

# Statement of Investment Principles

**Compass Group Pension Plan (Defined Benefit Section)**  
**FEBRUARY 2026**

This document has been prepared by the Trustee of the Compass Group Pension Plan.

## 1.0 Introduction

The purpose of the Statement of Investment Principles ('the Statement') is to document the principles, policies and beliefs by which the Trustee of the Compass Group Pension Plan ('the Plan') manages the Plan's assets. This document takes account of:

- the requirements of the Pensions Acts 1995 & 2004; and
- the requirements of the Occupational Pension Schemes (Investment) Regulations 2005; and

The Plan's Trustee has consulted Compass Group PLC ('the Company'), which is acting on behalf of all the participating employers, on the Statement and received written advice from the Plan's investment consultant, Aon Investments Limited.

The Trustee splits the assets of the Plan into two sub-portfolios, the **Insurance Portfolio** and the **Investment Portfolio**, as follows:

- The **Insurance Portfolio** consists of assets held in the form of a bulk-annuity insurance contract (a 'buy-in policy') with a UK regulated insurance company, Phoenix Life Limited (trading as Standard Life) (PLL). The Plan receives an amount equal to the pension payment in respect of the members underlying the policy. The contract is an asset of the Plan and the pension liability remains with the Plan.
- The **Investment Portfolio** consists of the Plan's assets outwith the Insurance Portfolio. The Trustee has delegated day to day investment decisions in the Investment Portfolio to Legal and General Investment Management Limited, M&G Investment Management Limited, Aegon Asset Management and to Aviva Investors. The Trustee has signed and dated fund documentation with these Investment Managers which set out the terms and conditions by and under which the Plan's investments will be managed and reported, or other suitable documentation. These assets are split into two sections:
  - The **Matching Portfolio** assets are invested to match remaining defined benefit liability risks.
  - The **Return Seeking Portfolio** assets are invested with a long-term growth horizon to meet future expenses, employer contributions (Defined Benefit and Defined Contribution) and residual risks.

At 31 December 2024 approximately 85% of the Plan's assets were invested in the Insurance Portfolio and c.15% in the Investment Portfolio. The actual allocation between the Insurance Portfolio and the Investment Portfolio will be dependent on market values and will fluctuate over time.

Aon Investments Limited will collate and report to the Trustee on the performance of the Investment Managers and provide a range of advice in respect of the Plan's investments.

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

## 2.0 Governance of the Plan

The Plan is governed by its Trust Deed and Rules which sets out all 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 main areas of investment responsibility include:

- determination of the strategic asset allocation;
- determination of portfolio structure;
- selection and appointment of external investment managers; and
- ongoing monitoring and evaluation of the investment arrangements.

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

## 2.1 Liabilities

The value of the Plan's ongoing liabilities is sensitive to various demographic (principally longevity) and financial factors. The financial factors which are relevant to the Plan's investment policy are:

- the rate of return on assets;
- salary escalation for active members;
- price inflation; and
- long-term interest rates.

The value of the Plan's liabilities for the purpose of testing solvency and satisfying the statutory funding tests is sensitive to each of these factors.

## 2.2 Maturity and Cash Flow

Following both the cessation of future service accrual from 6 April 2010 to all but those members who have TUPE transferred from the public sector and the merger of the Compass Pension Scheme into the Plan on 5 April 2011, the Plan can now be considered to be a mature scheme with an ever-increasing proportion of the membership being pensioners. Since purchasing the annuity policy, benefit payments are matched by income payments from the insurer, balancing the cashflow position.

The majority of the Plan's assets in the Investment Portfolio can be realised at short notice (typically within one week in normal market conditions). The exception to this is the Plan's property investment with Aviva Investors.

## 3.0 Objectives

The Trustee wishes to ensure that it can meet its obligations to the beneficiaries both in the short and long term.

In addition, the Trustee has the following specific objectives regarding the manner in which this primary objective is to be achieved, which are ranked in order of priority:

- To meet the liabilities as they fall due.
- To minimise the long term cost of providing the benefits.
- To minimise the likelihood of fluctuations in the contribution rate.

The Trustee recognises that the Company has a legitimate interest in these objectives and has consulted the Company accordingly. It is also recognised that the objectives above may conflict and that prioritising is required if the primary objective is to be achieved in the desired manner.

The objectives will be reviewed from time to time as part of a formal wide-ranging review of the Plan's funding and investment strategy, as set out below. The Trustee also has an objective to manage risk in light of the Plan-specific funding level.

