

Stag Brewing Pension Plan – Annual Engagement Policy Implementation Statement

Introduction

This statement sets out how, and the extent to which, the Trustee’s policy on Environmental, Social and Governance (“ESG”), Stewardship and Climate Change and the Investment Manager arrangements in the Statement of Investment Principles (“SIP”) has been followed during the year to 31 December 2023 in respect of the Defined Benefit assets of the Plan. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in the Occupational Pension Schemes (Investment and Disclosure) Regulations 2019 and the guidance published by the Pensions Regulator.

Investment Objectives of the Plan

The Trustee’s primary objective is to endeavour to meet their obligations to the beneficiaries both in the short and long term, whilst minimising risk as far as possible. To this end, the majority of the Plan assets were used to fund the purchase of a bulk annuity contract with JUST Group Plc (“JUST”). The Trustee entered into the bulk annuity contract with JUST in December 2023 to secure 100% of the Plan’s known liabilities. Under this contract the insurer is obligated to make payments to the Trustee in order to meet the Plan’s liabilities to those beneficiaries insured under the policies. The remainder of the Plan’s assets not used to fund the insurance premium are held in the Legal & General Investment Management (“LGIM”) Sterling Liquidity Fund.

The Trustee’s key objective is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, on a defined benefit basis. Progressing the Plan to a full buy-out is a strong consideration, and in order to complete a buy-out, the known members’ benefits will need to be secured by means of individual annuity policies directly with the members, in accordance with the terms of the bulk annuity policy. The Plan will then be wound up. The decision to progress towards a buy-out will be at the Trustee and Company’s discretion.

The advice received and arrangements implemented are, in the Trustee’s opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended). The Trustee selected JUST as the Plan’s annuity provider having obtained and considered the written advice of Lane Clark & Peacock (LCP) and Mercer whom the Trustee considered to be suitably qualified to provide such advice at the time of entering into the contract.

Review of the Statement of Investment Principles (“SIP”)

The SIP was reviewed and updated by the Trustee in May 2024, in order to reflect the position following the buy-in transaction in December 2023.

Policy on ESG, Stewardship and Climate Change

The Plan's SIP includes the Trustee's policy on ESG factors, stewardship and Climate Change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship. This was last reviewed in August 2020.

The latest SIP can be found at the following link:

https://abinbevukpensionplans.com/onewebmedia/Stag_SIP_April%202024%20-%20website%20version.pdf

The following work was undertaken during the year to 31 December 2023 relating to the Trustee's policy on ESG factors, stewardship and climate change, and sets out how the Trustee's engagement and voting policies were followed and implemented during the year. The Trustee keeps the policies under regular review, with the SIP subject to review at least every three years or following any significant changes to the Plan's investment strategy.

Engagement Activity

The Plan has one investment manager, Legal and General, that is responsible for managing the residual (non buy-in) assets, that represent a small proportion of overall Plan assets. The Trustee has satisfied itself that this manager pays suitable attention to ESG, stewardship and climate change matters. It has therefore delegated the management of all such activities to Legal and General.

The Trustee has also taken into consideration the Mercer research ratings (both general and specific to ESG) assigned to the mandates held by the Plan, being made aware of any changes to these and of any relevant news that may impact the managers and funds.

The Trustee understands that JUST have full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments underlying the buy-in policy, in accordance with their own corporate governance policies and current best practice. The Trustee's Investment Consultant has highlighted the broad sustainability policies of JUST, and their efforts in relation to ESG matters. The Trustee may look to explore these with the insurer if they evolve in the future.

Voting Activity

As the majority of assets had been used to purchase a bulk-annuity contract with JUST in December 2023, the Trustee has no voting rights in relation to this policy.

As the Scheme invests in a pooled vehicle, the appointed investment manager will exercise voting rights in line with their stated policies. The Trustee has delegated their voting rights to Legal and General, the investment manager, who provides voting summary reporting on a regular basis, at least annually. In practice, this has little current relevance given that the existing cash-based investment strategy for the residual assets. The Trustee notes that voting opportunities primarily arise within equities, and the Plan does not hold equities, convertible bonds or bonds with equity-like or equity conversion features.