

Mitchells & Butlers Pension Plan

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**ANNUAL REPORT  
& FINANCIAL STATEMENTS 2025**

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# TRUSTEES AND ADVISERS

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## Trustee Directors

**Mitchells & Butlers Pensions Limited**  
The directors of which are:

**Independent (A)**

Jonathan Duck <sup>0 8</sup>

The Law Debenture Pension Trust Corporation p.l.c. <sup>0 8 \$</sup>

Christian Edger <sup>0 8</sup>

**Employer nominated (B)**

Vidett Trustee Services Limited <sup>0 8 \$</sup>

**Member nominated (C)**

Clair Slevin <sup>^ 8 \$</sup>

Eamonn Lavin <sup>0</sup>

<sup>0</sup> Director of the CIF Trustee

<sup>^</sup> member of Discretionary Benefits Committee

<sup>8</sup> member of Audit Committee

<sup>\$</sup> member of Defined Contribution Committee

## Secretary

David Shannon, Mitchells & Butlers plc  
27 Fleet Street, Birmingham B3 1JP

## Plan Administrator

**General information about the Plan**

Pensions department, Mitchells & Butlers plc

27 Fleet Street, Birmingham B3 1JP

Email: [pensions@mbplc.com](mailto:pensions@mbplc.com)

**Information about individual benefits:**

**Defined Benefit Section**

Mitchells & Butlers Pensions

XPS Administration

1 Colmore Row, Birmingham, B3 2BJ

**Defined Contribution Section**

Legal & General Assurance Society

6<sup>th</sup> Floor Brunel House, 2 Fitzalan Road, Cardiff, CF24 0EB

## Actuary

Danny Vassiliades FIA, XPS Group

1 Colmore Row, Birmingham, B3 2BJ

## Independent auditor

Crowe U.K. LLP

Black Country House, Rounds Green Road, Oldbury, West Midlands, B69 2DG

## Legal advisers

Gowling WLG

Two Snowhill, Birmingham B4 6WR

## DB Investment adviser

XPS Group

1 Colmore Row, Birmingham, B3 2BJ

## DC Investment manager

Legal & General Assurance Society

6<sup>th</sup> Floor Brunel House, 2 Fitzalan Road, Cardiff, CF24 0EB

## Buy-in Policy Provider

Phoenix Life (trading as "Standard Life")

**Investment custodian**

**DB Section**

State Street Corporation  
20 Churchill Place, Canary Wharf, London E14 5HJ

**AVC managers**

**Legal & General**

Legal & General Assurance Society  
6<sup>th</sup> Floor Brunel House, 2 Fitzalan Road, Cardiff, CF24 0EB

**Prudential Assurance Company Limited**

M&G plc  
1 Angel Court, London, EC2R 7AG

**Standard Life**

Standard Life plc  
Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH

**DC Consultant**

**Barnett Waddingham**

2 London Wall Place, London, EC2Y 5AU

**Principal and participating Employers**

**Principal Employer ("The Company")**

Mitchells & Butlers plc  
27 Fleet Street, Birmingham B3 1JP

**Participating Employers**

Mitchells & Butlers Leisure Retail Limited  
Mitchells & Butlers Retail Limited  
Mitchells & Butlers Retail (No 2) Limited

# CHAIR'S REVIEW

## for the year ended 31 March 2025

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The Main Plan has 2 sections, a closed Defined Benefit (DB) Section with just over 19,000 members and a smaller Defined Contribution (DC) Section with just under 1,600 members. Deferred DC Section members, as of January each year, are transferred in March of that year under a bulk transfer exercise to the Legal & General Master Trust and are then no longer included in the DC Section figures.

### Defined Benefit

Member DB benefits were largely secured between May and July 2023, when the Main Plan purchased a series of buy-in policies from Phoenix Life (trading as "Standard Life"). These policies have a current year-end value of £1035m and are held directly by the Main Plan. A further deferred premium (also known as true-up premium) would be paid to Phoenix Life in late 2026 or early 2027, should M&B plc and the Trustee jointly decide to move to full buy-in funding, which would then allow a buy-out.

The deferred premium would be met by the Main Plan selling some of its pooled funds and cash investments, currently held within the Common Investment Fund (CIF). The size of the deferred premium would be affected by any liabilities from guaranteed minimum pension legislation (GMP) and any updates to member information. Work is underway to resolve both these issues and minimise the value of any such final adjustment.

To facilitate any potential future transaction, the Trustee has also purchased insurance cover for the Main Plan's residual and mortality risks. After a buy-out, the responsibility for paying pensions and pension administration would pass from the Main Plan Trustee to Phoenix Life.

At year-end, Main Plan assets totaled £1,211m. This was made up of £1,035m in the Phoenix Life buy-in policies held directly by the Main Plan, £174m held within the CIF on behalf of the Main Plan and just over £2m in AVC investments held directly by the Main Plan. The CIF assets of £174m were in turn made up of £82m of cash, £14m of M&G Real Estate Debt (maturing in 2027) and £78m of Axa Secured Finance (maturing in 2028). The Trustee has been advised that the Main Plan's total assets are more than sufficient to cover its DB Section pension liabilities, including any deferred premium to achieve buy-out.

The Main Plan Trustee has agreed to sell some of its DB Section assets each year to help pay M&B plc's employer contributions for active members of the DC Section. The DB Section has assets that are significantly larger than the forecast Main Plan deferred premium and annual running costs, with the process subject to regular review. The annual cost of this is approximately £12m, with the first payment falling in the next 2025/26 financial year as a single transfer to the Main Plan DC Section, this separate pot then drawn down monthly by M&B plc.

### Defined Contribution

At year-end the value of the DC Section had increased to £94m, ahead of £63m a year ago. The increase included two transfers of funds from the Executive Plan, as explained in the penultimate paragraph.

The DC Section's default funds remained invested in the Legal & General (L&G) Target Date Funds. Within the financial year the L&G overall fund performance was positive although it did not exceed CPI inflation-related targets. The position was similar over a three-year period, with a positive return across all funds although it was below CPI. This performance was a result of challenging conditions including significant investment market volatility, particularly during 2022.

During the year the Trustee reviewed the investment performance and sought advice on L&G's strategy, to check that the L&G Target Date Fund approach remained appropriate. The Trustee notes that the L&G approach has continued to evolve, including the introduction of a small allocation to private markets, a move to regional equity funds, a move to funds with more ESG-related opportunities and a changed allocation towards technology funds as opposed to a market capitalization approach. Although these are positive developments, with an increased proportion of investment in growth assets, it will take time for the changes to be reflected in performance. The Trustee will continue to monitor the Target Date Fund approach and performance, with support from the pension consultant Barnett Waddingham.

### *Chair's review continued*

L&G provide full administration services to the DC Section, with oversight and monitoring by the Trustee. Service levels have remained consistently high throughout the year, including the busy pension administration periods such as the annual deferred bulk transfer and the tax year-end. Note 8 to the accounts provides further details on the bulk transfer that occurs each March when deferred members move to the L&G Master Trust.

The year was also marked by two other events. These were both associated with the wind up of the Executive Plan in November 2024 and are detailed in Note 4 to the accounts. Firstly, all active and deferred members of the Executive Plan DC Section were transferred to the Main Plan DC Section in September 2024, along with a £15m bulk transfer of their pensions. Executive Plan members had previously been invested in identical L&G Target Date Funds, so this transfer did not change their pension position. Secondly, a £13m surplus in the Executive Plan DB Section, left over after the Executive Plan DB Section buy-out, was transferred to the Main Plan DC Section in two phases in Autumn 2024. The Executive Plan Trustee had previously agreed that this DB Section surplus could be used by M&B plc to pay future employer DC pension contributions.

Improving member outcomes, enhancing member experiences and ensuring regulatory compliance are the primary objectives of the DC sub-committee, reflected in a clear DC strategy endorsed by the Trustee. The Pensions Regulator has highlighted its focus on retirement decision-making support and has encouraged schemes to provide full retirement solutions to their members. The Trustee continues to work closely with M&B plc and L&G to constantly develop communications to support member savings experiences, while also providing access to the full suite of retirement options through its partnership with the L&G Master Trust.

### General

The year has been one of continued progress, with consolidation of certain Executive Plan functions into the Main Plan and a general tidying up of the Main Plan ahead of potential DB Section buy-out. The Main Plan has benefited from full support and an open dialogue with M&B plc. The Plan advisors, Gowling, XPS and Barnett Waddingham, along with the in-house M&B pension team, continue to play a significant part in both the legacy DB Section and the current DC Section. I would also like to thank my fellow trustees as we work hard to secure the best possible outcome for all our Main Plan members.

**Jonathan Duck**

**October 2025**

# TRUSTEE'S REPORT

## for the year ended 31 March 2025

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### Plan constitution and management

The Trustee of the Mitchells & Butlers Pension Plan (the 'Plan') presents its annual report together with the actuarial information, summary of contributions and financial statements for the year ended 31 March 2025.

The Plan has two categories of membership – Defined Benefit (DB) and Defined Contribution (DC). Membership of the Plan is by invitation of the Company. The DB Section of the Plan was closed to future accrual on the 12 March 2011. Current Company policy is to offer eligible new employees membership of the DC Section which is governed by a Trust Deed and Rules, copies of which are held for inspection by the Mitchells & Butlers pensions department.

#### DB Section

During the previous Financial Year several buy-in policies were purchased totalling £1,202m securing materially all of the Plan's member liabilities with Phoenix Life (trading as "Standard Life"). The data verification process is well underway and is thought likely to take up to two years, with the final true up payment being made to Standard Life some time shortly after. Remaining funds held in the Plan will be used to meet the Plan's GMP liabilities, any true up premium and expenses. The day-to-day management of the Plan's residual DB Section investment portfolio is delegated to a second corporate Trustee, Mitchells & Butlers CIF Limited (the 'CIF Trustee'). The CIF Trustee operates a Common Investment Fund (the CIF) which holds the DB Section assets of both the Plan and the Mitchells & Butlers Executive Pension Plan before its buy-out and subsequent wind up. See the Investment Management Section in the CIF's Annual Report (Appendix 1) for further discussion of the CIF and the role of the CIF Trustee. The CIF Trustee Board reports to the Board of the Plan Trustee on a quarterly basis.

#### DC Section

The day-to-day management of the Plan's DC Section is largely delegated to L&G and the DC Consultant advises the Plan Board in relation to member engagement, regulatory compliance and investment strategy. During the financial year the DC Section received a payment from the Mitchells & Butlers Executive Pension Plan of £12.6m, following that scheme's wind up. The funds are ring fenced to meet certain company obligations in relation to DC matters, for instance company contributions, administrative expenses and death in service.

#### DB and DC Section

The Plan is registered with HM Revenue & Customs under Chapter 2 of the Finance Act 2004, and its DB members were contracted-out of the State Second Pension until 12 March 2011. The Plan is registered with the Pension Scheme Registry under reference number 101126797.

The assets of the Plan are held entirely separately from those of the Company and are in the care of the corporate Trustee which is legally independent of the Company and whose role is to ensure that the Plan is administered according to the Rules, to safeguard the assets of the Plan and to act in the best interests of the members.

#### Board Composition

During the year, the Plan Trustee Board comprised six Directors, constituted as follows:

- i) Three Category A Trustee Directors.

Successors to retiring Directors are appointed by the remaining A Directors, independently of the Company. These Directors appoint the Chair from their number and that person will have a casting vote. Category A Directors can be removed from office by all the other A Directors agreeing in writing, or on attaining age 75.

- ii) One Category B Trustee Director, Company nominated.

Category B Directors can be removed on written notification by the Company, or on attaining age 75.

- ii) Two Category C Trustee Directors, member nominated.

Category C Directors are removed from office, unless reappointed, at the expiry of the five-year appointment term, or on attaining age 75.

The names of Trustee Directors who held office during the year and changes since year end are shown on page 1 of this report.

During the year to 31 March 2025, the Trustee Directors met five times as a full Board. The Trustee Directors of the CIF Trustee met four times routinely as a full Board.

The Directors met throughout the year for training on subjects relevant to the Plan and to the fulfilment of their duties.

## Financial developments and financial statements

The Trustee confirms that the financial statements on pages 55 to 66 have been prepared and audited in accordance with the regulations made under Section 41(1) and (6) of the Pensions Act 1995, on a going concern basis and in accordance with the Financial Reporting Standard (FRS) 102 – the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council (FRC) and guidelines set out in the Statement of Recommended Practice (SORP) “Financial Reports of Pension Schemes” (revised 2018).

## Guaranteed Minimum Pension (“GMP”) Equalisation

The concept of a GMP was introduced by the government to ensure that private occupational pension schemes were at least as generous as the second state pension should they choose to opt-out. Under EU law it was further established that there is a legal obligation to ensure that GMPs not be differentiated on the grounds of gender. The High Court judgement on 26 October 2018 clarified the position and confirmed this obligation on scheme trustees and further provided limited guidance on how to equalise GMPs through other plan benefits. Equalisation includes backdating of benefit adjustments and related interest to 17 May 1990 subject to Plan rules. In November 2020, the High Court handed down a further ruling concerning the equalisation of GMPs. This ruling requires trustees to equalise transfer payments paid from schemes. This exercise will require a check on previous transfers paid and if appropriate pay a top-up transfer payment to the receiving scheme if the GMP element is deemed to be unequal. The issues determined by the judgments arise in relation to many other defined benefit pension schemes. The Trustee of the Plan is aware that these issues will affect the Plan and will be considering this at future meetings. It is not possible to estimate the value of any such adjustments currently. However, in the last actuarial valuation as of 31 March 2022, there was an allowance made of 1.2% of liabilities and therefore, the Trustee does not expect this to be material. The actual method of equalisation relevant to the Plan has been decided by the Trustee and agreed with the Company as Method B, see note 23.

## Membership and benefits

### DB Section

Total membership numbers in the DB Section of the Plan during the year decreased by 335. There are no longer any members accruing future service benefits in the DB Section. However, a linkage to salary has remained for those members in active service and they represent a separate class of Deferred Pensioners, referred to as Active Deferred in the following table.

|                                   | Active<br>Deferred | Deferred<br>Pensioners | Pensioners   | Beneficiaries | Total         |
|-----------------------------------|--------------------|------------------------|--------------|---------------|---------------|
| <b>1 April 2024</b>               | <b>222</b>         | <b>10,276</b>          | <b>7,406</b> | <b>1,609</b>  | <b>19,513</b> |
| Prior Period Adjustments          | -                  | (49)                   | (38)         | 47            | (40)          |
| Retirements                       | (10)               | (342)                  | 352          | -             | -             |
| Trivial Commutations              | -                  | (57)                   | (29)         | -             | (86)          |
| New spouse and dependant pensions | -                  | -                      | -            | 102           | 102           |
| Deaths                            | -                  | (28)                   | (151)        | (118)         | (297)         |
| Contingent Pension Ceased         | -                  | -                      | -            | (4)           | (4)           |
| Leavers – deferred                | (3)                | 3                      | -            | -             | -             |
| Transfers out                     | -                  | (10)                   | -            | -             | (10)          |
| <b>31 March 2025</b>              | <b>209</b>         | <b>9,793</b>           | <b>7,540</b> | <b>1,636</b>  | <b>19,178</b> |

**DC Section**

Membership of the DC Section of the Plan increased from 1,446 to 1,573 during the year to 31 March 2025, as follows:

|                               | Members in Service | Deferred Pensioners | Total        |
|-------------------------------|--------------------|---------------------|--------------|
| <b>1 April 2024</b>           | <b>1,357</b>       | <b>89</b>           | <b>1,446</b> |
| Adjustment                    | -                  | -                   | -            |
| New Members                   | 316                | 9                   | 325          |
| Leavers                       | (136)              | 136                 | -            |
| Retirements                   | (6)                | (2)                 | (8)          |
| Transfers out                 | (5)                | (19)                | (24)         |
| Deaths                        | (2)                | (1)                 | (3)          |
| Transfers to L&G Master Trust | -                  | (163)               | (163)        |
| <b>31 March 2025</b>          | <b>1,524</b>       | <b>49</b>           | <b>1,573</b> |

There are no pensioners or beneficiaries (DB Section and DC Section) whose benefits are provided by annuities.

**Pension increases – DB Section**

The Trust Deed & Rules of the Plan provide for reviews of DB Section pensions in payment and in deferment to take account of movements in the Retail Price Index (RPI). A non-discretionary pension increase of 3.0% was applied in October 2024 following an increase of 5.0% in October 2023, no other increases were applied in the period.

**Transfer Values**

Cash equivalent payments made during the Plan year have been calculated and verified in the manner prescribed by the Pensions Act 1995 and do not include discretionary benefits.

**Actuarial liabilities – DB Section**

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date.

A full actuarial valuation is required to be undertaken at least every three years and the latest valuation dated 31 March 2022 has been completed. The Actuary's report was published on 8 December 2022. The next actuarial valuation will be prepared as of 31 March 2025 and is underway.

The Statutory Funding Objective was met at the valuation date, 31 March 2022. The Plan has sufficient and appropriate assets to pay members' benefit entitlements as they fall due. The value of these benefits is known as the Technical Provisions.

**Method**

The actuarial method used in the calculation of the Technical Provisions is the Projected Unit Method.

**Significant actuarial assumptions**

The key assumptions in calculating the Technical Provisions are:

### *Trustee's report continued*

#### Investment Return:

|                     |                                                                                                                                                                                                        |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation period    | 1.4% per annum                                                                                                                                                                                         |
| Discount Rate       | Gilt yield curve ("gilts flat").                                                                                                                                                                       |
| RPI Price inflation | Gilt implied RPI inflation curve.                                                                                                                                                                      |
| CPI Price inflation | Pre 2030: RPI inflation less 0.8%p.a. Post 2030: RPI inflation.                                                                                                                                        |
| Mortality           | 110%/105% of S3PA tables for males/females. CMI 2020 projections model, smoothing parameter of 7.0, 1.5%p.a. long term rate of improvement. Initial addition 0.1% and 2020 weighting parameter of 20%. |

The funding position at the valuation date on this basis was as follows:

|                        |                 |
|------------------------|-----------------|
| Market Value of Assets | £2,040 million  |
| Liabilities            | £2,039.6million |
| Surplus                | £0.4 million    |
| Funding Level          | 100%            |

If the Plan had discontinued on the last valuation date, the assets were estimated to have been approximately 96% of the amount necessary to cover the accrued benefits for members in service and past leavers and the current benefits for pensioners if purchased from an insurance company.

The 2004 Pensions Act introduced the Pension Protection Fund (PPF), which aims to take responsibility for some pension schemes with insolvent employers. Using the prescribed assumptions in respect of the benefits guaranteed by the PPF the Plan was estimated to be 133% funded at the valuation date.

#### **Recovery Plan**

As the statutory funding objective was met at the valuation date, the Trustee does not need to prepare a recovery plan. However, the Company will fund levies payable to the Pension Protection Fund (PPF).

The DB Section of the Plan was closed to future accrual with effect from 12 March 2011 therefore no further contributions in respect of future service benefits are required.

The latest Schedule of Contributions and the Actuary's Certification of Schedule of Contributions are incorporated within this annual report and financial statements on pages 67 to 71.

The Actuarial Valuation was filed with the Pension Regulator on 8 December 2022, within the deadline of 30 June 2023.

### **Investment management – DB Section**

#### **Investment strategy and principles**

The Trustee has produced a Statement of Investment Principles (SIP) as required by Section 35 of the Pensions Act 1995. The Statement sets out the Trustee's policy towards the strategic and day-to-day management of the funds under its control and includes a description of its investment objectives and strategy, and the policies adopted relating to investment risk. Specifically, the Trustee's policy is to acquire assets of appropriate liquidity which will generate income and capital growth to enable the payment of member's benefits and plan costs when they fall due.

