

Implementation Statement

The Keepmoat Pension Plan

Purpose of this statement

This implementation statement has been produced by the Trustee of The Keepmoat Pension Plan (“The Plan”) to set out the following information over the year to 5 April 2024:

- How the Trustee’s policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- The voting activity undertaken by the Plan’s investment managers on behalf of the Trustee over the year, including information regarding the most significant votes.
- A summary of any changes to the Statement of Investment Principles (SIP) over the period.
- A description of how the Trustee’s policies, included in their SIP, have been followed over the year.

The voting behaviour is not given over the Plan year end to 5 April 2024 because investment managers only report on this data quarterly, we have therefore given the information over the year to 31 March 2024.

Investment manager and funds in use

The Plan’s funds are invested via Legal and General Investment Management (“LGIM”). The investment funds used for the Plan as at 5 April 2024 are set out in the table below.

The Trustee offers a default strategy for the Plan. Details of the default strategy offered by the Trustee can be found in the Statement of Investment Principles (SIP) which is available online. The SIP in force as of the date of this Statement was last updated in December 2023.

<https://www.keepmoat.com/keepmoat-pension-plan>

Investment manager	Fund
LGIM	Global Equity Fixed Weights (50:50) Index Fund
	Dynamic Diversified Fund
	All Stocks Index-Linked Gilts Index Fund
	Investment Grade Corporate Bond – All Stocks – Index Fund
	Cash Fund

The Plan also invests in the Schroders Cash Fund. This Schroders investment is a legacy asset and not earmarked to any particular members. This Fund has therefore been excluded from consideration in this statement on the grounds of materiality.

Stewardship policy

The Trustee’s SIP in force at 5 April 2024 describes the Trustee’s stewardship policy on the exercise of rights (including voting rights) and engagement activities.

The Trustee's policy on the exercise of rights (including voting rights) and engagement activities as follows:

"The Trustee expects investment managers to be voting and engaging on behalf of the Plan's holdings and the Plan monitors this activity within the Implementation Statement in the Plan's Annual Report and Accounts. The Trustee does not expect ESG considerations to be disregarded by the investment manager in an effort to achieve any short term targets."

Elsewhere in the SIP, the Trustee acknowledges that when investing in a market-cap index, there is little that the manager can do to allow for ESG considerations within the investment process selecting stocks. However, the Trustee believes that positive engagement on ESG issues can lead to improved risk-adjusted returns. Therefore, the Trustee looks to the investment manager to positively engage with companies where there is scope to improve the way ESG issues are taken into account when running the company.

The Trustee, supported by research from Barnett Waddingham, considers LGIM to be market leading in its approach to ESG engagement with investee companies. In particular, LGIM continue to demonstrate that thought and consideration has been given to the issues that will affect their investments, and there is a consistency in how they engage with the companies in which they invest. There is a wealth of information on LGIM's stewardship approach available at <https://www.lgim.com/uk/en/capabilities/investment-stewardship/> and the Trustee regularly reviews the performance of LGIM in this regard.

The Trustee has decided not to set stewardship priorities for the Plan because the Trustee, alongside Keepmoat, the Company, are considering the Plan's future pension provision.

How voting and engagement/stewardship policies have been followed

Based on the information provided by the Plan's investment managers, the Trustee believes that its policies on voting and engagement have been met in the following ways:

- The Plan invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Plan's fund managers.
- During the year, the Trustee received advice from their consultants on the appropriateness of the strategy moving forward. The Trustee acknowledged that there could be further integration of ESG factors in the Plan's default investment strategy. Changes are therefore being considered as part of the Plan's triennial review.

How the SIP has been followed over the year

The Trustee updated the Plan's SIP during the year under review. This update was made to outline the Trustee's policies on investing in illiquid assets, as required by regulation. There was no change to the Trustee's stewardship and engagement policies during the year under review.

In the Trustee's opinion, the Statement of Investment Principles has been followed over the year in the following ways:

- The Plan offers a suitable default strategy for members. This was reviewed during the year and changes are being considered.

- The Plan offers a range of self-select fund options which give members a reasonable choice from which to select their own strategy. The self-select fund range was reviewed during the year and changes to the range are being considered.
- The Trustee monitors the performance of the manager funds every six months to ensure that the funds are meeting their stated objectives. Our Investment Consultants and managers provide semi-annual reports for review.
- The Trustee has made no new manager appointments over the year.

