

# 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 2023:

- 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 2023 because investment managers only report on this data quarterly, we have therefore given the information over the year to 31 March 2023.

### 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 2023 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>

At this time, the Trustee has not set stewardship priorities / themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks. 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**

**23 June 2023**

## 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 2023. 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
<b>Fund name</b>	Equity Fund	BIJF Dynamic Diversified Growth Fund
<b>Structure</b>	Pooled	Pooled
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.	
<b>No. of eligible meetings</b>	26	893
<b>No. of eligible votes</b>	429	11,775
<b>% of resolutions voted</b>	100.0%	92.0%
<b>% of resolutions abstained</b>	0.5%	1.0%
<b>% of resolutions voted with management<sup>1</sup></b>	90.5%	94.0%
<b>% of resolutions voted against management<sup>1</sup></b>	9.0%	5.0%
<b>Proxy voting advisor employed</b>	None	Institutional Shareholder Services' (ISS) electronic platform and various proxy research firms
<b>% of resolutions voted against proxy voter recommendation<sup>1</sup></b>	n/a	0.1%

<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 / themes. At this time, the Trustee has not set stewardship priorities / themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks. Therefore, 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
<b>Company name</b>	LVMH	PepsiCo Inc	Alphabet
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	3.5%	4.0%	3.0%
<b>Summary of the resolution</b>	Approval of the compensation policy for the Chairman and Chief Executive Officer	Shareholder vote to appoint an independent board chairman	Shareholder vote to implement equal shareholder voting
<b>How the manager voted</b>	Against	For	For
<b>Rationale for the voting decision</b>	Fundsmith believe that the structure of the remuneration policy fails to adequately incentivise long-term, sustainable growth.	Fundsmith believe that the independent chair is important for impartial decision making and promoting long-term thinking on the board.	Fundsmith see installing equal voting rights as important in protecting the interests of minority shareholders
<b>Outcome of the vote</b>	Remuneration Policy approved	Shareholder proposal rejected	Shareholder proposal rejected
<b>Implications of the outcome</b>	Not provided	Not provided	Not provided
<b>Criteria on which the vote is considered "significant"</b>	Fundsmith view this as a concern related to the company's long term sustainable growth.	Fundsmith view this as a concern related to the company's long term sustainable growth.	Fundsmith view this as a significant issue in protecting minority interests.

## BlackRock, BIJF Dynamic Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Intel Corporation	Amazon.com, Inc.	Alphabet Inc.
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	Not provided	Not provided	Not provided
<b>Summary of the resolution</b>	Report on Third-Party Civil Rights Audit	Elect Director Judith A. McGrath	Report on Metrics and Efforts to Reduce Water Related Risk
<b>How the manager voted</b>	Against	Against	For
<b>Rationale for the voting decision</b>	BlackRock believe the company already has policies in place to address the request being made by the proposal, or is already enhancing its relevant policies.	BlackRock believe that the nominee has not demonstrated ability to effectively represent shareholders' best interests.	BlackRock believe it is in the best interests of shareholders to have access to greater disclosure on this issue.
<b>Outcome of the vote</b>	Fail	Pass	Fail
<b>Implications of the outcome</b>	Not provided	Not provided	Not provided
<b>Criteria on which the vote is considered "significant"</b>	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
<b>Fund name</b>	Equity Fund	BIJF Dynamic Diversified Growth Fund	Private Equity Fund of Funds II*
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	50	383	Not provided
<b>Number of entities engaged on behalf of the holdings in this fund in the year</b>	26	222	Not provided
<b>Number of engagements undertaken at a firm level in the year</b>	139	Not provided	Not provided

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

Manager	Insight	Barings	Vontobel TwentyFour
<b>Fund name</b>	UK Corporate Long Maturities Bond Fund	Global High Yield Credit Strategies Fund	Strategic Income Fund
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	165	457*	170
<b>Number of entities engaged on behalf of the holdings in this fund in the year</b>	82	287*	150**
<b>Number of engagements undertaken at a firm level in the year</b>	1,178	741	379

\*Barings are unable to provide portfolio-level statistics. Therefore, these figures represent engagements across their fixed income platform.

\*\*TwentyFour have stated that this number is approximate.

## Examples of engagement activity undertaken over the year to 5 April 2023

### Fundsmith Equity Fund

#### Estee Lauder

Fundsmith engaged with Estee Lauder after they changed their remuneration policy before their 2021 AGM. They wanted to understand how the updated metrics better incentivised the company's long-term performance. Fundsmith met with the company's Remuneration Committee Chair and a legal representative to discuss the updated metrics and weightings. The company explained why the changes were being made with reference to the impacts of the COVID-19 pandemic and how these changes would be effective in incentivising management to prioritise the company's long-term growth. Ultimately, Fundsmith felt that the company had justified the change in the remuneration policy and were reassured that it did incentivise the long-term growth of the business. They voted in favour of the policy at the AGM, as a result.

### Insight, UK Corporate Long Maturities Bond Fund

#### America Movil

Insight began their D&I engagement with America Movil (AMX) in 2021 to encourage improvement on governance and diversity. In late 2021, AMX updated its materiality assessment and conducted its first overview of board practices to evaluate board effectiveness.

Insight engaged the company again in 2022 and were able to confirm a performance improvement on both governance and diversity. In the company's 2022 Sustainability Report, Insight found that they established a new target to increase board diversity to three female directors, representing 21% of the board, which it achieved by appointing Gisselle Jiménez as a new director. This board-level diversity target is integrated into the company's strategy as it was added as a target within America Movil's Sustainability Linked Loan (SLL) structure. The company also refreshed their Board Diversity Policy, which includes the ambition to 'set measurable objectives to achieve gender diversity with the ultimate goal of having a composition of the Board where each gender represents at least thirty percent (30%).'

The engagement may provide financial benefit, as there is a growing body of research which suggests that companies with diverse directors and executive teams (in relation to gender and ethnicity) are more likely to achieve above-average profitability and have higher returns on invested capital. Board-level diversity and support for diversity initiatives also helps to create a more inclusive culture throughout the entire organization.

### Barings, Global High Yield Credit Strategies Fund

#### Ineos

Barings holds an existing investment in a global vertically integrated commodity chemicals producer. The company has a history of making dividends to fund other investment projects and business ventures within the wider group. It became evident to Barings via news articles that the principal shareholder of the company had registered his interest in a bid for a Premier League Football club with a high anticipated valuation.

During a virtual small group meeting with the CFO and wider senior management team, Barings requested further disclosure on the likelihood of the business increasing the size of their future dividends to fund any potential bid. Barings also expressed that such a transaction could be viewed negatively by the market and lead to downward pressure on the secondary pricing of debt instruments in the existing capital structure.

The company indicated that there will be no future dividends from the group to fund the potential football club bid, which Barings viewed positively and decided to take no further actions in relation to changing the existing Barings ESG rating or fund positioning.