

COMET PENSION SCHEME

PROCEDURE FOR THE APPOINTMENT OF TRUSTEE DIRECTORS

LAST UPDATED JUNE 2022

## *BACKGROUND*

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Comet Pension Scheme (the "Scheme") is separate from the sponsoring company, Darty Limited (the "Company"). It is established as a 'trust' administered by Comet Trustee Company Limited (the "Trustee"). The Trustee is responsible for administering the Scheme in accordance with the Scheme's rules dated 15 January 2015 (the "Rules") (as amended). The Trustee, not the Company, controls the assets of the Scheme and is responsible for the proper operation of the Scheme.

### ***Power of Appointment of Trustees***

Under the Rules, the Company, as the principal employer, has the power to appoint and remove trustees by deed. The Rules allow a body corporate (i.e. a trustee company) to be appointed as the sole trustee.

### ***Current Trustee***

The Trustee is a corporate trustee and it is the sole trustee of the Scheme.

The current Directors of the trustee company are:

Ian Edwards (Chair) (Pensioner MND)  
Frederic Jaillard  
James Arnold  
Jon Herzberg  
Victoria Milford  
Nick Marsh (Deferred MND)

### ***Trustee Company***

Like any other company, the Trustee has articles of association (the "Articles") which set out the basic management and administration structure of the Trustee. The Articles of the Trustee provide that:

- 1 the Company, as the sole shareholder in the Trustee, has the power to appoint any person as a trustee director (either as an additional director or to fill a vacancy) and to remove from office any appointed director; and
- 2 the minimum number of directors is one and there is no maximum.

### ***Member Nominated Directors***

Under the Pensions Act 2004, a minimum of one third of the total number of directors of the Trustee (the "Trustee directors") must be nominated and selected by the members of the Scheme. Trustee directors nominated and selected in this way are called Member Nominated Directors (or "MNDs").

There will be no maximum but a minimum of four Trustee directors in office at any one time. The proportion of Trustee directors who are MNDs will not, at any time, be lower than that required by law – i.e. currently one third; and the remainder of the Trustee directors will be nominated by the Company. This procedure makes provision for the nomination and selection of MNDs for the Scheme.

As there are no longer any active members of the Scheme, the Trustee will seek nominations for individuals to act as MNDs from the pensioner and deferred members of the Scheme. Whenever possible, the Trustee will ensure that there is at least one Deferred Member MND and one Pensioner MND.

Individuals who are nominated and selected in accordance with this policy are referred to as "Deferred Member MNDs" and "Pensioner MNDs" respectively, and eligibility criteria are set out below. MNDs do not have a "constituency": irrespective of whether an individual is a "Deferred Member MND" or a "Pensioner MND" he or she has a duty to represent the interests of the membership of the Scheme as a whole.

### ***Date of Procedure***

This procedure was put in place on 1 July 2009 and was last updated on 30 June 2022.

### ***Date of review of Procedure***

This procedure will be reviewed on or before 30 June 2025, or such earlier date as the Trustee considers appropriate if circumstances change such that a review would be beneficial or necessary.

### ***Number of MNDs***

The number of MNDs shall at all times be sufficient to ensure that MNDs represent at least the proportion of the trustee body required under relevant legislation. Currently this is 1/3 of the board of directors and, in the event that the proportion of MND board members falls below this level (or the proportion required under legislation is increased) the Trustee shall take the necessary steps under the Procedure outlined in this document to correct the position. With the consent of the Company, the number of MNDs may exceed that required to comply with legislation.

### ***Eligibility to be a Deferred Member MND***

To be eligible to seek office or remain in office, a Deferred Member MND must satisfy **all** of the following:

1. be a current or former employee of the Company, or any former participating employer (including Comet Group Plc);
2. be a member (but not a pensioner member) of the Scheme and resident in the UK; and
3. not be disqualified from acting as an MND. In this respect there are legislative provisions stating who cannot be appointed as an MND and members should have regard to these when considering eligibility for nomination. Examples of those who are ineligible include:
  - anyone under age 18;
  - undischarged bankrupts; and
  - anyone either disqualified from being a director or convicted of an offence involving dishonesty or deception.

### ***Eligibility to be a Pensioner MND***

To be eligible to seek office or remain in office, a Pensioner MND must satisfy **all** of the following:

1. be a former employee of the Company, or any former participating employer (including Comet Group Plc);
2. be in receipt of a pension from the Scheme and resident in the UK; and
3. not be disqualified from acting as an MND. In this respect there are legislative provisions stating who cannot be appointed as an MND and members should have regard to these when considering eligibility for nomination. Examples of those who are ineligible include:
  - anyone under age 18;
  - undischarged bankrupts; and
  - anyone either disqualified from being a director or convicted of an offence involving dishonesty or deception.

### ***Who will be entitled to nominate MNDs?***

All members of the Scheme, regardless of their own status, will be entitled to nominate Deferred Member and Pensioner MNDs from the membership.

