting process

For assets with voting rights, the Trustee relies in the voting policies which its managers have in place.

For funds that hold equities, the Trustee asked its managers to provide an overview of their process for deciding how to vote, detail their policies on consulting with clients before voting and to explain how, if at all, they make use of proxy voting services. The managers' responses are set out below.

##### Arrowstreet

"Arrowstreet does not consult with clients before voting proxies. Arrowstreet outsources proxy voting services to Institutional Shareholder Services (ISS).

We engage a third party service provider to provide proxy-voting services for client accounts (including Arrowstreet Sponsored Funds), including vote analysis, execution, reporting and certain recordkeeping services. Environmental, social and corporate governance (ESG) principles are taken into account in the service provider's standard proxy voting policies. In addition, we make available enhanced ESG specific proxy voting services upon request. Proxy voting services are monitored periodically by our Client Operations team.

##### Marathon

"Marathon considers the ability to influence management as an integral part of the investment management function. Exercising proxy votes on investee companies on behalf of our clients is an instrumental tool in that effort and whilst we are happy to discuss voting with clients the ultimate decision of how we decide to vote rests with the investment team.

Marathon uses the recommendations prepared by Institutional Shareholder Services ("ISS") as the basis for its proxy voting policy but reserves the right to deviate from the ISS recommendation where it is felt Marathon has a better understanding of the specific circumstances surrounding a particular issue. On a daily basis, the responsible team within Portfolio Accounting logs into the ISS portal to review any changes to voting dates and requirements. Marathon portfolio managers must then approve or reject the proposal of ISS. If they reject the proposed voting strategy, valid reasons must be provided. Voting instructions are uploaded into the ISS portal, which is subject to a review by the team supervisor prior to submission. ISS provide a full reporting facility to Marathon detailing voting recommendations and actual votes transmitted to custodians.

As mentioned above, Marathon uses the recommendations prepared by Institutional Shareholder Services ("ISS") as the basis for its proxy voting policy. Please see attached or follow the link to the online portal for further information: <https://www.marathon.co.uk/sustainability/proxy-voting-dashboard/>

## State Street Global Advisors (“SSGA”)

“All voting decisions are exercised in accordance with our in-house guidelines or specific client instructions. We have established robust controls and auditing procedures to ensure that votes cast are executed in accordance with our instructions. Transparency on these key issues is vital. With regards to this, we publish a record of our global voting activity on the Asset Stewardship section of our website.

[https://www.ssga.com/uk/en\\_gb/intermediary/ic/about-us/what-we-do/asset-stewardship](https://www.ssga.com/uk/en_gb/intermediary/ic/about-us/what-we-do/asset-stewardship)

Particularly, our Stewardship team works closely with our global client relationship teams to maintain an open and constructive dialogue with clients on the delivery of our stewardship activities. This provides an opportunity for clients to understand our approach, to provide feedback on our objectives and priorities, and to hold us accountable for their delivery. In addition, our network of global clients provides invaluable inputs into our Stewardship team’s understanding and analysis of local market trends and specific company events. The combination of local and global perspectives strengthens the Stewardship Team’s ability to promote long-term value for our diverse global client base.

As an investment manager, we have discretionary proxy voting authority over most of our client accounts. We carefully vote these proxies in the manner that will protect and promote the long-term economic value of our client investments.

**Oversight:** Our Stewardship team’s activities are overseen by our ESG Committee who are responsible for reviewing our stewardship strategy, engagement priorities and proxy voting guidelines, and monitors the delivery of voting objectives. In addition, our ESG Committee provides oversight of our Stewardship team, reviews departures from our proxy voting guidelines, and reviews conflicts of interest involving proxy voting.

**Proxy Voting Process:** We enhance the services provided by our in-house resources through third-party service providers. The most notable of these are third-party data providers such as Institutional Shareholder Services (ISS) who are utilised to assist us with managing the voting process at shareholder meetings. In the voting process, we use ISS to help us monitor our voting rights across the asset classes in which we invest. We employ ISS to:

- Act as our proxy voting agent (providing us with vote execution and administration services).
- Assist in applying our voting guidelines.
- Provide research and analysis relating to general corporate governance issues and specific proxy items.
- Provide proxy voting guidelines in limited circumstances.

Our Stewardship team reviews our Proxy Voting Guidelines with ISS on an annual basis or on a case- by-case basis as needed. ISS affects the proxy votes in accordance with our Proxy Voting Guidelines. Voting matters that are nuanced or that require additional analysis are referred to and reviewed by members of our Stewardship team. Members of our Stewardship team evaluate the proxy solicitation to determine how to vote based on facts and circumstances consistent with our Proxy Voting Guidelines, which seek to maximize the value of our client accounts.

