

# Implementation Statement | Year end 31 March 2024

## Keane Limited Pension Scheme

### Purpose of this Statement

This Implementation Statement has been prepared by the Trustee of the Keane Limited Pension Scheme (“the Scheme”) and sets out the following information over the year to 31 March 2024:

- How the Trustee’s policies on exercising rights (including voting rights) and engagement policies have been followed over the year.
- The voting activity undertaken by the Scheme’s investment managers on behalf of the Trustee over the year to 31 March 2024, including information regarding the most significant votes.

### Stewardship policy

The Trustee’s Statement of Investment Principles (SIP) in force at the year-end was the May 2023 version. The SIP describes the Trustee’s stewardship policy on the exercise of rights (including voting rights) and engagement activities. The Trustee is currently in the process of updating the SIP in light of the recent strategy changes that took place post year-end. The SIP has been made available online here:

#### [Statement of Investment Principles](#)

No changes were made to the stewardship policy over the year.

Following consideration in June 2023, the Trustee decided not to set stewardship priorities for the following reasons:

- Investing exclusively in pooled funds means there is limited scope for the Trustee to influence the voting behaviour of the Scheme’s managers.
- The Trustee is comfortable with the current stewardship themes of their existing managers and delegates the exercise of voting rights to the Scheme’s investment managers.

### How voting and engagement policies have been followed

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

- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme’s managers.
- Annually the Trustee receives and reviews information on voting and engagement activities from the Scheme’s asset managers and its investment advisor, which is reviewed to ensure alignment with the Trustee policies on voting and engagement. The Trustee believes that the voting and engagement activities undertaken by the asset managers on their behalf have been in the members’ best interests. This exercise was undertaken alongside the production of this statement.
- The Scheme’s Trustee board also maintains current knowledge of ESG considerations, including through training sessions where appropriate.

## Summary

The funds in which the Scheme was invested as at 31 March 2024 are set out in the table below:

Manager	Fund	Asset class
LGIM	2030 Leveraged Inflation-Linked Gilt	Leveraged Index-Linked Gilts
	2037 Leveraged Inflation-Linked Gilt	Leveraged Index-Linked Gilts
	2040 Leveraged Inflation-Linked Gilt	Leveraged Index-Linked Gilts
	2047 Leveraged Inflation-Linked Gilt	Leveraged Index-Linked Gilts
	2050 Leveraged Inflation-Linked Gilt	Leveraged Index-Linked Gilts
	2055 Leveraged Inflation-Linked Gilt	Leveraged Index-Linked Gilts
	2062 Leveraged Inflation-Linked Gilt	Leveraged Index-Linked Gilts
	2068 Leveraged Inflation-Linked Gilt	Leveraged Index-Linked Gilts
	Buy and Maintain Credit Fund	Corporate Bonds
	Absolute Return Bond Fund	Multi Asset Fund
	Future World Global Equity Index Fund	Equity Fund
	Future World Global Equity Index Fund GBP Hdg	Hedged Equity Fund
	Sterling Liquidity Fund	Cash/Money Markets
	Matching Core Fixed Long (Series 1)	Liability Matching
Matching Core Real Long (Series 1)	Liability Matching	
Matching Core Real Short (Series 1)	Liability Matching	
Newton Investment Management Ltd	BNY Mellon Real Return Fund	Multi-Asset Fund

As at 31 March 2024, the Scheme's two investment managers were Legal and General Investment Management ("LGIM") and Newton Investment Management ("Newton"). The Scheme's investment managers are signatories to the UK Stewardship Code or equivalent. The Trustee regularly considers the performance of the funds held with each investment manager and any significant developments that arise.

Based on the information received, the Trustee believes that the investment managers have acted in accordance with the Scheme's stewardship policies. The Trustee is supportive of the key voting action taken by the investment managers over the period to encourage positive governance changes in the companies in which the funds hold shares.

The Trustee and its investment advisor continue to work with the investment managers to provide information in order to enhance their ability to assess the investment managers' actions.

There were no significant departures from the stated principles during the year under review.

**Prepared by the Trustee of the Keane Limited Pension Scheme  
September 2024**

## Voting Data

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

The LGIM Matching Core LDI Funds, LGIM Leveraged Inflation-Linked Funds, LGIM Absolute Return Bond Fund, LGIM Buy and Maintain Credit Fund and the LGIM Sterling Liquidity Fund have no voting rights given the nature of these mandates. Therefore, these funds are not included in the table below.

