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Mitchells & Butlers Pensions Limited

Chair's annual statement regarding defined contribution benefits held in the Mitchells & Butlers Pension Plan ("the Plan")

1. Introduction

1.1. This statement has been prepared by Mitchells & Butlers Pensions Limited ("the Trustee") and reports on how the Trustee complies with the defined contribution (DC) governance standards. These standards are designed to help members achieve good outcomes from their pension savings.

1.2. This statement covers the Plan year 1 April 2025 to 31 March 2026.

1.3. The Trustee will publish this Statement on a publicly accessible website, the address for which is: https://www.mbplcpensions.com/dc-choice/library.

2. The Plan's DC arrangements

2.1. The Plan's DC arrangements comprise:

2.1.1. A Defined Contribution Section ("the DC Section") which is open to future contributions and is used as a qualifying workplace pension scheme for auto-enrolment purposes. The administration and investment services for the DC Section are provided by Legal & General.

2.1.2. Additional Voluntary Contribution (AVC) benefits for members of the Plan's Defined Benefit Section ("the DB Section") which are administered by and invested with Legal & General, in line with the DC Section benefits.

2.1.3. A separate AVC arrangement provided by Prudential which holds benefits for DB Section members, and is closed to future contributions and members. An additional AVC arrangement with Standard Life was closed during the year when the last member transferred out.

3. Default investment arrangements

3.1. Over the reporting period, the DC Section had one default investment arrangement for the purposes of the regulations, the Default Target Date Fund. This was implemented in February 2018, following advice from the Trustee's investment adviser, Barnett Waddingham LLP. Its design takes account of the potential needs of DC Section members, as well as the Trustee's own investment beliefs.

Default investment arrangement design and objectives

3.2. The key features of the Default Target Date Fund are:

3.2.1. It is structured as a target date investment strategy which consists of a series of separate funds that are designed to target the date (across five-year windows) most closely aligned with each member's Normal Retirement Date (NRD). For example, a member with an NRD in 2047 would be invested in the 'Default Target Date Fund 2045 – 2050'. The NRD of the DC Section is set at a member's 65th birthday for the majority of members, and at a member's 60th birthday for others, however members are able to amend their target retirement date by contacting Legal & General.

3.2.2. It invests in a broad mix of assets which are automatically rebalanced at different stages of membership. When a member is a long way from accessing their retirement savings, emphasis is placed on medium to higher risk funds (i.e. investing predominantly in growth assets) in search of long-term returns that exceed inflation. As each member approaches their NRD, their retirement savings are progressively switched to funds that are considered to be lower risk with the aim of protecting their value relative to the way in which they are expected to be accessed.

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3.2.3. The target investment profile of the Default Target Date Fund has been designed with the assumption that members are likely to access their pension savings through drawdown. This means that the Default Target Date Fund will hold a proportion of assets that offer the prospect of future growth in the lead up to and through retirement.

3.2.4. Legal & General, as the provider of the Default Target Date Fund, will adjust the investment profile, strategy and asset allocation of the Default Target Date Fund on an ongoing basis in order to take account of changes in market conditions.

Alternative investment options

3.3. Alongside the Default Target Date Fund, the Trustee has made two additional investment strategies available: the Annuity Target Date Fund and the Cash Target Date Fund. Both strategies use the same target date structure as the Default Target Date Fund, but target members taking benefits through Annuity purchase or as a Cash lump sum at NRD.

Review of the default investment arrangement

3.4. The Trustee, together with its professional advisers, monitors the investment options accessed through the DC Section on a quarterly basis. This monitoring looks at the performance of the underlying funds, to ensure that they are consistent with their stated aims and objectives, as well as any developments or changes with the fund manager. This monitoring did not identify any issues over the Plan year.

3.5. The Trustee did not undertake a strategic review of the default strategy during the Plan year. The last strategic review was completed in November 2023, which took account of the Trustee's investment beliefs, recent and ongoing changes made by Legal & General to the design of the Default Target Date Fund and analysis of DC Section members to ascertain their potential needs. This included a review of the demographics of members (for example term to NRD), current and projected pot sizes and the impact on retirement income options.

3.6. The last review concluded that the Default Target Date Fund remains appropriate for the average DC Section member. The target portfolio at NRD recognises that most members are likely to take benefits through drawdown but that members may also take their benefits at different times and using different retirement income options. The Trustee acknowledged that Legal & General plans to make wider changes to its range of available default strategies and these will be considered at an appropriate time in the future.

3.7. No changes were made to the DC Section's range of investment options as a result of the strategic review. The next strategic review is due to be completed by November 2026.

Asset allocation of the default

3.8. The following table provides details of the of the underlying asset allocation of Default Target Date Fund as at 31 March 2026 This information has been provided in line with statutory guidance.

