

AB InBev UK Pension Plan (the “Plan”) – Annual Implementation Statement

Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles (‘SIP’) produced by the Trustee has been followed during the year to 31 December 2020. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator. The table later in the document sets out the how, and the extent to which, the policies in the Defined Contribution (“DC”) Section of the SIP have been followed.

Investment Objectives of the Plan

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Plan with respect to the DC Section included in the SIP are as follows:

- To offer members a pre-defined lifestyle switching strategy as the default option and ensuring that the investment strategy allows members to plan for retirement;
- To make some funds available which provide an opportunity for good long term rates of return;
- To make other pre-defined lifestyle switching strategies available which seek to offer protection for members’ accumulated assets against sudden (and sustained) reductions in capital values or in the amount of pension that can be purchased;
- To consider the cost and complexity of the Plan’s investment range in terms of administration and communication; and;
- To offer members the choice to tailor the investments to their own personal and financial circumstances.

Review of the SIP

During the year, the Trustee reviewed the Plan’s SIP. A revised SIP was signed in August 2020 in order to reflect new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019 relating to the following:

- How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustee’s policies in the SIP.
 - How that arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.
 - How the method (and time horizon) of the evaluation of asset manager’s performance and the remuneration for asset management services are in line with the Trustee’s policies mentioned in the SIP.
 - How the Trustee monitors portfolio turnover costs incurred by the asset manager and how they define and monitor targeted portfolio turnover or turnover range.
 - The duration of the arrangement with the asset manager.
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Assessment of how the policies in the SIP have been followed for the year to 31 March 2020

The information provided in this section highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustee's policies in the SIP, relating to the Plan as a whole and the default investment arrangement. The SIP is attached as an Appendix and sets out the policies referenced below.

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	Requirement	Policy	In the year to 31 December 2020
1	Securing compliance with the legal requirements about choosing investments	<i>In adherence to Section 36 of the Pensions Act 1995, the Trustee will always take proper written advice from an authorised investment consultant before selecting any fund, changing strategy, or changing providers.</i>	<p>No new investments were implemented during the period.</p> <p>In August 2020, the Trustee reviewed the ongoing suitability and performance of the Plan's investments, as well as developments within the industry regarding how members are taking their benefits at retirement.</p> <p>Following the review, the Trustee decided to:</p> <ul style="list-style-type: none"> ○ Change the at-retirement target of the default investment strategy to drawdown instead of cash. ○ Reduce risk in the growth phase by reducing the allocation to equities and introducing the AB InBev Pre-retirement Fund. ○ Introduce a specialist drawdown fund (the LGIM Retirement Income Multi-Asset) to be included in the Drawdown Ready Lifestyle strategy. ○ Add new funds in the self-select range, including the component funds of the new lifestyle strategies and introducing a sustainable equity fund. <p>The above changes took place in 2021.</p> <p>The Trustee obtained advice from their FCA regulated investment adviser in relation to the suitability of the Plan's investments.</p>
2	Kinds of investments to be held	<i>The Trustee has made available a default option. The default option places the emphasis on aiming to deliver a good level of real return over members' working lifetimes (whilst mitigating risk through diversification) and also encompasses a switch into asset classes designed to reduce the volatility of members' account values, in the years approaching their selected target retirement age. The Trustee believes that members should make their own investment</i>	<p>As noted above, there were no changes over the year.</p> <p>The default investment option was reviewed in August 2020 and represents an important exercise for the Trustee that covers the majority of the investment policies that are in place.</p> <p>The investments (fund type, management style and asset allocations) used in the default strategy were reviewed as part of this exercise. A number of changes were planned as a result of the review, detailed under requirement one.</p> <p>As part of the implementation of these changes, the reference to the types of investments used in the default strategy will be updated in the SIP.</p> <p>The details of the types of investment referenced in the SIP remains consistent with the fund range offered to members at the end of the Plan year.</p>

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		<i>decisions based on their individual circumstances. The Trustee regards their duty as making available a range of suitable pooled investment vehicles sufficient to enable members, where they choose to, to tailor the investment strategy to their own needs.</i>	
3	The balance between different kinds of investments	<i>Members can combine the investment funds in any proportion in order to determine the balance between different kinds of investments. This will also determine the expected return on a member's assets and should be related to the member's own risk appetite and tolerances. Each of the available funds is considered to be diversified across a reasonable number of underlying holdings / issuers.</i>	The strategic asset allocation of the default investment option is reviewed on a triennial basis, with expected risk and return requirements being considered as part of the review. The date of the last review was August 2020. A review of self-select options also formed part of the triennial investment review. The Trustee monitors the performance of the default investment strategy and self-select range against stated objectives/benchmarks on a regular basis through quarterly investment reports. In addition, the Trustee's investment adviser assigns ratings to the Plan's funds, which the Trustee uses as part of their assessments. The Trustee's investment adviser also notes any other relevant developments at the underlying investment managers. Part of the rating process is to consider risk management.
4	Risks, including the ways in which risks are to be measured and managed	<i>The Trustee recognises risk (both investment and operational) from a number of perspectives in relation to the self-select funds and the default investment option.</i>	The Trustee considers both quantitative and qualitative measures for risks when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes. The Plan maintains a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarises existing mitigations and additional actions.
5	Expected return on investments	<i>The funds available are expected to provide an investment return commensurate with the level of risk being taken.</i>	Investment performance reports are reviewed by the Trustee on a regular basis, which the Trustee uses to monitor the performance of each fund against respective objectives/benchmarks on a quarterly basis.

