

# Engagement Policy Implementation Statement (“EPIS”)

## GE Capital Pension Scheme (the “Scheme”)

### Scheme Year End – 31 March 2023

The purpose of the EPIS is for us, the Scheme Trustee of the GE Capital Pension Scheme, to explain what we have done during the year ending 31 March 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”) dated 29 September 2020. It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Scheme’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

#### Our conclusion

**Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.**

In our view, most of the Scheme’s material investment managers were able to disclose adequate evidence of voting and engagement activity, and the activities completed by our managers align with our stewardship expectations. We believe our voting rights have been implemented effectively on our behalf and in line with our voting expectation.

We delegate the management of the Scheme’s assets to our fiduciary manager State Street Global Advisers (“SSGA”), and we are comfortable with the management and the monitoring of ESG integration and stewardship of the underlying managers that has been carried out on our behalf.

## How voting and engagement policies have been followed

The Scheme is invested mostly in pooled funds, and so the responsibility for voting and engagement is delegated to the Scheme's investment managers, which is in line with our policy. We reviewed the stewardship activity of the material investment managers carried out over the Scheme year and in our view, most of the investment managers were able to disclose adequate evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Scheme's investment managers can be found in the following sections of this report.

Over the reporting year, we monitored the performance of the Scheme's investments on a quarterly basis and received updates on important issues from our fiduciary manager, State Street, and investment adviser, Aon Investments Limited ("Aon").

During the year, we received training on ESG and stewardship topics.

Each year, we review the voting and engagement policies of the Scheme's investment managers to ensure they align with our own policies for the Scheme and help us to achieve them.

The Scheme's stewardship policy can be found in the SIP, which can be accessed at: [www.mygepension.com](http://www.mygepension.com)

## Our Engagement Action Plan

State Street as our fiduciary manager will continue to engage with our investment managers to get a better understanding of their voting and engagement practices, and how these help us fulfil our Responsible Investment policies. We will also encourage our managers to improve the quality and completeness of their reporting on voting and engagement.

## Our fiduciary manager's engagement activity

We delegate the management of the Scheme's defined benefit assets to our fiduciary manager, State Street Global Advisers ("SSGA"). SSGA manages the Scheme's assets in a range of funds which can include multi-asset, multi-manager and liability matching funds. SSGA selects the underlying investment managers on our behalf.

We delegate monitoring of ESG integration and stewardship of the underlying managers to SSGA. We receive annual reports on stewardship activity carried out by our fiduciary manager via the Trustees of the Common Investment Fund. These reports include voting and engagement information. We believe SSGA is using its resources to effectively influence positive outcomes in the funds in which it invests.

### What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

*Source: UN PRI*

### What is fiduciary management?

Fiduciary management is the delegation of some, or all, of the day-to-day investment decisions and implementation to a fiduciary manager. But the trustees still retain responsibility for setting the high-level investment strategy.

In fiduciary management arrangements, the trustees will often delegate monitoring ESG integration and asset stewardship to its fiduciary manager.

## Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment managers to responsibly exercise their voting rights.

### Voting statistics

The table below shows the voting statistics for each of the Scheme's material funds with voting rights for the year to 31 March 2023.

	<b>Number of resolutions eligible to vote on</b>	<b>% of resolutions voted</b>	<b>% of votes against management</b>	<b>% of votes abstained from</b>
Independent Franchise Partners LLP Global Equity Fund	544	100.0%	5.9%	2.2%
Lindsell Train Global Equity Fund	316	100.0%	1.6%	1.3%
Arrowstreet Global Equity Fund	3,836	91.1%	9.2%	0.7%
WCM Investment Management Global Growth Equity	501	99.6%	5.2%	0.4%

Source: Managers

### Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Scheme's managers use proxy voting advisers.

### Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

### Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

**Description of use of proxy voting advisers  
(in the managers' own words)**

Independent Franchise Partners LLP	We receive company research, global issuer analysis and voting recommendations from Institutional Shareholder Services ("ISS"). This is used in conjunction with our company-specific research to inform our proxy voting decisions. While we use ISS's research and analysis to inform our decision, it is purely advisory, and we are not obligated to follow their recommendations.
Lindsell Train	Lindsell Train has appointed Glass Lewis to aid the administration of proxy voting and provide additional support in this area. It is important to stress however that the portfolio managers maintain final decision-making responsibility, which is based on their detailed knowledge of the companies in which we invest, as this forms an important part of our investment process and proactive company engagement strategy. We have a bespoke policy, which the portfolio managers may choose to refer to.
Arrowstreet	Arrowstreet outsources all proxy voting services to ISS.
WCM Investment Management	We use Glass Lewis for our proxy voting, we use Broadridge Proxy Edge to cast our votes.

Source: Managers

## Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Scheme's funds. A sample of these significant votes can be found in the appendix.

## Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e., is not necessarily specific to the funds invested in by the Scheme.

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
Independent Franchise Partners LLP Global Equity Fund <sup>1</sup>	20	25	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity) Social - Human capital management (e.g., inclusion & diversity, employee terms, safety), Public health Governance - Shareholder rights, Board effectiveness - Others Strategy, Financial and Reporting - Capital allocation, Reporting (e.g., audit, accounting, sustainability reporting)
Lindsell Train Global Equity Fund <sup>1</sup>	18	32	Environment - Climate change Social - Human and labour rights (e.g., supply chain rights, community relations) Governance - Leadership - Chair/CEO, Remuneration, Shareholder rights Strategy, Financial and Reporting - Capital allocation, Strategy/purpose

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
Arrowstreet Global Equity Fund			<i>Not provided</i>
WCM Investment Management Global Growth Equity			<i>Not provided</i>
M&G Corporate Bond Fund	8	227	Environment - Climate change Social - Conduct, culture, and ethics (e.g., tax, anti-bribery, lobbying), Human and labour rights (e.g., supply chain rights, community relations), Human capital management (e.g., inclusion & diversity, employee terms, safety)
Insight Investment Management UK Corporate Long Maturities Bond Fund	165	1,178	Environment - Climate change, Natural resource use/impact (e.g., water, biodiversity) Social - Human capital management (e.g., inclusion & diversity, employee terms, safety), Human and labour rights (e.g., supply chain rights, community relations) Governance – Remuneration, Board effectiveness - Independence or Oversight Strategy, Financial and Reporting - Financial performance, Strategy/purpose, Reporting (e.g., audit, accounting, sustainability reporting)
BlackRock HKU5 GE UK Pension CIF <sup>1</sup>	<i>Not Provided</i>	3,886	Environment - Climate change, Natural resource use/impact (e.g., water, biodiversity) Social - Human capital management (e.g., inclusion & diversity, employee terms, safety), Conduct, culture and ethics (e.g., tax, anti-bribery, lobbying) Governance - Board effectiveness - Independence or Oversight, Remuneration Strategy, Financial and Reporting - Strategy/purpose
Orchard Street Index Linked Property	48	1,750	Environment - Climate change, Natural resource use/impact (e.g., water, biodiversity) Strategy, Financial and Reporting - Reporting (e.g., audit, accounting, sustainability reporting), Financial performance, Strategy/purpose, Risk management (e.g., operational risks, cyber/information security, product risks)

Source: Managers.

<sup>1</sup>The following managers did not provide fund level themes; themes provided are at a firm-level:

- Independent Franchise Partners LLP
- Lindsell Train
- BlackRock

## Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- Arrowstreet and WCM Investment Management did not provide any engagement information requested and Arrowstreet's provision of details on significant voting example was limited as there were lack of information on the implications of the vote, approximate fund size, outcome of the vote and how significant votes are determined.
- Independent Franchise Partners, Lindsell Train and BlackRock did not provide themes engaged at fund level.

This report does not include commentary on the Scheme's investment in gilts or cash because of the limited materiality of stewardship to these asset classes. Also, this report does not include additional voluntary contributions ("AVCs").

## Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme’s managers. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below.

<b>Independent Franchise Partners LLP Global Equity Fund</b>	<b>Company name</b>	Alphabet
	<b>Date of vote</b>	1 June 2022
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	3.3%
	<b>Summary of the resolution</b>	Report on climate lobbying
	<b>How you voted</b>	We voted 'For' (which was against Management but with ISS)
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	No
	<b>Rationale for the voting decision</b>	We voted with ISS and against management. It is reputationally embarrassing to have a strong public image on climate and be found to be lobbying against it. We think Alphabet's disclosure on direct lobbying is good, but a weakness is disclosure/knowledge of the climate positions of Alphabet's trade associations. Alphabet's size means it will be a target for press articles on this. It is therefore sensible for Alphabet to ensure it isn't caught by surprise on this issue.
	<b>Outcome of the vote</b>	The vote was unsuccessful, the proposal was not approved.
	<b>Implications of the outcome e.g., were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	We will continue to monitor material risks related to this topic.
	<b>On which criteria have you assessed this vote to be "most significant"?</b>	This was selected as it is a vote against management and is reflective of our voting approach.
<b>Lindsell Train Global Equity Fund</b>	<b>Company name</b>	eBay
	<b>Date of vote</b>	8 June 2022
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	3.0%
	<b>Summary of the resolution</b>	Advisory vote on Executive compensation
	<b>How you voted</b>	Against
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	Yes
	<b>Rationale for the voting decision</b>	Lindsell Train pays careful consideration to the compensation policies of the companies in which we invest. In assessing their compensation policies, we focus more on how incentives are structured rather than the actual

		quantum of compensation. In other words, we can be comfortable with large rewards provided that the incentives are aligned with shareholders' interests and our principles. In the case for eBay we do not believe that the company's compensation policy is aligned with the long term best interests of the shareholders and have been engaging with the company on this matter over a number of years. We have engaged with the company on a number of occasions to share our views regarding compensation best practice and continue to believe that eBay could foster greater shareholder alignment through improved compensation structures.
	<b>Outcome of the vote</b>	Approved/For
	<b>Implications of the outcome e.g., were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	We continue to engage with eBay on this matter.
	<b>On which criteria have you assessed this vote to be "most significant"?</b>	We wrote to the management of eBay, outlining the reasons for our votes, and encouraging them to review their compensation structures.
<b>Arrowstreet Global Equity Fund</b>	<b>Company name</b>	Pfizer Inc.
	<b>Date of vote</b>	28 April 2022
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	<i>Not provided</i>
	<b>Summary of the resolution</b>	Report on Feasibility of Technology Transfer to Boost Covid-19 Vaccine Production
	<b>How you voted</b>	For
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	<i>Not provided</i>
	<b>Rationale for the voting decision</b>	A vote FOR this proposal is warranted, as the company has faced recent criticism for its role in global COVID-19 vaccine inequity and additional information would allow shareholders to understand how the company is managing related risks.
	<b>Outcome of the vote</b>	<i>Not provided</i>
	<b>Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	<i>Not provided</i>
	<b>On which criteria have you assessed this vote to be "most significant"?</b>	<i>Not provided</i>
<b>WCM Investment Management Global Growth Equity Fund</b>	<b>Company name</b>	Visa Inc
	<b>Date of vote</b>	24 January 2023
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	3.6%

<b>Summary of the resolution</b>	Shareholder Proposal Regarding Independent Chair
<b>How you voted</b>	Abstain
<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	No
<b>Rationale for the voting decision</b>	Concerns regarding proponent
<b>Outcome of the vote</b>	<i>Not provided</i>
<b>Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	<i>Not provided</i>
<b>On which criteria have you assessed this vote to be "most significant"?</b>	In light of the unclear aims of the proponent, we view an abstention as the best option for shareholders, as it allows them to indicate both opposition to the proposal on the basis of the identity of the proponent, as well as opposition to a leadership structure that includes a non-independent chair and CEO.

Source: Managers