

Marston's PLC Pension and Life Assurance Scheme – Annual Engagement Policy Implementation Statement

Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ('SIP') produced by the Trustee, has been followed during the year to 30 September 2025. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 (as amended) and the guidance published by the Pensions Regulator.

Investment Objectives of the Scheme

The Trustee believes it is important to consider the engagement policies in place in the context of the investment objectives they have set.

The Trustee's principal medium term objective, included in the SIP, is for the Scheme to maintain a fully funded status on the Technical Provisions basis while controlling funding volatility.

The Trustee will look to incrementally improve the funding position over time by taking a modest level of investment risk such that the expected return on the assets is higher than that of the liabilities. In seeking to achieve this principal objective, the Trustee seeks to invest funds in order to meet the current and future benefits which the Scheme provides.

The Trustee will target a high level of cashflow matching in order to manage market timing risk. The Trustee will also look to gradually improve liquidity of the Scheme's investments over time as the Scheme matures.

The Trustee will hold investments a diversified portfolio of growth fixed income investments such as corporate bonds, government bonds and derivatives in order to deliver the required expected returns in a risk controlled way. The Trustee will also invest in annuity contracts (buy-in policies) to reduce liability risks including longevity risk.

Over the 12 months to 30 September 2025, there were no changes to the Scheme's investment strategy, however post year-end the Scheme did invest in a new Multi-Asset Credit Mandate with Manulife | CQS. Further details around this change will be included in the 2026 Engagement Policy Implementation Statement.

Assessment of how the policies in the SIP have been followed for the year to 30 September 2025

The information provided in the following section highlights the work undertaken by the Trustees during the year, and longer term where relevant, and sets out how this work followed the Trustees' policies in the SIP.

The strategic benchmark has been determined using appropriate economic and financial assumptions from which expected risk/return profiles for different asset classes have been derived. These assumptions apply at a broad market level and are considered to implicitly reflect all financially material factors.

Policies in relation to the Scheme's investment strategy, day-to-day management of the assets, and associated risks

Please refer to Sections 4, 5 and 6 of the SIP for the Scheme's policies around its investment strategy, the day to day management of the assets, and the associated risks.

The Trustee's investment strategy is to invest in a diversified range of investments that will deliver the expected return required to meet the above objectives and to support the Technical Provisions discount rate whilst being expected to improve the funding level over time.

The Trustee will hold a diversified portfolio of growth income investments in order to deliver the required expected returns in a risk controlled way. The Trustee will also invest in annuity contracts (buy-in policies) to reduce liability risks including longevity risk.

The Scheme's investment consultant supplies the Trustee with the following on a quarterly basis for each of the Fund's investments:

- Investment returns and performance commentary;
- Updates and developments, if applicable, for each manager and fund;
- A Manager Research rating;
- A view on the level of ESG integration for each strategy the Scheme invests in.

The Trustee uses Trustee meetings to ask questions of the investment consultant, and will also invite managers to present directly to the Trustee from time to time.

The Trustee recognises risk (both investment and operational) from a number of perspectives in relation to the investments held within the Scheme. As detailed in Section 5 of the SIP, the Trustee considers both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, and the choice of fund managers.

As the Scheme invests in pooled investment vehicles, with the exception of the LDI mandate, the Trustee accepts that they have no ability to specify the risk profile and return targets of the manager, but believe that appropriate mandates can be selected to align with the overall investment strategy.

The Trustee recognises the need to hold investment managers and advisers to account. Whilst the day-to-day management of the Scheme's assets are delegated to the Investment Managers, all other investment decisions including strategic asset allocation and selection and monitoring of Investment Managers is based on advice received from the Investment Consultant. Mercer Limited has been appointed for this purpose.

The intention of the investment objectives is to ensure the Trustee is receiving the support and advice it needs to meet its investment objectives. The objectives set cover both short and long term objectives across strategy, monitoring, compliance and regulation, client servicing and relationship management and member engagement and communications.

