

The Edrington Group Pension Scheme – Implementation Statement in line with 2019 DB Regulations and 2024 General Code of Practice

**Statement of compliance with The Edrington Group Pension Scheme (“the Scheme”)
Stewardship Policy for the year ending 5 April 2025.**

Introduction

The Trustees have prepared this Implementation Statement in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the Pensions Regulator’s General Code of Practice. This statement sets out how the Trustees have complied with The Edrington Group Pension Scheme’s Stewardship Policy as set out in the Statement of Investment Principles (“SIP”) (available at <https://www.edrington.com/en/statement-of-investment-principles>) during the period 6 April 2024 to 5 April 2025.

This statement covers the defined benefit (“DB”) section of the Scheme.

Overall, the Trustees are satisfied that:

- The Scheme’s investments were managed in accordance with the Scheme’s stewardship policy during the period;
- The Scheme’s investments were managed in accordance with the remainder of the Scheme’s Statement of Investment Principles; and
- The provisions of the Statement of Investment Principles remain suitable for the Scheme’s members.

Statement of Investment Principles

The Statement of Investment Principles sets out the principles and practices the Trustees follow when governing the Scheme’s investments. It describes the rationale for selecting the investment strategy and explains the risks and expected returns of the funds used, as well as the Trustees’ approach to responsible investing (including climate change).

Following the Scheme’s final buy-in in September 2024, the Statement of Investment Principles was reviewed to reflect the full risk transfer and was signed by the Trustees in December 2024.

The Statement of Investment Principles is scheduled for review no later than December 2027 on the triennial Regulatory schedule.

The Trustees have prepared this Implementation Statement on the basis of the Statement of Investment Principles in force throughout the period, with reporting within this document in line with the Statement of Investment Principles applicable at the relevant time.

Investment governance

The primary objective of the Scheme is to provide pension and lump-sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis.

The Trustees have overall responsibility for how the Scheme’s investments are governed and managed, in accordance with the Scheme’s Trust Deed and Rules, as well as Trust Law, Pensions Law and Pension Regulations.

In September 2024, the Scheme entered a final buy-in with Pension Insurance Corporation plc (“PIC”) (“the Insurer”), which is expected to secure the benefits of all Scheme members. Under the contract, the Insurer makes monthly payments to the Scheme to match the insured liabilities and cover benefit payments to members. PIC covers the longevity risks of members as well as the investment risks of the assets under the buy-in policy. In entering the final buy-in, the Trustees received written advice as necessary from their professional advisers.

This Implementation Statement therefore covers the period during which investment assets were held, through the undertaking of the final buy-in, until the Scheme’s year end.

Prior to the final buy-in, all the Scheme’s assets were invested in liability-hedging instruments and cash, which have no voting rights. As such, the Trustees consider the engagement activities of the investment manager as set out in the manager “Engagement activity” table further below.

The Trustees managed the Scheme’s assets until September 2024 when the risk transfer exercise was completed, and thereafter no longer manage the assets once transferred to the Insurer.

While the Trustees no longer directly manage the Scheme’s assets, they recognise that the Scheme still faces investment risks. The investment risks are described in the Statement of Investment Principles on pages 1 to 2. The Trustees monitor risks on a regular basis and are satisfied that the level of risk faced by the Scheme via the buy-in policy remains appropriate.

The Trustees considered whether there were any conflicts of interest pertaining to its service providers, including the investment manager and Insurer party to the Scheme’s buy-in contract. The Insurer has not disclosed any potential or actual conflict over the period.

Investment consultant’s objectives

The Trustees have set objectives for the Scheme’s investment adviser designed to align with the Trustees’ own objectives and investment strategy as set out in the Statement of Investment Principles.

The suitability of the objectives was last reviewed by the Trustees in December 2024, following the final buy-in, and is scheduled for review no later than December 2027 on the triennial Regulatory schedule.

The Trustees carried out an evidence-based review of the investment adviser’s performance against these objectives in December 2024. The Trustees are satisfied that the objectives were achieved during the reporting year.

Trustee training

The Trustees ensure that their knowledge remains up to date, by receiving and reviewing relevant updates from their Investment Adviser and other professional services’ providers.

Stewardship policy

The Trustees’ stewardship policy sets out how the Trustees will behave as an active owner of the Scheme’s assets. It generally reflects the Trustees’ approach to:

- The exercise of voting rights attached to assets, if or where applicable; and
- Undertaking engagement activity, including how the Trustees monitor and engage with their investment manager, the Insurer, or other relevant stakeholders as applicable.

The Scheme’s Stewardship Policy can be found within the Scheme’s Statement of Investment Principles, on page 2.

Following the final buy-in, the Scheme’s stewardship policy was reviewed in line with the review of the Scheme’s Statement of Investment Principles which was last updated in December 2024.

During the Scheme year the stewardship policy was updated to state that as the Scheme is entirely invested in an insurer buy-in contract, monitoring opportunities for engagement and voting are extremely limited given the purchase of the buy-in policy. The Trustees are mindful and accepting of this, and their approach to stewardship has been revised in the Statement of Investment Principles.

The Trustees monitor their own compliance with the Scheme’s stewardship policy on a regular basis and are satisfied that they have complied over the last Scheme year.

Engagement activity

The Trustees entered a full buy-in transaction and as a result no longer manage the assets transferred to the Insurer.

Prior to the transaction, Insight Investment Management Limited (“Insight”) was the sole investment manager for the Scheme. The Trustees received reporting on Insight’s engagement activity with investee entities during the year and prior to the final buy-in, as summarised in the following table:

Number of engagements	Topic engaged on
<p>The Insight funds invested in gilts and cash instruments, which do not confer voting rights.</p> <p>Insight produces annual reports on integration of the RI principles into their investment management process across the business.</p> <p>On a firm-wide level, Insight undertook 2,409 engagements across debt issuers with 121 engagements focused solely on ESG matters, mainly climate change, environmental issues, e.g. natural resource use.</p>	<p>LDI sub-portfolio: Insight undertook 30 engagements across 16 entities. The most engaged-on ESG topics were strategy, financial and reporting (financial reporting and audit, accounting, sustainability reporting) and environment. Insight continues to promote the industry’s incorporation of ESG risks borne by derivatives counterparties into engagements and has developed a scoring system for counterparties.</p> <p>Liquidity (cash) Fund: Insight undertook 4 engagements across 4 entities during the period, mainly covering strategy, financial and reporting (capital allocation). Cash instruments are noted to exclude tobacco, defence and fossil fuels.</p>

The main methods of engagement were meetings with the issuers to discuss ESG and non-ESG related issues.

A review of the Insurer’s Responsible Investment policies and capabilities was conducted as part of the due diligence performed ahead of the final buy-in transaction taking place.

Although the Insurer has voting protocols, the Trustees understand that the nature of the investment held in the Scheme’s buy-in policy do not generally confer voting rights. The Trustees considered PIC’s approach to ESG during the buy-in provider selection exercise.

During the period prior to the final buy-in, the Trustees were monitoring the risk transfer market and thus had reduced scope for engaging formally with their sole existing investment manager Insight.

Prepared by:

The Trustees of The Edrington Group Pension Scheme

June 2025