

The Brammer Services Retirement Benefit Scheme – 31 December 2024

Why have we produced this Statement?

The Trustee of the Brammer Services Retirement Benefit Scheme has prepared this statement to comply with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

This statement sets out how the Trustee has complied with the voting and engagement policies detailed in the Scheme's Statement of Investment Principles (SIP).

A copy of this implementation statement has been made available on the following website:
[\[insert link\]](#)

What is the Statement of Investment Principles (SIP)?

The SIP sets out key investment policies including the Trustee's investment objectives and investment strategy.

It also explains how and why the Trustee delegates certain responsibilities to third parties and the risks the Scheme faces and the mitigated responses.

The Trustee last reviewed the SIP in November 2023.

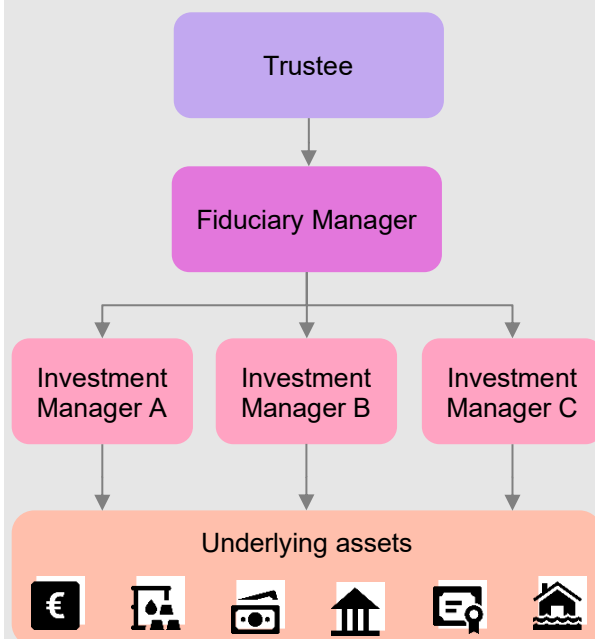
What is the purpose of this Statement?

1. To explain how the Trustee's engagement policy has been applied over the year.
2. To describe how the voting rights attached the Scheme's assets have been exercised over the year.

What changes have we made to the SIP?

There were no changes were made to the SIP over the year

How are the Scheme's investments managed?



Trustee - The Trustee's key objective is to ensure sufficient assets to pay members' benefits as they fall due. The Trustee retain overall responsibility for the Scheme's investment strategy, but delegates some responsibilities to ensure they are undertaken by somebody with the appropriate skills, knowledge and resources.

Fiduciary Manager (WTW) – The Trustee has appointed a Fiduciary Manager, Towers Watson Limited, to implement the Trustee's investment strategy. The Fiduciary Manager allocates the Scheme's assets between asset class and investment managers.

Investment managers – The Fiduciary Manager appoints underlying investment managers either using a pooled vehicle or a segregated mandate where these assets are held directly in the Scheme's name. The Fiduciary Manager will look for best in class specialist managers for each asset class.

Underlying assets – The investment managers pick the underlying investments for their specialist mandate e.g. shares in a company or government bonds.

Why does the Trustee believe voting and engagement is important?

The Trustee's view is that Environmental, Social and Governance (ESG) factors can have a significant impact on investment returns, particularly over the long-term and therefore contribute to the security of members' benefits. The Trustee further believes that voting and engagement are important tools to influence these issues.

The Trustee has appointed a Fiduciary Manager who shares this view and considers and integrates ESG factors, voting and engagement in its processes.

The Trustee incorporates an assessment of the Fiduciary Manager's performance in this area as part of its overall assessment of the Fiduciary Manager's performance.

What is the Trustee's voting and engagement policy?

When considering its policy in relation to stewardship including engagement and voting, the Trustee expects investment managers to address broad ESG considerations, but considers climate change, and human and labour rights as key areas of focus for the Trustee.

The day-to-day integration of ESG considerations, voting and engagement are delegated to the investment managers. The Trustee expects investment managers to sign up to local Stewardship Codes and to act as responsible stewards of capital.

Where ESG factors are considered to be particularly influential to outcomes, the Trustee expects the Fiduciary Manager to engage with investment managers to improve their processes.

What training have the Trustee received over the year?