Asset Class	Allocation (%) 25-year-old	Allocation (%) 45-year-old	Allocation (%) 55-year-old	Allocation (%) 1 day before retirement age
Cash	0.15%	0.15%	0.90%	7.13%
Bonds	5.00%	5.00%	17.68%	51.51%
Listed Equities	84.85%	84.85%	75.92%	18.95%
Private Equity*	1.80%	1.80%	0.80%	0.16%

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Asset Class	Allocation (%) 25-year-old	Allocation (%) 45-year-old	Allocation (%) 55-year-old	Allocation (%) 1 day before retirement age
Infrastructure*	4.19%	4.19%	2.00%	2.87%
Property/Real Estate **	3.14%	3.14%	2.50%	4.48%
Private Debt/Credit	0.16%	0.16%	0.00%	13.36%
Other	0.72%	0.72%	0.20%	1.55%

* Exposure through shares in listed infrastructure and private equity companies

** Exposure through direct property as well as global Real Estate Investment Trusts (REITs)

Further information on the default

3.9. Further details of the Default Target Date Fund can be found in the SIP. For the purposes of Regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 the SIP sets out more detail around the Trustee's investment objectives, as well as the default investment strategy. The SIP was last updated in November 2023 and the most recent version is appended to this Statement.

4. Core financial transactions

4.1. The Trustee has a duty to ensure that 'core financial transactions' are processed promptly and accurately. The DC Section's core financial transactions comprise the following:

4.1.1. investment of contributions

4.1.2. transfers into and out of the Plan

4.1.3. investment switches within the Plan

4.1.4. payments out of the Plan

DC Section administration

4.2. Over the Plan year, the administration functions of the DC Section were outsourced to, and completed by, Legal & General. The scope of these administration functions is recorded in detail in the DC Section's Administration guide.

4.3. To ensure the accuracy and timeliness of all DC Section core financial transactions, the Trustee has established robust reporting and monitoring processes, which include the following:

4.3.1. The day-to-day monitoring of administration standards is undertaken by Mitchells & Butlers' "in-house" pensions team who scrutinise the performance of all service providers to the DC Section. The Head of Pensions reports back to the Trustee on anecdotal experience as part of the quarterly Trustee meetings and any immediate concerns are escalated to the Trustee ad-hoc.

4.3.2. Service Level Agreements (SLAs) have been agreed as part of the contract between the Trustee and Legal & General. These SLAs set out the agreed maximum timescales and accuracy standards for all services provided by Legal & General in respect of the DC Section. Legal & General aims to ensure that 95% of all tasks are completed within the defined SLAs. The agreed SLAs for the core financial transactions identified in 4.1 above are as follows:

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Core financial transaction	SLA
Investment of contributions	24 hours from date of receipt
Transfer into and out of the Plan	5 working days from receipt of the completed paperwork
Investment switches	24 hours from receipt of switch request
Payments out of the Plan	5 working days from receipt of the completed paperwork for all payments out of the DC Section (10 working days in respect of drawdown payments)

4.3.3. Legal & General has SLAs in place for other services it provides including: assisting with member enquiries, amending member records and issuing information.

4.3.4. Legal & General provides the Trustee with quarterly administration reports that document its performance against the agreed SLAs. Barnett Waddingham, the Trustee's professional advisers, also report on these SLAs as part of the quarterly governance reports provided to the Trustee. The Trustee considers these reports in detail as a regular item at its quarterly meetings.

4.3.5. Over the Plan year, Legal & General's performance against the agreed SLAs for the core financial transactions are set out in the table below:

Core financial transaction	SLA achieved over the reporting period
Investment of contributions	100%
Transfers into and out of the Plan	99%
Investment switches	100%
Payments out of the Plan	100%

4.3.6. As part of its ongoing consideration of service standards, the Trustee has noted that the SLA achieved for all of the above categories exceeded the 95% target set by Legal & General over the Plan year.

4.3.7. Administration is captured as part of the Plan's DC risk register and any DC Section specific risks are clearly documented. This includes details of the controls established by the Trustee and records details of any required actions.

4.3.8. Additional measures that help to monitor the accuracy of core financial transactions are the external audit of the Plan's annual report and accounts and the administrator's annual checks on data quality.

4.4. There were no further issues reported to or identified by the Trustee in connection to either the promptness or accuracy of core financial transactions processed during the period covered by this statement.

AVC administration

4.5. During the Plan year, the Trustee delegated the administrative oversight of the separate AVC arrangements held with Prudential and Standard Life (for part of the year) to XPS, the administrator of the Defined Benefit Section ("the DB Section") of the Plan. The AVC benefits invested with Legal & General are subject to the same controls outlined for the DC Section above.

4.6. **Prudential AVCs:** XPS report back to the Trustee as part of the quarterly Trustee meetings with any specific issues relating to the administration of the separate AVC policies. The Trustee has historically been made aware of delays encountered by XPS when requesting disinvestments of AVC funds from the Prudential policy. While Prudential's performance had been satisfactory in recent times, as a result of this downturn in performance and wider developments relating to the DB Section, the Trustee arranged a bulk transfer of the AVCs from Prudential to the Standard Life Master Trust, which completed in September 2025.

