

GE Pension Plan (“the Plan”)

Implementation Statement for the DC Section (“the Section”) of the Plan for the year ending 31 March 2021

Welcome to the Trustee’s Statement of how they implemented the policies and practices in the Section Statement of Investment Principles for the DC Section of the Plan during the year ending 31 March 2021.

Why do the Section’s investments matter to me?

The defined contribution (“DC”) section of the Section provides you with benefits on a DC basis (sometimes called money purchase benefits). This means that the size of the benefits paid to you when you retire will depend on how much the funds where your savings are invested grow over the years.

What is the Statement of Investment Principles ('SIP')?

The SIP sets out the investment principles and practices the Trustee follow when governing the Section’s investments. It describes the rationale for the investment options which you can choose (including the default arrangement if you don’t make a choice), explains the risks and expected returns of the funds used and the Trustee’s approach to responsible investing (including climate change).

The last review of the Section’s SIP was carried out in September 2020 and completed on 29 September 2020. The next review will take place no later than September 2023.

The following changes were made to the SIP during the last year:

- We added the Trustee’s policy on how it incentivises investment managers to align their investment strategy with the Trustee’s policies.

If you want to find out more, you can find a copy of the Section’s SIP and the Section’s Chairs Statement at <https://www.my gepension.com /chairs-statement>

What is this Implementation Statement for?

Each year from 1 October 2021 the Trustee is required to prepare an Implementation Statement, which sets out how the Trustee has complied with the Section’s SIP during the last year.

In relation to the DC Section of the Plan, overall, the Trustee is satisfied that:

- The Section’s DC investments have been managed in accordance with the SIP; and
- The provisions in the SIP remain suitable for the Section’s DC members.

How the Section’s investments are governed

The Trustee has overall responsibility for how the Section’s investments are governed and managed in accordance with the Plan’s Trust Deed and Rules as well as overriding legislation and regulatory requirements.

There have been no changes to the Trustee or the governance processes during the last year.

The Trustee has delegated day-to-day investment decisions, such as which investments to buy and sell, to the platform provider.

The Trustee undertook the following during the last year to ensure that the Trustee Directors’ knowledge of investment matters remains up to date:

- The Trustee received and considered regular reports from Hymans Robertson reviewing the investment manager arrangements including performance of default and self-select funds; and

- The Trustee received and considered regular governance updates from Hymans Robertson covering wider issues and regulatory developments for DC pension schemes and related this back to the Section's strategy and self-select fund range.

The Trustee monitors how well its investment advisers meet the objectives set by the Trustee, which is a requirement by the Competition and Markets Authority. During the last year the Trustee put in place a number of objectives for its investment advisers which are aligned with the objectives for the Section, as outlined in Appendix 1.

The Trustee is satisfied that during the last year:

- The Section's DC governance structure was appropriate;**
- The Trustee Directors have maintained their understanding of investment matters; and**
- The Trustee's investment advisers met the objectives.**

How the default arrangement and other investment options are managed

The objectives and rationale for the default arrangement are set out on pages 3 to 4 of the SIP and for the other investment options on pages 5 to 6.

During the year, the Trustee performed its normal ongoing monitoring of the default arrangements and other investment options to ensure they remain suitable for most members. The Trustee's normal ongoing monitoring involved:

- Monitoring the investment performance of each fund (this is done on a quarterly basis);
- Monitoring the risk and return profile of each fund within the default investment strategy and the self-select fund range and ensuring that these remain suitable;
- Considering whether the funds still meet the investment objectives the Trustee has set for the default arrangements and other investment options; and
- Checking whether there have been any significant changes in the demographic profile of the Scheme's membership, members' investment choices and members' choices of benefits when they retire.

The Trustees did not carry out a full strategic review (as the last one was carried out in November 2019) but, following the Section year end, it conducted a review of self-select options and responsible and ethical investment options with the funds and plan to implement some changes including the addition of climate friendly funds to the Section's self-select fund range in the current Section year.

Whilst satisfied that the default arrangements remain suitable for most members and other investment options also remain suitable the Trustee will undertake in 2022 an in-depth three-yearly review of the default arrangements and other investment options to ensure they remain suitable for most members.

The Trustee's investment beliefs

The Trustee has developed a set of investment beliefs which are set out in the SIP on page 12 which it uses as a guide when making investment decisions.

