

Implementation Statement

Keller Group Pension Scheme

Purpose of this statement

This implementation statement has been produced by the Trustees of the Keller Group Pension Scheme (**“the Scheme”**) to set out the following information over the year to 5 April 2022:

- how the Trustees’ policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- the voting activity undertaken by the Scheme’s investment managers on behalf of the Trustees over the year, including information regarding the most significant votes

The voting behaviour is not given over the Scheme year end to 5 April 2022 because investment managers only report on this data quarterly, we have therefore given the information over the year to 31 March 2022.

How voting and engagement policies have been followed

Based on the information provided by the Scheme’s investment managers, the Trustees believe that their 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 fund managers.
- The Trustees undertook an initial review of the stewardship and engagement activities of the current managers at their 16 September 2019 meeting, and were satisfied that their policies were reasonable and no remedial action was required at that time.
- The Trustees obtained training on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments.
- Annually the Trustees receive and review voting information and engagement policies from the asset managers, which we review to ensure alignment with our own policies. The Trustees believe 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 in September 2019.
- As part of ongoing monitoring of the Scheme's investment managers, the Trustees use ESG ratings information available within the pensions industry or provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues

Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the fund managers are in alignment with the Scheme’s stewardship policies.

Data limitations

Where information is not included in this statement, it has been requested but has not been provided in a useable format or at all by the investment manager. The Trustees’ investment consultants are in discussion with the managers around how this data will be provided for future statements.

Stewardship policy

The Trustees' Statement of Investment Principles (SIP) in force at 5 April 2022 describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in September 2021 and has been made available online here:

<https://www.keller.co.uk/sites/keller-uk/files/2021-09/2021-09-keller-sip-v1.0-for-upload.pdf>

The Trustees have delegated the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities to the Scheme's investment managers.

**Prepared by the Trustees of the Keller Group Pension Scheme
7 July 2022**

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's return-seeking strategy on behalf of the Trustees over the year to 31 March 2022. The Baring Global High Yield Credit Strategies Fund, the Vontobel TwentyFour Strategic Income Fund, the Insight UK Corporate Long Maturities Bond Fund and the LDI and cash funds with BlackRock have no voting rights. The Schroder Private Equity Fund of Funds is in liquidation and so voting data is not available for the fund.

Manager	Fundsmith	BlackRock
Fund name	Equity Fund	BIJF Dynamic Diversified Growth Fund
Structure	Pooled	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.
No. of eligible meetings	26	965
No. of eligible votes	419	12,458
% of resolutions voted	100.0%	100.0%
% of resolutions abstained	0.2%	1.5%
% of resolutions voted with management¹	92.6%	93.7%
% of resolutions voted against management¹	7.2%	6.3%
Proxy voting advisor employed	None	Institutional Shareholder Services' (ISS) electronic platform and various proxy research firms
% of resolutions voted against proxy voter recommendation¹	n/a	0.1%

¹ 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, so for this Implementation Statement the Trustee has asked the investment managers to determine what they believe to be a “significant vote”. Fundsmith and BlackRock have provided a selection of votes which they believe to be significant, and in the interest of concise reporting the tables below show three of these votes for each fund, selected by the Trustees as the most significant of these.

Fundsmith Equity Fund

	Vote 1	Vote 2	Vote 3
Company name	Johnson & Johnson	Lvmh Moet Hennessy	Facebook Inc
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.3%	3.6%	5.1%
Summary of the resolution	Proposal for the chair of the board to be an independent member of the board.	Approve/reject the compensation policy as it concerns the CEO	A shareholder proposal regarding dual class capital structure
How the manager voted	For	Against	Abstain
Rationale for the voting decision	Fundsmith believe that having an independent chair is important for impartial decision making and promoting long-term thinking on the board	The company's LTIP goes against Fundsmith's preferred remuneration policy	Fundsmith were for the shareholder proposal but were aware that the current dual share class structure limits shareholder (their) influence
Outcome of the vote	Shareholder proposal rejected	Remuneration Policy approved	Shareholder proposal rejected
Implications of the outcome	Not provided	Not provided	Not provided
Criteria on which the vote is considered “significant”	Fundsmith view this as a significant governance issue	Fundsmith view the topic of the vote as significant	Fundsmith view this as a significant governance issue

