



Corporate Governance

As a private business, Edrington is not required to follow the UK Corporate Governance Code. It is, however, committed to the highest standards of both governance and corporate citizenship, and the Company therefore voluntarily observes those elements of governance and disclosure that are appropriate and add value both to the organisation and its stakeholders.

The board welcomes the introduction of the Wates Corporate Governance Principles for Large Private Companies (the 'Wates Principles'); for the year ended 31 March 2020, the board adopted and applied the Wates Principles and this section outlines how Edrington has incorporated these Principles into the business operations:-

WATES PRINCIPLES

Principle 1 – Purpose and Leadership

Edrington has a well-developed and defined purpose and strategy. Our vision, as set out in the Edrington 2025 strategy, is to give more by building the world's leading portfolio of exceptional super premium spirits. We will achieve that vision through focusing our efforts on developing the right capabilities, targeted investment in our brands and assets and through sharper ways of working.



The board fosters effective stakeholder relationships aligned to the Company's purpose. Further details on stakeholder engagement are included in the Section 172(1) Statement in this section of the annual report.

Strategy and values are clearly articulated throughout the business, including at our annual Edrington Leadership Conference and in management roadshows. All employees have the opportunity to attend an annual Year in Review event delivered by a member of the senior management team. This allows employees to understand financial and strategic plans

and to ask questions of senior management. There are also regular townhall sessions in each location where members of the executive team host an interactive session encouraging questions, thoughts and opinions from the employee base. These coincide with regular executive visits to Edrington locations throughout the world.

On culture and values, the board asked employees to give their views on Edrington's culture and values through an employee survey in May 2019. The output of this survey led to Edrington's values being reformulated as Giving, Integrity,



Corporate Governance (continued)

Excellence and Respect in June 2019. More generally, in order to monitor culture and to take account of the views of the workforce, Edrington has in place an employee engagement survey programme. The survey is run every two years, with pulse surveys operating at intervals in between. The board assesses the results of the engagement survey and forms an action plan to put in place improvements. Management at Edrington also engages with recognised trade union partners through partnership meetings, which are held on a quarterly basis. The annual Board evaluation questionnaire also asks for Board members to give feedback on the culture at board level. Finally, the business also monitors absenteeism rates and uses exit interviews to assist in monitoring the Company's culture.

Edrington believes it has in place workforce policies and practices that are consistent with the Company's values and with the long-term sustainable success of Edrington and has established transparent policies in relation to raising concerns about misconduct and unethical practices. Through its Speaking Up Policy, Edrington enables employees to anonymously raise matters of concern relating to the interests of others, or the interests of the Company.

Principle 2 – Board Composition

At 31 March 2020, the board comprises the non-executive chairman, three executive directors and four non-executive directors, and is supported by the Group Company Secretary. The roles of Chair and Chief Executive are separated.

The board believes that its composition – its size, mix of expertise and balance of executive and non-executive directors – is appropriate and that it has an appropriate balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. A biography of each director can be found on the Group's website at www.edrington.com/our-company. David Richardson is the Senior Director appointed on behalf of The Robertson Trust. Crawford Gillies, Stephanie Fitzgerald and Alice Avis MBE are considered by the board to be independent directors. Following Suntory Holdings Limited's acquisition of its stake in Edrington, Shinichiro Hizuka was appointed as a non-executive director on 12 March 2020.

The board's process on nominations is undertaken by the Nomination Committee and includes assessing the composition of the board and its governance structures as well as considering appointments and succession planning. Further information on the Nomination Committee and other board committees is set out in the "Board Committees" section below.

Evaluation of Effectiveness

On an annual basis, each director is asked to complete an evaluation on board structure, the governance process, strategy and leadership, before conducting a one-to-one interview with the chairman. Based on the findings and the responses from each director, the chairman prepares a report on the overall effectiveness of the board, which is then discussed by the board and any recommendations arising from it are implemented.

In addition to overall board effectiveness reviews, the individual performance of executive directors is monitored in the Group's UK performance appraisal programme and by the Remuneration Committee. Furthermore, the Senior Director seeks feedback on the chairman annually by way of a questionnaire filled in by both the non-executive and executive directors.

The training needs of the board and its committees are regularly reviewed. Particular emphasis is placed on ensuring that directors are aware of proposed legislative changes in areas such as remuneration, corporate governance, financial reporting and sector specific issues. All directors are also encouraged to visit the Group's operating locations.

The board is able to approve potential conflicts of interest within the director group. Directors are required to inform the board of any actual or potential conflicts which may arise with their other professional or personal interests.

Principle 3 – Director Responsibilities

The board is collectively responsible for the long-term success of the Company. The chairman is responsible for ensuring that the board is effective and is led in the appropriate way. The offices of chairman and Chief Executive are separate and distinct and the division of responsibilities between them is clearly established.

The board, which meets at least five times a year, has responsibility for defining and executing the Group's strategy, for reviewing trading performance and funding levels, assessing acquisitions and disposals, changes to the structure of the business and overall corporate governance issues. The board also approves the Group's budget together with its annual report and financial statements. The board retains overall responsibility for the Group's system of internal control, including the financial controls designed to give reasonable assurance against material financial misstatement or loss.



Corporate Governance (continued)

The board believes the financial controls in place, together with the Edrington values, allow it to meet its responsibility for the integrity and accuracy of the Group's accounting records, and also to provide timely and accurate financial information to enable it to discharge its duties.

The directors attend all board and relevant committee meetings. If directors are unable to attend meetings in person or by telephone they are given the opportunity to be consulted and to comment in advance of the meeting. Board papers are circulated at least five working days prior to each board or committee meeting to ensure that directors have sufficient time to review them before the meeting and the chair ensures that sufficient time is made available for meaningful discussion. Documentation includes detailed reports on current trading and full papers on matters where the board is required to give its approval.

Day to day management and control of the business is delegated to the executive directors and they routinely meet together and with other senior managers as appropriate. Where possible ad hoc committees of the board are appointed to deal with matters which it is known will need to be dealt with between scheduled board meetings.

All directors have a responsibility to ensure that the strategies proposed by the executive directors are properly considered and challenged, and that the performance of the Company is monitored in the appropriate way.

The board has delegated certain responsibilities to established committees, details of which are set out in the "Board Committees" section below.

Principle 4 – Opportunity and Risk

The board promotes the long-term sustainable success of the Company by considering and assessing how the Company creates and preserves value over the long-term. The Company works to a five-year strategy cycle and the board holds a two-day strategy session each year.