4.7. **Standard Life AVCs:** There were no issues reported to or identified by the Trustee in connection with the promptness or accuracy of the processing of core financial transactions for the Standard Life AVC policy. These AVCs were also transferred to the Standard Life Master Trust in September 2025.

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Trustee view of core financial transactions

4.8. Taking the above into consideration, the Trustee is confident that core financial transactions over the reporting period have mostly been processed promptly and correctly.

5. Charges and transaction costs

5.1. Charges for the administration, communication and investment services provided to the Plan's DC arrangements are structured on a bundled basis and consist of the following:

5.1.1. **Charges:** these are collected by deduction of investment units and are expressed as a percentage of the value of each member's holdings within an investment fund. They are referred to as a Total Expense Ratio (TER) and include the Annual Management Charge (AMC) and the Fund Management Charge (FMC) incurred over the period.

5.1.2. **Transaction cost:** these relate to the variable costs incurred within an investment fund arising from the trading activities of the fund, e.g. incurred in the buying and selling of securities, which are not accounted for in the TER.

Charges in relation to the DC Section

5.2. The TER applied through the DC Section varies between Active members and Deferred members, as follows:

5.2.1. For Active members the Trustee pays the TER levied by Legal & General and these costs are passed onto Mitchells & Butlers Plc. Therefore, for Active members, the only costs that apply are the Transaction Costs.

5.2.2. For Deferred members the Trustee does not pay the TER levied by Legal & General. As such, Deferred members will be responsible for meeting the cost of both the TER and Transaction Costs.

5.3. The following table provides details of the charges and transaction costs applied through the DC Section for funds used by members over the Plan year. We have limited the information in this table to the Default Target Date Fund as this was the investment option selected by the vast majority of DC Section members over the reporting period. Details of the TERs and Transaction Costs applied to the Annuity Target Date Fund and the Cash Target Date Fund are provided at the end of this Statement in Appendix 1.

Active DC Section members

Default Target Date	AMC (p.a.)	FMC (p.a.)	TER (p.a.)	Transaction costs
Default Target Date 2020 – 2025 Fund 3B	0.00%	0.00%	0.00%	0.12%
Default Target Date 2025 – 2030 Fund 3B	0.00%	0.00%	0.00%	0.10%
Default Target Date 2030 – 2035 Fund 3B	0.00%	0.00%	0.00%	0.07%
Default Target Date 2035 – 2040 Fund 3B	0.00%	0.00%	0.00%	0.09%
Default Target Date 2040 – 2045 Fund 3B	0.00%	0.00%	0.00%	0.11%
Default Target Date 2045 – 2050 Fund 3B	0.00%	0.00%	0.00%	0.11%
Default Target Date 2050 – 2055 Fund 3B	0.00%	0.00%	0.00%	0.11%
Default Target Date 2055 – 2060 Fund 3B	0.00%	0.00%	0.00%	0.11%
Default Target Date 2060 – 2065 Fund 3B	0.00%	0.00%	0.00%	0.11%
Default Target Date 2065 – 2070 Fund 3B	0.00%	0.00%	0.00%	0.11%

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Deferred DC Section members

Default Target Date	AMC (p.a.)	FMC (p.a.)	TER (p.a.)	Transaction costs
Default Target Date 2020 – 2025 Fund 3	0.10%	0.15%	0.25%	0.12%
Default Target Date 2025 – 2030 Fund 3	0.10%	0.15%	0.25%	0.10%
Default Target Date 2030 – 2035 Fund 3	0.10%	0.15%	0.25%	0.07%
Default Target Date 2035 – 2040 Fund 3	0.10%	0.15%	0.25%	0.09%
Default Target Date 2040 – 2045 Fund 3	0.10%	0.15%	0.25%	0.11%
Default Target Date 2045 – 2050 Fund 3	0.10%	0.15%	0.25%	0.11%
Default Target Date 2050 – 2055 Fund 3	0.10%	0.15%	0.25%	0.11%

AVC arrangements costs and charges – Legal & General

5.4. Plan members that hold AVC benefits with Legal & General have access to the same range of target date funds available to DC Section members. Over the reporting period, all members of this AVC arrangement were invested in the Default Target Date Fund described in Section 3 above.

5.5. As all members of this AVC arrangement are classified as Deferred, the charges and transaction costs applied by Legal & General over the reporting period were the same as those outlined for Deferred DC Section members in 5.3 above.

AVC arrangements costs and charges – Prudential

5.6. Plan members that hold AVC benefits with Prudential are invested in one, or a combination, of the Prudential With Profits Fund and the Prudential Deposit Fund. All members in the Prudential Cash Fund transferred out during the year. Details of the charges and transaction costs quoted by Prudential for each of these funds is provided in the table below:

Fund name	TER	Transaction costs	Effective date [1]
Prudential With Profits Cash Accumulation	Prudential does not state an explicit TER for its With Profits Fund as charges are deducted before bonuses are applied to members' benefits, however, they are estimated to be in the region of 1%.	0.11%	31/12/2025
Prudential Deposit Fund	The charges quoted for the Prudential Deposit Fund are nil as they are taken into account in the interest payable to members.	0.00%	31/12/2025
Prudential Cash Fund	0.55%	0.00%	31/12/2025

[1] The Trustee and its advisers requested transaction cost information from Prudential for the reporting period covered by this Statement, however, Prudential was not able to provide this information in time for inclusion in this Statement. The Trustee is continuing to work with its advisers to exert pressure on Prudential to ensure this information can be included in future years.

