

# **IMPLEMENTATION STATEMENT**

## **The Lloyds Konecranes Pension Scheme**

The Trustee of The Lloyds Konecranes Pension Scheme has prepared this implementation statement in compliance with the governance standards introduced under the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended).

This statement covers the period 5 April 2024 to 5 April 2025 and its purpose is to:

- Confirm if the Trustee undertook a review of their Statement of Investment Principles ("SIP") during the year and to summarise any changes that were made as a result of the review;
- Demonstrate how, and the extent to which, the Scheme's Statement of Investment Principles (SIP) has been followed during the year; and
- Describe how the policies on voting, stewardship and engagement have been followed.

### **A. Review of the Statement of Investment Principles**

There were no changes to the investment strategy, objectives or fund range as part of this review.

### **B. Plan Governance**

During the Statement Period the Trustee continued to have responsibility for the governance and investment of the Scheme's assets whilst delegating the day-day aspects of investment management to their Fiduciary Manager, SEI. SEI is required to manage the Scheme in line with the principles and policies set out in the SIP.

No changes were made to the strategic asset allocation over the year and therefore, there were no updates to the Statement of Investment Principles dated 7 September 2023.

### **Implementation of the Statement of Investment Principles**

The SIP sets out the policies in the following matters:

#### **i. Investment Objectives**

The Fiduciary Manager, SEI has managed the Scheme's assets in accordance with the Trustee's primary objective to make sure that the assets meet the obligations to the beneficiaries of the Scheme. This is by implementing a long-term strategy with a rate of investment return higher than the growth of the Scheme's liabilities to ensure full funding on an appropriate basis.

#### **ii. Choosing Investments**

The Trustee has delegated management of the investment portfolio to the Fiduciary Manager, SEI. SEI has chosen investments in accordance with the criteria set out in the Investment Regulations, the Occupational Pension Scheme (Charges and Governance) Regulations 2015. For the current strategy, SEI has chosen assets across a diverse portfolio of investments to reduce investment risk.

iii. Risks

The management of investment risk is a function of the asset allocation and diversification strategies. SEI have managed the investment risk by monitoring the risks and updating the Trustee over the year.

iv. Expected return on investments

The Trustee received and reviewed regular reports over the year and were satisfied with the content of the report and that SEI's performance was in line with the SIP policies and the Trustee's long-term expectations.

v. Financial and non-financial material considerations

The Fiduciary Manager, SEI acknowledges that environmental, social, and governance (ESG) factors may have material impacts on the financial performance of an investment. SEI seeks to consider ESG and sustainability factors in the management of the funds by (i) performing an ESG assessment as part of manager research to develop a deeper understanding of Portfolio Managers' capabilities, (ii) by requiring all Portfolio Managers to consider material financial and non-financial risks as part of their investment process; (iii) by conducting effective and independent risk oversight and (iv) by striving to act as good stewards of assets through shareholder engagement and proxy voting.

vi. Voting and Engagement

Please refer to section D for further details regarding the implementation of the Voting and Engagement policy.

vii. Asset Manager arrangements

The Trustee continues to monitor performance on an approximately six-monthly basis against the investment objectives.

The Trustee is satisfied that the policies as described in the SIP have been implemented during the year.

The Trustee has not identified any areas where the Scheme's investments have diverged from the policies set out within the SIP.

### **C. Voting and Engagement Policy**

The policy as set out in the SIP in respect of voting, stewardship and engagement is in summary as follows:

- i. The Scheme only invests via pooled investment funds, meaning that the Scheme's investments are pooled with those of other investors. It can be harder for those invested in pooled funds to exert their influence, given the other investors with a stake, but the Trustee still monitors and engages as much as possible.
- ii. Voting decisions on stocks are delegated to the investment manager of the pooled funds held by the Scheme.