In December 2019, the Trustee put in place investment objectives for its Investment Consultancy Provider, Mercer, and its performance will be reviewed on a regular basis. The objectives may be revised at any time but will be reviewed at least every three years, and after any significant change to the Scheme's investment strategy and objectives.

In February 2025, the Trustee updated the investment objectives to reflect the fact that the previous principal objective of achieving full funding on a Technical Provisions basis had been achieved, with the revised goal now being to maintain full funding on this basis, managing

funding volatility, and gradually improving the funding position by taking modest investment risk to achieve asset returns above liabilities.

Policy on ESG, Stewardship and Climate Change

The following work was undertaken during the year relating to the Trustee's policy on ESG factors, stewardship and climate change, and sets out how the Trustee's engagement and voting policies were followed and implemented during the year.

The Scheme's SIP includes the Trustee's policy on Environmental, Social and Governance ('ESG') factors, stewardship and climate change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship. This was last reviewed in February 2025.

The Trustee believes that good stewardship and environmental, social and governance ("ESG") issues may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. The Trustee has given the Investment Managers full discretion when evaluating ESG issues, including climate change considerations, and in exercising rights and stewardship obligations attached to the Scheme's investments.

The Trustee considers how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers, through the use of an ESG framework provided by the Scheme's investment consultant.

The investment consultant's performance report is reviewed by the Trustee on a quarterly basis which includes general ratings and information on ESG relevance for the strategies invested in. All of the managers remained generally highly rated during the year. The investment performance report includes how each investment manager is delivering against their specific mandates.

When reviewing the potential role of a new manager over the course of the year the Trustee considered the ESG characteristics of the manager.

Voting and Engagement Activity

The Trustee requested that the investment managers confirm compliance with the principles of the UK Stewardship Code. All managers confirmed that they are signatories of the current UK Stewardship Code and submitted the required reporting to the Financial Reporting Council in order to be on the first list of signatories for the UK Stewardship Code 2020 that took effect on 1 January 2021.

The most recent Guidance following consultation with the DWP requires trustees to include a description of what they believe to be a significant vote within the Implementation Statement. The voting information is also expected to include details explaining why each vote was categorised as most significant, what the vote was, and why the manager voted in the way it did.

Following this, the Trustee has considered the following areas of focus for the Scheme, deeming a “most significant” vote to be one in relation to any the following:

- Votes relating to top holdings, as defined by a given mandate’s 10 largest holdings;
- Votes relating to the topic of climate change;
- Votes relating to board governance topics including diversity and inclusion.

The Trustee will keep this definition under consideration based on emerging themes within internal discussions and from the wider industry.

The Trustee has delegated their voting rights to the investment managers, and does not use the direct services of a proxy voter.

Where applicable, investment managers are expected to provide voting summary reporting on a regular basis where applicable, at least annually. As part of this monitoring, the Trustee will engage with the Scheme’s investment managers where appropriate to understand the activity undertaken in relation to these topics.

The Scheme’s investment managers are now primarily fixed income based where there are few/no voting rights, however managers will still engage with companies on ESG matters.

When the investment managers present at Trustee meetings, the Trustee asks the investment managers to highlight key voting activity and the impact on the portfolio.

The Scheme’s investment managers engaged with companies over the year on a wide range of different issues including Environmental, Social and Governance factors. This included engaging with companies on climate change to ensure that companies were making progress in this area and better aligning themselves with the wider objectives on climate change in the economy (i.e. those linked to the Paris agreement).

The Scheme’s managers provided examples of instances where they had engaged with companies they were invested in/about to invest in which resulted in a positive outcome. These engagement initiatives are driven mainly through regular engagement meetings with the companies that the managers invest in. The resolutions are often co-filed by a number of investors who indicate or not their support for the resolution to the company’s management. Summaries provided by the investment managers are set out below:

BlackRock

At the 30 September 2025 year end, the Scheme held only fixed income investments with BlackRock. As an investor in fixed income, it is important to note that there is more limited scope for engagement (relative to equity investors that can vote on resolutions etc.), however we have included wording from BlackRock below in relation to their engagement and reporting policies within this area.