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AVC arrangements costs and charges – Standard Life

5.7. The final Plan member that held AVC benefits with Standard Life transferred out during the year. As this fund was in use for only part of the year, details of the charges and transaction costs quoted by Standard Life for last year's statement are provided in the table below:

Fund name	TER	Transaction costs	Effective date
Standard Life Managed Fund	1.00%[1]	0.128%	31/03/2025

[1] Standard Life applies a member specific discount to the quoted TER and as such the TER will vary between investors in this AVC arrangement.

Impact of costs and charges

5.8. To demonstrate the impact of charges and transaction costs on members' pension savings over time, the Trustee has produced illustrations and these are set out in Appendix 2.

6. Net investment returns

6.1. From 1 October 2021, trustees of all relevant pension schemes, are required to calculate and state the annualised return, net of transaction costs and charges, of all of the investment options members were able to select, and in which members' assets were invested, during the Plan year.

6.2. For default investment strategies where the investment returns vary with age, trustees are required to show the returns for a member aged 25, 45 and 55 at the start of the period. The target date structure of the Plan's investment options already reflects any such variation and there is therefore no need present information in this way.

Active DC Section Members

6.3. The following tables provide the returns to 31 March 2026 for each of the target date funds that held Active DC Section members' benefits in the Plan year.

Default Target Date	1yr net return	3yr net return (p.a.)	5yr net return (p.a.)
Default Target Date 2020 – 2025 Fund 3B	7.51%	6.23%	3.25%
Default Target Date 2025 – 2030 Fund 3B	8.64%	6.69%	3.42%
Default Target Date 2030 – 2035 Fund 3B	10.86%	7.81%	4.34%
Default Target Date 2035 – 2040 Fund 3B	13.51%	9.59%	5.43%
Default Target Date 2040 – 2045 Fund 3B	14.82%	10.13%	5.77%
Default Target Date 2045 – 2050 Fund 3B	14.84%	10.33%	6.32%
Default Target Date 2050 – 2055 Fund 3B	14.85%	10.34%	6.62%
Default Target Date 2055 – 2060 Fund 3B	14.88%	10.38%	6.64%
Default Target Date 2060 – 2065 Fund 3B	14.88%	10.42%	6.67%
Default Target Date 2065 – 2070 Fund 3B	14.89%	10.55%	6.75%
Default Target Date 2070 – 2075 Fund 3B	14.94%	10.61%	6.79%

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Other Target Date Funds used by members	1yr net return	3yr net return (p.a.)	5yr net return (p.a.)
Annuity Target Date Fund 2025 - 2030 3B	6.74%	4.18%	0.54%
Annuity Target Date Fund 2030 - 2035 3B	9.57%	7.20%	3.99%
Annuity Target Date Fund 2035 - 2040 3B	13.36%	9.37%	5.25%
Annuity Target Date Fund 2040 - 2045 3B	14.56%	9.96%	5.61%
Annuity Target Date Fund 2045 - 2050 3B	14.79%	10.18%	6.17%
Annuity Target Date Fund 2050 - 2055 3B	14.78%	10.34%	6.61%
Annuity Target Date Fund 2055 - 2060 3B	14.83%	10.36%	6.63%
Cash Target Date Fund 2020 – 2025 3B	4.80%	5.53%	2.93%
Cash Target Date Fund 2025 – 2030 3B	6.60%	6.49%	3.61%

Deferred DC Section members

6.4. The following table provides the returns to 31 March 2026 for each of the target date funds that held Deferred DC Section members' benefits during the Plan year.

Default Target Date	1yr net return	3yr net return (p.a.)	5yr net return (p.a.)
Default Target Date 2020 – 2025 Fund 3	7.34%	6.07%	3.10%
Default Target Date 2025 – 2030 Fund 3	8.48%	6.53%	3.26%
Default Target Date 2030 – 2035 Fund 3	10.69%	7.65%	4.18%
Default Target Date 2035 – 2040 Fund 3	13.34%	9.43%	5.28%
Default Target Date 2040 – 2045 Fund 3	14.65%	9.96%	5.61%
Default Target Date 2045 – 2050 Fund 3	14.67%	10.17%	6.17%
Default Target Date 2050 – 2055 Fund 3	14.68%	10.17%	6.46%

AVC arrangements – Prudential

6.5. The following table outlines information provided by Prudential regarding the net investment returns to 31 March 2026 for members invested in this AVC arrangement.

