

Mitchells & Butlers Pension Plan: Defined Contribution Section

Implementation Statement for the Plan year ending 31 March 2025

Introduction

This Implementation Statement has been prepared by Mitchells & Butlers Pensions Limited ("the Trustee") and relates to the defined contribution (DC) section ("the DC Section") of Mitchells & Butlers Pension Plan ("the Plan"). It covers the Plan year 1 April 2024 to 31 March 2025 and provides information on:

- The extent to which the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the Plan year.
- A summary of the voting activity undertaken by the DC Section's pooled fund manager on behalf of the Trustee over the Plan year, including information regarding the most significant votes.
- A summary of changes (if any) to the Statement of Investment Principles (SIP) over the Plan year.
- The extent to which, in the opinion of the Trustee, the DC Section of the Plan's SIP has been followed during the Plan year.

A copy of this Implementation Statement will be made available on the following website:

<https://www.mbplcpensions.com/dc-choice/library>.

Delegation of responsibilities

To ensure that decisions on implementing the investment policies set out in the SIP are taken by persons or organisations with the skills, information and resources necessary to take them effectively, the Trustee delegates certain responsibilities to the DC Committee and, in respect of the DC Section, its bundled pension provider Legal & General ("L&G").

- **DC Committee:** assists the Trustee with developing an appropriate investment strategy for the DC Section, the ongoing monitoring of the investment strategy and reviewing the activity and performance of L&G.
- **L&G:** the DC Section's Default Option is structured as a 'governed' investment solution which is designed and implemented by L&G. L&G is responsible for the appointment and removal of the underlying investment managers used by the Default Option as well as the ongoing relationships with the investment managers.

Review of, and changes to, the DC Section of the SIP

The Trustee did not update the SIP over the year. The last update was in November 2023 to reflect the Trustee's review of their investment beliefs and their policies relating to illiquid assets.

How the SIP has been followed over the year

In the Trustee's opinion, the SIP has been followed over the year in the following ways:

- **Review of the Default Option.** There was no formal review of the investment arrangements over the year to 31 March 2025. The Trustee has however considered the receiving default to remain suitable for the transfer of assets from the executive plan to the main plan. This transfer was completed over the

reporting period. A strategic review of the DC Section's default investment arrangement was last completed in November 2023. This review concluded that the default strategy remains appropriate, and no changes were made. The next strategic review is due to take place by November 2026.

- **An appropriate range of self-select options.** The last formal review of the range of self-select options was completed in November 2023. This review concluded that the range remains appropriate, and no changes were made. The next formal review of the range of self-select options is due to be completed by November 2026.
- **Quarterly monitoring of the investment options.** The DC Committee undertakes quarterly monitoring of the range of investment options offered through the DC Section using quarterly investment reports provided by the Trustee's professional advisers. The quarterly monitoring ensures that the investment options are meeting their stated objectives and compares performance against relevant long-term inflation measures. No issues were identified over the Plan year.
- **Reviewing the investment managers' policies on responsible investing, stewardship, and sustainability.** The DC Committee, on behalf of the Trustee, considers the responsible investment policies and practices of L&G, as the pooled investment manager to the DC Section. This includes the degree to which ESG factors are integrated through the range of investment options provided through the DC Section. Over the period, the DC Committee considered the sustainability of investments, and the alignment of the investment manager's sustainability policies with the Committee's and sponsoring employer's own sustainability policies. The DC Committee remained of the view that the policies of L&G are reasonable and are not out of line with the Trustee's own policies described in the SIP.
- **Member views.** In line with the policies outlined in the SIP, the Trustee did not incorporate member views into its ESG policy over the Plan year.
- **Communicating ESG and stewardship with DC Section members.** The Trustee expects that the annual communication to members regarding ESG and stewardship will be addressed in the annual Implementation Statement. This document is a statutory report and will be produced on an annual basis for inclusion in the Plan's Annual Reports and Accounts, as well as being made available online.
- **Reviewing the costs and charges applied through the DC Section.** The DC Committee, supported by the Trustee's professional advisers, complete an annual assessment of the charges (Total Expense Ratios) and transaction costs levied by L&G, which are benchmarked by the Trustee's professional advisers. Such costs are reported to members in the Chair's Statement on DC governance (<https://www.mbplcpensions.com/dc-choice/library>). Based on external advice, the Trustee believes that the charges and transaction costs applied to the DC Section's range of investment options are competitive, taking into account the size and investment strategy of the DC Section.