In the year ended 31 March 2020, a dedicated Strategy and Innovation team, reporting to the Chief Financial Officer, was established to assist in the identification of future opportunities for innovation and entrepreneurship. The Strategy and Innovation team reports to each board meeting and significant opportunities are considered and approved at board level.

The responsibility for risk management and internal control systems resides with the board, with a framework to support the process for identifying, evaluating and managing financial and non-financial risks. The board regularly reviews the principal risks facing the Company including those that would impact its business model, future performance and solvency. To assist with this, the board carries out triennial reviews with the most recent being carried out in March 2018 and the next review expected March 2021. These reviews allow the board to assess the Company's risk appetite and ensure that the nature and extent of the significant risks facing the business are identified and adequately managed. These reviews consider both the likelihood and impact of the relevant risks and ultimately determine which risks will be included on the Company's Strategic Risk Register.

The Group Risk Management Committee maintains the Strategic Risk Register and also provides scoring on these risks. New and emerging risks are identified in a number of ways – through the board directly, through the Group Risk Management Committee, or in a "bottom-up" process by the relevant Business Units presenting to the Group Risk Management Committee in scheduled reviews. The Audit Committee is responsible for the direct oversight of the Group Risk Management Committee and the internal control function. The Group Risk Management Committee reports to the Audit Committee and the Audit Committee chair attends at least one Group Risk Management Committee meeting per annum.

The board, through delegation to Audit Committee and ultimately the Group Risk Management Committee, has established an internal control framework with clearly defined roles and responsibilities for those involved.

Further details on the Company's risks and uncertainties are set out on pages 17-19 of the Strategic Report. The COVID-19 crisis has highlighted the importance of monitoring emerging threats and the importance of risk management generally. While the Strategic Risk Register included geopolitical and economic conditions and key market reliance as strategic risks, it did not include a risk factor for global pandemic and the business had not anticipated an event leading to the wide-ranging global restrictions we have seen in response to the COVID-19 pandemic. As we navigate the COVID-19 crisis, the learnings from that process will be built into our future risk management and business continuity processes.



Corporate Governance (continued)

Principle 5 – Remuneration

Details of the Company's remuneration policy are set out in the Remuneration Committee section below on page 29.

Directors' remuneration, which is determined by the Remuneration Committee, is benchmarked triennially with the assistance of independent specialist consultants.

Edrington reports gender pay statistics annually and has in place a series of improvement actions and targets to ensure demonstrable progress towards our commitment of narrowing the gender pay gap. In 2019 our mean gender pay gap of 15.3% represents a decrease of 12.8 percentage points (2018: 28.1%) and the median pay gap of 10.4% represents a decrease of 4.1 percentage points (2018: 14.5%).

Principle 6 – Stakeholder Relationship and Engagement

The board fosters effective stakeholder relationships aligned to the Company's purpose. Further details on stakeholder engagement are set out in the Section 172(1) Statement below.

This board considers how the Company's activities may impact both current and future stakeholders, including impacts on the environment, with a particular emphasis on sustainability. Further detail on Edrington's sustainability strategy and programmes are included in the Corporate Sustainability and Responsibility section on pages 33-36.

The Group maintains a website (www.edrington.com) to provide up-to-date, detailed information on the Group's values as well as its operations and brands, including sections on news and business performance. All significant Group announcements are available on this site, as are annual financial reports. The Group's corporate affairs team manages external communications and can be reached at corporatecommunications@edrington.com.

Section 172(1) Statement

The board's priority is to ensure that the directors have acted both individually and collectively in the way that they consider, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole with regards to all its stakeholders and to the matters set out in paragraphs a-f of Section 172(1) of the Companies Act 2006. You can read more on how the board have regard to the matters set out in paragraphs a-f of Section 172(1) in the following sections of this annual report:

(a)	the likely consequence of any decision in the long term <i>Wates Principles</i>	– pages 20-23
<hr/>		
(b)	the interests of the company's employees <i>Wates Principles</i> <i>Stakeholder Engagement</i>	– pages 20-23 – pages 23-28
<hr/>		
(c)	the need to foster the company's business relationships with suppliers, customers and others <i>Stakeholder Engagement</i>	– pages 23-28
<hr/>		
(d)	the impact of the company's operations on the community and the environment <i>Stakeholder Engagement</i>	– pages 23-28
<hr/>		
(e)	the desirability of the company maintaining a reputation for high standards of business conduct <i>Corporate Sustainability and Responsibility</i>	– pages 33-36
<hr/>		
(f)	the need to act fairly as between members of the company <i>Stakeholder Engagement</i>	– pages 23-28

Stakeholder Engagement

Effective engagement with our key stakeholders is critical to the long-term success of the Company. Dialogue with stakeholders helps the board understand the effects of company policies and practices, predict future developments and trends, and re-align strategy.

The Company undertook a stakeholder mapping exercise in 2019 to identify stakeholder relationships and the Board will continue to focus on enhancing engagement with key stakeholders. The table below sets out our key stakeholders, how we engaged with them during the year and, where relevant, the impact of that engagement on the Company's strategy and the principal decisions taken during the year. The board recognises that stakeholder engagement takes place at both the operational day-to-day level within the business and at a board level. In all cases, the level of engagement informs the board, both in relation to stakeholder concerns and the likely impact on decision-making throughout the year. The board uses its regular meetings as a mechanism to address and meet its obligations under Section 172(1) of the Companies Act 2006.