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		<i>In designing the default option, the Trustee has explicitly considered the trade-off between risk and expected returns. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members.</i>	The investment performance report includes how investment managers are delivering against their specific mandates. The review of the default option, carried out in August 2020, considered risk and return.
6	Realisation of investments	<i>The Trustee's administrators will realise assets following member requests on retirement or earlier where required. The Trustee considers the liquidity of the investment in the context of the likely needs of members.</i>	The Trustee receives an administration report on a quarterly basis to monitor that core financial transactions are processed within service level agreements (SLAs) and regulatory timelines. As confirmed in the Chair's Statement, the Trustee is satisfied that all requirements were met throughout the year – with 99.9% of SLAs being achieved. All funds are daily dealt pooled investment vehicles, accessed by an insurance contract. This has been adhered to throughout the Plan year.
7	Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments	<i>The Trustee considers financially material considerations in the selection, retention and realisation of investments. Within the funds consideration of such factors, including environmental, social and governance factors, is delegated to the investment manager. Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.</i>	The Trustee reviews, on a regular basis, investment performance reports – the Trustee's investment adviser separately advises on investment fund ratings (both general and ESG specific). The Plan'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. In order to establish these beliefs and produce this policy, the Trustee undertakes investment training with support from their professional adviser. The Trustee keeps their policies under regular review, with the SIP subject to review at least triennially. Where managers may not be highly rated from an ESG perspective, the Trustee continues to monitor them. When implementing a new manager they would consider the ESG rating of the fund.

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			<p>The Trustee acknowledges that fixed income funds often do not have a high ESG rating assigned by the investment adviser, due to the nature of the asset class where it is harder to engage with the issuer of debt.</p> <p>The investment performance report includes how investment managers are delivering against their specific mandates.</p>
8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	<i>The Trustee does not actively canvass members to ascertain their investment views; however, if a member expressed an investment preference the Trustee would consider the implications.</i>	The Trustee would consider any member views volunteered to them in respect of the selection, retention and realisation of investments.
9	The exercise of the rights (including voting rights) attaching to the investments	<i>Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.</i>	<p>The Trustee does not own securities directly and have therefore, in effect, delegated voting to the investment managers, through investment in pooled funds. As such, this activity is expected to be undertaken on behalf of the Trustee. The Trustee does not use the direct services of a proxy voter; however, the investment managers may enlist the service of a proxy voter when required.</p> <p>Investment managers are expected to provide voting summary reports on a regular basis, at least annually. These reports will be reviewed by the Trustee to ensure that they align with the Trustee policies.</p> <p>The Trustee considers the investment adviser's assessment of how each underlying investment manager embeds ESG into its investment process and how the manager's responsible investment philosophy aligns with the Trustee's own responsible investment policy. This includes the underlying investment managers' policy on voting and engagement. The Trustee will use this assessment in decisions around selection, retention and realisation of manager appointments.</p> <p>During the Plan year, the Trustee has not actively challenged their managers on voting activity. Going forwards, the Trustee plans to be more active in reviewing and challenging voting activity where appropriate.</p> <p>The Trustee has requested more information on voting records from the platform provider, with whom there is a direct legal relationship. This information was not</p>

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			available at the time of writing, reporting in this area is expected to evolve as information becomes more readily available, in line with regulations.
10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, Trustees would monitor and engage with relevant persons about relevant matters)	<p><i>The Trustee accepts the assets are subject to the Fund Provider's own policies on corporate governance. The Trustee's policy is that day-to-day decisions relating to the selection, retention and realisation of the Plan's investments are left to the discretion of the investment managers.</i></p> <p><i>This includes consideration of all financially material factors, including ESG-related issues where relevant.</i></p> <p><i>The Trustee explores these issues with its advisers to understand how the investment managers exercise these duties in practice</i></p>	<p>Investment managers will be expected to provide reporting on a regular basis, at least annually. This will be directly or via Fidelity as the investment platform provider. The Trustee will review these reports going forwards.</p> <p>The Trustee requested more information on engagement activity from the platform provider, with whom there is a direct legal relationship. Not all of this information was available at the time of writing, but reporting in this area is expected to evolve as information becomes more readily available, in line with regulations.</p> <p>As the Plan invests in pooled funds, the Trustee relies on their investment managers to engage with the investee companies on their behalf. The Trustee is looking to enhance their reporting on manager engagement by reviewing annual voting and engagement reports.</p>
11	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustees' policies	<p><i>The Trustee appoints investment managers based on their capabilities and their perceived likelihood of achieving the expected return and risk characteristics required for the asset class for which they were selected.</i></p>	<p>In the year to 31 December 2020, the Trustee remains happy that the contractual arrangements in place continue to incentivise the managers to make decisions based on medium to long-term financial and non-financial performance.</p>
12	How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term	<p><i>The Trustee can meet with its managers to review the decisions made by their managers and can challenge such decisions to try to ensure the best long term</i></p>	<p>In the year to 31 December 2020, the Trustee remains happy that the contractual arrangements in place continue to incentivise the managers to make decisions based on medium to long-term financial and non-financial performance.</p> <p>The Trustee appoints investment managers based on their capabilities and their perceived likelihood of achieving the expected return and risk characteristics</p>

