

## Implementation Statement

### Keane Limited Pension Scheme (“the Scheme”)

#### Scheme year ended 31 March 2021

#### Purpose of the Implementation Statement

This Implementation Statement has been prepared by the Trustee of the Keane Limited Pension Scheme (“the Scheme”) and sets out:

- How the Trustee’s policies on exercising rights (including voting rights) and engagement policies have been followed over the year.
- The voting behaviour of the Trustee, or that undertaken on their behalf, over the year to 31 March 2021.

#### Investment manager and funds in use

The Scheme has two investment managers, Legal and General Investment Management (“LGIM”) and BNY Mellon Investment Management (“BNY Mellon”). The funds in which the Scheme was invested as at 31 March 2021 are set out in the table below:

Manager	Fund	Asset class
LGIM	Matching Core Fixe Long Fund	Leveraged Gilts
	Matching Core Real Short Fund	Leveraged Gilts
	Matching Core Real Long Fund	Leveraged Gilts
	2038 Gilt Fund	Un-leverage Gilts
	2042 Gilt Fund	Un-leverage Gilts
	2047 Gilt Fund	Un-leverage Gilts
	2055 Gilt Fund	Un-leverage Gilts
	2060 Gilt Fund	Un-leverage Gilts
	2065 Gilt Fund	Un-leverage Gilts
	2024 Index-Linked Gilt Fund	Index-Linked Gilts
	2030 Index-Linked Gilt Fund	Index-Linked Gilts
	2035 Index-Linked Gilt Fund	Index-Linked Gilts
	2040 Index-Linked Gilt Fund	Index-Linked Gilts
	2042 Index-Linked Gilt Fund	Index-Linked Gilts
	2050 Index-Linked Gilt Fund	Index-Linked Gilts
	2055 Index-Linked Gilt Fund	Index-Linked Gilts
	2058 Index-Linked Gilt Fund	Index-Linked Gilts
	2062 Index-Linked Gilt Fund	Index-Linked Gilts
	Sterling Liquidity Fund	Cash/Money Markets
Buy and Maintain Credit Fund	Corporate Bonds	
BNY Mellon	BNY Mellon Real Return Fund	Multi-Asset Fund

## How voting and engagement policies have been followed

The Trustee considers their voting and engagement policies to have been met in the following ways:

- At the Scheme year-end, the Scheme's funds were all invested with and managed by LGIM and BNY Mellon. The Trustee regularly considers the performance of the funds held with the managers and any significant manager developments that arise.
- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities on behalf of the Scheme's holdings to LGIM and BNY Mellon.
- BNY Mellon have attended one Trustee meeting over the year and they included a discussion on stewardship and voting as part of their presentations. No further actions were taken following these discussions.
- The Trustee has reviewed the above in accordance with its policy and is comfortable that both managers are undertaking their voting and engagement in line with the Trustee's policy as far as the reporting is available.

Investment rights (including voting rights) have been exercised by the investment managers in line with the investment managers' general policies on corporate governance, which reflect the recommendations of the UK Stewardship Code, and which are provided to the Trustee from time to time. The Trustee also expects the investment managers to have engaged with the companies in relation to ESG matters where appropriate.

Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the investment managers are in alignment with the Scheme's stewardship policies, as set out in the Scheme's Statement of Investment Principles ("SIP").

Further details on how policies relating to financially material considerations (including ESG factors which include climate change), how members' views on non-financial matters are taken into account, and how the Trustees monitor the Scheme's investments are covered in the Scheme's Statement of Investment Principles made available at the following link <https://uk.nttdata.com/documents/keane-limited-pension-scheme-signed.pdf>.

There were no significant departures from the stated principles during the year under review. Small deviations from the benchmark allocation are to be expected as a result of fluctuations in asset prices.

## Voting Data

The voting data collated for the Scheme is given in the table below:

Manager	BNY Mellon
<b>Fund name</b>	BNY Mellon Real Return Fund
<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>Number of company meetings the manager was eligible to vote at over the year</b>	98
<b>Number of resolutions the manager was eligible to vote on over the year</b>	1,307
<b>Percentage of resolutions the manager voted on</b>	99.2%
<b>Percentage of resolutions the manager abstained from</b>	0.0%
<b>Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on</b>	85.4%
<b>Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on</b>	14.6%
<b>Percentage of resolutions voted <i>contrary to the recommendation of the proxy advisor</i></b>	9.9% <sup>1</sup>

<sup>1</sup> BNY Mellon employs ISS for administering proxy voting and research reports on company meetings. All voting decisions are made by the manager.

Source: ASI

There are no voting rights attached to the Scheme's other assets and therefore no voting information is shown above for these assets.

## Significant votes

The Scheme's investment consultant, Barnett Waddingham, requested significant voting data from the asset managers. BNY Mellon have reported the votes they believe to be significant.

Barnett Waddingham are liaising with the manager to improve delivery of the data in future, and we understand that the managers are working to improve their disclosures.

For the first year of implementation statements we have delegated to the investment managers to define what a "significant vote" is. A summary of the data they have provided is set out in the appendix.