Corporate Governance (continued)

Key Stakeholder	Principal Methods of Engagement	How this stakeholder group influenced Board / committee discussions and decisions
Shareholders	<p>The Company's principal shareholder is The Robertson Trust (the "Trust") and representatives from the Trust and from the Company meet regularly and where practicable prior to Edrington Board meetings, through the Trust's Investor Relations Committee (the "IRC"). The IRC is the principal forum through which the Trust manages its investment in the Company, monitors the Company's performance and allows the exchange of ideas, thus providing an effective and meaningful engagement forum. The Chief Executive and Chief Financial Officer present Edrington's strategic plan annually, and at each meeting will provide an update on the performance and progress of the business. The board also meets formally with the Trust on an annual basis to report on financial performance, strategic development and business outlook. In addition, the Audit, Remuneration and Nomination Committees report to the Trust on their respective activities.</p> <p>The Company also maintains regular dialogue with employee shareholders through a variety of mechanisms, including an employee engagement survey programme and regular Year in Review and townhall sessions (please see "Employees" below for more detail on engagement with employees more generally).</p> <p>The Company regularly corresponds with other shareholders and all shareholders were invited to briefings led by the Chief Executive Officer and the Chief Financial Officer in relation to business performance and the investment by Suntory in the Company in January and February 2020. The Company has identified the need to hold an annual briefing to other shareholders and this will be implemented in the coming year.</p> <p>Each shareholder receives access to an electronic copy of the Group's annual report and audited financial statements, together with an unaudited interim financial report.</p>	<p>The Chief Executive and Chief Financial Officer brief the board on discussions with shareholders and the views of shareholders are taken into account in the decision-making of the board.</p> <p>The board is aware that the priorities and strategic imperatives of shareholders will not all be the same. For instance, some shareholders may prioritise dividends, whereas others (particular employee or ex-employee minority holders of B ordinary shares) may prioritise share liquidity. The board aims to understand the views of shareholders and to act fairly as between members of the Company.</p> <p>In March 2020, Suntory completed an investment in the Company by acquiring B ordinary shares in the Company from The Robertson Trust. While the transaction was ultimately a private arrangement between the Trust and Suntory, the board was involved in negotiations to ensure so far as possible the best outcome for the Company for the benefit of its members as a whole. To that end, the board was able to secure the participation of The Edrington Group Limited Employee Benefit Trust in the transaction, which ultimately creates more liquidity for minority shareholders in the market for B ordinary shares.</p> <p>The briefings held by the Company with minority shareholders in January and February 2020 have re-emphasised that liquidity in the internal market for B ordinary shares in the Company and dividend policy remain the priority issues for many minority shareholders and these issues continue to inform the board's decision-making.</p> <p>Given the current uncertainty in our global markets as a result of the COVID-19 outbreak and after assessing the financial position of the group under a number of scenarios the board has concluded that no final dividend will be paid in July 2020. This has been agreed with key shareholders and aligns with the impacts on other stakeholders during this period.</p>



Corporate Governance (continued)

Key Stakeholder	Principal Methods of Engagement	How this stakeholder group influenced Board / committee discussions and decisions
Employees	<p>The Group is committed to engaging employees at all levels regarding matters which affect them and the performance of the Group. The board takes its responsibilities to hear and understand our employees' voice seriously and firmly believes that good corporate governance is underpinned by board members meaningfully engaging with stakeholders, including the employees.</p> <p>Employees of the Group are entitled to participate in share ownership as part of approved incentive and savings schemes and may continue to hold their shares in the Group after retirement.</p> <p>Edrington has in place an employee engagement survey. The survey is run every two years, with pulse surveys operating at intervals in between. Our most recent survey, which was conducted early in 2020, confirmed an overall employee engagement score of 73%, an improvement of 5% from the last survey, with particular improvement in the area of communication.</p> <p>Edrington also surveys its employees on important matters that relate to the Company's culture and values. For instance, in May 2019 all employees were offered the opportunity to feedback on what they believe to be important from a culture and values perspective.</p> <p>Currently all employees have the opportunity to attend an annual Year in Review event delivered by a member of the senior management team. This allows employees to understand detailed financial and strategic plans for the performance year and beyond and ask questions of senior management.</p> <p>There are also regular townhall sessions in each location where members of the executive team host an interactive session encouraging questions, thoughts and opinions from the workforce. These coincide with regular executive visits to Edrington locations throughout the world.</p> <p>Executives at Edrington also undertake breakfast sessions aimed at fostering constructive and trusting relationships between executives and employees. In addition, the Executive Committee host "Ask the Exec" sessions at the talent development programmes and the annual Edrington Leadership Conference.</p> <p>The Company has also established the "Balance Network", the remit of which is to promote diversity within Edrington. The network is sponsored by the Chief Executive and the Group HR Director and allows employees at all levels within the organisation to candidly engage on the topic of diversity.</p>	<p>A report from the Group HR Director is submitted to each board meeting and the results of employee engagement surveys are also presented at board meetings.</p> <p>The output of the employee survey on organisational values in May 2019 led directly to Edrington's values being reformulated as Giving, Integrity, Excellence and Respect in June 2019.</p> <p>In 2020/21 we will re-establish our staff forum (which has been on hiatus since 2018) on a formal basis and appoint members from a representative cross-section of employees in the business. The intent is to support meaningful engagement with employees on a number of topics that have a direct impact on the employees.</p> <p>Towards the end of the financial year, engagement with our employees, trade union partners and the paramount importance of employee safety informed our decision to cease Global Supply Chain operations with effect from 25 March 2020 in light of the COVID-19 pandemic. Subsequently, we have continued to engage with our trade union partners and employee representatives on designing COVID-19 safe systems of working in order to recommence operations. A controlled start took place from 6 April 2020.</p>



Corporate Governance (continued)

Key Stakeholder	Principal Methods of Engagement	How this stakeholder group influenced Board / committee discussions and decisions
Joint Venture Partners and Co-Investors	<p>Regular interaction with our joint venture partners and co-investors takes place in a number of different forums. For instance, there are four board meetings per year of the Highland Distillers Group and The 1887 Company Limited at which directors appointed by our partner William Grant & Sons are present. Similarly, there are four board meetings of The Macallan Distillers Limited per year at which directors appointed by our partner Suntory are present. Alliance Board meetings are also held with Beam Suntory in respect of our joint venture distribution entities Edrington-Beam Suntory UK Distribution Limited, Maxxium España SL, Denview Limited (t/a Maxxium Russia) and Maxxium Rus. A Brugal & Co., S.A. annual general meeting is held each year to which the minority holders of Brugal & Co., S.A. are invited and at which they can ask questions of the Brugal & Co. S.A. board.</p>	<p>The Chief Executive and Chief Financial Officer brief the board on discussions with joint venture partners and co-investors and their views are taken into account in the decision-making of the board.</p>
Customers	<p>We have regular engagement with our customers through face-to-face meetings, conferences and events. Quarterly and annual performance reviews are generally held by Edrington's commercial teams with our distributors, allowing for structured feedback from our distributors.</p>	<p>Customers and channels are reviewed in annual Performance and Strategy Reviews, which are attended by, among others, the Chief Executive, the Chief Financial Officer, the Managing Director for Group Operations and relevant unit and commercial teams. Engagement with customers informs discussion at these Performance and Strategy Reviews.</p> <p>During the year we engage with certain key customers on new product development and launches.</p>
Suppliers	<p>We have regular engagement with our suppliers through face-to-face meetings, conferences and events.</p> <p>The Company has formal quarterly reviews with key suppliers, which involve senior management and cover quality, service, commercials, innovation, key business updates, strategic reviews and our vendor rating scores. With other suppliers, we generally have bi-annual reviews.</p> <p>We actively engaged with key suppliers to ensure we had sufficient stocks of key raw materials and finished goods in preparation for Brexit.</p>	<p>Updates on significant supply chain activities and issues are provided to Board meetings and are considered and discussed by the directors.</p> <p>Engagement with key suppliers during the year informed the board's discussions and decisions regarding the annual budgeting and long-term strategic planning processes for the Group.</p>