- iii. SEI, the Scheme's Fiduciary Manager, or the investment manager of a third party pooled fund, has full discretion for undertaking engagement activities in respect of the investments.
- iv. Where the investment manager is SEI, they have pooled their holdings in their funds with other investors and employed a specialist proxy voting service provider for voting and engagement services.
- v. SEI will report on voting and engagement activity to the Trustee on a periodic basis together with its adherence to the UK Stewardship Code. The Trustee will consider whether the approach taken was appropriate or whether an alternative approach is necessary. The Fiduciary Manager is a signatory to the UK Stewardship Code 2020.
- vi. The Trustee will assess the Fiduciary Manager's performance against objectives annually including how well the Fiduciary Manager is aligned with the SIP in terms of ESG factors.

The Trustee is of the opinion that this policy has been followed during the year. In particular:

- The Trustee has received and reviewed reports from SEI that set out
  - How SEI has voted on all the shares where SEI has voting rights including number of votes for, against and abstentions. For votes against, details of the issue to which the vote relate is provided.
  - The number of companies engaged and the number of milestones achieved by engagement issue.
- The Trustee reviewed the above reports throughout the Scheme year and monitored performance. The Trustee was satisfied with the content of the reports and that SEI's performance was in line with the SIP and the Trustee's expectations.
- The Trustee has considered SEI's voting practices and stewardship policies noting that they are a signatory to the UN Principles for Responsible Investment.
- The Trustee has a process in place to review SEI's performance against objectives, including ESG factors.

SEI's engagement priorities which for 2024 included priorities in each of the following categories:

- Climate change
- Sustainable Agriculture
- Modern Slavery
- Future of Work
- Board Governance

SEI's engagement efforts are primarily focused on public equities; however, many companies represented in our engagement efforts are also held in fixed income strategies. SEI believes that these fixed income funds also benefit from the positive progress that results from productive shareholder engagement. The engagement on climate change through SEI's collaboration with their engagement partner spans both equity and fixed income.

In light of the above and otherwise, the Trustee has considered their policy in regard to voting and stewardship and concluded that:

- SEI's voting and stewardship policies and implementation on behalf of the Trustee remains aligned with the Trustee's views on these matters.
- The current policy is appropriate and no further action is required at this stage, albeit the Trustee will continue to monitor the performance of this policy and SEI's performance in the future.

#### D. Voting Record

All underlying securities in pooled funds that have voting rights are managed by SEI with SEI having the legal right to the underlying votes. SEI in turn use Glass Lewis as a proxy voting service provider for all voting. SEI provide Glass Lewis with the holdings across all SEI's pooled funds and the proxy votes are cast according to a policy set out by SEI. During the period from 5 April 2024 to 5 April 2025, across the Scheme' holdings<sup>1</sup> SEI voted<sup>2</sup> as follows, including the percentage of overall votable items voted on:

Fund Name	Global Managed Volatility	Factor Allocation Global Equity
ISIN	IE00B19H3542	IE00BDD7WJ18
Number of Votable Meetings	519	740
Number of Votable Items	6756	13740
% of Items Voted	95%	97%
For	89%	89%
Against	11%	9%
Abstain/ Withheld/ Other	0%	2%
% of votes with management	90%	90%
% of votes against management	9%	9%
Other	0%	1%
Voting Against/Abstain by Category		
Capital Related	6%	8%
Board/Directors/Governance	46%	52%
Remuneration Related	15%	13%
Shareholder Proposals	28%	20%
Other	5%	7%

#### E. Significant Votes

A highlight of some of the significant votes during the period are shown in the table below. These votes are considered to be significant as they have a material impact on the company or the wider community. SEI selects votes to be significant based on one or more of the following criteria:

- Votes SEI consider to be high profile which have such a degree of controversy that there is high client and/ or public scrutiny.

<sup>1</sup> SEI has shown voting data for the relevant quarters the fund was invested in.

<sup>2</sup> Source: SEI and Glass Lewis

- Votes relating to companies with a high or severe ESG risk rating.
- Votes relating to our 2024 thematic priorities as described in section C.

To date the Trustee has accepted SEI's position on what constitutes a significant vote but this will be kept under consideration.