Fund Name	1 Year net return	3 Year net return (% p.a)	6 Year net return (% p.a)
Prudential Deposit Fund	0.0%	0.0%	0.0%
Prudential With Profits Fund [1]	2.8%	2.6%	1.9%
Prudential Cash Fund	3.5%	4.2%	2.1%

[1] The value of a With Profits fund (and therefore each member's holding within the fund) is not directly exposed to fluctuations in the value of the underlying assets. Instead, returns are 'smoothed' through the addition of bonuses

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(known as regular bonuses and final or terminal bonuses) which aim to provide members with a steady rate of return. Prudential has confirmed that the figures in the table above comprise the regular annual bonuses (after charges) applied to member's accounts. Any terminal bonus is not included in the net investment return calculation as it is not applied until the policy is out of force.

AVC arrangements – Standard Life

6.6. As this AVC arrangement was no longer in use at the end of the Plan year, Standard Life have not been able to provide details of net investment returns to March 2026. We have therefore noted in the table below the information provided last year regarding the net investment returns to 31 March 2025.

Fund Name	1 Year net return	5 Year net return (% p.a)	10 Year net return (% p.a)
Standard Life Managed Fund	3.97%	7.01%	4.63%

Value for members

6.7. The Trustee is required to assess annually the extent to which the charges and transaction costs borne by members represent good value.

6.8. Analysis was undertaken by the Trustee's professional advisers, Barnett Waddingham LLP, and the findings set out in a report. The Trustee considered this analysis and confirmed its assessment of value for members, effective as at 31 March 2026, as set out below.

6.9. Recognising that low cost does not necessarily mean good value, the assessment considered whether the services for which members pay or share the costs are suitable for, relevant to and (likely to be) valued by members and whether performance of the services had been effective. Consideration was also made of the costs relative to other options available in the market.

6.10. Various investment-related services for which members do not directly bear the costs are nevertheless linked to creating the environment under which investment returns are delivered, e.g. strategy, monitoring and the investment governance structure, so these were included in the assessment.

6.11. Other services paid for by Mitchells & Butlers Plc were excluded but nevertheless deliver value to members, e.g. the services of professional advisers and the operation of the Trustee board, with a duty to act in the best interest of members.

DC Section

6.12. In relation to the DC Section, the member-borne charges and transaction costs relate to:

6.12.1. investment services

6.12.2. administration services

6.12.3. communication services

6.13. The assessment considered:

6.13.1. in relation to investment services: the investment strategy, e.g. the design of the default and range of alternative options, the arrangements for monitoring the performance of the investment options and reviewing the investment strategy, and the investment governance arrangements

6.13.2. in relation to administration services: the general administration arrangements, core financial transactions, and data and record keeping

6.13.3. in relation to communication services: communication strategy, pre-retirement communications and at/post-retirement communications

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6.14. The assessment concluded that the DC Section continues to provide **excellent value** for members and that there are no areas in which the DC Section's arrangements detract value.

6.15. In reaching the conclusion the Trustee recognised the robust governance processes applied to the DC Section and range and quality of engagement materials provided to members. The Trustee also noted that Active members only pay the Transaction Costs of the funds in which they are invested and the costs borne by Deferred members as well as those AVC members invested with Legal & General are competitive when compared with other schemes of this nature.

AVC benefits

6.16. In relation to the AVC arrangement with Prudential, the member-borne charges and transaction costs relate to:

6.16.1. investment services

6.16.2. administration services

6.16.3. communication services

6.17. The assessment considered the broad value for members of these services, taking a proportionate approach that reflects the relatively low value of the AVC pension savings concerned.

6.18. The Trustee concluded that the AVC arrangements offer **reasonable value** in relation to the charges and transaction costs borne by members.

6.19. In reaching this conclusion, the Trustee recognised:

6.19.1. Members investing in the arrangements can use their benefits to fund their tax-free cash entitlements through the defined benefit (DB) section of the Scheme.

6.19.2. The charges are broadly aligned with similar types of arrangements offered elsewhere.

6.19.3. Members benefit from the administration services provided by XPS in the ongoing management of these benefits.

6.20. The Trustee undertakes to review the suitability of the wider AVC arrangements in line with statutory timescales.

7. Trustee knowledge and understanding

The Trustee Board

7.1. Mitchells & Butlers Pensions Limited, the Trustee, is a trustee company which comprised 7 Trustee Directors at the end of the reporting period. Jonathan Duck, an independent Trustee Director has acted as Chair of the Trustee since his appointment on 1 May 2018.

7.2. Two of the Trustee Directors are professional trustees, who bring a high degree of pensions experience, knowledge and expertise to the trustee board. As professionals, they are subject to oversight from both regulatory bodies and their professional trustee company employers.

7.3. Since 1 January 2019, the oversight, governance and management of the DC Section has been delegated by the Trustee to a formal DC Committee. This allows for much greater focus to be given to DC specific matters and a DC Committee 'Terms of Reference' has been established which formalises the policies, practices and powers of the DC Committee.