Corporate Governance (continued)

Key Stakeholder	Principal Methods of Engagement	How this stakeholder group influenced Board / committee discussions and decisions
Trade Associations	<p>Edrington is an active member of the Scotch Whisky Association (the 'SWA'). The SWA is governed by a Council of 16 members, elected at its Annual General Meeting. Our Chief Executive currently Chairs the SWA Council and our Chief Financial Officer serves as a member on the Council. Edrington has regular engagement with the SWA through a variety of forums and the Chief Executive and Chief Financial Officer serve on the SWA Council.</p> <p>At the international level, Edrington is a member of the Distilled Spirits Council of the United States (DISCUS), the Dominican Rum producers' association (ADOPRON), spiritsEUROPE (which represents producers of spirits drinks at the European level), and the Asia Pacific International Spirits and Wine Alliance (APISWA).</p> <p>Edrington's Corporate Affairs team regularly engages and actively partakes in the work of these trade bodies on pertinent matters, including understanding potential changes to the regulatory framework, promoting moderate consumption and advancing industry standards.</p>	<p>Where relevant, updates on engagement with the SWA, ADOPRON, DISCUS, spiritsEUROPE and APISWA are provided to the board by the Chief Executive or Chief Financial Officer.</p>
Pension Trustees	<p>Edrington operates two principal pension schemes based on final pensionable salary in addition to a number of schemes based on defined contributions. The assets of the schemes are held separately from those of the Group.</p> <p>There is regular interaction between the chair of the pension trustees in respect of the defined benefit schemes and Edrington's Chief Financial Officer and Group Company Secretary.</p> <p>Route map meetings are also held twice annually with the pension trustees, including attendance from the Chief Financial Officer among others.</p>	<p>The Chief Financial Officer and Group Company Secretary brief the board on the views of the pension trustees on matters of relevance.</p> <p>Following engagement with the Company, and in light of the COVID-19 crisis, the Pension Trustees have agreed to a 12 month postponement of deficit repair contributions for both final salary pension schemes.</p>



Corporate Governance (continued)

Key Stakeholder	Principal Methods of Engagement	How this stakeholder group influenced Board / committee discussions and decisions
Lenders	<p>Our Treasury team is in regular contact with our banking partners and Private Placement note holders. Annual review meetings are held with our lenders where business performance, future plans and strategy are presented to our lenders and they have the opportunity to ask questions and give their views to management. The Chief Financial Officer attends these review meetings. In addition, regular updates on performances are shared with our lenders.</p>	<p>The Company's lenders give their views on key areas of financial risk management strategy. These are regularly discussed by the Treasury Committee and additionally the Chief Financial Officer briefs the board on the views of the Company's lenders.</p> <p>During the year, the Company completed a bank refinancing and held a strategy update for our lenders, including our new additional banking partners.</p> <p>Towards the end of the financial year (and continuing into the new financial year), the Company has been engaging directly with its lenders in relation to the impact of the COVID-19 crisis, including providing scenario assessments and action plans for the management of cashflow and compliance with covenant conditions.</p>
HM Revenue & Customs	<p>Edrington aims to develop and maintain professional working relationships with HM Revenue & Customs. Regular dialogue is maintained with our relationship manager and the business has an annual Business Risk Review with HM Revenue & Customs which is attended by the Chief Financial Officer and Group Tax Manager, among others.</p>	<p>The Chief Financial Officer briefs the board on tax matters.</p>
Government and Regulatory Bodies	<p>Edrington is committed to working constructively with all government and regulatory bodies across its office locations.</p> <p>Through our trade and industry associations (see above), executive directors and members of the Corporate Affairs team, among others, maintain open and positive dialogue with this group of stakeholders, building trust and reputation.</p>	<p>The Company aims to comply with all laws and regulations wherever it operates, and we actively monitor changes to these requirements.</p> <p>The Chief Executive, Chief Financial Officer and Group Company Secretary brief the board on the impact of relevant regulatory changes; this is assessed and taken into account when making decisions.</p>



Corporate Governance (continued)

Board Committees

In discharging its governance responsibilities, the board has established committees to provide oversight and guidance in certain areas on its behalf. Three principal committees report directly to the board and are supported by a number of advisory committees as detailed below. Each committee is governed by terms of reference, or similar mandate, which define their purpose, duties and interaction with the board, Company or other committees.

Nomination Committee

The Nomination Committee is chaired by Crawford Gillies and meets at least twice per year to assess the composition of the board and its governance structures as well as considering board appointments and both senior executive and non-executive succession planning.

The Committee is responsible for leading the process for new appointments to the board and ensuring that these appointments bring the required skills, knowledge, experience and diversity to the board. As part of this, the Committee reviews the structure, size and composition of the Board to ensure it is made up of the right people to direct the Company in the successful execution of its strategy. The Committee is also responsible for formulating succession plans for both executive and non-executive directors, as well as reviewing the overall talent and succession plans for Edrington's leadership group.

Remuneration Committee

The Remuneration Committee is chaired by Alice Avis MBE and meets at least twice per year.

Together with the committee, the Group determines directors' remuneration policy with reference to an external triennial benchmarking review prepared with the assistance of independent specialist consultants. In addition, the committee recommends and monitors the level and structure of remuneration for senior management and reviews a number of reward initiatives and development programmes for all Edrington wholly-owned businesses.

