Young & Co.'s Brewery, P.L.C. Pension Scheme

Statement of Investment Principles

November 2024

Table of Contents

1. INTRODUCTION

This Statement of Investment Principles ("the Statement") has been prepared by the Trustee of the Young & Co.'s Brewery, P.L.C. Pension Scheme ("the Scheme") in accordance with Section 35 of the Pensions Act 1995, as amended by The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and any subsequent additional requirements.

The Scheme provides final-salary related benefits. This document outlines the principles governing the investment policy of the Scheme and the activities undertaken by the Trustee, to ensure the effective implementation of these principles and the investment policy.

In preparing this Statement, the Trustee has obtained and considered written advice from an appropriately qualified individual and consulted with the Sponsoring Employer. The advice and consultation process considered the suitability of the Trustee's investment policy for the Scheme.

This statement is effective from 30 September 2024 and supersedes all previous statements.

2. TRUSTEE

2.1 The Trustee

The Trustee of the Scheme is Young's Pension Trustees Limited (the "Trustee"), a corporate trustee, appropriately constituted with company and member-nominated directors in accordance with current legislation.

2.2 Decision-making

The Trustee of the Scheme takes investment decisions as a complete body rather than a formal investment sub-committee, although sub-committees may be formed from time-to-time to examine specific issues. This more straightforward approach recognises the input that each Trustee Director can and may wish to make in the formulation of the Scheme's investment policy. The duties of the Trustee include, but are not limited to, the following tasks:

- the ongoing approval of the content of the Statement;
- the appointment and regular review of the investment managers and investment advisers;
- the assessment and regular review of the performance of each investment manager;
- the assessment and regular review of the performance of Young & Co.'s Brewery, P.L.C.'s share price;
- the setting and regular review of the investment parameters within which the investment managers can operate;
- the assessment and regular review of all financially material (including Environmental, Social and Governance) risks associated with the investment of Scheme assets;
- the assessment of the risks assumed by the Scheme at an overall Scheme level as well as on a manager-by-manager basis;
- the approval and review of the asset allocation benchmark for the Scheme;
- deciding the extent to which non-financial matters are taken into account;
- the review of the engagement and voting activities of the underlying investment managers; and
- the compliance of the investment arrangements with those principles set out within the Statement.

The Trustee formally reviews the content of the Statement following any significant change in investment policy on not less than a triennial basis.

3. INVESTMENT OBJECTIVES

The investment objectives of the Scheme are to achieve an overall rate of return that will aim to ensure:

- sufficient resources are available to meet all liabilities as they fall due; and
- investment returns are maximised at an acceptable level of risk.

The Trustee, in consultation with the Employer, has agreed an additional aim of being in a position to buy-out the liabilities of the Scheme with an insurer in five to ten years' time. This additional aim is borne in mind when considering investment strategy.

The Trustee believes the investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used by the Scheme Actuary.

4. INVESTMENT ADVISER

The Trustee has appointed Gemmell Financial Services Limited ("Gemmells") as independent investment advisers to the Scheme. Gemmells provide advice as and when the Trustee requires it, as well as highlighting any investment-related issues which should be brought to the attention of the Trustee from time to time. Gemmells is primarily remunerated on a fixed-fee basis, which includes regular reporting etc. Additional work undertaken, such as investment strategy reviews and implementation, are generally charged on a time-cost basis unless otherwise agreed in advance.

The Trustee's investment advisers are authorised and regulated by the Financial Conduct Authority ("FCA").

5. INVESTMENT MANAGERS

The Trustee has delegated discretion for the day-to-day management of its funds, including short-term asset allocation and stock selection, to its fund managers, within the confines of this Statement.

The Trustee, after considering appropriate investment advice, has appointed Insight Investment Management (Global) Limited ("Insight") and Legal & General Investment Management Limited ("LGIM") as investment managers to the Scheme.

- Insight has been appointed to manage the Liability Driven Investment ("LDI") mandate and collateral requirements (referred to as the "Liquidity Waterfall") as well as the holdings in the Maturing Buy and Maintain Bond Funds;
- LGIM has been appointed to manage the global and UK equity mandates;

The investment managers are remunerated on the basis of a fee, charged as a percentage of the assets that they manage in line with the Trustee's policies (including medium and long-term financial and non-financial performance).

