

Millbrook Pension Plan

Implementation Statement, covering 1 January 2024 to 31 December 2024

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, the Trustee (including the most significant votes cast by the Trustee or on its 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

No changes were made to the voting and engagement policies in the SIP during the Plan Year.

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. The Trustee has received training from LCP on understanding the DWP’s stewardship guidance and setting stewardship priorities. After discussion, the Trustee 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.

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.

The Trustee has obtained the relevant voting data for Section 3 from the Plan's asset manager that holds equities.

In addition, 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. 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 processes

For assets with voting rights, the Trustee relies on 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.

Manager 1

The manager does not consult with clients before voting proxies. It outsources proxy voting services to Institutional Shareholder Services (ISS).

The manager engages a third party service provider to provide proxy-voting services for client accounts (including 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 its Client Operations team.

3.2 Summary of voting behaviour

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

| | Fund 1 |
|--|--------|
| Total size of fund at end of the Plan Year | £464m |
| Number of equity holdings at end of the Plan Year | 738 |
| Number of meetings eligible to vote | 711 |
| Number of resolutions eligible to vote | 8,341 |
| % of resolutions voted | 95% |
| Of the resolutions on which voted, % voted with management | 92% |
| Of the resolutions on which voted, % voted against management | 8% |
| Of the resolutions on which voted, % abstained from voting | 1% |
| Of the meetings in which the manager voted, % with at least one vote against management | 38% |
| Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor (if applicable) | 0% |

Figures may not sum exactly due to rounding.

3.3 Most significant votes

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

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. The Trustee has retrospectively selected a shortlist of most significant votes from each manager's list of significant votes (generally comprising a minimum of ten most significant votes). The Trustee suggested the managers could use the PLSA's criteria¹ for creating this list. 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

Lennar Corporation, April 2024

- **Relevant stewardship priority:** Climate change
- **Vote cast:** For
- **Outcome of the vote:** Failed
- **Management recommendation:** Against
- **Summary of resolution:** Report on Climate Change
- **Rationale for the voting decision:** A vote for this proposal is warranted, as additional information on the company's efforts to reduce its carbon footprint and align its operations with Paris Agreement goals would allow investors to better understand how the company is managing its transition to a low carbon economy and climate change-related risks.
- **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.

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