The principles of Edrington's executive remuneration strategy, frameworks and programmes are designed to:

- > Apply a pay for performance philosophy that directly links executive reward to the achievement of individual results and the strategic goals and performance of Edrington;

- > Align remuneration to business outcomes that deliver value to shareholders;
- > Balance incentives appropriately to reward superior performance in the short term and sustained performance over the long term;
- > Drive a performance culture by setting challenging objectives and rewarding individual performance;
- > Be transparent, consistent and fair; and
- > Ensure remuneration is globally aligned but with local flexibility, where required, to be competitive in the relevant employment marketplace.

Audit Committee

The Audit Committee, chaired by David Richardson, meets at least three times a year. Two of the meetings are with the external auditors and senior members of the management team and finance function to discuss audit planning, review statutory accounts and address issues arising from the audit. It also considers the ongoing independence of the auditor and the effectiveness of the audit process. The conclusions of the committee are reported to the board before the board approves the annual results. The opportunity is taken at each meeting for the committee to discuss matters with the auditor without management present. The committee also addresses risk management and internal controls, where they might receive presentations from senior members of the management team and finance function and approve risk management plans going forward.

Financial statements and audit

The Audit Committee has reviewed the plan presented by the external auditor and agreed the scope of the audit work. During the audit process, the committee kept under review the consistency of accounting policies on a year to year basis and across the Group, and the methods used to account for significant or unusual transactions. During the year the committee reviewed the additional reporting requirements under IFRS 16: Leases, IFRIC23: Uncertain tax treatments and additional reporting requirements in relation to Section 172(1) of the Companies Act 2006.

The financial statements were reviewed in detail prior to their submission to the board. Following the audit, the committee discussed the issues arising and any matters the auditor wished to discuss. The committee also assessed the effectiveness of the audit process through discussion with the auditor.



Corporate Governance (continued)

External auditor

Deloitte LLP were appointed auditors on 5 November 2019. Deloitte’s appointment followed a review of recent changes in reporting regulations and will allow Grant Thornton UK LLP to continue to provide independent services in relation to share valuations. Following this appointment and during the remainder of the year, the Audit Committee monitored the relationship with the auditor and assessed their performance, cost-effectiveness, objectivity and independence. The committee will assess the effectiveness of Deloitte LLP’s appointment in relation to the 2020 audit in October 2020. The board is satisfied that the auditor is independent of the Group and that best practice is being observed.

Deloitte LLP regularly report to the committee to confirm compliance with their own policies, procedures and ethical

standards in relation to auditor objectivity and independence. The Audit Committee has established a policy in relation to the use of statutory auditors for non-audit work and will award work to the firm which provides the best commercial solution with reference to the skills, expertise and suitability of the firm.

The Chief Financial Officer may approve specific engagements up to £50,000 cumulatively and the chairman of the Audit Committee may approve specific engagements up to £100,000. Fees in excess of £100,000 are subject to approval of the full committee. There was no non-audit work completed by Deloitte during the financial year.

Further information on the Audit, Remuneration and Nomination Committees and other advisory sub-committees established by the board is set out below.

Committee	Members	Remit
Nomination Committee	Crawford Gillies (chair) Alice Avis MBE Stefanie Fitzgerald David Richardson Scott McCroskie	> reviews structure, size and composition of board > recommends appointments and considers succession planning
Remuneration Committee	Alice Avis MBE (chair) David Richardson Crawford Gillies	> sets remuneration policy > sets executive director remuneration and incentives > approves annual performance objectives > approves granting of long-term incentives
Audit Committee	David Richardson (chair) Stefanie Fitzgerald Crawford Gillies Shinichiro Hizuka	> reviews and monitors financial results and reporting > approves audit planning > monitors internal financial controls > oversees external audit relationships > considers auditor appointment > reviews audit effectiveness > oversees risk management



Corporate Governance (continued)

The advisory sub-committees established by the board, whose remits are outlined below, comprise certain executive directors and senior members of the Edrington management team:

Committee	Chairman	Remit
Capital Expenditure Committee	Graham Hutcheon	<ul style="list-style-type: none"> > develops five year capital expenditure plan > ensures evaluation of business cases and that resources allocated on an appropriate basis > ensures risks and interdependencies are clearly understood > manages liquidity requirements and post evaluation reviews
Corporate Sustainability & Responsibility Committee	Lindsay McGarvie (Corporate Affairs Director)	<ul style="list-style-type: none"> > ensures Edrington conducts business in a socially responsible and ethical way > setting and adhering to industry standards on responsible consumption of alcohol > identification and monitoring of performance against targets on environmental sustainability > in conjunction with The Trust and Edrington's network of Trust Ambassadors, ensures the business supports local communities in which it operates
Marketing Code Committee	Alice Avis MBE	<ul style="list-style-type: none"> > sets marketing policy in compliance with industry standards to ensure responsible marketing practice > reviews marketing practice on an annual basis and maintains processes for complying with marketing code prospectively
Group Risk Management Committee	Lindsay Campbell (Group Finance Director)	<ul style="list-style-type: none"> > identifies and evaluates principal risks > reviews the adequacy of risk management processes > recommends improvements in risk management processes > reports material findings to the Audit Committee
Treasury Committee	Paul Hyde	<ul style="list-style-type: none"> > ensures compliance with the terms of group borrowing facilities > minimises financial risk arising from exposure to fluctuations in foreign exchange rates, interest rates liquidity and counterparty risk > determines hedging policy on interest rates and currency > approves significant decisions on commercial credit limits > monitors and approves cash signing authority in the Company



Corporate Governance (continued)

Committee	Chairman	Remit
IT Steering Committee	Euan Fraser (Director of Business Technology)	<ul style="list-style-type: none">> ensures that the technology strategic plan aligns with business priorities and return on investment> approves proposed technology projects, and scrutinises ongoing activity> audits completed projects to ascertain effectiveness> oversees cyber security management and monitors cyber security improvements
Brand Protection Committee	Martin Cooke	<ul style="list-style-type: none">> seeks to establish structures, responsibilities and actions to eliminate or mitigate the unauthorised, unfair or illegal diversion, exploitation of, or damage to, Edrington's brands and their value.
Brexit Committee	Martin Cooke	<ul style="list-style-type: none">> monitors Brexit developments> oversees contingency planning in relation to Brexit



Corporate Sustainability and Responsibility

Edrington was created to be a company that makes a positive contribution to the communities in which we live and work. We have worked for more than a century and a half to build a responsible and sustainable business.

