

# 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 DC governance in its annual report and accounts.

This statement covers the Plan year from 6 April 2019 to 5 April 2020.

Although the majority of Plan members build up benefits on a defined benefit basis, the Plan does also have a defined contribution ('DC') section in which a small number of members have DC benefits. These DC benefits 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. This statement relates to these DC benefits.

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**

The Plan's DC policies are held with Prudential, M&G and Scottish Widows. In addition, DC funds are invested within the Plan's defined benefit assets.

### **AVC policies**

During the Plan year, the Plan's AVC policies were held with Aegon, Aviva, Equitable Life, Legal & General, Phoenix Life, Prudential, Scottish Widows, Standard Life, Utmost 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.

At the start of the Plan year, the Plan had AVC funds with Equitable Life. These were transferred to Utmost on 1 January 2020 as a result of the transfer of Equitable Life's business to Utmost.

### **Default arrangement**

The Plan is not used as a qualifying scheme for automatic-enrolment purposes. The DC policies do not have a default arrangement because no contributions have been made to them since 6 April 2015. As there is no default arrangement for the DC policies, there is no Statement of Investment Principles for a default arrangement.

### **Requirements for processing core financial transactions**

As required by law, the Trustee must ensure that core financial transactions relating to the 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 Plan, 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 the accuracy and timeliness of processing all core financial transactions; for example, in relation to disinvesting in advance of member retirement, actioning requests to switch funds and providing statutory money purchase illustrations within agreed timescales.

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The Trustee receives a quarterly administration report from XPS to help monitor that SLAs are being met. The report is reviewed by the Trustee's Governance and Operations Committee ('GOC') at its quarterly meetings. The report sets out XPS's performance against the agreed service levels over the quarter and identifies if there have been any errors or delays, which XPS and the Trustee then work to resolve together. The Compass in-house pensions team also works with XPS in relation to any specific issues to ensure that they are satisfactorily resolved. No issues were identified during the Plan year in relation to the processing of core financial transactions relating to the DC benefits.

The Trustee also appoints its auditors, PricewaterhouseCoopers LLP ('PwC'), to carry out additional testing of key financial controls at XPS as part of the statutory audit of each annual Trustee's Report and Accounts. These tests involve sample testing and checking key financial controls such as:

- contributions are recorded and received in accordance with the requirements of the scheme Rules and/or the Pensions Act 1995; and
- the workflow system in respect of benefit calculations, whether generated automatically or manually, reflects that each case is done and independently checked, and that the checklist shows that all necessary steps in the process have been followed and completed before the case is authorised.

In addition, PwC are instructed every three years to carry out a more detailed review of the benefit calculations performed by XPS. A detailed benefit review was not carried out during the Plan year because the last such review was carried out in the Plan year ended 5 April 2019.

On the basis that no issues were identified during the Plan year in relation to the processing of core financial transactions relating to the DC benefits and that the additional controls testing by PwC did not highlight any significant areas of concern, the Trustee is satisfied that over the Plan year covered by this statement, in relation to the DC benefits:

- XPS was operating appropriate procedures, checks and controls and operating within the agreed SLA;
- there have been no material administration errors in relation to processing core financial transactions relating to the DC benefits; and
- all core financial transactions relating to the DC benefits have been processed promptly and accurately.

### Charges and transaction costs

The Trustee is required by law to report on the charges and transaction costs Plan members have to pay and assess the extent to which these charges and transaction costs represent good value for members.

The following tables set out the charges and transaction costs that applied to the Plan's DC and AVC policies during the Plan year. All expenses associated with the DC funds invested within the Plan's defined benefit assets are paid by the Plan and members pay no charges from these funds. When preparing this section of the statement the Trustee has taken account of the relevant statutory guidance.

The Total Expense Ratios ('TERs') include the fund managers' estimates of the typical annual expenses for running the fund that might be incurred by the members. These comprise 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.

The TERs do 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 taken into account by the fund managers when calculating the unit price for each of the funds. Transaction costs are shown in a separate column in the tables below. Some transaction costs are negative, representing a gain for members over the period. This arises where favourable movements during a transaction or at the fund level offset other costs (such as stockbroker commission) over the period. These gains are not expected to repeat in every year.