The Trustee has purchased insurance policies in the form of bulk-annuities (referred to as the "buy-in") which secure the benefits of Plan members through an insurance company – Phoenix Life (trading as "Standard Life"). The policies were purchased in May and July 2023 with the majority of the Plan's assets. The surplus assets – not used to purchase the policy – are invested separately within the CIF. The Trustee aims to invest in instruments that, when combined with the buy-in policy, focus on liquidity, notably

#### *Trustee's report continued*

cash funds. Two residual investments will be held to maturity. The detailed asset allocation is no longer relevant as the buy-in replaces the majority of the Plan's assets. The Trustee will work with the Investment Consultant and Actuary to ensure the buy-in and the provider remain appropriate.

The Trustee has delegated the governance of the Plan's residual assets and investment strategy to the CIF Trustee which considers investment issues in detail at CIF Trustee meetings and reports back to the Plan Trustees on a quarterly basis. The CIF Trustee with the assistance of the Investment Consultant monitors the processes, behaviour (including management of actual or potential conflicts of interest) and operational performance of the Investment Managers to ensure compliance with the Trustee's requirements.

The Trustee is a long-term investor and the buy-in policy will deliver the majority of the necessary cashflows to meet member benefits.

The Trustee does not currently actively monitor portfolio turnover costs across the whole portfolio, but Investment Manager performance is measured after fees and costs. The Trustee incentivises managers in this way to keep portfolio turnover costs to a minimum to meet and exceed their objectives. The Trustee will continue to monitor industry improvements concerning the reporting of portfolio turnover costs.

The SIP also includes details of the Trustee's policy statement in respect of Socially Responsible Investment and guidelines for the investment managers on voting policy. Specifically, the Trustee believes that environmental, social and corporate governance ("ESG") issues can affect the performance of investment portfolios and should therefore be considered as part of the Plan's investment process over the appropriate time horizon. The Trustee has given their investment managers full discretion when evaluating ESG issues and in exercising rights and stewardship obligations relating to the Plan's investments. The Trustee is also supportive of the UK Stewardship Code published by the Financial Reporting Council in July 2010.

The Trustee does not currently explicitly take into account non-financially material factors such as members' views in selection, retention or realisation of investments. However, the Trustee believes that by being a responsible investor, they are managing investment risk with the aim of enhancing long term portfolio returns, which is in the best interest of the members and beneficiaries of the Plan. The Trustee has delegated responsibility for the exercise of rights attached to the Plan's investments to the Investment Managers. The Trustee is satisfied that the Investment Managers' policies on corporate governance and exercising of voting rights reflect the Trustee's policies. The Trustee requires the Investment Managers to report on significant votes made on behalf of the Trustee at least annually.

As at 31 March 2025, the version of the DB Section SIP in place was dated October 2023 and for the DC Section was dated November 2023. There are two parts to the SIP, covering the DB Section and the DC Section. This reflects the operational differences between the two Sections of the Plan.

During the reporting year the Trustee is satisfied that they followed the investment policies within the DB Section SIP. The Trustee has prepared an Implementation Statement which provides more detail on how, in the Trustee's view, the SIP has been followed during the year and is appended to this report.

The SIP and Implementation Statement are available on [www.mbplcpensions.com](http://www.mbplcpensions.com) and/or can be obtained on request from the Mitchells & Butlers Pensions Department, 27 Fleet Street, Birmingham, B3 1JP.

Details relating to individual mandates and investment managers are contained in a supplementary Investment Policy Implementation Document.

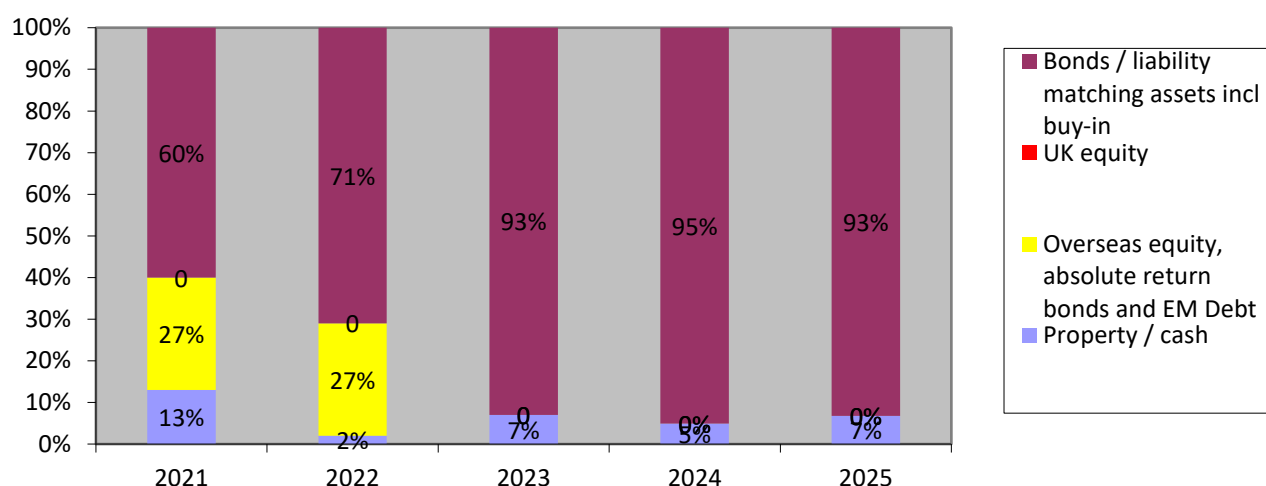
The Trustee, assisted by its Investment Consultant, formulates a strategy which it believes to have a reasonable probability of delivering the funding objective at an acceptable level of risk. This involves determining the asset mix most appropriate to achieving the aims and the investment manager structure. In broad terms the benchmark is modelled as a liability return (on a gilts-flat basis) plus the Plan-specific return required in order to support the assumption underlying the respective recovery plans.

### Trustee's report continued

During the previous financial year the Trustee purchased several insurance policies in the form of bulk-annuities (referred to as the "buy-in") these secured the benefits of Plan members through an insurance company – Phoenix Life (trading as "Standard Life"). The policies were purchased in May and July 2023 for a total consideration of £1,202m in cash and in-specie asset transfers being the majority of the Plan's assets held in the CIF. The surplus assets – not used to purchase the policy – are invested separately within the CIF. The Trustee aims to invest in instruments that, when combined with the buy-in policy, focus on liquidity, notably cash funds. The detailed asset allocation is no longer relevant as the buy-in policy replaces the majority of the Plan's assets. The Trustee will work with the Investment Consultant and Actuary to ensure the buy-in and the provider remain appropriate.

Figure 1 demonstrates the shift in the strategic asset mix between 2021 and 2025. Overseas equity includes global and pan-European portfolios which will contain a UK equity element.

**Figure 1 Asset Allocation**



More details are disclosed in the annual report and financial statements of the CIF (Appendix 1).

### Management and custody of investments

The buy-in policy makes up the majority of the Plan's assets and Phoenix Life (trading as "Standard Life"), as the buy-in provider, is responsible for maintaining its own investment strategy including the management and custody of the investments such that the benefits of the Plan members can be paid in full. The Plan invests its residual DB Section assets in a Common Investment Fund (CIF). The CIF operates under a trust deed drawn up between the Plan, the Company and the corporate Trustee, Mitchells & Butlers CIF Limited (the CIF Trustee). The Board of the CIF Trustee consists of Trustee Directors from the Plan. As such, the Plan's Trustee has delegated the management of its residual DB investment assets to the CIF Trustee, with the latter entity reporting into the Plan Trustee Board on a quarterly basis.

The Plan's interest in the assets within the CIF is expressed as notional pooled fund units which are valued on the basis of the original inward transfer of assets into the CIF by the Plan and by subsequent cash injections and withdrawals. New cash results in the issuing of additional units while cash withdrawals require the Plan to redeem units accordingly.

The Plan's principal assets at 31 March 2025 are valued at £1,208.7 million (2024: £1,325.5 million), as detailed in note 11 of the financial statements. The non buy-in asset base underlying the value of the Plan's residual units in the CIF, the way in which the Plan's share of the units in issue is calculated and all matters to do with the management of the CIF are disclosed in the Annual Report of the CIF which is included in the Plan's Annual Report as Appendix 1. Also included in the CIF Report is the management of relationships with external parties to whom the CIF Trustee in turn delegates specialist asset management and custodial services.

## Investment performance

The annual return on assets, when combined with the buy-in policy, for the Plan's DB Section was (8.8%). The Plan's disclosed return on investments consists primarily of the movement in the value of the buy-in.

The return on investments in the CIF for the DB Section (after investment management and custodial costs incurred through the CIF) was positive by £12.4 million, compared to a negative return of £38.3 million in 2024.

The Plan's major asset holdings at 31 March 2025 are the buy-in and the residual units in the CIF.

The costs of investment for the DB section excluding the buy-in policy are reported in the CIF financial statements with only the costs of administering the Plan being picked up directly by the Plan. Investment management and custodial costs are paid by the CIF and reflected in the value of its unit holdings.

The costs of administering the Plan's DB Section in the year were £2.8 million (2024: £3.2million) which is analysed in note 9 of the financial statements. Its share of the investment management and custodial costs was 100% of the total costs disclosed in note 6 to the financial statements of the CIF (Appendix 1). This amounted to £0.4 million for the year ended 31 March 2025 (2024: £0.8 million) and is incorporated within the return on investments for the year.

Total costs for the year amounted to £3.2 million (2024: £4.0 million), equivalent to 0.26% (2024: 0.30%) of the average market value of the Plan's assets during the year.

Figure 2 illustrates the performance of the Plan's investments for the year to 31 March 2025 and for the 3 and 5 years ended on that date.

**Figure 2**

| Period to 31 March 2025 | Actual<br>Fund<br>Return | Overall<br>Benchmark | RPI    | Real<br>Return |
|-------------------------|--------------------------|----------------------|--------|----------------|
|                         | % p.a.                   | % p.a.               | % p.a. | % p.a.         |
| 1 year                  | (8.8)                    | (8.8)                | 3.2    | (12.0)         |
| 3 years                 | (15.4)                   | (15.4)               | 6.9    | (22.3)         |
| 5 years                 | (7.7)                    | (7.7)                | 6.2    | (13.9)         |

Following the purchase of the buy-in asset performance will match liability performance.

Little priority is attached to improving upon, or matching, the average rate of return achieved by other pension funds. Other funds will have different liability structures and different levels of maturity and risk tolerance which will lead them to adopt different asset allocation strategies, leading to varying rates of return, particularly over shorter periods. The Trustee places a higher level of importance on liability hedging and performance in this regard is measured against a liability benchmark. The Plan's assets are predominantly made up of the buy-in and the sensitivity of which to movements in inflation expectations and interest rates matches that of the liabilities. This is monitored quarterly.

Until closure to future accrual on 12 March 2011, DB Section members had the option to invest in Additional Voluntary Contribution (AVC) funds managed by The Prudential Assurance Company, and in unitised managed funds offered through the DC funds provider (see Investment management – DC Section below). From 13 March 2011, no further AVC contributions were allowed within the DB Section.

The annualised rate of return earned on the The Prudential Assurance Company's deposit fund during the year was 4.98%.

The Prudential's other available option, the With Profits Fund, is based upon individual accounts accruing interest and bonus on a monthly basis, the return being related to that of a broad spread of investments managed by the Prudential. The Prudential's

### *Trustee's report continued*

Annual Bonus Declaration on the With Profits Fund for 31 December 2024 was 7.3%. The average annual yield for investments in this fund over the five-year period ended 31 December 2024 was 4.6% p.a.

The Trustee has considered the nature, disposition, marketability, security and valuation of the Plan's investments and considers them to be appropriate relative to the reasons for holding each class of investment. More details about the residual investments are given in the annual report and financial statements of the CIF (Appendix 1).

### **Employer-related Investments**

Employer related investments are restricted by legislation. Refer to note 19 for the detailed disclosure.

### **Investment management – DC Section**

#### **Investment strategy and principles**

The Statement of Investment Principles (SIP) states that the Trustee has established its objectives around seeking to achieve good member outcomes within acceptable levels of risk. This will be delivered through a default fund and an appropriate range of funds that use diversification to help manage the volatility of returns. The investment options are disclosed in the DC SIP of the Statement Regarding DC Governance.

The Trustee has delegated the implementation of the investment policies set out in the SIP to the Joint DC Sub-Committee (DCSC) and, in respect of the DC Section, its bundled pension provider Legal & General (L&G). These responsibilities are set out in more detail in the SIP. The DCSC will assist the Trustee in developing investment strategy for the DC Section, monitor the investment strategy and review activity and performance of L&G. The DC Section's Default Option is structured as a "governed" investment solution designed and implemented by L&G.

There are two parts to the SIP, one covering the DB Section and one covering the DC Section reflecting the operational differences between the two Sections of the Plan. At the start of the year, the version of the DC SIP in place was dated November 2023.

The Trustee seeks to offer a suitable Default option to members and an appropriate range of self-select options. The DCSC, supported by the DC Consultant carries out quarterly monitoring of the investment options and performance to ensure they meet the Trustee's objectives. As previously stated in the DB Section the Trustee believes ESG issues are important and will monitor, assisted by the DC Consultant, L&G's policies in relation to these matters. The Trustee will also monitor market developments and how these are being reflected in L&G's policies. The Trustee does not seek members' views in relation to ESG matters. The Trustee will use the Implementation Statement to inform members of the Trustee's approach to ESG and stewardship. The DCSC, supported by the DC Consultant, completes an annual review of charges and transaction costs to ensure the costs applied to the investment options are competitive.

During the reporting year the Trustee is satisfied that they followed the investment policies within the DC Section SIP. The Trustee has prepared an Implementation Statement which provides more detail on how, in the Trustee's view, the SIP has been followed during the year. It also includes the voting behaviour and most significant votes cast during the reporting year on behalf of the Trustee by L&G and is appended to this report.

### **Management and custody of investments**

The Trustee has appointed and delegated the investment and administration of the Plan's DC Section to L&G. The day-to-day management of the underlying investments is the responsibility of L&G and includes the direct management of credit and market risks. The DCSC, assisted by the DC Consultant monitors L&G in this regard on a quarterly basis to ensure consistency with Trustee policies and objectives.

### Trustee's report continued

Materially most members' assets were invested in the L&G funds designed to facilitate members drawing down their benefits over their retirement period, this is the default strategy. Cash and annuity styled funds were available during the period. The investment strategy is designed to be aligned with when each member is expected to access their benefits. Each, so called, Target Date fund is designated with a vintage based on a member's planned retirement age and has an aligned investment strategy.

### Investment performance

The net increase in value of the Plan's DC Section for the year ended 31 March 2025 is £31.0 million, as shown in the financial statements on page 55. During the year, the total value of the Plan's DC Section net assets increased from £62.8 million to £93.7 million, an increase of 49.3%.

The return on DC members' overall investments was positive £2.6 million in the year, following a positive return of £6.0 million in 2024.

The cost of administering the Plan's DC Section in the year was £0.3 million which is analysed in note 9 of the financial statements. The cost of administering the Plan's DC Section is reimbursed by the Company in accordance with the Schedule of Contributions.

Figure 3 summarises the performance of the L&G Target Date Funds.

**Figure 3**

#### Target Date Fund

|                              | 12 months<br>Return p.a. | 3 years<br>Return<br>p.a. |
|------------------------------|--------------------------|---------------------------|
| 2015 – 2020 Target Date Fund | 3.4%                     | 1.2%                      |
| 2020 – 2025 Target Date Fund | 4.2%                     | 2.4%                      |
| 2025 – 2030 Target Date Fund | 3.7%                     | 1.8%                      |
| 2030 – 2035 Target Date Fund | 3.6%                     | 2.3%                      |
| 2035 – 2040 Target Date Fund | 4.2%                     | 3.3%                      |
| 2040 – 2045 Target Date Fund | 3.9%                     | 3.4%                      |
| 2045 – 2050 Target Date Fund | 3.9%                     | 3.9%                      |
| 2050 – 2055 Target Date Fund | 3.9%                     | 4.2%                      |
| 2055 – 2060 Target Date Fund | 3.9%                     | 4.2%                      |
| 2060 – 2065 Target Date Fund | 4.1%                     | 4.2%                      |
| 2065 – 2070 Target Date Fund | 4.5%                     | 4.4%                      |
| 2070 – 2075 Target Date Fund | 4.6%                     | 4.4%                      |

Source Barnett Waddingham

The majority of members invest via the default Target Date option which is designed for drawdown.

### Statement of Trustee's responsibilities

#### Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial

#### *Trustee's report continued*

statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Plan will continue as a going concern.

The Trustee is also responsible for making available certain other information about the Plan in the form of an annual report.

The Trustee also has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is also responsible for the maintenance and integrity of the [www.mbplcpensions.com](http://www.mbplcpensions.com) website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Trustee's responsibilities in respect of contributions**

The Trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary, revising a Schedule of Contributions showing the rates of contributions payable towards the Plan by or on behalf of the Employers and the active members of the Plan and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Plan and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Plan in accordance with the Schedule of Contributions.

Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and to members.

All contributions in the year were made by the Employer in accordance with the Schedule of Contributions.

#### **Further information**

Requests for additional information about the Plan generally, or queries relating to members' own benefits, should be made to the contact listed on page 1.

The individual financial statements of Mitchells & Butlers Pension Plan have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised 2018) ("the SORP").

*Trustee's report continued*  
**Approval**

The Trustee's Report of this Annual Report was approved by the Trustee Directors at their meeting on 9 October 2025 and any two Trustee Directors were authorised to evidence that approval by signing this report on behalf of the Board.

The Trustee's Report which includes the Implementation Statement was approved by the Trustee Directors at their meeting on 9 October 2025 and signed on their behalf by:

|                   |                   |
|-------------------|-------------------|
| Trustee approved  | Trustee approved  |
| Signature: .....  | Signature: .....  |
| Jonathan Duck     | Chris Edger       |
| Print Name: ..... | Print Name: ..... |
| 14 October 2025   | 14 October 2025   |
| Date: .....       | Date: .....       |

# STATEMENT REGARDING DC GOVERNANCE

for the year ended 31 March 2025

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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 2024 to 31 March 2025.
- 1.3. The Trustee will publish this Statement on a publicly accessible website, the address for which is: <https://www.mbpplcpensions.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. Separate AVC arrangements provided by Prudential and Standard Life which hold benefits for DB Section members. These are both closed to future contributions and members.

#### 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 65<sup>th</sup> birthday for the majority of members 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.

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 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 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. This information has been provided in line with statutory guidance.

| Asset Class     | Allocation (%)<br>25-year-old | Allocation (%)<br>45-year-old | Allocation (%)<br>55-year-old | Allocation (%)<br>1 day before<br>retirement age |
|-----------------|-------------------------------|-------------------------------|-------------------------------|--------------------------------------------------|
| Cash            | 0.28%                         | 0.28%                         | 0.28%                         | 1.62%                                            |
| Bonds           | 15.96%                        | 15.96%                        | 15.96%                        | 47.99%                                           |
| Listed Equities | 77.95%                        | 77.95%                        | 77.95%                        | 25.58%                                           |
| Private Equity* | 0.70%                         | 0.70%                         | 0.70%                         | 0.41%                                            |

Mitchells & Butlers Pension Plan | Chair's Statement | Year Ending 31 March 2025

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| Asset Class             | Allocation (%)<br>25-year-old | Allocation (%)<br>45-year-old | Allocation (%)<br>55-year-old | Allocation (%)<br>1 day before<br>retirement age |
|-------------------------|-------------------------------|-------------------------------|-------------------------------|--------------------------------------------------|
| Infrastructure*         | 1.94%                         | 1.94%                         | 1.94%                         | 3.65%                                            |
| Property/Real Estate ** | 2.43%                         | 2.43%                         | 2.43%                         | 5.51%                                            |
| Private Debt/Credit     | 0.18%                         | 0.18%                         | 0.18%                         | 13.53%                                           |
| Other                   | 0.18%                         | 0.18%                         | 0.18%                         | 1.71%                                            |

\* 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. The SIP can also be found here: <https://www.mbplcpensions.com/media/MABPP-DC-SIP.pdf>

#### 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:

| 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           | 93%                                    |

4.3.6. As part of its ongoing consideration of service standards, the Trustee noted that the SLA achieved for one of the above categories fell short of the 95% target set by Legal & General over the Plan year. The Trustee, in conjunction with its advisers, queried these cases with Legal & General during the year and discovered that only two cases missed target due to a temporary period of increased demand. The cases only missed target by a matter of days and the Trustee is comfortable that no members lost out financially from the delay. Given Legal & General's positive overall performance against the SLAs, the Trustee is comfortable that this was a one-off issue that does not indicate any structural failings.