There have been no changes to these beliefs in the last year.

The expected risks and returns on your savings in the DC Section

The investment risks relating to members' DC benefits are described in the SIP on pages 7 to 10 and the expected returns from each type of investment used by the Section are set out in the SIP on pages 10 to 11.

The Trustee believes that the main investment risks members face described in the SIP have not changed materially over the last year.

The Trustee is satisfied that the current expected rates of investment return for the types of funds described in the SIP are still reasonable relative to the risks that members face.

The Trustee's views on the expected levels of investment risks and returns inform decisions on the strategic asset allocation (i.e. what types of assets and areas of the world the Section invests in over the longer-term) for the Section's lifestyle option (which gradually change the funds in which your savings are invested as you approach retirement) and the Section's bespoke multi-asset funds (which invest in several types of assets such as equities, bonds and cash).

The Trustee's views on the long-term mix of investments for the Section's lifestyle option including the default arrangement and bespoke multi-asset funds did not change during the last year.

Platform providers and fund managers

Choice of platform providers and funds

The Trustee monitors the service of the platform provider used by the DC section of the Plan by receiving quarterly information from the platform provider.

The Trustee monitors the performance of the funds used by the DC section of the Plan twice a year with input from the Scheme's DC investment adviser.

The Trustee undertook a review of the investment platform provider during the last year and is happy that they continue to provide value for members.

The Trustee is satisfied that the platform provider used by the Section remains appropriate.

Ability to invest / disinvest promptly

It's important that your contributions can be invested promptly in the default arrangement or the investment options you have chosen and that your investments can be sold promptly when you want to change where they are invested, transfer your pension pot to another arrangement or your benefits are due to be paid out when you retire.

The Trustee ensure this happens by selecting pooled investment funds which can be dealt on a daily basis.

The Trustee is satisfied that money can be invested in and taken out of the Section's funds without delay as set out in the SIP.

As a result of the Covid-19 pandemic the L&G PMC Property 3 fund was temporarily suspended because property managers were unable to value properties. In common with many funds which invest directly in commercial property (offices, shops, factories and warehouses), for a temporary period it was not possible to take money in or out of this fund. During this time, contributions were instead invested in the L&G PMC Cash 3 fund. The L&G PMC Property 3 fund reopened with effect from 1 October 2020 and contributions were again paid into this fund. Any members impacted by this were sent a communication from the pension provider, to keep them informed and allow them to make changes to their investments if they wished.

The Trustee believes that these were temporary issues which have not materially affected members' interests over the longer term.

Changes in where funds are invested

The Trustee monitors the volume of buying and selling of the assets and the nature of those assets in which each fund is invested that is carried out by the funds' managers.

Short-term changes in the level of turnover of the assets in which a fund is invested may be expected when a fund manager alters its investment strategy in response to changing market conditions. However, a change in the level of portfolio turnover might indicate a shift in the amount of risk the fund manager is taking, which could mean that a fund is less likely to meet the objectives for which it was chosen by the Trustee.

The Trustee is satisfied that the level of trading of the funds' assets carried out by the fund managers has been consistent with the funds' objectives.

Security of your savings in the Section

In addition to the normal investment risks faced investing in the funds used by the Section, the security of your savings in the Section depend upon:

- The financial strength of the investment platform provider used by the Section;
- The financial strength of the fund managers used by the investment platform; and
- The legal structure of the funds the Section invests in.

The financial strength of the platform provider and the fund managers has a bearing on the risk of losses to the Section's DC members caused by the remote chance of one of these institutions getting into financial difficulties. The legal structure of the funds used has a bearing on the degree to which the funds' assets are "ring-fenced" from the rest of the provider's or fund managers' business in the unlikely event that the provider or manager becomes insolvent.

There have been no changes to the structure of the funds used by the Section during the last year. The Trustee is not aware of any material changes in the financial strength of the investment platform provider or the fund managers used by the platform in the last year.

Conflicts of interest

As described on page 15 of the SIP, the Trustee consider potential conflicts of interest:

- When choosing fund managers;
- When monitoring the fund managers' investment performance and the fund managers' approaches to investment stewardship and responsible investing; and
- When the fund manager is making decisions on where each fund is invested.