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	<p>financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.</p>	<p><i>performance over the medium to long term. Managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustee is dissatisfied, then they will look to replace the manager, but may ask the manager to review their fees instead of terminating the mandate.</i></p>	<p>required for the asset class for which they were selected. Value for money is also a key consideration and, as part of the annual Value for Members (“VFM”) assessment, the Trustee reviews investment manager fees and turnover costs. The Trustee’s focus is on longer-term performance, but shorter-term performance is monitored to ensure any concerns can be identified in a timely manner. The Trustee reviews both absolute and relative performance of the Investment Managers products (or funds) on a quarterly basis, including assessments of both shorter and longer time horizons. The Trustee is a long term investor, all funds are open-ended and therefore there is no set duration for manager appointments. The Trustee may also choose to remove a fund from the fund range, if no longer considered appropriate. The fund range is formally reviewed on at least a triennial basis.</p> <p>Below managed funds have equity holdings:</p> <ul style="list-style-type: none"> - AB InBev Long Term Growth Fund - AB InBev Diversified Fund - Fidelity Emerging Markets Fund - Fidelity BlackRock UK Equity Index Fund - AB InBev South East Asia Pensions Fund - AB InBev LGIM North American Index - Fidelity BlackRock European Equity Index Fund
13	<p>How the method (and time horizon) of the evaluation of the asset manager’s performance and the remuneration for asset management services are in line with the Trustees’ policies.</p>	<p><i>The Trustee recognises they have a long-term time horizon as set out in SIP. As such, managers are assumed to be held for a suitably long time. Managers’ performance net of fees is therefore reviewed over both short and long time horizons. Remuneration is agreed upon prior to manager appointment and is reviewed on a regular basis.</i></p>	<p>The ISC and Trustee reviews both short term and longer term investment performance on a quarterly basis at ISC and Trustee meetings during the year. The extent to which the aims and objectives of the default arrangement were being met was also assessed as part of the latest default strategy review. The investment management fees were assessed as part of the value for members’ assessment undertaken for the year to 31 December 2020.</p>

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14	<p>How the Trustees monitor portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.</p>	<p><i>Fidelity provides portfolio turnover and turnover costs in their reporting where applicable.</i></p> <p><i>The Trustee does not explicitly monitor portfolio turnover costs across the whole portfolio but on an individual mandate basis. This will form part of the Investment Consultant’s manager research assessment</i></p>	<p>The Trustee asks Fidelity, as the platform provider, to provide portfolio turnover costs on an annual basis to coincide with the plan year-end date. The Trustee is required to assess these costs for value on an annual basis. However, at present, the Trustee notes a number of challenges in assessing these costs:</p> <ul style="list-style-type: none"> ○ No industry-wide benchmarks for transaction costs exist ○ The methodology leads to some curious results, most notably “negative” transaction costs ○ Explicit elements of the overall transaction costs are already taken into account when investment returns are reporting, so any assessment must also be mindful of the return side of the costs <p>As noted in the most recent Chair’s Statement dated 31 December 2020, there is little flexibility for the Trustee to impact transaction costs as they invest in pooled funds. While the transaction costs provided appear to be reflective of costs expected of various asset classes and markets that the Plan invests in, there is not as yet any “industry standard” or universe to compare these to.</p> <p>As such, any comments around transaction costs at this stage can only be viewed as speculative. However, the Trustee will continue to monitor transaction costs on an annual basis and developments on assessing these costs for value.</p>
15	<p>The duration of the arrangement with the asset manager</p>	<p><i>The Trustee is a long-term investor and is not looking to change the investment arrangements on a frequent basis. All the funds are open-ended with no set end date for the arrangement. The fund range and default strategy are reviewed on at least a triennial basis. A manager’s appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategy or general fund range.</i></p>	<p>There were no changes to manager appointments over the year to 31 December 2020.</p> <p>There will be changes to manager appointments during the 2021 Plan year, as described in requirement 1.</p>

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2020 Voting Summary

The Trustee has provided a high-level summary of voting activity by investment managers on the Trustee's behalf covering the 12-month period up to 31 December 2020 below.

For the 2021 reporting cycle, the Trustee will request further information regarding engagement. Engagement will extend across equities as well as other asset classes (such as fixed income and real estate) in light of the 2020 UK Stewardship Code, which calls for engagement across additional asset classes (in addition to equities).

