

General Motors (VACPF) Pension Fund

Implementation Statement, covering 1 January 2020 to 31 December 2020

The Trustee (GM (U.K.) Pension Trustees Limited) of the General Motors (VACPF) Pension Fund (the “Fund”) 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”) 18 September 2020 during the Fund Year 1 January 2020 to 31 December 2020. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Fund 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.

This Implementation Statement (the “Statement”) has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (as amended) and the guidance published by the Pensions Regulator. This is the first time that this Statement has been required to be produced by the Trustee.

1. Introduction

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

The Trustee has, in its opinion, followed the Fund’s voting and engagement policies during the Fund Year, by continuing to delegate to its investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have in place strong stewardship policies and processes. The Trustee took a number of steps to review the Fund’s existing managers and funds over the period, as described in Section 2 (Voting and engagement) below.

2. Voting and engagement

The Trustee believes that good stewardship practices, including monitoring and engaging with investee companies, protect and enhance the long-term value of investments. The Fund’s assets (with the exception of AVC and buy-in insurance assets) are invested in certain sub-funds of the General Motors UK Common Investment Fund (“CIF”). GM Investment Trustees Limited (“GMITL”) was the trustee of the CIF during the Fund Year and has also been appointed to deal, on behalf of the Trustee, with the rebalancing of the Fund’s investments in the CIF.

GMITL selects, appoints and, when necessary, replaces or dismisses investment managers of the sub-funds of the CIF. The exercise of voting rights and engagement activities is delegated to the appointed CIF sub-fund investment managers. GMITL monitors and engages with CIF sub-fund investment managers to ensure their ongoing adherence to mandate expectations and alignment with the Trustee’s objectives and policies around stewardship and the financial materiality of environmental, social and governance (“ESG”) and climate issues.

GMITL and the Fund’s investment consultants, Lane Clark & Peacock (LCP), have conducted a review of the Fund’s investment managers’ Responsible Investment (“RI”) practices on behalf of the Trustee. As part of this, the Trustee reviewed the findings of LCP’s RI Survey which included LCP’s qualitative RI assessments for each manager and suggested areas for engagement. These assessments were based on LCP’s ongoing manager research programme.

The Trustee was satisfied with the results of the review and no further action was taken.

3. Description of voting behaviour during the Plan Year

The Trustee’s holdings in listed equities are within a mixture of pooled and segregated funds. Over the Fund Year the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Fund Year.

In this section we have sought to include voting data on the following funds that hold equities on behalf of the Fund as follows:

- the Arrowstreet GM International Equities Fund;
- the Fidelity GM International Equities Fund;
- the Marathon International Equities Fund;
- the Primecap North American Equity Portfolio;
- the State Street Global Advisors (“SSGA”) GM North American Equities Fund; and
- the SSGA GM Emerging Markets Equities Fund.

The Trustee has sought to obtain the relevant voting data for this section from all of the investment managers listed above. However, it was unable to obtain information on most significant votes for the Arrowstreet, Prime Cap and SSGA funds. These managers were unable to provide this information as they do not yet have a process for determining most significant votes. They were also unable to provide information to help the Trustee assess the significance of votes themselves.

The Trustee will continue to work with its advisers and investment managers with the aim of providing fuller voting information in future Implementation Statements.

In addition to the above, the Trustee contacted the Fund’s other asset managers that do not hold listed equities, to ask if any of the assets held by the Plan had voting opportunities over the period. Data and commentary provided by these managers is set out in Section 3.2 and 3.4.

3.1 Description of the voting processes

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 all proxy voting services to Institutional Shareholder Services (ISS).”

Fidelity

“Fidelity does not solicit client feedback ahead of individual voting resolutions. Fidelity has adopted a proxy voting policy and procedures to seek to ensure that proxies are voted in the clients’ best interests and that its proxy voting activities adhere to the requirements of SEC Rule 206(4)-6. Where Fidelity is given the responsibility for voting proxies, it takes reasonable steps under the circumstances to seek to ensure that proxies are received and voted in the best interest of its clients, which generally means voting proxies with a view of enhancing the value of the shares of stock held in client accounts.

