Annual Implementation Statement – covering 1 October 2022 to 30 September 2023 (the "Scheme Year")

William Hill Pension Scheme (the "Scheme"): Defined Benefit Section

Introduction

In accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, the Trustee of the Scheme is required to produce an annual statement to set out:

- how and the extent to which, in the opinion of the Trustee of the Scheme, the Statement of Investment Principles ("SIP") produced by the Trustee has been followed during the Scheme Year;
- details of any review of the SIP during the Scheme Year;
- subsequent changes made with the reasons for the change; and
- the date of the last review of the SIP.

The Implementation Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. As the Defined Benefit liabilities are fully insured no votes were cast by, or on behalf of, the trustees and it follows that the services of the proxy voter were not used.

This Implementation Statement covers the Scheme's defined benefit ("DB") section. A separate statement covers the Scheme's defined contribution section. The statement flows directly from and should be read in conjunction with the SIP for the DB section of the Scheme (in place at the Scheme Year end and dated September 2022) which is available here - www.williamhillpensions.co.uk/library.

Investment Objectives of the Scheme

The purpose of the DB Section is to enable benefits to be paid as and when they fall due, and to do this the Trustee takes steps where appropriate to ensure that:

- dependency on the covenant of the Employer will be significantly reduced;
- other material risks (e.g. longevity) will be reduced.

Review of the SIP

The Scheme's latest SIP was reviewed with the Trustee's investment adviser on 13 September 2022 by the Trustee.

The purpose of the review was to reflect the changes made to the DC section as part of the investment strategy review that took place on 13 September 2021 and implemented in July 2022.

Assessment of how the policies in the SIP have been followed for the Scheme Year

The information provided in the table below summarises the work undertaken by the Trustee during the Scheme Year (or over a longer term where relevant) and sets out how this work has followed the Trustee's policies in the SIP (insofar as the SIP relates to the DB section of the Scheme). The Trustee considers that it has generally adhered to all of its policies as set out in the SIP over the course of the Scheme Year.

Implementation Statement – William Hill Pension Scheme: DB Section

	Matter	Summary of Trustee's policy / key extracts from policy	Summary description and evaluation of work undertaken during the Scheme Year
1	Securing compliance with the legal requirement to obtain and consider proper advice on the question of whether an investment is satisfactory.	*The Trustee has consulted a suitably qualified person in obtaining appropriate written advice from its investment adviser, Mercer.* *Mercer has provided advice to the Trustee in relation to the appropriateness of the asset allocation, manager structure and investment products.* *SIP Introduction*	Mercer provided the Trustee with formal Section 36 advice before the Trustee entered into the buy-in contract with Rothesay Life in June 2021.
2	The kinds of investments to be held.	*The Trustee has adopted investment arrangements to enable benefits to be paid as and when they fall due. The Trustee takes steps to ensure where appropriate that dependency on the Employer covenant will be reduced, and other material risks (e.g. longevity) will be reduced.*	Following the buy-in transaction with Rothesay Life in June 2021 the Scheme's investments consist of two buy-in contracts, which together insure all liabilities in the DB section. The longevity and investment risk associated with the liabilities has therefore been transferred to the insurers.

		SIP section 1.1	
3	The balance between different kinds of investments.	*The Trustee holds buy-in contracts with JUST and Rothesay Life which were purchased in May 2018 and June 2021 respectively.* *SIP section 1.2*	In June 2021, the Scheme entered into a buy-in contract with Rothesay Life. Together with the JUST buy-in, the contracts cover all DB liabilities in the DB section. The Scheme holds residual cash in the Trustee Bank Account.
4	Risks, including the ways in which risks are to be measured and managed.	*The Trustee is aware of, and pays close attention to, a range of risks inherent in investing the assets of the Scheme.* *SIP section 1.3*	Upon purchase of the buy-in contract with Rothesay Life, the interest rate and inflation risks associated with the remaining uninsured liabilities were transferred to Rothesay Life. The Trustee does not expect to be able to obtain cash from the buy-in contracts, other than to meet promised benefits as agreed with the insurer. Therefore, the Scheme is exposed to illiquidity risk and has set aside cash, held in the Trustee Bank Account, in order to meet expenses and other potential liquidity needs. The Scheme is exposed to the risk of the insurers defaulting on their obligations under the buy-in contracts. To mitigate this risk, before entering into the buy-in contracts the Trustee took appropriate advice and paid close attention to the financial strength, security and operational soundness of the chosen insurers at the point of purchase. The insurers are regulated by the PRA and therefore this risk is further mitigated by protection from the Financial Services Compensation Scheme ("FSCS").