AB InBev LGIM North American Index - Passive

- Legal & General Investment Management (“LGIM”) voted on 100% of the 9,634 resolutions in which they were eligible to do so, 72.3% of the time, they voted in line with management, but voted against management at least once in 7.7% of the meetings in which they attended.
- LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote. All voting decisions are made by LGIM, they do not outsource any part of the strategic decisions.
- Over the prior 12 months, the Trustee has not actively challenged the manager on its voting activity. Going forwards, the Trustee will be more active in reviewing and challenging voting activity.
- Key votes over the year are summarised as follows:
 - In the 11 Dec 2020 meeting with Medtronic plc, LGIM voted against the management, against a resolution to award stock options to executives. LGIM are not supportive of one-off awards in general, particularly when performance criteria were not met. LGIM have engaged with the company communicating its concern over one-off payments.
 - In the 4 November 2020 meeting with Cardinal Health, LGIM voted against the management, against a resolution to pay an above-target bonus to the Company's CEO in the same year that it recorded a charge of \$5.1 billion (after tax) for expected opioid settlement costs. The Company's compensation committee excluded this charge from the Company's earning calculation which resulted in the pay being boosted.
 - In the 27 May 2020 meeting with ExxonMobil, LGIM voted against the management, against a resolution to re-elect a director. In June 2019 LGIM announced it would remove ExxonMobil from its Future World fund range, and would vote against the chair of the board. LGIM support the appointment of an independent Chair of the ExxonMobil board.
 - In the 13 October 2020 meeting with The Proctor & Gamble Company (“P&G”), LGIM voted in favour of for a resolution requiring P&G to report on efforts to eliminate deforestation. P&G use both forest pulp and palm oil within its household good products, the sourcing of these products attributes to deforestation.

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AB InBev Long Term Growth Fund

As the Plan invests solely in pooled funds, the Trustee has delegated its voting rights to the investment managers. The Trustee has requested more information on voting records from the platform provider, with whom there is a direct legal relationship. This information was not available at the time of writing, reporting in this area is expected to evolve as information becomes more readily available, in line with regulations.

AB InBev Diversified Fund

As the Plan invests solely in pooled funds, the Trustee has delegated their voting rights to the investment managers. The Trustee has requested more information on voting records from the platform provider, with whom there is a direct legal relationship. This information was not available at the time of writing, reporting in this area is expected to evolve as information becomes more readily available, in line with regulations.

Fidelity Emerging Markets Fund

As the Plan invests solely in pooled funds, the Trustee has delegated their voting rights to the investment managers. The Trustee has requested more information on voting records from the platform provider, with whom there is a direct legal relationship. This information was not available at the time of writing, reporting in this area is expected to evolve as information becomes more readily available, in line with regulations.

Fidelity BlackRock UK Equity Index Fund

As the Plan invests solely in pooled funds, the Trustee has delegated their voting rights to the investment managers. The Trustee has requested more information on voting records from the platform provider, with whom there is a direct legal relationship. This information was not available at the time of writing, reporting in this area is expected to evolve as information becomes more readily available, in line with regulations.

AB InBev South East Asia Pensions Fund

As the Plan invests solely in pooled funds, the Trustee has delegated their voting rights to the investment managers. The Trustee has requested more information on voting records from the platform provider, with whom there is a direct legal relationship. This information was not available at the time of writing, reporting in this area is expected to evolve as information becomes more readily available, in line with regulations.

Fidelity BlackRock European Equity Index Fund

As the Plan invests solely in pooled funds, the Trustee has delegated their voting rights to the investment managers. The Trustee has requested more information on voting records from the platform provider, with whom there is a direct legal relationship. This information was not available at the time of writing, reporting in this area is expected to evolve as information becomes more readily available, in line with regulations.

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Appendix A - Statement of Investment Principles

AB InBev UK Pension Plan: Defined Contribution and AVC Section Statement of Investment Principles (the DC SIP): 13th August 2020

1 Introduction

- 1.1 The Trustee has produced a Statement of Investment Principles in accordance with Section 35 of the Pension Act 1995, and subsequent legislation
- 1.2 The Trustee has established an Investment Sub-Committee (the ISC) to make investment recommendations to the Trustee, or, if required, to take decisions on behalf of the DC Plan, and the AVC section of the Defined Benefit Plan (the DB Plan)
- 1.3 The ISC is responsible for proposing to the Trustee Board a Default Investment Option, and a range of funds, for individuals who wish to select their own investments, and for monitoring the performance of all funds
- 1.4 Day to day management of the assets is delegated to professional investment managers.
- 1.5 As required under the Act, in preparing the Statement the Trustee has consulted a suitably qualified adviser in obtaining written advice from Mercer. The Trustees, in preparing this Statement, have also consulted Budweiser Brewing Group / AB InBev UK Ltd (“the Company”) as sponsors of the Plan. The advice received and arrangements implemented are in the Trustee’s opinion, consistent with the requirements of Section 26 of the Pensions Act 1995 (as amended).
- 1.6 Overall investment policy falls into two parts. The strategic management of the assets is fundamentally the responsibility of the Trustees and is driven by their investment objectives as set out in Section 2 below. The remaining elements of policy are part of the day to day management of the assets, which is delegated to professional investment managers and described in Section 5.

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2 Investment objectives

2.1 The objectives and risks set out below and other factors referenced in this Statement are those that the Trustees consider to be financially material considerations in relation to the Plan as a whole. The Trustees believe that the appropriate time horizon within which to assess these considerations should be viewed at the member level. This will be dependent on the member's age and when they expect to retire.