As an extra precaution, our Stewardship team will refer significant issues to the ESG Committee for a determination of the proxy vote. In addition, other measures are put in place in terms of when and whether or not to refer a proxy vote to the ESG Committee. For instance, our Stewardship team takes into account whether a material conflict of interest exists between our clients and those of our firm or our affiliates. If such a case occurs, there are detailed guidelines for how to address this concern.

We aim to vote at all shareholder meetings where our clients have given us the authority to vote their shares and where it is feasible to do so.

However, when we deem appropriate, we could refrain from voting at meetings in cases, as listed below, where:

- 1 Power of attorney documentation is required.
- 2 Voting will have a material impact on our ability to trade the security.
- 3 Voting is not permissible due to sanctions affecting a company or individual.
- 4 Issuer-specific special documentation is required or various market or issuer certifications are required.

- 5 Unless a client directs otherwise, State Street Global Advisors will not vote proxies in so-called “share blocking” markets (markets where proxy voters have their securities blocked from trading during the period of the annual meeting).

**State Street Global Advisors Vote Prioritization Process:** We vote at over 20,000 meetings on an annual basis and prioritize companies for review based on factors including the size of our holdings, past engagement, corporate performance and voting items identified as areas of potential concern. Based on this assessment, we will not only allocate appropriate time and resources to shareholder meetings, but will also assign specific ballot items of interest to ensure maximization of value for our clients.

All voting decisions are exercised exclusively in accordance with our in-house policies and/or specific client instructions. We have established robust controls and auditing procedures to ensure that votes cast are executed in accordance with our instructions. Transparency on these key issues is vital. In this regard, we publish a record of our global voting activity on the Asset Stewardship section of our website.

[https://www.ssga.com/uk/en\\_gb/intermediary/ic/about-us/what-we-do/asset-stewardship](https://www.ssga.com/uk/en_gb/intermediary/ic/about-us/what-we-do/asset-stewardship)

Please refer to our State Street Global Advisors Standard Proxy Voting Guidelines.

<https://www.ssga.com/library-content/assets/pdf/global/asset-stewardship/proxy-voting-and-engagement-policy.pdf>

We use a variety of third-party service providers to support our stewardship activities. Data and analysis from service providers are used as inputs to help inform our position and assist with prioritization. However, all voting decisions and engagement activities are undertaken in accordance with our in-house policies and views, ensuring the interests of our clients remain the sole consideration when discharging our stewardship responsibilities. We have contracted Institutional Shareholder Services (ISS) to assist us with managing the voting process at shareholder meetings. We use ISS to: (1) act as our proxy voting agent (providing State Street Global Advisors with vote execution and administration services), (2) assist in applying our voting guidelines, (3) provide research and analysis relating to general corporate governance issues and specific proxy items, and (4) provide proxy voting guidelines in limited circumstances. In addition, we also have access to Glass Lewis and region specific meeting analysis provided by the Institutional Voting Information Service. Research and data provided by these third parties complement our in-house analysis of companies and individual ballot items. All final voting decisions are based on our proxy voting policies and in-house operational guidelines.

### 3.2 Summary of voting behaviour over the Plan Year

A summary of voting behaviour over the Plan Year is provided in the table below.

	Fund 1	Fund 2	Fund 3	Fund 4
Total size of fund at end of the Plan Year	£525m	£373m	£4,026m	\$579m
Number of equity holdings at end of the Plan Year	278	311	607	647
Number of meetings eligible to vote	372	420	642	1,146
Number of resolutions eligible to vote	5,378	4,726	8,987	9,720
% of resolutions voted	>99%	96%	99%	97%
Of the resolutions on which voted, % voted with management	96%	91%	88%	85%
Of the resolutions on which voted, % voted against management	4%	9%	12%	12%
Of the resolutions on which voted, % abstained from voting	0%	1%	0%	3%
Of the meetings in which the manager voted, % with at least one vote against management	23%	39%	58%	51%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor (if applicable)	3%	0%	11%	6%

Figures may not sum exactly due to rounding.

### 3.3 Most significant votes over the Plan Year

Set out below is commentary on a selection of the most significant votes over the period for the Plan's managers with listed equity holdings.

The Trustee did not inform its managers which votes it considered to be most significant in advance of those votes.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria<sup>1</sup> for creating this shortlist. By informing its managers of its stewardship priorities and through its regular interactions with the managers, the Trustee believes that its managers will understand how it expects them to vote on issues for the companies they invest in on its behalf.

