

Implementation Statement | Year end 31 March 2023

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 2023:

- 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 Plan's investment managers on behalf of the Trustee over the year to 31 March 2023, including information regarding the most significant votes.

Stewardship policy

The Trustee's Statement of Investment Principles (SIP) in force at 31 March 2023 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in May 2023 and 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 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.

Summary

The funds in which the Scheme was invested as at 31 March 2023 are set out in the table below:

Manager	Fund	Asset class
LGIM	Cash	Cash/Money Markets
	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 2023, the Scheme's two investment managers were Legal and General Investment Management ("LGIM") and BNY Mellon Investment Management Limited ("BNYM"). 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
July 2023**

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 2023.

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	BNYM	LGIM
Fund name	BNY Mellon Real Return Fund	Future World Global Equity Index Fund (incl. GBP hedged)
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	78	5,067
No. of eligible votes	1,287	54,368
% of resolutions voted	100.0%	99.9%
% of resolutions abstained	0%	1.0%
% of resolutions voted with management¹	89.2%	80.4%
% of resolutions voted against management¹	10.8%	18.6%
Proxy voting advisor employed*	BNY Mellon employs ISS for administering proxy voting and research reports on company meetings. All voting decisions are made by the manager	LGIM use Institutional Shareholder Services ("ISS")'s 'ProxyExchange' electronic voting platform. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. LGIM have put in place a custom voting policy with specific voting instructions for ISS. LGIM review their custom voting policy with ISS annually and take into account feedback from their investors.
% of resolutions voted against proxy voter recommendation	7.0%	10.5%

Source: BNY Mellon, LGIM

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. 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.

BNY Mellon 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.

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.

BNY Mellon and LGIM have provided a selection of votes which they believe to be the most significant. In the absence of agreed stewardship priorities, 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.

A summary of the significant votes provided is set out overleaf.

BNY Mellon Real Return Fund

	Vote 1	Vote 2	Vote 3
Company name	Greencoat UK Wind Plc	Universal Music Group NV	ConocoPhillips
Date of vote	28 April 2022	12 May 2022	10 May 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.7	0.6	1.2
Summary of the resolution	Re-elect Shonaid Jemmett-Page as Director	Approve Remuneration Report	Report on GHG Emissions Reduction Targets
How the manager voted	Against	Against	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	No	No
Rationale for the voting decision	The manager voted against the re-election of the chairperson of the board. They raised concerns over the past share issuance undertaken by the trust. They believe the share placing was not conducted in a manner that was in the best interests of shareholders.	BNYM voted against executive remuneration and stated there was inadequate information regarding the various one-off grants, specific targets, thresholds, and payouts, to be able to arrive at an informed voting decision. The pay structure currently reflects legacy remuneration arrangements, and the manager expects better disclosures and a more traditional performance-based pay structure going forward.	BNYM supported the shareholder proposal requesting reporting on GHG targets, and notably Scope 3 emissions across the value chain as we believe the company has not made sufficient progress on their climate plan.
Outcome of the vote	Pass	Pass	Fail
Implications of the outcome	The vote outcome demonstrates that a super majority of shareholders are not concerned with the potential valuation dilution. As such, these shareholders' right to complain is lost should the company place new shares with investors that are priced below the share's net asset value.	Owing to the company having controlling shareholders, the vote outcome shows that most of the minority shareholders failed to support the CEO's compensation and retain concerns had with legacy remuneration arrangements. The company should recognise this significant level of dissent.	Majority and near majority support for shareholder proposals highlight the growing areas of concern in the US market.
Criteria on which the vote is considered "significant"	The vote was deemed significant given the proposal failed to include industry accepted best practice in terms of pricing of placed shares. In such circumstances, the expected minimum is that the shares would be issued at or above their prevailing net asset value, which would prevent unnecessary value dilution for existing shareholders.	This vote provides an example of where a majority of the companies minority shareholders disagreed with a company's pay practices.	BNYM determined this vote as significant owing to the rarity of a shareholder proposal achieving majority or near majority support

Source: BNY Mellon

LGIM Future World Global Equity Fund (incl. GBP hedged)

	Vote 1	Vote 2	Vote 3
Company name	Amazon	Nvidia Corporation	Alphabet Inc.
Date of vote	25 May 2022	2 June 2022	1 June 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.7	1.2	0.9
Summary of the resolution	Elect Director Daniel P. Huttenlocher	Elect Director Harvey C. Jones	Report on Physical Risks of Climate Change
How the manager voted	Against	Against	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes	Yes	No
Rationale for the voting decision	A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.	A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. LGIM are targeting the largest companies as they believe that these should demonstrate leadership on this critical issue. A vote against is also applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.	A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
Outcome of the vote	Pass	Pass	Fail
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.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	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 pre-declared its vote intention for this resolution, demonstrating its significance.	LGIM views diversity as a financially material issue for their clients, with implications for the assets we manage on their behalf.	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.

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		BNYM
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
Number of engagements on behalf of the holdings in this fund in the year	720	161	133	48
Number of companies engaged on behalf of the holdings in this fund in the year	311	49	35	25
Number of engagements undertaken at a firm level in the year		1,685		224

Source: LGIM, BNY Mellon

Examples of engagement activity undertaken

Manager	Engagement
LGIM	<p>Water Pollution in the UK</p> <p>During the first quarter of 2023, LGIM arranged an engagement call with Macquarie Asset Management, Southern Water's majority shareholder, to share its views on the topic of pollution in the UK by water companies. This builds on LGIM's engagement over recent months, including with management at other companies in the sector such as Thames Water and with the regulator, Ofwat. In the first quarter of 2023, LGIM also signed up to the Ceres investor-led 'Valuing Water Finance Initiative', aimed at engaging water users and polluters to address water risks and protect this precious and essential natural resource.</p>
BNY Mellon	<p>Gender Diversity in Japan</p> <p>BNY Mellon have signed a letter spearheaded by the Asian Corporate Governance Association to the Japanese regulator urging an incremental approach to setting gender diversity targets at market level, due to the systemic nature of the lack of gender diversity on Japanese boards.</p>

Source: LGIM, BNY Mellon