The Trustee expect the fund managers to invest the Section's assets in the members' best interests. As the funds used by the Section are held at arms-length from the Trustee via an investment platform, the Trustee has asked the platform provider to report on its own investment governance of the funds including potential conflicts of interest.

The Trustee is satisfied that there have been no material conflicts of interest during the year which might affect members' benefit expectations.

Manager incentives

As described on page 12 and 13 of the SIP, the Trustee seek to ensure that the fund managers are suitably incentivised to deliver investment performance in keeping with the funds' objectives.

The funds used by the Section are held at arms-length from the Trustee via an investment platform. Nevertheless, the Trustee believe it is in the platform provider's best commercial interests to ensure that the fund managers are suitably incentivised to meet their funds' investment objectives.

The Trustee is satisfied that the fund managers are suitably incentivised to deliver good outcomes for the Section's members.

Responsible Investment

The Trustee believes that responsible investing covers both sustainable investment and effective stewardship of the assets the Section invests in.

The Trustee's approach to responsible investing has not changed.

Sustainable Investment

The Trustee believes that investing sustainably is important to control the risks that environmental factors (including climate change), social factors (such as the use of child labour) and corporate governance behaviour (called "ESG" factors) can have on the value of the Section's investments and in turn the size of your retirement benefits.

The Trustee has considered the length of time members' contributions are invested in the Section when choosing and reviewing the funds used in the investment options.

The Trustee periodically reviews the platform provider's and fund managers approaches to sustainable investing. The Trustee receives quarterly reports from the platform provider on how the fund managers have handled these risks.

The Trustee is satisfied that during the last year the Section's investments were invested in accordance with the policies on sustainable investing set out in the SIP.

Investment stewardship

As described on pages 14 to 16 of the SIP, the Trustee believe it is important that the fund managers as shareholders or bond holders take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on major issues which affect a company's financial performance (and in turn the value of the Section's investments).

As the Section's investments are held at arms-length from the Trustee and members through an investment platform operated by Legal and General, the Trustee is not able to instruct the fund managers how they should vote on shareholder issues. The Trustee nevertheless:

- Chooses fund managers whose voting policy are consistent with the Section's objectives;
- Would actively engage with the fund manager if their policy deviated from the Trustee's and would consider replacing the manager if a satisfactory resolution could not be reached;
- Expects fund managers to vote in a way which enhances the value of the funds in which the Section invests;
- Monitors how the fund managers exercise their voting rights.

How does the Trustee monitor this?

The Trustee periodically reviews the platform provider's and fund managers approaches to stewardship including voting and engagement policies.

The Trustee receives quarterly reports from the platform provider on how the fund managers have voted at shareholder meetings and what topics fund managers have discussed with the companies in which they invest.

Voting activity

The funds with voting rights attached that are available to members as part of the default fund range or the self-select fund range are listed below along with summary voting statistics for each fund.

- LGIM Global Equity 50:50 Index Fund
- LGIM World (ex UK) Equity Fund
- LGIM Multi-Asset Fund
- LGIM UK Equity Fund
- LGIM Ethical Global Equity Fund
- LGIM World Emerging Markets Equity Fund
- HSBC Islamic Global Equity Index Fund

	No. of resolutions eligible to vote	% resolutions voted	% resolutions voted with management	% resolutions voted against management	% resolutions abstained and did not vote
LGIM Global Equity (50:50)	44,680	100.0%	83.6%	16.3%	0.2%
LGIM World (ex UK) Equity	37,840	99.8%	80.3%	19.2%	0.6%
LGIM Multi-Asset	114,616	99.8%	81.7%	17.7%	0.6%
LGIM UK Equity	12,574	100.0%	92.9%	7.1%	0.0%
LGIM Ethical Global Equity	18,215	99.9%	83.8%	16.0%	0.3%
LGIM World Emerging Markets Equity	36,036	99.9%	85.2%	13.4%	1.4%
HSBC Islamic Global Equity	1,597	91.6%	87.8%	12.2%	0.0%

Please note, numbers may not add to 100% due to rounding

The Trustee also considers how the fund managers voted on specific issues. The Trustee considers 'significant votes' to be either companies with relatively large weightings in the funds members invest in, or where there were shareholder issues that members are expected to have an interest such as climate change related issues.

