

# Compass Group Pension Plan (CRISP Section)

## Statement of Investment Principles – September 2024

### 1. Introduction

The Trustee of the Compass Group Pension Plan (the “Plan”) has drawn up this Statement of Investment Principles (the “Statement”) for the CRISP Section 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 Holdings 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 CRISP Section 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 CRISP Section 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 CRISP Section:**

- 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 CRISP Section members; and
- Provides pension administration services for the CRISP Section.

**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 CRISP Section 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 years 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 CRISP Section 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 CRISP Section, 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.

#### 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.

<b>Type of Risk</b>	<b>Risk</b>	<b>Description</b>	<b>How is the risk monitored and managed?</b>
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.	
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 within which to assess these

considerations should be viewed at a member level. This will be dependent on the members' ages 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.

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.	0.38

\*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.*

<b>Fund name</b>	<b>Investment Objective</b>	<b>Fund Benchmark/Target</b>	<b>Total Expense Ratio* (% p.a.)</b>
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	0.28 - 0.38

\*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 2023

- 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.*

<b>Fund name</b>	<b>Investment Objective</b>	<b>Fund Benchmark/Target</b>	<b>Total Expense Ratio* (% p.a.)</b>
Av MyM Mercer Cash Retirement	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.	100% Seven Day Sterling LIBID	0.26

\*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 2023.

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 CRISP Section 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.
- 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.
- In respect of illiquid assets in the default investment option, the Trustee's policy is as follows:
  - The Trustee considers illiquid assets as those which cannot easily or quickly be sold or exchanged for cash; including where such assets are invested as a component of a daily-dealt multi-asset fund. The default investment option includes no direct allocation to illiquid investments.
  - The Trustee understands the potential return and diversification benefits that illiquid asset can offer relative to more traditional asset classes (such as bonds or equities). While these benefits are recognised by the Trustee, it is also aware of the risks associated with these investments, for example illiquidity and active

manager risk. The Trustee acknowledges that illiquid assets are a developing area for defined contribution pensions, and expects the Delegated Investment Manager to monitor the position closely and continue to evaluate the suitability of such an investment.

- It is the Trustee's policy to review the allocation of the default investment option on a triennial basis, and it expects the Delegated Investment Manager to review this on an annual basis. The Delegated Investment Manager has confirmed that such reviews will include whether the incorporation of illiquid asset investments is appropriate.

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 CRISP Section 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 CRISP Section 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 CRISP Section 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 CRISP Section 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.



<b>Replacement Fund</b>	<b>Previous Fund</b>	<b>Reason for identification as a 'default arrangement'</b>	<b>Date</b>
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
Av MyM CRISP Passive Emerging Markets Equity	Av MyM CRISP Active Emerging Markets Equity	This default was created when the underlying fund was changed and the vehicle renamed. Existing investors (who had selected the fund when it was actively managed), remained invested when the passive mandate was introduced.	March 2023

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.

## 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 a 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).

<b>Fund name</b>	<b>Investment Objective</b>	<b>Fund Benchmark/Target</b>	<b>Total Expense Ratio* (% p.a.)</b>
Av MyM Mercer Target Annuity 20XY	The fund is aimed at investors looking to retire in 20XY who expect to purchase a fixed annuity 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	0.31-0.34
Av MyM Mercer Annuity Retirement	The fund seeks to achieve returns linked to the bond and money markets and is aimed at investors who expect to purchase a fixed annuity and take cash at retirement. The fund will hold bond and money market assets that are expected to achieve lower growth/risk.	13.5% FTSE UK Level Annuity Index Single Life - Early Retirement  27.75% FTSE UK Level Annuity Index Single Life - Standard Retirement  33.75% FTSE UK Level Annuity Index Joint Life - Early Retirement  25% 7 Day LIBID Index	0.29
Av MyM Mercer Target Drawdown 20XY	The fund is aimed at investors looking to retire in 20XY who expect to remain invested through retirement and take income drawdown. 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 low to medium growth/risk (such as bonds, money market and some growth assets).	Composite benchmark which varies over time	0.39 - 0.43
Av MyM Mercer Diversified Retirement	The fund seeks to achieve expected returns linked to medium growth/risk portfolio of assets and is aimed at investors who expect to remain invested through retirement and take income drawdown. The fund will hold a mix of bond, money market and some growth assets that are expected to achieve medium growth/risk.	100% Citigroup 1 Month GBP Deposit Index	0.42

<b>Fund name</b>	<b>Investment Objective</b>	<b>Fund Benchmark/Target</b>	<b>Total Expense Ratio* (% p.a.)</b>
Av MyM Mercer Cash Retirement	The fund seeks to achieve returns linked to sterling money markets. The fund will hold money market assets that are expected to achieve low growth/risk.	100% Seven Day Sterling LIBID	0.26

\*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 2023.

## 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.

<b>Higher Risk Fund name</b>	<b>Investment Characteristics</b>	<b>Fund Benchmark/Target</b>	<b>Total Expense Ratio* (% p.a.)</b>
Av MyM CRISP Passive 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 (NDR) Equity Index	0.35

<b>Medium to Higher Risk Fund name</b>	<b>Investment Characteristics</b>	<b>Fund Benchmark/Target</b>	<b>Total Expense Ratio* (% p.a.)</b>
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	0.53
Av MyM BlackRock (30:70) Currency	30% UK equities	30% FTSE All-Share Index	0.30

<b>Medium to Higher Risk Fund name</b>	<b>Investment Characteristics</b>	<b>Fund Benchmark/Target</b>	<b>Total Expense Ratio* (% p.a.)</b>
Hedged Global Equity	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	60% FTSE Developed (ex-UK) Index  10% MSCI Emerging Markets Index	
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	0.36
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	0.23
Av MyM Mercer Passive Global Equity	The funds 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	0.24
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	0.51
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	0.29

<b>Medium Risk Fund name</b>	<b>Investment Characteristics</b>	<b>Fund Benchmark/Target</b>	<b>Total Expense Ratio* (% p.a.)</b>
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.	0.38
<b>Lower to Medium Risk Fund name</b>	<b>Investment Characteristics</b>	<b>Fund Benchmark/Target</b>	<b>Total Expense Ratio* (% p.a.)</b>
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	0.21
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	0.66
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	0.28

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	0.21

\*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 2023.

## 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.*

- 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 monitor 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.*

On an annual basis, the Trustee will consider how the appointed investment managers have voted in respect of the assets that are held on members' behalf. 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.

### **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 CRISP Section 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).

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 CRISP Section 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.

*P N Whittome*

*20/09/2024*

Signed on behalf of the Trustee

Date

*P Parros*

*27/09/2024*

Signed on behalf of the Company

Date