**Prepared by the Trustees of The Keepmoat Pension Plan
June 2024**

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Plan's portfolio on behalf of the Trustee over the year to 31 March 2024.

Manager	LGIM	
Fund name	Global Equity Fixed Weights (50:50) Index Fund	Dynamic Diversified Fund
Structure	Pooled	
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.	
No. of eligible meetings	3,035	9,651
No. of eligible votes	39,303	98,900
% of resolutions voted	99.8	99.8
% of resolutions abstained¹	0.2	0.2
% of resolutions voted with management¹	81.8	76.7
% of resolutions voted against management¹	18.1	23.1
% of meetings voted against management at least once	70.2	73.2
% of resolutions voted against proxy voter recommendation	13.3	14.1

Source: LGIM

Proxy voting

A proxy advisor is a company that advises how owners of shares should vote on resolutions at shareholder meetings and, where applicable, the proxy advisor can also vote on behalf of the owners of the shares. This section of the Implementation Statement sets out how each of the Plan's applicable investment managers use a proxy advisor.

LGIM employs the use of Institutional Shareholder Services (ISS) as their proxy voting advisor to electronically vote all shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic voting decisions. To ensure that ISS vote in accordance with LGIM's ESG policies, there has been a custom voting policy put in place with ISS.

¹ As a percentage of the total number of resolutions voted on

There are no voting rights attached to the other assets held by the Plan's other investments, which include investment in the Investment Grade Corporate Bond All Stocks Index Fund, the All Stocks Index-Linked Gilts Index Fund and the Cash Fund. These funds do not hold underlying securities that have voting rights attached to them.

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a “significant” vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a Plan’s stewardship priorities. At this time, the Trustee has not set stewardship priorities for the Plan.

Therefore, for this Implementation Statement, the Trustee has asked the investment managers to determine what they believe to be a “significant vote”. The Trustee has not communicated voting preferences to their investment managers over the period, as the Trustee has not developed a specific voting policy.

In determining significant votes, LGIM’s investment stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (“PLSA”). This guidance dictates significant votes include, but are not limited to:

- A high profile vote which has such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote, directly communicated by clients to the investment stewardship team at LGIM’s Stakeholder roundtable event, or where LGIM notes there has been a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- A vote linked to an LGIM engagement campaign.

LGIM have provided numerous votes which they believe to be significant. In the absence of agreed stewardship priorities, the Trustee has selected three votes from each Fund, that cover a range of themes. To represent the most significant votes, the votes of the largest holdings relating to each topic are shown below.

If you would like to review further significant votes this information can be found online [here](#).

A summary of the significant votes are provided overleaf:

LGIM Global Equity Fixed Weights (50:50) Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Shell Plc	BP Plc	Glencore Plc
Date of vote	23 May 2023	27 April 2023	26 May 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.5%	1.9%	1.3%
Summary of the resolution	Approve the Shell Energy transition progress	Re-elect Helge Lund as director	Resolution in respect of the next climate action transition plan
How the manager voted	LGIM voted against the resolution	LGIM voted against the resolution	LGIM voted for the resolution
Did the manager communicate their intent to the company ahead of the vote?	<p>LGIM publicly communicates its vote instructions in monthly regional vote reports on its website, with the rationale for all votes against management, where applicable. It is their policy not to engage with their investee companies in the three weeks prior to an Annual General Meeting ('AGM') as their engagement is not limited to shareholder meeting topics.</p>		<p>LGIM co-filed this shareholder resolution and pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, there was regular communication with the company ahead of the meeting.</p>
Rationale for the voting decision	<p>LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments, especially the commitment from company's leadership in pursuing low carbon products. However, LGIM remain concerned on the disclosed plans for oil and gas production and would benefit from further disclosure of targets associated with the upstream and downstream businesses.</p>	<p>LGIM have concerns about the company's governance and board accountability. Given the revision of the company's oil production targets, shareholders expect to be given the opportunity to vote on the company's amended climate transition strategy at the 2023 AGM. LGIM have acknowledged their concerns around the governance processes leading to the decision to implement such amendments.</p>	<p>In 2021, Glencore made a public commitment to align its targets and ambition with the goals of the Paris Agreement. However, LGIM note that it remains unclear how the company's planned thermal coal production aligns with global demand for thermal coal under a 1.5°C scenario. Therefore, LGIM has co-filed this shareholder proposal (alongside Ethos Foundation) at Glencore's 2023 AGM, calling for the appropriate disclosure.</p>
Outcome of the vote	80% of shareholders supported the resolution.	Not available	Failed with 29% of shareholders supporting the resolution.
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	<p>LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.</p>	<p>LGIM consider this vote to be significant given their long-standing engagement with the company on the issue of climate and governance processes.</p>	<p>LGIM considers this vote to be significant as LGIM co-filed this shareholder resolution as an escalation of their engagement activity, targeting some of the world's largest companies on their strategic management of climate change.</p>