Performance is measured against benchmarks for LGIM and unsatisfactory performance may lead to the investment manager being replaced. Insight manages the Scheme's LDI programme and will be measured by monitoring its ability to match agreed cashflows.

The agreement with each investment manager has an indefinite term but can be terminated by the Trustee based on the managers' dealing terms, which are either daily or weekly.

The investment managers are properly regulated by the FCA, in the conduct of their investment business.

The Trustee has not delegated the management of Young & Co.'s Brewery, P.L.C.'s shares, which form part of the assets of the Scheme, and the shares are not managed on a discretionary basis. To manage these shares, the Trustee monitors Young & Co.'s Brewery, P.L.C.'s financial performance and covenant strength on a regular basis and discusses whether any action is required to be taken. The regular monitoring includes reviewing the share price and receiving updates from Young's Chief Financial Officer which cover the company's sales, profitability and borrowing position amongst other things. The intention is to reduce the Young's shareholding, with the total holding and share price being reviewed on a regular basis.

6. INVESTMENTS

6.1 Types of investments to be held

The Trustee utilises the following asset classes, in order to enable it to meet the investment objectives of the Scheme:

- Government bonds;
- corporate bonds;
- cash;
- derivatives;
- UK equities;
- overseas equities; and
- asset-backed securities

If it is viewed necessary, the Trustee will also consider alternative asset classes when deciding on the different types of investment that are suitable for meeting the objectives of the Scheme.

6.2 Risk measurement and risk management process

The Trustee reviews the structure of the Scheme's assets and liabilities periodically and following each Triennial Actuarial Valuation of the Scheme and sets its investment strategy by taking into account analysis of prevailing economic and investment conditions. The Trustee may, on occasions, adopt an asset allocation position that moves away from that stated in the Statement of Investment Principles.

Following discussions in March and April 2021, the Trustee decided to implement a LDI strategy. The aim of the LDI strategy is to reduce the volatility of the deficit, by using a series of partially funded gilt and inflation-linked gilt pooled funds to hedge interest and inflation risks. After consultation with advisers and Young's Board, the Trustee decided to hedge the liabilities (as opposed to the assets), so reducing the volatility of the deficit in monetary terms. The Trustee also decided to use a moderate amount of leverage (2X) in the LDI structure so, allowing some monies to be retained in Growth assets, with the aim of earning a higher return and thus reducing the deficit over a ten to fifteen year period. Furthermore, for the purpose of LDI hedging, the Trustee decided to move to a "self-sufficiency" funding basis (to effectively target funding towards estimated buy-out costs), recognising the continued maturity of the Scheme and bearing in mind the Pensions Regulator's new funding code.

Insight was appointed in May 2021, to manage the Scheme's LDI assets.

In August 2024, the Trustee decided to invest in the Insight Maturing Buy-and-Maintain ("MBAM") funds. The aim of the MBAM funds is to broadly match Scheme cashflows (net of annual Deficit Reduction Contributions received from the Sponsoring Employer) to 2030 and provide more certainty over cash flow.

The existing LDI portfolio was revised after cashflows up to 2030 had been matched.

As part of the implementation of the MBAM and LDI portfolio, the Trustee agreed the Liquidity Waterfall should be sufficient to cover collateral calls from interest rate rises of 3.5%, compared with the minimum 2.5% recommended by the Pensions Regulator. The additional 'buffer' allows for the impact on the expected volatility of the Scheme's growth assets, which are invested in global and UK equities.

After consultation with the advisers, the Liquidity Waterfall was re-balanced, to hold a minimum of one collateral call in the Liquidity Plus fund. The remainder of the Liquidity Waterfall is split equally between the Liquid ABS fund and High Grade ABS fund (subject to there being a minimum of one estimated collateral call in the Liquid ABS fund), effectively giving cover for two collateral calls.

The Trustee decided to switch out of Nordea Asset Management and Schroder Investment Management Limited completely; the proceeds were invested in the MBAM funds and growth assets.

The Trustee opted to retain equities as growth assets, to provide excess returns that would be expected to help fund any deficit in the long-term. After considering the advisers' recommendations at length, the Trustee decided to maintain the 50/50 UK and global equity split, and to review the position in one year's time (or earlier, if there were significant changes to the expected returns of equity markets. The Trustee is comfortable with LGIM as the investment manager for the Growth assets).

The full asset allocation benchmark post-implementation is shown in section 6.3.

