

COMPASS GROUP PENSION PLAN

**Chair's Statement regarding DC Governance
for the year ended 5 April 2024**

COMPASS GROUP PENSION PLAN

CHAIR'S STATEMENT REGARDING DC GOVERNANCE

Compass Group Pension Trustee Company Limited, the "Trustee" of the Compass Group Pension Plan (the 'Plan'), is required by law to include an annual statement regarding Defined Contribution ('DC') governance in its annual report and accounts.

This statement covers the Plan year from 6 April 2023 to 5 April 2024.

With effect from midnight on 31 December 2023, the Compass Retirement Income Savings Plan ('CRISP'), Compass's defined contribution arrangement merged with the Plan to establish a non-segregated section of the Plan (the CRISP Section). The assets of all CRISP members transferred from the CRISP to the Plan, and consequently the number of members with DC benefits in the Plan and the total value of the Plan's DC assets increased significantly.

This statement relates to both the CRISP Section of the Plan and to the DC benefits for Plan members who also have defined benefit entitlements in the Plan (referred to in this statement as the 'DC Section').

CRISP Section

The CRISP Section assets are invested via a long-term insurance policy with Aviva. Underlying the insurance policy, Aviva contracts separately with a range of external fund managers.

The DC Section

The benefits in the DC Section comprise historic transfers of money purchase benefits into the Plan and members' additional voluntary contributions ('AVCs'). The money purchase benefits are no longer receiving contributions and there are currently no members making AVCs.

The DC section provides both "pure" money purchase benefits and some benefits that are classed as "money purchase underpin benefits". "Money purchase underpin benefits" are different from "pure" money purchase benefits because they guarantee members will receive the greater of the money purchase benefits that have been built up and an "underpin". The underpin is in the form of a protected pension underpin, GMP underpin or Reference Scheme underpin. This is referred to in legislation as "a defined benefit minimum". This means that if, at the point when the benefit comes to be paid, the underpin is higher than the member's money purchase benefits, the member will receive a "defined benefit". Because this information is not known until the benefit comes into payment, we are treating these benefits as DC benefits for the purposes of this statement.

– **DC policies**

Throughout the Plan year, DC Section policies were held with Scottish Widows and Legal & General ('L&G'). In addition, DC funds are invested within the Plan's defined benefit assets.

– **AVC policies**

Throughout the Plan year, the DC Section AVC policies were held with Aegon, Aviva, Legal & General, Phoenix Life, Prudential, Scottish Widows, Standard Life and Zurich. The Aegon, Phoenix Life, Scottish Widows, Standard Life and Zurich policies hold either With Profits only, or a mixture of With Profits and unit-linked funds where it has not been possible to do a partial transfer of unit-linked funds to an alternative policy.

Default arrangements and additional default arrangements

The Plan is not used as a qualifying scheme for automatic-enrolment purposes.

CRISP Section

Members who join the CRISP Section and do not choose an investment option are placed into a default arrangement (see page 2 for further details). In addition to the main default arrangement, the CRISP Section also has a number of funds into which members' funds have previously been directed without the members having instructed the Trustee. These 'additional default arrangements' arose due to the closure of the Av MyM BlackRock (50:50) Global Equity Index Fund in June 2020, when the assets held in that fund were transferred to alternative funds in the CRISP Section self-select fund range.

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CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

The funds identified as being additional default arrangements are:

- Av MyM Mercer Growth Fund
- Av MyM Mercer Target Cash 2024 - 2031 Funds
- Av MyM Mercer Cash Retirement Fund
- Av MyM Mercer Passive Global Equity Fund

Prior to mapping members' investments across to these replacement funds, the Trustee took appropriate investment advice, considered the demographics of the affected members, and concluded that these funds were suitable for the members and that the transfers were likely to be in their best interests. The Total Expense Ratio (TER) (which is the annual cost associated with managing and operating a fund) for all these funds is below the statutory charge cap requirement of 0.75% p.a. that applies to all default arrangements.

DC Section

No contributions have been made to the DC policies since 6 April 2015 (i.e. before the relevant regulations came into force). However, as members previously invested in DC policies with M&G and Prudential did not have to select where their funds were invested when they were transferred to L&G, the L&G Lifestyle Strategy and the L&G Cash Fund may be considered to be default arrangements and are treated as such for the purposes of the disclosures in this statement regarding DC governance.

The following sections set out the asset allocations of the default arrangements and additional default arrangements, and their investment strategies and the monitoring and review of those strategies.

Asset allocations of the default arrangements and additional default arrangements

The Trustee is required to disclose the full asset allocation of investments for each default arrangement for members at different ages/periods to retirement, and where the fund invests in one or more underlying funds, the asset allocation of those underlying funds.

CRISP Section

Default arrangement – Cash option

The asset allocations have been provided by the applicable fund managers as at 31 March 2024 and are based on a member with a retirement age of 65. Assuming a retirement age of 65, the asset allocation is the same over ages 25, 45 and 55.

Asset class	Percentage allocation – average 8 years prior to retirement (%)	Percentage allocation – average 1 day prior to State Pension Age (%)
Cash	0.21	100.00
Bonds	24.73	-
- Corporate bonds	9.06	-
- Government bonds	15.43	-
- Other bonds	0.24	-
Listed equity	68.56	-
Private equity	-	-
- Venture capital	-	-
- Growth equity	-	-
- Buyout funds	-	-
Property	-	-
Infrastructure	-	-
Private debt	-	-
Other	6.50	-
Total	100.00	100.00

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Additional default arrangements

The asset allocations have been provided by the applicable fund managers as at 31 March 2024 with calculations by Mercer. The asset allocations do not change depending on age/term to retirement.

Asset class	Mercer Target Cash 2025 (%)	Mercer Cash Retirement (%)	Mercer Passive Global Equity (%)	CRISP Passive Emerging Markets Equity (%)
Cash	81.33	100.00	-	-
Bonds	7.87	-	-	-
- Corporate bonds	3.07	-	-	-
- Government bonds	4.75	-	-	-
- Other bonds	0.05	-	-	-
Listed equity	9.72	-	100.0	100.0
Private equity	-	-	-	-
- Venture capital	-	-	-	-
- Growth equity	-	-	-	-
- Buyout funds	-	-	-	-
Property	-	-	-	-
Infrastructure	-	-	-	-
Private debt	-	-	-	-
Other	1.08	-	-	-
Total	100.00	100.00	100.00	100.0

DC Section

Default arrangement - L&G Lifestyle Strategy and the L&G Cash Fund

The asset allocations have been provided by L&G as at 31 March 2024 and are based on a member with a retirement age of 65 over ages 25, 45 and 55.

Fund and asset class	Average asset allocation (%) as at 31 March 2024			
	Age 25	Age 45	Age 55	Age 63 (NRA)
L&G Lifestyle Strategy				
Cash	0.00	0.00	0.00	100.00
Bonds	0.00	0.00	20.00	0.00
Listed equity	100.00	100.00	80.00	0.00
Private equity	0.00	0.00	0.00	0.00
Infrastructure	0.00	0.00	0.00	0.00
Property	0.00	0.00	0.00	0.00
Private debt	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Total	100.00	100.00	100.00	100.00
L&G Cash Fund				
Cash	100.00			

Source: L&G

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CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

Additional default arrangement - Scottish Widows With Profits Fund

The asset allocations have been provided by Scottish Widows as at 31 December 2023, the latest date at which the information is available. At the time of writing this statement, despite regularly requesting the information, the Trustee has been unable to obtain a split across infrastructure, cash and other of the aggregate allocation of 22%. The asset allocations do not change depending on age/term to retirement.

Asset class	Average asset allocation (%) as at 31 December 2023			
	Age 25	Age 45	Age 55	Age 63 (NRA)
Listed equity			47.00	
Bonds			21.00	
Property			10.00	
Private equity			0.00	
Private debt			0.00	
Infrastructure, cash, other			22.00	
Total			100.00	

Source: Scottish Widows

Investment strategies of the default arrangements and additional default arrangements

CRISP Section

The current default arrangement for the CRISP Section is the Mercer Target Cash Path. During the growth phase members investing in this arrangement members are invested in the Aviva Pensions Mercer Growth/Balanced Risk Fund. Eight years from retirement, members' funds are transferred into an appropriate Aviva Pensions Mercer Target Cash Fund that gradually de-risks their investments to 100% cash, ready for members who are intending to take their savings as a cash sum when they retire.

As required by law, the Trustee has included (as appendix A at the end of this statement) the latest copy of the Statement of Investment Principles ('SIP') prepared for the CRISP Section default arrangement, which was signed by the Trustee on 11 April 2022. The SIP was in place for the CRISP before it merged into the Plan and the Trustee has adopted this SIP for the CRISP Section of the Plan.

The SIP covers the following key matters in relation to the CRISP Section default arrangement:

- The Trustee's aims and objectives in relation to the investments held in the default arrangement:
 - To maximise the value of members' assets at retirement, while managing investment risk by investing predominantly in a diversified mix of bonds, equities and other asset types.
 - To maintain the purchasing power of members' savings.
 - To provide protection for members' accumulated assets in the years approaching retirement against sudden (downward) volatility in capital value and fluctuations in the (implicit and explicit) costs of securing retirement benefits.
- The Trustee's policies on issues such as the kinds of investments to be held; the balance between different kinds of investments; risks, including the ways in which risks are to be measured and managed; the expected return on investments; the realisation of investments; and the extent to which social, environmental or ethical considerations are taken into account when selecting, retaining or realising investments.
- An explanation of how these aims, objectives and policies (which together form the "default arrangement") are intended to ensure that members' assets in the default investment option are invested in the best interests of those members (and their relevant beneficiaries).

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CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

Investment strategies of the default arrangements and additional default arrangements (continued)

CRISP Section (continued)

Below are the steps the Plan Trustee (and previously the CRISP Trustee) has taken to review the strategy and performance of the default arrangement.

The last formal review of the default arrangement was concluded by the CRISP Trustee on 5 December 2023, shortly before the merger of CRISP with the Plan with effect from 1 January 2024. This review considered performance, the design of the growth and de-risking phases and the suitability of the default target including consideration of wider market trends on how people are taking their retirement benefits. At that time:

- The growth phase of the default arrangement, the Mercer Growth/Balanced Risk Fund, was deemed appropriate and was retained, as it met the Trustee's objective to provide an investment vehicle that is expected to provide sustained long-term growth by generating returns in excess of inflation, whilst managing short-term volatility. However, it was agreed that a further review would be undertaken in 2024 and into 2025 to consider whether the balance of the allocation to growth and protection assets remained appropriate and whether expected returns could be enhanced without introducing unacceptable investment risk for members. Details of the outcome of this review will be included in next year's Chair's Statement.
- Targeting cash at retirement as the default arrangement was deemed appropriate based on the current Plan demographics and the projected account values of members likely to be retiring in the next 5 to 10 years. As a result, no changes were made at that time and no changes have been made since.

The Trustee keeps the default arrangement under regular review and will amend it as appropriate based on its analysis of the likely requirements of the typical CRISP Section member. The next formal review of the default arrangement is scheduled to take place in the second half of 2026; however as noted above, it has been agreed that a review will be undertaken in 2024 and into 2025.

The CRISP Trustee also undertook a review of the continued suitability of the four funds identified as being additional default arrangements on 5 December 2023 and concluded that all four remain appropriate default arrangements based on the Trustee's objectives, past performance and research by the Trustee's investment advisers, Mercer Limited.

DC Section

As noted above, members previously invested in DC policies with M&G and Prudential did not have to select where their funds were invested when they were transferred to Legal & General. As a result, the Legal & General Lifestyle Strategy and the Legal & General Cash Fund are considered to be default arrangements.

As required by law, the Trustee has included (as appendix B at the end of this statement) the latest copy of the Statement of Investment Principles ('SIP') prepared for the DC Section default arrangements, which was signed by the Trustee on 21 September 2021.

The SIP covers the following key objectives in relation to the default arrangement:

- For the lifestyle strategy, the aim is to try to ensure that members' savings are invested in funds that are appropriate for them, based on the number of years until their selected retirement date i.e. to provide potential for capital growth in real terms whilst members are far from retirement to gradually reduce investment risk as members approach retirement and to have an asset allocation at retirement that is consistent with how most members are expected to take their retirement savings and/or which does not expose members' funds to volatility as they approach retirement.
- For the Cash Fund, to focus on preserving capital for those members who are close to retirement.

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CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

CRISP Section – Self-select fund range

In addition to the CRISP Section default arrangement and additional default arrangements, the Trustee also considers the ongoing suitability of the CRISP Section self-select fund range. The Trustee considers trends in the DC market and advice from its advisers when making decisions regarding the range. The last formal review of the self-select fund range was concluded by the CRISP Trustee on 5 December 2023. The review considered the role of each of the funds offered by the CRISP Section, its recent performance and whether the addition of any new fund options might be appropriate. The review concluded that overall the CRISP Section offered a well-rounded-range of investment options, covering the main asset classes and risk/return characteristics, and provided sufficient choice to meet members' investment objectives. However, the Trustee did have some concerns around the performance of the CRISP Active International Equities Fund and the investment style of its manager and agreed to consider this further at the review of the default arrangement to be undertaken in 2024 and into 2025.

In addition to the formal reviews, the Trustee reviews the performance of the default arrangement, additional default arrangements and self-select fund range at each quarterly meeting of the Trustee's DC Committee ('DCC'). Performance is assessed against the targets of the funds (such as return and risk) as well as the overall aims and objectives as specified in the SIP, such as an appropriate reduction in risk as a member approaches retirement.

Members can review the wide range of fund information by logging into their CRISP Section account on the Aviva My Money platform www.avivamymoney.co.uk or from the CRISP Section literature or by seeking their own personal advice as they consider appropriate.

Requirements for processing Core Financial Transactions

As required by law, the Trustee must ensure that Core Financial Transactions relating to DC benefits are processed promptly and accurately. These Core Financial Transactions include (but are not limited to) the investment of any contributions, processing of transfers of members' assets into and out of the Plan, transfers of members' assets between different investments within the Plan and payments to, and in respect of, members.

The Trustee has delegated the administration of the CRISP Section, including the processing of Core Financial Transactions, to Aviva Life & Pensions UK Limited ('Aviva'). The Trustee has a service level agreement ('SLA') in place with Aviva which sets out agreed service levels regarding contribution processing, member investment transactions, processing payments out and transfers in.