Company Name	Held in Fund(s) (% size of holding) <sup>3</sup>	Theme	Date of Vote and Outcome	Vote Decision and Significance of vote
Toyota Motor Corporation	Global Managed Volatility (<0.5%)  Factor Allocation Global Equity (<0.5%)	Board Governance	Date: 14/06/2024  Outcome: For	Voted Against the proposal to Elect Akio Toyoda who has served as the top management of the Toyota Motor Corporation since June 2009. In recent years a series of fraudulent activities has come to light within the Toyota Group. Shareholders should be concerned about any instances of improper practices that do not align with the appropriate laws and regulations as such matters may expand in scale and prove to dampen shareholder value. These incidents raise serious concerns about the effectiveness of internal controls, governance structure, compliance awareness, and risk management within the Toyota Group. This vote is deemed significant as members of the board bear the responsibility of ensuring that the Group maintains appropriate internal controls as well as fair and reliable public disclosure. Mr. Toyoda holds responsibility for failing to ensure that the Group maintained appropriate internal controls and for the failure to ensure appropriate governance measures were implemented at Group companies. Moreover, given the widespread occurrence of issues throughout the Toyota Group, this further raises questions concerning the corporate culture which has developed under the leadership of Mr. Toyoda.
Vedanta Ltd	Factor Allocation Global Equity (<0.5%)	Board Governance	Date: 17/07/2024  Outcome: For	Voted Against the proposal to Elect Anil Kumar Agarwal as it was revealed by the Organized Crime and Corruption Reporting Project ("OCCRP") that in January 2021 chair Anil Agarwal wrote to the then Indian Environment Minister to increase the threshold which mining production would not be subject to environmental clearances to 50%. Subsequently in April 2022 the environmental ministry released a memo allowing mining production to proceed without public hearings for operations at or below 40% capacity. For operations between 40% and 50% only written feedback is required

<sup>3</sup> % holding as at last day of the quarter in which vote occurred.

				rather than a full public forum. This change potentially makes it easier for mining companies to increase production without extensive public scrutiny. This vote is deemed significant as such activity presents legal and regulatory risks, as well as potentially breaching the Company's anti-corruption and ESG policies. In addition, it exposes potential weaknesses in the governance structure if senior board members can personally advocate on matters that should be within the remit of board sub-committees (e.g. the ESG committee). This matter, in conjunction with the Company's sizable political donations, indicates a concerning trend that the Company has not sufficiently addressed.
Coles Group Limited	Factor Allocation Global Equity (<0.5%)	Environmental Governance	Date: 12/11/2024  Outcome: N/A	Voted Against the proposal that the Company cease to procure farmed salmon for its Own Brand products from Macquarie Harbour in Tasmania by no later than 30 April 2025. The Maugean Skate population has declined to just 40-120 adults, with the species on the brink of an extinction event, and removal of salmon farming from Macquarie Harbor has been deemed an urgent priority. The Company said it has steadily reduced the volume of salmon it sources from Macquarie Harbour, with plans to continue this trajectory, which is welcome, but the Company has not committed to completely removing Macquarie Harbour salmon from its product range by a specific date. This vote is deemed significant as the level of reputational risk that the Company exposes itself to from continuing to sell this product is high. However given that the Company indicates a willingness to both monitor and disclose its nature-related impacts, as well as to comply with any government regulations regarding seafood farming in Macquarie Harbour, it can be deemed not an issue that has been mismanaged by the Company or that its current efforts present an imminent risk to shareholder value.
Fox Corporation	Global Managed Volatility (<0.5%)  Factor Allocation Global Equity (<0.5%)	Board Governance	Date: 29/10/2024  Outcome: For	Voted Against the proposal for the approval of Executive Pay Package for the former chief legal and policy officer's departure from his position. In August 2023, the company's chief legal and policy officer, Viet D. Dinh, stepped down from his position after the company entered a defamation settlement that forced its payment of \$787.5 million to Dominion Voting Systems. As reported by the Wall Street Journal among other news outlets, "Dominion Voting Systems accused Fox News of airing false claims that the voting-machine company's technology helped

				<p>rig the 2020 presidential election in favour of President Biden. Fox, in its defense, said it was covering newsworthy election-fraud claims." Mr. Dinh's legal strategy of refusing to settle with Dominion Voting Systems sooner is seen as a key reason for the resulting cost to the company and shareholders and the substantial reputation damage to both Fox News and Fox Corp. As part of a Transition and Separation Agreement, Mr. Dinh would be paid a lump sum of \$23 million. This vote is deemed significant as the widely reported cost to the Company and shareholders through a legal settlement and reputational damage is excessive and the quantum of the separation-related payments is inappropriate.</p>
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## F. Engagement Activity

A highlight of some of the engagements during the period are shown in the table below. SEI conducts shareholder engagement collaboratively through third party specialists Sustainalytics and Columbia Threadneedle Investment reo. Each case study<sup>4</sup> describes a milestone achieved relating to our engagement priorities as described in section D.