Fidelity’s Proxy Voting Guidelines (the “guidelines”) are animated by two fundamental principles: 1) putting the long-term interests of its customers and fund shareholders first; and 2) investing in companies that share its approach to creating value over the long-term. Fidelity generally adheres to the guidelines in voting proxies and its Stewardship Principles serve as the foundation for the guidelines. Its evaluation of proxies reflects information from many sources, including management or shareholders of a company presenting a proposal and proxy voting advisory firms. Fidelity maintains the flexibility to vote individual proxies based on its assessment of each situation. In evaluating proxies, Fidelity recognises that companies can conduct themselves in ways that have important environmental and social consequences. While Fidelity always remains focused on maximizing long-term shareholder value, it also considers potential environmental, social and governance (“ESG”) impacts that we believe are material to individual companies and investing funds’ investment objectives and strategies.

Fidelity will vote on proposals not specifically addressed by the guidelines based on an evaluation of a proposal’s likelihood to enhance the long-term economic returns or profitability of the company or to maximize long-term shareholder value. Voting is conducted in a manner consistent with the best interests of the funds and their shareholders, and Fidelity will not be influenced by business relationships or outside perspectives that may conflict with the interests of the funds and their shareholders.

Fidelity’s Investment Proxy Research (IPR) works with Institutional Shareholder Services (ISS) on a daily basis and conducts recurring meetings with ISS. IPR uses the ISS Proxy Exchange (PX) web-based platform for receiving, transmitting and recording electronic proxy voting information. ISS maintains detailed records of IPR’s proxy voting activity for internal and external reporting purposes. Also, ISS provides IPR’s annual disclosure of the proxy voting records of the funds for the Form N-PX regulatory filing SEC requirement.”

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.”

Prime Cap Management

“Prime Cap Management does not consult with its clients before voting.

Prime Cap votes for what it think is in the best interest of long-term shareholders. Prime Cap consults with its proxy advisory services provider, Glass, Lewis & Co, but votes against its advisors’ recommendations if it believes this is better for long-term shareholders.”

State Street Global Advisors (“SSGA”)

“All voting decisions are exercised in accordance with our in-house guidelines or specific client instructions.

In order to facilitate SSGA’s proxy voting process, SSGA retains Institutional Shareholder Services Inc. (ISS), a firm with expertise in proxy voting and corporate governance. SSGA utilizes ISS’s services in three ways. First, as SSGA’s proxy voting agent, ISS provides SSGA with vote execution and administration services. Second, ISS applies SSGA’s Proxy Voting Guidelines where appropriate. Lastly, ISS provides the highest level of research and analysis related to general corporate governance issues and specific proxy items.

The Stewardship team reviews its 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 SSGA’s Proxy Voting Guidelines. Voting matters that are nuanced or that require additional analysis are referred to and reviewed by members of the Stewardship team. Members of the Stewardship team evaluate the proxy solicitation to determine how to vote based on facts and circumstances consistent with SSGA’s Proxy Voting Guidelines, which seek to maximize the value of our client accounts.

As an extra precaution, the Stewardship team will refer significant issues to the PRC 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 PRC. For instance, the Stewardship team takes seriously whether a material conflict of interest exists between our client and those of SSGA or its affiliates. If such a case occurs, there are detailed guidelines for how to address this concern (i.e., please refer to our Mitigating Conflict of Interest Guidelines for additional details).

SSGA votes in all markets where it is feasible. However, when SSGA deems appropriate, it could refrain from voting meetings in cases as listed below:

1. Where 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, or
4. Issuer-specific special documentation is required or various market or issuer certifications are required.

SSGA is unable to vote proxies when certain custodians, used by our clients, do not offer proxy voting in a jurisdiction or when they charge a meeting specific fee in excess of the typical custody service agreement.

SSGA votes at over 17,000 meetings on an annual basis and prioritizes 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, SSGA 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 SSGA's in-house policies and/or specific client instructions. SSGA has established robust controls and auditing procedures to ensure that votes cast are executed in accordance with SSGA instructions. Transparency on these key issues is vital at SSGA. In this regard, SSGA publishes a record of its global voting activity on the Asset Stewardship section of the website."