## Fund level engagement

LGIM have only been able to provide engagement data at a firm level for the year to 31 March 2021.

Manager	LGIM	BNY Mellon
<b>Fund name</b>	Unlevered gilt funds Matching Core LDI Funds Buy and Maintain Credit Fund	BNY Mellon Real Return Fund
<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	Not provided	Yes
<b>Has the manager engaged with companies to influence them in relation to ESG factors in the year?</b>	Yes	Yes
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	Not provided	37
<b>Number of engagements undertaken at a firm level in the year</b>	974	153
<b>Examples of engagements undertaken with holdings in the fund</b>	Key engagement topics include climate change, remuneration, diversity, COVID-19 and strategy.	<b>Associated British Foods</b>  BNY Mellon participated in an ESG event hosted by the company. They determined that the company has a robust approach to ESG, with strong supply chain management practices. However, communication of the company's initiatives is hampered by its devolved structure, which means initiatives are often at a business unit level rather than being firm-wide. Positively, the company has recognised this area needs to

be addressed and will seek to improve its communications both to investors and customers regarding sustainability.

## Scheme Governance

The Trustee is responsible for making investment decisions, and seeks advice as appropriate from Barnett Waddingham LLP, as the Trustee's investment consultant.

Formal objectives were put in place for Barnett Waddingham LLP in December 2019. The Trustee will continue to review the objectives over time.

## Statement of Investment Principles

The Statement of Investment Principles was last updated in September 2020 to allow for an update for the Scheme's ESG policies as required under legislation.

## Non-financially material considerations

The Trustee's policy is to not take account of non-financially material considerations in setting their strategy. Therefore, this has not been considered over the year. The Trustee intends to review this policy over time.

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

**June 2021**

## Appendix – Significant votes data

### BNY Mellon Real Return Fund – table 1 of 3

	Vote 1	Vote 2	Vote 3	Vote 4
<b>Company name</b>	LEG Immobilien AG	Microsoft Corporation	Linde plc	NIKE, Inc.
<b>Date of vote</b>	19 Aug 2020	2 Dec 2020	27 Jul 2020	17 Sep 2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	1.31	1.26	1.12	1.05
<b>Summary of the resolution</b>	Remuneration policy	Elect Director, Ratify Executive Compensation and Ratify Auditors	Executive compensation arrangements and election of directors.	Ratify Executive Compensation, Ratify Auditors, Report on Political Contributions Disclosure.
<b>How the manager voted</b>	Against	Against	Against	Against management proposals and For shareholder proposal
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	No	Yes	No	No
<b>Rationale for the voting decision</b>	BNY Mellon voted against the proposed pay arrangements on account of their lack of alignment with performance. The executive long-term compensation scheme was entirely cash-based, and although this was indicated to be performance-linked, no disclosures were provided on performance targets.	BNY Mellon were concerned that approximately half of long-term pay awards vest irrespective of performance. The manager also voted against the re-appointment of the company's external auditor given its long tenure jeopardising independence.	A majority of long-term pay awards vest based on time served, which means executive pay is not subject to rigorous performance conditions. In addition, some of the perks to the CEO seem unnecessary and excessive, including the use of company aircraft for personal purposes.	BNY Mellon were concerned that the long tenure (46 years) of the auditor compromises independence. For executive compensation, fewer than 50% of long-term pay awards were subject to the achievement of performance conditions. BNY Mellon supported the request for enhanced disclosures on political contributions as the proposal was believed to increase the transparency of political relationships.
<b>Outcome of the vote</b>	22.2% Against Remuneration policy	All passed	All passed	Executive compensation and Ratify PwC passed, report on Political Contributions Disclosure did not pass.
<b>Implications of the outcome</b>	More than 20% of votes were Against the proposal. It is likely that the company will seek to address concerns in an effort to avoid similar or higher future dissent.	The vote outcome demonstrates shareholders are not overly concerned with the company's executive pay arrangements. However, BNY Mellon's engagement with the company over multiple years shows that pay arrangements have	BNY Mellon did not consider the vote outcome on the pay resolution to be material and of a level where the company is expected to address concerns. However, the election of one director that received 40% of votes	The company will need to conduct a review of its pay practices given 46% of shareholders voted Against. Support for reporting of political matters (34% For) suggests that the company will also need to review its approach.

	Vote 1	Vote 2	Vote 3	Vote 4
		been improving and are expected to continue to improve.	against warrants further consideration.	
<b>Criteria on which the vote is considered "significant"</b>	The vote outcome is considered significant owing to more than 20% of votes being instructed against its approval.	The company is recognised as a leader among its US peers in terms of its approach to corporate governance.	Shareholder dissent may increase and result in unnecessary media attention that can foster both financial and reputational issues.	Only a few companies, globally, receive such a high level of shareholder dissent in relation to pay practices.