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 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. 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 was made aware during the year 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, this has been a recurring issue encountered by the Trustee historically. As a result of this downturn in performance and wider developments relating to the DB Section, the Trustee has decided to pursue a bulk transfer of the AVCs from Prudential to an AVC arrangement with Standard Life. This bulk transfer is due to complete in the 25/26 Plan year.

- 4.7. 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.

#### 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 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 2015 – 2020 Fund 3B | 0.00%      | 0.00%      | 0.00%      | 0.03%             |
| Default Target Date 2020 – 2025 Fund 3B | 0.00%      | 0.00%      | 0.00%      | 0.05%             |
| Default Target Date 2025 – 2030 Fund 3B | 0.00%      | 0.00%      | 0.00%      | 0.04%             |
| Default Target Date 2030 – 2035 Fund 3B | 0.00%      | 0.00%      | 0.00%      | 0.02%             |
| Default Target Date 2035 – 2040 Fund 3B | 0.00%      | 0.00%      | 0.00%      | 0.03%             |

| Default Target Date                     | AMC (p.a.) | FMC (p.a.) | TER (p.a.) | Transaction costs |
|-----------------------------------------|------------|------------|------------|-------------------|
| Default Target Date 2040 – 2045 Fund 3B | 0.00%      | 0.00%      | 0.00%      | 0.04%             |
| Default Target Date 2045 – 2050 Fund 3B | 0.00%      | 0.00%      | 0.00%      | 0.04%             |
| Default Target Date 2050 – 2055 Fund 3B | 0.00%      | 0.00%      | 0.00%      | 0.04%             |
| Default Target Date 2055 – 2060 Fund 3B | 0.00%      | 0.00%      | 0.00%      | 0.04%             |
| Default Target Date 2060 – 2065 Fund 3B | 0.00%      | 0.00%      | 0.00%      | 0.04%             |
| Default Target Date 2065 – 2070 Fund 3B | 0.00%      | 0.00%      | 0.00%      | 0.05%             |
| Default Target Date 2070 – 2075 Fund 3B | 0.00%      | 0.00%      | 0.00%      | 0.04%             |

#### Deferred DC Section members

| Default Target Date                    | AMC (p.a.) | FMC (p.a.) | TER (p.a.) | Transaction costs |
|----------------------------------------|------------|------------|------------|-------------------|
| Default Target Date 2015 – 2020 Fund 3 | 0.10%      | 0.15%      | 0.25%      | 0.03%             |
| Default Target Date 2020 – 2025 Fund 3 | 0.10%      | 0.15%      | 0.25%      | 0.05%             |
| Default Target Date 2025 – 2030 Fund 3 | 0.10%      | 0.15%      | 0.25%      | 0.04%             |
| Default Target Date 2030 – 2035 Fund 3 | 0.10%      | 0.15%      | 0.25%      | 0.02%             |
| Default Target Date 2035 – 2040 Fund 3 | 0.10%      | 0.15%      | 0.25%      | 0.03%             |
| Default Target Date 2040 – 2045 Fund 3 | 0.10%      | 0.15%      | 0.25%      | 0.04%             |
| Default Target Date 2045 – 2050 Fund 3 | 0.10%      | 0.15%      | 0.25%      | 0.04%             |
| Default Target Date 2050 – 2055 Fund 3 | 0.10%      | 0.15%      | 0.25%      | 0.04%             |
| Default Target Date 2055 – 2060 Fund 3 | 0.10%      | 0.15%      | 0.25%      | 0.04%             |
| Default Target Date 2060 – 2065 Fund 3 | 0.10%      | 0.15%      | 0.25%      | 0.04%             |
| Default Target Date 2065 – 2070 Fund 3 | 0.10%      | 0.15%      | 0.25%      | 0.05%             |
| Default Target Date 2070 – 2075 Fund 3 | 0.10%      | 0.15%      | 0.25%      | 0.04%             |

#### 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. 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%. | 0.10%             | 31/12/2024         |
| 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%             | 31/12/2024         |
| Prudential Cash Fund                      | 0.55%                                                                                                                                                                                               | 0.00%             | 31/12/2024         |

[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.

#### AVC arrangements costs and charges – Standard Life

- 5.7. Plan members that hold AVC benefits with Standard Life are invested in the Standard Life Managed Fund. Details of the charges and transaction costs quoted by Standard Life 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 2025 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 2015 – 2020 Fund 3B | 3.28%          | 1.20%                 | 2.68%                 |
| Default Target Date 2020 – 2025 Fund 3B | 4.27%          | 2.39%                 | 4.28%                 |
| Default Target Date 2025 – 2030 Fund 3B | 3.77%          | 1.79%                 | 5.19%                 |
| Default Target Date 2030 – 2035 Fund 3B | 3.63%          | 2.28%                 | 6.09%                 |
| Default Target Date 2035 – 2040 Fund 3B | 4.22%          | 3.25%                 | 6.69%                 |
| Default Target Date 2040 – 2045 Fund 3B | 4.03%          | 3.36%                 | 6.89%                 |
| Default Target Date 2045 – 2050 Fund 3B | 3.97%          | 3.92%                 | 7.95%                 |
| Default Target Date 2050 – 2055 Fund 3B | 3.96%          | 4.14%                 | 8.50%                 |
| Default Target Date 2055 – 2060 Fund 3B | 4.03%          | 4.16%                 | 8.55%                 |
| Default Target Date 2060 – 2065 Fund 3B | 4.18%          | 4.21%                 | 8.58%                 |
| Default Target Date 2065 – 2070 Fund 3B | 4.52%          | 4.32%                 | 8.65%                 |
| Default Target Date 2070 – 2075 Fund 3B | 4.65%          | 4.37%                 | n/a                   |

| 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 | -0.08%         | -1.95%                | 2.32%                 |
| Annuity Target Date Fund 2030 - 2035 3B | 3.06%          | 2.10%                 | 5.98%                 |
| Annuity Target Date Fund 2035 - 2040 3B | 3.94%          | 2.99%                 | 6.53%                 |
| Annuity Target Date Fund 2040 - 2045 3B | 3.96%          | 3.18%                 | 6.77%                 |
| Annuity Target Date Fund 2045 - 2050 3B | 3.93%          | 3.69%                 | 7.72%                 |
| Annuity Target Date Fund 2050 - 2055 3B | 4.07%          | 4.15%                 | 8.40%                 |
| Annuity Target Date Fund 2055 - 2060 3B | 4.09%          | 4.17%                 | 8.54%                 |
| Cash Target Date Fund 2020 – 2025 3B    | 5.28%          | 3.54%                 | 3.39%                 |
| Cash Target Date Fund 2025 – 2030 3B    | 5.06%          | 3.01%                 | 5.59%                 |

### Deferred DC Section members

- 6.4. The following table provides the returns to 31 March 2025 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 | 4.12%          | 2.24%                 | 4.12%                 |
| Default Target Date 2025 – 2030 Fund 3 | 3.61%          | 1.64%                 | 5.04%                 |
| Default Target Date 2030 – 2035 Fund 3 | 3.48%          | 2.13%                 | 5.93%                 |
| Default Target Date 2035 – 2040 Fund 3 | 4.07%          | 3.09%                 | 6.53%                 |
| Default Target Date 2040 – 2045 Fund 3 | 3.87%          | 3.21%                 | 6.73%                 |
| Default Target Date 2045 – 2050 Fund 3 | 3.82%          | 3.76%                 | 7.79%                 |
| Default Target Date 2065 – 2070 Fund 3 | 4.37%          | 4.17%                 | 8.49%                 |

#### AVC arrangements – Prudential

- 6.5. The following table outlines information provided by Prudential regarding the net investment returns to 31 March 2025 for members invested in this AVC arrangement.

| Fund Name                        | 1 Year net return | 3 Year net return (% p.a.) | 5 Year net return (% p.a.) |
|----------------------------------|-------------------|----------------------------|----------------------------|
| Prudential Deposit Fund          | 0.0%              | 0.0%                       | 0.0%                       |
| Prudential With Profits Fund [1] | 2.5%              | 2.2%                       | 1.7%                       |
| Prudential Cash Fund             | 4.9%              | 3.5%                       | 1.9%                       |

[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 (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. The following table outlines information provided by Standard Life regarding the net investment returns to 31 March 2025 for members invested in this AVC arrangement.

| 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 2025, 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
- 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 arrangements with Standard Life and 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 6 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, Anna Eagles, 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.
- 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 2024 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 2024), 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.
  - 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 2025.
  - 7.12.5. Bulk transfer of AVCs: advice on the bulk transfer of DB Section AVCs from Prudential and Standard Life to a new AVC arrangement with Standard Life, and associated member communications.
- 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. The sustainability strategy and activities of the sponsoring employer, in order to ascertain alignment between this and the approach taken by the Trustee in the DC investment strategy.

- 7.14.2. Evolution of Legal & General's default investment strategy design and the stewardship priorities of the L&G Master Trust trustee board.
- 7.14.3. Updates to Legal & General's workplace proposition, in particular its multi-channel communication capabilities and an overview of the operations teams covering the administration staff and helpline teams.
- 7.14.4. The General Code of Practice for trustees of occupational pension schemes.
- 7.14.5. Use of member segmentation and analytics tools to increase understanding of the membership and its needs
- 7.14.6. Wider regulatory environment, capturing recent and upcoming legislative changes and trends in workplace DC pension provision. This covered in particular the Chancellor's Mansion House reforms, the Pension Investment Review and the Pension Schemes Bill.

#### 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

Trustee approved

.....

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

14 October 2025

.....

Date

## 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%      | 0.00%             |
| Annuity Target Date Fund 2035 - 2040 3B | 0.00%      | 0.00%      | 0.00%      | 0.03%             |
| Annuity Target Date Fund 2040 - 2045 3B | 0.00%      | 0.00%      | 0.00%      | 0.04%             |
| Annuity Target Date Fund 2045 - 2050 3B | 0.00%      | 0.00%      | 0.00%      | 0.04%             |
| Annuity Target Date Fund 2050 - 2055 3B | 0.00%      | 0.00%      | 0.00%      | 0.04%             |
| Annuity Target Date Fund 2055 - 2060 3B | 0.00%      | 0.00%      | 0.00%      | 0.04%             |
| Cash Target Date Fund 2020 – 2025 3B    | 0.00%      | 0.00%      | 0.00%      | 0.01%             |
| Cash Target Date Fund 2025 – 2030 3B    | 0.00%      | 0.00%      | 0.00%      | 0.02%             |

## 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 £8,000, £23,000 and £67,500 have been used; these represent the 25<sup>th</sup> percentile, the median and the 75<sup>th</sup> percentile of pot values (rounded to the nearest £500) of DC Section members as at 31 March 2025.
- 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 £45,000 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 2025.
5. The projected growth rates, gross of costs and charges, for each fund or arrangement are in line with the 2025 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:

| Investment option                                      | Assumed return above inflation | TER p.a. | Transaction costs (5-year average) |
|--------------------------------------------------------|--------------------------------|----------|------------------------------------|
| Default Target Date 2070 – 2075 Fund (active member)   | 2.50%                          | 0.00%    | 0.08%                              |
| Default Target Date 2040 – 2045 Fund (active member)   | 2.50%                          | 0.00%    | 0.05%                              |
| Default Target Date 2030 – 2035 Fund (active member)   | 1.40%                          | 0.00%    | 0.03%                              |
| Default Target Date 2070 – 2075 Fund (deferred member) | 2.50%                          | 0.25%    | 0.08%                              |
| Default Target Date 2040 – 2045 Fund (deferred member) | 2.50%                          | 0.25%    | 0.05%                              |
| Default Target Date 2030 – 2035 Fund (deferred member) | 1.40%                          | 0.25%    | 0.03%                              |

#### Default Target Date 2070 – 2075 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 50 year timeframe.

| Illustration basis                                              | Years of membership | Starting pot size £8,000 |               | Starting pot size £23,000 |               | Starting pot size £67,500 |               |
|-----------------------------------------------------------------|---------------------|--------------------------|---------------|---------------------------|---------------|---------------------------|---------------|
|                                                                 |                     | Before charges           | After charges | Before charges            | After charges | Before charges            | After charges |
| Active member                                                   | 0                   | £8,000                   | £8,000        | £23,000                   | £23,000       | £67,500                   | £67,500       |
|                                                                 | 5                   | £38,546                  | £38,455       | £55,467                   | £55,311       | £105,665                  | £105,318      |
|                                                                 | 10                  | £73,004                  | £72,679       | £92,092                   | £91,621       | £148,717                  | £147,817      |
|                                                                 | 15                  | £111,874                 | £111,138      | £133,406                  | £132,424      | £197,282                  | £195,575      |
|                                                                 | 20                  | £155,721                 | £154,357      | £180,010                  | £178,278      | £252,066                  | £249,243      |
|                                                                 | 25                  | £205,183                 | £202,924      | £232,582                  | £229,805      | £313,864                  | £309,553      |
|                                                                 | 30                  | £260,978                 | £257,502      | £291,885                  | £287,710      | £383,575                  | £377,327      |
|                                                                 | 35                  | £323,918                 | £318,834      | £358,782                  | £352,781      | £462,213                  | £453,489      |
|                                                                 | 40                  | £394,916                 | £387,756      | £434,245                  | £425,904      | £550,920                  | £539,075      |
|                                                                 | 45                  | £475,006                 | £465,208      | £519,371                  | £508,077      | £650,986                  | £635,254      |
| Deferred member<br>Salary: £45,000<br>Contribution level: 12.5% | 50                  | £565,351                 | £552,246      | £615,397                  | £600,420      | £763,864                  | £743,336      |
|                                                                 | 0                   | £8,000                   | £8,000        | £23,000                   | £23,000       | £67,500                   | £67,500       |
|                                                                 | 5                   | £9,024                   | £8,883        | £25,945                   | £25,540       | £76,143                   | £74,954       |
|                                                                 | 10                  | £10,180                  | £9,864        | £29,267                   | £28,360       | £85,893                   | £83,231       |
|                                                                 | 15                  | £11,483                  | £10,954       | £33,015                   | £31,492       | £96,891                   | £92,423       |
|                                                                 | 20                  | £12,954                  | £12,163       | £37,242                   | £34,970       | £109,298                  | £102,629      |
|                                                                 | 25                  | £14,613                  | £13,507       | £42,011                   | £38,832       | £123,293                  | £113,963      |
|                                                                 | 30                  | £16,484                  | £14,998       | £47,390                   | £43,120       | £139,081                  | £126,548      |
|                                                                 | 35                  | £18,594                  | £16,655       | £53,459                   | £47,882       | £156,890                  | £140,523      |
|                                                                 | 40                  | £20,975                  | £18,494       | £60,304                   | £53,169       | £176,979                  | £156,041      |
| No contributions                                                | 45                  | £23,661                  | £20,536       | £68,026                   | £59,041       | £199,640                  | £173,273      |
|                                                                 | 50                  | £26,691                  | £22,804       | £76,736                   | £65,561       | £225,204                  | £192,407      |

Note on how to read this table: If an Active member had £8,000 invested in this strategy on 31 March 2025, after 20 years membership their fund could grow to £155,721 if no charges are applied and to £154,357 with charges applied.

### Default Target Date 2040-2045 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 £8,000 |               | Starting pot size £23,000 |               | Starting pot size £67,500 |               |
|--------------------|---------------------|--------------------------|---------------|---------------------------|---------------|---------------------------|---------------|
|                    |                     | Before charges           | After charges | Before charges            | After charges | Before charges            | After charges |
| Active member      | 0                   | £8,000                   | £8,000        | £23,000                   | £23,000       | £67,500                   | £67,500       |
|                    | 1                   | £13,818                  | £13,813       | £29,184                   | £29,172       | £74,770                   | £74,735       |
|                    | 5                   | £38,546                  | £38,489       | £55,467                   | £55,370       | £105,665                  | £105,448      |
|                    | 10                  | £73,004                  | £72,801       | £92,092                   | £91,797       | £148,717                  | £148,154      |
|                    | 15                  | £111,874                 | £111,413      | £133,406                  | £132,791      | £197,282                  | £196,213      |
|                    | 20                  | £155,721                 | £154,867      | £180,010                  | £178,925      | £252,066                  | £250,298      |
| Deferred member    | 0                   | £8,000                   | £8,000        | £23,000                   | £23,000       | £67,500                   | £67,500       |
|                    | 1                   | £8,195                   | £8,172        | £23,561                   | £23,494       | £69,146                   | £68,949       |
|                    | 5                   | £9,024                   | £8,896        | £25,945                   | £25,577       | £76,143                   | £75,062       |
|                    | 10                  | £10,180                  | £9,893        | £29,267                   | £28,442       | £85,893                   | £83,470       |
|                    | 15                  | £11,483                  | £11,001       | £33,015                   | £31,628       | £96,891                   | £92,821       |
|                    | 20                  | £12,954                  | £12,233       | £37,242                   | £35,171       | £109,298                  | £103,219      |

Note on how to read this table: If an Active member had £8,000 invested in this strategy on 31 March 2025, after 10 years membership their fund could grow to £73,004 if no charges are applied and to £72,801 with charges applied.

### Default Target Date 2030 – 2035 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 £8,000 |               | Starting pot size £23,000 |               | Starting pot size £67,500 |               |
|--------------------|---------------------|--------------------------|---------------|---------------------------|---------------|---------------------------|---------------|
|                    |                     | Before charges           | After charges | Before charges            | After charges | Before charges            | After charges |
| Active member      | 0                   | £8,000                   | £8,000        | £23,000                   | £23,000       | £67,500                   | £67,500       |
|                    | 2                   | £19,484                  | £19,476       | £34,897                   | £34,880       | £80,620                   | £80,577       |
|                    | 4                   | £31,284                  | £31,261       | £47,120                   | £47,079       | £94,102                   | £94,006       |
|                    | 6                   | £43,408                  | £43,363       | £59,680                   | £59,607       | £107,954                  | £107,797      |
|                    | 8                   | £55,866                  | £55,790       | £72,586                   | £72,471       | £122,187                  | £121,958      |
|                    | 10                  | £68,667                  | £68,553       | £85,846                   | £85,682       | £136,812                  | £136,501      |
| Deferred member    | 0                   | £8,000                   | £8,000        | £23,000                   | £23,000       | £67,500                   | £67,500       |
|                    | 2                   | £8,220                   | £8,176        | £23,633                   | £23,505       | £69,356                   | £68,983       |
|                    | 4                   | £8,446                   | £8,355        | £24,283                   | £24,022       | £71,264                   | £70,499       |
|                    | 6                   | £8,678                   | £8,539        | £24,950                   | £24,550       | £73,224                   | £72,048       |
|                    | 8                   | £8,917                   | £8,727        | £25,637                   | £25,089       | £75,238                   | £73,631       |
|                    | 10                  | £9,162                   | £8,918        | £26,342                   | £25,640       | £77,307                   | £75,249       |

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Note on how to read this table: If an active member had £8,000 invested in this strategy on 31 March 2025, after 4 years membership their fund could grow to £31,284 if no charges are applied and to £31,261 with charges applied.