7.4. The DC Committee is chaired by an independent Trustee Director Helen Tabiner, the representative for the Law Debenture Pension Trust Corporation. The DC Committee includes other Trustee Directors and representatives of Mitchells & Butlers also attend. The DC Committee is supported in its duties by the Trustee's professional advisers.

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7.5. The DC Committee has prepared a DC specific Business Plan which sets out items for discussion and actions throughout the year. It also details the objectives of the DC Committee and Trustee which allows the Trustee Board to efficiently and effectively monitor their governance activities and ensure both regulatory compliance and best practice are achieved. The DC Business Plan is reviewed and agreed in January each year.

Trustee knowledge and understanding requirements

7.6. Trustees are required to be conversant with their schemes' main documents and have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets.

Approach

7.7. The Trustee Directors aim to remain conversant with the Plan's trust deed and rules as well as all other Plan documents such as the SIP, the risk register and current policies, e.g. conflicts of interest. They do so through their experience in governing the Plan, as well as specific activities over the Plan year and access to professional advice.

7.8. The Trustee Directors aim to achieve and maintain knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of Plan assets through a combination of training, taking professional advice and the inclusion of professional Trustee Directors on the Trustee Board.

7.9. All Trustee Directors are required to complete a formal training programme both following appointment and on an ongoing basis to ensure they have the necessary skills and knowledge required to effectively discharge their duties.

7.10. Trustee training is a standing item on each meeting agenda and is included on the DC specific business Plan. Trustee Directors are asked to provide feedback and suggest topics for future training sessions which allows all Trustee Directors to identify and address any gaps in knowledge. Training is delivered by the Trustee's professional advisers and external training is sought on topics relevant to the Trustee Directors' duties. A training log is maintained in relation to training undertaken.

7.11. The Trustee Directors consult with professional advisers as and when required, for example on consultancy, investment and legal matters. The professional advisers are engaged to pro-actively alert the Trustee Directors on relevant changes to pension and trust law. Professional advisers also provide support in relation to understanding and reviewing the Plan's documents and attending Trustee meetings.

Activities over the Plan year

7.12. The Trustee took professional advice in the following areas:

7.12.1. Risk register: a DC specific risk register has been prepared in conjunction with a specialist external risk consultancy and oversight of this register is delegated to the DC Committee. The DC Committee reviews and develops the DC risk register on an ongoing basis, with a more formal review at least every 6 months.

7.12.2. Value for Member assessment: the Trustee assessed the value for members provided by the Plan's DC arrangements over the year to 31 March 2025 and documented the results in the annual governance statement.

7.12.3. Implementation statement: the Trustee produced an implementation statement for the Plan (covering the Plan year ending 31 March 2025), which documents how the Plan's investment policies were implemented over the year and summarises the voting and engagement activity undertaken by the DC Section's pooled manager over this period.

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7.12.4. Bulk transfer: an annual process is in place to secure the benefits for deferred members in a Master Trust. Over the Plan year, such a transfer took place in March 2026.

7.12.5. Bulk transfer of AVCs: the Trustee oversaw a bulk transfer of DB Section AVCs from Prudential and Standard Life to a Master Trust with Standard Life, and issued member communications prior to this.

7.13. The Trustee reviewed the following Plan documents:

7.13.1. The DC business plan

7.13.2. The risk register

7.13.3. The annual governance Statement

7.13.4. Implementation Statement

7.13.5. The Annual Report & Accounts

7.13.6. The engagement plan

7.13.7. Investment monitoring reports

7.13.8. Performance of its investment adviser against agreed investment objectives

7.14. The Trustee received training on the following topics at Trustee meetings

7.14.1. Evolution of Legal & General's default investment strategy design and the stewardship priorities of the L&G Master Trust trustee board.

7.14.2. Updates to Legal & General's workplace proposition, in particular its engagement with members, its approach to vulnerable customers, and updates to the app and digital retirement modelling tools.

7.14.3. Operational structure through a Trustee site visit to L&G's administration office in Cardiff. This included meeting L&G representatives who work on the DC Section and a floor walk to see L&G's administration practices in action.

7.14.4. Wider regulatory environment, capturing recent and upcoming legislative changes and trends in workplace DC pension provision. This covered in particular the forthcoming measures relevant for trustees of DC schemes contained within the Pension Schemes Act.

Assessment

7.15. The Trustee Directors consider that their combined knowledge and understanding, together with their access to professional advice, enables them to properly and effectively exercise their trustee functions in the following ways:

7.15.1. The Trustee directors are able to challenge and question advisers, service providers and other parties effectively

7.15.2. Trustee decisions are made in accordance with the Plan rules and in line with trust law duties

7.15.3. The Trustee Directors' decisions are not compromised by such things as conflicts or hospitality arrangements

....