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## CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

### Money purchase policies

Fund Name	TER (% p.a.)	Transaction costs (% p.a.)
M&G PP Unit-Linked Fund	0.46%	0.0013628%
Prudential Deposit Fund*	Not applicable	0.00%
Scottish Widows With Profits Fund**	0.875%	0.20%

Source: M&G, Prudential and Scottish Widows.

\* There are no charges on the Prudential Deposit Fund. It aims to provide a net return in line with the Bank of England base rate. Prudential has not reported the transaction costs on this fund, although it is held within the Prudential With Profits Fund for which Prudential has reported that transaction costs over the year to 31 March 2020 were nil.

\*\* The costs of operating the Scottish Widows With Profits Fund are built into increases in the bid price of units. Scottish Widows states the transaction costs shown are those for 92% of the underlying assets of the With Profits fund.

### AVC policies

Fund Name	TER (% p.a.)	Transaction costs (% p.a.) <sup>^</sup>
Aegon Cash Fund*	1.00%	0.00%
Aegon With Profit Endowment Fund*	1.00%	0.01%
Aegon Mixed Fund*	1.01%	0.23%
Aegon High Equity With Profit Fund*	1.00%	0.17%
Aviva Basic PAF (PM) Fund	1.25%	0.0366%
Aviva Bonus PAF (PM) Fund	1.25%	0.0366%
Aviva Mixed Invest (40-85% shares) (PM) Fund	0.88%	0.0719%
Aviva Overseas Equity (PM) Fund	0.88%	0.0572%
Aviva Property (PM) Fund	0.88%	0.1919%
Aviva Life Asia ex Jpn	0.52%	0.7183%
Aviva Life AXA-F MgdBI	0.52%	0.2722%
Aviva Life BailGif Mgd	0.48%	-0.0266%
Aviva Life Cash	0.45%	0.0000%
Aviva Life Ethical Dst	0.47%	0.0977%
Aviva Life Europe exUK****	0.46%	Not available
Aviva Life Fixed Int	0.45%	0.0538%
Aviva Life Global Dist	0.45%	0.0059%
Aviva Life Global Eq	0.49%	0.6157%
Aviva Life Global Mangd	0.45%	0.0042%
Aviva Life Higher Inc	0.45%	0.0002%

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## CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

### AVC policies (continued)

Fund Name	TER (% p.a.)	Transaction costs (% p.a.)^
Aviva Life Index Linkd	0.45%	0.0455%
Aviva Life Japan Eq	0.52%	1.1852%
Aviva Life JPM UK Str	0.50%	0.9182%
Aviva Life Managed	0.45%	0.0029%
Aviva Life Nth America	0.48%	0.7510%
Aviva Life Overseas****	0.45%	Not available
Aviva Life Property	0.45%	0.0003%
Aviva Life Reserve	0.45%	0.0092%
Aviva Life Retire 2025****	0.45%	Not available
Aviva Life Retire 2030****	0.45%	Not available
Aviva Life Retire 2035****	0.45%	Not available
Aviva Life Retire 2040****	0.45%	Not available
Aviva Life Retire Dist	0.45%	0.0056%
Aviva Life UK Equity	0.46%	0.0003%
Aviva Life UK Tracker****	0.45%	Not available
Aviva Life With Profit	0.79%	0.0270%
Equitable Life With Profits*****	1.50%	1.035%
Equitable Life Pelican Fund****	0.75%	Not available
Equitable Life International Fund****	0.75%	Not available
Equitable Life Money Fund****	0.50%	Not available
Equitable Life Managed Pension****	0.75%	Not available
L&G Managed Fund	0.55%	0.07%
L&G Gbl Eq (30:70) Index Fund 75% GBP Ccy Hedged	0.51%	0.04%
L&G UK Equity Index Fund	0.47%	-0.02%
L&G Cash Fund	0.46%	-0.05%
L&G North America Equity Index Fund	0.49%	-0.01%
L&G Asia Pacific (ex-Japan) Equity Index Fund	0.51%	0.00%
L&G Europe (ex UK) Equity Index Fund	0.49%	0.00%
L&G Over 15 year Gilts Index	0.45%	0.05%
L&G All Stocks Gilts Index Fund	0.45%	0.03%
L&G Property Fund	1.28%	-0.50%
Phoenix Life London Life With-Profits Fund	1.26%	0.26%

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## CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