# Mitchells & Butlers Pension Plan

## Statement of Investment Principles Defined Contribution Section

Date signed:

**Barnett Waddingham LLP** **Barnett Waddingham LLP**

November 2023

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## 1. Introduction

1.1. This Statement of Investment Principles ("the Statement") has been prepared by Mitchells & Butlers Pensions Limited ("the Trustee") and relates to the defined contribution (DC) benefits provided through the Mitchells & Butlers Pension Plan ("the Plan"). The Statement sets down the principles which govern the decisions about the investments that enable the Plan to meet the requirements of:

- the Pensions Act 1995, as amended by the Pensions Act 2004;
- the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010 and the Occupational Pension Schemes (Charges and Governance) Regulations 2015; and
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

The Trustee has produced a separate Statement which sets out the principles governing the defined benefit (DB) section of the Plan.

- 1.2. In preparing this statement the Trustee has consulted Mitchells & Butlers plc, the Principal Employer, and obtained advice from Barnett Waddingham LLP, the Trustee's investment consultants. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority.
- 1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates).
- 1.4. The Trustee will review this Statement at least every three years or if there is a significant change in any of the areas covered by the Statement or the demographic profile of members.
- 1.5. The investment powers of the Trustee are set out in Clause 7 of the Definitive Trust Deed & Rules, dated 6 April 2006. This Statement is consistent with those powers.

## 2. Choosing investments

- 2.1. The Trustee carefully considers its Investment Objectives, shown in the appendix, when designing the range of investment options to offer to members of the Defined Contribution Section ("the DC Section") of the Plan. The Trustee also acknowledges that members will have different attitudes to risk and different aims for accessing their retirement savings – and therefore, whilst seeking good member outcomes net of fees, it also considers the level of risk that is appropriate based on the anticipated needs of the membership profile of the DC Section.
- 2.2. The Trustee's policy is to offer a range of "off-the-shelf" governed investment arrangements suitable for the DC Section's membership profile into which members can choose to invest their contributions and those contributions made by the employer. Details of these are given in the Appendix. In doing so, the Trustee considers the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.
- 2.3. The day-to-day management of the DC Section's assets is undertaken by Legal and General Investment Management (LGIM). LGIM is authorised and regulated by the Financial Conduct Authority, and is responsible for stock selection and the exercise of voting rights.

- 2.4. The Trustee reviews the appropriateness of the DC Section's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment manager with respect to its performance within any guidelines set. The Trustee will also consult the employer before amending the investment strategy.

### 3. Investment objectives

- 3.1. The Trustee has discussed and agreed key investment objectives in light of an analysis of the DC Section's membership profile as well as the constraints the Trustee faces in achieving these objectives. These are set out in the Appendix.

### 4. Kinds of investments to be held

- 4.1. The DC Section is permitted to invest in a wide range of assets including equities, bonds, cash, property and alternatives.

### 5. The balance between different kinds of investments

- 5.1. The Trustee has made available a range of 'Target Date' investment options. Through these investment options, member's assets are automatically invested in line with a pre-determined strategy that changes at different stages of membership. For example, whilst a member is a long way off accessing their retirement savings, emphasis is placed on medium to higher risk funds (i.e. investment largely in growth assets) in search of long-term, inflation-protected growth. As the member's target retirement date approaches, their retirement savings are progressively switched to hold a larger proportion of lower risk assets so as to protect the value of the retirement savings relative to the way in which they are expected to be accessed.
- 5.2. Members can choose to invest in any of the investment options detailed in the Appendix. Where members do not choose where their contributions, and those made on their behalf by the employer, are invested, the Trustee will invest these contributions according to the default investment strategy set out in the Appendix.
- 5.3. The Trustee considers the merits of both active and passive management for the various elements of the DC Section's portfolio and may select different approaches for different asset classes.
- 5.4. The Trustee is aware that the appropriate balance between different kinds of investments will vary over time and the asset allocation may change as the membership profile evolves.

### 6. Risks

- 6.1. Risk in a defined contribution plan lies with the members themselves. The Trustee has considered a number of risks when designing and providing suitable investment choices to members. A comprehensive list of risks is set out in the Trustee risk register, however, the main investment risks affecting all members are:

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Inflation risk</b>          | The risk that the investments do not provide a return at least in line with inflation, thus eroding the purchasing power of the retirement savings. The Trustee makes available investment options that are expected to provide a long-term real rate of return.                                                                                                                                                                                                                                                                                                       |
| <b>Conversion risk</b>         | The risk that fluctuations in the assets held, particularly in the period before retirement savings are accessed, lead to uncertainty over the benefit amount likely to be received. Across the investment options (see Appendix) available through the DC Section, the Trustee changes the proportion and type of investments so that each will target a different benefit choice.                                                                                                                                                                                    |
| <b>Retirement income risk</b>  | <p>The risk that a member's retirement income falls short of the amount expected, whether this is due to lower investment returns than expected or insufficient contributions being paid. The Trustee periodically reviews the appropriateness of the investment options to ensure member outcomes can be maximised.</p> <p>Communications to members will seek to encourage them to regularly review the level of their contributions, but ultimately this is a risk which lies with each member.</p>                                                                 |
| <b>Credit risk</b>             | This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Trustee undertakes due diligence on fund managers and service providers. The investment manager assesses the credit risk of assets in their portfolios.                                                                                                                                                                                                                                                           |
| <b>Interest rate risk</b>      | This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates. The Trustee makes available funds that have a specified yield objective.                                                                                                                                                                                                                                                                                                                                                    |
| <b>Other price risk</b>        | This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Trustee mitigates this risk by appointing a suitable investment manager and suitable underlying investments that do not expose the DC Section members to undue risk. |
| <b>Liquidity risk</b>          | This is the risk that assets cannot be traded quickly in the market without significantly impacting the price of the asset. This risk may be present due to holding illiquid assets. The Trustee will review the allocation made to such assets to ensure it remains appropriate.                                                                                                                                                                                                                                                                                      |
| <b>Investment manager risk</b> | The Trustee monitors the performance of the DC Section's investment manager on a regular basis in addition to having meetings with them from time to time as necessary. The Trustee has a written agreement with the investment manager, which contains a number of restrictions on how the investment manager may operate.                                                                                                                                                                                                                                            |

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Concentration/<br/>Market risk</b> | The investment manager is expected to manage properly diversified portfolios and to spread assets across a number of individual shares and securities.                                                                                                                                                                                                                                                                       |
| <b>Currency risk</b>                  | The DC Section may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management. Currency risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates. Funds are sterling denominated and the investment manager uses their expertise to set levels of currency hedging. |
| <b>Loss of<br/>investment</b>         | The risk of loss of investment by the investment manager and custodian is assessed by the Trustee. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud). The Trustee also undertakes an annual review of the internal controls and processes of the investment manager.                                                                                             |

## 7. Expected return on investments

- 7.1. The Trustee has regard to the relative investment return, net of fees, and risk that each asset class is expected to provide. The Trustee is advised by its professional advisors on these matters, who it has deemed to be appropriately qualified.
- 7.2. The Trustee has selected LGIM as the investment manager to the DC Section following a robust selection process and offers a series of 'off-the-shelf' investment strategies that have been designed and implemented by LGIM. The Trustee has delegated the day-to-day management of these off-the-shelf strategies to LGIM, who manage the strategies with reference to a pre-set range of investment parameters and is responsible for the day-to-day selection of investments.
- 7.3. The Trustee reviews the performance of LGIM, and the range of off-the-shelf strategies, at least quarterly to ensure they perform in line with expectations. This review takes account of the returns achieved and the likely aims and objectives of members.
- 7.4. The Trustee recognises the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.

## 8. Realisation of investments

- 8.1. The Trustee has selected LGIM as the investment manager to the DC Section and has delegated the responsibility for buying and selling investments to LGIM. The Trustee regularly reviews LGIM as the investment manager to the DC Section to ensure continued suitability.

## 9. Socially Responsible Investment and Corporate Governance

### Environmental, Social, and Governance ("ESG") considerations

- 9.1. The Trustee believes that environmental, social and corporate governance ("ESG") issues, including climate change, can have a financially material impact on the level of risk and performance of investment portfolios and should therefore be considered as part of the DC Section's investment process.
- 9.2. As the DC Section's investments are held in pooled target date funds managed by LGIM, the Trustee has given LGIM full discretion when evaluating and integrating ESG through the underlying funds within the strategy. The Trustee monitors how ESG factors, including climate change, are integrated within the investment process adopted by LGIM and considers these issues as part of the criteria when reviewing the suitability of the DC Section's investment options.
- 9.3. In selecting and reviewing the investment managers to the DC Section, where appropriate, the Trustee will consider investment managers' policies on ESG and how these policies have been implemented. The Trustee will do so by taking advice from its investment adviser, Barnett Waddingham.
- 9.4. The Trustee will consider ESG using information from its advisers, investment managers and industry specialist bodies and in doing so, consider whether to review its own policy and procedures. The Trustee will report on ESG at least annually, making this available to members

### Members' Views and Non-Financial Factors

- 9.5. The Trustee does not currently explicitly take into account non-financial matters (such as members' views) in selection, retention or realisation of investments.

### Stewardship and the exercise of voting rights

- 9.6. Stewardship encompasses the exercise of rights (including voting rights) attaching to the DC Section's investments, and the engagement by and with the DC Section's investment manager(s). The Trustee believes that good stewardship and positive engagement can enhance long-term portfolio performance, and is therefore in the best interests of the Plan's beneficiaries and aligned with fiduciary duty.
- 9.7. The Trustee delegates the exercise of rights (including voting rights) attached to the DC Section's investments to LGIM, who are signatories of the UK Stewardship code. LGIM exercises such rights in accordance with their own corporate governance policies and in doing so the Trustee expects LGIM to take into account current best practice including the UK Corporate Governance Code and the UK Stewardship Code. The Trustee expects them to report on their adherence to the UK Stewardship Code on an annual basis.
- 9.8. The Trustee will monitor the stewardship activity of its investment managers using information from its advisers, investment managers and industry specialist bodies and in doing so, consider whether to review its own policy and procedures. The Trustee is looking to enhance its reporting on voting activity by reviewing an annual voting and engagement report and will make this information available to members.
- 9.9. The Trustee can challenge the investment managers on their decisions made, including voting history and engagement activities to seek to encourage the best long term performance.

- 9.10. The Trustees expects its investment manager(s) to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustee believes they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustee/investment manager and the investee companies.

## 10. Investment Manager Appointments, Engagement and Monitoring

### Incentivising investment manager alignment with Trustee investment policy

- 10.1. The Trustee will appoint investment managers to the DC Section based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the strategy and asset class for which they are selected.
- 10.2. The Trustee looks to its Investment Consultant for their forward-looking assessment of the manager's ability to deliver upon its stated objectives (including ESG and specific climate risk objectives) over a full market cycle. This view will be based on the Investment Consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management (amongst other things), in relation to the particular strategies that the Plan invests in. The Investment Consultant's manager research ratings assist with due diligence and (where available) are used in decisions around selection, retention and realisation of manager appointments.
- 10.3. If the investment objective for a particular manager's fund changes, the Trustee will review the appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives. In relation to multi-client pooled funds used by the DC Section, the Trustee accepts that they have no ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy.
- 10.4. The Trustee expects the investment manager(s) to vote and engage on behalf of the DC Section's holdings and the Trustee monitors this activity within the Implementation Statement in the Scheme's Annual Report and Accounts. The Trustee does not expect ESG considerations to be disregarded by the investment manager in an effort to achieve any short term targets.

### Method and time horizon for assessing investment manager performance

- 10.5. The DC Section's investment manager(s) are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed. If the Trustee is dissatisfied, then they will look to review the appointment.
- 10.6. The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over various time periods. The Trustee reviews the absolute performance of the relevant funds, as well as their relative performance versus a suitable benchmark index (where appropriate) and against the manager's stated performance targets (over the relevant time period). The Trustee's focus is on long term performance but short term performance is also reviewed. As noted above, the Trustee may review a manager's appointment if:

- 10.6.1. There are sustained periods of underperformance;
  - 10.6.2. There is a change in the portfolio manager;
  - 10.6.3. There is a change in the underlying objectives of the investment manager
  - 10.6.4. There is a significant change to the investment consultant's rating of the manager.
- 10.7. The Trustee meets with its investment managers, at least annually, to review the investment managers' actions together with the reasons for and background behind investment performance.
- 10.8. The Trustee also retains the assistance of its Investment Consultant to provide further help with reviewing and monitoring DC Section's investment managers, recommending new/replacement managers after consultation with the Trustee, meeting with the Trustee each quarter and, and preparing quarterly and annual reports for the Trustee. The DC Section's investment consultants, Barnett Waddingham, are independent and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustee confident that the investment manager recommendations they make are free from conflict of interest
- 10.9. The Trustee carries out a strategy review at least every three years where it assesses the continuing relevance of its investment strategy in the context of the DC Section's membership and its objectives and beliefs.
- 10.10. The Trustee receives annual stewardship reports on the monitoring and engagement activities carried out by LGIM. These support the Trustee in determining the extent to which the Plan's engagement policy has been followed throughout the year.
- 10.11. The Trustee believes that reviewing its processes for reviewing the DC Section's investment managers, engagement activity and performance ensures alignment with the Trustee's own policies.

#### Portfolio turnover costs

- 10.12. The Trustee acknowledges that portfolio turnover costs can impact on the performance of the DC Section's investments. Investment performance is reported net of fees and costs and is assessed as part of the quarterly investment monitoring process. Therefore, managers are incentivised in this way to keep portfolio turnover costs to minimum required to meet and exceed their objectives.
- 10.13. The Trustee expects LGIM to periodically report on the costs incurred in managing the DC Section's assets and this includes the costs associated with portfolio turnover. The Trustee formally reviews the reported portfolio turnover costs, at least annually, as part of the preparation of the Chair's Annual Statement.

#### Duration of the arrangement with asset manager

- 10.14. The Trustee is a long term investor and is not seeking to change investment arrangements on a frequent basis. Given the open-ended nature of the pooled funds in which the DC Section invests, there is no set duration for the appointment of the investment managers.

- 10.15. The Trustee will therefore retain an investment manager unless there is a strategic change to the overall strategy that no longer requires exposure to a particular asset class or manager; or the Trustee decides to terminate the mandate following a review of the manager's appointment.

## 11. Monitoring

- 11.1. **Investment Performance:** The Trustee reviews the performance of each Target Date investment option offered through the DC Section against the stated performance objective and, in doing this, the Trustee receives a performance monitoring report on a quarterly basis. This monitoring takes into account both short-term and long-term performance. The investment manager's overall suitability for each mandate will be monitored as frequently as the Trustee considers appropriate in light of both its performance and other prevailing circumstances.
- 11.2. **Objectives:** The Trustee monitors the suitability of the objectives for the DC Section (as detailed in the appendix) and performance (net of fees) against these objectives at least every three years and also when there is any significant change in the investment policy, underlying economic conditions, regulations or the profile of the members.
- 11.3. **Investment Choices:** The Trustee monitors the ongoing appropriateness of the investment choices offered on a periodic basis.
- 11.4. **Engagement and Stewardship:** The Trustee monitors the engagement and stewardship activities undertaken by the investment managers on an annual basis using information provided by the DC Section's bundled provider, LGIM.
- 11.5. **Investment Beliefs:** The Trustee has an Investment Beliefs Policy which it refers to in making investment decisions. This is reviewed annually.

## 12. Agreement

- 12.1. This Statement was agreed by the Trustee, and replaces any previous statements. Copies of this Statement and any subsequent amendments will be made available to the employer, the investment manager, the actuary and the Plan auditor upon request.

Signed:.....

Date:.....

**On behalf of the Trustee of the Mitchells & Butlers Pension Plan**

## **Appendix 1 Note on investment policy of the Plan's DC Section in relation to the current Statement of Investment Principles dated November 2023**

### **1. The balance between different kinds of investment**

The Trustee's main investment objectives are:

- seek to achieve good member outcomes net of fees and subject to acceptable levels of risk;
- to provide a suitable default investment option that is likely to be suitable for a typical member;
- to offer an appropriate range of investment options so that members can choose the outcome most suitable for them, recognising that members may have different needs and objectives;
- to ensure that the expected volatility of the returns achieved is managed through appropriate diversification of the use of asset types in order to control the level of volatility where possible and risk in the value of members' pension pots; and
- to reduce the risk of the assets failing to meet projected retirement income levels.

The Trustee is responsible for the design of the default investment option and for choosing which investment options to make available to members. If a member does not make a choice of where their contributions should be invested then their contributions will be directed to the default investment option.

### **2. Default option**

The Trustee acknowledges that members will have different attitudes to risk and different aims for accessing their retirement savings, and so it is not possible to offer a single investment option that will be suitable for each individual member. However, having analysed the DC Section's membership profile, the Trustee believes that members are most likely to access benefits using drawdown. The Trustee has therefore decided that the Drawdown targeting investment option, represents a suitable default investment option for the majority of members who do not make a choice about how their contributions (and those made on their behalf by the employer) are invested. The aims, objectives and policies relating to the default option are intended to ensure that assets are invested in the best interests of relevant members and their beneficiaries. For ease of reference, this default strategy is called the 'Default Target Date Fund'.

The Default Target Date Fund is a range of target date investment funds that invest predominantly in passive investment funds managed by LGIM. The asset allocation of the Default Target Date Fund investment option is set with reference to a member's chosen or default retirement age and adjusts the allocation to each underlying fund over time.

The objective of the Default Target Date Fund is to build real retirement income, while managing possible downside risk. It also aims to align the asset allocation with members' chosen retirement goals in the run-up to retirement. This is consistent with the Trustee's main investment objectives as set out in section 1 of this Appendix. The Default Target Date Fund is designed with the assumption that individuals in this default are likely to hold higher-risk assets such as equities, property and alternative investments and favour

drawdown, but may also hold some lower-risk investments in retirement such as cash or bonds (or purchase an annuity).

Investment in illiquid assets are expected to bring certain benefits to members including diversification, return enhancement and inflation protection. The Trustee believes these advantages can outweigh the disadvantages of reduced liquidity, higher investment fees and higher investment risk.

LGIM currently invest a portion of members' funds in illiquid assets. Investment is made indirectly, via a private credit fund called the Short-Term Alternative Finance Fund which they use within some of the Target Date vintages. Whilst there has been no explicit commitment as to how much LGIM might ultimately invest in this fund, there is up to a 10% allocation for the nearer dated vintages, which impacts members who are close to their retirement age.

The Trustee is aware that LGIM are looking to introduce a further allocation to illiquid assets for members in the growth phase, impacting members who are furthest from their retirement age. The Trustees will consider the suitability of any material changes to the target date funds (including but not limited to illiquid assets).

The statements made in the main body of this Statement of Investment Principles also apply to the default arrangement.

### 3. Alternative investment options

Acknowledging the challenge of identifying the best solution for different groups of members, and in focusing on its key objective, the Trustee has focused on outcome-orientated investment options. Alongside the default investment option, the Trustee has arranged for LGIM to provide two additional investment options:

- An Annuity Target Date Fund;
- A Cash Lump Sum Target Date Fund.

Both of these investment options use the same growth phase as the Default Target Date Fund and then tailor the strategy towards the member's desired outcome over the period to retirement.

The performance of investment options will be monitored as frequently as the Trustee considers appropriate in light of the prevailing circumstances. The monitoring takes into account both short-term and long-term performance.

## 4. Fee agreements

The fee arrangements with the investment manager are summarised below:

|                                 | Fund management charge | Annual management charge | Total expense ratio |
|---------------------------------|------------------------|--------------------------|---------------------|
| <b>Default Target Date Fund</b> | 0.15%                  | 0.10%                    | 0.25%               |
| Annuity Target Date Fund        | 0.15%                  | 0.10%                    | 0.25%               |
| Cash Lump Sum Target Date Fund  | 0.15%                  | 0.10%                    | 0.25%               |

The Trustee reviews these charges periodically as part of the Value for Member assessments.

## 5. Additional Voluntary Contributions (AVCs) for the Defined Benefit (DB) Section

The Trustee previously offered members of the DB Section of the Plan the ability to accrue additional retirement benefits through a number of separate AVC policies. These AVC benefits are held in arrangements managed by Prudential, Standard Life and LGIM and all are now closed to new members and there are no future contributions being paid.