#### **4.0 Liaison with the Company**

The Company is invited to attend all Investment Committee Meetings and attendance satisfies the requirement, where it exists, to consult with the Company.

The Company may consult internally with executive directors and/or the Compass Group PLC main board before confirming its views.

#### **5.0 Insurance Portfolio**

The Insurance Portfolio consists of assets held in the form of a bulk-annuity insurance contract (a 'buy-in policy'). The buy-in policy is an agreement for the insurer to cover all the Plan's liabilities as they fall due. The buy-in protects the Plan from the interest rate, inflation and longevity risk associated with the benefits covered by the policy.

In terms of magnitude, the Trustee considers that asset-liability mismatch risk is one of the most important measures to control. The buy-in policy manages the vast majority of this risk and is structured to match the Plan liabilities as they fall due. The buy-in policy removes most of the investment risks to which the Plan may otherwise be exposed.

The main residual risk is that the insurer fails to make the pension payments covered by the buy-in policy as they fall due ('Annuity default risk'). This risk is mitigated by protections offered due to PLL being regulated by the Financial Conduct Authority and The Prudential Regulation Authority.

#### **5.1 Responsible Investment**

While the Trustee has purchased an annuity policy for risk protection from an insurance company with no expectation of future surrender, the Trustee believes that evidence of ESG credentials is a positive and important factor to consider in selecting an insurer. As such the Trustee incorporated annuity providers' ESG

credentials in its review of annuity products. As part of the review, The Trustee considered factors including:

- Whether the insurer is signed up to the UN Environmental Programme for Sustainable Insurance
- Whether the insurer is a signatory to the Principles for Responsible Investment (PRI)
- Whether the insurer’s primary asset manager for annuities is signed up to the PRI.

Having considered these factors the Trustee is comfortable that PLL are an appropriate provider of the annuity insurance contract.

## 5.2 Cost Transparency

The Trustee paid a premium to PLL when the annuity policy was initiated, and as a result there are no ongoing fees in respect of the policy.

## 6.0 Investment Portfolio - Risk

The Trustee regards ‘risk’ as the likelihood that it fails to achieve the objectives set out above and has taken several measures which are set out in this Statement to minimise investment related risk so far as is possible.

In particular, in arriving at the investment strategy for the Investment Portfolio and the production of this Statement, the Trustee has considered the following risks:

- asset-liability mismatch risk (asset allocation risk – see 5.0 below);
- the need to pay benefits and payments when due (cash-flow risk – see Section 2.2 above);
- actions by the investment managers (investment risk – see Sections 6.2 and 6.3 below); and
- the failure of some investments (concentration risk – see Sections 6.1 and 6.4 below).

Further, the following risks have been considered:

- The possibility of failure of the Plan’s sponsoring employer (“covenant risk”). The Trustee and its advisers considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
- The risk of fraud, poor advice or acts of negligence (“operational risk”). 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. Some of these risks may also be modelled explicitly during the course of such reviews.

In terms of magnitude, the Trustee considers the key risk for the Investment Portfolio is a shortfall of liquid assets relative to the Plan's immediate liabilities and expenses ("cash flow risk"). The Trustee and its advisers will manage the Plan's cash flows taking into account the timing of future payments in order to minimise the probability that this occurs. The insurer is responsible for providing the cash for benefit payments covered by the buy-in policy.

Consideration will also be given to the volatility of a number of parameters (e.g. items associated with accounting measures, contributions etc.), to further assess the potential risks associated with a particular investment strategy.

The process of risk management continues through to implementation. The decision as to whether to pursue active management is taken on an asset class by asset class basis, with regard to the potential reward within that asset class for taking on active risk. The Investment Managers are bound by the terms and conditions of Investment Management Agreements or pooled fund documentation. Restrictions and targets are clearly documented. Frequent monitoring of portfolio characteristics such as excess returns and tracking error also aids in the ongoing risk management for the Plan.

To ensure diversification, the Investment Managers are required to work within specified limits on concentration in individual asset class sub-sectors and in individual securities. Risks associated with investment manager performance are addressed through a regular review process.

## **7.0 Investment Portfolio - Asset Allocation Strategy**

Given that the Trustee regards the choice of asset allocation policy as the decision which has most influence on the likelihood that it will achieve its investment objectives, the Trustee has not delegated responsibility for this decision, which is made on the advice of its investment consultant and in consultation with the Company.

