GENERAL MOTORS RETIREES PENSION PLAN

Statement of Investment Principles

1. Introduction

This Statement of Investment Principles (the "**Statement**") prepared by GM Retirees Pension Trustees Limited ("**GMRPTL**") as trustee of the General Motors Retirees Pension Plan (the "**Plan**"), sets out the principles, policies and beliefs governing decisions about investments in relation to that Plan's assets. This Statement has been prepared to comply with Section 35 of the Pensions Act 1995 (as amended) (the "Pensions Act") and the Occupational Pension Schemes (Investment) Regulations 2005 (as amended).

General Motors Europe Limited (the "**Principal Employer**") as the Principal Employer in relation to the Plan is authorised to represent the other employers, if any, in relation to the Plan in connection with consultation on the SIP. The Principal Employer has been consulted on the SIP.

GMRPTL has received the written advice of the Plan's investment consultants, Lane Clark & Peacock LLP ("**LCP**"), who have confirmed to the Trustee that they are qualified by ability in and practical experience of financial matters, and have appropriate knowledge and experience of the management of the investments of occupational pension schemes established under trust.

This Statement reflects the asset allocation to apply from 1 October 2014. A copy of this Statement will be sent to the investment manager, General Motors Investment Trustees Limited ("**GMITL**"). A copy will also be sent to each of the investment managers appointed by GMITL.

With the exception of the investment of the Plan's assets derived from members' voluntary contributions ("**AVC Assets**") (more particularly described in **Section 11**) and the insurance contract more particularly described in **Section 12**, the Plan assets are invested in the General Motors UK Common Investment Fund (**"CIF"**).

GMITL has also been appointed as the Plan's investment manager to deal with the rebalancing of the Plan's investments back to the Plan's asset allocation benchmark, if necessary.

This statement is available to all members upon request.

The Trustee intends to review this Statement triennially or if there is a significant change in the Plan's circumstances (e.g. through addition or deletion of participating companies and members, or through a major change in the composition of the membership).

2. Nature of the Plan

The Plan was established on 31 July 1988 under, and is governed by, a Trust Deed and Rules, which, as amended, have been approved by the Pension Schemes Office of the Inland Revenue.

The Plan is contracted-out on a salary related basis from the Second State Pension Scheme (previously the State Earnings Related Pension Scheme). The Plan is registered under the Finance Act 2004. Prior to the introduction of this Act from 6 April 2006, the Plan was an "exempt approved scheme" for the purposes of Chapter I of Part XIV of the Income and Corporation Taxes Act 1988.

The Trust Deed and Rules set out the Plan Benefits in detail and specify the investment powers of the Trustee. These investment powers, as modified by the Pensions Act, do not conflict with the content of this Statement.

The Plan is a closed plan with no active members. It is the opinion of the Plan's actuaries that the resources of the Plan should, in the ordinary course of events, meet the Plan's liabilities. As such there is not expected to be further need for further funding by way of contributions into the Plan.

3. Governance of the Plan – division of responsibility

3.1 Trustee (GMRPTL)

The Trustee's responsibilities include:

- Reviewing the content of this Statement and modifying it if deemed appropriate, in consultation with the Investment Consultant and Plan Actuary.
- Reviewing the investment policy following the results of each actuarial review, and/or asset liability modelling exercise, in consultation with the Investment Consultant and Plan Actuary.
- Formulating a policy in relation to financially material considerations, such as those relating to ESG considerations (including but not limited to climate change).
- Setting a policy on the exercise of rights (including voting rights) and undertaking engagement activities in respect of the investments.
- Appointing the investment manager, Plan Actuary and Investment Consultant.
- Assessing the quality of the performance and processes of the investment manager by means of at least annual reviews of the investment results and other information, in consultation with the Investment Consultant and Plan Actuary.
- Consulting with the Company before amending this Statement.
- Monitoring compliance of the investment arrangements with this Statement on an ongoing basis.

3.2 Investment Manager (GMITL)

The investment manager's responsibilities are set out in the Investment Management Agreement ("IMA ") and include, within the range of investment choices within the CIF:

- At their discretion, but within any guidelines given by the Trustee, implementing changes in the asset mix.
- Informing the Trustee of any changes in the performance objective and guidelines of the sub-funds of the CIF as and when they occur.
- Having regard to the need for diversification of investments so far as appropriate and to the suitability of investments.
- Taking account of financially material considerations (including climate change and other ESG considerations) as appropriate when managing the portfolios of assets.
- Exercising rights (including voting rights) attaching to investments and undertaking engagement activities in respect of the investments.
- Giving effect to the principles contained in the Statement so far as reasonably practicable.