To ensure the Trustee is kept up to date with best practice in ESG considerations, voting and engagement the Trustee received the following training over the year:

- Sustainable investment update including reminder to the Fiduciary Manager's key policies in SI, some regulatory developments, and the changes in process influencing the stakeholders in Q3 2024.
- Sustainable investment update including the Fiduciary Manager's approach to ESG and integrating SI strategies in manager research in March 2024

What are the Fiduciary Manager's policies?

Climate change and net zero goal

The Trustee believes Climate Change is a current priority when engaging with public policy, investment managers and corporates.

The Fiduciary Manager has a goal of net zero greenhouse gas emissions by 2050 at the latest, with a 50% reduction by 2030, in the portfolios that it manages including the Scheme's.

Public policy and corporate engagement

The Fiduciary Manager partners with EOS at Federated Hermes, whose services include public policy engagement, and corporate voting and engagement on behalf of its clients (including the Trustee).

Some highlights from 2024 include:

- Engagements with 994 companies on a total of 4,267 issues and objectives.
- Voting recommendations on 143,075 resolutions, with 25,070 against management.
- Active participation in a range of public consultations and meetings with government officials, financial regulators, stock exchanges, industry associations and other key parties to contribute to the development of policy and best practice.

As at end December 2024 the Fiduciary Manager was a member of the following initiatives:

- Signatory of the UK Stewardship Code
- Net Zero Investment Consultants Initiative
- Signatory of the Principles for Responsible Investment (PRI)
- ESG Data Convergence Initiative
- Member of the Institutional Investors Group on Climate Change (IIGCC)
- Asian Investors Group on Climate Change (AIGCC)
- Australasian Investors Group on Climate Change (IGCC)
- Investment Consultants Sustainability Working Group
- The Diversity Project
- The Thinking Ahead Institute
- Supporter of the Transition Pathway Initiative

Industry initiatives

How does the Fiduciary Manager assess the investment managers?

Investment manager appointment - The Fiduciary Manager considers the investment managers' policies and activities in relation to ESG factors and stewardship (which includes voting and engagement) at the appointment of a new manager. In 2024 the Fiduciary Manager collected data from around 1,200 products, conducted engagements with over 70 managers across various asset classes and engaged on over 100 products on sustainability and stewardship.

Investment manager monitoring - The Fiduciary Manager produces detailed reports on the

investment managers' ESG integration and stewardship capabilities on an annual basis. These reports form part of the Trustee's portfolio monitoring.

Investment manager termination - The Fiduciary Manager engages with investment managers to improve their practices and increases the bar by which they are assessed as best practice evolves. The Fiduciary Manager may terminate an investment manager's appointment if they fail to demonstrate an acceptable level of practice in these areas. However, no investment managers were terminated on these grounds during the year.

Example of engagement carried out over the year

Passive infrastructure manager A

General ESG Issue

Issue: The Fiduciary Manager provided feedback on the SI report, including setting a firm-level net zero target, considering ESG factors at the exit stage of investments, providing ESG training to employees, and measuring physical and other climate-related risks

Outcome: A discussion was made regarding the best practices being done by peers, understood timeline for setting the net zero target as well as improving on ESG reporting.

The manager has not yet set interim net zero targets as they are working to understand the current status before setting these targets. Physical risk is considered in the investment process with a threshold for excluding investments. The analysis of ESG and climate-related risks uses scenario analysis but not across varying degrees of scenarios. Water, waste, and embodied carbon of assets are not measured yet, as the focus is more on emissions, with water usage specific to biomass. The manager will also look to improve reporting to ensure other ESG performance and initiatives are provided to investors.

Passive infrastructure manager B

General ESG Issue

Issue: As part of the annual ESG review, the manager focused on addressing key deficiencies identified during the 2023 engagement. These deficiencies included the lack of a dedicated Inclusion and Diversity (I&D) resource, the absence of climate scenario and Climate Value-at-Risk (CTVaR) analysis for underlying assets, and the lack of disclosure for carbon emissions at both the firm and fund levels.

Outcome: The manager has made significant strides in addressing key areas of improvement. The lack of a dedicated I&D resource has been mitigated by establishing a management committee specifically responsible for Diversity, Equity, and Inclusion (DEI). Additionally, a separate workstream has been initiated to develop a comprehensive DEI strategy, which includes a thorough review of current policies.