The Trustees recognise that members have different attitudes to risk, and that this risk and member needs will change over time. Accordingly, the investment offerings made available through the Plan should acknowledge this. In addition, the Trustees believe that members should make their own investment decisions based on their individual circumstances. The Trustees regard their duty as making available a range of suitable pooled investment vehicles sufficient to enable members, where they choose to, to tailor the investment strategy to their own needs.

The Trustees also recognise that members may not believe themselves qualified or confident to make investment decisions. As such the Trustees have made available a default option. The default option places the emphasis on aiming to deliver a good level of real return over members' working lifetimes (whilst mitigating risk through diversification) and also encompasses a switch into asset classes designed to reduce the volatility of members' account values, in the years approaching their selected target retirement age.

To achieve this, the Trustees have developed the following investment objectives:

- 2.1.1 To offer members a pre-defined lifestyle switching strategy as the default option and ensuring that the investment strategy allows members to plan for retirement;
- 2.1.2 To make some funds available which provide an opportunity for good long term rates of return;
- 2.1.3 To make other pre-defined lifestyle switching strategies available which seek to offer protection for members' accumulated assets against sudden (and sustained) reductions in capital values or in the amount of pension that can be purchased;
- 2.1.4 To consider the cost and complexity of the Plan's investment range in terms of administration and communication; and
- 2.1.5 To offer members the choice to tailor the investments to their own personal and financial circumstances.

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2.2 The “Working Life Strategies” will, on an individual basis, build up a “pension pot fund” by investing contributions in growth equity assets, during the greater part of an individual’s employment, but within 7 years of an individual’s retirement, seek to protect the “fund”, in varying degrees, by gradually switching out of equities – see paragraph 2.2

2.3 Three “Working Life Strategies” are offered with the following key features:-

- “Working Life : Cash Ready” : invests in a composite equity fund (the AB InBev Growth Fund) during the growth phase, and switches to cash, on a quarterly basis, during the 7 year de-risking period (the Default Investment Option)

(The AB InBev Growth Fund is comprised of three separate Fidelity Funds which, when aggregated, have an asset allocation of 30% UK Equities, 70% Global Equities, with a currency allocation of 50% to sterling and 50% to other currencies)

- “Working Life : Annuity Ready” : invests in AB InBev Growth Fund during the growth phase, and switches, on a quarterly basis, to a gilt fund and cash during the 7 year de-risking period, so as to end up with 25% in cash, and 75% in the gilt fund, at retirement
- “Working Life : Draw Down Ready” : invests the AB InBev Growth Fund during the growth phase, and switches, on a quarterly basis, to a gilt fund and cash during the 7 year de-risking period, so as to end up with 30% in cash, 30% in the gilt fund, and 40% in equities, at retirement

2.4 Alongside the “Working Life Strategies” a range of funds that cover the main UK equity, UK bond markets, and world equity markets, where possible on an index tracking basis, are available for individuals who do not wish to join a “Working Life Strategy”, and wish to tailor their own investment strategy

2.5 In addition the AVC section of the DB Plan, which is closed to new contributions, contains a legacy “Working Life Strategy” and 6 funds, which are not in the range noted in paragraph 2.3 and 2.4. The objective here is to monitor the performance of the funds, and, if performance is unsatisfactory, to act accordingly.

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2.6 For members who do not wish to opt for the lifestyle arrangements detailed above, the underlying funds, that form the lifestyle arrangements, are also available for members to invest in independently. There are also additional funds for members to choose to invest in. These funds are managed by either Fidelity or by ‘guest’ fund managers. The current range of funds available to members of the Plan is as follows:

Strategy	Fund	Annual Management Charge (%)	Transaction costs	Total Expenses
Lifestyle Strategy – Cash Ready (Default for New Joiners)	AB InBev Long Term Growth Fund	0.45	0.01	0.46
	Fidelity BlackRock Cash Fund	0.30	0.00	0.30
Lifestyle Strategy – Annuity / Drawdown ready	AB InBev Long Term Growth Fund	0.45	0.01	0.46
	Fidelity Pensions Annuity	0.25	0.03	0.28
	Fidelity BlackRock Cash Fund	0.30	0.00	0.30
Legacy Lifestyle strategy (AVC only)	AB InBev Long Term Growth Fund	1.00	0.20	1.20
	Fidelity BlackRock Cash Fund	0.35	0.10	0.45
Self-select funds (Core fund range)	Fidelity BlackRock Emerging Markets Fund	0.55	0.00	0.55
	AB InBev Long Term Growth Fund	0.45	(Fideli1	0.46
	Fidelity BlackRock Over 15Yr UK Gilt Index Fund	0.30	0.00	0.30
	Fidelity BlackRock Over 5Yr I-L-Gilt Fund	0.30	0.00	0.30
	Fidelity BlackRock UK Equity Index Fund	0.20	0.00	0.20
	Fidelity BlackRock Cash Fund	0.30	0.00	0.30
	Fidelity Pensions Annuity	0.25	0.03	0.28

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	AB InBev South East Asia Pensions Fund	0.80	0.24	1.04
	AB InBev Diversified Fund	0.65	0.01	0.66
	Fidelity BlackRock European Equity Index Fund	0.50	0.00	0.50
	AB InBev LGIM North American Index	0.36	0.00	0.36
	Fidelity UK Corporate Bond Fund	0.40	0.10	0.50

The Trustees believe that the investment strategy options are currently appropriate for meeting the Plan's investment objectives set out in 2.1 and controlling the risks identified in 3.0 for the membership as a whole. Members can combine the investment funds in any proportion in order to determine the balance between different kinds of investments. This will also determine the expected return on a member's assets and should be related to the member's own risk appetite and tolerances. Each of the available funds is considered to be diversified across a reasonable number of underlying holdings / issuers.