The delivery of Aviva's services is independently overseen by Mercer Workplace Savings ("MWS"), which provides an additional layer of platform-level governance and operational oversight, while also working with Aviva as required to resolve any Plan specific issues that arise.

The Trustee has delegated the administration of the DC Section, including the processing of core financial transactions, to XPS Administration ('XPS'). The Trustee has a service level agreement ('SLA') in place with XPS which sets out agreed service levels regarding disinvesting in advance of member retirement, actioning requests to switch funds and providing statutory money purchase illustrations within agreed timescales.

The Trustee also has an SLA in place with Legal & General, which covers the DC and AVC funds invested with them. Under the SLA, L&G aims to complete all core financial transactions within five working days.

The Trustee does not have SLAs in place with the other DC and AVC providers (this is typical of most legacy schemes). However, most of the providers operate to standard turnaround times of five to ten working days for core financial transactions. Furthermore, the Trustee expects any issues with the DC and AVC providers processing core financial transactions would be identified through XPS's reporting to the Trustee.

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CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

Requirements for processing core financial transactions (continued)

The Trustee receives quarterly administration reports from Aviva and XPS to help monitor that SLAs are being met. The reports set out Aviva's and XPS's performance against their respective agreed service levels over the quarter and identify if there have been any errors or delays, which Aviva and XPS and the Trustee then work to resolve together. The Compass in-house pensions team also works with Aviva and XPS in relation to any specific issues to ensure that they are satisfactorily resolved. The Trustee also receives a quarterly governance report from Legal & General which includes performance against the SLA. All the reports are reviewed by the Trustee's DCC for the CRISP Section or the Governance and Operations Committee ('GOC') for the DB and DC section.

In addition to these formal meetings, the Compass in-house pensions team, on behalf of the Trustee, holds monthly meetings with Aviva and XPS. These meetings review the administration service being provided, agree member communication processes and progress additional projects and any ad-hoc issues that arise throughout the year.

The Plan has in place an agreed Schedule of Contributions that sets out the levels of contributions and the timescales for the Company to pay monthly contributions to the Plan. However, in practice, the Company pays the relevant contributions in much shorter timescales. Both the Compass in-house pensions team and the Trustee review the contribution summary provided in Aviva's and XPS's quarterly administration reports, which shows the amounts and dates received of the contribution submissions, and check that contributions deducted from members and due from the Company have been correctly paid to the Plan, within appropriate timescales.

The Plan's Risk Register outlines the risks to Plan members in relation to Core Financial Transactions and details the internal controls that the Trustee has put in place with its administrators and advisers to manage these risks. The risks are monitored, reviewed and reassessed by the Trustee on a quarterly basis at each DCC or GOC meeting and on an annual basis at each full Trustee Board meeting, and the Risk Register is updated to reflect new risks or issues of concern. Additional actions are also agreed to further improve the internal controls. This regular ongoing monitoring and the efforts to control risk should have a positive impact for members by potentially mitigating the risks that they are exposed to while they are members of the Plan.

During the last Plan year there have been no material administration service issues with Aviva's service, although administration workload continues to increase, and this has occasionally resulted in increased turnaround times for some member requests. Aviva continually monitors capacity planning and introduces additional administration resources in response to the increased level of demand. Performance against Aviva's SLAs, at CRISP Section level, was 98.9% for the Plan year. Issues identified were as a result of perceived delays in payments being made to members due to misunderstanding or miscommunication of timescales and information required, rather than any processing issue. Where errors have been identified, remedial action has been taken quickly, including the involvement of the Compass in-house pensions team, MWS and Aviva through calls and regular meetings to ensure that members have not been financially disadvantaged as a result.

No issues were identified during the Plan year with respect to XPS's or Legal & General's processing of core financial transactions relating to the DC benefits.

The Trustee is satisfied that over the Plan year covered by this statement, in relation to the CRISP Section and the DC Section:

- Aviva was operating appropriate procedures, checks and controls and operating within the agreed SLA;
- XPS was operating appropriate procedures, checks and controls and operating within the agreed SLA; and
- core financial transactions relating to the DC benefits have been processed promptly and accurately by the Plan's DC/AVC provider.

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Member-borne charges and transaction costs

The Trustee is required by law to report on the charges and transaction costs at intervals of no more than one year for the investments used in the default arrangements, in the additional default arrangements and for the self-select and other fund options available to members, and assess the extent to which these charges and transaction costs represent good value for members.

Where information about member charges and costs is not available, the Trustee has to make this clear, together with an explanation of what steps are being taken to obtain the missing information.

The Trustee is also required to include information on any specified performance-based fees that are incurred in relation to each default arrangement. There have been no such fees levied on any of the CRISP Section or the DC Section default arrangements or additional default arrangements during the Plan's year covered by this statement.

When preparing this section of the statement the Trustee has taken account of the relevant statutory guidance.

The following tables set out for each of the CRISP Section and the DC Section the charges and transaction costs that applied during the Plan year. All expenses associated with the CRISP Section funds are deducted as a percentage from a member's fund; all expenses associated with the DC Section fund are paid by the Plan and members pay no charges from these funds.

The Total Expense Ratio ('TER') represents the total explicit cost of operating and managing the fund, including the published Annual Management Charge ('AMC') (the fee the manager charges to manage the fund) and additional expenses incurred in managing the fund that are not due to the fund manager which include, but are not limited to, custodial fees, legal fees and brokerage fees. As the CRISP Section is a bundled arrangement, the TERs also include a charge from Aviva for administering the CRISP Section. The TER for the DC Section L&G Sustainable Property Fund also includes the property expense ratio.

The TER does not include transaction costs. Transaction costs are additional costs incurred by fund managers as a result of buying, selling, lending or borrowing investments. These costs are implicit and are reflected in the returns on the fund.

The Trustee formally reviews the charges and transaction costs on an annual basis and works closely with the Plan's investment managers to obtain the lowest possible charges for all the available fund options. Specifically, the Trustee can confirm that in the case of the CRISP Section the default arrangement and the additional default arrangements remain within the statutory charge cap of 0.75% p.a. of funds under management since April 2015 and the Plan's investment advisers and Aviva monitor these charges on a quarterly basis to ensure they remain within the cap.

CRISP Section

The default arrangement has been set up as a lifestyle approach, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date. This also means that the level of charges and transaction costs will vary depending on how close members are to their target retirement date and in which funds they are invested.

The table below illustrates the charges and transaction costs applicable to each component fund within the default arrangement.

Missing information

There is no missing transaction cost data in respect of the CRISP Section default arrangements.

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CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

CRISP Section (continued)

	Underlying investment fund	Total Expense Ratio (%p.a.)	Transaction Cost (%)
Growth phase	Av MyM Mercer Growth/Balanced Risk	0.38%	0.11%
Default de-risking phase	Av MyM Mercer Cash Retirement	0.26%	0.02%
	Av MyM Mercer Target Cash 2025	0.30%	0.02%
	Av MyM Mercer Target Cash 2026	0.33%	0.02%
	Av MyM Mercer Target Cash 2027	0.37%	0.04%
	Av MyM Mercer Target Cash 2028	0.41%	0.02%
	Av MyM Mercer Target Cash 2029	0.40%	0.05%
	Av MyM Mercer Target Cash 2030	0.39%	0.03%
	Av MyM Mercer Target Cash 2031	0.39%	0.11%
	Av MyM Mercer Target Cash 2032	0.38%	0.11%

Source: Aviva, fee information is shown as at 31 March 2024. Transaction costs shown are those applicable for the 12 months to 31 December 2023 unless otherwise stated.

In addition to the default arrangement, members also have the option to invest in two other derisking arrangements that target annuity purchase or income drawdown, along with a range of self-select funds options.

The charges and transaction costs for the rest of the CRISP Section fund range in which individuals were invested at 31 March 2024 are detailed in the tables below.

Missing information

There is no missing transaction cost data in respect of the CRISP Section self-select investment options.

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Fund Name	Total Expense Ratio (%p.a.)	Transaction Cost (%)
Target Date Funds		
Av MyM Mercer Annuity Retirement Fund	0.29%	0.00%
Av MyM Mercer Target Annuity 2025	0.31%	0.00%
Av MyM Mercer Target Annuity 2026	0.31%	0.01%
Av MyM Mercer Target Annuity 2027	0.33%	0.03%
Av MyM Mercer Target Annuity 2028	0.34%	0.04%
Av MyM Mercer Target Annuity 2029	0.35%	0.06%
Av MyM Mercer Target Annuity 2030	0.36%	0.08%
Av MyM Mercer Target Annuity 2031	0.38%	0.10%
Av MyM Mercer Target Annuity 2032	0.38%	0.11%
Av MyM Mercer Diversified Retirement	0.33%	0.03%
Av MyM Mercer Target Drawdown 2025	0.42%	0.11%
Av MyM Mercer Target Drawdown 2026	0.45%	0.12%
Av MyM Mercer Target Drawdown 2027	0.44%	0.12%
Av MyM Mercer Target Drawdown 2028	0.39%	0.12%
Av MyM Mercer Target Drawdown 2029	0.41%	0.12%
Av MyM Mercer Target Drawdown 2030	0.29%	0.00%
Av MyM Mercer Target Drawdown 2031	0.33%	0.03%
Av MyM Mercer Target Drawdown 2032	0.42%	0.12%
Equity		
Av MyM BlackRock Aq Connect (30:70) Curr Hdgd Glbal Eq Index	0.29%	0.00%
Av MyM Legal & General (PMC) Ethical Global Equity Index	0.36%	0.00%
Av MyM CRISP Active International Equities	0.54%	0.07%
Av MyM BlackRock Aq Connect UK Equity Index	0.29%	0.08%
Av MyM Mercer Passive Shariah	0.51%	0.00%
Av MyM Mercer Passive Global Equity	0.24%	0.00%
Av MyM Mercer Passive Sustainable Global Equity	0.29%	0.07%
Av MyM CRISP Passive Emerging Markets Equity	0.35%	0.00%
Risk Rated Funds		
Av MyM Mercer High Growth/Higher Risk	0.44%	0.09%
Av MyM Mercer Moderate Growth/Moderate Risk	0.43%	0.13%
Fixed Income		
Av MyM Mercer Pre-Retirement	0.28%	0.00%
Av MyM CRISP Active Bond	0.64%	0.76%
Av MyM BlackRock Aq Connect Over 5 Year Index-Linked Gilt Index	0.22%	0.00%
Money Market		
Av MyM CRISP Money Market and Cash	0.21%	0.02%

Source: Aviva, fee information is shown as at 31 March 2024. Transaction costs shown are those applicable for the 12 months to 31 December 2023.

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DC Section

Providers calculate transaction costs quarterly. The transaction costs for the money purchase policies in the table below are for the twelve month period to 31 March 2024. Not all AVC providers have been able to provide information for this period, so the transaction costs for the AVC funds in the table below are the most recent transaction costs available, and the twelve month period to which they relate is stated. The prescribed method for calculating transaction costs can result in a negative cost, or gain, to the fund. Where negative transaction costs have been provided, these have been set to zero to avoid potentially understating costs.

Missing information

At the time of writing this statement, despite regularly requesting transaction costs information, the Trustee has been unable to obtain the information set out below.

The transaction costs for the twelve month period to 31 March 2024 for the Aviva funds (except the Aviva Basic PAF (PM) Fund and the Aviva Bonus PAF (PM) Fund) and the Phoenix Life, Prudential and Zurich funds.

Transaction costs for the Aviva funds (except the Aviva Basic PAF (PM) Fund and the Aviva Bonus PAF (PM) Fund) are for the twelve month period to 31 December 2023. Aviva has stated that the transaction costs for the twelve month period to 31 March 2024 for all other Aviva funds will not be available until towards the end of 2024 due to the length of time to get the data from the underlying managers.

The transaction costs shown for the Phoenix Life With Profits Fund are for the twelve month period to 31 March 2023. Despite the Trustee requesting this information, Phoenix Life has not provided an explanation as to why transaction costs to 31 March 2024 are not yet available.

The transaction costs for the Prudential Deposit Fund are for the twelve month period to 30 September 2023. Prudential has explained that it is reliant on the underlying fund managers providing transaction cost data, as well as the third party it uses to calculate transaction costs in the prescribed format and is therefore unable to report transaction costs more quickly.

Zurich has not provided any costs and charges information for the Zurich With Profits Fund, despite the Trustee requesting this information shortly after the Plan's year end and sending a number of follow up requests. The Trustee has expressed its dissatisfaction to Zurich regarding this matter and that it expects this information to be provided in a more timely manner for next year's statement. The Trustee has been making, and will continue to make, regular requests to the providers for the missing information, engaging the support of its investment consultant where appropriate.

Money purchase policies

Fund name	TER % p.a.	TC % p.a.	Total costs % p.a.
L&G Lifestyle	0.45- 0.51 ¹	0.00 – 0.06 ¹	0.45 – 0.57 ¹
L&G All Stocks Gilts Index	0.45	0.05	0.50
L&G Asia Pacific ex Japan Equity Index	0.51	0.01	0.52
L&G Cash ²	0.46	0.00	0.46
L&G Europe (Ex-UK) Equity Index	0.49	0.14	0.63
L&G Global Equity 30:70 Index Currency Hedged	0.51	0.06	0.57
L&G Managed	0.50	0.08	0.58
L&G North America Equity Index	0.49	0.00	0.49
L&G Over 15 Year Gilts Index	0.45	0.00	0.45
L&G Sustainable Property	1.65	0.00	1.65
L&G UK Equity Index	0.47	0.00	0.47
Scottish Widows With Profits Fund	0.875	0.23	1.105

Source: L&G and Scottish Widows

¹ Depending upon term to retirement.