The AVC benefits invested with LGIM are held in the same funds that are made available to Plan members (described in this Statement) and therefore the fee arrangements that apply are the same as set out in section 4 of this Appendix.

For all other AVC policies, the fee arrangements that apply are set out below:

### Prudential

| Fund name                    | Total Expense Ratio                                                                                                                                                                                 |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Prudential With Profits Fund | 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%. |
| 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.                                                                       |

### Standard Life

| Fund name | Total Expense Ratio |
|-----------|---------------------|
|-----------|---------------------|

|                                            |                                                                                                                                                    |
|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| Standard Life With Profits Fund            | Standard Life does not quote an explicit TER for the With Profits Fund as charges are taken into account prior to the addition of bonuses          |
| Standard Life Millennium With Profits Fund | Standard Life do not quote an explicit TER for the Millennium With Profits Fund as charges are taken into account prior to the addition of bonuses |
| Standard Life Managed Fund                 | 1.00%                                                                                                                                              |

## With Profits Funds

A With Profits Fund is a pooled investment vehicle, which combines the assets of all investors to provide exposure to a range of asset classes. The fund is managed in line with its published Principles and Practices of Financial Management (PPFM) however the provider does have some discretion over how this is achieved.

The value of a With Profit fund is not directly linked to the value of the underlying assets. Instead, returns over the period are smoothed by retaining some profits in periods of higher growth and paying out more during periods of lower profits. This smoothing is achieved through a combination of regular bonuses and final bonuses.

Regular bonuses are paid annually and represent the amount that the with profit fund manager believes appropriate to be passed onto members. There is usually no guarantee that regular bonuses will be paid. Once paid however, they cannot be taken away providing the member keeps their investment in the policy until retirement or death.

Final bonuses (also known as terminal bonuses) may be added when benefits are paid. These are not guaranteed and will depend on a variety of factors including the fund performance over the period, bonuses already paid, expenses etc.

# INDEPENDENT AUDITOR'S REPORT

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## Independent Auditor's Report to the Trustee of Mitchells & Butlers Pension Plan

### Opinion

We have audited the financial statements of Mitchells & Butlers Pension Plan for the year ended 31 March 2025 which comprise the Fund Account, the Statement of Net Assets and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Plan during the year ended 31 March 2025, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. However, as we cannot predict all future events or conditions, and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Scheme will continue in operation.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

### Other information

The Trustee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material

### *Independent Auditor's Report continued*

misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of trustees**

As explained more fully in the statement of Trustee's responsibilities as set out on page 17, the Trustee is responsible for the preparation of the financial statements, for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Plan or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

We set out below the key areas which, in our opinion the financial statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these.

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities and sample testing of postings in the accounting records.
- Misappropriation of investment assets owned by the Scheme. This is addressed by agreeing the assets to the audited accounts of the Mitchells & Butlers Common Investment Fund and obtaining direct confirmation from the fund managers of investments held at the Statement of Net Assets date.
- Diversion of assets through large investment transactions. A sample of transactions are agreed to and from the Mitchells Common Investment Fund and the Trustee bank account.
- Verification of the right to annuity income from bulk annuity policies. This is addressed by way of a reconciliation being performed of annuity income receivable from the bulk annuity provider and benefits paid to members during the year.
- We have identified relevant laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, as the Pensions Acts 1995 and 2004 (and regulations made thereunder), FRS 102, and the Pensions Statement of Recommended Practice (SORP). We considered the extent to which a material misstatement of the financial statements might arise as a result of non-compliance.
- Reviewing meeting minutes and any correspondence with The Pensions Regulator.
- Discussing whether there are any significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.

#### *Independent Auditor's Report continued*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the Plan's Trustee, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Approved

**Crowe U.K. LLP**

Statutory Auditor

Oldbury

Date: 14 October 2025

# FUND ACCOUNT

for the year ended 31 March 2025

All amounts in tables are in £ thousands unless otherwise stated.

|                                                               | Note | 2025             |               |                  | 2024             |               |                  |
|---------------------------------------------------------------|------|------------------|---------------|------------------|------------------|---------------|------------------|
|                                                               |      | DB               | DC            | Total            | DB               | DC            | Total            |
| Employer contributions                                        |      | -                | 6,432         | 6,432            | -                | 8,139         | 8,139            |
| Employee contributions                                        |      | -                | 712           | 712              | -                | 839           | 839              |
| <b>Total contributions</b>                                    | 4    | -                | <b>7,144</b>  | <b>7,144</b>     | -                | <b>8,978</b>  | <b>8,978</b>     |
| Transfers from other plans                                    | 5    | -                | 28,886        | 28,886           | -                | 652           | 652              |
| Other income                                                  | 6    | 5                | -             | 5                | 7                | -             | 7                |
|                                                               |      | <b>5</b>         | <b>36,030</b> | <b>36,035</b>    | <b>7</b>         | <b>9,630</b>  | <b>9,637</b>     |
| Benefits                                                      | 7    | 60,823           | 965           | 61,788           | 61,548           | 311           | 61,859           |
| Transfers to other plans                                      | 8    | 912              | 6,202         | 7,114            | 2,421            | 4,651         | 7,072            |
| Administrative expenses                                       | 9    | 2,785            | 333           | 3,118            | 3,244            | 238           | 3,482            |
|                                                               |      | <b>64,520</b>    | <b>7,500</b>  | <b>72,020</b>    | <b>67,213</b>    | <b>5,200</b>  | <b>72,413</b>    |
| <b>Net (withdrawals)/additions from dealings with members</b> |      | <b>(64,515)</b>  | <b>28,530</b> | <b>(35,985)</b>  | <b>(67,206)</b>  | <b>4,430</b>  | <b>(62,776)</b>  |
| <b>Net returns on investments</b>                             |      |                  |               |                  |                  |               |                  |
| Investment Income                                             | 10   | 61,087           | 33            | 61,120           | 50,981           | -             | 50,981           |
| Change in market value of investments                         | 11   | 228              | 2,580         | 2,808            | 184              | 5,981         | 6,165            |
| Change in market value of Buy-In Policy                       | 11   | (126,000)        | -             | (126,000)        | (56,558)         | -             | (56,558)         |
| Change in market value of Units in the CIF                    | 11   | 12,399           | -             | 12,399           | (38,277)         | -             | (38,277)         |
| Investment management expenses                                | 12   | -                | (182)         | (182)            | -                | (138)         | (138)            |
|                                                               |      | <b>(52,286)</b>  | <b>2,431</b>  | <b>(49,855)</b>  | <b>(43,670)</b>  | <b>5,843</b>  | <b>(37,827)</b>  |
| <b>Net increase in the Fund</b>                               |      | <b>(116,801)</b> | <b>30,961</b> | <b>(85,840)</b>  | <b>(110,876)</b> | <b>10,273</b> | <b>(100,603)</b> |
| Opening net assets                                            |      | 1,327,789        | 62,752        | 1,390,541        | 1,438,665        | 52,479        | 1,491,144        |
| <b>Closing net assets</b>                                     |      | <b>1,210,988</b> | <b>93,713</b> | <b>1,304,701</b> | <b>1,327,789</b> | <b>62,752</b> | <b>1,390,541</b> |

The notes on pages 55 to 64 form part of these financial statements.

# STATEMENT OF NET ASSETS

available for benefits as at 31 March 2025

All amounts in tables are in £ thousands unless otherwise stated.

|                                                | Note      | 2025             |               |                  | 2024             |               |                  |
|------------------------------------------------|-----------|------------------|---------------|------------------|------------------|---------------|------------------|
|                                                |           | DB               | DC            | Total            | DB               | DC            | Total            |
| <b>Investment assets</b>                       |           |                  |               |                  |                  |               |                  |
| Units in Common Investment Fund                |           | 173,301          | -             | <b>173,701</b>   | 164,522          | -             | <b>164,522</b>   |
| Buy-In Policy                                  |           | 1,035,000        | -             | <b>1,035,000</b> | 1,161,000        | -             | <b>1,161,000</b> |
| Pooled Investment Vehicles                     |           | -                | 86,921        | <b>86,921</b>    | -                | 62,583        | <b>62,583</b>    |
| AVC investments                                |           | 2,652            | -             | <b>2,652</b>     | 2,785            | -             | <b>2,785</b>     |
|                                                | <b>11</b> | <b>1,211,353</b> | <b>86,921</b> | <b>1,298,274</b> | <b>1,328,307</b> | <b>62,583</b> | <b>1,390,890</b> |
|                                                |           |                  |               |                  |                  |               |                  |
| Current assets                                 | 20        | 6,458            | 6,792         | <b>13,215</b>    | 7,760            | 169           | <b>7,929</b>     |
| Current liabilities                            | 21        | (6,823)          | -             | <b>(6,823)</b>   | (8,278)          | -             | <b>(8,278)</b>   |
|                                                |           |                  |               |                  |                  |               |                  |
| <b>Total net assets available for benefits</b> |           | <b>1,210,988</b> | <b>93,713</b> | <b>1,304,701</b> | <b>1,327,789</b> | <b>62,752</b> | <b>1,390,541</b> |

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Plan, which takes into account such obligations for the Defined Benefit Section, is dealt with in the report on Actuarial Liabilities on pages 9 to 10 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 55 to 64 form part of these financial statements.

These financial statements were approved by the Trustee on 9 October 2025 and signed on their behalf by:

Trustee approved  
**Signature:** .....  
**Jonathan Duck**  
**Print Name:** .....  
**14 October 2025**  
**Date:** .....

Trustee approved  
**Signature:** .....  
**Chris Edger**  
**Print Name:** .....  
**14 October 2025**  
**Date:** .....

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 31 March 2025

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All amounts in tables are in £ thousands unless otherwise stated.

### 1 General information

Mitchells & Butlers Pension Plan (the “Plan”) is an occupational pension scheme established under trust in England. The Plan was established to provide retirement benefits to certain groups of employees within the Mitchells & Butlers group. The address of the Plan’s principal office is 27 Fleet Street, Birmingham B3 1JP.

The Plan has a Defined Benefit (“DB”) Section which is no longer open to new members but members that are still employed continue to accrue benefits, and a Defined Contribution (“DC”) Section which is open to new members and is used as one of the auto-enrolment schemes by the employers.

The Plan is a registered pension scheme under the Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief, and income and capital gains earned by the Plan receive preferential tax treatment.

### 2 Statement of compliance

The financial statements have been prepared on a going concern basis and in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and in accordance with the Financial Reporting Standard (FRS) 102 – the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council (FRC) and guidelines set out in the Statement of Recommended Practice (SORP) “Financial Reports of Pension Schemes” (revised 2018).

### 3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Currency

The Plan’s functional currency and presentational currency is pound sterling (GBP).

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end. Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction.

Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

#### (b) Contributions

- i) Member contributions, including those made under salary sacrifice (NICwise), are accounted for when deducted from the participating company payroll.
- ii) Employer normal contributions are accounted for in the year to which the corresponding wages and salaries relate.
- i) Other contributions made by the Employer to reimburse costs and levies payable by the Trustee are accounted for on the same basis as the corresponding expense.

**(c) Transfers from and to other plans**

Transfer values represent the capital sums either receivable in respect of members from other pension plans of previous employers or payable to other pension plans. They are accounted for on an accruals basis on the date the trustee of the receiving plan accepts the liability. In the case of individual transfers, this is normally when the payment of the transfer value is made.

**(d) Benefits and payments to and on account of leavers**

Members can choose whether to take their benefits wholly as a pension or partially as a pension with a lump sum option. Pensions and lump sums are accounted for on an accruals basis from the later of the date the option is exercised or the date of retirement.

**(e) Administrative and other expenses**

Administrative expenses are accounted for on an accruals basis.

**(f) Investment income and expenditure**

- i) Income from cash and short-term deposits is accounted for on an accruals basis.
- ii) Income from buy-in policies is accounted for when due.

**(g) Valuation and classification of investments**

- i) Pooled investment vehicles are valued at a closing single price provided by the relevant fund managers, which reflects the market value of the underlying investments.
- ii) Units in the Common Investment Fund are valued by the custodian based on the Plan's share of the underlying assets as adjusted for investment related current assets and liabilities. The basis of valuation of the underlying assets is disclosed in the annual report and financial statements of the CIF, attached as Appendix 1.
- iii) Change in market value of investments comprises profits and losses on the sale of investments together with unrealised gains and losses on the market values of investments during the year.
- iv) The buy-in covers benefits in respect of all members of the Plan and their dependants. The value of the policies has been provided by the Scheme Actuary on a technical provisions basis determined on a gilts-flat basis determined using the most recent funding valuation assumptions updated for market conditions at the reporting date.

**(h) Other investments arrangements**

- i) AVCs  
With-profit policies have been included in the net assets statement of the Defined Benefit Section at the value estimated by the AVC managers. This valuation excludes terminal bonuses that are not guaranteed. Insurance policies are not marketable in the same manner as other investments. As a result, the market value of insurance policies is not readily ascertainable. Deposit AVCs have been included in the net assets statement at the value determined by the AVC managers, which includes accrued income. The funds of DC AVC payers, and of a number of DB Section members, are invested in managed fund units.

*Notes to the financial statements continued*

ii) Annuity purchases

For Defined Contribution Section members, pensions may be secured by the purchase of annuities. The purchase cost of acquiring these policies is expensed in the Fund Account for the year in which they are purchased and represents the cost of discharging the obligations of the Plan to the relevant members at the time of purchase. Accordingly, no value is attributed to these policies in the Net Assets Statement. All purchased annuities are in the name of the relevant member of the Plan. For the Defined Benefit Section there are Bulk Annuity Policies referred to above as the buy-in which insures all Plan benefits. This was purchased from Phoenix Life (trading as "Standard Life").

#### 4 Contributions

|                                    | 2025 |              |              | 2024 |              |              |
|------------------------------------|------|--------------|--------------|------|--------------|--------------|
|                                    | DB   | DC           | Total        | DB   | DC           | Total        |
| <b>Employer contributions</b>      |      |              |              |      |              |              |
| Normal                             | -    | 5,731        | <b>5,731</b> | -    | 7,750        | <b>7,750</b> |
| Augmentation                       | -    | 190          | <b>190</b>   | -    | 123          | <b>123</b>   |
| Expenses                           | -    | 511          | <b>511</b>   | -    | 266          | <b>266</b>   |
|                                    | -    | <b>6,432</b> | <b>6,432</b> | -    | <b>8,139</b> | <b>8,139</b> |
| <b>Employee contributions</b>      |      |              |              |      |              |              |
| Normal                             | -    | 86           | <b>86</b>    | -    | 85           | <b>85</b>    |
| Additional voluntary contributions | -    | 626          | <b>626</b>   | -    | 754          | <b>754</b>   |
|                                    | -    | <b>712</b>   | <b>712</b>   | -    | <b>839</b>   | <b>839</b>   |
| <b>Total</b>                       | -    | <b>7,144</b> | <b>7,144</b> | -    | <b>8,798</b> | <b>8,798</b> |

Following the transfer of the remaining surplus from the Mitchells & Butlers Executive Pension Plan, it was agreed that the Scheme would use these funds to cover the Employer's defined contributions due to the Scheme. The process started in December 2024 and a total of £5,743,00 has been paid to Legal & General Assurance Society from the Scheme bank account that covers these contributions. These were in addition to the above amounts.

Normal contributions from the Employer include £2,169,700 (2024: £3,671,700) to the DC Section made under the NICwise scheme.

The receipts in respect of the DC Section are Employer and member contributions into DC Choice together with further contributions from the Employer into the Plan to cover both the costs of administering the DC Section and DC member risk benefits, as shown in the above table marked 'expenses'.

#### 5 Transfers from other plans

|                                          | 2025 |               |               | 2024 |            |            |
|------------------------------------------|------|---------------|---------------|------|------------|------------|
|                                          | DB   | DC            | Total         | DB   | DC         | Total      |
| Bulk transfer in from MABE DC            | -    | 14,908        | <b>14,908</b> | -    | -          | -          |
| Transfer in from CIF – MABE DB Cash      | -    | 12,627        | <b>12,627</b> | -    | -          | -          |
| Individual transfers in from other plans | -    | 1,351         | <b>1,351</b>  | -    | 652        | <b>652</b> |
| <b>Total</b>                             | -    | <b>28,886</b> | <b>28,886</b> | -    | <b>652</b> | <b>652</b> |

Transfer in from CIF – MABE DB Cash relates to the transfer of the remaining surplus from the Mitchells & Butlers Executive Pension Plan.

Transfers in comprised transfers of individual member benefits from other registered schemes, including AVCs.

**6 Other income**

|                               | 2025     |          |          | 2024     |          |          |
|-------------------------------|----------|----------|----------|----------|----------|----------|
|                               | DB       | DC       | Total    | DB       | DC       | Total    |
| Life Assurance Pension Income | 5        | -        | 5        | 7        | -        | 7        |
| <b>Total</b>                  | <b>5</b> | <b>-</b> | <b>5</b> | <b>7</b> | <b>-</b> | <b>7</b> |

**7 Benefits**

|                                                           | 2025          |            |               | 2024          |            |               |
|-----------------------------------------------------------|---------------|------------|---------------|---------------|------------|---------------|
|                                                           | DB            | DC         | Total         | DB            | DC         | Total         |
| Pensions                                                  | 50,603        | -          | 50,603        | 49,366        | -          | 49,366        |
| Commutation of pensions and lump sums retirement benefits | 9,716         | -          | 9,716         | 12,063        | -          | 12,063        |
| Purchases of annuities on retirement                      | -             | 606        | 606           | -             | 164        | 164           |
| Lump sum death benefits                                   | 504           | 359        | 863           | 119           | 147        | 266           |
| <b>Total</b>                                              | <b>60,823</b> | <b>965</b> | <b>61,788</b> | <b>61,548</b> | <b>311</b> | <b>61,859</b> |

Following the transfer of the remaining surplus from the Mitchells & Butlers Executive Pension Plan, it was agreed that the Scheme would use these funds to cover the death in service and incapacity costs for non-members of the scheme. The process started in December 2024 and a total of £291,544 has been paid included in the numbers above.

**8 Transfers to other plans**

|                                             | 2025       |              |              | 2024         |              |              |
|---------------------------------------------|------------|--------------|--------------|--------------|--------------|--------------|
|                                             | DB         | DC           | Total        | DB           | DC           | Total        |
| Bulk Transfer Out from Plan to Master Trust | -          | 3,809        | 3,809        | -            | 3,695        | 3,685        |
| Individual transfers out to other plans     | 912        | 2,393        | 3,305        | 2,421        | 956          | 3,377        |
| <b>Total</b>                                | <b>912</b> | <b>6,202</b> | <b>7,114</b> | <b>2,421</b> | <b>4,651</b> | <b>7,072</b> |

**9 Administrative expenses**

|                               | 2025         |            |              | 2024         |            |              |
|-------------------------------|--------------|------------|--------------|--------------|------------|--------------|
|                               | DB           | DC         | Total        | DB           | DC         | Total        |
| Administration and processing | 763          | 53         | 816          | 790          | 45         | 835          |
| Audit fees                    | 28           | 8          | 36           | 26           | 6          | 32           |
| Trustee fees                  | 92           | 41         | 133          | 70           | 38         | 108          |
| Investment and Pension Advice | 1,740        | 187        | 1,927        | 2,167        | 139        | 2,306        |
| Member Communications         | 56           | 44         | 100          | 76           | 10         | 86           |
| Other Professional fees       | 106          | -          | 106          | 115          | -          | 115          |
| <b>Total</b>                  | <b>2,785</b> | <b>333</b> | <b>3,118</b> | <b>3,244</b> | <b>238</b> | <b>3,482</b> |

Administrative expenses are borne by the Plan. The PPF Levy for the Plan was paid by the Company.