The Trustee has considered the following risks, which influence the investment approach:

- the risk of deterioration in the Scheme's funding level over the long-term;
- the risk of a shortfall of assets relative to the Pension Protection Fund liabilities;
- the risk of the Employer being unable to support the Scheme;
- the risk that the investment return will not be sufficient to keep pace with the growth in the accrued liabilities and, in particular, price and salary inflation;
- the risk of mismatching the profile of the assets with the liabilities;
- the risk that the Trustee, when requested to provide additional cash to manage leverage in the LDI structure, is unable to do so within the required timeframe.
- the risk that the investment managers will not achieve the rates of return expected by the Trustee; and
- the risk that the investment managers do not take appropriate action to reduce financially material (including Environmental, Social and Governance) risks.

The Trustee is cognisant that implementing an LDI strategy should reduce deficit volatility from interest rate and inflation movements, however, the deficit will change for other reasons, some of which are outside of the Trustee's control (for example, mortality, actual earnings/pension increases being different from assumptions, as well as any changes to the Scheme's funding basis) and LDI cannot protect against these changes. The returns and volatility in respect of the Growth assets will also directly affect the funding level of the Scheme.

6.3 Balance between different types of investment

The investment strategy, shown in the table below, aims to fully hedge interest rate and inflation risks while matching the expected cashflows (net of Deficit Reduction Contributions) up to 2030 with investments in MBAM funds and a revised LDI portfolio. Additionally, it retains some investment in Growth assets in UK and global equities with the aim of reducing the deficit over the long-term. The individual funds used within this Growth assets segment are subject to their own specific benchmarks.

The asset allocation benchmark, post full MBAM and LDI implementation, is shown below:

LDI and MBAM Assets		Growth Assets	
	%		%
Insight LDI	**35**	**Legal & General UK Equity**	**14**
Insight Liquidity Waterfall	**16**	**Legal & General World Equity**	**14**
Insight MBAM	**17**	**Young's Shares**	**4**
Sub Total	*68*		*32*
OVERALL TOTAL			**100**

There is no formal rebalancing procedure in place. Contributions available for investment and any disinvestments required will be arranged in a pragmatic way in order to reflect the overall asset profile in the context of the Scheme's liabilities.

6.4 Expected returns

The Trustee is aware of the long-term performance characteristics of various asset classes, in terms of their expected returns and the variability of those returns.

The Scheme's equity assets are managed on a passive basis. Assets managed on a passive basis would normally produce a return as close as possible to the respective benchmark index return for each market. The LDI and MBAM assets are actively monitored. The targets for each investment manager are detailed in Appendix A.

Overall, the absolute return achieved by the assets is expected to exceed the return required to fund the Scheme's liabilities over the medium to long-term, as assumed in the ongoing actuarial valuation.

6.5 Realisation of investments

The majority of the Scheme's assets are invested in quoted markets and are as readily realisable as the Trustee believes appropriate, given the cashflow position of the Scheme and the expected development of the Scheme's liabilities, both of which are monitored by the Trustee as appropriate.

The investment managers can be required to realise investments as soon as it becomes appropriate to do so.

6.6 Environmental, Social and Governance considerations

In endeavouring to invest for the best financial interests of the beneficiaries, the Trustee has elected to invest primarily in pooled investment vehicles as these provide the Scheme with appropriate diversification, both by asset type and by individual security, which it is not believed could be obtained by holding assets directly.

The Trustee is aware of the financially material risks that might affect the Scheme, but has not adopted a formal and specific policy on how these should be managed. However, the Trustee has assessed its investment managers' policies in respect of these and environmental, social and governance factors with respect to their selection of investments. The Trustee is satisfied that the managers are taking an approach which is consistent with the Trustee's beliefs and the long-term financial interests of the Scheme and its members.

The Trustee reviews the investment manager policies and their implementation on at least an annual basis and has therefore decided not to impose any additional environmental, social and governance guidelines on its managers at the current time.

6.7 Engagement and Voting Policy

The Trustee has concluded that the decision on how to exercise voting rights and whether to engage with any investee companies should be left with its investment managers, who will engage with companies and exercise these rights in accordance with their respective published corporate governance policies. These policies are reviewed by the Trustee at least annually, to ensure they continue to follow the Trustee's beliefs.