### BNY Mellon Real Return Fund – table 2 of 3

	Vote 5	Vote 6	Vote 7
<b>Company name</b>	Medtronic plc	TE Connectivity Ltd	Mastercard Incorporated
<b>Date of vote</b>	11 Dec 2020	10 Mar 2021	16 Jun 2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	1.01	0.99	0.93
<b>Summary of the resolution</b>	Elect Director, Authorise Board to Fix Their Remuneration, Advisory Vote to Ratify Executive Compensation, Approve PwC as Auditors	Elect Director, Elect Member of Remuneration Committee	Advisory Vote to Ratify Executive Compensation, Elect Board Directors, Ratify PwC as Auditors
<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>	No	No	No
<b>Rationale for the voting decision</b>	A significant proportion of executives' long-term compensation awards vest regardless of performance and the performance targets are not considered stretching. BNY Mellon also believe the reappointment of the external auditor firm having served in this capacity for 57 consecutive years, jeopardises the firm's ability to exercise independent judgement.	BNY Mellon voted against the executive-compensation arrangements and against the members of the compensation committee. They were concerned that a significant portion of long-term pay awards are not subject to performance hurdles.	Votes were instructed against the executive compensation structure and the members of the compensation committee. BNY Mellon were concerned that a significant proportion of the long-term pay awards are subject only to time served and not performance. The manager also voted against the appointment of the auditor as it had been in place for 30 years, which raised concerns surrounding independence.
<b>Outcome of the vote</b>	All passed	All passed	All passed
<b>Implications of the outcome</b>	The level of dissent from shareholders is likely to generate further discussion. BNY Mellon will continue to recognise their concern in relation to the pay structure through the exercise of voting rights. BNY Mellon expect the opposition to the auditor to	The voting outcome suggests that few shareholders were overly concerned with the executive compensation arrangements adopted by the company. However, the relatively high votes against a board director (12% Against election and 9.2%	BNY Mellon did not consider the vote outcome on the pay resolutions to be material and of a level where the company is expected to address concerns. However, they expect domestic investors voting policies to change over time on this topic.

	Vote 5	Vote 6	Vote 7
	increase as audit quality rises up the agenda for investors.	Against committee membership) will resonate given that elections often pass with +99% approval.	
<b>Criteria on which the vote is considered "significant"</b>	BNY Mellon expects more shareholders will increase their scrutiny of pay versus performance and reflect this in their voting decisions; as such shareholder dissent may increase and result in unnecessary media attention that can foster both financial and reputational issues.	This vote demonstrates the increasing incidents of shareholders choosing to hold members of the compensation committee to account where they are concerned with compensation arrangements.	The company's approach was a breach of the UK's corporate governance code, including the absence of an explanation justifying the move.

### BNY Mellon Real Return Fund – table 3 of 3

	Vote 8	Vote 9	Vote 10
<b>Company name</b>	The Goldman Sachs Group	Zurich Insurance Group	Alibaba Group Holdings Limited
<b>Date of vote</b>	30 Apr 2020	1 Apr 2020	30 Sep 2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	0.87	0.87	0.83
<b>Summary of the resolution</b>	Vote to Ratify PwC as Auditors, Shareholder Proposals to provide right to act by way of written consent and that the Directors conduct a review of Statement on the Purpose of a Corporation.	Transact Other Business (Voting)	Elect Directors
<b>How the manager voted</b>	For shareholder proposals	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	Yes	No	No

#### Rationale for the voting decision

BNY Mellon supported the two shareholder resolutions. The first resolution would provide an opportunity for matters to be raised and approved outside regularly held Annual General Meetings (AGMs). The second resolution requests that the board of directors conduct a review of the company's governance arrangements in the context of its support of the US Business Roundtable's 'Statement on the Purpose of a Corporation'. While the company has responded in part to these commitments, it does not have governance documents that detail how trade-offs and prioritisation between different stakeholders are managed, which is a key

BNY Mellon voted against a resolution requesting shareholder approval for "other business" to be transacted at the AGM. No information or comfort was provided ahead of the meeting.

BNY Mellon voted against the two members of the governance committee who were seeking re-election given their concern surrounding the low level of independence on the board.



	Vote 8	Vote 9	Vote 10
	<p>component of a multi-stakeholder management approach. The manager voted against the appointment of the auditor owing to long tenure (been in place since 1922).</p>		
<b>Outcome of the vote</b>	Ratify auditor passed Shareholder proposals not passed	Not reported	Both passed
<b>Implications of the outcome</b>	The near majority support for the shareholder proposal cannot be ignored by the company and should result in this basic right to be introduced.	This is a routine resolution item proposed by Swiss companies. Without comfort provided as to the nature of matters that may be raised and approved under this item, BNY Mellon will continue to vote against its approval.	The voting outcome was close to 20% Against on both resolutions, which is a clear indication of non-domestic investors' concern with the company's board structure. BNY Mellon will continue to demonstrate their concern through the exercise of voting rights and engagement.
<b>Criteria on which the vote is considered "significant"</b>	The US Business Roundtable (association of chief executive officers of America's leading companies) statement on corporate purpose received significant public attention when published and appears to have not been actioned by Goldman Sachs, who supported the statement.	This highlights a significant insight into the Swiss market and its fundamental approach to protecting the interests of minority investors.	This vote clearly highlighted an area of contention for the company's non-domestic shareholders and a matter where improvements could increase the company's attractiveness to foreign investors.