3 Risk and Financial Market Risk Management

In deciding on the options to be made available to members, the Trustees have considered risk from a number of perspectives, as follows:-

Risk	Description	How is the risk monitored and managed?
Inflation Risk	The risk that the investment return over members' working lives will not keep pace with inflation and does not, therefore secure an adequate pension.	The Trustees make available a range of funds, across various asset classes, with the majority expected to keep pace with inflation.
Currency Risk	The risk that fluctuations in foreign exchange rates will cause the value of overseas investments to fluctuate.	The Trustees provided diversified investment options that invest in local as well as overseas markets and currencies.

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		<p>Members are able to set their own investment allocations, in line with their risk tolerances.</p> <p>Within active funds management of many of these market risks is delegated to the investment manager</p> <p>Regular performance monitoring of the investment funds.</p>
Credit Risk	<p>The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.</p>	<p>Within active funds management of many of these market risks is delegated to the investment manager.</p> <p>Regular performance monitoring of the investment funds.</p>
Equity Property	<p>The risk that investment market movements lead to a substantial reduction in the anticipated level of the benefit (particularly in the period immediately prior to retirement which would lead to a substantial reduction in expected retirement benefits.</p>	<p>The Trustees offer a range of diversified funds.</p> <p>The Trustees offer a lifestyle switching strategy which progressively switches members’ funds from growth assets to bonds and cash, which are expected to be less volatile in the five years prior to retirement.</p>
Inadequate Diversification	<p>The risk that members’ investments are not suitably diversified</p>	<p>The Trustees invest in pooled vehicles with the aim of ensuring that the asset allocation and manager structure policies in place result in an adequately diversified portfolio.</p>
Environmental, Social and	<p>The risk that environmental, social or corporate governance concerns, including climate</p>	<p>The management of ESG related risks is delegated to investment managers.</p>

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Corporate Governance Risk	change, have a financially material impact on the return of the Plan's assets.	See Section 5 of this Statement for the Trustees' responsible investment and corporate governance statement.
Investment Manager Risk	The risk that the investment manager underperforms its objectives, fails to carry out operational tasks, does not ensure safe-keeping of assets or breaches agreed guidelines.	The Trustees' regularly reviews performance of investment funds.
Liquidity Risk	The risk that the Plan's assets cannot be realised at short notice in line with member demand.	The Plan is invested in daily dealt and daily priced pooled funds.
Pension Conversion Risk	The risks that the member is invested in a strategy that does not reflect the way in which they intend to take their benefits at retirement.	The Trustee makes available three lifestyle strategies for DC members. Lifestyle strategies automatically switch member assets into investments whose value is expected to be less volatile relative to how the member wishes to access their pension savings as they approach retirement age.
Underperformance of Expectations Risk	The risk that the investment in which monies are invested underperforms the expectations of the Trustees and the members.	The Trustees regularly review the continuing suitability of the Plan's investment arrangements including the appointed adviser. The Trustees receive regular reports from the investment provider and annual monitoring reviews from their

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[REDACTED] investment consultant. In addition, a number of funds are managed on an index tracking basis.

In addition to members being given an assessment of the risk attached to each fund through communication material provided by the investment provider, the Trustees also encourage members to take independent financial advice.

The risks identified in the above table are considered by the Trustees to be ‘financially material considerations’. The Trustees believe the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the member’s age and their selected retirement age. It is for this reason that a number of lifestyle options have been made available to members including the default option.

4 The Default Fund: Working Life Strategy Cash Ready

4.1 The Trustees have selected the “Working Life Strategy Cash Ready” as the default option, based on the following rationale:-

- during the savings accumulation phase invested funds should be invested to grow by equity market returns
- crucial attributes of pension savings are the employer’s contribution, tax relief on contributions, and tax free growth
- at retirement, now that individuals do not have to purchase an annuity, their “pension pots” will be used for varying purposes e.g. paying off mortgages, taking holidays, or buying an annuity

4.2 Based on the above, and other arguments, the Trustee have taken the view that the dominant aim, of the Default Strategy, in the period 7 years before retirement, is to give a high degree of certainty, as to the cash “pension pot” that will be available at retirement

4.3 So as to achieve this, the Default Option, commencing 7 years before retirement, switches monies, from equities to cash, on a quarterly basis, so that at retirement an individual fund is 100% invested in cash

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The Trustees' policies in relation to the default option are detailed below:

- Risk in the default option is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. In designing the default option, the Trustee has explicitly considered the trade-off between risk and expected returns.
- Assets in the default option are invested in the best interests of members and beneficiaries, taking into account the profile of members. In particular, the Trustees considered high level profiling analysis of the Plan's membership in order to inform decisions regarding the default option.
- Members are supported by clear communications regarding the aims of the default option and the access to alternative investment approaches. If members wish to, they can opt to choose their own investment strategy on joining but also at any other future date. Moreover, members do not have to take their retirement benefits in line with those targeted by the default option; the target benefits are merely used to determine the investment strategy held pre-retirement.
- Assets in the default option are invested in a long-term insurance contract. The assets underlying the insurance contract are invested in daily traded pooled funds which hold highly liquid assets. The pooled funds are commingled investment vehicles which are managed by various underlying fund managers. The selection, retention and realisation of assets within the pooled funds are delegated to the respective underlying fund managers in line with the mandates of the funds. Likewise, the underlying fund managers have full discretion (within the constraints of their mandates) on the extent to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments. The Trustees' full policies on social, environmental or ethical considerations are detailed in Section 6 of the SIP.
- In designing the default option, the Trustees have explicitly considered the trade-off between risk and expected returns. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. The Trustees took advice from their Investment Consultant when deciding on this asset allocation. The asset allocation is considered consistent with the expected amount of risk that is appropriate given the age of a member and when they expect to retire.
- The Trustees have considered risk from a number of perspectives in relation to the default option. The list below is not exhaustive but covers main risks.
- The Trustees have considered risk, in relation to the default option using the framework in 3 above, and, although it is unlikely that this is exhaustive, the Trustees believe this covers the main risks.

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5 Management of the assets

- 5.1 All Defined Contribution and AVC assets are held in the relevant funds with Fidelity Life Insurance Limited
- 5.2 All day to day investment decisions are delegated to properly qualified and authorised pension fund managers. The Trustees expect the Investment Managers to manage the assets delegated to them under the terms of their contracts. The Investment Managers have full discretion to buy and sell investments on behalf of the Plan, subject to agreed constraints and applicable legislation. They have been selected for their expertise in different specialisations.
- 5.3 The ISC monitors the performance of each fund in both absolute terms, and relative terms, re the relevant benchmarks, and re each other, on a quarterly basis
- 5.4 Assets are realised according to the switching procedures of the relevant Working Life Strategies, or in accordance with member's instructions. In general, Fidelity and/or the underlying investment manager have discretion in the timing of realisations of investments and in considerations relating to the liquidity of those investments as well as responsibility for generating cash as and when required for benefit outgo.
- 5.5 As the assets are invested in pooled funds, custody arrangements are provided by Fidelity and the relevant investment managers. Further details are available on request. The role of the custodian is holding the assets for safekeeping and settling the transactions made by their investment managers.
- 5.6 The Trustee will always take proper written advice from an authorised investment consultant before selecting any fund on the Fidelity Platform, changing a Lifestyle Strategy, or moving away from Fidelity.

6 Socially responsible investments

- 6.1 The Trustees believe that environmental (including climate change), social, corporate governance and ethical issues can affect the performance of investment portfolios and should therefore be considered as part of the Fund's investment process.
- 6.2 In practice, any detailed policy would be difficult to implement, and manage, so the Trustee rely upon Fidelity in these areas, and the reporting provided by Fidelity.

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6.3 The Trustees do not actively canvass members to ascertain their investment views; however, if a member expressed an investment preference the Trustee would consider the implications, if any.

7 Corporate Governance

7.1 The Trustee wishes to encourage best practice in terms of Stewardship

7.2 As the Plan's assets are managed in pooled arrangements, the Trustee accepts the assets are subject to the Fund Provider's own policies on corporate governance. The Trustee's policy is that day-to-day decisions relating to the selection, retention and realisation of the Plan's investments are left to the discretion of the investment managers. This includes consideration of all financially material factors, including ESG-related issues where relevant. The Trustee explores these issues with its advisers to understand how the investment managers exercise these duties in practice.

When considering the appointment of new managers, and reviewing existing managers, the Trustee, together with its investment consultant, looks to take account of the approach taken by managers with respect to sustainable investing including voting policies and engagement where relevant.

The Trustee's policy is to delegate responsibility for the exercising of ownership rights (including voting rights) attaching to investments to the investment managers. However we may, where possible, instruct our passive manager to vote as the Trustee may wish on any particular issue

7.3 The Trustee is satisfied that the policy above corresponds with their responsibilities to the beneficiaries. The Trustee recognises the UK Stewardship Code as best practice and encourages its investment managers to comply with the UK Stewardship Code or explain where they do not adhere to this policy

8. Investment Manager Appointment, Engagement and Monitoring

8.1 The Trustee appoints investment managers based on their capabilities and their perceived likelihood of achieving the expected return and risk characteristics required for the asset class for which they were selected. Value for money is also a key consideration and, as part of the annual Value for Money ("VFM") assessment, the Trustee reviews investment manager fees and turnover costs.

