



Brann Retirement Benefits Plan ("the Plan") Implementation Report

August 2025

Background and Implementation Statement

Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

Implementation Report

This implementation report is to provide evidence that the Plan continues to follow and act on the principles outlined in the SIP.

The SIP can be found online at the web address [Brann Retirement Benefits Plan - Statement of Investment Principles - April 2023.pdf \(havas.com\)](#). Changes to the SIP are detailed on the following page.

The Implementation Report details:

1. actions the Plan has taken to manage financially material risks and implement the key policies in its SIP
2. the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks
3. the extent to which the Plan has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate
4. voting behaviour covering the reporting year up to 31 March 2025 for and on behalf of the Plan including the most significant votes cast by the Plan or on its behalf

Summary of key actions undertaken over the Plan reporting year

- There are no significant actions taken by the Trustees over the year. The Trustees continue to monitor and discuss ESG and climate change as part of regular Trustee meetings, including receiving training from investment managers. The Trustees continue to engage with their advisors on ESG, including the latest regulatory guidance and updates.
- In April 2024, the Trustees took several actions to rebalance the investment strategy back in line with its strategic benchmark, including updating the Plan's liability hedge to reflect the Scheme Actuary's latest best estimate of the Plan's liability profile and rebalancing the Plan's growth assets back in line with targets.
- Post year-end, the Trustees have agreed to review the investment strategy, taking into consideration objectives for the Plan and the latest market conditions. The Trustees will also consider the portfolio against its alignment with the long-term funding objectives and the latest requirements of The Pension's Regulator.

Implementation Statement

This report demonstrates that the Brann Retirement Benefits Plan has adhered to its investment principles and its policies for managing financially material considerations including ESG factors and climate change over the 12 months to 31 March 2025.

Approved and adopted by the Trustees of the Brann Retirement Benefits Plan on 12 August 2025.

Managing risks and policy actions DB

The Trustees have identified the following risks that it has considered in the Plan's SIP. These risks and the Trustees' policies are set out in the tables below. The key actions the Trustees have taken over the accounting year to address some of these risks have been highlighted in the tables.

Risk / Policy	Definition	Policy	Actions
Interest rates and inflation	The risk of mismatch between the value of the Plan assets and present value of liabilities from changes in interest rates and inflation expectations.	The target a hedge of 100% of the Plan's liabilities valued on a Technical Provisions basis.	In April 2024, the Trustees updated the Plan's LDI mandate to reflect the Scheme Actuary's latest best estimate of the Plan's liability profile on a Technical Provisions basis.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values).	No actions or changes to policy. The Plan invests exclusively in daily and weekly dealt funds.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away unrewarded risks, where affordable and practical.	No actions or changes to policy.
Credit	Default on payments due as part of a financial security contract.	The Plan diversifies this risk by investing in asset classes that are diversified across different sectors.	No actions or changes to policy.
Environmental, Social and Governance (ESG)	Exposure to ESG factors, including but not limited to climate change, which can impact the performance of the Plan's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting	Further detail provided later in this report.

Currency		<p>rights to manage ESG factors</p> <p>4. ESG specific reporting</p> <p>5. UN PRI Signatory</p> <p>6. UK Stewardship Code signatory</p> <p>The Trustee monitor the managers on an ongoing basis.</p>	
	<p>The potential for adverse currency movements to have an impact on the Plan's investments.</p>	<p>The Trustees delegate responsibility of currency hedging decisions to the respective investment managers, within constraints imposed by the agreed investment guidelines.</p> <p>The Trustees also hedge currency risks where deemed appropriate, following advice from investment advisers.</p>	<p>No actions or changes to policy.</p> <p>All mandates are invested in a GBP Sterling share class. Where the Trustees use active management, the manager is permitted to make decisions concerning the appropriate level of currency hedging.</p>

Changes to the SIP

Over the period to 31 March 2025, the Trustee did not make any changes to the SIP. The most recent update was completed in April 2023.

Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Trustees' policy regarding ESG as a financially material risk, and this page details how the Trustees' ESG policy is implemented. The following page outlines Isio's assessment criteria used in evaluating the Plan's fund managers' respective ESG policies and procedures. The remainder of this statement details our view of the managers, our actions for engagement and an evaluation of the stewardship activity.

The Trustees delegate the management and monitoring of ESG risks and engagement to the investment managers. The below table outlines the areas which the Plan's investment managers are assessed on when evaluating their ESG policies and engagements. The Trustees intend to review the Plan's ESG policies and engagements periodically to ensure they remain fit for purpose.