### **Seconders**

Except for existing MNDs standing again, nominees must be seconded by one other member.

### **Term of office**

The term of office of an MND shall continue until the earlier of:

- 6 years from the date of the MND's appointment; or
- the date on which the MND ceases to be eligible as either a Deferred Member MND or a Pensioner MND.

Once appointed, until the expiry of the term of office, an MND can only be removed:

- on ceasing to be eligible to act as either a Deferred Member MND or a Pensioner MND; or
- with the unanimous agreement of all the other directors, or
- otherwise, if he or she is unable or unwilling to continue as an MND and resigns from office.

A retiring or former MND may be nominated and, if necessary, selected, to hold office for a further term on any number of occasions.

### **General**

Although their appointment process is different from that of other trustee directors, MNDs have exactly the same responsibilities and functions as any other trustee director, including one nominated by the Company. A MND cannot be excluded from the exercise of any trustee function purely because they are a MND.

An individual does not have to be an expert on pensions in order to be appointed as a MND. However, it is important for any potential candidate to appreciate that a trustee director's role is demanding. The trustee directors are expected to:

- act prudently, conscientiously and honestly;
- familiarise themselves with the Scheme's governing trust deed and rules and other relevant documentation, such as Scheme policies and procedures;
- comply with statutory requirements relating to Trustee Knowledge and Understanding and undertake the necessary training. The costs of training courses and out of pocket expenses will be met by the Scheme. This training will be supplied by a suitably qualified organisation and by regular updates at Trustee meetings;
- invest the assets of the trust and agree the Scheme's funding plan with the Company;
- seek (and, where appropriate, question) advice on technical legal, actuarial and investment matters and on any other matters that they do not understand; and
- attend meetings of the Trustee. Normally there will be 4 ordinary meetings of the full board each year but additional extraordinary meetings may be held at any time. Notice of the time, date and venue of all meetings will be provided in advance as required by legislation. MNDs may be consulted on issues and/or be required to sign documents approved by them between meetings.

For further information on trustee duties, responsibilities and potential liabilities, please refer to the Pensions Regulator's Guidance for trustees, available at:

[www.thepensionsregulator.gov.uk/en/document-library/regulatory-guidance/trustee-guidance](http://www.thepensionsregulator.gov.uk/en/document-library/regulatory-guidance/trustee-guidance)

### *REQUEST FOR NOMINATIONS TO THE TRUSTEE BOARD*

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In the event of there being a vacancy for one or more MND positions, the Trustee will seek nominations, subject to paragraphs 7 and 8 below, as soon as reasonably practicable (and in any event within six months of a vacancy arising).

- The Trustee will inform the membership by one or more of: post to their home addresses; email to their email addresses; notice posted on the Scheme website.
- Members who meet the conditions detailed in this procedure may nominate themselves or nominate any other member who meets those eligibility conditions and has agreed to stand. Those members who are nominated are referred to as "Nominees" for the purposes of this procedure.
- Members wishing to nominate another person must have the permission of that person before making such a nomination.
- All nominations must be on the nomination form provided with this procedure and will include the following information prepared by the Nominee:
  - Full Name
  - Qualifying employment position and location
  - Approximate length of employment with the relevant company
  - Date joined the Scheme
  - Date when pension from the Scheme started (if applicable)
  - A note of why they think they might make a good MND.

This information may be used by the Selection Panel in the event that there are more nominations than vacancies and a selection process is necessary. Any Nominee wishing to be reminded of the date they joined the Scheme or to receive guidance in relation to the nomination form may seek help from Ann Geer at Punter Southall Governance Services, Forbury Works, 37-43 Blagrove Street, Reading RG1 1PZ ([ann.geer@psgovernance.com](mailto:ann.geer@psgovernance.com) or 0118 207 2909).

- Completed nomination forms must be posted or delivered by email to Ann Geer within 4 weeks of notification of a vacancy for one or more MNDs.
- Ann Geer will determine from the Scheme's records whether a Nominee is eligible to be an MND and any Nominees who are not eligible will be informed but disregarded for the selection process.