3.2 Summary of voting behaviour over the Fund Year

	Arrowstreet	Fidelity	Marathon	Prime Cap	SSGA	SSGA	PIMCO	Fidelity
	GM Inter-national Equities Fund	GM Inter-national Equities Fund	International Equities Fund	North American Equity Portfolio	GM North American Equities Fund	GM Emerging Markets Equities Fund	UK Corporate Bonds Fund	Over 10 Years UK Corporate Bonds Fund
Total size of fund at end of reporting period	£920m	£107m	£1,361m	\$266m	£140m	£75m	£344m	£609m
Value of the fund's proportion of CIF assets at end of reporting period (circa)*	N / A	N / A	N / A	N / A	N / A	N / A	£0.11m	£0.12m
Number of equity holdings at end of reporting period	638	390	376	147	710	737	0	0
Number of meetings eligible to vote	131	393	415	1,553	674	1,102	7	8
Number of resolutions eligible to vote	1,106	5,341	5,549	1,553	8,308	10,615	7	8
% of resolutions voted	97%	93%	100%	89%	100%	99%	100%	50%
Of the resolutions on which voted, % voted with management	90%	96%	96%	95%	91%	87%	86%	100%
Of the resolutions on which voted, % voted against management	10%	4%	4%	3%	9%	13%	14%	0%
Of the resolutions on which voted, % abstained from voting	1%	0%	1%	2%	<1%	4%	0%	0%
Of the meetings in which the manager voted, % with at least one vote against management	40%	25%	2%	0%	54%	50%	14%	0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0%	n/a	2%	89%	n/a	n/a	0%	n/a

A summary of voting behaviour over the period is provided in the table above.

* Figures may not sum exactly due to rounding.

3.3 Most significant votes over the Fund Year

Set out below is commentary on a selection of the most significant votes over the period for the Fund's managers with equity holdings. We have selected a subset of the votes reported by the managers based on the size of the holding as a proportion of the funds and factoring in those which we believe will be of greatest interest.

Fidelity

Fidelity has said it does not make a distinction between "most significant votes" and other votes as it has no regulatory requirement to treat certain votes differently. It has however provided information on a selection of its votes over the Fund Year.

- **Softcat Plc, December 2020, Against**

Summary of resolution: Approve the nomination of three Director Nominees

Rationale: The board was not composed of a majority of independent directors, thus votes were withheld on all non-independent nominees up for re-election, as per voting guidelines.

- **QUALCOMM Inc, March 2020, Against**

Summary of resolution: Approve the company's Executive Compensation

Rationale: Concerns around the alignment of compensation with shareholder interests. Portfolio managers were solicited for input on compensation.

- **General Dynamics Corporation, May 2020, Against**

Summary of resolution: Approve the company's Executive Compensation

Rationale: Concerns around the alignment of compensation with shareholder interests. Portfolio managers were solicited for input on compensation.

- **Regeneron Pharmaceuticals Inc, June 2020, For**

Summary of resolution: Approve company's Omnibus Stock Plan

Rationale: Fidelity voted for the Plan due to mitigating factors and legal escalation. The equity plan is broad based and the company has announced a repurchase plan. Further, the company's burn-rate has decreased over the last three years. With the strong investment professional support and excellent overall performance, a vote against guidelines to support the stock plan was warranted.

- **Tyson Foods Inc, June 2020, Against**

Summary of resolution: Approve the nomination of Director Nominee

Rationale: The director did not attend at least 75% of board meetings. Fidelity voted against the nominee as per its voting guidelines on director attendance.

Marathon

Marathon' considered votes in the following scenarios as its "most significant":

- where Marathon owns more than 10% of free float;
- where the vote cast was against the recommendation of management;
- where the vote cast was against the recommendation of ISS;
- where the vote concerned a prominent topic in financial press;
- where the vote was on a shareholder proposal; and
- where the vote concerned M&A activity.

- **McCarthy & Stone Plc, December 2020, Against**

Summary of resolution: Approve take-over of McCarthy & Stone plc by Mastiff Bidco Limited

Rationale: McCarthy & Stone Plc, the UK's leading developer and manager of retirement communities, received a bid from a real estate fund following a difficult several months caused by the ongoing coronavirus pandemic. Share prices had fallen by c.75% in the initial market sell off in March before recovering and stabilising around 50% down from their previous peak. Although the bid was at a substantial premium to the prevailing share price of the previous few months, and was unanimously supported by management, Marathon viewed it as opportunistic and not reflective the true value of the business.