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AVC policies

Fund name	TER % p.a.	TC % p.a.	TC reporting period	Total costs % p.a.
Aegon Cash Fund ⁴	1.01	0.00	31/3/24	1.01
Aegon With Profit Endowment Fund ⁴	1.00	0.00	31/3/24	1.00
Aegon Mixed Fund ⁴	1.02	0.04	31/3/24	1.06
Aegon High Equity With Profit Fund ⁴	1.00	0.08	31/3/24	1.08
Aviva Basic PAF (PM) Fund	1.25	0.05	31/3/24	1.30
Aviva Bonus PAF (PM) Fund	1.25	0.05	31/3/24	1.30
Aviva Pension Asia Pacific ex Japan Equities	0.46	0.00	31/12/23	0.46
Aviva Pension AXA Framlington Global Sustainable Managed (formerly Managed Balanced)	0.57	0.06	31/12/23	0.63
Aviva Pension Baillie Gifford Managed	0.50	0.17	31/12/23	0.67
Aviva Pension Cash	0.46	0.00	31/12/23	0.46
Aviva Pension Ethical Distribution	0.48	0.04	31/12/23	0.52
Aviva Pension Europe ex UK Equities	0.46	0.02	31/12/23	0.48
Aviva Pension Fixed Interest	0.47	0.07	31/12/23	0.54
Aviva Pension Global Distribution	0.48	0.00	31/12/23	0.48
Aviva Pension Global Equities	0.46	0.05	31/12/23	0.51
Aviva Pension Global Managed	0.48	0.05	31/12/23	0.53
Aviva Pension Higher Income	0.47	0.05	31/12/23	0.52
Aviva Pension Index-Linked	0.47	0.01	31/12/23	0.48
Aviva Pension Japan Equities	0.56	0.36	31/12/23	0.92
Aviva Pension JPM UK Equity Growth	0.57	0.37	31/12/23	0.94
Aviva Pension Managed	0.47	0.06	31/12/23	0.53
Aviva Pension My Future Consolidation ¹	0.47	0.06	31/12/23	0.53
Aviva North American Equities	0.48	0.06	31/12/23	0.54
Aviva Pension Overseas	0.48	0.08	31/12/23	0.56
Aviva Pension Property	0.45	0.00	31/12/23	0.45
Aviva Pension Reserve	0.49	0.05	31/12/23	0.54
Aviva Pension Lifestyle Retirement 2030	0.46	0.04	31/12/23	0.50
Aviva Pension Lifestyle Retirement 2035	0.46	0.05	31/12/23	0.51
Aviva Pension Lifestyle Retirement 2040	0.46	0.05	31/12/23	0.51
Aviva Pension Retirement Distribution	0.47	0.03	31/12/23	0.50
Aviva Pension UK Equity	0.46	0.05	31/12/23	0.51
Aviva Pension UK Tracker	0.47	0.02	31/12/23	0.49
Aviva With Profit	0.87	0.01	31/12/23	0.88

COMPASS GROUP PENSION PLAN

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

AVC policies

Fund name	TER % p.a.	TC % p.a.	TC reporting period	Total costs % p.a.
Legal & General (L&G) Lifestyle	0.45- 0.51 ²	0.00 – 0.06 ²	31/3/24	0.45 – 0.57 ²
L&G All Stocks Gilts Index	0.45	0.05	31/3/24	0.50
L&G Asia Pacific ex Japan Equity Index	0.51	0.01	31/3/24	0.52
L&G Cash	0.46	0.00	31/3/24	0.46
L&G Europe (Ex-UK) Equity Index	0.49	0.14	31/3/24	0.63
L&G Global Equity 30:70 Index Currency Hedged	0.51	0.06	31/3/24	0.57
L&G Managed	0.50	0.08	31/3/24	0.58
L&G North America Equity Index	0.49	0.00	31/3/24	0.49
L&G Over 15 Year Gilts Index	0.45	0.00	31/3/24	0.45
L&G Sustainable Property	1.65	0.00	31/3/24	1.65
L&G UK Equity Index	0.47	0.00	31/3/24	0.47
Phoenix Life London Life With-Profits Fund	1.00 ³	0.04	31/3/23	1.04
Prudential Deposit Fund ⁸	Not applicable	0.00	30/9/23	0.00
Standard Life At Retirement Multi-Asset Universal	1.04	0.19	31/3/24	1.23
Standard Life Stock Exchange	1.03	0.06	31/3/24	1.09
Standard Life Money Market	1.00	0.00	31/3/24	1.00
Standard Life Pension Millennium With Profits Fund	1.00 ³	0.04	31/3/24	1.04
Standard Life Pension With Profits Fund	1.00 ³	0.09	31/3/24	1.09
Standard Life UK Equity Pension Fund	1.02	0.00	31/3/24	1.02
Zurich With-Profits 90:10 Fund	Not available	Not available	Not applicable	Not available

Source: Providers

¹ This fund is a component of Aviva's range of My Future lifestyle strategies. Although the net returns on the My Future lifestyle strategies vary with age, we have not shown returns for members invested in these lifestyle strategies who are age 25, 45 and 55 at the start of the investment period as Aviva has not confirmed which lifestyle strategy members are invested in, or the structure of the lifestyle strategies.

² Depending upon term to retirement.

³ The charges on the Fund are not explicit, the costs of running the Fund are taken into account when the bonus rate on the Fund is declared each year.

Illustrations to show the effect of costs and charges

The Trustee is required to illustrate the cumulative effect over time of the costs and charges that apply to members with DC benefits.

The Regulations allow the Trustee to exercise its discretion with regards to the illustrative examples provided as long as they are realistic and representative of members with DC benefits.

The Trustee has taken account of the statutory guidance when preparing these illustrations. The illustrations are based on several assumptions about the future, which are set out for each of the CRISP Section and DC Section. Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Plan, they are not a substitute for the individual, personalised illustrations provided to members in their annual benefit statements.

COMPASS GROUP PENSION PLAN

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

CRISP Section

Notes and assumptions

1. Projected pension fund values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. The starting fund size is assumed to be £0.
3. Values are estimates and are not guaranteed. The illustrations do not indicate the likely variance and volatility in the possible outcomes for each fund.
4. All values are shown to three significant figures.

Illustrations are provided for one active example member of the CRISP Section to demonstrate the effect of costs and charges for the investment funds and strategies offered and take account of initial savings fund size, contributions, real terms investment return gross of costs and charges, adjustment for the effect of costs and charges and time to retirement.

As each member has a different amount of savings within the CRISP Section and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustee has had to make a number of assumptions. To ensure that these assumptions are representative of the CRISP Section membership, the Trustee has based the illustrations on the youngest member age of 22 who is assumed to retire at age 65, using a starting fund of £0, a starting salary of £25,625 that increases in line with inflation, and a total contribution rate of 12%.

Year	Default arrangement (Most Popular)		Most Expensive Fund		Cheapest Fund	
	Av MyM Mercer Target Cash Path		Av MyM CRISP Active Bond		Av MyM BlackRock Aq Connect Over 5 Year Index-Linked Glt Idx	
	Assumed growth rate 3.4%		Assumed growth rate 0.1%		Assumed growth rate 4.5%	
	Assumed costs and charges 0.52%		Assumed costs and charges 1.00%		Assumed costs and charges 0.22%	
	Fund Size with no Charges Incurred	Fund Size with Charges Incurred	Fund Size with no Charges Incurred	Fund Size with Charges Incurred	Fund Size with no Charges Incurred	Fund Size with Charges Incurred
1	£3,126	£3,109	£3,072	£3,042	£3,137	£3,130
2	£6,366	£6,315	£6,141	£6,049	£6,416	£6,394
3	£9,724	£9,620	£9,204	£9,022	£9,842	£9,798
4	£13,205	£13,028	£12,264	£11,961	£13,422	£13,347
5	£16,814	£16,541	£15,319	£14,867	£17,163	£17,047
10	£36,938	£35,817	£30,532	£28,908	£38,552	£38,058
15	£61,022	£58,278	£45,638	£42,168	£65,206	£63,955
20	£89,846	£84,452	£60,639	£54,692	£98,422	£95,874
25	£124,343	£114,952	£75,535	£66,520	£139,815	£135,215
30	£165,630	£150,494	£90,327	£77,691	£191,398	£183,704
35	£215,043	£191,911	£105,016	£88,242	£255,680	£243,468
40	£263,433	£230,913	£119,603	£98,206	£335,787	£317,130
43	£278,037	£242,673	£128,306	£103,916	£393,030	£369,312

COMPASS GROUP PENSION PLAN

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

Illustrations to show the effect of costs and charges (continued)

CRISP Section (continued)

Year	Additional Default Funds									
	Mercer Growth / Balanced Risk S5		Mercer Cash Retirement S5		Mercer Passive Global Equity		Av MyM CRISP Passive Emerging Markets Equity		Mercer Target Cash 20XY	
	Assumed growth rate 3.7%		Assumed growth rate -0.5%		Assumed growth rate 3.5%		Assumed growth rate 4.1%		Assumed growth rate 4.1%	
	Assumed costs and charges 0.53%		Assumed costs and charges 0.27%		Assumed costs and charges 0.25%		Assumed costs and charges 0.91%		Assumed costs and charges 0.91%	
	Fund Size with no Charges Incurred	Fund Size with Charges Incurred	Fund Size with no Charges Incurred	Fund Size with Charges Incurred	Fund Size with no Charges Incurred	Fund Size with Charges Incurred	Fund Size with no Charges Incurred	Fund Size with Charges Incurred	Fund Size with no Charges Incurred	Fund Size with Charges Incurred
1	£3,126	£3,109	£3,068	£3,059	£3,124	£3,116	£3,131	£3,103	£3,074	£3,063
2	£6,366	£6,315	£6,120	£6,095	£6,357	£6,333	£6,391	£6,304	£6,146	£6,114
3	£9,724	£9,620	£9,158	£9,108	£9,703	£9,655	£9,783	£9,605	£9,217	£9,152
4	£13,205	£13,028	£12,181	£12,098	£13,167	£13,084	£13,313	£13,009	£12,286	£12,178
5	£16,814	£16,541	£15,190	£15,065	£16,752	£16,626	£16,987	£16,521	£15,354	£15,193
10	£36,938	£35,817	£30,014	£29,568	£36,656	£36,136	£37,733	£35,801	£30,671	£30,084
15	£61,022	£58,278	£44,483	£43,528	£60,304	£59,031	£63,068	£58,302	£45,950	£44,680
20	£89,846	£84,452	£58,604	£56,967	£88,400	£85,899	£94,009	£84,561	£61,193	£58,987
25	£124,343	£114,952	£72,385	£69,904	£121,782	£117,428	£131,794	£115,207	£76,400	£73,010
30	£165,630	£150,494	£85,836	£82,357	£161,444	£154,427	£177,939	£150,973	£91,569	£86,755
35	£215,043	£191,911	£98,963	£94,345	£208,566	£197,846	£234,293	£192,713	£106,702	£100,228
40	£274,180	£240,173	£111,775	£105,886	£264,553	£248,799	£303,114	£241,426	£121,799	£113,433
43	£315,112	£272,880	£119,314	£112,602	£303,082	£283,521	£351,514	£274,477	£130,839	£121,231

COMPASS GROUP PENSION PLAN

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

Illustrations to show the effect of costs and charges (continued)

DC Section

Notes and assumptions

1. The member ages and starting fund values used in the projections are representative of the DC Section membership as at 5 April 2024.
2. Fund values shown are estimates and are not guaranteed. Projected fund values have been rounded to the nearest £10 unless the impact of rounding would be disproportionate.
3. The illustrations assume no further contributions are paid.
4. The illustrations are shown in today's terms, and do not need to be reduced further for the effect of inflation, which is assumed to be 2.5% each year.
5. Where assumed growth rates are lower than the rate of inflation, the fund value will reduce over time in the illustrations above, even before allowing for costs and charges.
6. For the L&G Lifestyle Strategy, the illustrations take into account the changing proportion invested in the different underlying funds, depending upon term to retirement. They also assume members are invested in the Lifestyle Strategy that was in place over this reporting period, although the Trustee has now put a different Lifestyle Strategy in place for the majority of members.
7. Transaction costs for all funds have been averaged over a five-year period in line with statutory guidance to reduce the level of volatility.
8. A floor of 0% p.a. has been used for the transaction costs if these were negative in any year so as not to potentially understate the effect of charges on fund values over time.
9. The projected growth rates and costs and charges assumed for the illustrations are as follows:

Fund Name	Growth rate	Costs and charges
L&G Lifestyle Strategy	4.0% p.a. – 5.0% p.a. ¹	0.50% p.a. – 0.56% p.a. ¹
L&G Sustainable Property Fund	7.0% p.a.	1.69% p.a.
L&G Cash Fund	5.0% p.a.	0.51% p.a.
Scottish Widows With Profits Fund	3.0% p.a.	1.15% p.a.

¹ Depending upon term to retirement.

The Trustee has decided to illustrate four example members:

- Example member 1: the youngest L&G member (age 48) with a retirement age of 63 and a starting fund value of £600.
- Example member 2: the average L&G member (age 57) with a retirement age of 63 and a starting fund value of £4,500.
- Example member 3: the youngest Scottish Widows member (age 45) with a retirement age of 63 and a starting fund value of £750.
- Example member 4: the average Scottish Widows member (age 56) with a retirement age of 63 and a starting fund value of £14,500.

COMPASS GROUP PENSION PLAN

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

Illustrations to show the effect of costs and charges (continued)

DC Section (continued)

For the example members invested with L&G (example member 1 and example member 2), the Trustee has produced illustrations to demonstrate the effect of costs and charges for the L&G Lifestyle Strategy, as this is the investment option most members are invested in. Illustrations are also included for the L&G Sustainable Property Fund (which had the highest charges over this reporting period) and the L&G Over 15 Years Index Linked Gilt Fund (which had the lowest charges over this reporting period).

For the example members invested with Scottish Widows (example member 3 and example member 4), the Trustee has produced illustrations for the Scottish Widows With Profits Fund, as this is the only fund available to these members.

Example member 1

For the youngest L&G deferred member, the estimated impact of charges on accumulated fund values is shown in the table below.

Member's age	Lifestyle Strategy			Sustainable Property Fund			Over 15 Year Index Linked Gilt Fund		
	Fund value		Impact of charges	Fund value		Impact of charges	Fund value		Impact of charges
	Before charges	After charges		Before charges	After charges		Before charges	After charges	
50	£630	£620	£10	£650	£630	£20	£630	£610	£20
55	£710	£680	£30	£810	£730	£80	£700	£650	£50
60	£800	£750	£50	£1,000	£830	£170	£780	£680	£100
63	£810	£750	£60	£1,140	£910	£230	£830	£710	£120

Example member 2

For the average L&G deferred member, the estimated impact of charges on accumulated fund values is shown in the table below.