### AVC policies (continued)

Fund Name	TER (% p.a.)	Transaction costs (% p.a.) <sup>^</sup>
Prudential Deposit Fund <sup>**</sup>	Not applicable	0.00%
Scottish Widows With Profit Fund <sup>***</sup>	0.875%	0.20%
Standard Life Pension Millennium With Profits Fund	1.15%	0.000824%
Standard Life Pension With Profits Fund	1.75%	0.001022%
Standard Life UK Equity Pension Fund	1.01%	0.000714%
Utmost Life Secure Cash Fund <sup>*****</sup>	0.50%	Not applicable
Utmost Life UK Equity Fund (formerly Equitable Life Pelican Fund) <sup>****</sup>	0.75%	Not available
Utmost Life Global Equity Fund (formerly Equitable Life International Fund) <sup>****</sup>	0.75%	Not available
Utmost Life Money Market Fund (formerly Equitable Life Money Fund) <sup>****</sup>	0.50%	Not available
Utmost Life Managed Pension (formerly Equitable Life Managed Fund) <sup>****</sup>	0.75%	Not available
Zurich With-Profits 90:10 Fund	Not applicable	0.03%

Source: Aegon, Aviva, Equitable Life, L&G, Phoenix Life, Prudential, Scottish Widows, Standard Life, Utmost and Zurich

<sup>^</sup>Some transaction costs are negative, representing a gain for members over the period. This arises where favourable movements during a transaction or at the fund level offset other costs (such as stockbroker commission) over the period.

\* Typically, a fund will have a higher TER than AMC. However, if the underlying structure is a life fund, some managers have made a commercial decision to cap the TER at the same level as the AMC, with the additional expenses borne by the manager. This is the case for the Aegon funds. The transaction costs shown for the Aegon funds do not include any securities lending fees which are not available at the current time.

\*\* There are no charges on the Prudential Deposit Fund. It aims to provide a net return in line with the Bank of England base rate. Prudential has not reported the transaction costs on this fund, although it is held within the Prudential With Profits Fund for which Prudential has reported that transaction costs over the year to 31 March 2020 were nil.

\*\*\* The costs of operating the Scottish Widows With Profits Fund are built into increases in the bid price of units. Scottish Widows states the transaction costs shown are those for 92% of the underlying assets of the With Profits fund.

\*\*\*\* The required underlying data is not available to report the transaction costs.

\*\*\*\*\* The transaction cost information for the Equitable Life Funds is for the year ended 31 December 2019 as the funds closed on 1 January 2020.

\*\*\*\*\* There is no transaction cost information available for the Utmost Life Secure Cash Fund as it has been in operation for less than 12 months.

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## CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

### **AVC policies (continued)**

#### Missing information

Despite requesting information on a number of occasions, the Trustee has been unable to obtain certain information from some of the providers for the Plan year (as noted in the tables). Specifically, the missing information is as follows:

- Up-to-date transaction costs for the Prudential Deposit Fund
- Transaction cost information for certain of the AVC funds held with Aviva
- Transaction cost information for the non With Profits Equitable Life AVC funds to 31 December 2019 (i.e. before their closure on 1 January 2020).
- Transaction cost information for the former Equitable Life AVC funds now held with Utmost Life.

The Trustee has been making regular requests to the providers for the missing information on a weekly basis, engaging the support of its investment consultants where appropriate.

### **Illustrations to show the effect of charges and transaction costs**

Over a period of time, the charges and transaction costs that are taken out of a member's pension savings can reduce the amount available to the member at retirement. To help members understand the impact of charges and transaction costs on their retirement savings, the Trustee has set out below illustrations. These show the effect of charges and transaction costs typically paid by a member of the Plan on the value of their money purchase fund at retirement in different investment fund options (as a "pounds and pence figure").

The Trustee can decide which illustrative examples to use to show the effect of charges and transaction costs over time, as long as they are realistic and representative of the Plan's membership.

The illustrations have been prepared in accordance with the DWP's statutory guidance on "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes" on the projection of an example member's pension savings.

The illustrations are based on a number of assumptions about the future which are set out under 'Notes and assumptions' below. 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 and personalised illustrations which are provided to members in their annual benefit statements.

There are no charges on money purchase funds invested in the Prudential Deposit Fund. Below, the Trustee provides illustrations for two example members invested in the Plan's other two money purchase policies.

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## CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

### Money purchase funds invested in the M&G PP Unit-Linked Fund

- Example member 1: the member with the longest term to retirement at age 63 (18 years) and a starting fund value of £369;
- Example member 2: an average member with 8 years to retirement at age 63 and a starting fund value of £3,391.