Stewardship policy is implemented by the Trustee through adhering to the Myners report. This includes the Trustee engaging with stakeholders on conflicts of interest, risks, strategy, investment performance, capital structure and environmental and social impact.

The Trustee also receives and reviews, on an annual basis, reports on the voting actions taken by its managers and believes that actions taken are in the financial interests of the shareholders, which should ultimately be to the Scheme's advantage.

Where the Trustee is specifically invited to vote on a matter relating to a policy or contract held with any of the Scheme's investment managers, the Trustee will exercise its right in the best interests of the majority of the Scheme's membership.

In terms of the direct holding of Young & Co.'s Brewery, P.L.C. shares, each Trustee Director considers the resolutions, discusses these as appropriate and votes in the best interest of the Scheme.

6.8 Monitoring portfolio turnover and costs

The Trustee recognises that portfolio turnover (being the frequency with which the assets are expected to be bought/sold) and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in the performance of its investment managers.

The Trustee reviews the portfolio turnover and resulting transaction costs annually with its investment adviser, based on the regular reports received from the investment managers. When the Trustee agrees a particular strategy and investment mandate, this will then set an expected level of turnover and transaction costs.

The Trustee reviews and monitors the actual level of the costs and turnover against this expected level.

7. MONITORING OF INVESTMENT ADVISER AND MANAGERS

7.1 Investment adviser

The Trustee measures the performance of its adviser on an ongoing basis, in a qualitative way.

7.2 Investment managers

The Trustee reviews the performance of the individual funds against the relevant benchmarks, using materials provided by the investment managers and the investment adviser.

8. CODE OF BEST PRACTICE

The Trustee is aware of the requirements and recommendations set out in the Pensions Regulator's General Code of Practice and the Myners report, with respect to greater transparency within this Statement of Investment Principles. The Trustee has considered these recommendations when formulating its investment policy and has included them within this Statement, to the extent that it views appropriate. The Trustee intends to regularly review its compliance with the recommendations. The principles are detailed in Appendix B.

9. COMPLIANCE WITH THE STATUTORY FUNDING OBJECTIVE

The Trustee has completed its Statement of Funding Principles in accordance with the Statutory Funding Objective ("SFO") and has established that the Sponsoring Employer has a strong covenant, with the intention and ability to fund for Scheme benefits as they fall due.

The general funding policy is:

- to achieve and maintain the SFO funding level at 100%;
- to give consideration to altering the investment strategy, should the Trustee be advised in future that not doing so might involve an unacceptably high risk that the SFO funding level could be unstable and adversely threatened; and
- to invest the assets such that the risk of deterioration of the SFO funding level is balanced against the risk of not achieving the other objectives set out in this Statement and the Statement of Funding Principles.

10. COMPLIANCE

The Scheme's Statement of Investment Principles, the annual report and accounts and other documents are available to members on request.

A copy of the Scheme's current Statement of Investment Principles plus Appendices is also supplied to the Sponsoring Employer, the Scheme's investment managers, the Scheme Auditor and the Scheme Actuary.

This Statement of Investment Principles, taken as a whole with the Appendices, supersedes all others and was approved by the Trustee on 2 January 2025.

Signed on behalf of the Trustee by ....

On 24 March 2025

FULL NAME Torquil Sligo-Young

POSITION Guardian Young's Pension Trustees Ltd.

APPENDIX A

Investment Manager Information

The Scheme invests in a combination of pooled funds with Insight Investment Management (Global) Limited ("Insight") and Legal & General Investment Management Limited ("LGIM"),.

The table below shows details of the investments held with Insight as at 30 September 2024.

Fund	Annual Management Fees	Benchmark	Objective	Contract
Partially Funded Funds:				
Index-Linked Gilts 2021-2030 Index-Linked Gilts 2031-2040 Index-Linked Gilts 2041-2050 Index-Linked Gilts 2051-2060 Index-Linked Gilts 2061-2070 Gilts 2041-2050 Gilts 2051-2060 Gilts 2061-2070	0.06% p.a. on the first £100m	N/A	To match the agreed cash flows.	Discretionary Investment Management Agreement.
Liquidity Waterfall:				
Liquidity Fund	0.08% p.a	SONIA		
Liquidity Plus Fund	0.10% p.a.	SONIA		
Liquid ABS Fund	0.15% p.a.	1 Month SONIA		
High Grade ABS Fund	0.35% p.a.	1 Month SONIA		
MBAM Funds:				
Maturing Buy & Maintain 2021-2025	0.15% p.a. on the first £50m	iBoxx GBP Corporates 2021-2025		
Maturing Buy & Maintain 2026-2030	0.10% p.a. thereafter	iBoxx GBP Corporates 2026-2030		

The fees above are subject to an overall minimum fee of £75,000 per annum.