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- 8.2 The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over 3 months, 1 year and 5 years. The manager also provides reports, which cover performance, governance and transaction information. The Trustee reviews the absolute performance and relative performance against a suitable index used as the benchmark. The Trustee's focus is primarily on long-term performance but short-term performance is also reviewed.
- 8.3 If a manager is not meeting performance objectives, or their investment objectives for the mandate have changed, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives and may ask the manager to review their fees instead of terminating the mandate.
- 8.4 Where appointments are for actively-managed mandates, the managers are incentivised through performance targets. An appointment will be reviewed following periods of sustained underperformance. The Trustee will regularly review the appropriateness of using actively managed funds (on an asset class basis)
- 8.5 As the Trustee invests in pooled investment funds, it accepts that it cannot specify the risk profile and return targets for these funds. However, appropriate funds are selected to align with the overall investment strategy.
- 8.6 The manager provides portfolio turnover and turnover costs in their reports where applicable. The Trustee does not explicitly monitor portfolio turnover costs across the whole portfolio but on an individual mandate basis. This will form part of the Investment Consultant's manager research assessment.
- 8.7 The Trustee is a long-term investor and is not looking to change the investment arrangements on a frequent basis. All the funds are open-ended with no set end date for the arrangement. The fund range and default strategy are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategy or general fund range.

9 Compliance with the DC SIP

The Trustee will monitor this DC SIP at least annually at the ISC, and, in any event, at least once every three years at the Trustee Board. The Trustee will obtain written confirmation from the investment manager that they exercised their powers of investment with a view to giving effect to the principles contained in the Statement so far as is reasonably practicable.

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The Trustee undertakes to advise the investment manager promptly and in writing of any material change to this Statement.

Review of this statement

The Trustee will review this Statement in response to any material changes to any aspects of the Plan which they judge to have a bearing on the stated Investment Policy.

This review will occur no less frequently than every three years. Any such review will again be based on written, expert investment advice and will be in consultation with the Company.

Approved: Date:..
Trustee

Approved: Date:.....
Trustee

On behalf of the Trustees of the AB InBev UK Ltd Pension Plan September 2020

Original document signed on behalf of the Trustee on 11 and 14 September 2020. This version is displayed as non-signed to reduce the opportunity of scam activity.

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INVESTMENT SUB-COMMITTEE (the ISC): Terms of Reference

Objectives

- To operate in accordance with the Terms of Reference;
- To monitor all the investments and areas of concern;
- To monitor performance against benchmarks.

Aims in the calendar year 2020

- De-risk when possible;
- Achieve the asset allocation target;
- Manage cash and investment of contributions;
- Review DC working Life strategy.

TERMS OF REFERENCE

- 1 The Investment sub-committee will comprise two or more trustee directors, the UK Pensions Manager and a representative of the Company
- 2 The sub-committee will normally make recommendations to the Trustee Board, and seek Trustee Board approval prior to any investment decision being made; however, in exceptional circumstances, the ISC may take decisions in accordance with paragraphs 10, and 11, below
- 3 The meeting will be quorate with two members, one of whom must be the AB InBev representative

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- 4 If the AB InBev representative is not present at any meeting but, provided that the UK Pensions Manager is present, the ISC can meet for the purpose of sharing information and formulating proposals. If at any such meeting, a proposal is formulated, then the Chair of the ISC will explain this proposal to the Company and will obtain the Company's agreement before presenting the proposal to the full trustee board
- 5 The Investment sub-committee will meet regularly, usually once every three months, and at other times as deemed appropriate
- 6 The Investment sub-committee agenda will be published for the whole Trustee Board prior to any Investment sub-committee meeting
- 7 The minutes of the Investment sub-committee will be attached as an item to the papers for the quarterly Trustee meetings. If requested to do so by the Trustee Board, a member of the Investment sub-committee will give a presentation on its activities at the Trustee meeting
- 8 The Investment sub-committee will produce an annual investment report for inclusion in the Trustee's Annual Report and Accounts and a further report for inclusion in the summary report
- 8 At its regular meetings the Investment sub-committee will:
 - 8.1 Put together advice to the Trustee Board on all matters relating to the investment of the assets of the AB InBev UK Ltd Pension Plan (the "Plan");
 - 8.2 Review the performance of the investment managers to the Plan against predetermined targets (to be recommended by the Investment sub-committee and approved by the Trustee Board);
 - 8.3 Review the suitability of the investment managers at least every three years, and to make recommendations on the appointment and removal of suitable managers and advisers;

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- 8.4 Ensure that the investment managers appointed by the Trustee Board are informed of, and follow, the agreed strategies of the Plan;
 - 8.5 Maintain the Plan's Statement of Investment Principles, and ensure that the investment managers comply with it;
 - 8.6 Seek assurance that the Investment managers and the custodians of the Plan's assets are operating in the ways described when selected by the Trustee Board, and that it have proper and adequate systems in place for the recording and safekeeping of these assets and the income there from;
 - 8.7 Undertake such other Investment related responsibilities as may be agreed from time-to-time with the Trustee Board.
 - 8.8 Consider other investment matters of relevance, and report to the Trustee Board as appropriate.
- 9 The Investment sub-committee will tackle ad-hoc financial matters as determined with the Trustee board.
- 10 The Investment sub-committee will, on behalf of the Trustee Board, take any investment-related decisions the sub-committee regard as necessary to be implemented prior to the next full Trustee Board meeting.
- 11 The Chairman of the ISC will execute any tactical decisions requested by AB InBev Treasury in line with the authorities in the appendix to the Guarantee Agreement.

In terms of decisions made under clauses 10, and 11, the Chairman of the ISC will notify all Trustees of any decision and its rationale within 3 working days of such decision.

All decisions, and their rationale, will be explained by the Company at both the following ISC and Trustee meetings.