Jonathan Duck, Chair of the Trustee Date
for and on behalf of the Trustee of the Mitchells & Butlers Pension Plan

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Appendix 1: Annuity Target Date and Cash Target Date Fund charges

Active DC Section members

Annuity Target Date	AMC (p.a.)	FMC (p.a.)	TER (p.a.)	Transaction costs
Annuity Target Date Fund 2025 - 2030 3B	0.00%	0.00%	0.00%	0.00%
Annuity Target Date Fund 2030 - 2035 3B	0.00%	0.00%	0.00%	0.02%
Annuity Target Date Fund 2035 - 2040 3B	0.00%	0.00%	0.00%	0.08%
Annuity Target Date Fund 2040 - 2045 3B	0.00%	0.00%	0.00%	0.10%
Annuity Target Date Fund 2045 - 2050 3B	0.00%	0.00%	0.00%	0.10%
Annuity Target Date Fund 2050 - 2055 3B	0.00%	0.00%	0.00%	0.10%
Annuity Target Date Fund 2055 - 2060 3B	0.00%	0.00%	0.00%	0.10%
Cash Target Date Fund 2020 – 2025 3B	0.00%	0.00%	0.00%	0.10%
Cash Target Date Fund 2025 – 2030 3B	0.00%	0.00%	0.00%	0.14%

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Appendix 2: Illustrations on the impact of cost and charges

A1.1. To demonstrate the impact of member-borne charges and transaction costs on the value of members' pension savings, the Trustee has produced illustrations in accordance with statutory guidance. These show the impact of charges and transaction costs for representative cross-sections of the membership and investment options.

Parameters used for the illustrations

A1.2. The membership of the DC Section and the investment options offered were analysed in determining the parameters to be used.

A1.3. Pot size: pot sizes of £10,500, £29,000 and £74,000 have been used; these represent the 25th percentile, the median and the 75th percentile of pot values (rounded to the nearest £500) of DC Section members .

A1.4. Active vs Deferred: the illustrations below cover both Active members and Deferred members. The costs and charges deducted are those outlined in paragraph 5.3 of this statement.

A1.5. Salary and contributions: for active members, a representative starting salary of £52,000 has been used as this represents the median salary (rounded to the nearest £1,000) of DC Section members. A total contribution level of 12.5% has also been assumed as this is the most common total contribution level for DC Section members. For deferred members, the illustrations assume no further contributions are made.

A1.6. Investment funds: the vast majority of DC Section members are invested in the Default Target Date Fund and therefore the illustrations assume benefits remain invested in this investment option for the duration.

A1.7. Timeframe: three separate Default Target Date Funds have been selected to cover each investment stage and demonstrate the impact of starting to save at different ages. This includes the Default Target Date Fund with the longest investment time horizon currently used through the DC Section.

A1.8. For each individual illustration, each savings pot has been projected twice; firstly to allow for the assumed investment return gross of the costs and charges of the fund, and then again, but adjusted for the cumulative effect of the costs and charges of the fund. The TER applied is in line with the table set out earlier in this Statement, and the Transaction Costs are the average of those experienced in each fund over the previous 5 years. Where the quoted Transaction Costs are negative, the costs and charges are assumed to be nil for purposes of the illustrations.

Guidance to the illustrations

The following notes to the illustrations should also be read;

1. Projected pot sizes are shown in today's terms and do not need to be reduced further for the effects of future inflation. Inflation is assumed to be 2.5%.
2. Pensionable salary is assumed to grow at 2.5% per year for the duration of the illustrations.
3. Values shown are estimates and not guaranteed.
4. The starting date for the illustrations is 31 March 2026.
5. The projected growth rates, gross of costs and charges, for each fund or arrangement are in line with the 2026 Statutory Money Purchase Illustrations (SMPI) and were sourced from Legal & General. We provide details for each investment option used to produce the illustrations in the table below:

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Investment option	Assumed return above inflation	TER p.a.	Transaction costs (5-year average)
Default Target Date 2065 – 2070 Fund (active member)	6.00%	0.00%	0.11%
Default Target Date 2045 – 2050 Fund (active member)	6.00%	0.00%	0.11%
Default Target Date 2035 – 2040 Fund (active member)	5.20%	0.00%	0.09%
Default Target Date 2065 – 2070 Fund (deferred member)	6.00%	0.25%	0.11%
Default Target Date 2045 – 2050 Fund (deferred member)	6.00%	0.25%	0.11%
Default Target Date 2035 – 2040 Fund (deferred member)	5.20%	0.25%	0.09%

Default Target Date 2065 – 2070 Fund

An illustration has been included for this fund as it shows the impact of costs and charges for the target date fund with the longest duration, and covers the "highest growth", "steady growth" and "approaching retirement" investment stages. It covers a 40 year timeframe.