Company Name	Held in Fund(s)	Theme	Objective	Description
Vistra Corp	Factor Allocation Global Equity  Global Managed Volatility	Material risk – Carbon own operations	Provide disclosure that provides investors with a full overview of material ESG risks, main mitigation strategies and performance	<p>Vistra is a leading U.S. integrated retail energy provider and power generation company based in Texas, serving four million residential, commercial and industrial retail customers and is also the largest competitive power generator in the U.S. Sustainalytics began engaging with the company in 2021 under their material risk program promoting disclosure that provides investors with a full overview of material ESG risks, main mitigation strategies and performance. Since first engaging with Sustainalytics, Vistra has announced a long-term goal to achieve net-zero carbon emissions by 2050, assuming advances in technology and supportive public policy. The company states this goal will be science based and will include scope 3 emissions. Additionally, Vistra hired a new chief strategy and sustainability officer as well as a senior director of sustainability and strategy in late 2022.</p> <p>In Q2 of 2024 Sustainalytics held a call with Vistra where they agreed to open the</p>

<sup>4</sup> Source: SEI and Sustainalytics

				<p>engagement calls to investor participation and also agreed to participate in Sustainalytics' net zero transition engagement program. During the call Sustainalytics recommended that Vistra seek external audit of its environmental management system along with certification to ISO 14001 and disclose external audit frequency and corrective actions to stimulate continual improvement. In addition, it was recommended that the company disclose training and awareness programs for employees and internal and external communications on environmental management. Sustainalytics are continuing to engage with Vistra.</p>
K+S AG	Factor Allocation Global Equity	Material Risk – Carbon and Community Relations	<p>K+S is encouraged to provide investors with consistent ESG disclosures and robust performance management across all material ESG issues. Additionally, the company should disclose a comprehensive climate transition plan with a clear decarbonisation roadmap.</p>	<p>K+S is a German agricultural chemical company which mainly produces fertilizer and salt and also works in waste disposal and recycling. K+S operates in an energy-intensive industry, facing significant challenges in aligning with Germany's net-zero emissions target by 2045. The transition from fossil fuels to electrification and renewable energy demands substantial investments in energy efficiency, combined heat and power systems, and low-carbon technologies. Sustainalytics initiated engagement with K+S in May 2020, beginning with an introductory call that explored the company's environmental management, greenhouse gas (GHG) emissions, environmental impact of fertilisers, community relations, and business ethics. Sustainalytics reports that K+S linked its ESG performance metrics to executive pay in 2023, introducing three new sustainability goals with equal weight in the long-term incentive plan for the board of executive directors. K+S has also updated and increased the ambition of its interim 2030 and 2040 emissions reduction targets, aiming for climate neutrality by 2045 in alignment with Germany's net-zero commitment. According to Sustainalytics, the company provided reasonable insights into its net zero strategy, reduction trajectory, and key decarbonisation levers. K+S also published a Negative Declaration Hazardous Waste document in 2024, outlining its waste management approach and monitoring via environmental data management software. Sustainalytics reports that the company is progressing steadily in the execution and implementation phase of its climate and broader sustainability strategy, delivering measurable outcomes and enhanced</p>



				disclosures aligned with established reporting standards. In response to this meaningful progress, Sustainalytics resolved this engagement in Q4 2024.
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*The information relating to the significant votes is derived from public third party source(s). While the information is believed to be reliable, SEI has not sought to verify it independently. This material is intended to be for information purposes only and has been provided to SEI's client at their request. This data is not intended as promotional material in any respect.*