We launched a new, ambitious sustainability strategy in 2019. This is based on six areas that we have identified as important for Edrington's heritage, people and brands. Our targets also reflect existing commitments, particularly those set out in the Scotch Whisky Association's environmental strategy. Edrington has been an active contributor to the Association's environmental strategy since it was launched in 2009 and is working with the Association on a refreshed strategy that will be launched later in 2020.

The strategy is driven by Edrington's sustainability committee, which meets on a monthly basis and is chaired by our Corporate Affairs Director. Senior members of the company head up each of the six workstreams. The overall strategy is sponsored at board level by the Managing Director, Group Operations. In addition to the committee, in 2019/20 we formed a global group of Edrington Sustainability Champions, whose role is to create and embed local initiatives across our sites in all regions to help deliver our strategy.

Our sustainability strategy is underpinned by a governance structure and key performance indicators for delivery. It references the United Nations' Sustainable Development Goals throughout. We are proud of our relaunched strategy and it has been well received by the industry and our colleagues.

1. Promoting Responsible Consumption

Every decision and action we take will be underpinned by leadership on the responsible consumption of our brands.

KPI – % of marketing, communications and sales employees who are compliant in marketing code training. 2019 performance 96% [target: 95%]

We structure our work under three pillars that represent our commitments to our people, communities and consumers:

- > **Our people** – We support our people to work and live as alcohol responsibility ambassadors
- > **Our partnerships** – We work in partnership with organisations that promote alcohol responsibility
- > **Our brands** – Our brands will promote alcohol responsibility to the people who enjoy them

A healthy population and a relationship of trust with consumers are vital to the success of our business. Our responsibility starts with ensuring our brands are distilled, packaged and promoted to a consistently high standard everywhere in the world. However, we know that alcohol can be misused. We have an important role to play in promoting responsible attitudes to alcohol.

The Edrington Marketing Code was updated this year with substantial new measures relating to digital compliance, gender stereotyping and events management. A new online training code is being developed for launch in 2020.

Our annual Alcohol Responsibility Week reinforces this training and gives all our employees the information and support they need to make positive choices around alcohol, whether in their work or home life.

In our markets, we work with and fund organisations that support responsible consumption and work to reduce the harms associated with alcohol misuse. A selection of the work supported by Edrington in the past year includes:

- > Edrington is a contributing partner to the Scotch Whisky Association's Scotch Whisky Action Fund.
- > Edrington funds the Best Bar None programme through our UK joint venture, Edrington-Beam Suntory UK.
- > Edrington is a funder of Drinkaware, an independent charity in the UK working to reduce alcohol misuse and harm and help people make better choices about drinking.
- > In 2020, Edrington became a founding funder of CAP Scotland, contributing £30,000 over three years.
- > Through the Asia Pacific International Wine and Spirits Alliance (APIWSA), Edrington has contributed to tailored alcohol responsibility campaigns in China, Vietnam, Korea, Singapore, Cambodia, Indonesia, Thailand and Taiwan.
- > In the US, Edrington is represented on the board of the Foundation for Advancing Alcohol Responsibility.



Corporate Sustainability and Responsibility (continued)

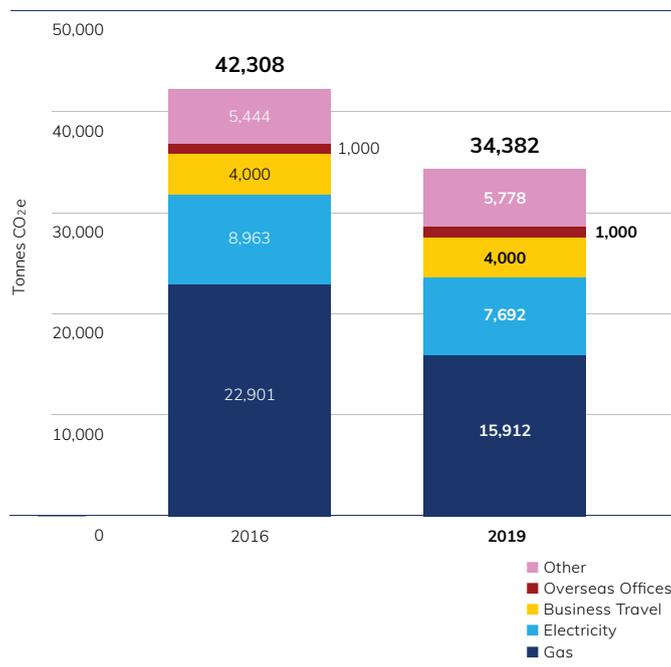
2. Cutting our Carbon Footprint

Edrington will be a carbon neutral business by 2030 for our distilleries, offices and travel. We will reduce our greenhouse gas emissions by at least 70% compared to 2016 levels and aim to lock up any balance through local habitat creation and restoration predominantly in Scotland. We will work with our suppliers to reduce their greenhouse gas emissions. Our long-term ambition is for all Edrington activities and those of our supply chain to be net zero for greenhouse gases.

KPI – Greenhouse gas emissions from Edrington business operations and travel. 2019 GHG emissions: 34,381 tCO_{2e} [2016 benchmark 42,307 tCO_{2e}. 2030 target 12,700 tCO_{2e}]

We have set ambitious targets to reduce our greenhouse gas emissions in our industry, recognising both the importance of every sector taking fast action on climate change. Using 2016 as a benchmark, we aim to reduce our greenhouse gas emissions to a maximum of 12,700 tCO_{2e} by 2030. We recognise that achieving this 70% reduction in the greenhouse gas emissions that we are directly responsible for will be challenging and we anticipate that any remaining emissions will be offset responsibly through investing in environmental projects, primarily in Scotland.

Our Greenhouse Gas Footprint from Business Operations and Travel



Our 2019 greenhouse gas footprint from business operations and travel was 19% lower compared to our 2016 benchmark year, while our production grew by 5% and our distillation capacity grew 8%. Our progress has been primarily driven by reductions in gas use and efficiency measures. The opening of our new distillery on The Macallan Estate fuelled by Estover’s Speyside combined heat and power (CHP) plant was a particular highlight.

We have reported our emissions in line with the Greenhouse Gas Protocol Corporate Standard. This document reports Scope 1 and 2 emissions from our operations as well as the majority of Scope 3 emissions from business travel in line with the Streamlined Energy and Carbon Reporting requirements (SECR). Our wider Scope 3 emissions include agriculture, packaging and other indirect emissions sources. We aim to report voluntarily on these in future years, and also to work with our supply chain to take action to reduce these emissions.