Stewardship policy

The Trustee's Statement of Investment Principles (SIP) describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in November 2023 and has been made available online here: <https://www.mbplcpensions.com/dc-choice/library>. There were no changes made to the Trustee's stewardship policy over the Plan year.

The DC Committee had a training session from L&G on the stewardship priorities of the L&G Master Trust at the May 2024 meeting and a training session on the sponsoring employer's sustainability policies and approach at

the September 2024 meeting. It was agreed that the Trustee's stewardship policy continued to align broadly with these.

The Trustee delegates the exercise of rights attaching to the DC Section's investments, including voting rights and undertaking engagement activities, to the Plan's investment manager.

How voting and engagement policies have been followed

The DC Section invests in L&G's range of Target Date Funds (TDFs) which are managed exclusively by Legal & General Investment Management (LGIM). The TDFs use a blend of underlying pooled funds, also managed by LGIM, and target five-year retirement windows (referred to as vintages). As pooled investment funds, the Trustee delegates responsibility for carrying out voting and engagement activities to LGIM.

The Trustee understands the importance of carrying out periodic reviews of the voting and engagement information of its investment managers to ensure they align with its own policies. Training on ESG matters has been provided at Trustee and DC Committee meetings to ensure a good understanding of how ESG factors including climate change could impact the Plan and its investments.

The DC Committee, on behalf of the Trustee, have challenged LGIM on their stewardship and engagement activities and were satisfied that LGIM's policies were reasonable, and no remedial action was required at that time. Annually the Trustee receives information on voting and engagement activity from LGIM, and this is reviewed by the DC Committee and the Trustee's investment advisers. A review of the information was completed as part of the process of preparing this Statement.

Having reviewed the above in accordance with its policies, the Trustee is comfortable the actions of the fund manager are in alignment with the Trustee's own policies.

Voting Data

Due to the composition of the TDFs, it is not uncommon for the allocation to the underlying investment funds to be consistent across a number of the TDF variants (vintages). For this reason, the voting information will also be the same. The following table provides details of the voting activity for each of the DC Section's TDF variants, with the information grouped together where the underlying investment funds are the same:

TDF variant	Workplace TDF	Workplace TDF	Cash TDF	Annuity TDF	Annuity TDF	Workplace TDF / Annuity TDF
TDF date range	2015 – 2020	2025 – 2030	2020 - 2030	2025 – 2030	2030 - 2035	2035 – 2075
Structure	Pooled	Pooled	Pooled	Pooled	Pooled	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour					
Number of company meetings the manager was eligible to vote at over the year	10,425	10,492	9,493	9,493	9,541	9,634
Number of resolutions the manager was	105,590	105,975	95,310	95,310	95,711	97,065

TDF variant	Workplace TDF	Workplace TDF	Cash TDF	Annuity TDF	Annuity TDF	Workplace TDF / Annuity TDF
TDF date range	2015 – 2020	2025 – 2030	2020 - 2030	2025 – 2030	2030 - 2035	2035 – 2075
eligible to vote on over the year						
Percentage of resolutions the manager voted on	99.78%	99.78%	99.77%	99.77%	99.77%	99.78%
Percentage of resolutions the manager abstained from	0.79%	0.79%	0.82%	0.82%	0.82%	0.81%
Percentage of resolutions voted with management, as a percentage of the total number of resolutions voted on	77.24%	77.18%	76.72%	76.72%	76.72%	76.81%
Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on	21.97%	22.03%	22.45%	22.45%	22.47%	22.38%
Proxy voting advisor employed	Institutional Shareholder Services ("ISS")					
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	13.72%	13.75%	14.09%	14.09%	14.11%	14.06%

In the table above, the proportion of resolutions that were voted on and abstained from may not sum to 100%. This can be due to how the investment manager or local jurisdictions define abstentions or classify a formal vote or abstentions as opposed to not returning a voting form or choosing to nominate a proxy. Data has only been provided data for the TDFs in which members are invested.