The most significant shareholder votes and how the fund managers voted during the last year were:

	Barclays	Exxon Mobil	Chevron Corporation	Eli Lilly and Company	3M Company
Resolution	7 May 2020 Approve Barclays' Commitment in Tackling Climate Change and proposals by ShareAction	27 May 2020 Elect Director Darren W. Woods	27 May 2020 Report on Climate Lobbying Aligned with Paris Agreement Goals	4 May 2020 Report on Integrating Drug Pricing Risks into Senior Executive Compensation Arrangements	12 May 2020 Advisory Vote to Ratify Named Executive Officers' Compensation
LGIM	For	Against	For	For	For
HSBC	For	For	For	For	Against
Comments	Both managers voted for the proposal as they were in favour of the long-term plans set out by Barclays. The resolution passed with 99.9% shareholder support.	LGIM voted against, reflecting commitments as part of their climate pledge to hold the board to account on climate issues. The resolution passed with 93.2% shareholder support. The Trustee's investment adviser will engage with the fund managers on an ongoing basis to understand the difference in voting decision and supporting rationale.	Both managers voted for this proposal in support for increased reporting on climate change issues. The resolution passed with 53.3% shareholder support.	Both managers voted for this proposal, in favour of calling for the integration of extra-financial metrics in determining executives' variable remuneration. The resolution failed with 24.5% shareholder support.	HSBC voted against this proposal, due to concerns where overall dilution from all share schemes exceeds 10 per cent and could not support the resolution for this reason. The resolution passed with 93.0% shareholder support. The Trustee's investment adviser will engage with the fund managers on an ongoing basis to understand the difference in voting decision and supporting rationale.

How do fund managers implement their votes?

The managers often make use of proxy voting to inform their decision making. The managers use the following organisations as proxies for their voting activity:

Manager	Comment on approach
LGIM	The Manager uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure the proxy provider votes in accordance with the Manager's position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.
HSBC	The Manager uses the voting research and platform provider Institutional Shareholder Services (ISS) to assist with the global application of our own bespoke voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene our guidelines.

The Trustee is satisfied that the fund managers' voting record on the companies in which the funds invest was aligned with the stewardship policy described in the SIP.

Funds with No Voting Rights

The following funds are available to members through either the default fund range or the self-select fund range, but do not have voting rights. The Trustee is looking for ways to engage more actively with managers of these funds.

- LGIM AAA-AA-A Corporate Bond All Stocks Index Fund
- LGIM Cash Fund
- LGIM Over 15 Years Gilts Index Fund
- LGIM Over 5 Years Index Linked Gilts Fund
- LGIM Pre-Retirement Inflation Linked Fund
- LGIM Property Fund

Communication and member engagement

The Trustee's approach to communicating the Scheme's investment options and investment governance has not changed during the last year.

Member engagement is actively encouraged through a variety of means. During the last year the Trustee undertook the following to support member engagement:

- Publishing the SIP online;
- Producing an annual DC benefit statement, including statutory money purchase illustrations;
- Ad-hoc investment correspondence, for example a letter letting members know about the suspension in trading of the L&G PMC Property 3 fund.

Limitations and missing information

During the last year the Trustee followed all the policies and practices described in the SIP.

Looking forwards

In the next Plan year, which will be covered by next year's Implementation Statement, the Trustee intend to undertake the following actions in relation to the SIP:

- Update the SIP to reflect the additional self-select funds which will be added during the current Plan year.

More information

We hope this Statement helps you understand how the Section's investment of your savings for retirement has been managed in the last year. If you have any questions or feedback, please contact Mark Elborne, Trustee Director for GE Pension Plan.

Appendix 1 – Objectives for the Defined Contribution Section

A summary of the investment objectives proposed by the Section's investment adviser, and approved by the Trustee in December 2020, are outlined below:

- Optimise value of retirement benefits for members based on the level of contributions and DC regulatory and market constraints.
- Protect the value of members' benefits in the years approaching their retirement age against significant market falls to protect their income in retirement
- Offer investments so that members can meet their own needs and make changes to the self-select funds offered as appropriate
- Ensure cost efficient implementation of the Scheme's investment strategy and of any changes to investment strategy
- Delivery of the Scheme's investment objectives is supported by an effective governance framework
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- Comply with relevant pensions regulation, legislation and supporting guidance.
- Ensure papers drafted are accurate and issued in a timely manner.