- **Airbus SE, April 2020, For**

Summary of resolution: Formal proposals to Approve Discharge of Executive and Non-Executive Members of the Board of Directors (representing formal approval of actions taken during the year in question).

Rationale: Airbus was subject to investigation (and eventual settlement) of claims of significant corruption and bribery. The settlements agreed amounted to EUR 3.6 billion and substantial reputation damage. ISS recognised that the investigation covered the company only until 2015, and that the board was now different; however, they noted that the former CEO had departed from the board during the period under review and that a vote against was warranted to signal serious concern over past practices. Marathon viewed this as too strong a message to send to what was now a wholly new board, and voted against ISS' recommendations.

- **HelloFresh SE, June 2020, For**

Summary of resolution: Approve the re-election of the supervisory board and approve a move to re-election every two years from every year.

Rationale: In regard to the re-election of the members of the supervisory board, ISS initially recommended voting against as a precaution as it had not received adequate information to determine independence. Marathon already knew the supervisory board and sought assurance from HelloFresh to the board's composition and independence prior to voting. ISS objects on principal to any increase in term for board members, however German market practice is often a five-year term, and an increase to two years, in Marathon's view, might allow members to think more strategically.

- **Mahindra and Mahindra, August 2020, For**

Summary of resolution: Appointment of Pawan Goenka as CEO and his remuneration framework.

Rationale: Mahindra and Mahindra were undergoing a CEO transition from the family to non-family which Marathon were keen to support, given Mr Goenka's views on capital allocation and exiting loss-making subsidiaries. The decisions that needed to be made were long-dated and the company made the argument that it was difficult to develop a framework for such actions, and that the economic stake of the family resulted in very strong alignment at a board level. They also pointed out that when benchmarked to other industrial groups in India the remuneration was appropriate which we accepted. ISS took issue with the board discretion over commission levels, although felt it was mitigated to a degree by a cap on total pay-out levels.

- **First Pacific, July 2020, For**

Summary of resolution: Seeking approval for acquisition of Pinehill by PT Indofood (ICBP), which is majority owned by FP.

Rationale: Marathon believed this to be good deal given that they would acquire an attractive instant noodles business, with a strong brand and key market positions in North Africa and the Middle East. It would also help eliminate connected transactions within the group and was being done on normal commercial terms for a reasonable price. Finally, moves to reduce the complexity of the group may in due course help unwind the significant discount to NAV that the shares trade at. We understood ISS misgivings about the deal, given that one of the businesses selling Pinehill is also indirectly owned by Anthoni Salim, its chairman. Mr Salim is also the leading shareholder of Indofood and FP and CEO of the former and Chair of the latter company, hence was abstaining from voting. In our opinion the deal was a

positive one for shareholders of FP and although there are evident potential conflicts of interest, corporate governance is improving at FP, aligning shareholder and family owners' interests.

3.4 Votes in relation to assets other than listed equity

The following comments were provided by the Plan's asset managers who do not hold listed equities, but invest in assets that had voting opportunities during the period.

PIMCO UK Corporate Bonds Fund

"PIMCO does not consult with clients prior to voting. The Portfolio Management (PM) function is responsible for monitoring and providing direction on voting and consent events where PIMCO has been granted discretionary authority to vote by clients.

PIMCO has adopted policies and procedures that seek to ensure that proxy voting and consent rights are exercised in the client's best interests and to manage potential conflicts of interest that may arise. PIMCO may vote proxies at its discretion and in accordance with these policies and procedures when it has been granted the authority by the client to act on their behalf.

PIMCO has retained Institutional Shareholder Services ("ISS") which provides recommendations as to how to vote proxies and to cast votes as PIMCO's agent on behalf of clients in accordance with its recommendations, unless otherwise instructed by PIMCO. PIMCO has adopted the use of the ISS' standard voting policies as appropriate and considers each proxy as consistent with PIMCO's fiduciary obligation."

Fidelity Over 10 Years UK Corporate Bonds Fund

See Section 3.1. As the Plan is also invested in an equity fund with Fidelity, Fidelity's voting policy has been included in the section on the voting processes of the Plan's equity managers.