The table below shows details of the investments held with LGIM.

<table>
<tr><th>Fund</th><th>Annual Management Fees</th><th>Benchmark</th><th>Objective</th><th>Contract</th></tr>
<tr><td>UK Equity Index Fund</td><td>0.10% p.a. on first £10m

0.075% p.a. on next £10m

0.06% p.a. on next £30m

0.05% p.a. thereafter</td><td>FTSE All-Share Index</td><td rowspan="2">To provide diversified exposure to UK and overseas equity markets.</td><td rowspan="2">Insurance policy issued by Legal & General Assurance (Pensions Management Limited).</td></tr>
<tr><td>World (ex UK) Equity Index Fund</td><td>0.22% p.a. on first £5m

0.19% p.a. on next £10m

0.16% p.a. on next £35m

0.13% p.a. thereafter</td><td>FTSE World (ex UK) Index</td></tr>
</table>

APPENDIX B

Compliance with the General Code of Practice

The Pensions Regulator published the General Code of Practice (the "Code") on 10 January 2024, with the Code coming into effect on 28 March 2024. The Code applies to governing bodies of occupational, personal and public service pension schemes and replaces 10 of the 16 existing codes of practice, as well as providing a significant update and extension of the existing codes.

The Pensions Regulator aims for the Code to provide governing bodies with "consistent expectations, regardless of scheme type", leading to improved awareness of the Regulator's expectations and better governance.

The Code sets out the requirements for governing bodies of defined benefit ("DB") schemes; in respect of investments, governing bodies must:

a) have a good working knowledge of investment matters relating to their scheme
b) understand the investment powers and duties they have under the scheme trust deed, rules and legislation
c) appoint an investment manager to manage scheme investments
d) obtain and consider advice from a suitably qualified person before making investment decisions
e) produce a Statement of Investment Principles ("SIP"), which covers their policies relating to the scheme's investments.

The Code specifies the SIP must contain:

a) the governing body's policy for securing compliance with legislation on choosing investments
b) the governing body's policies relating to:
   - the investments held by the scheme
   - the balance between different investments
   - risks, including how they are to be measured and managed
   - the expected return on investments
   - the realisation of investments
   - financially material considerations over the appropriate time horizon of investments, and how they are taken into account in investment decisions
   - the extent to which non-financial matters are taken into account in investment decisions
   - how the governing body exercises rights, including voting rights, attached to investments
   - undertaking engagement activities in respect of investments, including but not limited to the methods set out in legislation
   - any arrangement with the asset manager, setting out matters described in legislation.

Myners Compliance

Principle 1: Effective Decision-Making

- Trustees should ensure that decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to take them effectively and monitor their implementation.
- Trustees should have sufficient expertise to be able to evaluate and challenge the advice they receive and manage conflicts of interest.

Principle 2: Clear Objectives

- Trustees should set out an overall investment objective(s) for the scheme that takes account of the scheme's liabilities, the strength of the sponsor covenant and the attitude to risk of both the trustees and the sponsor, and clearly communicate these to advisers and investment managers.

Principle 3: Risk and Liabilities

- In setting and reviewing their investment strategy, trustees should take account of the form and structure of liabilities.
- These include sponsor covenant strength, the risk of sponsor default and longevity risk.

Principle 4: Performance Assessment

- Trustees should arrange for the formal measurement of the performance of investments.
- Trustees should also periodically make a formal policy assessment of their own effectiveness as a decision-making body and report on this to scheme members.

Principle 5: Responsible Ownership

- Trustees should adopt, or ensure their investment managers adopt, the Financial Reporting Council's Stewardship Code on the responsibilities of shareholders and agents.
- A statement of the scheme's policy on responsible ownership should be included in the Statement of Investment Principles.
- Trustees should report periodically to members on the discharge of such responsibilities.

Principle 6: Transparency and Reporting

- Trustees should act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, governance and risks, including performance against stated objectives.
- Trustees should provide regular communication to members in the form they consider most appropriate.