Member's age	Lifestyle Profile			Sustainable Property Fund			Over 15 Year Index Linked Gilt Fund		
	Fund value		Impact of charges	Fund value		Impact of charges	Fund value		Impact of charges
	Before charges	After charges		Before charges	After charges		Before charges	After charges	
60	£4,840	£4,760	£80	£5,120	£4,890	£230	£4,800	£4,650	£150
63	£4,910	£4,760	£150	£5,820	£5,300	£520	£5,130	£4,800	£330

COMPASS GROUP PENSION PLAN

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

Illustrations to show the effect of costs and charges (continued)

DC Section (continued)

Example member 3

For the youngest Scottish Widows deferred member, the estimated impact of charges on accumulated fund values is shown in the table below.

Member's age	With Profits Fund		
	Fund value		Impact of charges
	Before charges	After charges	
50	£770	£730	£40
55	£790	£700	£90
60	£810	£680	£130
63	£820	£670	£150

Example member 4

For the average Scottish Widows deferred member, the estimated impact of charges on accumulated fund values is shown in the table below.

Member's age	With Profits Fund		
	Fund value		Impact of charges
	Before charges	After charges	
60	£14,790	£14,140	£650
63	£15,000	£13,870	£1,130

Net investment returns

The Trustee is required to set out the investment returns, net of all costs and charges, for the funds in which the CRISP Section and DC Section members are invested. These must be calculated at intervals of no more than one year.

It is important to note that past performance is not a guide to future performance.

COMPASS GROUP PENSION PLAN

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

CRISP Section

The net investment returns set out below have been prepared having regard to the statutory guidance and have not deviated from the approach set out in that guidance.

Default arrangement - Cash option	Annualised returns to 31 March 2024 (%)	
Age of member at start of period	1 year	5 years
25	8.2	5.2
45	8.2	5.2
55	8.2	4.5
Alternative lifestyle – Annuity purchase	Annualised returns to 31 March 2024 (%)	
Age of member at start of period	1 year	5 years
25	8.2	5.2
45	8.2	5.2
55	8.2	*
Alternative lifestyle - Income drawdown	Annualised returns to 31 March 2024 (%)	
Age of member at start of period	1 year	5 years
25	8.2	5.2
45	8.2	5.2
55	8.2	**

*No members aged 55 at the start of the five-year period ending on 31 March 2024 were invested in Mercer Target Annuity 2029 so Plan-specific investment returns are not available.

**No members aged 55 at the start of the five-year period ending on 31 March 2024 were invested in Mercer Target Drawdown 2029 so Plan-specific investment returns are not available.

COMPASS GROUP PENSION PLAN

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

CRISP Section (continued)

Target date funds	Annualised returns to 31 March 2024 (%)	
	1 year	5 years
Av MyM Mercer Growth/Balanced Risk	8.2	5.2
Av MyM Mercer Cash Retirement	4.9	1.4
Av MyM Mercer Target Cash 2025	5.1	2.8
Av MyM Mercer Target Cash 2026	5.7	2.5
Av MyM Mercer Target Cash 2027	6.4	2.9
Av MyM Mercer Target Cash 2028 ¹	7.5	-
Av MyM Mercer Target Cash 2029 ¹	7.5	-
Av MyM Mercer Target Cash 2030 ¹	7.8	-
Av MyM Mercer Target Cash 2031 ¹	8.1	-
Av MyM Mercer Annuity Retirement Fund	4.3	(2.2)
Av MyM Mercer Target Annuity 2025	4.6	(0.4)
Av MyM Mercer Target Annuity 2026	5.1	0.4
Av MyM Mercer Target Annuity 2027	5.8	1.5
Av MyM Mercer Target Annuity 2028 ¹	6.4	-
Av MyM Mercer Target Annuity 2029 ¹	6.9	-
Av MyM Mercer Target Annuity 2030 ¹	7.4	-
Av MyM Mercer Target Annuity 2031 ¹	8.0	-
Av MyM Mercer Target Drawdown 2025	5.8	3.9
Av MyM Mercer Target Drawdown 2026	6.4	4.2
Av MyM Mercer Target Drawdown 2027	6.7	4.4
Av MyM Mercer Target Drawdown 2028 ¹	7.0	-
Av MyM Mercer Target Drawdown 2029 ¹	7.3	-
Av MyM Mercer Target Drawdown 2030 ¹	7.6	-
Av MyM Mercer Target Drawdown 2031 ¹	8.0	-

¹ Five-year performance for this fund is not yet available, as the fund has not been included in the fund range for 5 years.

COMPASS GROUP PENSION PLAN

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

CRISP Section (continued)

Self-select fund	Annualised returns to 31 March 2024 (%)	
	1 year	5 years
CRISP Active Bond	4.0	1.4
CRISP Active International Equities	19.6	10.4
CRISP Passive Sustainable Global Equity ¹	22.6	-
CRISP Passive Emerging Markets Equity ²	4.5	0.7
CRISP Money Market and Cash	5.0	1.5
BlackRock - Passive UK Equity	7.3	4.8
BlackRock - Passive Global Equity (30:70) (GBP Hedged)	19.4	9.3
LGIM - Ethical Global Equity	23.5	13.9
BlackRock - Passive Index-Linked Gilts	(7.9)	(6.9)
Mercer Passive Global Equity ¹	22.8	-
Mercer Passive Shariah	30.0	16.7
Mercer Pre-Retirement Fund	4.0	(3.5)
Mercer Moderate Growth / Moderate Risk	5.7	3.8
Mercer Growth / Balanced Risk	8.2	5.1
Mercer High Growth / Higher Risk	10.0	6.2

Source: Aviva and Mercer.

Performance shown net of all charges and transaction costs. Performance of standalone self-select options is independent of age, therefore performance is shown in a different format to the lifestyle performance in the default arrangement and additional default arrangements tables. Negative performance figures means that the value of the underlying assets in which the fund invests have fallen in value over the period shown.

¹ Five-year performance for this fund is not yet available, as the fund has not been included in the fund range for 5 years.

² Five-year performance includes performance of the previously actively managed strategy up to 31 March 2023 and the current passively managed strategy to 31 March 2024.

DC Section

The net investment returns set out below have been prepared having regard to the statutory guidance. For the Aegon and Standard Life With Profits Funds, the net investment returns shown are the annualised bonus rates declared on the funds over one and five years to the most recent bonus declaration date. Whilst, in practice, we would expect a terminal bonus to increase returns close to the returns achieved by the underlying assets of the With Profits Fund over the period held (after allowing for all costs of running the fund, including the costs of any guarantees), these amounts are unknown and are not guaranteed. Furthermore, a market value reduction, which can reduce the return delivered to investors, may be applied on exit from the With Profits Fund at any time other than at maturity date, or in the event of death before retirement. Although the Trustee requested this information shortly after the Plan's year end, and has sent a number of follow up requests, Aviva has not confirmed the bonus rate declared on the Aviva With Profits Fund for the twelve-month period to 1 January 2024 so it has not been possible to show the annualised bonus rates declared on the Fund over one and five years in this statement.

For the Scottish Widows, Phoenix Life and Zurich With Profits Funds members are invested in, the net returns shown are the bonus rates that have been added to the guaranteed sum assured at retirement over one and five years to 31 December 2023.

COMPASS GROUP PENSION PLAN

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

DC Section (continued)

The guidance states that, where the net returns vary with age i.e. the L&G Lifestyle Strategy, they should be shown for members aged 25, 45 and 55 at the start of the investment reporting period. The net returns for the investment options which vary with age are based on a member having a normal retirement age of 63.

Money purchase policies

(i) L&G Lifestyle Strategy

Age of member at the start of the reporting period:	Net return to 31 March 2024	
	1 year (%)	5 years (% p.a.)
25	19.3	9.5
45	19.3	9.5
55	12.9	-1.1

Source: L&G (underlying returns) and Aon (age-related investment returns)

(ii) Individual Funds

Fund	Net return to 31 March 2024	
	1 year (%)	5 years (% p.a.)
L&G Cash	4.8	1.3
Scottish Widows With Profits	2.3	1.8

Source: L&G and Scottish Widows

(iii) Self-select funds

Fund	Net return to 31 March 2024	
	1 year (%)	5 years (% p.a.)
L&G Cash Fund	4.8	1.3
Scottish Widows With Profits	2.3	1.8
L&G All Stocks Gilts Index	-0.5	-4.3
L&G Asia Pacific ex Japan Equity Index	8.1	7.0
L&G Cash	4.8	1.3
L&G Europe (Ex-UK) Equity Index	13.2	9.8
L&G Global Equity 30:70 Index Currency Hedged	19.2	9.5
L&G Managed	10.4	5.3
L&G North America Equity Index	28.4	15.3
L&G Over 15 Year Gilts Index	-5.2	-8.6
L&G Sustainable Property	1.1	-0.4
L&G UK Equity Index	7.4	5.1

Source: L&G

COMPASS GROUP PENSION PLAN

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

AVC policies

(iv) L&G Lifestyle Strategy

Age of member at the start of the reporting period:	Net return to 31 March 2024	
	1 year (%)	5 years (% p.a.)
25	19.3	9.5
45	19.3	9.5
55	12.9	-1.1

Source: L&G (underlying returns) and Aon (age-related investment returns)

(v) Self-select funds

Fund	Net return to 31 March 2024	
	1 year (%)	5 years (% p.a.)
Aegon Cash	4.1	0.7
Aegon High Equity With Profit	2.3	1.9
Aegon Mixed	9.4	6.5
Aegon With Profit Endowment	0.0	0.0
Aviva Pension Assured (PM)	0.4	1.8
Aviva Asia Pacific ex Japan Equities	-0.1	2.7
Aviva AXA Framlington Global Sustainable Managed	12.8	6.3
Aviva Baillie Gifford Managed	10.0	6.1
Aviva Cash	5.1	1.3
Aviva Ethical Distribution	3.6	1.2
Aviva Europe ex UK Equities	13.9	9.8
Aviva Fixed Interest	3.4	-2.1
Aviva Global Distribution	7.2	2.6
Aviva Global Equities	24.9	11.9
Aviva Global Managed	11.7	6.2
Aviva Higher Income	8.6	4.5
Aviva Index-Linked	-5.3	-5.6
Aviva Japan Equities	11.4	4.1
Aviva JPM UK Equity Growth	15.6	5.9
Aviva Managed	10.5	5.2
Aviva My Future Consolidation ¹	7.7	2.7
Aviva Overseas	24.7	11.3
Aviva Property	-0.1	1.2
Aviva Reserve	5.9	1.6
Aviva Lifestyle Retirement 2030	9.8	6.3
Aviva Lifestyle Retirement 2035	10.9	7.2
Aviva Lifestyle Retirement 2040	10.9	7.2

COMPASS GROUP PENSION PLAN

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

AVC policies (continued)

Fund	Net return to 31 March 2024	
	1 year (%)	5 years (% p.a.)
Aviva Retirement Distribution	7.3	2.7
Aviva UK Equity	7.7	5.8
Aviva UK Tracker	8.1	4.9
Aviva With Profits	Not available	Not available
L&G All Stocks Gilts Index	(0.5)	(4.3)
L&G Asia Pacific ex Japan Equity Index	8.1	7.0
L&G Cash	4.8	1.3
L&G Europe (Ex-UK) Equity Index	13.2	9.8
L&G Global Equity 30:70 Index Currency Hedged	19.2	9.5
L&G Managed	10.4	5.3
L&G North America Equity Index	28.4	15.3
L&G Over 15 Year Gilts Index	(5.2)	(8.6)
L&G Sustainable Property	1.1	(0.4)
L&G UK Equity Index	7.4	5.1
Phoenix Life With-Profits	0.0	0.0
Prudential Deposit	5.0	1.6
Scottish Widows With Profits	2.3	1.8
Standard Life Pension Millennium With Profits	1.8	1.0
Standard Life Pension With Profits	4.0	4.0
Standard Life UK Equity Pension	5.2	3.3
Zurich With-Profits 90:10	0.0	0.0

Source: Providers and Financial Express Analytics

¹ This fund is a component of Aviva's range of My Future lifestyle strategies. Although the net returns on the My Future lifestyle strategies vary with age, we have not shown returns for members invested in these lifestyle strategies who are age 25, 45 and 55 at the start of the investment period as Aviva has not confirmed which lifestyle strategy members are invested in, or the structure of the lifestyle strategies.

Value for members assessment

In accordance with legal requirements, the Trustee carries out an annual review of the charges and transaction costs incurred by members with DC benefits, in order to assess whether or not these charges and transaction costs represent good value for members. There is no legal definition of "good value", so the process of determining good value is a subjective one.

The Trustee carries out its assessments for the CRISP Section and the DC Section with the help of its relevant external consultants, by looking at how the investment management charges that apply to members' investments compare to market data on alternative investment managers and platform providers for similar pension arrangements.

COMPASS GROUP PENSION PLAN

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

CRISP Section

On 12 September 2024 the Trustee, working with its advisers, Mercer Limited ('Mercer'), assessed the charges paid by members of the CRISP Section based on:

- Typical institutional fees for funds of equivalent size.
- Mercer Manager Research Ratings, as an assessment of manager skill and potential for future outperformance.
- Historical performance of CRISP Section fund options.
- The TER for each fund option, which (as described) covers Aviva administration charges, fund manager charges and other expenses.

The Trustee concluded that the funds offered to CRISP Section members remained highly rated by their independent consultants and were being offered to members at competitive fees, relative to alternative funds available to other pension schemes. Performance of the funds was considered to be "reasonable" over a three-year period, as although the majority of funds had performed in line with expectations, the multi-asset funds, including those used in the default investment option, had underperformed their long-term absolute return benchmarks due to a combination of significant volatility in UK bond markets over 2022 and 2023 and the diversification of the equity investments during a period when a small number of US technology stocks have dominated global equity market returns. The Trustee will be undertaking a review of the default investment arrangements in 2024 and into 2025, the outcome of which will be included in next year's statement.

In carrying out the assessment, the Trustee also considered the other benefits members receive which include:

- The oversight and governance of the Trustee in ensuring compliance with relevant legislation and monitoring, including considering any material issues that may impact members.
- The efficiency of administration processes and the extent to which the administrator met or exceeded its service level standards during the Plan year.
- The range of investment options.
- The design of the default investment option and how this reflects the expected needs of the majority of members.
- The range and quality of communications and tools available to help members plan for their retirement.