**10 Investment Income**

|                                      | 2025          |           |               | 2024          |          |               |
|--------------------------------------|---------------|-----------|---------------|---------------|----------|---------------|
|                                      | DB            | DC        | Total         | DB            | DC       | Total         |
| Investment income from Buy-In Policy | 61,087        | 33        | 61,120        | 50,981        | -        | 50,981        |
| <b>Total</b>                         | <b>61,087</b> | <b>33</b> | <b>61,120</b> | <b>50,981</b> | <b>-</b> | <b>50,981</b> |

**11 Reconciliation of net investments**

|                                           | Value at<br>1 April 2024 | Purchases<br>at Cost | Sales<br>Proceeds | Change in<br>Market<br>Value | Value at<br>31 March<br>2025 |
|-------------------------------------------|--------------------------|----------------------|-------------------|------------------------------|------------------------------|
| <b>Defined Benefit Section</b>            |                          |                      |                   |                              |                              |
| Units in the CIF                          | 164,522                  | -                    | (3,220)           | 12,399                       | 173,701                      |
| Buy-In Policy                             | 1,161,000                | -                    | -                 | (126,000)                    | 1,035,000                    |
| AVC investments                           |                          |                      |                   |                              |                              |
| The Prudential Assurance Co.              |                          |                      |                   |                              |                              |
| With Profits                              | 1,552                    | -                    | (260)             | 168                          | 1,460                        |
| Deposit                                   | 1,141                    | -                    | (74)              | 56                           | 1,123                        |
| Legal & General Assurance Society         | 66                       | -                    | (27)              | 3                            | 42                           |
| Phoenix Life (trading as "Standard Life") | 26                       | -                    | -                 | 1                            | 27                           |
|                                           | <b>1,328,307</b>         | <b>-</b>             | <b>(3,581)</b>    | <b>(113,373)</b>             | <b>1,211,353</b>             |
| <b>Defined Contribution Section</b>       |                          |                      |                   |                              |                              |
| Pooled Investment Vehicles                |                          |                      |                   |                              |                              |
| Legal & General Assurance Society         | 62,583                   | 33,453               | (11,695)          | 2,580                        | 86,921                       |
| <b>Net Investment Assets</b>              | <b>62,583</b>            | <b>33,453</b>        | <b>(11,695)</b>   | <b>2,580</b>                 | <b>86,921</b>                |

There have been no direct transaction costs. Indirect costs are incurred through the bid-offer spread on pooled investment vehicles and charges made within those vehicles. It has not been possible for the Trustee to quantify such indirect transaction costs. The Plan's holding at that date representing 100% (2024: 98.27%) of the total units in the CIF. The annual report and financial statements of the CIF are attached as Appendix 1.

DC Pooled investment vehicles have been further analysed below by type:

|                                  | 2025          | 2024          |
|----------------------------------|---------------|---------------|
| Diversified Growth (Multi-Asset) | 86,921        | 62,583        |
| <b>Total</b>                     | <b>86,921</b> | <b>62,583</b> |

All DC investment assets are allocated to members in the current and preceding year end.

**12 Investment management expenses**

|                 | 2025     |            |            | 2024     |            |            |
|-----------------|----------|------------|------------|----------|------------|------------|
|                 | DB       | DC         | Total      | DB       | DC         | Total      |
| Management Fees | -        | 182        | 182        | -        | 138        | 138        |
| <b>Total</b>    | <b>-</b> | <b>182</b> | <b>182</b> | <b>-</b> | <b>138</b> | <b>138</b> |

**13 Additional voluntary contributions (AVC) investments**

The Trustee holds assets invested separately for those members of both the DB and DC Sections of the Plan electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement, made up to 31 March, confirming the amounts held in their account and the movement in the year. At the year end, AVC balances are shown above in note 11.

**14 Buy-In policies**

The Plan held insurance policies at the year-end as follows:

|               | 2025             |    |                  | 2024             |    |                  |
|---------------|------------------|----|------------------|------------------|----|------------------|
|               | DB               | DC | Total            | DB               | DC | Total            |
| Buy-In Policy | 1,035,000        | -  | <b>1,035,000</b> | 1,161,000        | -  | <b>1,161,000</b> |
| <b>Total</b>  | <b>1,035,000</b> | -  | <b>1,035,000</b> | <b>1,161,000</b> | -  | <b>1,161,000</b> |

The valuation of the Buy-In Policy with Phoenix Life (trading as “Standard Life”) has been estimated by the Scheme Actuary on a gilts-flat basis determined using the most recent funding valuation assumptions updated for market conditions at the reporting date.

The single equivalent discount used in the valuation was 4.75% (2024: 4.1%).

Currently there is reconciliation exercise being completed, after which there may either be a true up payment or receipt to or from Phoenix Life (trading as “Standard Life”).

**15 Defined Contributions assets**

Defined Contribution Section investments purchased by the Plan are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. The investment manager holds the investment units on a pooled basis for the Trustee. The Plan administrator allocates investment units to members. The Trustee does not hold investment units that are not allocated to members.

Defined Contribution assets are not part of a common pool of assets available to meet Defined Benefit liabilities.

**16 Fair value of investments**

The fair value of investments has been determined using the following hierarchy.

|                                                                                                                                                                                                                                         |         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Where there is a quoted price for an identical asset in an active market at the reporting date.                                                                                                                                         | Level 1 |
| Where such quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted if necessary.                                                                                                              | Level 2 |
| Where quoted prices are not available and recent transactions of an identical asset on their own are either unavailable or not a good estimate of fair value and therefore valuation techniques are employed using non-observable data. | Level 3 |

Pooled investment vehicles which are traded regularly are generally included in Level 2. Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for value applies, valuation techniques are adopted and the vehicles are included in Level 3.

**DB Section**

Full details of the fair value hierarchy of the underlying assets in the CIF, are disclosed in the annual report and financial statements of the CIF (Appendix 1). In relation to AVCs all pooled investment vehicles and insurance linked contracts are

### *Notes to the financial statements continued*

classified as level 2, with the exception of with profits AVCs and CIF units which are classified as Level 3. The buy-in has been classified as Level 3. There were no significant changes from 2024.

#### **DC Section**

Pooled investment vehicles and insurance linked contracts are classified as Level 2 (including AVCs). No change from 2024.

## **17 Investment risks**

### **Types of risks relating to investments**

FRS 102 requires the disclosure of information in relation to certain investment risks.

**Credit risk:** this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

**Market risk:** this comprises currency risk, interest rate risk and other price risk.

**Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.

**Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

**Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determines their investment strategy after taking advice from a professional investment adviser.

### **Investment Strategy**

#### **DB Section**

The buy-in constitutes the majority of the Plan's assets and the Trustee has no direct influence on the range of assets which support the payments due under the buy-in. The Trustee considers the arrangements with the buy-in provider to be aligned with the Plan's overall strategic objectives. The purchase of the buy-in was made having taken written investment advice from the Trustee's Investment Consultant. The advice covered the suitability of the insurance policy, whether there was any need for diversification given the Plan's circumstances and investment principles. The residual assets of the Plan are held in the CIF and full details of the investment strategy and investment risks are disclosed in the annual report and financial statement of the CIF (Appendix 1). The buy-in is unrated due to the nature of the instrument and is subject to credit risk. As described above the Trustee completed a due diligence assessment of Phoenix Life (trading as "Standard Life"). The buy-in is also subject to interest rate risk. The buy-in covers the entire pensioner and deferred member liabilities of the DB Section; therefore, the value of the policy is dependent on the value of the liabilities of the Plan. Therefore, if interest rates fall, the value of the policy will rise in direct correlation with the liabilities of the section.

Similarly, if interest rates rise then the value of the policy will fall in line with the fall in the liabilities of the Plan. The policy also covers any effects on the pensioner liabilities on movements in inflation and mortality rates.

### **DC Section**

The current Statement of Investment Principles, updated November 2023, states that the Trustee has established its main objectives as;

- seek to achieve good member outcomes net of fees and subject to acceptable levels of risk
- to provide a suitable default investment option that is likely to be suitable for a typical member
- to offer an appropriate range of Target Date investment options so that members can choose the outcome most suitable for them, recognising that members may have different needs and objectives
- to ensure that the expected volatility of the returns achieved is managed through appropriate diversification of the use of asset types in order to control the level of volatility where possible and risk in the value of members' pension pots
- to reduce the risk of the assets failing to meet projected retirement income levels
- to ensure high standard of stewardship and approach to managing conflicts of interest
- to incentivise asset managers to align their investment decisions with the Trustee's investment policies and how the Trustee evaluates the performance of the asset managers

An income drawdown solution is offered as the default option and it aims to provide an investment option which is suitable for the majority of members, taking into account their proximity to retirement.

The DC Section has also received a cash inflow from the wind up of the DB Section of the Mitchells & Butlers Executive Pension Plan, this amounted to £12.6m. The investment objective is to focus on maximising liquidity and capital preservation. Investment options are therefore limited to cash and cash like instruments such as cash funds.

### **Credit risk**

The Defined Contribution Section (DC Section) is subject to direct credit risk in relation to L&G through the linked insurance funds they provide.

L&G are regulated by the Financial Conduct Authority and maintain separate funds for their policy holders. The Trustee monitors the creditworthiness of L&G by reviewing published credit ratings. L&G invests all the Plan's funds in its own investment insurance linked funds and does not use other investment funds or reinsurance arrangements. In the event of default by L&G, members may be entitled to limited compensation from the Financial Services Compensation Scheme.

The DC Section is also subject to indirect credit and market risk arising from the underlying investments. Member level risk exposures will be dependent on the funds invested in.

At the year-end all Target Date funds were exposed to underlying credit risk.

Following the receipt of the cash from the Mitchells & Butlers Executive Pension Plan the DC Section is exposed to credit risk directly through the bank account funds are held in and directly to the HSBC Cash Fund the majority of the funds are invested in.

The Trustee will assess credit risk by referring to third party credit ratings and mitigate the risk by limiting investment to Investment Grade. In order to determine the credit rating of a particular security or issue the Trustee will usually expect the methodologies of the three main rating agencies to be employed (Standard & Poors, Moody's Investor Service or Fitch Ratings).

The Trustee considers financial instruments or counterparties to be of investment grade if they are rated at BBB- or higher by Standard & Poor's or Fitch, or rated at Baa3 or higher by Moody's.

## Market risk

The Plan's DC Section is subject to indirect foreign exchange, interest rate and other price risk arising from the underlying financial instruments held in the Target Date funds managed by L&G. The cash deposits held with HSBC will also be exposed to interest rate risk reflected in the income earned.

| Fund              | Exposed to | Currency Risk | Interest rate risk | Other price risk |
|-------------------|------------|---------------|--------------------|------------------|
| Target Date funds |            | ✓             | ✓                  | ✓                |
| Cash Deposits     |            |               | ✓                  |                  |

## 18 Concentration of investments

Investments accounting for more than 5% of the net assets of the Plan were:

### DB Section

The buy-in purchased from Phoenix Life (trading as "Standard Life") is the main asset of the Plan (85%). Full details of the concentration of the residual investments are disclosed in the annual report and financial statements of the CIF (Appendix 1).

### DC Section

There are no assets greater than 5% of the net assets of the Plan.

## 19 Employer-related investments

The Investment Policy Implementation Document specifies that employer-related investments, as defined by Section 40, Pensions Act 1995, may not in the generality be entered into except when reasonably incidental to an investment policy designed to track a specific index. In exceptional circumstances, such an investment may be made but the decision to do so must be supported by professional advice and explicitly approved by the Trustee Board. The Pensions Act 1995 limits employer related investments to a maximum 5% of the total value of the Plan. Neither the Plan nor the CIF directly held any employer-related investments at any point in the year ended 31 March 2025.

## 20 Current assets

|                                  | 2025         |              |               | 2024         |            |              |
|----------------------------------|--------------|--------------|---------------|--------------|------------|--------------|
|                                  | DB           | DC           | Total         | DB           | DC         | Total        |
| Cash Balances                    | -            | 122          | 122           | -            | 130        | 130          |
| Cash deposit                     | 6,124        | -            | 6,124         | 7,550        | -          | 7,550        |
| DC Cash Fund Investment          | -            | 6,608        | 6,608         | -            | -          | -            |
| Amounts due from Company         | 324          | -            | 324           | 210          | -          | 210          |
| Contributions due in respect of: |              |              |               |              |            |              |
| Employers                        | -            | 9            | 9             | -            | 13         | 13           |
| Employees                        | -            | 6            | 6             | -            | 6          | 6            |
| Other Debtors                    | 10           | 47           | 57            | -            | 20         | 20           |
| <b>Total</b>                     | <b>6,458</b> | <b>6,792</b> | <b>13,250</b> | <b>7,760</b> | <b>169</b> | <b>7,929</b> |

Amounts due from Company: £324,000 (2024: £210,000) relate to owed DC admin expenses. Contributions due in respect from Employers and Employees were subsequently received in accordance with the requirements of the Schedule of Contributions.

Following the transfer of the remaining surplus from the Mitchells & Butlers Executive Pension Plan, it was agreed that the Scheme would use these funds to cover the Employer's defined contributions due to the Scheme. The DC cash fund investment is the remaining balance that will be used for this purpose.

£0 of DC Cash Balances is designated to members. (2023 £72,700).

**21 Current liabilities**

|                  | 2025           |    |                | 2024           |    |                |
|------------------|----------------|----|----------------|----------------|----|----------------|
|                  | DB             | DC | Total          | DB             | DC | Total          |
| Unpaid benefits  | (305)          | -  | <b>(305)</b>   | (412)          | -  | <b>(412)</b>   |
| Accrued expenses | (394)          | -  | <b>(394)</b>   | (316)          | -  | <b>(316)</b>   |
| Deferred Income  | (6,124)        | -  | <b>(6,124)</b> | (7,550)        | -  | <b>(7,550)</b> |
| <b>Total</b>     | <b>(6,823)</b> | -  | <b>(6,823)</b> | <b>(8,278)</b> | -  | <b>(8,278)</b> |

**22 Related party transactions**

The Plan has received employer contributions from participating companies in respect of Trustee Directors and employees of Mitchells & Butlers who are also contributing members of the Plan, fully consistent with the rules of the Plan.

In accordance with the agreement between the Plan and the Company, the Plan paid approximately £264,400 (2024: £210,400) to the Company for administrative services, which included the fees paid for the Chair's and Directors' services. These costs are included within administrative expenses in note 9 above. The Company pays the PPF Levies on behalf of the Plan, which totalled £20,321 (2024: £31,644) for the year ended 31 March 2025.

Mitchells & Butlers plc has provided the Plan with a five-year uncommitted loan facility of £34,755,978.64 dated 10 May 2023 and is currently undrawn. The facility is available for general cash flow liquidity management.

**23 Guaranteed Minimum Pension Equalisation**

As explained on page 8 of the Trustees report, on 26 October 2018, the High Court handed down a judgement involving Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to Guaranteed Minimum Pension (GMP) benefits. In November 2020, the High Court handed down a further ruling concerning the equalisation of GMPs. This ruling requires trustees to equalise transfer payments paid from schemes. This exercise will require a check on previous transfers paid and if appropriate pay a top-up transfer payment to the receiving scheme if the GMP element is deemed to be unequal. The issues determined by the judgements arise in relation to many other defined benefit pension schemes. The Trustee of the Plan is aware that the issue will affect the Plan and will be considering this at a future meeting and decisions will be made as to the next steps. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on backdated amounts. In the last actuarial valuation as 31 March 2022, there was an allowance of 1.20% made and therefore the Trustee does not expect this to be material. They will be accounted for in the year they are determined and are not insured by the buy-in policies.

**24 Subsequent events**

None.

# INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE MITCHELLS & BUTLERS PENSION PLAN

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## **Opinion**

We have examined the summary of contributions payable to the Mitchells & Butlers Pension Plan, for the Plan year ended 31 March 2025 which is set out on page 68.

In our opinion contributions for the Plan year ended 31 March 2025 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Actuary on 8 December 2022 and 16 December 2024.

## **Scope of work on Statement about Contributions**

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the Schedule of Contributions.

## **Respective responsibilities of trustees and the auditor**

As explained more fully in the Statement of Trustee's Responsibilities, the Plan's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Plan and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedules of Contributions.

It is our responsibility to provide a Statement about Contributions paid under the Schedule of Contributions and to report our opinion to you.

## **Use of our statement**

This statement is made solely to the Plan's Trustee, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustee as a body, for our work, for this statement, or for the opinion we have formed.

Approved

**Crowe U.K. LLP**  
Statutory Auditor  
Oldbury

Date: 14 October 2025

## SUMMARY OF CONTRIBUTIONS

### for the year ended 31 March 2025

All amounts are in £ thousands unless otherwise stated.

The Schedule of Contributions was not revised during the year.

During the year ended 31 March 2025, the contributions payable to the Plan were as follows:

|                                                                                                         | DB        |           |       | DC            |              |               |
|---------------------------------------------------------------------------------------------------------|-----------|-----------|-------|---------------|--------------|---------------|
|                                                                                                         | Employers | Employees | Total | Employers     | Employees    | Total         |
| <b>Contributions required by the Schedule of Contributions</b>                                          |           |           |       |               |              |               |
| Normal contributions                                                                                    | -         | -         | -     | 5,731         | 86           | <b>5,817</b>  |
| Normal contributions paid from the surplus received from the Mitchells & Butlers Executive Pension Plan | -         | -         | -     | 5,368         | -            | <b>5,368</b>  |
| Deficit funding                                                                                         | -         | -         | -     | -             | -            | -             |
| Augmentation                                                                                            | -         | -         | -     | 190           | -            | <b>190</b>    |
| Other contributions – administrative expenses                                                           | -         | -         | -     | 511           | -            | <b>511</b>    |
| <b>As reported on by Plan Auditors</b>                                                                  | -         | -         | -     | <b>11,800</b> | <b>86</b>    | <b>11,886</b> |
| <b>Other contributions</b>                                                                              |           |           |       |               |              |               |
| Additional voluntary contributions                                                                      | -         | -         | -     | -             | 626          | <b>626</b>    |
| AVC paid though paid from the surplus received from the Mitchells & Butlers Executive Pension Plan      | -         | -         | -     | -             | 375          | <b>375</b>    |
| <b>Total</b>                                                                                            | -         | -         | -     | <b>11,800</b> | <b>1,087</b> | <b>12,887</b> |

Approved by the Trustee on 9 October 2025 and signed on their behalf by:

Signature: ..... Trustee approved  
 Print Name: ..... Jonathan Duck  
 Date: ..... 14 October 2025

Signature: ..... Trustee approved  
 Print Name: ..... Chris Edger  
 Date: ..... 14 October 2025

## Schedule of Contributions

### Mitchells & Butlers Pension Plan ("the Plan")

This Schedule of Contributions has been prepared by Mitchells & Butlers Pensions Limited ("the Trustee") as Trustee of the Plan, after obtaining the advice of the Actuary to the Plan, Danny Vassiliades FIA. It sets out the contributions that must be paid by Mitchells & Butlers plc ("the Employer") to the Plan, and the dates those contributions must be paid, following agreement with the Employer.

This Schedule of Contributions supersedes all earlier versions. It is effective from the date it is certified by the Scheme Actuary and covers contributions payable by the Employer in the five year period from the date of certification.

### Contributions to be paid by the Employer in the five year period from the date of certification

#### 1. Defined Benefit Section

##### Deficit Reduction Contributions

As the Plan was in a surplus position as at the date of the most recent actuarial valuation, 31 March 2022, there is no requirement for Deficit Reduction Contributions to be paid into the Plan by the Employer.

##### Employer contributions in respect of benefit augmentations

Subject to any terms otherwise agreed under the two agreements relating to the use of surplus in the Plan entered into between the Employer and the Trustee dated (i) 17 December 2024 and (ii) on or around the date of this Schedule of Contributions ("the 2024 Agreement" and "2025 Agreement" respectively and together the "Agreements") and unless the Trustee resolves otherwise, the Employer shall also pay the cost, as determined by the Scheme Actuary, of any benefit augmentations requested by the Employer and approved by the Trustee.

##### Expenses

All items of administrative expenditure and expenses, including all Plan Levies, will be met from the Plan's assets, either directly, or indirectly via reimbursement from the Plan to the Employer subject to any terms otherwise agreed under the Agreements. The assets in the Plan are expected to be sufficient to meet these expenses until the next required review of this Schedule of Contributions.