Illustration basis	Years of membership	Starting pot size £10,500		Starting pot size £29,000		Starting pot size £74,000	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Active member Starting pensionable Salary: £52,000 Contribution level: 12.5%	**0**	£10,500	£10,500	£29,000	£29,000	£74,000	£74,000
	1	£17,387	£17,375	£36,519	£36,491	£83,056	£82,988
	5	£47,371	£47,242	£69,253	£69,031	£122,478	£122,031
	10	£90,982	£90,516	£116,863	£116,179	£179,819	£178,602
	15	£142,564	£141,484	£173,177	£171,709	£247,640	£245,230
	20	£203,576	£201,513	£239,785	£237,112	£327,860	£323,703
	25	£275,740	£272,214	£318,568	£314,142	£422,743	£416,128
	30	£361,096	£355,485	£411,752	£404,866	£534,970	£524,984
	35	£462,055	£453,560	£521,971	£511,720	£667,712	£653,193
	40	£581,468	£569,071	£652,337	£637,571	£824,719	£804,195
Deferred member No contributions	**0**	£10,500	£10,500	£29,000	£29,000	£74,000	£74,000
	1	£10,859	£10,824	£29,990	£29,894	£76,527	£76,281
	5	£12,419	£12,221	£34,301	£33,755	£87,527	£86,132
	10	£14,690	£14,225	£40,571	£39,288	£103,527	£100,253
	15	£17,375	£16,557	£47,987	£45,730	£122,451	£116,690
	20	£20,551	£19,272	£56,759	£53,227	£144,834	£135,821
	25	£24,307	£22,431	£67,135	£61,954	£171,310	£158,088
	30	£28,751	£26,109	£79,407	£72,111	£202,624	£184,007
	35	£34,006	£30,390	£93,922	£83,933	£239,663	£214,174
	40	£40,223	£35,372	£111,091	£97,694	£283,473	£249,288

Note on how to read this table: If an Active member had £10,500 invested in this strategy on 31 March 2026, after 20 years membership their fund could grow to £203,576 if no charges are applied and to £201,513 with charges applied.

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Default Target Date 2045-2050 Fund

An illustration has been included for this fund as it shows the impact of a member joining the DC Section at the midpoint of their working life and covers the "steady growth" and "approaching retirement" investment stages. The timeframe covered is 20 years and assumes that benefits are taken at the DC Section's NRD of 65.

Illustration basis	Years of membership	Starting pot size £10,500		Starting pot size £29,000		Starting pot size £74,000	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Active member Starting pensionable Salary: £52,000 Contribution level: 12.5%	**0**	£10,500	£10,500	£29,000	£29,000	£74,000	£74,000
	1	£17,387	£17,377	£36,519	£36,494	£83,056	£82,996
	5	£47,371	£47,256	£69,253	£69,056	£122,478	£122,081
	10	£90,982	£90,568	£116,863	£116,255	£179,819	£178,737
	15	£142,564	£141,604	£173,177	£171,872	£247,640	£245,496
	20	£203,576	£201,741	£239,785	£237,407	£327,860	£324,162
Deferred member No contributions	**0**	£10,500	£10,500	£29,000	£29,000	£74,000	£74,000
	1	£10,859	£10,825	£29,990	£29,897	£76,527	£76,289
	5	£12,419	£12,227	£34,301	£33,770	£87,527	£86,173
	10	£14,690	£14,239	£40,571	£39,326	£103,527	£100,348
	15	£17,375	£16,581	£47,987	£45,795	£122,451	£116,856
	20	£20,551	£19,308	£56,759	£53,328	£144,834	£136,078

Note on how to read this table: If an Active member had £10,500 invested in this strategy on 31 March 2026, after 10 years membership their fund could grow to £90,982 if no charges are applied and to £90,568 with charges applied.

Default Target Date 2035 – 2040 Fund

An illustration has been included for this fund as it shows the impact of a member joining the DC Section when they are close to the age at which they may elect to take benefits and covers the "approaching retirement" investment stage. The timeframe covered is 10 years and it assumes that benefits are taken at the DC Section's NRD of 65.

Illustration basis	Years of membership	Starting pot size £10,500		Starting pot size £29,000		Starting pot size £74,000	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Active member Starting pensionable Salary: £45,000 Contribution level: 12.5%	**0**	£10,500	£10,500	£29,000	£29,000	£74,000	£74,000
	2	£24,240	£24,223	£43,728	£43,692	£91,130	£91,049
	4	£38,714	£38,666	£59,242	£59,154	£109,174	£108,992
	6	£53,960	£53,864	£75,584	£75,426	£128,181	£127,874
	8	£70,020	£69,859	£92,798	£92,550	£148,203	£147,745
	10	£86,938	£86,692	£110,931	£110,571	£169,293	£168,656
Deferred member No contributions	**0**	£10,500	£10,500	£29,000	£29,000	£74,000	£74,000
	2	£11,060	£10,997	£30,548	£30,374	£77,950	£77,506
	4	£11,651	£11,518	£32,178	£31,813	£82,111	£81,178
	6	£12,273	£12,064	£33,896	£33,320	£86,493	£85,024
	8	£12,928	£12,636	£35,705	£34,899	£91,110	£89,052
	10	£13,618	£13,234	£37,611	£36,552	£95,973	£93,271

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Note on how to read this table: If an active member had £10,500 invested in this strategy on 31 March 2026, after 4 years' membership their fund could grow to £38,714 if no charges are applied and to £38,666 with charges applied.