

Allied Domecq Pension Fund - Implementation Statement

Statement of Compliance with the Allied Domecq Pension Fund's stewardship policy for the year ending 31 March 2024.

Introduction

This is the Trustee's fourth annual statement prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

It sets out how the Trustee has complied with its stewardship policy during the Fund year from 1 April 2023 to 31 March 2024.

With the exception of AVC investments, which are not covered in this Statement, the Fund no longer holds investments with attached voting rights. Therefore, this statement does not cover voting cast on the Trustee's behalf.

Overall, the Trustee is satisfied that:

- **The Fund's investments have been managed in accordance with the Statement of Investment Principles ("SIP"); and**
- **The provisions in the SIP remain suitable for the Fund's members.**

Stewardship policy

The Trustee's stewardship policy sets out how the Trustee behaves as an active owner of the Fund's assets which includes the Trustee's approach to;

- the exercise of voting rights attached to assets, noting that the Fund does not currently hold assets with attached voting rights; and
- undertaking engagement activity, including how the Trustee monitors and engages with its investment managers and any other stakeholders.

The Trustee's stewardship policy is reviewed at least annually in conjunction with the Trustee's Statement of Investment Principles. The last review was completed in September 2023.

The Trustee's stewardship policy is summarised below. It is also set out in the Statement of Investment Principles, at <https://alliedomecqpensions.co.uk/assets/doc/october-2023/statement-investment-principles-september-2023.pdf>.

Policy wording

The Trustee purchased a bulk purchase annuity with Rothesay Life PLC ("Rothesay") in September 2019, which covers the majority of the Fund's liabilities. Rothesay are contractually bound to meet the liabilities covered by the bulk purchase annuity. The Trustee's focus in respect of the bulk purchase annuity is on monitoring the ongoing solvency of Rothesay, and the Trustee's stewardship policy is therefore focused on the Fund's residual assets.

The Trustee has delegated voting and engagement activity in respect of the underlying assets to the Fund's investment managers. The Trustee believes it is important that its investment managers take an active role in the supervision of the companies, or assets, in which they invest, both by voting at shareholder meetings (if applicable) and engaging with relevant stakeholders on issues which affect financial performance.

Policy Implementation

The Trustee's own engagement activity is focused on dialogue with its investment managers, which is undertaken in conjunction with the Trustee's investment adviser. The Trustee periodically reviews its managers' responsible investment practices, including voting and engagement where relevant, via reporting provided by the Trustee's investment adviser.

The Trustee has not set specific engagement objectives for investment managers. However, the Fund's illiquid asset investment managers are aware of the Trustee's priority to exit the Fund's remaining positions, whilst maximising value. The Trustee regularly monitors the progress of winding down these positions through updates provided via their investment adviser.

Through the periodic review of its managers' responsible investment practices, the Trustee monitors the extent to which its stewardship policy is being implemented as intended. During the last review conducted in August 2023, the Trustee was comfortable that the Fund's assets were being managed in a manner consistent with its stewardship policy.

Investment Strategy

The Fund purchased a bulk purchase annuity on 30 September 2019 that covered the majority of the liabilities of the Fund.

In addition to the bulk purchase annuity, the Fund holds two residual illiquid assets that are in the advanced stages of redeeming, plus a separate portfolio of hedging assets to cover liabilities that were not included in the bulk purchase annuity.

Engagement and ESG activity

Examples of engagement activity, provided by the Partners and CBRE, are set out below. As both illiquid funds are at advanced stages of redemption, with few holdings remaining, limited engagement is expected. Insight are not included in the summary as they solely invest in pooled gilt and cash funds on behalf of the Fund.

Fund manager	Topics engaged on	Engagement outcome
Partners Group – Private Lending	Updates in relation to ESG approach, following restructuring activity.	Partners Group have previously undertaken a full debt to equity switch in Cote Bistro, effectively becoming majority owners. Following the change in ownership structure, Partners Group have held discussions with Cote Bistro regarding their approach to ESG related topics. Following these, Cote Bistro has implemented initiatives to address hunger, sustainable consumption, climate change, ocean conservation, and protecting terrestrial ecosystems. They have also made progress in reducing energy consumption and carbon emissions and have set targets for further improvements.

CBRE - Property	Refurbishment plans to improve sustainability credentials.	CBRE discussed with the underlying fund manager, and subsequently approved, a £13.7m capital expenditure programme. The programme is intended to comprehensively refurbish one of the remaining properties in the fund, significantly improving the sustainability credentials and targeting a BREEAM* excellent certification.
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*Building Research Establishment Environmental Assessment Method – globally recognised method of assessing, rating, and certifying the sustainability of buildings

Review of policies

The Trustee has committed to reviewing the managers' responsible investment policies on an annual basis. This review considers managers' broader approach to responsible investment issues in addition to voting and engagement considerations.

The Trustee is satisfied that its stewardship policy remains suitable for the Fund.

Broader SIP adherence

With the assistance of its advisers, the Trustee has monitored the Fund's managers and their performance throughout the year.

In addition, during the year, the Trustee has carried out reviews of its custodian and a review of the Fund's managers' costs and charges.