Manager	Newton	LGIM
<b>Fund name</b>	BNY Mellon Real Return Fund	Future World Global Equity Index funds (incl. GBP hedged)
<b>Structure</b>	Pooled	
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.	
<b>No. of eligible meetings</b>	69	5,134
<b>No. of eligible votes</b>	1,101	52,211
<b>% of resolutions voted</b>	99.3	99.9
<b>% of resolutions abstained</b>	0.0	0.3
<b>% of resolutions voted with management<sup>1</sup></b>	92.2	80.3
<b>% of resolutions voted against management<sup>1</sup></b>	7.8	19.5
<b>% of resolutions voted against proxy voter recommendation</b>	4.9	11.1

Source: Newton, LGIM. The proportion of resolutions that were voted on or abstained from may not add up to 100%. This can be due to how investment managers or local jurisdictions define voting and abstentions.

<sup>1</sup> As a percentage of the total number of resolutions voted on

## 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 scheme’s stewardship priorities. At this time, the Trustee has not set stewardship priorities for the Scheme so 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 is yet to develop a specific voting policy. In future, the Trustee will consider the most significant votes in conjunction with any agreed stewardship priorities.

The Scheme’s managers determine significant votes in the following ways:

**Newton** | Newton determine significant votes based on the proportion of shares of investee companies held, as well as the size of the investment based on its value above certain thresholds. The significant votes will be drawn from this universe and are defined as votes that are likely to generate significant scrutiny from end clients or other stakeholders. They may relate to resolutions that receive a particularly high proportion of dissent from investors or involve a corporate transaction or resolutions raised by shareholders.

**LGIM** | In determining significant votes, LGIM’s Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (“PLSA”) guidance. This includes but is 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 annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote.
- Sanction vote as a result of a direct or collaborative engagement.
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship’s 5-year ESG priority engagement themes.

Newton and LGIM have provided a selection of votes which they believe to be the most significant. In the absence of agreed stewardship priorities, and in the interest of concise reporting, the Trustee has selected three votes for each Fund that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Scheme.

To represent the most significant votes, the votes of the largest holdings are shown overleaf.

## Newton, BNY Mellon Real Return Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Shell Plc	Unilever Plc	Lockheed Martin Corporation
<b>Date of vote</b>	23 May 2023	3 May 2023	27 April 2023
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	2.03	1.15	0.99
<b>Summary of the resolution</b>	Request Shell to align its existing 2030 reduction target covering the greenhouse gas (GHG) emissions of the use of its energy products (Scope 3) with the goal of the Paris Climate Agreement	Approve remuneration report	Report on efforts to reduce full value chain GHG emissions in alignment with Paris Agreement goal
<b>How the manager voted</b>	Abstained	Against	For
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	Yes	No	n/a
<b>Rationale for the voting decision</b>	BNY Mellon abstained because they believed that voting in favour of this resolution could be considered as overstepping. Additionally, they believe that the current transition plan merits more robust 2030 goals in order to gain credibility. BNY felt they could not support the shareholder proposal as its language makes it difficult to support as no competitor to Shell has set a credible absolute Scope 3 target.	BNY Mellon voted against executive pay arrangements due to significant pay increases granted to executives and the absence of a compelling rationale for this.	BNY Mellon supported a shareholder proposal asking for a report on efforts to reduce full value chain GHG emissions in alignment with Paris Agreement as in their view, more information on the company's plans to transition towards a low carbon economy would help shareholders better assess this risk.
<b>Outcome of the vote</b>	80% of shareholders voted against the resolution	58% of shareholders voted against the resolution	33% of shareholders voted for the resolution
<b>Implications of the outcome</b>	The significant dissent on the proposal shows concern from the shareholder base around Shell's transition plan.	The vote outcome is a clear indication of shareholder dissatisfaction with pay decisions made at the company during the year under the review. BNY Mellon will continue to exercise future votes in support of their views surrounding significant salary increases and alignment between pay and performance.	The support received for the shareholder proposal is substantial and must be accounted for. BNY Mellon would expect the company to provide enhanced disclosures especially around setting timelines to implement a scope 3 emission reduction goal and finding efficiencies in processes.
<b>Criteria on which the vote is considered "significant"</b>	Due to the company being a significant emitter.	Significant due to shareholder dissent.	The vote was deemed significant due to the rarity of a shareholder proposal receiving significant support.