The absence of CTVaR and climate scenario analysis for underlying assets is being tackled on a firmwide level. For the Solar II project, a provider has been engaged during the due diligence phase of potential investments. The team is currently in the process of evaluating various providers and aims to finalize their selection by the end of the year.

While there has been no disclosure of firm or fund-level carbon emissions previously, the manager has now reported firm-level emissions. Although Scope 3 emissions are still pending, efforts are actively underway to address this gap.

Emerging market debt manager

Environment – Climate issue

Issue: Anecdotally the manager is engaging robustly with certain issuers, but the Fiduciary Manager have asked for regular and consistent engagement reporting to evidence this and ensure the engagement is not selective/ad-hoc. The manager has been asked to start producing alignment data for the fund in line with the Net Zero Investment Framework (NZIF). This is expected to be completed by the second half of 2025.

Outcome: The manager is agreeing on a template that they believe provides sufficient evidence of ongoing actions and follow-ups. This template will be included in the quarterly reporting packs for the Fiduciary Manager. The manager has pushed for the production of alignment data, knowing that the necessary processes are already in place to gather this information.

What are the voting statistics we provide?

The Scheme is invested across a diverse range of asset classes which carry different ownership rights, for example bonds do not have voting rights attached. Therefore, voting information was only requested from the Scheme's equity investment managers.

Responses received are provided in the following pages. The Trustee used the following criteria to determine the most significant votes:

- Trustee stewardship priorities (climate change, human and labour rights)
- Financial outcome for members, including size of holding
- High profile votes

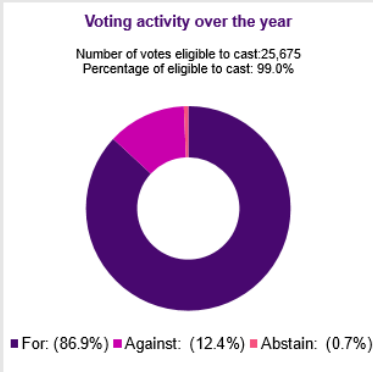
The Scheme is invested in both active (trying to outperform the market) and passive (aiming to perform in line with the market) equity funds. The Trustee has decided not to publicly disclose active investment manager names as the Trustee believes this could impact the investment manager's ability to generate the best investment outcome.

In conclusion...

The Trustee is satisfied that over the year, all SIP policies and principles were adhered and in particular, those relating to voting and engagement.

Multi-Asset Fund

Voting activity over the year



Significant vote

Company: Meta Platforms, Inc.

% Fund: 1.0%

Vote topic: Report on framework to assess company lobbying alignment with climate goals

Issue: The shareholder proposal promotes better management of environmental, social and governance opportunities and risks.

Voting instruction: For shareholder proposal, against management

Prior communication of against vote: No

Outcome: Failed the resolution

Why a significant vote? Climate change is one of the stewardship priorities and it has a large holding in the portfolio

Next steps: None to report

Significant vote

Company: Eli Lilly and Company

% Fund: 0.5%

Vote topic: Adopt a comprehensive human rights policy

Issue: The shareholder proposal promotes better management of social, environmental and ethical opportunities and risks.

Voting instruction: For shareholder proposal, against management

Prior communication of against vote: No

Outcome: Failed the resolution

Why a significant vote? Human and labour rights is one of the stewardship priorities and it has a large holding in the portfolio

Next steps: None to report

Voting policy: As the manager manages Fund of Funds, the voting rights for the holdings are the responsibility of the underlying managers. The manager expects all of the Funds underlying managers who hold equities over a reasonable timeframe to vote all shares they hold. The manager has appointed EOS at Federated Hermes (EOS) to provide voting recommendations to enhance engagement and achieve responsible ownership. EOS also carries out public policy engagement and advocacy on behalf of all the investors. In addition, EOS is expanding the remit of engagement activity they perform on the Fund's behalf beyond public equity markets, which will enhance stewardship practices over time.

Disclaimer

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Any assessments of the investment managers and/or products contained in this material are derived from our research process. They are not intended to imply, nor should they be interpreted as conveying, any form of guarantee or assurance by WTW of the future performance of those investment managers or products.

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