The tables below illustrate the effect of the charges and transaction costs at different ages on these example members' projected retirement pots.

Example member 1: the estimated impact of charges on accumulated fund values is shown in the table below.

At age:	Fund value (before charges)	Fund value (after charges)	Impact of charges on fund value
45	£369	£369	-
50	£410	£401	£9
55	£456	£437	£20
60	£507	£475	£33
63	£541	£500	£41

Example member 2: the estimated impact of charges on accumulated fund values is shown in the table below.

At age:	Fund value (before charges)	Fund value (after charges)	Impact of charges on fund value
55	£3,391	£3,391	-
60	£3,771	£3,689	£82
63	£4,019	£3,880	£139

### Money purchase funds invested in the Scottish Widows With Profits Fund

- Example member 3: the member with the longest term to retirement at age 63 (21 years) and a starting fund value of £387;
- Example member 4: an average member with 9 years to retirement at age 63 and a starting fund value of £6,424.

Example member 3: the estimated impact of **transaction costs** on accumulated fund values is shown in the table below.

At age:	Fund value (before charges)	Fund value (after charges)	Impact of charges on fund value
42	£387	£387	-
45	£416	£404	£12
50	£469	£433	£36
55	£529	£464	£65
60	£597	£498	£99
63	£642	£519	£123

# COMPASS GROUP PENSION PLAN

## CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

### Money purchase funds invested in the Scottish Widows With Profits Fund (continued)

Example member 4: the estimated impact of charges on accumulated fund values is shown in the table below.

At age:	Fund value (before charges)	Fund value (after charges)	Impact of charges on fund value
54	£6,424	£6,424	-
55	£6,581	£6,515	£66
60	£7,423	£6,987	£436
63	£7,980	£7,287	£693

### Notes and assumptions

1. Values shown are estimates and are not guaranteed.
2. The member ages and starting fund values used in the projections are representative of the money purchase policies' membership as at 4 August 2020.
3. Projected pension fund values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
4. Inflation is assumed to be 2.5% each year.
5. The transaction costs have been averaged over a 2-year period in line with statutory guidance to reduce the level of volatility, and 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.
6. The assumed growth rates, costs and charges for each fund are as follows:

Fund	Growth rate	Costs and charges
M&G PP Unit-Linked Fund	2.2% p.a. above inflation	0.4607% p.a.
Scottish Widows With Profits Fund	2.5% p.a. above inflation	1.055% p.a.

### Value for members assessment

In April 2019, the Trustee engaged its investment consultants, Aon Solutions UK Limited ('Aon') (previously known as Aon Hewitt Limited), to carry out a value assessment of the Plan's DC and AVC policies. The Trustee did this so that it could determine whether or not they provide good value for members in terms of costs and benefits when compared to other similar schemes. The assessment of benefits was carried out for the categories of governance, investment, administration, retirement and communications as a cost-benefit analysis. The main sources of information used for benchmarking under the benefit categories were the standards required by the Pensions Regulator's Code of Practice and Aon's DC Surveys.

During the current Plan year, the Trustee also engaged Aon to carry out an investment review of the DC and AVC arrangements. The Trustee has also obtained advice regarding the closure of the Equitable Life With Profits Fund and the transfer of Equitable Life policies to Utmost Life and Pensions. The Trustee has taken account of the 2019 value assessment, the 2020 investment review and the advice it received regarding the Equitable Life arrangements when assessing whether the DC and AVC arrangements provide value for members.

## CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

### Value for members assessment (continued)

Costs – Available cost information for the DC policies was assessed in line with current market rates and benchmarked against the 2016 DWP Landscape and Charges Survey. Aon concluded that the charges on the M&G DC policy were broadly in line with current market rates. The Prudential Deposit Fund and the Scottish Widows With Profits Fund have no explicit charges but the costs for investing in these funds were not available at the time of the reviews. Overall, Aon concluded that the guarantees provided by the Scottish Widows With Profits Fund, were likely to be valued by members and that the net returns provided by the Prudential Deposit Fund were in line with expectations.