3.3 CIF Trustee (GMITL)

The CIF Trustee is responsible for the management of the CIF including:

- Appointing, monitoring and termination of the investment managers operating within each sub-fund of the CIF
- Management of cashflows within the CIF.

- Having regard to the need for diversification of investments within the CIF.
- Giving effect to the principles contained in the Statement so far as they apply to the CIF.

3.4 Investment Consultant (LCP)

The investment consultant's responsibilities include:

- Participating with the Trustee in reviews of this Statement in consultation with the Plan Actuary.
- Undertaking regular investment strategy reviews and other project work as required.
- Confirming the suitability of continued investment in the CIF.

3.5 Plan Actuary

The Plan Actuary's responsibilities include:

- Performing the triennial (or more frequently as required) valuations and advising on the appropriate contribution levels.
- Liaising with the Investment Consultant on the suitability of the Plan's investment policy given the financial characteristics of the Plan.

3.6 Conflicts of Interest

The Trustee has adopted a policy it considers appropriate, as indicated by the preceding provisions of this **Section 3** (together with the policy adopted by the Trustee Board for management of conflicts of interest within the Trustee Board), for arranging for the Plan assets to be invested in the best interests of members and beneficiaries (and, in the case of a potential conflict of interest, in the sole interest of members and beneficiaries).

4. Liabilities

With the restructuring of the Vauxhall and Associated Companies Pension Fund in 1988, former employees of the Company and the other participating companies, who retired from or left the Company before that date, became, at their own will, members of the Plan.

The Plan is a closed plan and is comprised of retired and deferred members; there are no current active members.

So long as the Plan continues as a closed Plan the Trustee is advised that the most important variables that will affect the liabilities of the Plan will be:

- mortality experience of members;
- future inflation rates; and
- any discretionary increases to benefits.

5. Objectives

The Trustee wishes to ensure that the Plan can meet its obligations to the beneficiaries while recognising the potential cost implications to the Company of pursuing excessively conservative, or aggressive, investment strategies.

Following consultation with the Company, the Trustee wishes to minimize the likelihood of the existing assets of the Plan being insufficient to meet all benefit payments in full and on time.

To this end, the Trustee has insured all or substantially all of the Plan’s liabilities. The Trustee did this by purchasing an insurance policy from Rothesay Life Limited, an insurance company. Further details on this insurance policy can be found in **Section 12** of this document.

6. Asset Allocation Strategy

The Trustee regards the choice of asset allocation policy as the decision that has the most influence on the likelihood that it will achieve its investment objectives. The Trustee has retained responsibility for this decision, which is made on the written advice of the Plan's Investment Consultant. The Trustee has also consulted with the Company in determining the Plan's asset allocation.

In October 2012 the Trustee purchased an insurance policy from Rothesay Life Limited (the "**Rothesay Life Contract**") (see **Section 12**). This policy continues to form part of the Plan's assets, and the Trustee retains the obligation to pay benefits to entitled members.

In addition to this insurance policy, the Trustee holds assets invested in the CIF. Unless otherwise stated, the remainder of the Statement refers to the Trustee's policies in respect of the non-insurance assets.

Currently, the Plan's policy for the non-insurance assets is to hold a mixture of Fixed Interest Gilts and Cash as necessary to meet liabilities due.

	Strategic Allocation	Long-term expected return on asset class[1]
Fixed Interest Gilts	0-100%	3.3% pa
Cash	0-100%	3.3% pa

It is the Trustee's policy to review the above policy each year to check whether the Trustee still considers it to be valid. If, in the Trustee's opinion, there is a significant change in the capital markets, the circumstances of the Plan or the Company, or governing legislation between such reviews, then the Trustee's policy is that an earlier review will be conducted accordingly.

7. Investment Management Structure

Under the terms of an IMA, the Trustee appointed GMITL to be the investment manager of its holdings of units in the various sub-funds in the CIF, on the terms of, and subject to the conditions of the IMA. The IMA also sets out the restrictions that apply to GMITL in relation to the use of futures and related instruments both at Plan level and in relation to the use of futures within the CIF.

The permitted weights and the benchmark indices and performance targets for each sub-fund in the CIF is shown in the Appendix to this Statement.

7.1 Custody

There are no certificates of units held or other documents of title in relation to the Plan assets invested in the CIF and so, as such, there is no need for a custodian in relation to the Plan's holdings of units in the CIF. Where applicable the Trustee of each of the sub-funds in the CIF has appointed a global custodian in relation to that sub-fund in the CIF which holds, as custodian for the Trustee of the sub-fund in the CIF in question, the majority of the assets of the sub-fund in the CIF. That global custodian is currently J.P. Morgan Chase.