In the event that the assets are insufficient to meet expenses (e.g. if a final balancing premium is paid in respect of the buy-in investment policy and any residual assets are inadequate to meet expenses), the Employer will pay contributions into the Plan to ensure any such expenses payments are met, subject to any terms otherwise agreed under the Agreements.

##### Other Employer contributions

In addition, the Employer shall pay such additional contributions as may be required under Clause 5 (Employers' Contributions - Payment and Termination) of the Plan's Trust Deed and Rules dated 6 April 2006 (as amended) ("Trust Deed and Rules") subject to any terms otherwise agreed under the Agreements.

The Employer will not bring any action against the Trustee or raise any objection or defence aimed at avoiding the payment of sums under Clause 5 of the Plan's Trust Deed and Rules.

This agreement is made under the Pensions Act 2004 and is made without prejudice to any rights that the Trustee (and Employer) may have under the Trust Deed and Rules.

## 2. Defined Contribution Section

### Members' contributions

Members of the Plan shall pay contributions in accordance with the Trust Deed and Rules on the following basis:

- Other than Pension Salary Sacrifice Members (as defined in the Trust Deed and Rules), Members will pay contributions at one of the rates elected by the Member as set out in the tables shown in the Appendix.
- Pension Salary Sacrifice Members shall not be required to contribute.

### Employer's contributions

The Trustee and Employer have agreed that the unallocated assets transferred from the Mitchells & Butlers Executive Pension Plan to the Plan pursuant to a Deed of Closure, Bulk Transfer and Amendment dated 1 July 2024 and which are currently attributed to the Defined Contribution Section of the Plan (the "DC Surplus") may be used to fund benefits that arise in the Defined Contribution Section of the Plan, for which an Employer contribution would otherwise be required. The terms of use, together with the mechanism for using the DC Surplus, is outlined in the 2024 Agreement. The 2024 Agreement contains a full list of the purposes for which the DC Surplus can be used.

Furthermore, the Trustee and Employer have also put in place the 2025 Agreement relating to the use of surplus in the Defined Benefit Section of the Plan. This 2025 Agreement provides for a specified amount of the surplus in the Defined Benefit Section of the Plan (the "DB Surplus"), to be transferred to the Defined Contribution Section of the Plan to be used for the purpose of funding benefits that arise in the Defined Contribution Section of the Plan, for which an Employer contribution would otherwise be required. The terms of use, together with the mechanism for using the DB Surplus and the circumstances in which the use of the DB Surplus may be terminated, are outlined in the 2025 Agreement. The 2025 Agreement contains a full list of the purposes for which the DB Surplus can be used.

To the extent that the DC Surplus or DB Surplus is being used to fund any Employer contributions, fees and/or expenses which would otherwise be payable by the Employer, the Employer is not required to pay contributions to the Plan. To the extent that the DC Surplus or DB Surplus is not being used to pay any Employer contributions, the Employer shall pay the following:

- Other than in respect of Pension Salary Sacrifice Members, an amount corresponding to the rate elected by the Member, which will be at one of the rates set out in the tables shown in the Appendix, as notified to the Member by the Employer.
- In respect of each Pension Salary Sacrifice Member, the member contributions which that Member would have elected to make under the Plan's Rules had the Member not been a Pension Salary Sacrifice Member plus an amount corresponding to that rate, which will be at one of the rates set out in the tables shown in the Appendix.

Members' contributions will be deducted from salary by the Employer and paid to the Plan by the 19<sup>th</sup> of the following month if paid by cheque, or by the 22<sup>nd</sup> of the following month if paid electronically. Any Employer contributions and/or contributions made under the 2024 Agreement or the 2025 Agreement shall also be payable by the 22<sup>nd</sup> of the following month.

In addition, the Employer shall pay within 30 days of written request from the Trustee (acting reasonably) any amounts determined by the Trustee in accordance with the Plan's Trust Deed and Rules in respect of expenses and risk benefits that arise in the Defined Contribution Section that are not payable under the Agreements.

### General

This Schedule of Contributions does not cover the Employer's commitment to pay across to the Trustee any Additional Voluntary Contributions made by members.

Appropriate adjustments are made in respect of members on maternity, family leave or certain other absence as determined by the Employer.

**Dates of review of this Schedule**

This Schedule of Contributions will be reviewed by the Trustee and the Employer no later than 15 months after the effective date of each actuarial valuation, due every three years.

**Signed on behalf of the Trustee:**

Trustee approved

**Date:** Jonathan Duck

**Position:** Trustee Chirman

**Date:** 16 September 2025 | 14:25:50 BST

**Signed on behalf of the Employer:**

Company approved

**Date:** Tim Jones

**Position:** CFO

**Date:** 16 September 2025 | 15:19:08 BST

## Appendix

As set out in Defined Contribution Rule 6 of the Trust Deed and Rules, Table 1 and Table 2 below show the percentage rates of contributions to be paid in to the Defined Contribution Section by Members and by or on behalf of the Employer. Table 2 provides those rates for Executive DC Members (as defined in the Trust Deed and Rules) and Table 1 provides the rates for all other DC Members (as defined in the Trust Deed and Rules).

All capitalised terms not otherwise defined below shall be defined by reference to the Defined Contribution Section of the Trust Deed and Rules.

**Table 1**

|                           | % of Plan Pay |    |      |
|---------------------------|---------------|----|------|
| DC Member percentage rate | 3%*           | 4% | 5%   |
| Percentage rate of credit | 4.5%*         | 6% | 7.5% |

\* This rate is only available to a DC Member who was paying contributions at 3% of Plan Pay immediately before the Closure Date (as defined in Rule 1 of the Defined Benefit Section of the Trust Deed and Rules).

**Table 2**

|                                              | % of Plan Pay |     |       |
|----------------------------------------------|---------------|-----|-------|
| Executive DC Member percentage rate          | 3%**          | 4%  | 5%    |
| Percentage rate of credit for Band A Members | 12%**         | 16% | 20%   |
| Percentage rate of credit for Band B Members | 9%**          | 12% | 15%   |
| Percentage rate of credit for Band C Members | 7.5%**        | 10% | 12.5% |

\*\* This rate is only available to an Executive DC Member who was paying contributions to MABEPP at 3% of Plan Pay immediately before 13 March 2011.

# Actuary's certification of schedule of contributions

## Mitchells & Butlers Pension Plan ("the Plan")

### Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to continue to be met for the period for which the schedule is to be in force.

### Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated 8 December 2022.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities if the scheme were to be wound up.

Signature

Scheme Actuary approved

Date

16 September 2025 | 15:40:22 BST

Name

Danny Vassiliades

Qualification

Fellow of the Institute and Faculty of Actuaries

Address

1 Colmore Row  
Birmingham  
B3 2BJ

Employer

XPS Group

Mitchells & Butlers Common Investment Fund

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**ANNUAL REPORT  
& FINANCIAL STATEMENTS 2025**

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# TRUSTEE AND ADVISERS

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## Trustee

### **Mitchells & Butlers CIF Limited**

The directors of which are:

#### **Independent (A)**

Jonathan Duck <sup>+</sup> ^

The Law Debenture Pension Trust Corporation p.l.c. <sup>+</sup> ^

Christian Edger <sup>+</sup> ^

#### **Employer nominated (B)**

Vidett Trustee Services Limited (formerly 20-20 Trustee Services Limited) <sup>+</sup> ^

#### **Member nominated (C)**

John Appleton ^ (resigned 18<sup>th</sup> November 2024)

Eamonn Lavin <sup>+</sup>

<sup>+</sup> Director of Mitchells & Butlers Pensions Limited

<sup>^</sup> Director of Mitchells & Butlers Executive Pension Trust Limited

## Secretary

David Shannon, Mitchells & Butlers plc

27 Fleet Street, Birmingham B3 1JP

## Plan Administrator

### **General information about the Plan**

Pensions Department, Mitchells & Butlers plc

27 Fleet Street, Birmingham B3 1JP

Email: pensions@mbplc.com

## Independent auditor

Crowe U.K. LLP

Black Country House, Rounds Green Road, Oldbury, West Midlands, B69 2DG

## Legal advisers

Gowling WLG

Two Snowhill, Birmingham B4 6WR

## Investment adviser

XPS Pensions Group

1 Colmore Row, Birmingham, B3 2BJ

## Investment managers

AXA Investment Managers UK

7 Newgate Street, London, EC1A 7NX

M&G Investment Management Limited

10 Fenchurch Street, London EC3M 5AG

## Investment custodians

State Street Corporation

20 Churchill Place, Canary Wharf, London E14 5HJ

## Principal and participating employers

### **Principal employer ("The Company")**

Mitchells & Butlers plc

27 Fleet Street, Birmingham B3 1JP

### **Participating employers**

Mitchells & Butlers Leisure Retail Limited

Mitchells & Butlers Retail Limited

Mitchells & Butlers Retail (No 2) Limited

# CHAIRMAN'S REVIEW

for the year ended 31 March 2025

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A key change during the year was the wind up of the Executive Plan in November 2024, following the buy-out of the Defined Benefit (DB) Section by Legal & General. Hence the CIF now only holds assets on behalf of the Main Plan Defined Benefit Section. These assets are the residual funds not used to purchase Main Plan buy-in policies from Phoenix Life (trading as "Standard Life") between May and July 2023. The buy-in policies are held directly by the Main Plan outside the CIF and are hence not included in these accounts.

The CIF assets are made up of two pooled funds, M&G Real Estate Finance at £14m and Axa Secured Finance at £78m. Both funds progressively mature and pay back cash up to their respective end dates in 2027 and 2028. The CIF assets also include a further £82m of cash generated by the past proceeds of other historic CIF investments and the annual cash payments from these two pooled funds as they reach maturity. The total value of CIF assets at year-end was £174m, which was a slight £6m increase on the year before.

It is envisaged that CIF assets will be sold to pay the Main Plan's deferred premium (also known as true-up premium) should the Phoenix Life policy be converted from buy-in to buy-out in late 2026 or early 2027, as well as to pay any other Main Plan running costs.

The Main Plan Trustee has agreed that the CIF assets may be used to help pay future M&B plc's employer contributions for active members of the Main Plan Defined Contribution Section, a process that will be reviewed each year, given that the funds currently held in the CIF are significantly larger than the forecast Main Plan deferred premium and annual running costs. The annual cost of this is approximately £12m, with the first payment falling in the next 2025/26 financial year as a single transfer to the Main Plan DC Section.

I would like to thank my fellow trustees for their hard work and support this year, including John Appleton who resigned as the Executive Plan Trustee representative on the CIF after many years of loyal insight and service, as part of the wind up of the Executive Plan.

**Jonathan Duck**

**October 2025**

# TRUSTEE'S REPORT

## for the year ended 31 March 2025

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### Fund constitution and management of the Mitchells & Butlers Common Investment Fund

The Mitchells & Butlers Common Investment Fund (CIF) holds the assets of the Mitchells & Butlers Pension Plan (Main plan) and held the assets of the Mitchells & Butlers Executive Pension Plan (Executive plan) until its exit from the CIF in September 2024. The CIF is managed by a corporate Trustee, Mitchells & Butlers CIF Limited, which is owned by the same Trustee Holding Company (Mitchells & Butler Pension Trustee Holdings Limited) that owns the remaining Plan Trustee Company and whose Directors are also Trustee Directors of the Plan. The CIF is a bare trust and operates under the terms of a Trust Deed originally between the two participating Plan Trustees and now the Mitchells & Butlers Pension Plan Trustee, the Plans' sponsoring employer and the CIF Trustee.

Ownership of the assets remains vested in the participating Plan which is deemed to hold units in the CIF to the value of their initial contribution as adjusted for their subsequent introduction/withdrawal of value from the CIF, market movements and investment activity. In general, units issued and redeemed in this process will be at a price calculated by the custodian at the month end prior to the issuance or redemption. If the size of the transaction or the movement in markets between the valuation date and the date of the transaction is sufficiently large to make a material difference to the value of the units issued or redeemed, an estimate will be made at a date closer to the date of the transaction and the unit price adjusted accordingly.

The assets of the CIF are held entirely separately from those of Mitchells & Butlers plc and are in the care of a corporate Trustee – Mitchells & Butlers CIF Limited – which is legally independent of Mitchells & Butlers plc and whose role is to ensure that the CIF is administered according to the Rules of the participating Plan and to safeguard the assets. The power to appoint and remove the Directors of the Corporate Trustee is vested in Mitchells & Butlers Pensions Limited, the Trustee of the remaining participating Plan.

During the financial year, the CIF Board comprised 3 Category A Directors (one of these being the Chairman and each a Director of both Plans), 1 Category B Director (representing both Plans), and up to 2 Category C Directors (one from each Plan). The Category C Director for the Mitchells & Butlers Executive Plan (MABEPP) stepped down in November 2024 following the MABEPP ceasing to participate in the CIF.

During the year to 31 March 2025, the Trustee Directors of the CIF Trustee met four times routinely as a full Board.

### Statement of Trustee's Responsibilities

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustee. The Trustee is responsible for ensuring that those financial statements:

- give a true and fair view of the financial transactions of the CIF during the year and of the amount and disposition at the end of the year of its assets and liabilities;
- state whether applicable United Kingdom Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- comply with the requirements of the Trust Deed.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the CIF will continue as a going concern.

### *Trustee's report continued*

The Trustee also has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the CIF and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is also responsible for the maintenance and integrity of the [www.mbplcpensions.com](http://www.mbplcpensions.com) website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **CIF Management Costs**

The costs of managing the CIF's assets are summarised in note 6 to the financial statements and amount to £353,000 compared with £764,000 for the year ended 31 March 2024.

Fees payable to Investment Managers are mainly calculated on the market value of each manager's portfolio at the end of each quarter on a graduated percentage basis.

Custody fees include both core custody fees, in the form of a charge based on asset value, flat rate transaction charges, which vary to reflect local market conditions, and investment accounting fees which consist of a fixed charge per month per segregated portfolio.

Management and custody fees are paid from the CIF and are reflected through unit price adjustments.

### **Financial statements**

The financial statements have been prepared and audited in compliance with Section 41(1) and (6) of the Pensions Act 1995 and in accordance with the guidelines set out in the Statement of Recommended Practice (SORP) "Financial Reports of Pension Schemes" (revised November 2014) and FRS 102 insofar as they relate to common investment funds and the requirements of the Trust Deed.

### **Investment Management**

#### **Management and custody of investments**

Within the overall investment strategy set by the Plan's Trustee, the day to day management of the CIF is delegated to the CIF Trustee who in turn delegates responsibility for individual stock selection to external specialist portfolio managers in each different asset class. Managers are chosen for their expertise in particular markets. All investment managers appointed by the Trustee to manage CIF funds under section 34(4) of the Pensions Act 1995 are appropriately authorised or exempt under The Financial Services and Markets Act 2000.

At the start of the year, the CIF had one secured income manager and one real estate debt manager with both funds now amortising as they approach their respective planned maturity dates.

During the financial year the Exec plan fully disinvested and exited the CIF. All of the units in the CIF are now owned by the Main Plan.

The CIF's custodian throughout the year was State Street Corporation, who, as a global custodian, holds the records for all the CIF's assets. The CIF's segregated UK equity assets are held, for the most part, on designated accounts in CREST, the electronic share transaction and transfer system. Overseas segregated assets are held in the name of a nominee company of either State Street or of their selected sub-custodian in the country concerned.

Mitchells & Butlers pensions department, on behalf of the Trustee, monitors the accuracy and performance of the custodian by ensuring that the holdings recorded by the custodian agree with the managers' records of investment transactions and portfolio

### *Trustee's report continued*

valuations. They also have regular meetings with the custodian to discuss performance and State Street is required to present to the Plans' Trustee Boards on a regular basis.

CIF assets are held in custody by the global custodian, except for the funds held by AXA and M&G. These Managers are responsible for monitoring the accuracy and performance of the custodians they have appointed.

### **Investment strategy, principles and investment performance**

The CIF Trustee is bound by the provisions of the Main Plan's Trustee Statements of Investment Principles prepared and updated by them as required by Section 35 of the Pensions Act 1995, as supplemented by the Plan's Investment Policy Implementation Documents, these documents are available upon request with the Statement of Investment Principles also available on the website [mbplcpensions.com](http://mbplcpensions.com). The Trustee is consequently obliged to ensure compliance by the CIF's investment managers with the investment restrictions contained therein and must conduct strategic and day to day management of the CIF in accordance with the strategic objectives outlined in the Statement.

The benchmark against which the CIF Trustee measures performance is outlined in Investment management – DB Section of the Main Plan's Trustee Report. At the highest level, the portfolio is constructed to maximise liquidity and minimise investment risk.

The investment managers' use of derivative instruments is controlled by the investment guidelines established for each investment mandate.

#### **a) Overall Performance**

The total return for the CIF was 7.4% for the year (including the impact of currency hedging and investment management fees).

Performance for each Plan's investment in the CIF over the last 3-5 years is referred to and can be seen within the Mitchells and Butlers Pension Plan accounts reports and financial statements.

### **Task Force on Climate-related Financial Disclosures (TCFD).**

As Plan assets are below the minimum threshold required by the TCFD framework no report has been produced.

### **Approval**

The Trustee's Report was approved by the Trustee on 9 October 2025 and signed on their behalf by:

**Signature:** ..... Trustee approved .....

**Print Name:** ..... Jonathan Duck .....

**14 October 2025**

**Date:** .....

**Signature:** ..... Trustee approved .....

**Print Name:** ..... Chris Edger .....

**14 October 2025**

**Date:** .....

# INDEPENDENT AUDITOR'S REPORT

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## Independent Auditor's Report to the Trustee of Mitchells & Butlers Common Investment Fund

### Opinion

We have audited the financial statements of Mitchells & Butlers Common Investment Fund for the year ended 31 March 2025 which comprise the Fund Account, the Statement of Net Assets and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Plan during the year ended 31 March 2025, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

However, as we cannot predict all future events or conditions, and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Scheme will continue in operation.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

### Other information

The Trustee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of trustees

As explained more fully in the statement of Trustee's responsibilities as set out on page 4, the Trustee is responsible for the preparation of the financial statements, for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Independent Auditor's Report continued*

In preparing the financial statements, the Trustee is responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Plan or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

We set out below the key areas which, in our opinion the financial statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these.