Blackrock believes that effective disclosure can lead to real change in how companies are managed for the benefit of all stakeholders. Their Investment Stewardship team is a key partner for all investment teams at BlackRock. Their Investment Stewardship efforts, including their direct engagement and voting activities, encourage companies to deliver long-term, sustainable growth and returns for their clients.

Partnership across teams at BlackRock ensures they can leverage insights and knowledge, and bring the voice of all stakeholders, including corporate bond holders, to the table.

BlackRock's footprint in the fixed income markets also means that they have substantial opportunity to engage with sovereigns and debt management offices, issuers of securitized bonds, rating agencies, index providers as well as partnering with their public policy teams regarding ESG regulation, policy, and disclosure. BlackRock can also play a role in promoting awareness, disclosure, fostering debate, and highlighting risks, across various financial market participants.

Engagement is core to BlackRock's stewardship program as it helps them assess a company's approach to governance, including the management of relevant environmental and social factors.

BlackRock Investment Stewardship's (BIS) Engagement Priorities reflect the five themes on which they most frequently engage companies, where they are relevant, as these can be a source of material business risk or opportunity. As such, they may impact companies' ability to deliver the long-term financial returns on which their clients depend to meet their investing goals. The vast majority of BIS' work is focused on corporate governance. In BlackRock's experience, sound governance is critical to the success of a company, the protection of investors' interests, and long-term financial value creation.

BIS' work aligns with BlackRock's fiduciary responsibilities as an asset manager to always act in their clients' best financial interests. BIS takes a constructive, long-term approach to engagement with companies and focuses on the drivers of risk and financial value creation in their business models. Engagement is core to BlackRock's stewardship efforts as it provides them with the opportunity to improve their understanding of a company's business model and the risks and opportunities that are material to how they create financial value, including business relevant sustainability-related risks and opportunities.

Engagement is core to BlackRock's stewardship program as it helps them assess a company's approach to governance, including the management of relevant environmental and social factors. To that end, they conduct more than 2,500 engagements a year on a range of ESG issues likely to impact their client's long-term economic interests.

BIS' Engagement Priorities for 2025 are consistent with those from prior years as they continue to reflect the corporate governance norms:

- Board quality and effectiveness – Quality leadership is essential to performance. Board composition, effectiveness, diversity and accountability remain top priorities.
- Strategy, purpose and financial resilience – A purpose driven long-term strategy, underpinned by sound capital management, supports financial resilience.
- Incentives aligned with value creation – Appropriate incentives reward executives for delivering sustainable long-term value creation.
- Climate and natural capital – Business plans with targets to advance the transition to a low-carbon economy. Managing natural capital dependencies and impacts through sustainable business practices
- Company impacts on people – Sustainable business practices create enduring value for key stakeholders – employees, customers, suppliers and communities

The priorities outlined above are aligned with the firm's commitment to make sustainability BlackRock's standard for investing and to support the goal of net zero greenhouse gas emissions by 2050 or sooner.

BlackRock has as an ESG Capital Markets working group, including investment professionals globally across fixed income asset and capital markets, specifically focused on driving

innovation and diversifying issuance in ESG oriented fixed income securities, working directly with issuers and dealers to expand issuance across sectors and market new concepts. They have been a signatory of the UN Principles of Responsible Investment (UN PRI) since 2008 and as such make sure that ESG factors are incorporated and adhered to in their approach to investment and engagement.

BlackRock are also a founding member of the Task Force on Climate-related Financial Disclosures (TCFD) and since 2017 have been working to increase the transparency of their climate related disclosures.

Insight

Insight aims to build a better future for their clients. To achieve this, they work to support stable and resilient social, environmental and economic systems and efficient, well-managed financial markets. These, in turn, will help them to achieve their clients' target investment outcomes. Insight believe integrating ESG issues into their investment processes, and in their dialogue with issuers and other stakeholders, supports better investment decisions and can have the potential to help clients achieve their desired outcomes. They have provided the following wording in relation to the firm's engagement activities:

“Engagement is a central pillar of our stewardship responsibilities and investment research process. Our engagement activity focuses on a broad range of groups, reflecting the diversity of our client base and investment strategies. As a major player in corporate bond markets, majority of our direct engagements are with corporate issuers. However, a significant proportion of our activity also involves sovereigns, financial counterparties, and collaborative work with regulators and industry bodies.