5	Expected return on investments.	*n/a*	
6	Realisation of investments.	*The Trustee does not expect to be able to obtain cash from the buy-in policy other than to meet promised benefits as agreed with the provider. The Trustee has considered this and has set aside cash, held in the Trustee Bank Account, in order to meet expenses and other potential liquidity needs.* *SIP section 1.3*	The Trustee does not expect to be able to realise the buy-in polices. The Trustee set aside cash, held in the Trustee Bank Account, in order to meet expenses and other potential liquidity needs.
7	Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments.	*The SIP sets out the risks the Trustee believe may be financially material over the future lifetime of the DB section (i.e. before completing buy-out and wind-up).* *SIP section 1.3*	In selecting the buy-in providers the Trustee paid close attention to the financial strength, security and operational soundness of the chosen insurers at the point of purchase in order to mitigate the risk of the insurer defaulting on their obligations under the buy-in contracts.

8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments.	*The Trustee does not take account of non-financially material considerations.*	Not applicable.
9	The exercise of the rights (including voting rights) attaching to the investments.	*The Trustee has given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.* *SIP section 6*	Given the nature of the Scheme's investments in buy-in contracts and cash, no votes were cast by, or on behalf of, the Trustee. It follows that the Trustee did not use the direct services of a proxy voter.
10	Undertaking engagement activities in	*The Trustee considers how ESG, climate change and stewardship*	Not applicable for the DB Section.

	respect of the investments (including the methods by which, and the circumstances under which, the Trustee would monitor and engage with relevant persons about relevant matters).	*is integrated within investment processes in appointing new investment managers and monitoring existing investment managers. This includes the investment managers' policy on voting and engagement.* *SIP section 6*	
11	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustee's policies required under sub-paragraph (b) of Regulation 2(3) of the Occupational Pension Schemes (Investment) Regulations 2005 [concerning the matters described in rows 2-8 of this Statement]	*Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class or classes they are selected to manage.* *SIP section 7.1*	Not applicable for the DB Section.

12	How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.	*The Trustee's focus is on long term performance but, as noted above, may review a manager's appointment if:* • *There are sustained periods of underperformance;* • *There is a change in the portfolio manager or portfolio management team;* • *There is a change in the underlying objectives of the investment manager;* • *There is a significant change to the investment consultant's rating of the manager.* *SIP section 7.2*	Not applicable for the DB Section.
13	How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for	*The Trustee is a long-term investor and is not looking to change the investment arrangements on a frequent basis.*	Not applicable for the DB Section.

	asset management services are in line with the Trustee's policies required under sub-paragraph (b) of Regulation 2(3) of the Occupational Pension Schemes (Investment) Regulations 2005 [concerning the matters described in rows 2-8 of this Statement].	*SIP section 7.4* *The Trustee receives investment manager performance reports on a quarterly basis, which present performance over a variety of periods.* *SIP section 7.2*	
14	How the Trustee monitors portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	*The Trustee does not analyse portfolio turnover costs in detail.* *SIP section 7.3*	Not applicable for the DB Section.
15	The duration of the arrangement with the asset manager.	*The Scheme is invested in open-ended funds, for which there is no set duration for the manager appointments.*	Not applicable for the DB Section.

		SIP section 7.4	