There are no voting rights attached to the other assets held by the DC Section and therefore there is no voting information shown above for these assets.

Use of proxy voting services

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and LGIM does not outsource any part of the strategic decisions. To ensure LGIM's proxy provider votes in accordance with its position on ESG, LGIM has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek

to uphold what LGIM consider are minimum best practice standards which it believes all companies globally should observe, irrespective of local regulation or practice.

LGIM retains the ability in all markets to override any vote decisions, which are based on its custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to its voting judgement. LGIM has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by its service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

Significant votes

As with last year, for this year's implementation statements the Trustee has delegated to the investment manager(s) to define what a "significant vote" is. LGIM is continuing to evolve its approach to provide clients with access to significant vote information, however at present LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions UK (formerly Pensions & Lifetime Savings Association) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where LGIM notes a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement; and,
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

LGIM publicly discloses its vote instructions on its website at: <https://vds.issgovernance.com/vds/#/MjU2NQ==/>

Significant vote information

As the TDFs use a common range of underlying funds, the significant votes data provided by LGIM were broadly the same across the TDF variants. A total of over 2,000 significant votes were included in the reporting by LGIM, and it is not practical to include information on all votes in this Statement. As such, in the tables below the Trustee has reported on a selection of six of these votes covering the broad spectrum of Environmental, Social and Governance considerations.

	Vote 1: Microsoft Corporation	Vote 2: Alphabet Inc.	Vote 3: Unilever Plc
Date of vote	10 December 2024	7 June 2024	1 May 2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	TDF variant dependent	TDF variant dependent	TDF variant dependent
Summary of the resolution	Resolution 9 – Report on AI Sourcing Accountability	Resolution 1d: Elect Director John L. Hennessy	Resolution 4: Approve Climate Transition Action Plan (CTAP)
How the manager voted	For	Against	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Governance: LGIM believes a vote for this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.	Average board tenure: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board. Independence: A vote against is applied as LGIM expects the Chair of the Committee to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background. Shareholder rights: A vote against is applied because LGIM supports the equitable structure of one-share-one-vote. They expect companies to move to a one-share-one-vote structure or provide shareholders a regular vote on the continuation of an unequal capital structure.	Climate change: A vote for the CTAP is applied as LGIM understands it to meet their minimum expectations. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with a 1.5°C Paris goal. Despite the SBTi recently removing their approval of the company's long-term scope 3 target, LGIM notes that the company has recently submitted near term 1.5 degree aligned scope 3 targets to the SBTi for validation and therefore at this stage believes the company's ambition level to be adequate. LGIM therefore remains supportive of the net zero trajectory of the company at this stage.
Outcome of the vote	Fail	Pass	Pass
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	High Profile meeting: This shareholder resolution is considered significant due to	Thematic - Diversity: LGIM views gender diversity as a financially material issue for their clients, with implications	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be

	the relatively high level of support received.	for the assets they manage on their behalf. Thematic - One Share One Vote: LGIM considers this vote to be significant as LGIM supports the principle of one share one vote.	both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deems such votes to be significant, particularly when LGIM votes against the transition plan.
	Vote 4: Shell Plc	Vote 5: Tesla, Inc.	Vote 6: The Coca-Cola Company
Date of vote	21 May 2024	13 June 2024	1 May 2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	TDF variant dependent	TDF variant dependent	TDF variant dependent
Summary of the resolution	Resolution 22: Approve Climate Transition Action Plan	Resolution 2: Advisory Vote to Ratify Named Executive Officers' (NEOs) Compensation	Resolution 1.12: Elect Director James Quincey
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Climate change: A vote against is applied. LGIM acknowledges the substantive progress the company has made in respect of climate related disclosure over recent years, and views positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, in light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and LNG business this decade, LGIM expects the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. In essence, LGIM seeks more clarity regarding the expected lifespan of the assets that Shell is looking to further develop, the level of flexibility in revising production levels against a	Remuneration - One-off Awards: A vote against is applied as LGIM believes that the approved remuneration policy should be sufficient to retain and motivate executives. While most NEOs received modest or no compensation for the financial year 2023, one executive was granted an outsized, time-based stock option award upon his promotion, the magnitude and design for which are not adequately explained. The grant does not require the achievement of pre-set performance criteria in order to vest and the value is considered to be excessive.	Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.