Our stewardship approach balances engagement at the individual issuer level with efforts to address market-wide and systemic risks. Our engagement with individual issuers is designed to protect and enhance investment returns and secure client outcomes. We prioritise topics for engagement using our proprietary Prime ESG and climate risk ratings, focusing on financially material issues, including climate change, natural capital and biodiversity, and labour management. Engagements are tracked and escalated as necessary, with clear objectives and outcomes. Alongside issuer-specific engagement, we devote significant resources to identifying and responding to systemic risks that affect our clients and the wider financial system.

Our collaborative work and policy advocacy are integral to our stewardship strategy, recognising that many sustainability challenges require collective action and systemic solutions. Our prioritisation approach ensures that both direct and indirect (systemic) risks are addressed, and our engagement themes for 2024 and 2025 remain focused on climate change, natural capital and biodiversity, and labour management (including human rights for sovereigns).”

Over the reporting period Insight engaged with 686 entities and had a total of 2,785 engagements across 932 meetings.

M&G Investments

In line with the wider group, M&G operate a 'three lines of defence' model to govern their approach to risk management, which provides a framework of responsibilities and accountabilities across the business.

From a first line perspective, investment teams are responsible for identifying, assessing and managing sustainability risks (inclusive of climate), alongside other risks to investments. Investment desks are supported by the Stewardship and Sustainability (S&S) function which acts as a dedicated central ESG resource for the whole of M&G Investments, providing tools, training and resources to their relevant investment professionals to allow them to consider financially material sustainability risks and opportunities for the issuers they cover – for example relating to areas such as investment research and coordination of stewardship activities.

Sustainability-related factors are considered at every stage of the investment lifecycle, with the detailed framework by asset class described within the M&G Investments ESG Integration and Sustainable Investing Policy which is a key mechanism for managing sustainability risks across the investments they manage across M&G Investment Management Limited (MAGIM), M&G Alternatives Investment Management Limited (MAGAIM) and M&G Securities Limited (MGSL). M&G leverage proprietary ESG research and tools to aid the investment decision-making process as laid out in the policy to oversee compliance with their sustainability and climate related targets and restrictions.

Their Risk and Compliance functions act as the second line of defence, responsible for reviewing and challenging risk management practices by the first line and providing guidance. As part of its remit, the Group's ESG Compliance function also monitors emerging sustainability-related regulatory requirements through horizon scanning, and drives integration across the relevant activities of the business.

The Group's Internal Audit function represents the third line. It supports the entity-level boards and senior management by providing independent assurance over the first and second lines of defence. For example, assurance activity covers assessment of governance arrangements and controls practices as they relate to climate risk, and thematic reviews such as evaluation of regulatory disclosures.

In addition, stewardship is an important part of M&G's approach through engagement with issuers to encourage action to address material ESG risks and take advantage of opportunities. M&G recognizes climate change as a material financial risk and, as a member of Net Zero Asset Managers initiative (NZAMi), has committed to support achieving net-zero greenhouse gas emissions by 2050.

M&G has also provided the Trustee with their approach to engagement in relation to the Illiquid Credit Strategies in which the Scheme invests, which is set out below:

"We work closely with our ESG team and credit analysts, in order to analyse and assess ESG factors prior to investment. For private credit assets, in which this strategy invests, ESG data is not generally widely available publicly. The team therefore utilises a combination of internally developed and third party resources in the provision of ESG data in order to monitor the strategy's ESG exposures. We have partnered with external ESG data providers specializing in the procurement and reporting of this data. Findox is used to provide ESG data for Broadly Syndicated Loans, including SFDR and TCFD-compliant metrics. We have engaged Dasseti to provide data for our wider private debt book outside of Broadly Syndicated Loans. The aim of using both providers in tandem is to build out meaningful ESG data coverage of companies who are currently under no regulatory obligation to provide this data. MSCI is the main third party data provider used within M&G for public ESG data and is also used for this strategy, where available and appropriate."