Implementing the Current ESG Policy

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Environmental, Social, Corporate Governance factors and the exercising of rights and engagement activity	<ul style="list-style-type: none">Through the manager selection process ESG considerations will form part of the evaluation criteria.The Plan's investment advisor Isio will monitor the managers' ESG policies on an ongoing basis.	<ul style="list-style-type: none">The manager has not acted in accordance with their policies and frameworks.

Areas of assessment and ESG beliefs

Risk Management	<ol style="list-style-type: none"> 1. ESG factors are important for risk management and can be financially material. Managing these risks forms part of the fiduciary duty of the Trustees. 2. The Trustees believe that ESG integration leads to better risk adjusted outcomes and want a positive ESG tilt to the investment strategy.
Approach / Framework	<ol style="list-style-type: none"> 3. The Trustees want to understand how asset managers integrate ESG within their investment process and in their stewardship activities. 4. The Trustees believe that sectors aiming for positive social and environmental impacts may outperform as countries transition to more sustainable economies. Where possible the investment strategy will allocate to these sectors. 5. The Trustees will consider the ESG values and priority areas of the stakeholders and sponsor and use these to set ESG targets.
Voting & Engagement	<ol style="list-style-type: none"> 6. ESG factors are relevant to all asset classes and, whether equity or debt investments, managers have a responsibility to engage with companies on ESG factors. 7. The Trustees believe that engaging with managers is more effective to initiate change than divesting and so will seek to communicate key ESG actions to the managers in the first instance. 8. The Trustees want to understand the impact of voting & engagement activity within their investment mandates.
Reporting & Monitoring	<ol style="list-style-type: none"> 9. ESG factors are dynamic and continually evolving, therefore the Trustees will receive training as required to develop their knowledge. 10. The Trustees will seek to monitor key ESG metrics within their investment portfolio to understand the impact of their investments.
Collaboration	<ol style="list-style-type: none"> 11. Asset managers should be actively engaging and collaborating with other market participants to raise ESG investment standards and facilitate best practices as well as sign up and comply with common codes such as UNPRI and TCFD. 12. The Trustees should seek to sign up to a recognised ESG framework to collaborate with other investors on key issues.

Engagement

As the Plan invests via fund managers, the managers provided details on their engagement actions including a summary of the engagements by category for the 12 months to 31 March 2025. Please note that not all categories sum to the number of total engagements, as some engagements covered more than one ESG area.

Manager, fund name and Engagement summary	Commentary
BlackRock, Dynamic Diversified Growth Fund Total Engagements: 427 Engagement themes covered: Environmental: 151 Social: 149 Governance: 406	<p>BlackRock engage with companies via their Investment Stewardship team (BIS) to provide feedback and inform their voting decisions.</p> <p>Examples of significant engagements include:</p> <p>Shell Plc</p> <p>BlackRock have engaged with Shell Plc in a variety of ways over the reporting year to discuss matters across the ESG spectrum. Their engagements have largely focussed on discussions that fall under the broader theme of 'Governance', covering Shell's board effectiveness and director qualifications as well as the company's corporate strategy and disclosure framework.</p> <p>The engagements align with BIS's engagement priority of 'Strategy, Purpose and Financial Resilience' which looks to understand how boards and management are aligning their business decision-making with the company's purpose and adjusting strategy and/or capital allocation plans as business dynamics change.</p> <p>UBS Group AG</p> <p>BlackRock engaged with UBS on multiple occasions to discuss a range of sustainable social and governance business matters. BlackRock noted that engagements with UBS covered the corporate strategy, disclosure and governance and a range of social matters which included social risks and human capital issues.</p> <p>The engagements are consistent with BIS's engagement priority of 'Company Impact on People' which looks to ensure portfolio companies are investing in the relationships that are critical to their ability to meet their strategic objectives and support their ability to deliver durable, long term financial performance.</p>