The policy or other title documents (if any) in relation to the AVC investments referred to in **11** below are held by the Pensions Department.

7.2 Liquidity

The Rothesay Life Contract covers the Plan's liabilities to pay benefits to entitled members in full. Rothesay Life makes a payment to the Trustee each month which should, ordinarily, cover all benefit payments due to members in that month. This significantly reduces the need for liquidity in the Plan's other investments.

[1] Long-term expected returns are as at 30 June 2014

There is no right for the Trustee to liquidate the Rothesay Life Contract. However, the Trustee does not expect to wish to do this.

The Trustee's policy for the non-insurance assets is that there should be sufficient investments in liquid or readily realisable assets to meet any unexpected cashflow requirements so as to seek to avoid the realisation of assets in a manner which would disrupt the Plan's overall investment policy where possible.

7.3 Diversification, volatility and appointment of investment managers

The Trustee expects that the assets of the Plan invested in the CIF will benefit from the structure of each of the sub-funds in the CIF. The benefit will be obtained through diversification of assets within the applicable asset class within the sub-funds in the CIF and by the appointment of one or more investment manager in each asset class represented by a sub-fund in the CIF. The appointment of investment managers by the CIF Trustee is undertaken with the benefit of advice from professional advisers, which GMITL considers to be suitable.

7.4 Performance Objectives

Each of the sub-funds in the CIF has an explicit target of performance relative to the benchmark index (as detailed in the Appendix). The Trustee is satisfied that these are consistent with its own performance and risk objectives.

It is recognised that under certain circumstances, GMITL may underperform the benchmark in some asset classes over some time periods.

7.5 Implementation of the investment arrangements

Before setting its investment strategy the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

The Trustee and GMITL, to whom discretion has been delegated, exercise their powers to give effect to the principles in this Statement of Investment Principles, so far as is reasonably practicable.

GMITL has signed agreements with the CIF sub-fund managers setting out in detail the terms on which the portfolios are managed. The CIF sub-fund managers' primary role is the day-to-day investment management of the Plan's investments.

Alignment between a CIF sub-fund manager's management of the Plan's assets and the Trustee's beliefs, policies and objectives set out in this SIP are an important part of the appointment process of a new manager and of the ongoing oversight of the activity undertaken by managers on behalf of the Plan.

The Trustee is responsible for the investment of the Plan's assets. The Trustee takes some investment decisions itself and delegates others as detailed in Section 3.

The Trustee and GMITL have limited influence over the CIF sub-fund managers' investment practices where the Plan's assets are held in pooled funds but, in these circumstances, they encourage them to improve their practices where appropriate. Where the Plan's assets are held in segregated investment arrangements, the agreements in place with CIF sub-fund managers incentivise them to align their investment strategy and decisions for those mandates with the Trustee's investment policies.

The Trustee's view is that the fees paid to the CIF sub-fund managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high-quality service that meets the stated objectives, guidelines and restrictions. In practice for pooled fund investments, the CIF sub-fund managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover. However, the Trustee and GMITL can avoid appointing any managers who are seriously out of line with the Trustee's stated policies and, as stated above, there is greater scope to influence the managers where the Plan uses segregated portfolios.

It is GMITL's responsibility to ensure that the CIF sub-fund managers' investment approaches are consistent with the Trustee's policies before any new appointment, and to monitor and consider terminating any existing arrangements that appear to be investing contrary to those policies.

The Trustee expects the CIF sub-fund managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and, where appropriate, to engage with issuers to improve their performance. GMITL assesses this when selecting and evaluating managers.

GMITL evaluates the performance of the CIF sub-fund managers by considering performance over both shorter and longer-term periods as available. The Trustee monitors this through reporting produced by GMITL.

Except for closed-ended funds (where the duration of the investment is determined by the fund's terms) the duration of a CIF sub-fund manager's appointment will depend on strategic considerations and the outlook for future performance. Generally, GMITL would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustee's policy is for investment managers to be evaluated by reference to the manager's individual performance as well as the role it plays in helping the Plan meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each CIF sub-fund manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Plan's investment mandates and GMITL to incorporate these into its evaluation of the performance of the CIF sub-fund managers.

7.6 Financially material considerations and non-financial matters

The Trustee has considered how environmental, social, governance ("ESG") and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members.