The Trustee also reviewed the transaction costs as part of the value for money for members. Meaningful assessment is difficult to undertake due to the lack of an industry standard for comparison, but based on advice from Mercer, the Trustee believes that transaction costs paid by CRISP Section members appear to be reasonable and therefore represent good value for members. The Trustee will continue to work with its advisers to monitor and assess the reasonableness of transaction costs incurred by members.

Overall, the Trustee concluded that the charges paid by members of the CRISP Section represented good value for money over the longer term. The Trustee will continue to monitor ongoing performance and charges paid by members on a regular basis, with formal reviews being carried out at least annually.

DC Section

The Trustee engaged its investment consultant, Aon, to carry out an assessment of the money purchase policies held with Legal & General and Scottish Widows, and the AVC arrangements held with Aegon, Aviva, Legal & General, Phoenix Life, Prudential, Scottish Widows, Standard Life and Zurich for the year ended 5 April 2024.

The assessment found that the charges paid by members, where disclosed, are broadly in line with market rates. Although no benchmarking information is available for transaction costs, those reported in this statement appear reasonable compared to costs seen reported for other schemes.

The Trustee also considered the benefits of membership for the DC Section members under the categories of governance, investment, administration and member communications and support. Benchmarking, relative to other pension arrangements and/or best practice guidelines was undertaken as part of the assessment.

COMPASS GROUP PENSION PLAN

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

Value for members assessment (continued)

DC Section (continued)

Governance – The Trustee receives advice in respect of actuarial, legal and investment matters specifically relating to the DC benefits and has an SLA in place with XPS which specifically identifies the key activities and core financial transactions in relation to the DC benefits. SLA performance for these tasks is included in XPS's quarterly administration reports that are presented at each of the Plan's quarterly GOC meetings. The Trustee also has an SLA in place with Legal & General which covers the key administration processes and core financial transactions in relation to the DC and AVC arrangements held with them. Legal & General provide a quarterly governance and investment report which is discussed at the quarterly GOC and Investment Committee ('IC') meetings as relevant. The Trustee believes, therefore, that it has suitable governance processes in place.

Investment – The investment strategy set out for the DC funds at the point of transfer to Legal & General (L&G) and subsequent triennial reviews (in 2020 and 2023) have considered the needs of members, and how they are likely to access these funds. During this reporting period, the Trustee changed the Lifestyle Strategy for younger members of the L&G arrangements to provide a more diverse investment during the approach to retirement. As referenced under 'Governance' above, the Trustee has delegated oversight of the performance of the Legal & General DC and AVC funds to its IC. The IC reviews the performance of the default investment strategy and all self-select funds against the benchmarks set by Legal & General to monitor whether the funds are performing in line with their stated objectives.

A review of the performance of the Scottish Widows With Profits Fund and the non-Legal & General AVC funds is undertaken for the Trustee by Aon as part of the formal triennial review of the investment strategy for the DC and AVC funds. The last review was presented to the Trustee on 5 September 2023 and Aon concluded that they had no major concerns over the performance of these funds.

Administration – As noted under Governance, the Trustee has an SLA in place with the Plan's administrators, XPS, and SLA performance is monitored on a quarterly basis. This enables the Trustee to monitor the level of administration and turnaround times of the DC and AVC providers and to flag any major delays or service issues. No issues were identified during the Plan year. Also, as noted under Governance, the Trustee has an SLA in place with Legal & General which covers the key administration processes and Core Financial Transactions in relation to the DC and AVC arrangements. Under the current SLA, Legal & General aim to complete all Core Financial Transactions within five working days. Over the Plan year ended 5 April 2024, Legal & General achieved the timescales set out in the SLA for 95.2% of core financial transactions. The quarterly governance report from Legal & General presented at the GOC meeting enables the Trustee to monitor performance against the SLA.

Member communications and support – If DC and AVC members' fund values are above a limit set by the Trustee, they receive an annual statutory money purchase illustration ('SMPI') from the administrators, XPS. They also receive tailored retirement warm-up communications from XPS. On an annual basis, all members receive the newsletter from the Trustee which flags any matter particularly of relevance to DC and AVC funds.

All DC Section members have access to XPS's online member portal, MyPension. At 30 June 2024, 37% of the Plan's DB membership across all categories – active, deferred and pensioner – had registered to go digitally. In addition, members of the L&G arrangement are able to view their policies via the L&G website.

The Plan's rules allow members with DC funds to take their entitlement to tax free cash and use the remainder to buy a Plan pension or an annuity on the open market. At retirement, members are informed by the administrators, XPS, that they have the right to shop around and to buy an annuity from the provider of their choice. They are referred to Pension Wise at MoneyHelper and the online retirement adviser directory to find an independent financial adviser. Members are not assisted in a search of the open market option. The Plan's Rules allow members to use their AVCs towards their tax-free cash.

On the basis of the advice the Trustee has received during the current Plan year, and consideration of the needs of members, the Trustee's overall conclusion is that the DC Section policies do represent good value for members.

COMPASS GROUP PENSION PLAN

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

Trustee knowledge and understanding

The comments in this section relate to the Plan as a whole and not solely to the CRISP Section and the DC Section.

Following the merger of CRISP with the Plan with effect from 1 January 2024, the size of the Trustee Board increased from seven to twelve with the majority of the former CRISP trustee directors becoming trustee directors of the Plan.

The law requires the Plan's trustee directors to maintain an appropriate level of knowledge and understanding that, together with professional advice available to them, enables them to properly exercise their functions and duties in relation to the effective running of the Plan.

Both before and after the merger a significant amount of time has been devoted, and is ongoing, to providing defined contribution (DC) training for the existing Plan directors as well as specific training relating to the administration, governance and investment arrangements of the CRISP Section. For example, in October 2023, they received training from the Plan's legal advisers that explained the key differences between DB and DC pension provision, the factors that affect the outcomes for DC members, the options available to DC members for taking their pension savings at retirement and their additional governance duties in respect of the CRISP Section.

Likewise, there has been, and is ongoing, a significant amount of time devoted to providing defined benefit (DB) training and specific training relating to the administration and governance of the Plan to the former CRISP trustee directors. For example, in September 2023, the Plan's actuarial advisers, Mercer, provided training that explained trustees' legal and regulatory duties in respect of the funding of DB pension schemes, DB pension scheme risks and the triennial actuarial valuation process to assess a DB scheme's funding position.

The trustee directors are conversant with, and have a working knowledge of, all relevant Plan documents and current policies, including the trust deed and rules, which has been updated to include a new section containing the previous CRISP rules, and maintain this working knowledge through legal updates on a quarterly basis.

The trustee directors also have an appropriate level of knowledge and understanding of the law relating to pensions and trusts, and the relevant principles relating to funding and investment of occupational pension scheme assets.

The trustee directors reassess their training needs on an annual basis to identify knowledge gaps by completing a training needs analysis based on the training areas covered by The Pensions Regulator's Trustee Toolkit. From the responses to the training needs analysis completed in November 2023, a training plan was developed for 2024 which reflected not only their feedback but also suggestions from the Plan's advisers on training in relation to regulations and legislation expected to come into effect in 2024. The training plan for 2024 also recognises the fact that following the results of the triennial actuarial valuation as at 5 April 2022, the trustee directors are continuing to consider the longer-term strategy for the Plan.

The trustee directors receive formal training from the Plan's advisers on designated training days, virtually between trustee meetings and at trustee meetings as appropriate on specific agenda items. At the training day in September 2023, the trustee directors participated in an exercise to test the effectiveness of their cyber incident response plan and from the lessons learned have updated all their cyber security documents. On the same day they also had presentations and discussions around equality, diversity and inclusion.

Training related to specific trustee meeting agenda items has included training on the implications of the abolition of the Lifetime Allowance for pension savings, the Task Force on Climate-related Financial Disclosures ('TCFD') framework and supporting DC members at retirement.

Throughout the year, as the trustee directors have continued to develop their plans in relation to GMP equalisation, they have received further training on equalisation methodology to ensure that they are fully informed with respect to guidance issued and court rulings since the original judgment in 2018.

COMPASS GROUP PENSION PLAN

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

Trustee knowledge and understanding (continued)

At each quarterly meeting of the GOC and the DCC, the trustee directors receive updates and training in relation to legal developments and their impact. Specific areas covered in the Plan year have included proposed changes to the Value for Money framework and pensions dashboards. In addition, the trustee directors are made aware of, and are encouraged to attend, formal training conducted by professional pensions organisations. A record of training undertaken by the trustee board collectively and by each trustee director individually is maintained.

The Trustee also requires that all trustee directors complete the relevant parts of The Pensions Regulator's Trustee Toolkit. A formal induction training plan is in place for all new trustee directors which comprises training sessions from the Plan's administrators and advisers to provide them with an appropriate level of knowledge and understanding to enable them to exercise their duties in relation to the running of the Plan. The three new trustee directors who joined the CRISP trustee board at the beginning of the Plan year have all completed the Trustee Toolkit.

The Board has two professional trustee directors, Philip Whittome (Chairman) and Christopher Clayton, who are both representatives of Capital Cranfield Pension Trustees Limited and have specific areas of expertise in addition to those held by all the trustee directors.

Philip Whittome has particular expertise from a background in investment and was a full-time professional fund manager for fourteen years. He is a Diploma Member of the Pensions Management Institute (DipPMI), an Associate of the Society of Investment Professionals (ASIP) and holds the PMI (Pensions Management Institute) Trustee Certificate qualification.

Christopher Clayton has expertise from a background in corporate finance and is a member of the chartered Institute of Securities and Investment. Both are fully APPT (Association of Professional Pension Trustees) Accredited, complete 'Continuing Professional Development' requirements annually and attend Capital Cranfield's quarterly training days.

Taking account of actions taken individually and as a trustee body, the two professional trustee directors' expertise and the professional advice available to them, the trustee directors consider that they are properly enabled to fulfil their duties as a board with a good working knowledge of the Plan's trust deed and rules, current policies, pensions and trust law, and funding and investment principles. All the scheme documents are also available to the trustee directors in an easily accessible on-line database.

The Statement regarding DC governance was approved by the Board of the Trustee on 20 September 2024 and signed on its behalf by:

Philip Whittome

Philip Whittome, Chairman

COMPASS GROUP PENSION PLAN

Appendix A – CRISP Statement of Investment Principles

1. Introduction

The Trustee of the Compass Retirement Income Savings Plan (“CRISP” or the “Plan”) has drawn up this Statement of Investment Principles (the “Statement”) to comply with the requirements of

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

The Statement is intended to affirm the investment principles that govern decisions about the Plan’s investments. The Trustee’s investment responsibilities are governed by the Plan’s Trust Deed and Rules, subject to applicable legislation. If necessary, the Trustee will take appropriate legal advice regarding the interpretation of these. The Trustee notes that, according to the law, the Trustee has ultimate power and responsibility for the Plan’s investment arrangements.

In preparing this Statement the Trustee has consulted a suitably qualified person by obtaining written advice from Mercer Limited (“Mercer”). In addition, consultation has been undertaken with Compass Group PLC (the “Company”) as sponsor of the Plan, acting on behalf of all the participating employers, and will do so whenever the Statement is updated. However, the Trustee’s fiduciary obligation to Plan members will take precedence over the Company’s wishes should these ever conflict.

2. Decision Making Structure

Members of the Plan are able to invest in a range of unit-linked funds through the Trustee’s long-term insurance policy with Aviva Life & Pensions UK Limited (“Aviva”). The Trustee has established the following decision-making structure for the Plan:

The Trustee:

- Sets structures and processes for carrying out its role;
- Selects investment structures and their implementation;
- Selects and monitors investment advisers and funds;
- Selects and monitors direct investments; and,
- Makes on-going decisions relevant to the principles of the Plan’s investment strategy.

Mercer, the investment adviser:

- Advises on all aspects of the investment of the Plan’s assets, including implementation;
- Advises on this Statement;
- Provides relevant required training;
- Advises the Trustee on the suitability of each fund’s structure, composition and benchmark; and
- Monitors investment managers.

Aviva, the bundled services platform provider for the Plan:

- Operates within the terms of this Statement and the written long-term insurance contract with the Trustee;
- Provides access to a platform through which third party funds can be accessed by the Trustee, for the Plan’s members; and
- Provides pension administration services for the Plan.

COMPASS GROUP PENSION PLAN

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

Appendix A – CRISP Statement of Investment Principles (continued)

Mercer Workplace Savings (MWS):

- Provides advice in selecting the bundled services platform provider;
- Provides on-going governance monitoring services (i.e. on the platform provider); and
- Provides investment governance of the platform provider's fund range.

3. Investment Objectives and Policy

The Trustee's objectives for the Plan are as follows:

- To maximise the value of members' assets at retirement.
- To maintain the purchasing power of members' savings.
- To provide protection for members' accumulated assets in the year approaching retirement against sudden (downward) volatility in capital value; and
- fluctuations in the (implicit and explicit) costs of securing retirement benefits.

The investment choices available under the Plan have been chosen by the Trustee based on its understanding of different member needs. These have been grouped by the following approaches – 'do it for me', 'help me do it' and 'leave me to it'.

The Trustee recognises that members have differing investment needs and that these may change during the course of members' working lives. The Trustee also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee regards its duty as making available a range of investment options sufficient to enable members to tailor their investment strategy to their own needs, with the aim to ensure the security, quality, liquidity and profitability of a member's portfolio as a whole.

The Trustee also recognises that members may not believe themselves qualified to take investment decisions. As such, the Trustee makes available a default investment option. The default investment option places the emphasis on aiming to deliver a good level of real return over members' working lifetimes and also encompasses a switch into asset classes designed to provide some protection against equity market falls in the years approaching the member's selected target retirement age. Further information on the 'do it for me', 'help me do it' and 'leave me to it' approaches are provided in Sections 5, 6 and 7 respectively.

Members determine the balance between the different kinds of investments they hold. This balance will determine the expected return on member's assets and should be related to the member's own risk appetite and tolerances.

Mercer has been selected as the Delegated Investment Manager for the Plan, and is responsible for the day-to-day management of the assets in funds provided by Mercer. The Trustee has also selected a number of externally managed funds to be made available to members and is directly responsible for the governance and monitoring of these funds.