In terms of the charges on the AVC policies, Aon concluded the charges on the legacy unit-linked policies were in line with current market rates and relatively low compared to typical charges for legacy arrangements of a similar size. The charges on unit-linked funds held with Aegon and Standard Life and those held in one of the Aviva policies were felt to be relatively high, but there is little or no scope to improve the value that these funds provide, because they are held alongside With Profits Funds and cannot be moved independently of the With Profits. Where disclosed, Aon considered the charges on With Profits Funds to be in line with charges for similar funds. The Trustee obtained advice regarding the charges on the Utmost Life and Pensions arrangements, which replaced those previously with Equitable Life. For this, the Trustee concluded it would improve value for members if these funds were moved to the Plan's AVC arrangement with Legal & General, since the guarantees associated with the Equitable Life With Profits Fund no longer applied.

Governance – In addition to the specific work that the Plan's administrators, XPS, do, the Trustee more generally receives advice in respect of actuarial, legal and investment matters and has an SLA in place with the Plan's administrators, XPS, which identifies the key activities and core financial transactions in relation to the Plan's DC and AVC arrangements. 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 believes, therefore, that it has suitable governance processes in place.

Investment – The reviews carried out by Aon during the current Plan year considered the suitability and quality of investment options offered to members of the DC and AVC arrangements. The reviews concluded that the investment options were suitable and of an appropriate quality, with the exception of the Aviva Asia ex-Japan Equities Fund, which had under-performed its sector. The Trustee, therefore, wrote to members invested in this fund to notify them of the under-performance. As described above, the review of the AVC arrangements concluded that it would be in members' best interests to move funds previously invested with Equitable Life to the Plan's AVC arrangement with Legal & General and this project has now been completed. The review of the DC arrangements identified no concerns over the quality of the investments available to members, but that better member outcomes may be achieved by moving these funds to the Plan's Legal & General arrangement, which provides a wider range of investment options and online access to policy information and retirement planning tools for members. The Trustee is therefore planning the project to make these changes.

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. The review of the AVC arrangements carried out in September 2019 took account of the Trustee's adviser's wider experience of the AVC providers' standards of administration and highlighted no concerns, other than limited functionality of the older administration systems operated by Aviva and Phoenix Life.

Retirement – 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 the PensionWise guidance service and the Money Advice Service online retirement adviser directory to find an independent financial adviser, but they are not assisted in a search of the open market option.

Members of the Plan's AVC arrangement with Legal & General are able to access their AVC policy via the Legal & General website, which also includes a number of modelling tools.

## CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

### Value for members assessment (continued)

Communications – 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, such as the consolidation of AVC funds exercise in 2016 and 2017. The Trustee has recently undertaken an exercise to review retirement communications and options. The Trustee is also considering launching XPS's MyPension.com online access to deferred members to enhance the level of communications, but there is currently no timeframe for this.

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 Plan's DC and AVC policies do represent good value for members. However, the Trustee has identified changes that could further improve value for some members. The Trustee has already moved AVC funds from Utmost Life and Pensions to the Plan's AVC arrangement with Legal & General and has started to plan the transfer of unit-linked funds to this arrangement also.

### Trustee knowledge and understanding

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.

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, 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 regularly reviews the trustee directors' training needs to identify knowledge gaps. The last formal trustee knowledge gap assessment took place in December 2017 and a training programme which ran to December 2019 was drawn up to address the knowledge gaps identified. In February 2020, the trustee directors completed a training needs analysis based on the training areas covered by The Pensions Regulator's Trustee Toolkit. From the responses received, a training programme was developed which runs to December 2020 when it will be revisited, and the trustee directors will be asked to reassess their training needs.

The trustee directors receive formal training from the Plan's advisers on designated training days and at trustee meetings as appropriate on specific agenda items. For example, at their training day in September 2019, the trustee directors received training on GMP equalisation and related matters and on their duties in respect of responsible investment and ethical, social and governance ('ESG') considerations. Further training on ESG considerations and responsible investment and disclosure requirements has been provided to the Investment Committee at its meetings in May 2019 and February 2020 and to the full trustee board at its meetings in September 2019 and March 2020. At each quarterly meeting of the GOC, the trustee directors receive updates and training in relation to legal developments and their impact. In addition, the trustee directors are made aware of, and 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 comprise 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. No new trustee directors joined the trustee board during the Plan year.

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## CHAIR'S STATEMENT REGARDING DC GOVERNANCE (continued)

### Trustee knowledge and understanding (continued)

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

Philip Whittome has particular expertise from a background in investment, 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 21 September 2020 and signed on its behalf by:

*P N Whittome*

**Philip Whittome, Chairman**