The Trustee has limited influence over managers' investment practices where assets are held in pooled funds but expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations) as the managers consider appropriate. The Trustee seeks to appoint managers that have appropriate skills and processes to do this

The Trustee does not take into account any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

In relation to investments representing AVCs (see **11**. below), to the extent that those AVC investments confer rights on the Trustee to determine or influence the investment policy, the Trustee expects the investment manager, subject to the principle of maximising the long term return on investments while seeking to minimise certain risks, to give due consideration to environmental, social, governance ("ESG") and ethical factors (which can affect the financial return on investments), particularly in the area of business sustainability and reputational risk, when deciding on the selection, retention and realisation of individual investments in the pooled investment vehicle in which the AVCs are invested.

Note: references to investment manager include, in relation to a pooled investment vehicle, the person having the power to exercise (or direct that there is exercised) the rights attaching to investments held in the pooled investment vehicle.

7.7 Voting and engagement

The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, protect and enhance the long-term value of investments. The Trustee has delegated to GMITL the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons (for example, investment managers and other stakeholders) about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG considerations. Management of these matters has been delegated to GMITL, and the CIF sub-fund managers have been delegated responsibility for actually exercising the rights and carrying out engagements in respect of the assets of the Plan.

The Trustee does not monitor or engage directly with issuers or other holders of debt or equity. The Trustee cannot usually directly influence GMITL's policies on the exercise of ownership rights where assets are held in pooled sub-funds; this is due to the nature of these investments, but it encourages GMITL to improve its practices where appropriate. The Trustee understands that ownership rights will be exercised by the GMITL in line with its general policy on stewardship, which reflects the recommendations of the UK Stewardship Code issued by the Financial Reporting Council where relevant, and which is provided to the Trustee from time to time for review, taking into account the long-term financial interests of the beneficiaries.

The Trustee has limited influence over managers' stewardship practices where assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

Note 1: given that the current strategic asset allocation does not include any equity investments, it is not currently expected that the investment managers will hold any securities with associated voting rights.

In relation to any assets representing AVCs, the Trustee expects the investment manager of those assets to have policies on corporate governance and the exercise of rights (including voting rights) attaching to the investments and expects the investment manager to exercise them in the best financial interests of beneficiaries of the Plan whose benefits are affected by the assets representing AVCs.

Note 2: references to investment manager include, in relation to an AVC pooled investment vehicle, the person having the power to exercise (or direct that there is exercised) the rights attaching to investments in that pooled investment vehicle.

Note 3: it is the member who has paid AVCs who decides from the range of AVC pooled investment vehicles available how his or her AVCs are to be invested.

8. Reporting

It is the Trustee's policy to measure the return on the Plan's investments.

The Trustee has appointed an independent measurement company to measure the returns of the Plan. Reporting is provided to the Trustee quarterly and a detailed performance review of the CIF is intended to be presented annually.

The Trustee's policy is that GMITL should report quarterly or more frequently as required on membership and cash movement for the Plan, the valuation of and movement in the Plan's holdings by sub-fund in the CIF together with economic and market views and statistics.

9. Risk

The Trustee regards 'risk' as the likelihood that it fails to achieve the objectives set out above and has taken measures to reduce this risk. For example, the risk that the funding objectives are not met in a particular year increases if the returns on investments are highly volatile. To reduce this risk, the Trustee has considered the appropriate diversification of assets ("**Asset Allocation Strategy**"). It is the trustee's policy to achieve this through investing in the CIF, further details of which are contained in **Section 7** above.

Risk can take a variety of forms. For example, the Trustee may regard 'risk' as:

- The failure to pay benefits as and when they fall due,
- The likelihood of failing to achieve investment objectives (as set out above),
- The failure of some investments,
- Risks associated with actions of investment managers, and/or
- Custody risk.

The Trustee, in defining, implementing and monitoring investment strategy, has taken several steps to control and minimise these risks. The most significant has been the purchase of the Rothesay Life Contract (see **Section 12** below).

In terms of magnitude, the Trustee considers that asset-liability mismatch risk is one of the most important measures to control. The Rothesay Life Contract significantly mitigates this risk, as it covers all, or substantially all, of the Plan's pension liabilities.

The Trustee recognises that there is a risk that Rothesay Life Limited fails to honour its obligations under the Rothesay Life Contract. This could occur, for example, should Rothesay Life Limited become insolvent. The Trustee recognises that this risk cannot be eliminated altogether.

Asset-liability mismatch risk has been further mitigated through the strategic asset allocation for the non-insurance assets. The Trustee believes that by investing the non-insurance assets in gilts that broadly match the duration and inflation exposures of the Plan's liabilities, the level of asset-liability mismatch risk will be as low as is reasonably practical. However, the Trustee recognises that this risk cannot be eliminated altogether.