*SELECTION PROCESS*

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1. If the number of nominees is the same as the number of vacancies, those nominees will automatically be appointed as Trustee directors.
2. If there are fewer nominees than vacancies, any vacancy or vacancies unfilled by nominees will remain unfilled. In this event, the selection process will be re-run after no more than 3 years from the last selection process.
3. The Trustee shall be free to re-open the nomination and selection process at any time to fill any MND vacancies. If there are any significant changes to the Scheme's membership which the Trustee considers may lead to more nominees being forthcoming the Trustee shall re-open the nomination and selection process with a view to filling such vacancies as may then exist.
4. If there are more nominations than vacancies, a Selection Panel will be formed to assess the nominations and select those who will be appointed as MNDs. The Selection Panel will consist of at least two current Directors of the Trustee Board.
5. Each nominated person will be contacted and will be required to complete a personal statement form, which will be passed to the Selection Panel.
6. The Selection Panel will seek to take into consideration all appropriate matters including (amongst others) the personal statement form and the individual's experience and other qualifications for the job. The Selection Panel may also invite candidates to attend an interview. To promote so far as practicable a broad range of experience on the Board, the Trustee will seek to ensure that it includes at least one Pensioner MND, but this is not a mandatory requirement.
7. If the number of candidates approved by the Selection Panel is equal to the number of MND vacancies (current or known to be arising within 12 months) at the time that the Selection Panel grants its approval of those candidates, the Trustee will not seek nominations and all of the approved candidates will be elected as MNDs as the vacancies arise.
8. If a candidate who (i) was nominated during the last nomination process for the relevant MND position and who was approved by the Selection Panel at the time but was not appointed (for example, where the number of nominations exceeded the number of vacancies) and (ii) at the time of a subsequent vacancy, the Selection Panel has determined remains fit to be elected as an MND, the Trustee will not seek nominations and the approved candidate will be elected as an MND.
9. The Trustee will notify the membership of the result of the selection process within 28 days of the date on which the decision was reached by the Selection Panel or as soon as reasonably practicable where an MND was automatically appointed. Once nominated and selected, all MNDs will be formally appointed as Trustee directors.
10. The names of all the directors and whether or not they are MNDs will be listed in the Trustee's report issued to members each year.
11. The process for nomination, selection and appointment will not take longer than 6 months

## Comet Pension Scheme

*When considering the above, members should bear in mind the responsibilities of trustees and the knowledge skills and judgement required to fulfil the role satisfactorily.*

*To fulfil the role adequately, a trustee director needs to have an ability to understand the implications of legal issues and to evaluate the performance of the investment managers upon which the health of the fund and the future security of pension benefits depends. MNDs will receive initial and continuing training to help them to fulfil their duties.*

*MNDs shall have the same responsibilities as Trustee Directors nominated by the Company and shall not – just because they are MNDs – be excluded from the exercise of any functions which may be exercised by other Trustee Directors.*

*A brief description of the role of a trustee director is appended to this document.*

*APPENDIX*

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**THE ROLE OF A PENSION SCHEME TRUSTEE**

*For a variety of reasons, it is usual for occupational pension schemes in this country to be operated on the basis of a trust. This means that the benefit structure is set out in the pension scheme's trust deed and rules.*

*It is the responsibility of pension scheme trustees to ensure that the provisions of the trust deed and rules and legislation are honoured. While trusteeship is an onerous responsibility, it does not call for professional pension expertise. This expertise is provided by professionals employed by the trustees or by external consultants to whom they will turn from time to time.*

*Under the Pensions Act 2004 it is a requirement for trustees to know their scheme's documentation, have a knowledge and understanding of pension and trust law, and understand the principles of their scheme's investment and funding. Each trustee will be provided with training. However the technical content of this training is intended to familiarise the trustees with the law and practice that governs their operation rather than to make them experts. Trustees need a mixture of self-confidence, a willingness to ask questions and sufficient humility to seek professional advice when it is appropriate.*

*The trustees of a pension scheme will make sure that the administration is as efficient as it can be. They will review the means by which members receive information about the scheme in order to make sure that the members know what is happening. Although the rules will clearly define individual entitlement, trustees sometimes have to exercise their discretion in difficult cases. Finally, trustees must make sure that the assets set aside to finance pension promises are effectively invested until they are needed to pay out benefits.*

*Although they may come from a range of backgrounds, trustees do not represent any sectional interests. Instead, all trustees must act in the best interest of the scheme members as a whole. Any reasonable expenses incurred whilst carrying out trustee responsibilities will be reimbursed.*



**NOMINATION FORM**

FOR A MEMBER NOMINATED DIRECTOR (MND)

Nomination Form for a Member Nominated Director for the Comet Pension Scheme

**Member Nominated**

Full Name .....  
(BLOCK CAPITALS PLEASE)

**Nominated by**

*(this can be the member nominated or another member eligible to nominate MNDs)*

Full Name .....

Address .....

Signed ..... Date .....

**Seconded by\***

Full Name .....

Address .....

Signed ..... Date .....

\* Note: this is not necessary for an existing MND standing for re-appointment.

**Declaration by member nominated:**

I confirm that:

- I am a member of the Scheme and a current or former employee of the Company or of another company which formerly participated in the Scheme (including Comet Group Plc) and am resident in the UK,
- I agree to my name being put forward for the role of MND,
- I understand that I have the right to withdraw my application in the light of being given full details of the role and responsibilities of trustees,
- I am not disqualified from being a trustee (see "Eligibility" section), and
- I have completed the description of myself (see overleaf).

Signed ..... Date .....

**PTO** 