The Trustee regularly monitors and reviews the suitability of the funds provided and from time to time may change the investment options.

COMPASS GROUP PENSION PLAN

Appendix A – CRISP Statement of Investment Principles (continued)

4. The Trustee’s Policy with Regard to Risk

The Trustee has considered investment risk from a number of perspectives. The below list is not exhaustive but covers the main risks that the Trustee considers and how they are managed and measured in the Plan as a whole.

Type of Risk	Risk	Description	How is the risk monitored and managed?
Market risks	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 Trustee makes 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.	Use of currency hedging in some assets to reduce the influence of currency fluctuation in foreign investments.
Market risks	Credit risk	The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.	Members are able to set their own investment allocations, in line with their risk tolerances. Within active funds management of many of these market risks is delegated to the investment manager.
	Interest rate risk	The risk that unfavourable interest rate movements, particularly in the years just prior to retirement may lead to a reduction in the amount of income that the member’s retirement account can secure.	
	Concentration risk	The risk that an adverse influence on investment values from the poor performance of a small number of individual investments	
	Equity, property and other price risk	The risk that investment market movements lead to a substantial reduction in the anticipated level of the benefit.	
Environmental, Social and Corporate Governance risk		The risk that environmental, social or corporate governance concerns, including climate change, have a financially material impact on the return of the Plan’s assets.	The management of ESG related risks is delegated to investment managers. See Section 8, below, for the Trustee’s responsible investment and corporate governance statement.

COMPASS GROUP PENSION PLAN

Appendix A – CRISP Statement of Investment Principles (continued)

Type of Risk	Risk	Description	How is the risk monitored and managed?
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 Trustee 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. Units in the pooled funds in which the Plan invests are believed to be readily redeemable.
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.

The Trustee believes that the investment objectives and risks outlined in this Statement are in relation to what the Trustee considers financially material considerations. The Trustee believes the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the members' age and when they expect to retire.

5. Do it for me (the default investment option)

The "Av MyM Mercer Target Cash Path" is the default investment option for the Plan. Typically, a proportion of members will actively choose the default investment option because they feel it is most appropriate for them. However, the vast majority of members do not make an active investment decision and are invested in the default investment option. It is suitable for members that do not feel comfortable making their own investment decisions and who plan to take cash in retirement (i.e. take all of their retirement benefits as cash).

The default investment option aims to generate investment returns, in a risk-controlled manner, which are sufficient to provide a reasonable level of retirement benefits for members, given the level of contributions paid over their lifetime in the Plan.

COMPASS GROUP PENSION PLAN

Appendix A – CRISP Statement of Investment Principles (continued)

The objectives of the default investment option, and the ways in which the Trustee seeks to achieve these objectives, are detailed below:

- To generate returns in excess of inflation during the growth phase of the strategy whilst managing downside risk.

If the member is more than eight years away from their expected retirement date and has opted for the default investment option, contributions will be invested in the Av MyM Mercer Growth/Balanced Risk Fund. The Av MyM Mercer Growth/Balanced Risk Fund invests in a diversified mix of assets (equities, fixed income securities and non-traditional assets), both active and passive, with the objective of providing an above inflationary return, broadly in line with equities, over the long term with some downside protection and some protection against inflation erosion. The downside risk from an equity market downturn is mitigated through asset diversification away from equities.

Fund name	Investment Objective	Fund Benchmark/Target	Total Expense Ratio* (% p.a.)
Av MyM Mercer Growth /Balanced Risk	The fund seeks to achieve medium to high levels of capital growth over the long-term with medium to high levels of risk by investing predominantly in a diversified mix of bonds, equities and other asset types.	FTSE GBP 1 Month Eurodeposit Index +4% p.a.	0.44

*The total expense ratio includes the Annual Management Charge (AMC) and other expenses associated with the running and management of the fund, including administration services. The total expense ratios are stated as at 31 March 2021.

- To provide a strategy that reduces investment risk for members as they approach retirement.

As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that a strategy that seeks to reduce investment risk as the member approaches retirement is appropriate. Moreover, as members approach retirement, the Trustee believes the primary aim should be to provide protection against a mismatch between assets and the expected retirement benefits they will be used to provide.

In view of the above, the Trustee considers the level of risk within the default investment option in the context of the variability of returns in absolute terms.

Hence, eight years before their target retirement date (or Normal Retirement Date if no target has been specified), members who have opted for the default investment option will have their holdings transferred into a Av MyM Mercer Target Cash Fund based on the expected date of retirement. The Av MyM Mercer Target Cash Funds aim to gradually move investments from high-risk growth-seeking assets to cash-like investments (such as short dated fixed interest securities) that are more suitable for targeting cash in retirement.

COMPASS GROUP PENSION PLAN

Appendix A – CRISP Statement of Investment Principles (continued)

Fund name	Investment Objective	Fund Benchmark/Target	Total Expense Ratio* (% p.a.)
Av MyM Mercer Target Cash 20XY	The fund is aimed at investors looking to retire in 20XY who expect to take all their savings as cash at retirement. The fund seeks to move investors gradually from assets with the potential for medium to high growth/risk (such as a diversified mix of shares and other growth assets) to assets with expected lower growth/risk such as bonds and money market assets.	Composite benchmark which varies over time	0.34 - 0.44

*The total expense ratio includes the Annual Management Charge (AMC) and other expenses associated with the running and management of the fund, including administration services. The total expense ratios are stated as at 31 March 2021.

- To provide exposure, at retirement, to assets that are broadly appropriate for an individual planning to use their savings in the Plan to take cash in retirement.

At the start of the year of their expected retirement, members' accumulated savings in the default investment option will be moved to the Av MyM Mercer Cash Retirement Fund. The Av MyM Mercer Cash Retirement Fund aims to provide an element of capital preservation and to broadly "match" cash benefits.

Fund name	Investment Objective	Fund Benchmark/Target	Total Expense Ratio* (% p.a.)
Av MyM Mercer Cash Retirement	<i>The fund seeks to achieve returns linked to sterling money markets and is aimed at investors who expect to take all their savings as cash at retirement. The fund will hold money market assets that are expected to achieve low growth/risk.</i>	100% Seven Day Sterling LIBID	0.32

*The total expense ratio includes the Annual Management Charge (AMC) and other expenses associated with the running and management of the fund, including administration services. The total expense ratios are stated as at 31 March 2021.

The Trustee's policies in relation to the default investment option are detailed below:

- The default investment option manages investment risks through a diversified strategic asset allocation consisting of traditional and alternative assets. Risk is not considered in isolation, but in conjunction with expected investment returns and retirement outcomes for members. In designing the default investment option, the Trustee has explicitly considered the trade-off between risk and expected returns.
- In particular, when reviewing the investment strategy of the default investment option, the Trustee considers risk quantitatively in terms of the variability of investment returns and potential retirement outcomes for members. From a qualitative perspective, the Trustee also considers risk in terms of the (mis)alignment of investments with the retirement benefits targeted by the default investment option.
- Assets in the default investment option are invested in the best interests of members and beneficiaries, taking into account the profile of members. In particular, the Trustee considered the profile of the Plan's membership and the likely size of member pension pots at retirement. Based on this understanding of the membership, a default investment option that targets cash in retirement is considered appropriate.

COMPASS GROUP PENSION PLAN

Appendix A – CRISP Statement of Investment Principles (continued)

- Members are supported by clear communications regarding the aims of the default investment option and the access to alternative investment approaches. If members wish to, they can opt to choose their own investment strategy or an alternative lifestyle 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 investment option; the target benefits are just used to determine the investment strategy held pre-retirement.
- Assets in the default investment 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 Trustee's full policies on social, environmental or ethical considerations are detailed in Section 8 of this Statement.
- Any investment in derivative instruments (either directly or within the underlying pooled funds) contributes to risk reduction, or efficient portfolio management.

Within the Av MyM Mercer Target Cash Path, units across the underlying pooled funds are bought and sold according to the table below:

Time to Retirement (years)	Av MyM Mercer Growth/Balanced Risk Fund (%)	Av MyM Mercer Target Cash Funds (%)	Av MyM Mercer Cash Retirement Fund (%)
>8	100.00	0.00	0.00
<8, >0	0.00	100.00	0.00
0	0.00	0.00	100.00

The Plan offers alternative lifestyle investment options (known as Av MyM Mercer Target Paths) which target different retirement benefits than that targeted by the default investment option, namely annuity purchase (including an allowance for tax-free cash benefits of 25%) and drawdown. [See Section 6]

In addition, a range of self-select funds are offered to members. [See Section 7]

Taking into account the demographics of the Plan's membership and the Trustee's views of how the membership will behave at retirement, the Trustee believes that the current default investment option is appropriate and will continue to review this over time, at least triennially, or after significant changes to the Plan's demographic, if sooner.

Additional default arrangements

In accordance with the Occupational Pension Schemes (Charges and Governance) Regulations 2015, the Plan has identified the investment options listed in the table below as 'default arrangements' (as defined by these regulations) in addition to the current default investment option in which new entrants to the Plan are directed.

These funds have been identified as 'additional default arrangements', as members' accrued funds and contributions have been automatically directed to these funds without members having instructed the Trustee. These funds are not default arrangements for the purposes of auto-enrolment; they are only defaults due to historic investment option changes, in this case the closure of the Av MyM BlackRock (50:50) Global Equity Index Fund. Further information is provided in the table below.

COMPASS GROUP PENSION PLAN

Appendix A – CRISP Statement of Investment Principles (continued)

Replacement Fund	Previous Fund	Reason for identification as a 'default arrangement'	Date
Av MyM Mercer Growth Fund	Av MyM BlackRock (50:50) Global Equity Index Fund	This default was created when funds were mapped following the closure of the Av MyM BlackRock (50:50) Global Equity Index Fund for those members already invested in the Av MyM Mercer Growth Fund.	June 2020
Av MyM Mercer Target Cash 20XY	Av MyM BlackRock (50:50) Global Equity Index Fund	This default was created when funds were mapped following the closure of the Av MyM BlackRock (50:50) Global Equity Index Fund for those members already invested in the relevant target date fund.	June 2020
Av MyM Mercer Cash Retirement	Av MyM BlackRock (50:50) Global Equity Index Fund	This default was created when funds were mapped following the closure of the Av MyM BlackRock (50:50) Global Equity Index Fund for those members already invested in the Av MyM Mercer Cash Retirement Fund	June 2020
Av MyM Mercer Passive Global Equity	Av MyM BlackRock (50:50) Global Equity Index Fund	This default was created when funds were mapped following the closure of the Av MyM BlackRock (50:50) Global Equity Index Fund for those members who had only self-select funds.	June 2020

Prior to mapping members' investments across to the replacement funds, the Trustee took appropriate investment advice and considered these funds to be suitable for members and that the transfers would be in their best interests. The Trustee also took account of the demographics of the members invested in the funds. The Total Expense Ratios ('TERs'), which is the cost associated with the managing and operating these funds, are below the statutory charge cap requirement of 0.75% p.a. that applies to all default investment options.

In the case of mapping activity to those funds that comprise the default investment option the "Av MyM Mercer Target Cash Path", the Trustee's aims and policies in relation to these arrangements are set out in Section 5.

The Trustee's aims and policies in relation to the additional default arrangements are detailed below:

- Assets in the additional default arrangements are ultimately invested in daily traded pooled funds, which hold highly liquid assets. The pooled funds are commingled investment vehicles, which are managed by investment managers appointed by MWS. The selection, retention and realisation of assets within the pooled funds are delegated to the respective investment managers in line with the mandates of the funds. Likewise, the investment managers adhere full discretion (within the constraints of their mandates) on the extent to which social, environmental or ethical conditions are taken into account in the selection, retention and realisation of investments.
- Risks associated with these investments have been considered in line with the Trustee's Policy with Regard to Risk [Section 4].
- The Trustee reviews the default investment option (and will review the additional default arrangements) at least every three years and without delay after any significant change in the investment policy or the demographic profile of relevant members.
- The Trustee monitors the performance of the default investment option and additional default arrangements quarterly via monitoring reports and advice from its appointed Investment Consultant, which includes considering the investment performance net of management fees and whether the Trustee's aims and objectives have been met.

COMPASS GROUP PENSION PLAN

Appendix A – CRISP Statement of Investment Principles (continued)

6. Help me do it

The options in this category are aimed at members who wish to make a choice in where they invest, particularly in the lead up to retirement, but need help in choosing. The Trustee has chosen a simplified range of lifestyle arrangements, known as Av MyM Mercer Target Paths, (including the default investment option detailed in Section 5) to assist members with their investment and retirement objectives.

In addition to the Av MyM Mercer Target Cash Path, which is the default investment option, the Trustee has made available alternative Av MyM Mercer Target Paths; the Av MyM Mercer Target Annuity Path targets annuity purchase at retirement and the Av MyM Mercer Target Drawdown Path targets drawdown at retirement.

The growth phase for all three Av MyM Mercer Target Paths will be the same (the Av MyM Mercer Growth/Balanced Risk Fund), whereas different Av MyM Mercer Target Retirement Funds will be used within each path to achieve risk reduction as members approach retirement.

At retirement, members' investments in an Av MyM Mercer Target Path will be moved to a suitable fund – the Av MyM Mercer Annuity Retirement Fund for those targeting annuity purchase, or the Av MyM Mercer Diversified Retirement Fund (75%) and Av MyM Mercer Cash Retirement Fund (25%) for members wishing to pursue drawdown at retirement (and take their 25% tax free cash).

7. Leave me to it

The 'Self-select' funds are for members who are confident in making investment choices and want to tailor their investments to suit their own characteristics. In addition to the investment options under 'do it for me' and 'help me do it', members have complete freedom to select and build their own portfolio from a range of funds.