In line with best practice the Trustee has reviewed, and will keep under review, the advantages of a full range of investment opportunities including (but not limited to):

- quoted and private equity;
- government and non-government bonds;
- property, both traditional commercial and long lease;
- absolute return asset classes including hedge funds and active currency;
- opportunities to hedge the liabilities; and

The strategic asset allocation policy is normally set after conducting an asset liability study and further reviewed as circumstances dictate between actuarial reviews. The study examines the likelihood that different possible asset allocations would meet the Trustee's objectives. In addition to taking account of the Plan's benefits, the study makes important assumptions about the behaviour of various asset classes plus price and salary inflation in the future.

In particular, it is recognised that:

- Certain asset classes can be expected to outperform other asset classes and inflation over the long term but they tend to be more volatile than the lower returning asset classes.

- Asset classes do not perform in perfect synchronisation, and diversification which leads to lower overall volatility can be achieved from combining different asset classes.
- The performance of certain asset classes is more closely linked to the behaviour of inflation than others and so they represent a better match for liabilities linked to inflation.
- The performance of certain asset classes, in particular credit, is more closely linked to the pricing of buy-in contracts by insurers.

The structure of the Investment Portfolio was reviewed in 2025 to provide the growth and liquidity necessary to meet the expenses, contributions and residual Plan liabilities it is intended to support.

The allocation within the Investment Portfolio will be reviewed on a regular basis and rebalanced if necessary. Income from the Investment Portfolio along with disinvestments from it will be used to meet the expected payments it is designed to support.

The strategy will be reviewed after each actuarial valuation. In addition, if there is a significant change in the capital markets, the circumstances of the Plan or the Company, or governing legislation between valuations, then an earlier review will be conducted.

### 7.1 Investment of Additional Voluntary Contributions

The Trustee selects the choice of investment vehicles used by members for additional voluntary contributions (AVCs).

The Trustee undertook consolidation exercises in 2016, 2017 and 2020, which saw the majority of the Plan's AVC holdings being moved to one of the existing AVC providers, Legal & General. When deciding on provider, the Trustee took into account past performance, charging structure, flexibility and the quality of administration.

Some members may continue to hold AVC benefits with providers under prior arrangements, principally with Aegon, Aviva, Standard Life, the Scottish Widows Fund and Life Assurance Society, Utmost Life and Pensions, Zurich and the Prudential Assurance Co. Ltd.

### 7.2 Investment of Defined Contribution funds

The DC benefits comprise historic transfers of DC arrangements into the Plan which are no longer receiving contributions and are provided as both 'pure' DC benefits and underpins.

Following a consolidation exercise in 2021, members continue to hold DC funds with Legal & General and Scottish Widows.

## 8.0 Investment Portfolio - Review and Control

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

### 8.1 Performance Measurement

The Trustee monitors the strategy and its implementation as follows:

- The Trustee receives, on a quarterly basis, a written report on the returns of the fund and asset classes in the Investment Portfolio together with supporting analysis.
- The performance of each asset class is measured against the relevant benchmark. A comparison against a universe of portfolios with similar mandates will also be made from time to time.

## 8.2 Service Provider Monitoring

The Trustee reviews from time to time the services provided by the Investment Consultant and other service providers as necessary to ensure that the services provided remain appropriate for the Plan.

## 8.3 Delegation

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.

## 9.0 Investment Portfolio - Responsible Investment

In setting the Plan's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Plan and its beneficiaries.

### 9.1 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.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to purchase a bulk annuity and recognise that they cannot therefore directly influence the ESG integration nor stewardship policies and practices of the insurer. The Trustee is satisfied that the insurer's ESG policy reflects the key principles of socially responsible investment.

As part of its delegated responsibilities, the Trustee expects the investment managers in the Investment Portfolio 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 are 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 assets and liabilities.
- As part of ongoing monitoring of the Plan's investment managers, the Trustee will use ESG ratings information provided by Aon Investments Limited, where relevant and available, to monitor the level of the Plan's investment managers' 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 by taking advice from its investment adviser when selecting managers and when monitoring their performance.
- The Trustee will include ESG-related risks, including climate change, on the Plan's risk register as part of ongoing risk assessment and monitoring.

## 9.2 Climate Mission Statement

The Trustee recognises that climate change can pose material financial risks and that the risks associated with climate change could impact investment returns within the timeframe that the Trustee is concerned about. The Trustee therefore seeks to integrate climate change risks into its investment strategy and integrated risk management approach. In managing these risks, the Trustee aims to protect the interests of members and beneficiaries, while aiming to improve the long-term future of the global environment, as far as they are able to. Where possible, the Trustee will also seek to capture climate related investment opportunities.