Over the last 12 months, some of the key engagement activity on behalf of the Trustee was as follows:

BlackRock

Engagement is core to BlackRock's stewardship program as it helps them assess a company's approach to governance, including the management of relevant environmental and social factors. In the 2024-25 proxy year, BIS held more than 2,500 engagements with 1,900+ unique companies in 44 markets. Engagement may also inform our voting decisions for those clients who have given BlackRock authority to vote on their behalf. In case of concerns, BlackRock typically raise these through dialogue with board members and management teams first.

Additionally, BlackRock provided examples of where they have engaged with a company with which the Scheme is invested through its Buy and Maintain Credit mandate. We show one of these examples below:

- Barclays - BlackRock's stewardship engagement with Barclays has been long-running and focused on climate strategy, risk management and governance.

Since 2019, BlackRock's stewardship team and investment teams have held multiple meetings with Barclays' Chair, senior executives, sustainability leaders and investor relations to understand board oversight, corporate strategy and the bank's management of climate-related risks and opportunities.

In 2022, BlackRock supported Barclays' management proposal asking shareholders to approve its Climate Strategy, Targets and Progress, while noting that 19% of shareholders opposed it. In 2025, BlackRock Active Investment Stewardship and active teams met again with Barclays' leadership to review its ambition to be a net zero bank by 2050, its target to facilitate \$1 trillion of sustainable and transition financing between 2023–2030, and sector-specific decarbonization targets, and to provide feedback on planned disclosure updates.

BlackRock views Barclays as making robust progress in developing, implementing and transparently disclosing its low-carbon transition plans, reinforced by the bank's 2025 Transition Update and its responsiveness to ongoing shareholder feedback.

Insight

Insight highlighted the below engagement during the year in reference to the Scheme's holdings:

- Insight engaged repeatedly with Pepper, a major Australian issuer, to improve ESG integration in its lending and disclosure practices.

Initially, Insight identified that ESG was not incorporated into Pepper's loan origination and underwriting, nor reflected in corporate or issuer-level disclosures. In Q4 2022, Insight (via a senior portfolio manager) raised these concerns directly with Pepper's Deputy Head of Treasury. Pepper acknowledged the gaps and agreed ESG disclosures needed to improve, with plans to build ESG metrics into annual reports, although immediate changes to origination policies were not planned. Follow-up meetings in Q2 2023 focused on Pepper's new product range and EPC (energy performance certificate) data.

Pepper began showing borrowers potential EPC improvements to their properties, linking this to new business (including cash-back opportunities for an EPC-focused second lien loan), and started exploring providing EPC data to investors, despite limited broader investor demand. Further engagements in Q4 2024 and Q1 2025 covered new issuance patterns and Pepper's lending expansion into Iberia, bringing Pepper Iberia into the wider engagement. Overall, the outcome so far is positive on improving ESG and loan-level disclosures (subject to review of the updated annual reports), while loan origination practices and ESG integration in underwriting remain areas requiring continued engagement.

M&G Investments

M&G had provided the bellow engagement during the year in reference to the Scheme's holdings within ICOF VII:

- M&G engaged with Infinity (Infinity Bidco 1 Ltd), with the aim of improving sustainability practices in its supply chain around billet suppliers.

Representatives from M&G's Private Credit and Stewardship & Sustainability teams held a call with the Head of Sustainability and the ESG Managing Director at Astorg, the company's private equity sponsor.

M&G sought improved disclosure on the process used to ensure the sustainability of billet suppliers and on progress with wider sustainable supply chain initiatives.

Corialis (the relevant portfolio company) completed a supplier sustainability risk-mapping exercise in 2022, with high-risk suppliers subject to further audits, on-site visits and self-assessments. All billet suppliers, identified as the largest emissions contributors, receive responsible sourcing training and are assessed using EcoVadis. The risk-mapping exercise is scheduled to be renewed in 2025.