	range of scenarios and tangible actions taken across the value chain to deliver customer decarbonisation. Additionally, LGIM would benefit from further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capex allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a material lever in Shell's decarbonisation strategy.		
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deems such votes to be significant, particularly when LGIM votes against the transition plan.	High Profile meeting: This resolution is considered significant as it pertains to one of LGIM's key stewardship 'sub-themes', executive pay.	Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO.

Engagement activity

LGIM did not supply engagement information at a fund level and instead provided firm level data which is published quarterly via its ESG Impact Reports. These reports can be found on the following website: <https://am.landg.com/en-uk/adviser-wealth/responsible-investing/>

Over the Plan year, LGIM engaged 4,459 times with 4,210 investee companies across a wide spectrum of issues. These engagements have been broken down into the following broad categories.



(Source: L&G's ESG Impact Reports Q2 2024 – Q1 2025, an engagement can cover more than a single topic)

Of these engagements, the most frequent topics covered the following:

- Climate
- Human rights
- Deforestation

- Remuneration
- Strategy

Examples relating to LGIM's engagement activity are provided in the below extracts which have been taken from its Q1 2025 ESG Impact Report.

Environmental – Rio Tinto

LGIM have been engaging with Rio Tinto since 2022 when they voted against their previous Climate Action Plan. At the time, while recognising the progress they had made, LGIM were concerned by the absence of quantifiable targets for Scope 3 emissions, and the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.

LGIM have since engaged to bridge the gaps against their expectations, particularly with regards to Scope 3 emissions and customer decarbonisation.

Following the engagement, LGIM feels that the company have made substantive progress, particularly on its plans to decarbonise its value chains, as well as clear and quantified actions set out to meet its emission reduction targets. LGIM now feels the company's enhanced strategy aligns with their own framework and thus voted in support of the company's Climate Action Plan.

Social – Diversity at board level

LGIM did not provide a specific company engagement in relation to social engagements. They did cover a broad example of how they have engaged with companies on diversity. LGIM believes a diverse mix of skills, experience and perspectives are essential for a company and its board to function and perform optimally. LGIM launched their ethnic diversity campaign in 2020, reaching out to the 100 largest companies in the UK and 500 largest in the US, requesting that they should have ethnically diverse representation at board level by 2021. They now vote against any nominations that do not meet these conditions.

They extended this campaign in 2023 to include more UK and US companies. In Q4 2024, LGIM wrote to 24 FTSE 100 and 27 Russell 1000 companies to indicate that they had identified them as not meeting the expectations set out.

The response particularly from FTSE 250 companies was strong, with some providing explanations that allowed them to provide the company with more time to meet LGIM's expectations. As a result, LGIM are currently set to vote against 13 FTSE 250 companies in 2025. No response was received from any Russell 1000 companies, however, LGIM appreciate they are operating against a different political backdrop.

Governance – Saba Capital Management LP

Hedge Fund Saba were looking to gain control of seven UK investment trusts, with the aim to gain control of the board by electing its own nominees in place of the current directors, opening the door to changing the investment strategy, by appointing itself as the investment manager.

Alongside peers, organised by the Investor Forum, LGIM met with the Association of Investment Companies to discuss their concerns. LGIM were concerned about the process by which Saba was seeking control and the probable change in strategy, without offering minority shareholders a control premium or the requisite shareholder approval voting threshold normally expected. LGIM voted against the Saba-proposed resolutions (to remove existing board directors and appoint their own) at each Trust.

Saba did not gain sufficient support from shareholders to appoint their own directors.

Trustee approved
9 October 2025