Higher Risk Fund name	Investment Characteristics	Fund Benchmark/Target	Total Expense Ratio* (% p.a.)
Av MyM CRISP Active Emerging Markets equity	The fund seeks to achieve returns consistent with a diversified portfolio of mainly quoted global emerging markets equities across all economic sectors and industries.	MSCI Emerging Markets (NRD) Index Target to outperform by 2% p.a.	1.12

COMPASS GROUP PENSION PLAN

Appendix A – CRISP Statement of Investment Principles (continued)

Medium to Higher Risk Fund name	Investment Characteristics	Fund Benchmark/Target	Total Expense Ratio* (% p.a.)
Av MyM Mercer High Growth/ Higher Risk	The fund seeks to achieve high levels of capital growth over the long-term, but with higher levels of risk by investing predominantly in equities.	FTSE GBP 1 Month Eurodeposit Index +4.5% p.a.	0.45
Av MyM CRISP Active International Equities	The fund seeks to achieve returns consistent with equities of companies worldwide, excluding the UK.	MSCI AC World ex UK	0.56
Av MyM BlackRock (30:70) Currency Hedged Global Equity	30% UK equities 60% overseas equities split between North America, Europe (ex-UK) and Asia Pacific with developed overseas currency exposure hedged back to sterling 10% emerging markets equities	30% FTSE All-Share Index 60% FTSE Developed (ex-UK) Index 10% MSCI Emerging Markets Index	0.32
Av MyM Legal & General (PMC) Ethical Global Equity Index Fund	Invests in worldwide shares within the FTSE4 Good Global Equity Index	FTSE 4 Good Global Equity Index	0.39
Av MyM BlackRock UK Equity Index	This fund invests in the shares of UK companies and aims to achieve a return that is in line with the benchmark.	FTSE All-Share Index	0.25
Av MyM Mercer Passive Global Equity	The fund invests in global equity securities that as far as possible reflect the component global equity securities of the MSCI World (Net Dividends Reinvested) Index.	MSCI World (NDR) Index	0.27

COMPASS GROUP PENSION PLAN

Appendix A – CRISP Statement of Investment Principles (continued)

Medium to Higher Risk Fund name	Investment Characteristics	Fund Benchmark/Target	Total Expense Ratio* (% p.a.)
Av MyM Mercer Passive Shariah	The fund aims to offer investors the opportunity to grow their money in line with the performance of the Dow Jones Islamic Titans 100 Index.	Dow Jones Islamic Titans 100 Index	0.54
Av MyM CRISP Passive Sustainable Global Equity	The fund is a passively managed fund, which aims to seek income and long term growth of capital by investing predominantly in global equity and equity related securities that as far as possible and practicable reflect the component equity securities of the Solactive Sustainable Global Developed Equity EU Paris-Aligned Index.	MSCI World Index	0.30
Medium Risk Fund name	Investment Characteristics	Fund Benchmark/Target	Total Expense Ratio* (% p.a.)
Av MyM Mercer Growth /Balanced Risk <i>This fund is the growth component in the default investment option.</i>	The fund seeks to achieve medium to high levels of capital growth over the long-term with medium to high levels of risk by investing predominantly in a diversified mix of bonds, equities and other asset types.	FTSE GBP 1 Month Eurodeposit Index +4% p.a.	0.44

COMPASS GROUP PENSION PLAN

Appendix A – CRISP Statement of Investment Principles (continued)

Lower to Medium Risk Fund name	Investment Characteristics	Fund Benchmark/Target	Total Expense Ratio* (% p.a.)
Av MyM BlackRock Over 5 Year Index-Linked Gilt Index	UK Government index-linked securities that have a maturity period of 5 years or longer	FTSE A Over 5 Year Index-Linked Gilts Index	0.24
Av MyM CRISP Active Bond	The fund aims to achieve a positive total return by investing in one or more actively managed underlying fund(s) that invests mainly in global corporate and government bonds.	100% Citigroup GBP 1 Month Euro Deposit Index	0.68
Av MyM Mercer Moderate Growth/Moderate Risk	The fund seeks to achieve medium levels of capital growth over the long-term with medium levels of risk by investing predominantly in a diversified mix of bonds, equities and other asset types.	FTSE GBP 1 Month Eurodeposit Index +3% p.a.	0.45
Av MyM Mercer Pre-Retirement Fund	The fund aims to provide diversified exposure to assets that reflect the investments underlying a typical traditional level annuity product	Composite of gilts and corporate bond funds	0.31
Lower Risk Fund name	Investment Characteristics	Fund Benchmark/Target	Total Expense Ratio* (% p.a.)
Av MyM CRISP Money Market and Cash	High quality short-term money market instruments, issued by both UK and non-UK issuers but denominated in sterling	7 Day Sterling LIBID	0.24

*The total expense ratio includes the Annual Management Charge (AMC) and other expenses associated with the running and management of the fund. The total expense ratios are stated as at 31 March 2021.

Appendix A – CRISP Statement of Investment Principles (continued)

8. Responsible Investment and Corporate Governance

The Trustee believes that Environmental, Social, and corporate Governance (“ESG”) factors 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 require explicit consideration.

The Trustee supports the principle of good corporate governance and shareholder activism and, for relevant mandates, prefers its asset managers to have an explicit strategy, outlining the circumstances in which they will engage with a company or issuer of debt on relevant matters. These can include performance, strategy, capital structure, management of actual or potential conflicts of interest and another stakeholder, risks, social and environmental impact and corporate governance matters, along with how they will measure the effectiveness of this strategy.

The Trustee considers how ESG, climate change and stewardship is integrated within investment processes of investment managers accessed through a long-term insurance contract on the Aviva platform. The Trustee notes that due to the structure of the long-term insurance contract, Aviva ultimately hold the direct relationship with managers. The Trustee also notes that they invest in pooled vehicles and as such they may have more limited ability to impact the overall strategy of the managers.

Monitoring is undertaken on a regular basis by the Trustee and MWS for those funds managed under delegated relationship with MWS and by the Trustee for other non-delegated funds.

The Trustee expects that individual investment managers and those with additional oversight from the delegated relationship where applicable, take into account ESG, climate change and stewardship considerations alongside other investment responsibilities and will exercise voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

Implementation and Engagement

The Trustee believes that an understanding of, and engagement with, asset managers’ arrangements is required to ensure they are aligned with Trustee’s policy, including its Sustainable Investment policy. It is the Trustee’s policy to ensure that the following are understood and monitored:

- How asset manager arrangements incentivise asset managers to align their strategy and decisions with the Trustee’s policies

Underlying investment managers are appointed by the Trustee in the case of non-delegated funds and by MWS for delegated funds, based on their capabilities and their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected. The underlying investment managers are made 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 or MWS (where applicable) is dissatisfied, then they will look to replace the manager. If the investment objective for a particular manager’s fund changes, the Trustee and MWS (where applicable) will review the fund appointment to ensure it remains consistent with the Trustee’s wider investment objectives and policies.

COMPASS GROUP PENSION PLAN

Appendix A – CRISP Statement of Investment Principles (continued)

- How asset manager arrangements incentivise asset managers 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

The Trustee considers the investment consultant's assessment of how each underlying investment manager embeds ESG into its investment process. This includes the underlying investment managers' policy on voting and engagement. The Trustee will seek to use this assessment in decisions around selection, retention and realisation of manager appointments. The Trustee expects voting and engagement activity to be used by investment managers to discuss the performance of an issuer of debt or equity. The Trustee and MWS (for the applicable funds) will monitoring activity undertaken by managers and challenge decisions made including voting history and engagement activity of the underlying investment managers with issuers of debt or equity securities held where necessary. This is to try to ensure the best performance of assets over the medium to long term. If the Trustee and MWS (where applicable) is not satisfied with the answers provided by the manager or progress made in this regard they may seek to review the appointment of the investment manager.

- How the method (and time horizon) of the evaluation of asset managers' performance and their remuneration are in line with the Trustee's policies

While the Trustee's focus is on long-term performance, it also considers shorter-term performance. If an underlying manager is not meeting its performance objectives, or their investment objectives for a fund have changed, the Trustee may review the suitability of the manager and will change managers where required. Where funds are delegated, MWS will review and monitor this on behalf of the Trustee.

- Portfolio turnover costs incurred by the asset managers, in the context of the asset manager's targeted portfolio turnover (defined as the frequency within which the assets are expected to be bought or sold)

The Trustee considers portfolio turnover costs indirectly through consideration of transaction cost data as part of the annual Value for Members assessment. Though the Trustee does not currently define target portfolio turnover ranges for funds, they will engage with managers if the portfolio turnover and associated costs are higher than expected. Where funds are delegated, MWS will work with their underlying investment managers to set acceptable turnover ranges and help to monitor this on behalf of the Trustee.

The Trustee receives performance reports on a quarterly basis, which present performance information over three months and one, three and five years, and since inception for each fund option. The Trustee reviews the absolute performance, relative performance against a suitable benchmark index and against the underlying manager's stated target performance on a net of fees basis.

- Duration of the arrangement with the asset manager

All funds are open-ended with no set end date for the arrangement. The Fund Range and Default Strategies are reviewed on at least a triennial basis. An underlying manager appointment may be terminated if it is no longer considered to be optimal nor have a place in the default investment option or general fund range. These decisions will be made by MWS for all delegated funds.

Appendix A – CRISP Statement of Investment Principles (continued)

Consideration of non-financial matters

The Trustee believes that the investment managers have the necessary expertise and frameworks in place to effectively manage and monitor investments in line with the above areas. This does not mean that all investment managers will have the same principles with regard to ESG and climate change, as these will specifically relate to the mandate of the investment fund which they are managing.

The Trustee keeps the topic of corporate governance and responsible investment under periodic review and will review this policy regularly to ensure that the policy is applicable, appropriate and in line with expectations of the majority of the membership. These policies relating to responsible investment and corporate governance are applicable to both the default investment option and all other arrangements within the Scheme including the self-select range.

Non-financial matters refer to the views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impacts of investments and the future quality of life of members.

The Trustee will seek member views on ESG where necessary to inform their approach on an ongoing basis in the selection, retention and realisation of investments. The Trustee does not have a specific policy with regard to the regularity that it will seek member views.

The Trustee notes that some members may wish to invest in funds that have a particular focus on sustainable investing and ESG considerations in deciding in which companies to invest. Hence, the Trustee has made available a dedicated sustainable global equity fund option; the Av MyM CRISP Passive Sustainable Global Equity Fund, and an "Ethical" Fund option; the Av MyM Legal & General (PMC) Ethical Global Equity Index Fund) as self-select options.

In addition, the Trustee also wishes to ensure that members are able to invest their savings in accordance with the requirements of Shariah law and the principles of Islam, by making available a Shariah-compliant investment option; the Av MyM Mercer Passive Shariah Fund, as a self-select fund option.

9. Additional Voluntary Contributions ("AVCs")

Members have the option to invest AVCs in the same funds as above.

10. Compass Higher Income Plan ("CHIP")

Members have the option to invest CHIP in the same funds as above.

11. Day-to-Day Management of the Assets

The fund range offered to members of the Plan is accessed through MWS on the platform provided by Aviva. The Trustee has access to the platform via a long-term insurance contract with Aviva. Funds on the platform are managed by third parties (e.g. external investment management firms) and not by Aviva.

The Trustee recognises that it is not possible to specify investment restrictions where assets are managed via pooled funds and furthermore, that it is Aviva that has the direct relationship with the third parties offering the funds (and not the Trustee).

Appendix A – CRISP Statement of Investment Principles (continued)

The Pensions Act 1995 (and subsequent legislation) distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as direct investments.

The policy of the Trustee is to review its direct investments and to obtain written advice about them at regular intervals. When deciding whether or not to make any new direct investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the fund managers.

The written advice will consider the issues set out in the Occupational Pension Plan (Investment) Regulations 2005 and the principles contained in this Statement. The advisor will have knowledge and experience required under section 36(6) of the Pensions Act 1995.

Day-to-day management of the underlying assets is delegated to professional investment managers who are all authorised or regulated. The Trustee expects these underlying investment managers to manage the assets delegated to them under the terms of their contracts.

The underlying investment managers have full discretion to buy and sell investments within the underlying funds (subject to agreed constraints and applicable legislation).

The underlying investment managers have appointed custodians for the safe custody of assets held within the underlying funds. The custodians are responsible for the safekeeping of the assets held and for performing various administrative duties, such as the collection of interest and dividends and dealing with corporate actions.

12. Realisation of Investments

The underlying investment managers have responsibility for the realisation and trading of the underlying assets. However, the day-to-day activities of the underlying investment managers are governed by the arrangements between the Investment Managers and Aviva. All funds available are daily priced and trade daily.

13. Review of this Statement

The Trustee will review this Statement at least once every three years and without delay after any significant change in investment policy or Plan demographics. Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Trustee reasonably believes to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments.

Nigel Palmer

11/04/2022

Signed on behalf of the Trustee

Date

C Palmer Brown

03/05/2022

Signed on behalf of the Company

Date

COMPASS GROUP PENSION PLAN

APPENDIX B

Compass Group Pension Plan

Statement of Investment Principles for Defined Contribution default arrangements

The Trustee is required to prepare a statement of the principles governing investment decisions for assets held in the Compass Group Pension Plan ('the Plan'). This document describes the investment principles followed by the Trustee in relation to the Plan's defined contribution default arrangements.

This document has been prepared having obtained appropriate written advice from the Plan's investment consultants, Aon Solutions UK Limited ('Aon').

This document will be reviewed regularly and, in particular, when there is a significant change in the Plan's circumstances.

The defined contribution default arrangements apply to the following funds, unless members specified their own fund choice:

- Additional Voluntary Contribution funds transferred from Utmost Life and Pensions to Legal & General; and
- Defined Contribution funds transferred from M&G and Prudential to Legal & General.

Aims and Objectives

The key aim for the default arrangements is to provide a strategy that is likely to be suitable for meeting members' long and short-term investment objectives, taking into account members' term to retirement.

When setting the default arrangements, the Trustee considered the following:

- The need for appropriate diversification of asset classes.
- The differing investment priorities for members, depending upon their term to retirement.

For members who had not yet reached normal retirement age at the time of their transfer, the default arrangement is the Legal & General (PMC) Global Equity Mixed Weights 30:70 Index 75% Currency Hedged 10 Year AVC Lifestyle Profile.