Source: BNY Mellon

## LGIM Future World Global Equity funds (incl. GBP hedged)

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Microsoft Corporation	Apple Inc	NVIDIA Corporation
<b>Date of vote</b>	7 December 2023	28 February 2024	22 June 2023
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	5.47	4.46	2.06
<b>Summary of the resolution</b>	Elect Satya Nadella as director	Report on risks of omitting viewpoint and ideological diversity from Equal Employment Opportunity (EEO) Policy	Elect Stephen C. Neal as director
<b>How the manager voted</b>	Against	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. 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.		
<b>Rationale for the voting decision</b>	LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	LGIM believes that the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies. Including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.	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.
<b>Outcome of the vote</b>	n/a	Failed	n/a
<b>Implications of the outcome</b>	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
<b>Criteria on which the vote is considered "significant"</b>	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO.	LGIM views diversity as a financially material issue for their clients, with implications for the assets LGIM manages on their behalf.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets we manage on their behalf.

Source: LGIM

## Fund level engagement

### Summary of engagement activities

The investment managers engage with their 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 LGIM Matching Core LDI Funds, LGIM Leveraged Inflation-Linked Funds and the LGIM Sterling Liquidity Fund due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	LGIM			Newton
Fund name	Future World Global Equity Index Fund (incl. GBP hedged)	Buy and Maintain Credit Fund	Absolute Return Bond Fund	BNY Mellon Real Return Fund
<b>Number of engagements on behalf of the holdings in this fund in the year</b>	795	177	156	20
<b>Number of companies engaged on behalf of the holdings in this fund in the year</b>	530	83	75	9
<b>Number of engagements undertaken at a firm level in the year</b>		2,144		42

Source: LGIM, Newton

We have queried with Newton as to why the total number of engagements at a firm wide level is materially lower than last year (2024: 42, 2023: 224). During 2023, Newton re-defined engagement to be focused only on outcome-oriented engagements that create measurable, and actionable change. Given their change in definition, their engagement numbers will be materially lower compared to prior years.

## Examples of engagement activity undertaken

This section provides examples of engagement activity undertaken by the investment managers within the Scheme's growth portfolio on behalf of the Trustee over the year to 31 March 2024.

Only firm-wide examples were provided. They may not be directly relevant to the Scheme.

Manager	Engagement
LGIM	<p><b>APA</b></p> <p><b>Rationale for the engagement:</b> APA is Australia's largest energy infrastructure business. LGIM have been engaging with the company directly since 2022 under their Climate Impact Pledge campaign. The company has been identified as lagging LGIM's expectations on climate-related lobbying activities.</p> <p><b>Actions:</b> LGIM expects companies to introduce credible transition plans to adhere to the goal of the Paris agreement to limit Global average temperature increase to 1.5C. LGIM were unable to support the APA transition plan due to it not including any Scope 3 targets. It engaged with the company to resolve this and better understand the hurdles the company faces in meeting these expectations.</p> <p><b>Outcomes and next steps:</b> Following continuous discussions, the company confirmed it will include a Scope 3 goal in their 2025 transition plan.</p>
Newton	<p><b>Nestle</b></p> <p><b>Rationale for the engagement:</b> This one-on-one meeting is a continuation of an individual and collaborative engagement with Nestle. Newton followed up on the company's commitment to (a) to set a target for healthy sales, which is planned for September, and (b) how it is setting its strategy to achieve this.</p> <p><b>Actions:</b> Following the call in May, there were few new updates during this meeting. There were two key points to note though: (1) Nestle intends to add a second component to its target relating to the less healthy segment of its portfolio. This will be qualitative and likely refer to including guidance for consumers on how to consume indulgent products. This seems reasonable, but could be stronger, though we need to see details to be specific. (2) Newton discussed the company's strategy to make progress toward its target.</p> <p><b>Outcomes and next steps:</b> As prior, this is a strong example that can be used of an engagement outcome. The reason for the engagement is that concerns about the impact of unhealthy foods and drinks are increasingly resulting in shifts in consumer behaviour and in new regulation. Newton believes it is important for companies to manage these risks and opportunities and ensure their business models and strategies are both resilient and positioned to benefit from expected changes. One of the recommended ways to achieve this is to measure and report on the proportion of sales that are healthy. Newton's ask was that the company discloses the overall 'healthiness' of its product portfolio using a recognised (government-endorsed) model (Nutrient Profiling Model). Newton think this is important in terms of ESG integration as it enables the company to identify where it is most at risk in terms of incoming regulation, and can therefore prioritise reformulation, new product development and M&amp;A. Newton are pleased with Nestle's response and public reporting on this, which involves significant work.</p>

Source: LGIM, Newton