Source: LGIM

LGIM Dynamic Diversified Fund

	Vote 1	Vote 2	Vote 3
Company name	Microsoft Corporation	Apple Inc.	Prologis, Inc,
Date of vote	7 December 2023	28 February 2024	4 May 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.6%	0.5%	0.3%
Summary of the resolution	Elect Satya Nadella as a director	Report on risks of omitting viewpoint and ideological diversity from EEO (equal employment opportunity) Policy	Elect Jeffrey L. Skelton as a director
How the manager voted	LGIM voted against the resolution	LGIM voted against the resolution	LGIM voted against the resolution
Did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website, with the rationale for all votes against management, where applicable. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	LGIM voted against the resolution as they expect companies to separate the roles of Chair and CEO due to risk management and oversight. LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.	LGIM voted against the resolution as they believe the company is providing sufficient disclosure around its diversity and inclusion but its EEO (equal employment opportunity) policies does not appear to be a standard industry practice.	LGIM voted against as LGIM expects a company to have at least one-third women on the board. LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.
Outcome of the vote	Not available	Failed	Not available
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the separation of the board chair and CEO.	LGIM considers this vote to be significant as they view diversity as a financially material issue for their clients.	LGIM considers this vote to be significant as they view gender diversity as a financially material issue for their clients.

Source: LGIM

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Plan's cash and gilt funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	LGIM
Fund name	Global Equity Fixed Weights (50:50) Index Fund Dynamic Diversified Fund All Stocks Index-Linked Gilts Index Fund Investment Grade Corporate Bond – All Stocks – Index Fund Cash Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes
Number of engagements undertaken at a firm level in the year	2,144
Number of entities engaged with at a firm level in the year	2,006
Key engagement topics	<p>The key engagement topics at a firm level over the year to 31 March 2024 included:</p> <ul style="list-style-type: none"> • Remuneration • Climate change • Board composition • (Ethnic) Diversity • Gender Diversity • Public Health • Strategy • Energy • Climate impact pledge

Source: LGIM

Example of firm level engagement activity undertaken over the year to 5 April 2024

LGIM

Nestlé

In the third quarter of 2023, LGIM engaged with Nestlé, one of the largest food companies in the world. As one of the largest corporations in the industry, Nestlé are looked upon to set a good example. This is particularly pertinent when it comes to advocating healthy eating and balanced diets. LGIM were concerned that Nestlé's targets undermined the company's pledge to lead the food industry in ensuring balanced diets are within reach for people around the world.

In particular, Nestlé have chosen to count some products as 'nutritious' that contradict government-endorsed nutrient profile models. Such examples include coffee and commercial baby foods. This means that Nestlé could meet its target (increase 'nutritious' sales by 50% by 2030) by selling more of these foods which provides no

positive impact on public health. LGIM and other investors have called for Nestlé to change targets to include selling less products that are high in salt, fat and sugar.

LGIM's view is that the announced target (increase 'nutritious' sales by 50% by 2030) did not go far enough. They believe that the Company did not take the opportunity to take a bolder step and set a specific, measurable and ambitious target whereby at least 50% of their sales would come from products that meet government-endorsed healthy thresholds by 2030.

Reflecting shared concerns with ShareAction, LGIM agreed in early 2024 to co-file a shareholder resolution at Nestle's AGM, calling on the company to:

- Set key performance indicators regarding the sales figures for products, as defined by a government-endorsed model.
- Provide a target to increase the proportion of sales derived from healthier products.

These requests were intended to address LGIM's main concerns and strengthen the link between Nestle's targets and real world impact by increasing the proportion of healthier food available in consumer markets. LGIM will monitor the company's response, and continue their engagement with them on this crucial issue.

Source: LGIM – Q1 2024 | ESG impact report