<p>L&G, Diversified Fund</p> <p>Total Engagements: 4,383 Environmental: 3,138 Social: 619 Governance: 421 Other: 205</p>	<p>L&G's Investment Stewardship team manage the voting and engagement across all funds, leveraging all possible capital to maximise effectiveness.</p> <p>L&G share their finalised ESG ratings/scorecards with companies, identifying which metrics are used, L&G's key focus areas and suggestions to companies that could improve their score.</p>
<p>L&G, Matching Core LDI Fund Range (including Sterling Liquidity Fund)</p> <p><i>Matching Core Fix Short</i> <i>Matching Core Fix Long</i> <i>Matching Core Real Short</i> <i>Matching Core Real Long</i></p> <p>Total Engagements*: 72 Environmental: 38 Social: 4 Governance: 23 Other: 7</p> <p>*LGIM's engagements for the LDI funds counterparty engagements covering the year to 31 December 2024.</p>	<p>L&G believe effective stewardship involves working with companies, regulators, policymakers, peers and other stakeholders around the world to tackle systemic issues, material risks and opportunities as well as collaboration with industry experts to identify future challenges.</p> <p>L&G's engagement with counterparties is through their Investment Stewardship team, analysts, portfolio managers and traders.</p> <p>CitiGroup</p> <p>L&G engaged with CitiGroup, a US-based investment bank.</p> <p>L&G advocated for cognitive diversity within portfolio companies, as they believe that a suitably diverse mix of skills, experience and perspectives is essential for teams to functions and perform optimally.</p> <p>L&G monitored and discussed the results of the company's racial equity audit, and have encouraged several next steps.</p> <p>L&G has engaged with Citigroup on this particular issue since 2016, and will continue their engagements with the bank and support shareholder proposals for racial equity audits as they arise.</p>
<p>M&G, Total Return Credit Investment Fund</p> <p>Total Engagements: 15 Environmental: 13 Social: 1 Governance: 1</p>	<p>M&G has a well-integrated sustainable investment policy to ensure ESG considerations are incorporated across all stages of the investment process.</p> <p>Examples of significant engagements include:</p> <p>Volkswagen International Finance NV.</p> <p>M&G engaged with Volkswagen, an automotive manufacturer and distributor, to clarify its public stance on the EU's 2025, 2030, and 2035 targets. This includes urging transparency on policy dependencies for its net-zero transition and alignment with industry associations.</p> <p>M&G noted contradictions between Volkswagen's public statements and ACEA's lobbying to weaken EU targets. Volkswagen defended its position, highlighting its SBTi-verified (Science-based Targets Initiative) Scope 3 target (30% reduction by 2030) and early achievement of Scope 1/2 goals (51% reduction by 2024). It disclosed taxonomy-aligned capital expenditure in its 2024 sustainability report and emphasised e-mobility (90% of decarbonization efforts) and recycled materials (40% by 2040) as key levers.</p> <p>Following independent analysis by SBTi confirming Volkswagen's alignment with Paris goals, M&G agreed to engage with Transition Pathway Initiative (TPI). TPI are a global asset-owner-led initiative that assesses companies'</p>

preparedness for transition to a low-carbon economy. M&G continue to engage with TPI about Volkswagen's emissions performance and to feedback their reasons for deeming the company "off track."

ERAMET SA.

M&G engaged with Eramet SA, a multinational mining and metallurgy company, urging the firm to publicly commit to global standards for indigenous rights (including FPIC - Free, Prior, and Informed Consent), disclose environmental impacts of its Indonesian operations, and provide verifiable evidence of mitigation and remediation efforts, with a February 2026 deadline.

Eramet responded that Indonesia's constitution recognises customary law communities, but no law mandates FPIC processes aligned with international standards. However, the O'Hagana Manyawa (a nomadic/semi-nomadic group living in the forests of Halmahera Island, Indonesia) lack recognition as indigenous people under international law or as a customary law community.

However, Eramet confirmed that its subsidiary, PT Weda Bay Mine, has identified this community as potentially vulnerable and in need of heightened monitoring. To address this, a protocol has been established to manage interactions between mine employees and the indigenous group ensuring culturally appropriate behaviour is used by mine employees when interacting with the group. Eramet cited adherence to local law as the reason for not applying FPIC but highlighted its 2022 commitment to IRMA (Initiative for Responsible Mining Assurance), the mining sector's most rigorous standard, with self-assessments completed in 2022–2023 and an independent audit planned for 2026. It also referenced a public Human Rights Report affirming its commitments, though tensions remain between local legal compliance and international expectations.

Voting

The Trustees have acknowledged responsibility for the voting policies that are implemented by the Plan's investment managers on their behalf.

As the Plan invests via fund managers, the managers provided details on their voting actions including a summary of the activity covering the reporting year up to 31 March 2025.