We also calculated our intensity metric against the litres of spirit we produce. We currently produce 1.6 kg of CO_{2e} per litre of spirit produced.

Our Scottish distilleries are on track to meet the Scotch Whisky Association’s 2020 target of improving energy efficiency by 7.6%. Edrington’s distilleries in Scotland are 11.3% more efficient than the 2008 base line year when measurement started. In addition, we sourced 30% of our energy requirements in 2019 from renewable sources in the UK, significantly ahead of Scottish Government targets.

To support our objective of becoming carbon neutral for the greenhouse gas emissions we are directly responsible for, we aim to lock up any balance through ecological habitat creation and conservation predominantly in Scotland, capturing and storing carbon that would otherwise be emitted to the atmosphere. In addition to the offset of carbon emissions, this approach will help protect wildlife, preserve or expand open space, and restore biological communities.

3. Protecting Water Resources

We will use water carefully and, in water scarce areas, we will work with our suppliers and others to help them save more water than we use.

KPI - Net water used in our operations in Scotland and the Dominican Republic in water scarce areas. [2019: 828m litres]

Water is an essential ingredient in all of our products. Our sustainability strategy focusses on cutting water use in the Dominican Republic (DR) as this is our key production location that is forecast to experience water shortages. Our ambition



Corporate Sustainability and Responsibility (continued)

is to cut water use in our production and bottling facilities on the island and to then work with our supply chain and others to help them cut water use by 2030.

Managing water use in Scotland is also important. Our malt whisky distilleries are on track to meet the SWA's 2020 target of improving distilling water efficiency by 10% and our regulator, The Scottish Environmental Protection Agency (SEPA), most recently rated all of our distilleries sites as 'Excellent,' including for water consumption. Full details are available by searching for our distilleries at SEPA's website.

We will develop a full plan for delivery of our water objectives in 2020, together with a programme to measure and report consumption accurately across our global operations.

4. Great People

We will cultivate an inclusive environment where all employees can be themselves and are motivated to give their best.

KPIs:

- > **Employee engagement in top quartile of companies**
- > **33% of senior leaders will be female by 2022**
- > **Minimum of 50% female candidates at first round interview for every recruitment**

We are proud to give careers to 3,500 people in Edrington, 70% of whom are based outside Scotland. Our aim is to provide a fully inclusive and engaging place to work where every colleague can contribute to Edrington's success. In order to achieve this, we have introduced progressive initiatives and policies focussing on engagement, wellbeing, diversity and inclusion as well as rewarding our great people fairly and encouraging them to develop and grow their careers.

Wellbeing

In early 2019/20 we launched Edrington's Wellbeing Framework to all employees. Our new framework focussing on three key areas: *Mind, Body and Lifestyle*, was developed to connect and co-ordinate existing activities across Edrington, and to help us introduce new initiatives globally and regionally. We delivered a number of activities under each of these headings over the course of the past year.

Employee Engagement

We were pleased with an employee engagement score of 73% earlier this year which is a significant increase from 68% in 2018. While this is just below 76%, which is deemed top quartile, it is an excellent result and evidence that our continued action plans are having a positive impact. The areas we particularly focussed on after the last survey were around leadership and communication, both of which have improved significantly. In addition, our China team was awarded the prestigious "Best Employer" certification by our survey provider Kincentric as they scored top quartile in engagement, agility, and talent focus.

With a participation rate of 87% we are confident that we have received feedback from the vast majority of employees, and we remain committed to working with all teams to further analyse the results and put actionable plans in place.

Diversity & Inclusion

As with many organisations, we have work to do to ensure we foster a diverse and inclusive culture that enables diversity of thought.

In recent years we have focussed on gender diversity and on our commitment of narrowing the gender pay gap. We have made further progress last year in terms of our gender pay gap in the UK. Our mean gender pay gap of 15.3% represents a decrease of 12.8% (2018: 28.1%) and the median pay gap of 10.4% represents a decrease of 4.1% (2018: 14.5%). We are not yet where we want to be, but we are confident we have the right measures and actions in place to continue to narrow our gender pay gap. For example, in February 2020 we announced our new Modern Family Leave policy that will provide 26 weeks' fully paid family leave to all new parents. All permanent Edrington employees, both women and men, with more than one year of service whose child is born, adopted or fostered will be entitled to this new benefit. This is a greatly enhanced offering particularly for our international locations.

We also put targets in place measuring our male to female ratio at first round interviews for every recruitment with an aim to have at least 50% candidates being female. While some areas achieve this, our overall number is around 35% and we will continue to focus on improving this. We also committed to having 33% female leaders (defined as pay grade 19+) by 2022 and we are confident that we have the right plan to help us achieve this.

We continue to encourage our employee diversity and inclusion network, the Balance group, which is sponsored by our CEO, to drive our D&I agenda and it has made great progress in driving up engagement across the business. The business has also started to broaden the agenda to include ethnicity and age in the wider efforts.



Corporate Sustainability and Responsibility (continued)

5. Giving More

We will continue our positive contribution to society and the communities that we live and work in, with Giving More at the centre of everything we do.

KPIs:

- > **Total Giving More donations**
- > **Two volunteer days on average used per employee per year**
- > **Global Giving More communication four times per year**

The value of giving is woven into the history and fabric of our business in a way that is unique in our industry. This ethos was inherited from our principal shareholder – The Robertson Trust – Scotland’s largest independent grant-making trust. Since 1961, through the dividends received from Edrington, The Trust has donated £283m to a variety of causes. Last year alone, to help deliver its vision of a fair and compassionate Scotland where everyone is valued and able to flourish, The Trust gave £20m to charitable organisations and supported talented young people facing barriers to education.

In the UK, Edrington and The Robertson Trust continue doing good together – both matching the charitable fundraising of employees. Thanks to this support, £1 raised for charity by an Edrington employee in the UK becomes £3 after additional contributions from The Robertson Trust and Edrington. In 2019/20 the total raised and donated by Edrington employees to causes in Scotland was £697,700 (2018/19: £674,000).

The value of giving that lies at the core of Edrington’s company history is something that every employee cherishes and is proud of. As Edrington has grown internationally, we have encouraged our people to contribute to the wellbeing of the communities in which they live and work. Across our office locations, employees are supported in making a real difference by championing causes they feel passionate about. To do this, Edrington sets aside 1% of pre-tax earnings each year for charitable giving by its employees worldwide, with their fundraising efforts being double matched. Last year Edrington empowered its people across the world to make donations valued at £2m, bringing the total raised and donated by Edrington’s international employees to £11.7m since 2012.