BlackRock, BIJF Dynamic Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	Woodside Petroleum Ltd.	Johnson & Johnson	AT&T Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Not provided	Not provided	Not provided
Summary of the resolution	Elect Christopher Haynes as Director	Report on Civil Rights Audit	Advisory Vote to Ratify Named Executive Officers' Compensation
How the manager voted	Against	For	Against

	Vote 1	Vote 2	Vote 3
Rationale for the voting decision	The Company does not meet BlackRock's expectations of having adequate climate risk disclosures against all 4 pillars of TCFD.2, nor does it have adequate Scope 3 metrics and targets.	BlackRock is supportive of the company's efforts to date on these issues. Support was given based on nature of the proposal.	BlackRock believe pay is not aligned with performance and peers.
Outcome of the vote	Pass	Fail	Fail
Implications of the outcome	Not provided	Not provided	Not provided
Criteria on which the vote is considered "significant"	Not provided	Not provided	Not provided

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. 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 Scheme's LDI and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	Fundsmith	BlackRock	Schroder
Fund name	Equity Fund	BIJF Dynamic Diversified Growth Fund	Private Equity Fund of Funds II*
Number of engagements undertaken on behalf of the holdings in this fund in the year	56	825	Not provided
Number of entities engaged on behalf of the holdings in this fund in the year	24	451	Not provided

*The manager has not provided information regarding this fund as it is in the process of liquidation.

Manager	Insight	Barings	Vontobel TwentyFour
Fund name	UK Corporate Long Maturities Bond Fund	Global High Yield Credit Strategies Fund	Strategic Income Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	114	679	133
Number of entities engaged on behalf of the holdings in this fund in the year	72	350	Not provided

Examples of engagement activity undertaken over the year to 5 April 2022

Fundsmith Equity Fund

Unilever

Fundsmith engaged with Unilever to better understand the company's view on the effectiveness and costs related to setting various environmental targets, following the recent release of their new sustainability plan. They met with the company's CEO Alan Jope to discuss the business's approach to this topic, and Fundsmith were reassured by the CEO's responses outlining how the targets were necessary to bring about changes that would not only benefit the environment but would also reduce the costs and risks Unilever faced in their supply chain.

In addition, Fundsmith had significant engagement with Unilever about a potential acquisition, believing the company were paying significantly over the odds for the acquisition and the merger would not bring any additional benefit to shareholders. Fundsmith wrote to the company's management to outline our concerns with the potential acquisition and management's decision-making, after which the company's CEO wrote back to justify their position.

Following this, Fundsmith met with Unilever's CEO and Charman to discuss the acquisition and to understand their justification for the rumoured price of the purchase and how this would generate benefits to shareholders over the long term. Later they met with the company once more to outline their discontent with how management had handled not only this situation but also the company's strategy over recent years. This engagement with Unilever failed to reassure them that management were being effective and prioritising the long-term success of the company, so Fundsmith are continuing to engage with the company and will also consider using their vote at the upcoming AGM to signal where they think changes should be made.

Insight, UK Corporate Long Maturities Bond Fund

British American Tobacco

British American Tobacco (BAT) have an Insight ESG rating of 3 and has below average ratings of 4 for Social and Governance. Insight met with them as part of a new issue meeting, and within this held discussions around their environmental and social targets.

Overall, Insight were encouraged with their transition plans and social targets. BAT have various Environmental and Social targets, including:

- Carbon neutral for scope 1 & 2 by 2030 and scope 3 by 2050
- 35% reduction in water withdrawn and - 30% increase in water recycled by 2025
- Elimination of unnecessary single-use plastic with zero waste to landfill by 2025
- 100% suppliers to human rights due diligence with zero child labour and forced labour by 2025
- At least 45% of leadership positions held by women by 2025

Future engagement will largely be driven by their progress towards meeting the targets above. Insight will review and discuss BAT's targets with them ahead of their next call, which they conduct at least annually.

Barings, Global High Yield Credit Strategies Fund

Aggreko

Barings holds an investment in a global manufacturer and provider of temporary power equipment to multi-national corporations, SMEs and public sector customers. The company has operations in Russia through its Eurasia division, with Russia accounting for approximately 4% of the group's revenues.

Upon outbreak of the war in Ukraine, Barings engaged with senior management at the company to request disclosure of exposure to Russia and obtain clarity on strategy for that division in light of recent events. Barings expressed a preference that the company should no longer operate in the region given the change to geopolitical circumstances.

Subsequently, the company released a statement announcing a plan to sell their Eurasia division. Barings remains comfortable holding the investment following successful closure of the engagement.