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities and sample testing of postings in the accounting records.
- Misappropriation of investment assets owned by the Scheme. This is addressed by obtaining direct confirmation from the investment custodian and fund managers of investments held at the Statement of Net Assets date.
- Diversion of assets through large investment transactions. Reviewing the AAF 01/20 / ISAE 3402 Assurance Reports on Internal Controls or similar for fund managers and global custodian and testing investment transactions to the global custodian reports.
- We have identified relevant laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, as the Pensions Acts 1995 and 2004 (and regulations made thereunder), FRS 102, and the Pensions Statement of Recommended Practice (SORP). We considered the extent to which a material misstatement of the financial statements might arise as a result of non-compliance.
- Reviewing meeting minutes and any correspondence with The Pensions Regulator.
- Discussing whether there are any significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the Plan's Trustee, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Approved  
**Crowe U.K. LLP**  
Statutory Auditor  
Oldbury

Date: 14 October 2025

## FUND ACCOUNT

### for the year ended 31 March 2025

All amounts in tables are in £ thousands unless otherwise stated

|                                             | Note | 2025<br>Total | 2024<br>Total   |
|---------------------------------------------|------|---------------|-----------------|
| <b>Returns on Investments</b>               |      |               |                 |
| Investment Income                           | 4    | 13,608        | 14,129          |
| Change in Market Value of Investment Assets | 5    | (900)         | (51,438)        |
| Investment Management and Custody Fees      | 6    | (353)         | (764)           |
| <b>Total Return for the year</b>            |      | <b>12,355</b> | <b>(38,073)</b> |

The notes on pages 10 to 15 form part of these financial statements

## STATEMENT OF CHANGES IN NET ASSETS

### attributable to participants for the year ended 31 March 2025

All amounts in tables are in £ thousands unless otherwise stated

|                                                        | Note | 2025<br>Total  | 2024<br>Total  |
|--------------------------------------------------------|------|----------------|----------------|
| Opening net assets attributable to participants        |      | 167,434        | 1,436,423      |
| Total Return for the Year                              |      | 12,355         | (38,073)       |
| Amounts paid on redemption of units                    | 12   | (6,088)        | (1,230,916)    |
| <b>Closing net assets attributable to participants</b> |      | <b>173,701</b> | <b>167,434</b> |

The notes on pages 10 to 15 form part of these financial statements

# STATEMENT OF NET ASSETS

attributable to participants as at 31 March 2025

All amounts in tables are in £ thousands unless otherwise stated

|                                                      | Note | 2025           | 2024           |
|------------------------------------------------------|------|----------------|----------------|
|                                                      |      | Total          | Total          |
| <b>Investment assets</b>                             |      |                |                |
| Pooled investment vehicles                           | 7    | 91,646         | 98,720         |
| Cash                                                 | 8    | 81,785         | 66,171         |
| Other investment balances                            | 8    | 300            | 2,395          |
|                                                      |      | <b>173,731</b> | <b>167,286</b> |
| <b>Total net investments</b>                         |      | <b>173,731</b> | <b>167,286</b> |
| <b>Current assets</b>                                | 13   | -              | 193            |
| <b>Current liabilities</b>                           | 13   | (30)           | (45)           |
| <b>Total net assets attributable to participants</b> |      | <b>173,701</b> | <b>167,434</b> |
| <b>Participants' Funds</b>                           |      |                |                |
| Mitchells & Butlers Pension Plan                     | 12   | 173,701        | 164,522        |
| Mitchells & Butlers Executive Pension Plan           | 12   | -              | 2,912          |
|                                                      |      | <b>173,701</b> | <b>167,434</b> |

The accompanying notes on pages 10 to 15 form an integral part of these financial statements.

These financial statements were approved by the Trustee on 9 October 2025 and signed on their behalf by:

Trustee approved  
**Signature:** .....  
 Jonathan Duck  
**Print Name:** .....  
 14 October 2025  
**Date:** .....

Trustee approved  
**Signature:** .....  
 Chris Edger  
**Print Name:** .....  
 14 October 2025  
**Date:** .....

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 31 March 2025

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All amounts in tables are in £ thousands unless otherwise stated

### 1 General information

The Mitchells & Butlers Common Investment Fund (CIF) is established as a trust under English law and holds the assets of the Mitchells & Butlers Pension Plan. The CIF is managed by a corporate Trustee, Mitchells & Butlers CIF Limited, which is owned by the same Trustee Holding Company (Mitchells & Butlers Pension Trustee Holdings Limited) that owns the Main Plan Trustee Company and whose Directors are also Trustee Directors of the Plan. The address of the CIF's principal office is 27 Fleet Street, Birmingham B3 1JP.

### 2 Statement of compliance

The financial statements have been prepared on a going concern basis and in accordance with the Financial Reporting Standard (FRS) 102 – the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council (FRC) and guidelines set out in the Statement of Recommended Practice (SORP) “Financial Reports of Pension Schemes” (revised 2018) insofar as they relate to common investment funds and the requirements of the Trust Deed.

### 3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### a) Currency

The CIF's functional currency and presentational currency is pounds sterling (GBP).

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end. Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction.

Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

#### b) Valuation and classification of investments

Investment assets and liabilities are included in the financial statements at fair value. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing single price, single dealing price or most recent transaction price is used.

Where quoted or other unit prices are not available, the Trustee adopts valuation techniques appropriate to the class of investment. Details of the valuation techniques and principal assumptions are given in the notes to the financial statements where used.

The methods of determining fair value for the principal classes of investments are:

- Unitised pooled investment vehicles which are not traded on an active market but where the manager is able to demonstrate that they are priced daily, weekly or at each month end, and are actually traded on substantially all pricing days are included at the last price provided by the manager at or before the year end.

## Notes to the financial statements continued

- The value of other equities, bonds and pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Trustee. Where the value of a pooled investment vehicle is primarily driven by the fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustment is made.

Accrued interest is excluded from the market value of bonds but is included in investment income receivable, on an accruals basis.

### c) Investment Income

- i) Income from equities and bonds is accounted for on the date stocks are quoted ex-dividend/interest.
- ii) Income from cash and short-term deposits is accounted for on an accruals basis.
- iii) The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value.
- iv) In the case of pooled investment vehicles which are accumulation funds, change in market value also includes income, net of withholding tax, which is reinvested in the fund.

## 4 Investment income

|                                        | 2025          | 2024          |
|----------------------------------------|---------------|---------------|
| Dividends from Equities                | -             | 414           |
| Income from Bonds                      | -             | 3,409         |
| Income from Pooled investment vehicles | 10,025        | 8,795         |
| Interest on Cash Deposits              | 3,583         | 3,346         |
| Repurchase Interest Paid               | -             | (1,835)       |
|                                        | <b>13,608</b> | <b>14,129</b> |

## 5 Reconciliation of net investments

|                              | Value at<br>1 April<br>2024 | Purchases at<br>Cost and<br>Derivative<br>Payments | Sales Proceeds<br>and Derivative<br>Receipts | Change in<br>Market Value | Value at<br>31 March 2025 |
|------------------------------|-----------------------------|----------------------------------------------------|----------------------------------------------|---------------------------|---------------------------|
| Pooled Investment Vehicles   | 98,720                      | -                                                  | (6,177)                                      | (897)                     | 91,646                    |
|                              | <b>98,720</b>               | -                                                  | <b>(6,177)</b>                               | <b>(897)</b>              | <b>91,646</b>             |
| Cash and Other Investments   | 68,566                      |                                                    |                                              | (3)                       | 82,085                    |
| <b>Net Investment Assets</b> | <b>167,286</b>              |                                                    |                                              | <b>(900)</b>              | <b>173,731</b>            |

Indirect costs are incurred through the bid-offer spread on pooled investment vehicles and charges made within those vehicles. It has not been possible for the Trustee to quantify such indirect transaction costs. There were no direct transaction costs in the current or preceding year.

## 6 Investment management expenses

|                                     | 2025       | 2024       |
|-------------------------------------|------------|------------|
| Fees Payable to Investment Managers | 8          | 84         |
| Fees Payable to Advisors            | 188        | 545        |
| Custody fees                        | 157        | 135        |
|                                     | <b>353</b> | <b>764</b> |

**7 Pooled investment vehicles**

|      | <b>2025</b>   | <b>2024</b>   |
|------|---------------|---------------|
| Debt | 91,646        | 98,720        |
|      | <b>91,646</b> | <b>98,720</b> |

**8 Cash and other net investment balances**

|                           | <b>2025</b>   | <b>2024</b>   |
|---------------------------|---------------|---------------|
| Cash and other – Sterling | 81,757        | 66,141        |
| Cash and other – Foreign  | 28            | 30            |
|                           | <b>81,785</b> | <b>66,171</b> |
| Accrued Investment Income | 300           | 2,395         |
|                           | <b>300</b>    | <b>2,395</b>  |
|                           | <b>82,085</b> | <b>68,566</b> |

**9 Fair value of investments**

The fair value of investments has been determined using the following hierarchy where there is a quoted price for an identical asset in an active market at the reporting date.

Level 1

Where such quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted if necessary.

Level 2

Where quoted prices are not available and recent transactions of an identical asset on their own are either unavailable or not a good estimate of fair value and therefore valuation techniques are employed using non-observable data.

Level 3

Pooled investment vehicles which are traded regularly are generally included in Level 2. Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for value applies, valuation techniques are adopted and the vehicles are included in Level 3.

The CIF's investment assets and liabilities have been included at fair value within these categories as follows:

**2025**

| <b>Asset Class</b>               | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>   |
|----------------------------------|----------------|----------------|----------------|----------------|
| Pooled Investment Vehicles       | -              | -              | 91,646         | <b>91,646</b>  |
| Cash & Other Investment Balances | 67             | 82,018         | -              | <b>82,085</b>  |
|                                  | <b>67</b>      | <b>82,018</b>  | <b>91,646</b>  | <b>173,731</b> |

Analysis for the prior year end is as follows:

**2024**

| <b>Asset Class</b>               | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>   |
|----------------------------------|----------------|----------------|----------------|----------------|
| Pooled Investment Vehicles       | -              | -              | 98,720         | <b>98,720</b>  |
| Cash & Other Investment Balances | 47             | 68,519         | -              | <b>68,566</b>  |
|                                  | <b>47</b>      | <b>68,519</b>  | <b>98,720</b>  | <b>167,286</b> |

Included in cash and other investment balances is £82,018k (2024: £68,519) that is invested in a State Street liquidity fund and has been classified as level 2.

Types of risk relating to investments

**Credit risk:** this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

**Market risk:** this comprises currency risk, interest rate risk and other price risk.

**Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.

**Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

**Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determines the investment strategy after taking advice from a professional investment adviser. The CIF has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the CIF's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the CIF's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

The following table summarises the extent to which the various classes of investments are affected by financial risks:

|                            | Credit<br>Risk | Currency | Market Risk<br>Interest<br>Rate | Other<br>Price | 2025<br>Value  | 2024<br>Value  |
|----------------------------|----------------|----------|---------------------------------|----------------|----------------|----------------|
| Pooled Investment Vehicles | ●              | ●        | ●                               | ●              | 91,646         | 98,720         |
| Cash Deposits and Other    | ●              | ●        | ●                               | ○              | 82,085         | 68,566         |
| <b>Total investments</b>   |                |          |                                 |                | <b>173,731</b> | <b>167,286</b> |

In the above table, the risk noted affects the asset class [●] significantly, [●] partially or [○] hardly/not at all.

The Trustee's approach to risk management, credit and market risk is set out below.

#### Investment strategy

Since the purchase of the buy-in policies in May and July 2023 the strategy is to hold the residual illiquid assets (AXA and M&G) until maturity and hold cash and cash like funds in the CIF with the objective that, when combined with the buy-in policies focus on liquidity and capital preservation.

#### Credit risk

The CIF is exposed to credit risk as it invests in pooled investment vehicles and cash and is therefore directly exposed to credit risk inherent in these investments. The CIF is further indirectly exposed to the credit risk of some of the investments held by these vehicles.

### Notes to the financial statements continued

The following table summarises the credit risk the CIF is exposed to and the notes explain how this is managed for the different classes:

|                                                  | 2025           | 2024           |
|--------------------------------------------------|----------------|----------------|
| <b>Investments exposed to credit risk</b>        |                |                |
| Pooled investment vehicles (direct and indirect) | 91,646         | 98,720         |
| Cash and other net investment assets             | 82,085         | 68,566         |
|                                                  | <b>173,731</b> | <b>167,286</b> |

In order to determine the credit rating of a particular security or issue the Trustee will usually expect the methodologies of the three main rating agencies to be employed (Standard & Poors, Moody's Investor Service or Fitch Ratings) although in some instances, the judgement of the managers themselves will be relied upon and in this regard further limits will be set in the investment mandate.

The Trustee considers financial instruments or counterparties to be of investment grade if they are rated at BBB- or higher by Standard & Poor's or Fitch, or rated at Baa3 or higher by Moody's.

Credit Risk arising on cash was managed using automatic sweeps into highly rated liquid cash funds and by minimising the amount of cash held on the balance sheets of financial institutions. Should cash be held by financial institutions they will at least be investment grade.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst different pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the operating environment of the pooled manager. Pooled investment arrangements used by the CIF comprise an Irish collective asset-management vehicle of £77.6m (2024: £79.6m) and a designated activity company of £14.0m (2024: £19.1m). Included in cash and other investment balances is £82.0m (2024: £68.5m) that is invested in a UCITS.

Indirect credit risk also arises in the real estate debt fund and secured income fund managed by M&G and AXA. The credit risk is managed by the appointed managers in accordance with their internal risk control processes and further mitigated by the security underlying the loans that are made.

The information about exposures to and mitigation of credit risk above applied at both the current and previous year end.

#### Currency risk

The CIF is subject to indirect currency risk on the pooled investment vehicles although the quantum of the risk will depend on the proportion of the underlying investments that are held overseas at any one time.

#### Interest Rate Risk

Since the Main Plan's annuity purchases securing all pensioner liabilities interest rate risk is now reflected in variability of the return on the CIF's residual asset and the CIF investment focus has moved to liquidity and credit risk. At the year-end these investments represented 100% (2024: 100%) of the Main Plan's total investment portfolio held within the CIF.

#### Other price risk

Since the purchase of the annuity policies by the Main Plan the CIF investment focus has moved to liquidity and credit risk.

## 11 Concentration of investments

Investments accounting for more than 5% of the net assets of the Plan were:

|                                 | 2025  |      | 2024  |      |
|---------------------------------|-------|------|-------|------|
|                                 | Value | %    | Value | %    |
| AXA IM Strategies PLC           | 78    | 44.8 | 80    | 47.9 |
| M&G Real Estate Debt Finance I  | 14    | 8.0  | 19    | 11.4 |
| State Street GBP Liquidity Fund | 82    | 47.1 | 66    | 39.5 |

## 12 Share of investments between participating schemes

The schemes participating in the Mitchells & Butlers Common Investment Fund (CIF) are the Mitchells & Butlers Pension Plan (MABPP) and the Mitchells & Butlers Executive Pension Plan (MABEPP).

| Allocation by Value                | MABPP          | MABEPP   | Total          |
|------------------------------------|----------------|----------|----------------|
| Balance as 1 April 2024            | 164,522        | 2,912    | 167,434        |
| Fund Movement – Units created      | -              | -        | -              |
| Fund Movement – Units redeemed     | (3,220)        | (2,868)  | (6,088)        |
| Share of Returns on Investments    | 12,399         | (44)     | 12,355         |
| <b>Balance at 31 March 2025</b>    | <b>173,701</b> | <b>-</b> | <b>173,701</b> |
| Total Investments at 31 March 2025 | 173,731        | -        | 173,731        |
| Share of Net Current Liabilities   | (30)           | -        | (30)           |
| <b>Balance at 31 March 2025</b>    | <b>173,701</b> | <b>-</b> | <b>173,701</b> |

The share of each Plan in the assets of and units in the CIF was MABPP 100% (98.26% at 31 March 2024) and MABEPP 0% (1.74% at 31 March 2024).

## 13 Current assets and liabilities

|                                                               | 2025        | 2024        |
|---------------------------------------------------------------|-------------|-------------|
| <b>Debtors</b>                                                |             |             |
| VAT Recoverable via Mitchells & Butlers Plc                   | -           | 66          |
| Taxation Receivable                                           | -           | 127         |
|                                                               | -           | <b>193</b>  |
| <b>Creditors</b>                                              |             |             |
| Custody Fees                                                  | (21)        | (41)        |
| Fees Payable to Investment Consultant, Tax and Legal Advisors | (9)         | (4)         |
|                                                               | <b>(30)</b> | <b>(45)</b> |

## 14 Related party transactions

The transactions between the CIF and the participating Plan are set out in note 12 above. In addition, during the year there was £12,399,000 that was transferred from MABEPP following the wind up of the scheme, which was subsequently transferred to MABPP along with £212,000 interest earned. The Plan incurs some administrative expenses on behalf of the CIF (which are not recharged). There were no other related party transactions during the year which require disclosure in these financial statements.

## 15 Contingencies and commitments

There were no contingent assets or liabilities at the year end (2024: none).

## 16 Subsequent events

None.

## **Mitchells & Butlers Pension Plan – DB Section Implementation Statement for the year ended 31 March 2025**

### **Introduction**

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This Implementation Statement has been prepared by Mitchells & Butlers Pensions Limited ("the Trustee") and relates to the Defined Benefit (DB) Section ("the DB Section") of the Mitchells & Butlers Pension Plan ("the Plan") for the year ended 31 March 2025 and provides information on:

- Any reviews of the Plan's Statement of Investment Principles ("SIP") undertaken by the Trustee and any changes made to the DB Section of the SIP over the Plan year as a result of such reviews.
- The extent to which, in the opinion of the Trustee, the DB Section of the Plan's SIP has been followed during the year.

A copy of this Implementation Statement will be made available online.

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 Mitchells & Butlers Common Investment Fund Trustee ("the CIF Trustee"), the Investment Consultant, the Investment Managers and the Custodian (and sub-Custodians where relevant for pooled investment vehicles). Further detail on the delegation of responsibilities by the Trustee can be found in the SIP which is available online.

### **Review of, and changes to, the DB Section of the SIP**

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As at 31 March 2025, the version of the SIP in place was dated October 2023. There are two parts to the SIP, covering the DB Section and the DC Section. This reflects the operational differences between the two sections of the Plan.

The DB section of the SIP was last reviewed during the reporting period ending 31 March 2024 and was updated to reflect the Trustee's decision to purchase an insurance policy in the form of a bulk-annuity (otherwise referred to as the "buy-in policy") which secures the benefits of all Plan members through an insurance company – Phoenix Life (trading as "Standard Life").

### **How the SIP has been followed during the year**

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Since the bulk annuity purchase in May 2023, the Trustee is satisfied that they have adhered to the policies in the DB Section of the SIP updated in October 2023, acknowledging that the majority of the DB Section assets consist of the buy-in policy, with surplus assets invested in a Secured Finance Fund managed by Axa, a Real Estate Debt Fund managed by M&G and cash funds managed by State Street and HSBC AM. Benefits to all Plan members are now secured by the buy-in policy effective May 2023. Therefore, the requirement of the Plan's surplus assets to meet other requirements (e.g. expenses) has been considered to ensure that the maximum value for these assets can be realised whilst also being invested in such a way that sufficient assets are easily marketable and realisable if and when required. The Trustee understands that Standard Life has exercised their rights and engagement activities to an appropriate degree.

### **Manager selection exercises**

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One of the main ways in which the Trustee's policies can be expressed is via Investment Manager selection exercises. In particular, the Trustee seeks advice from the Investment Consultant on the extent to which its views on ESG and climate change risks can be taken into account during these selection exercises.

In November 2024 the Trustee received advice from the Investment Consultant on suitability of the HSBC Sterling Liquidity Fund. Given the nature of the fund and the ongoing relationship with HSBC, ESG factors were not identified as material and no wider investment universe has been considered.

### Ongoing governance

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The Trustee does not engage individually with the assets underlying the bulk annuity contract in relation to the Plan's Defined Benefit Section. Therefore, the day to day social, environmental and ethical investment decisions are delegated to Standard Life, who are viewed as the investment manager.

Beyond the governance work currently undertaken, the Trustee believes that their approach to, and policy on, ESG matters will evolve over time based on factors including developments within the industry. In particular, whilst the Trustee have not, to date, introduced specific stewardship priorities, they will monitor the results of those votes deemed by the managers to be most significant in order to determine whether specific priorities should be introduced and communicated to the managers.

### Adherence to voting and engagement policies

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As noted previously, the Trustee has delegated responsibility for the exercising of rights (including voting rights) attached to the Plan's investments to the Insurer and the applicable Investment Managers, and encourages them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

The main asset class where the Investment Managers exercise voting rights on behalf of the Trustee is equities. After the purchase of the buy-in policy the Plan has not held equities, hence, there is no voting information to report for the reporting period.

## 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                 |
| <b>Structure</b>                                                                    | Pooled                                                                                                                  | Pooled        | Pooled      | Pooled      | Pooled      | Pooled                      |
| <b>Ability to influence voting behaviour of manager</b>                             | The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour |               |             |             |             |                             |
| <b>Number of company meetings the manager was eligible to vote at over the year</b> | 10,425                                                                                                                  | 10,492        | 9,493       | 9,493       | 9,541       | 9,634                       |
| <b>Number of resolutions the manager was</b>                                        | 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                 |
| <b>eligible to vote on over the year</b>                                                                               |                                            |               |             |             |             |                             |
| 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 <i>with</i> 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 <i>against</i> 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 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.<br>Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board.<br>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.<br>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.<br>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.