The Trustee has interpreted "significant votes" to mean those that are:

- aligned with its stewardship priorities (Climate Change);
- potentially materially impactful on future company performance;
- believed by the investment manager to represent a significant escalation in engagement;
- a material fund holding, although this would not be considered the only determinant of significance, rather it is an additional factor;
- of a high media profile or are seen as being controversial;
- shareholder resolutions which received material support;
- the subject of the resolution aligned with the investment manager's engagement priorities or key themes; and/or
- of particular interest to the Plan or the sponsoring company.

The Trustee has reported on one significant vote per mandate only (for brevity). If members wish to obtain more manager voting information, this may be made available upon request from the Trustee.

#### Fund 1

##### Glencore (UK), May 2023

- **Relevant stewardship priority:** Climate change
- **Vote cast:** For the proposal (against proxy recommendation)
- **Outcome of the vote:** The proposal passed, with 70% support
- **Management recommendation:** For
- **Summary of resolution:** Approve 2022 Climate Report
- **Rationale for the voting decision:** ISS advised voting against the approval of Glencore's 2022 Climate Report due to a number of concerns, particularly regarding the company's emphasis on actions to reduce climate impact after 2035, while experts have emphasised the importance of taking action within this decade. In addition, ISS claimed that despite record profits, investment in the climate transition had not significantly increased over 2022.

The manager discussed the topic with Glencore, which provided a compelling argument against ISS's recommendation. The firm's strategy highlights the closure of 12 mines by 2035, as well as carbon reduction targets for specific mines, which should lead the firm to reduce scope 1, 2 and 3 emissions by 50% by 2035. Furthermore, 75% of capex in 2022 was allocated to climate transition metals. It agreed with Glencore that the

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<sup>1</sup> [Vote reporting template for pension scheme implementation statement – Guidance for Trustees \(plsa.co.uk\)](https://www.plsa.co.uk/guidance-for-trustees). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

Climate Report did outline significant progress that will take place before 2035, and that the company is not relying on actions to be taken after 2035.

- **Approximate size of the mandate's holding at the date of the vote:** 1.0%
- **The reason the Trustee considered this vote to be "most significant":** This resolution links to the stewardship priority of climate change, and there was also a relatively large vote cast against management recommendations (c30%).

## Fund 2

**Bank of America Corporation, April 2023**

- **Relevant stewardship priority:** Climate change
- **Vote cast:** For
- **Outcome of the vote:** Information not provided
- **Management recommendation:** Against
- **Summary of resolution:** Report on Climate Transition Plan describing efforts to align financing activities with GHG targets.
- **Rationale for the voting decision:** Additional disclosure about company's climate transition plan would help shareholders better evaluate the company's strategy for implementing its commitments to advance a low-carbon economy's management of related risks and opportunities.
- **Was the vote communicated to the company ahead of the vote:** No
- **Approximate size of the mandate's holding at the date of the vote:** Information not provided
- **The reason the Trustee considered this vote to be "most significant":** This links to the stewardship priority of climate change.

## Fund 3

**Microsoft Corporation, December 2023**

- **Relevant stewardship priority:** Climate Change
- **Vote cast:** Abstain
- **Outcome of the vote:** Not approved
- **Management recommendation:** Against
- **Summary of resolution:** Report on Climate Risk in Retirement Plan Options
- **Rationale for the voting decision:** The company's disclosures related to climate change are mostly aligned with the manager's guidance but could be enhanced.
- **Was the vote communicated to the company ahead of the vote:** No
- **Approximate size of the mandate's holding at the date of the vote:** 6.8%
- **The reason the Trustee considered this vote to be "most significant":** This links to the stewardship priority of climate change and is a large holding in the pooled fund.

## Fund 4

**Western Mining Co Ltd, August 2023**

- **Relevant stewardship priority:** n/a
- **Vote cast:** Against
- **Outcome of the vote:** Information not provided
- **Management recommendation:** For
- **Summary of resolution:** Elect Huang Daze as Director
- **Rationale for the voting decision:** The manager voted against the nominee due to the lack of gender diversity on the board.
- **Was the vote communicated to the company ahead of the vote:** No
- **Approximate size of the mandate's holding at the date of the vote:** 0.1%
- **The reason the Trustee considered this vote to be "most significant":** This is a significant vote on the grounds it was a vote against management recommendations and involved an issue which is one of the manager's key themes.