The allocation of the Fund's non-insurance investments within major asset classes (including allocation ranges) is set out in **Section 6** above **(Asset Allocation Strategy)**. To ensure diversification, the external investment managers are required to work within specified limits on concentration in individual asset class sub-sectors and in individual securities.

The process of risk management continues through to implementation. The decision as to whether to pursue active management is taken on an asset by asset class basis, with regard to the potential reward within that asset class for taking on active risk and the availability of skilled managers. Active risk is then diversified by the use of multiple active managers and multi-manager funds. The Investment Managers are bound by the terms and conditions of an Investment Management Agreement in which investment guidelines and restrictions are formalised including, but not exclusively limited to a measure of risk as defined by tracking error. Frequent monitoring of portfolio characteristics such as excess returns and tracking error also aids in the ongoing risk management for the plan.

Risks associated with investment manager performance are addressed through a regular review process.

10. AVC Insurance policies / Rothesay Life Contract

The preceding provisions of this Statement are modified in relation to the following investments:

- the AVC insurance policies (see **11** below),
- the Rothesay Life Contract (see **12** below).

11. AVC Insurance policies

As the Plan has no active members at present, the Plan does not offer an AVC programme.

However, a number of deferred members and pensioners on transfer into the Plan brought with them insurance policies or interest under insurance policies representing, in the case of deferred members, their additional voluntary contributions and, in the case of pensioners, the additional pension purchased with those voluntary contributions on retirement.

The policy of the Trustee, in relation to these AVC insurance policies, is:

- to review the continued retention of those policies at least once every 5 years and to determine whether it would be advantageous to seek to realise those insurance policies, and
- to obtain proper advice from an appropriate adviser at that time.

The Trustee's policy on the expected return on those policies is that which is appropriate for policies of that type.

12. Rothesay Life Contract

On 19 October 2012 a bulk annuity contract was purchased by the Trustee with Rothesay Life Limited. This contract covers all, or substantially all, of the pensioner and deferred pensioner liabilities of the Plan and replaced previous bulk annuity contracts that the Plan held (which were simultaneously surrendered).

The Trustee took investment advice from LCP in relation to the purchase of the Rothesay Life Contract. The Trustee also commissioned an independent report into Rothesay Life Limited's finances from Oliver Wyman, a management consulting firm prior to making the decision to purchase the contract.

The policy of the Trustee in relation to the Rothesay Life Contract is:

- to review the continued retention of the contract at least once every 5 years and to determine whether it would be advantageous to surrender that contract, and
- to obtain proper advice from appropriate advisers at the time.

The payments received by the Trustee under the Rothesay Life Contract were designed to exactly match all, or substantially all, of the Plan liabilities. The return on the Rothesay Life Contract is therefore the income that it generates to meet the benefit payments covered by the contract.

On 1 October 2014, the Trustee secured an uplift to the benefit payments covered by the contract, to coincide with an enhancement granted to members' benefits.

13. Investment Manager and Adviser Fees

GMITL as the investment manager is reimbursed at cost.

The fees for the majority of external investment manager fees are determined as a percentage of assets. Some managers are remunerated by a lower base fee plus a profit share fee, on achievement of agreed outperformance levels. The CIF Trustee believes that this is the appropriate way in which to remunerate the investment managers.

Fees for the investment consultant are determined on the basis of the time spent by the consultant in providing the advice.

Fees for the actuary are determined on the basis of the time spent by the actuary in providing the advice.

For significant pieces of advice (for example large projects, such as asset liability modelling) the Trustee may agree a project fee.

14. Service Provider Monitoring

The Trustee reviews from time to time the services provided by the Investment Consultant, Actuary and other service providers as necessary to ensure the services provided remain appropriate for the Scheme.

15. Date for next review of Statement of Investment Principles

It is intended that the next formal review of the Statement of Investment Principles by the Trustee will take place within 3 years from the date of this Statement of Investment Principles.

Signed for and on behalf of the GM Retirees Pension Trustee Limited as trustee of the General Motors Retirees Pension Plan on 30 September 2020.

GENERAL MOTORS RETIREES PENSION PLAN

Asset Class Permitted Weights, Performance Benchmarks and Targets

For non-insurance assets only

Asset Class	Permitted Weight	Benchmark	Target
Fixed Interest Gilts	0% - 100%	FTSE All Stocks Gilt Index	To track the index within reasonable tolerances over rolling 3 year periods
Cash	0% - 100%	7-day LIBID	N/A