## 9.3 Stewardship – Engagement

The Trustee recognises the importance of their 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 the Plan and its beneficiaries.

The Trustee regularly reviews the suitability of the Plan's appointed asset managers and take advice from their investment consultant with regard to any changes. This advice includes consideration of broader stewardship matters. If an incumbent manager is found to be falling short of the standards the Trustee has set out in their policy, the Trustee undertakes to engage with the manager and seek a more sustainable position but may look to replace the manager.

The Trustee reviews the stewardship activities of their asset managers on an annual basis. The Trustee will review the alignment of the Trustee's policies to those of the Plan's asset managers and ensure their managers, or other third parties, use their influence as major institutional investors to carry out the Trustee's rights and duties as a responsible asset owner. This will include – where relevant and appropriate – engaging with underlying investee companies and assets to promote good corporate governance, accountability, and positive change.

The Plan invests in pooled funds, which may result in indirect exposure to sectors or companies with higher Environmental, Social and Governance risks. The Trustee's expectation is that the Plan's appointed investment managers will actively engage with its invested companies to improve standards and influence behaviours.

The Trustee through its investment consultant will engage with the Plan's appointed investment managers 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 Plan, 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 an investment manager and other stakeholders. The Trustee may engage with the investment manager and other stakeholders 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.

#### 9.4 Arrangements with Investment Managers

The Trustee monitors the Plan's investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with the Trustee's policies. This includes monitoring the extent to which investment managers:

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

The Trustee is supported in this monitoring activity by their investment consultant.

The Trustee receives at least quarterly reports and verbal updates from the investment consultant on various items including the investment strategy, performance, Aon's environmental, social and governance rating for each the investments and longer-term positioning of the portfolio. The Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Plan objectives, and assess the investment managers over medium term periods.

The Trustee also receives annual stewardship reports on the monitoring and engagement activities carried out by their investment managers, which supports the Trustee in determining the extent to which the Plan's engagement policy has been followed throughout the year.

The Trustee shares the policies, as set out in this SIP, with the Plan's investment managers, and request that the asset managers review and confirm whether their 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 Plan invests in a collective vehicle, then the Trustee will express its expectations to the investment managers in by other means (such as through a side letter, in writing, or verbally at meetings).

The Trustee believes that having appropriate governing documentation, setting clear expectations to the investment managers by other means (where necessary), and regular monitoring of investment managers' performance and investment strategy, is in most cases sufficient to incentivise the investment managers 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 investment managers are 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 the manager but could ultimately replace the asset manager where this is deemed necessary.

There is typically no set duration for arrangements with investment managers, although the continued appointment all for investment managers 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.

## 9.5 Non-Financial Factors

In setting and implementing the Plan's investment strategy the Trustee does not explicitly take into account non-financial factors.

## 10.0 Investment Portfolio - 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.

### 10.1 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 the investment managers.

The investment consulting fees payable to Aon Investments Limited are invoiced separately.

The Trustee expects all of the Plan’s investment managers to provide them with full cost transparency in line with industry standard templates. Prior to their appointment, the Trustee expects investment managers to confirm their adherence to providing this information.

The Trustee assesses the performance of their investment managers on a quarterly basis and the remuneration of their investment managers on an annual basis. On a regular basis, all of the investment managers are asked to provide details of the costs incurred in managing the Plan assets, using industry disclosure templates. These costs include portfolio turnover costs (transaction costs). Where the disclosed costs are out of line with expectations the managers will be asked to explain the rationale, including why it is consistent with their investment strategy.

### 10.2 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.

Targeted portfolio turnover is defined as the expected frequency with which each underlying investment managers’ fund holdings change over a year. The Plan’s investment consultant monitors this on behalf of the Trustee as part of the manager monitoring they provide to the Trustee and flags to the Trustee where there are concerns.

### 10.3 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.

## 11.0 Prohibitions

Financial derivatives (such as futures and options), may be used under certain circumstances which are specified in the agreements with the Investment Managers.

Regular monitoring of the Investment Managers’ funds ensures that the Plan does not exceed the legally permitted limit on the holding of shares of Compass Group PLC or any other employer related investment.

This document has been prepared having obtained appropriate written advice from Aon Investments Limited, and having consulted with the Company.

*P. N. Whitton*  
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Signed on behalf of the Trustee

23.03.2026  
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Date



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Signed on behalf of the Company

23.03.2026

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Date