Whitbread Group Pension Fund
UK Stewardship Code Statement

Introduction

The Trustee of the Whitbread Group Pension Fund (the "Fund") seeks to be a responsible long-term steward of capital in pursuit of its fiduciary duty.

The Trustee supports the UK Stewardship Code ("the Code") which it recognises as best practice; this statement describes how the Trustee implements the principles of the Code.

The Trustee has appointed a number of investment managers with delegated authority to invest the Fund's assets, within mandated guidelines and restrictions. In practice, the Trustee delegates responsibility for the selection, retention and realisation of investments to numerous external investment managers and in so doing, it also delegates day-to-day implementation of its stewardship activity. The Trustee believes that this approach is compatible with its stewardship responsibilities as it is the most effective and efficient manner in which it can promote and carry out stewardship activities in respect of its investments, and ensure the widest reach of these activities given the Fund's investment arrangements.

The Trustee recognises its position as an asset owner with ultimate responsibility to its members and beneficiaries and recognises that effective stewardship can help protect and enhance the long-term value of its investments to the ultimate benefit of its beneficiaries. The adopted approach to stewardship is framed in that context.

Principle 1 - Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities

The Trustee sets out its approach to stewardship in the Fund's Statement of Investment Principles and in this Statement. Both are available to the Fund's members, and the latter is available publically via the Financial Reporting Council (FRC) website. These policies are reviewed periodically by an Investment Sub Committee and revised as necessary to ensure they remain appropriate and effective.

Principle 2 - Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed

Day-to-day implementation of the Fund's stewardship activity has been delegated to external investment managers. The Trustee expects its investment managers to document their approach to stewardship, which should include how they manage any conflicts of interest that arise to ensure that the interests of the Fund's members are prioritised.

The Trustee receives, and reviews annually, reporting provided by the Trustee's investment consultant which summarises the ESG integration and stewardship (voting and engagement) activities of its external investment managers and highlights areas of potential concern. For equity investment managers this includes:

- consideration of whether the investment manager's policy includes: an explanation of how they act in the best interests of clients; how conflicts of interest are identified; and the process followed when a conflict of interest is seen to exist; and
- a summary of voting and engagement activities in a consistent form.

The Trustee also has a conflicts of interest policy and register in place.

Principle 3 - Institutional investors should monitor their investee companies

The Trustee requires its external equity investment managers to monitor investee companies. Issues to be monitored are likely to vary, however typically these might include a company's corporate strategy, financial performance, risk (including those from environmental and social factors), capital structure, leadership team and corporate governance. The Trustee encourages its investment managers to satisfy themselves that investee companies adhere to the spirit of the UK Corporate Governance Code.

The Trustee receives, and reviews annually, reporting provided by the Trustee's investment consultant which summarises the ESG integration and stewardship (voting and engagement) activities of its external investment managers and highlights areas of potential concern. For equity investment managers this includes consideration of:

- who has overall responsibility for ESG risk analysis and integration;
- resources and experience of the team;
- at what stages of the process ESG risks are considered;

The Trustee does not expect itself to be made an insider given the delegation of investment decision-making in place for the Funds.

Principle 4 - Institutional investors should establish clear guidelines on when and how they will escalate their stewardship activities

The Trustee recognises that the use of proxy votes and constructive engagement with company management can help protect and enhance shareholder value. Typically, the Trustee expects its investment managers to intervene with investee companies when they view that there are material risks or issues that are not currently being adequately addressed.

Day-to-day implementation of the Fund's stewardship activity has been delegated to external investment managers. The Trustee expects its investment managers to escalate their stewardship activities when issues are not being addressed to ensure that the interests of the Fund's members are prioritised.

The Trustee receives, and reviews annually, reporting provided by the Trustee's investment consultant which summarises the ESG integration and stewardship (voting and engagement) activities of its external investment managers and highlights areas of potential concern. For equity investment managers this includes consideration of:

- overall engagement statistics (volume and areas of focus);
- example of most intensive engagement activity; and

Given the range of fund managers and Fund investments, the Trustee carries out its monitoring at the manager level to identify:

- trends to ensure progress is being made in stewardship activities;
- specific managers where progress or the rate of progress is not adequate; and
- appropriate specific actions necessary.

Principle 5 - Institutional investors should be willing to act collectively with other investors where appropriate

As day-to-day management of the Fund's assets has been delegated to external investment managers, the Trustee is unlikely to be directly involved in collective engagement activity. However, the Fund's investment managers are encouraged to get involved in collective engagement where this is an efficient means to protect and enhance long-term shareholder value.

The Trustee receives, and reviews annually, reporting provided by the Trustee's investment consultant which summarises the ESG integration and stewardship (voting and engagement) activities of its external investment managers and highlights areas of potential concern. For equity investment managers this includes consideration of:

- whether the investment manager's policy specifies their stance on collaborative engagement activities; and
- the extent to which the investment manager contributes to these efforts.

The Trustee is open to work with other investors in either formal or informal arrangements to enhance the impact of their engagement activities should such a situation arise.

In addition to the stewardship activity delegated to its investment managers, the Trustee expects to benefit indirectly from the collective activity of its investment consultant, who employs Hermes Equity Ownership Services (Hermes EOS) to undertake public engagement on behalf of its asset owner client base. Public engagement activity involves Hermes EOS working with policy makers and institutions to encourage policies and standards to be aligned to the interests of shareholders.

The Trustee aims to keep abreast of industry best practice, and supports the work of industry groups such as the Pensions and Lifetime Savings Association (PLSA) to promote this. The Trustee would only expect to be involved directly in collective engagement in exceptional circumstances, and most likely through industry organisations such as the PLSA.

Principle 6 - Institutional investors should have a clear policy on voting and disclosure of voting activity

The Trustee has delegated its voting rights to the Fund's investment managers and expects them to vote whenever it is practical to do so. The Fund's investment managers are encouraged to have a documented voting policy in line with relevant industry best practice and to disclose this publicly.

The Trustee receives, and reviews annually, reporting provided by the Trustee's investment consultant which summarises the ESG integration and stewardship (voting and engagement) activities of its external investment managers and highlights areas of potential concern. For equity investment managers this includes consideration of:

- whether the manager has a voting policy d;
- whether client-directed voting policies can be applied;
- the level of voting activity which is disclosed to clients and the level of voting activity which is disclosed publicly;
- whether the investment manager typically informs companies of their rationale when voting against or abstaining (and whether this is typically in advance of the vote or not);
- whether a third party proxy voting service provider is used and, if so, how.

The Fund does not participate in stock lending through its custodian.

Given the range of fund managers and Fund investments the Trustee carries out its monitoring at the manager level to identify:

- trends to ensure progress is being made in stewardship activities;
- specific managers where progress or the rate of progress is not adequate; and
- appropriate specific actions necessary.

Principle 7 - Institutional investors should report periodically on their stewardship and voting activities

The Trustee expects and encourages investment managers to disclose their voting records publicly in an appropriate format.

The Trustee receives, and reviews annually, reporting provided by the Trustee's investment consultant which summarises the ESG integration and stewardship (voting and engagement) activities of its external investment managers and highlights areas of potential concern. For equity investment managers this includes consideration of:

- the level of transparency offered by the individual investment managers;
- the level and frequency of standard regular reporting offered by the individual investment managers;

This statement is reviewed regularly and updated as necessary
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For further information please contact: Group Pensions Director: Lesley.Williams@whitbread.com