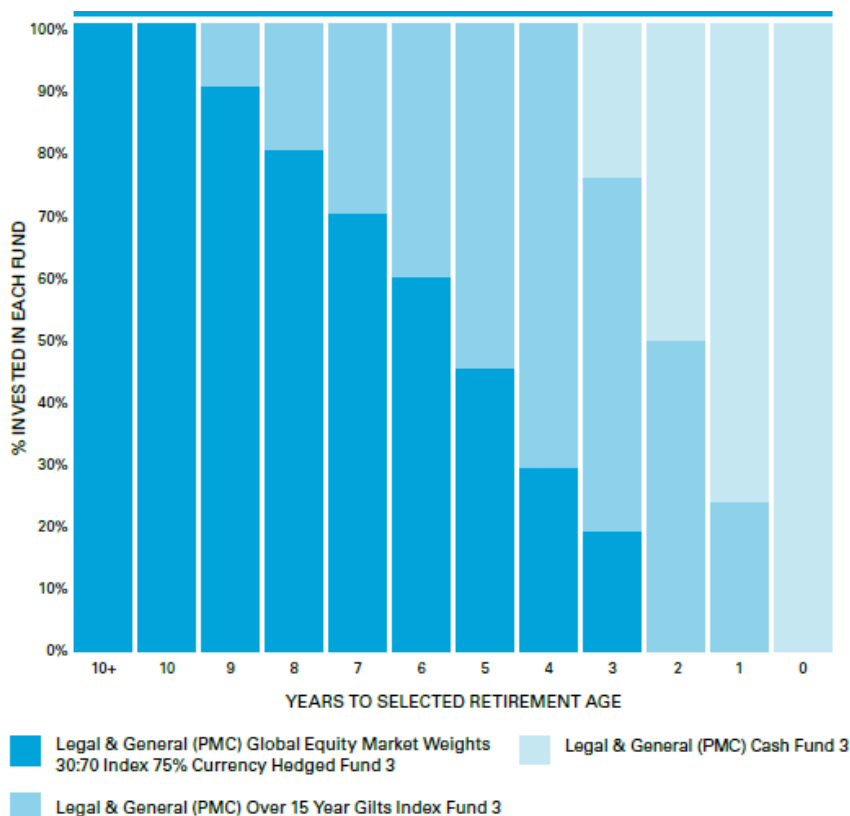
For members who were at or past normal retirement age at the time of their transfer, the default arrangement is the Legal & General (PMC) Cash Fund. This fund was chosen to minimise market volatility for members past retirement age, on the assumption they would take benefits in the very near future. Although the cash fund is not an ideal investment for members who intend to buy an annuity in the future, most of these members have a GMP underpin or are expected to take their funds as a cash lump sum.

The aim of the Lifestyle Profile is to provide members with potential for higher levels of growth during the accumulation of their retirement savings through exposure to equities. Members who are more than 10 years from retirement age can withstand the volatility associated with equity investment as their fund has sufficient time to recover stock market losses. Investments are then gradually switched to lower risk investments with the aim of reducing volatility. The gradual switch to lower risk funds means members have a greater chance of recovering losses if their fund starts to switch when markets are at a low point.

COMPASS GROUP PENSION PLAN

APPENDIX B (continued)

The structure of the Lifestyle Profile is shown in the chart below.



Source: Legal & General

The aim of the Legal & General (PMC) Cash Fund is to preserve the defined contribution pension savings members have built up in the Plan, ready for when they take retirement benefits.

The investment objectives for each fund used in the default arrangements are set out below.

Fund	Benchmark	Investment objective
Legal & General (PMC) Global Equity Market Weights 30:70 Index 75% Currency Hedged	Composite benchmark	To capture the total returns of the UK and overseas equity markets as represented by the FTSE All-Share Index in the UK and the FTSE All World (ex UK) Index overseas while maintaining a fixed 30/70 weighting between the UK and the overseas assets. A total of 75% of the overseas assets (excluding emerging markets) will be currency hedged to sterling (exposure to emerging market currencies will be left unhedged).
Legal & General (PMC) Over 15 Year Gilts Index	FTSE A Government (Over 15 Year) Index	To track the performance of its benchmark index (before charges) to within +/- 0.25% each year for two years out of three.
Legal & General (PMC) Cash	IA Short Term Money Market	To provide capital protection with growth at short term interest rates.

Source: Legal & General

COMPASS GROUP PENSION PLAN

APPENDIX B (continued)

Governance

The Plan is governed by its Trust Deed and Rules which sets out all of the benefits in detail and specifies the Trustee's investment powers. The investment powers do not conflict with this Statement.

The Trustee has set up a separate Investment Committee to monitor investment performance and to make recommendations on investment strategy and implementation to the full Trustee Board. The Investment Committee has certain limited decision-making powers which are set out in its Terms of Reference, but these must then be reported in full to, and ratified by, the Trustee Board. Both the Trustee and the Company are represented at Investment Committee meetings.

However, the ultimate responsibility for deciding the Plan's investment policy lies solely with the Trustee, although it consults with the employer on these issues either direct or via discussions at Investment Committee meetings.

The Trustee is satisfied that it has sufficient expertise, information and resources, or access thereto, to carry out its role effectively.

Realising investments

The default arrangements are invested in liquid assets and funds are dealt daily. Members' pension savings can therefore be realised at short notice.

Risk

The Trustee recognises the key risk is that members will have insufficient income in retirement or an income that does not meet their expectations. The Trustee considered this risk when setting the default arrangements for the Plan.

In particular, the Trustee has considered the following risks in respect of the default arrangements:

- **Suitability** - the risk that the default arrangement will be unsuitable for the requirements of some members. The Trustee has taken steps to mitigate this risk by:
 - (i) offering defined contribution members the option to choose how their transfer would be invested, from the investment options available through the Legal & General arrangement.
 - (ii) Providing members with online access to their Legal & General pension accounts so they can easily switch to an alternative investment option and
 - (iii) by reviewing the suitability of the default arrangements, in view of the format in which members can take their benefits, and investment options available at the time, every three years.
- **Market risk** – the value of policies allocated for member benefits fluctuate with the movement in the underlying asset values. This means that when a member takes retirement benefits, there is a possibility that the fund will have to be realised to provide retirement benefits at an inopportune time. The default arrangement for members who have not reached normal retirement age automatically switches into lower risk funds as members approach retirement with the aim of reducing volatility. The default arrangement for members at, or past, normal retirement age aims to minimise market risk by holdings funds in cash.

COMPASS GROUP PENSION PLAN

APPENDIX B (continued)

- **Annuity purchase risk** – the Lifestyle Profile switches investments to gilts and then cash as members approach retirement. For members who purchase an annuity with their funds, more expensive annuity rates could coincide with a time when the members' DC funds have lost value due to market fluctuations. To help mitigate this risk, the Lifestyle Profile switches to cash over the 3 years to normal retirement age, however the Lifestyle Profile does not protect against the impact of annuity rate changes.
- **Credit risk** – the risk of the provider / manager being unable to meet its financial obligations. Although it has not been tested in practice, the funds held in the Legal & General policy would be protected by the Financial Services Compensation Scheme, if Legal & General were unable to meet its obligations. The Trustee seeks to mitigate this risk further by offering only internally managed Legal & General funds to members and by considering the financial strength of Legal & General in the review undertaken every three years.
- **Inflation risk** – the absolute return on investments, and hence the value of the members' pension savings may be diminished by inflation. To help mitigate this risk, the fund used during the growth phase invests entirely in equities with the aim of providing real growth (in excess of inflation) over the long term.
- **Manager risk** - the failure of the fund managers to meet their objectives. The Trustee has sought to minimise this risk by using passively managed funds wherever feasible in the default arrangements.
- **Operational risk** – i.e., the risk of fraud, poor advice or acts of negligence. The Trustee has sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially).

Review and Control

The Trustee is satisfied that it has adequate resources to monitor the investment arrangements.

The Trustee receives, on a quarterly basis, a written report on the returns of the default arrangements together with supporting analysis such as benchmark returns.

The Trustee reviews from time to time the services provided by Aon, Legal & General and other service providers as necessary to ensure that the services provided remain appropriate for the Plan.

Some areas of review and control are delegated to the Investment Committee. The areas in which this committee can act are set out in its Terms of Reference.

Cost and Transparency

The Trustee recognises the importance of monitoring the level of investment costs incurred in the management of their assets and the impact these can have on the value of the assets. Although 'net of all costs' performance assessments provide an incentive on investment managers to manage these costs the Trustee believes that regular and consistent monitoring of the costs will help to reduce any inefficiencies in the cost structure.

APPENDIX B (continued)

Cost and Transparency (continued)

Cost Transparency

Investment management fees are determined as fixed percentages, which do not include performance elements. The Trustee believes that this is the most appropriate way in which to remunerate Legal & General.

The investment consulting fees payable to Aon are invoiced separately and are not borne by members.

The Trustee expects Legal & General to provide full cost transparency in line with industry standard templates.

The Trustee assesses the remuneration of Legal & General on an annual basis. This involves asking Legal & General to provide details of the costs incurred in managing the defined contribution default arrangements, using industry disclosure templates. These costs include portfolio turnover costs (transaction costs). Where the disclosed costs are out of line with expectations, Legal & General will be asked to explain the rationale, including why it is consistent with their investment strategy.

Portfolio Turnover

The Trustee accepts that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a reasonable level of transaction costs is acceptable as long as it is consistent with the asset class characteristics and manager's style and historic trends. Where the Trustee's monitoring identifies a lack of consistency the mandate will be reviewed.

Evaluation of Performance and Remuneration

The Trustee undertakes analysis of the Plan's costs and performance for their active managers on at least a triennial basis by receiving benchmarking analysis comparing the Plan's specific costs and performance of the underlying managers relative to those of the wider market. This is in line with the Trustee's policies on reviewing the kinds and balance of investments to be held.

Responsible Investment

The Trustee believes that in order to fulfil its commitment to act in the best financial interests of the Plan and its beneficiaries, it must act as a responsible steward of the assets in which the Plan invests.

Environmental, social and governance considerations

The Trustee further acknowledges that an understanding of financially material considerations including environmental, social and corporate governance ("ESG") factors (such as climate change) and risks related to these factors can contribute to the identification of investment opportunities and financially material risks.

APPENDIX B (continued)

Responsible Investment (continued)

Environmental, social and governance considerations (continued)

As part of its delegated responsibilities, the Trustee expects the Plan's investment managers to take into account corporate governance, social, and environmental considerations (including long-term risks posed by sustainability concerns including climate change risks) in the selection, retention and realisation of investments. Any decision should not apply personal ethical or moral judgments to these issues but should consider the sustainability of business models that are influenced by them.

The Trustee is taking the following steps to monitor and assess ESG related risks and opportunities:

- The Trustee will have periodic training on Responsible Investment to understand how ESG factors, including climate change, could impact the Plan's defined contribution default arrangements.
- As part of ongoing monitoring of Legal & General, the Trustee will use ESG ratings information provided by Aon, where relevant and available, to monitor the level of integration of ESG on a periodic basis.
- Regarding the risk that ESG factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk that ESG factors including climate change negatively impact the value of investments held if not understood and evaluated properly by taking advice from Aon when monitoring Legal & General's performance and suitability.
- The Trustee will include ESG-related risks, including climate change, on the Plan's risk register as part of ongoing risk assessment and monitoring.

Stewardship – Voting and Engagement

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Plan invests, as this ultimately this creates long-term financial value for defined contribution members.

The Trustee regularly reviews the suitability of Legal & General and takes advice from Aon with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by Legal & General. If Legal & General is found to be falling short of the standards the Trustee has set out in its policy, the Trustee undertakes to engage with Legal & General and seek a more sustainable position but may look to replace Legal & General.

The Trustee reviews the stewardship activities of Legal & General on an annual basis, covering both engagement and voting actions. The Trustee will review the alignment of the Trustee's policies to those of Legal & General and ensure Legal & General uses its influence as major institutional investors to carry out the Trustee's rights and duties as a responsible shareholder and asset owner. This will include voting, along with – where relevant and appropriate – engaging with underlying investee companies and assets to promote good corporate governance, accountability, and positive change.

COMPASS GROUP PENSION PLAN

APPENDIX B (continued)

Stewardship – Voting and Engagement (continued)

The defined contribution default arrangements are invested in pooled funds, which may result in indirect exposure to sectors or companies with higher ESG risks. The Trustee's expectation is that Legal & General will actively engage with companies it invests in to improve standards and influence behaviours.

The Trustee, through Aon, will engage with Legal & General as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned.

The transparency for voting should include voting actions and rationale with relevance to the defined contribution default arrangements, in particular, where: votes were cast against management; votes against management generally were significant and votes were abstained. Where voting is concerned the Trustee expects its asset managers to recall stock lending, as necessary, in order to carry out voting actions.

From time to time, the Trustee will consider the methods by which, and the circumstances under which, they would monitor and engage with Legal & General and other stakeholders. This may be on matters concerning an underlying asset, including its performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

Arrangements with Legal & General

The Trustee monitors the defined contribution default arrangements to consider the extent to which the investment strategy and decisions of Legal & General are aligned with the Trustee's policies. This includes monitoring the extent to which Legal & General:

- make decisions based on assessments about medium- to long-term financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee is supported in this monitoring activity by Aon.

The Trustee receives annual stewardship reports on the monitoring and engagement activities carried out Legal & General, which supports the Trustee in determining the extent to which the Plan's engagement policy has been followed throughout the year. This is incorporated into the Plan's Implementation Statement.

The Trustee shares the policies, as set out in this SIP, with Legal & General, and requests that Legal & General reviews and confirms whether its approach is in alignment with the Trustee's policies.

Before appointment of a new investment manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies. Where possible, the Trustee will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, for example if the defined contribution funds are to be invested in a collective vehicle, then the Trustee will express its expectations to the investment managers by other means (such as through a side letter, in writing, or verbally at meetings).

COMPASS GROUP PENSION PLAN

APPENDIX B (continued)

Arrangements with Legal & General (continued)

The Trustee believes that having appropriate governing documentation, setting clear expectations to Legal & General by other means (where necessary), and regular monitoring of Legal & General's performance and investment strategy, is in most cases sufficient to incentivise it to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial and non-financial performance.

Where Legal & General is considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically first engage with Legal & General but could ultimately replace it where this is deemed necessary.

There is no set duration for arrangements with Legal & General, although its continued appointment will be reviewed periodically, and at least every three years.

The Trustee believes it has a duty as institutional investors to invest in a responsible manner and where appropriate will query managers on the rationale for holding positions in companies who contribute significant negative externalities to society.

Non-Financial Factors

In setting and implementing the Plan's investment strategy for the defined contribution default arrangements, the Trustee does not explicitly take into account the non-financial factors.

P N Whittome

21/09/2021

Signed on behalf of the Trustee

Date