

MITCHELLS & BUTLERS PENSIONS LIMITED

COURT CASE UPDATE: MITCHELLS & BUTLERS PENSION PLAN (THE 'PLAN') – DEFINED BENEFIT SECTION

The recent Member Briefing newsletter, posted to all members at the end of December last year, included an update on the Court case between the Trustee of the Plan and Mitchells & Butlers plc (the 'Company').

We are writing to you now to confirm the outcome of the Court case, in case you missed it, and to tell you what the next steps will be.

This update is for your information only. You do not need to do anything in response to it.

Background

As you may recall, the Court case was primarily about who, under the Plan's Rules, has the power to vary the rate at which pensions in payment are increased and deferred pensions are revalued before they come into payment (both referred to throughout this letter as 'pension increases').

There was a Court-approved interim arrangement for affected members in respect of pension increases granted in October 2018 and October 2019 to be made by reference to the Consumer Prices Index (CPI) instead of the Retail Prices Index (RPI), and this interim arrangement was extended to include the 2020 and 2021 increases.

Affected members are those who left (or dependants of those who left) Pensionable Service on or after 24 July 1996. Members who are not affected members have received RPI-linked increases throughout.

Copies of all correspondence sent to members about the Court case are available on the Plan website, www.mbplcpensions.com

Decision in the Court case

After a delay caused by the pandemic, the trial took place between 30 June and 22 July 2021 in the High Court in front of Mr Justice Trower. The Court handed down its judgment on 12 November 2021 and decided that the Rules of the Plan should be rectified such that:

- the Trustee has the power to choose the index which is used for pension increases, and
- the Company does not have the power to vary the rate of pension increases.

What will happen next?

Following the judgment, the Trustee took advice and agreed that RPI should remain the measure of inflation for pension increases.

It remains open to the Trustee to change this decision in future, should the Trustee consider it appropriate to do so at any time. However, if any such change were to be made, it would not retrospectively affect any increases to which members had already become entitled at the time of the change. (For the avoidance of doubt, the Trustee does not have any plans to move away from RPI, but it is required to keep the matter under review in accordance with its fiduciary duties.)

RPI-based pension increases would have been more generous during the four-year period from 2018 to 2021 during which the interim CPI-linked arrangement was in effect for affected members, so this means pensions in payment for affected members will be retrospectively topped up where necessary.

Affected members (or dependants) in receipt of a pension will also receive a restorative lump sum to compensate them for these historically lower payments. This will be paid through the pensioner payroll. Should you be in receipt of a dependant's pension which commenced after October 2018, then any restorative payments made to you will also account for adjustments made in respect of the late member's pension, relating to their pension entitlement between October 2018 and their date of death. We will write to this group once a timeline for benefit rectification has been finalised.

If you are an affected member and you have a deferred pension, we will update our records so that the interim arrangement does not affect the calculation of your pension when you retire.

We will post further updates on the Plan website once we have a clearer idea of when these payments/adjustments will be made, but we will also write to all affected members again to confirm details of any lump sums payable.

If you have any questions you would like to ask, you can write to the Trustee, either by sending an email to pensions@mbplc.com or a letter to the Trustee, care of the Secretary to the Trustee, at the address in the letterhead. Please quote the reference 'Indexation', and include your full name, address and either membership number or National Insurance number.

Thank you for your patience during this time.

Yours sincerely



David Shannon
Secretary to the Trustee of the Mitchells & Butlers Pension Plan

LEGAL DISCLAIMER: This letter contains a summary of the Plan's Rules as rectified by the Court, and is intended to be in plain English and focused on the aspects which are most relevant. For this reason, it is not a complete description of the Rules, and the Rules themselves will prevail over the contents of this letter if there is any inconsistency between them. Nothing in this letter confers, or is intended to confer, any legal rights or obligations.