At Edrington, we see participation in Giving More as a key ingredient of a healthy lifestyle and staying true to our heritage. A healthy lifestyle is as much about getting involved and contributing to the health and wellbeing of our societies

as it is about personal wellbeing. That is why in 2019/20 we increased the volunteering days from three to four days’ paid leave to encourage employees to volunteer in their communities. Our staff are encouraged to make use of these days to give back and support inspirational causes.

6. Working with our suppliers

We will work with our suppliers so every key raw material we buy meets an independent standard for social and environmental performance and we understand and address our key climate change risks.

KPI - % of suppliers who have an independent standard for social and environmental performance [measurement to be developed in 2020]

From the barley we use in our Scotch Whisky brands to the casks in which our spirits mature, a strong supply chain is essential to Edrington’s success. Many of our suppliers have worked with Edrington for decades. Our strategy seeks to build on this continuity and to work with our partners to ensure that every key product we source for our brands meets an independent standard for social and environmental performance. With our business grounded in nature and the natural environment we also want to make sure that our crops and our products are resilient for the future.

Our Scotch Whisky brands are on track to meet the Scotch Whisky Association target of increasing the recycled content of packaging to more than 40%. In 2019 the recycled content in our packaging was 39%.

The growing popularity of premium spirits around the world is accompanied by consumer demand for bottles and packaging that convey the heritage and value of the spirit. This is driving up glass and packaging weights, particularly in the case of Single Malt Scotch whiskies. Edrington uses predominantly clear glass to allow consumers to see the natural colour of its malt whiskies. As a result of the strength of our super premium portfolio Edrington is not currently on track to meet the SWA’s target of reducing packaging weight by 10% by 2020.

We will continue to work with suppliers and industry partners to find opportunities to support the industry’s aim of reducing packaging. Our business will listen to consumers and be ready to respond rapidly to trends that support packaging innovation.



Directors' Report

The directors present the audited financial statements for the year ended 31 March 2020.

Results for the year

The Company's financial results, which are detailed in the income statement, cover the year to 31 March 2020.

Dividends for the year amounted to 12.4p (2019: 41.7p). An interim dividend of 12.4p (2019: 12.2p) per share was paid on 8 November 2019. The directors agreed that in the current uncertain circumstances there is a need to conserve cash and therefore no final dividend will be paid in July 2020 (2019: 29.5p). The aggregate dividends recognised in the year amounted to £25.3m (2019: £24.9m).

Revenue (pre-exceptional) for the year amounted to £780.2m (2019: £730.9m) resulting in a profit before tax (pre-exceptional) of £222.4m (2019: £201.6m) and overall profit for the financial year (pre-exceptional) of £173.8m (2019: £167.3m). Exceptional items totalling (£2.6m) (2019: £67.1m) (after taxation and minority interest) were incurred, leading to a profit for the year, attributable to Edrington shareholders, of £87.7m (2019: £158.7m).

A detailed review of the Company's business strategy along with associated risks and uncertainties is included within the strategic report.

Directors' responsibilities for the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to:

- > select suitable accounting policies and then apply them consistently;
- > make judgements and accounting estimates that are reasonable and prudent;

- > state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and whether UK Accounting Standards and applicable laws have been followed for the Parent Company financial statements, subject to any material departures disclosed and explained in the financial statements; and
- > prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the Group and Parent Company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- > so far as each director is aware, there is no relevant audit information of which the Group and Parent Company's auditor is unaware; and
- > the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Employee share schemes

The Company operates two share schemes for eligible employees.

The ShareSave Scheme is an annual scheme enabling eligible employees to save for a three year period to buy Edrington 'B' Ordinary Shares at 80% of the market price. The scheme has been approved by HM Revenue and Customs. The Company charges the fair value of the option at the date of grant to the income statement over the vesting period of the scheme.



Directors' Report (continued)

The ShareReward Scheme allows Edrington 'B' Ordinary Shares to be awarded annually to eligible employees of the Company. The employee's entitlement to receive shares is dependent on the growth in the Company's profit in the year, attributable to shareholders, exceeding inflation by a pre-determined amount. The scheme has been approved by HM Revenue and Customs. The Company charges the annual fair value of this scheme to the income statement, if the performance criteria have been met.

The ShareReward Scheme was triggered in respect of the year ended 31 March 2020.

Executive incentive plans

An Annual Incentive Plan rewards executive directors and senior executives based on the Company's finance results and the executives' individual performance against business objectives.

The Annual Incentive Plan was fully triggered in respect of the year to 31 March 2020 and the associated costs of this plan have been charged to the income statement.

The Long Term Incentive Plan rewards senior executives based on the Company's performance over a three year period, by awarding a cash incentive. The Company charges any associated costs to the income statement over the period of the plan. The performance conditions, which are more demanding than that for the Annual Incentive Plan, were fully triggered in respect of the three year period ended 31 March 2020.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee Engagement

A summary of how the Company engages with its employees is detailed within the "Stakeholder Engagement" section within the Corporate Governance report.

Business Relationships

Fostering business relationships with our suppliers, customers and lenders is key to the success of the business. Further details of our engagement with our business partners is detailed within the "Stakeholder Engagement" section within the Corporate Governance report.

Corporate Governance

The group has adopted and is complying with the Wates Principles which apply to financial years beginning on or after 1 January 2019. Further detail on the compliance with each of the principles is detailed within the "Corporate Governance" report on pages 20-23.

Going Concern

The Company has carried out assessments of the future trading performance and cash flows with sensitivities completed to reflect the current uncertain environment and is discussed on pages 14-16 of the Strategic Report. The results of these assessments were reviewed considering the financial position of the Group at 31 March 2020, the cost and cash mitigation measures available to it, and the access to ongoing funding facilities. Based on these assessments the Board and directors have a reasonable expectation that the Group will be able to meet its financial obligations for the foreseeable future and have adequate resources to continue to operate for at least 12 months from the date of this annual report. The directors therefore consider it appropriate to adopt the going concern basis in preparing these financial statements.

Auditors

As auditors are now deemed, under section 487(2) of the Companies Act 2006, to be reappointed automatically, Deloitte LLP, having expressed their willingness, will continue as statutory auditors.

Approved and signed on behalf of the board

Martin Cooke

Group Company Secretary

18 June 2020