Please note, this section does not apply to the LGIM Matching Core LDI Fund Range, LGIM Sterling Liquidity Fund, or M&G Total Return Credit Investment Fund. This is because these funds do not actively hold equity that carries shareholder voting rights.

The Trustees have adopted the manager's definition of significant votes and have not set stewardship priorities. The manager has provided examples of votes they deem to be significant.

Manager, fund name	Voting Summary	Examples of significant votes
BlackRock, Dynamic Diversified Growth Fund	<p>Voteable Proposals¹: 6,966</p> <p>Proposals Voted: 94.3%</p> <p>Votes For: 87.4%</p> <p>Votes Against: 5.6%</p> <p>Votes Abstained: 1.0%</p> <p>Votes Withheld: 0.2%</p> <p>BlackRock's proxy voting process is led by the BlackRock Investment Stewardship Team (BIS) which consists of regional teams. BlackRock use Institutional Shareholder Services (ISS), an electronic platform, to access voting research and to execute their vote instructions.</p> <p>BlackRock aims to engage with the company in the first instance to give management time to address the issue, however, they are not afraid to vote against companies where</p>	<p>Tesla, inc.</p> <p>BlackRock voted in support of the management proposal to reincorporate Tesla from Delaware to Texas. While BlackRock have concerns with the board's decision-making process, they are satisfied that re-domestication to Texas would not impair shareholders' rights as most of the governance provisions in Texas and Delaware business codes are substantially similar.</p> <p>BlackRock voted against the Management proposal to elect Director James Murdoch, who is a member of the board's nominating and corporate governance committee. BlackRock wanted to convey their concerns regarding the board's decision-making process, independence and ability to oversee management.</p> <p>The Delaware court's guidance was to assemble a committee comprised of indisputably independent directors, even if that meant it was a committee of one. The committee ultimately comprised of one director which raised concerns around the board's inability to appoint additional members. BlackRock believe the majority of the board should be independent to ensure</p>

¹ In cases of different votes submitted across ballots for a given meeting, votes cast are distinctly counted by type per proposal where total votes submitted may be higher than unique proposals voted.

	<p>they believe the Board or management have not acted in the interests of long-term investors.</p>	<p>objectivity in the decision making of the board and its ability to oversee management.</p> <p>BlackRock voted in support of two governance shareholders proposals regarding declassifying the board and adopting a simple majority vote standard, BlackRock believe these provisions enhance and protect the interests of long-term shareholders, including BlackRock's clients.</p> <p>BlackRock believes directors should be re-elected annually; classification of the board generally limits shareholders' rights to regularly evaluate a board's performance and select directors, therefore a declassification of the board is seen as a positive for shareholders.</p>
LGIM, Diversified Fund	<p>Voteable Proposals: 107,020</p> <p>Proposals Voted: 99.8%</p> <p>Proposal voted with management: 76.5%</p> <p>Proposals voted against management: 22.4%</p> <p>Abstain votes: 1.1%</p> <p>L&G's Investment Stewardship team uses International Shareholder Services' (ISS) 'Proxy Exchange' electronic voting platform to electronically vote in line with L&G's policies.</p> <p>All voting decisions are made by L&G, and they do not outsource any part of the strategic decisions. To ensure the proxy provider votes in accordance with L&G's position on ESG, they put in place a custom voting policy with specific voting instructions.</p>	<p>Microsoft Corporation</p> <p>L&G voted for a resolution to improve AI data sourcing transparency and accountability, in line with the belief that shareholders would benefit from enhanced risk management processes within the company's use of third-party information.</p> <p>L&G acknowledged that the company has strong disclosure practices on its approach to responsible AI and related risk, however, decided a vote for the resolution was warranted as the company is facing increasing legal and reputational risk associated with its data sourcing practices.</p> <p>The resolution was not passed. L&G will continue to engage with investee companies and publicly advocate their view on the matter.</p> <p>Shell Plc.</p> <p>L&G voted against the proposed Shell Energy Transition Strategy.</p> <p>L&G expect climate transition plans to be both ambitious and credibly aligned to a 1.5C scenario. Whilst L&G acknowledge the progress Shell has made in relation to climate-related disclosures, they believe that the company's ambition to grow its gas and LNG business, alongside revised Net Carbon Intensity targets, is not consistent with their net-zero emissions by 2050 target.</p> <p>The resolution was ultimately passed, however L&G will continue to seek more transparency and clarity around the company's expansion plans and how they will ensure alignment with an orderly transition to net-zero emissions.</p>

