

A photograph of a man with a beard and glasses, wearing a denim shirt, sitting at a bar and talking to a woman whose back is to the camera. The bar has several beer taps with labels for 'BIRA MONGHAI', 'AMSTEL BEER', and 'FOSTER'. In the background, there is a chalkboard menu with 'Snacks' and 'Prosecco' visible. The entire image has a blue color overlay.

# PCA Report Recommendation Action Plan (Publish Copy)

As at 3 February 2021

# PCA Investigation Report – Actions and Approach

The below principles are reflected in our action plan to address the recommendations contained within the PCA Investigation Report that was issued on 14<sup>th</sup> October 2020.

- The overarching principle applied when considering each recommendation is to ensure that we can demonstrate **evidence based compliance** with the terms of the Pubs Code.
- As necessary, we will review, amend or adjust our internal processes and procedures so we can point to a **design effective** framework aligned to the Pubs Code.
- As appropriate, we will strengthen and augment our series of internal checks and balances to ensure we can demonstrate consistent **operational effectiveness** against the required standards.
- We will ensure that we have **independent assurance** through the establishment of a Compliance Cabinet which will be an integral part of the Star Management System.
- We will as soon as is **reasonably practicable** address all recommendations in keeping with this plan, recognising the importance of certainty for tenants.
- Where we require further clarity or guidance from the PCA, in the **spirit of engagement**, we will reach out for support to ensure we can benefit from your insight.

# PCA Report – Recommendation 1 Action Plan

Recommendation Summary	Summary of Actions / Next Steps	Action Owner	Due Date	Action Status
<p>Recommendation 1:</p> <p>Star must, when, issuing a MRO proposal:</p> <p>(a) have evidenced grounds for the reasonableness of any stocking requirement included in the proposal;</p> <p>(b) take into account and record properly all factors relevant to reasonableness; and</p> <p>(c) ensure that any proposed stocking requirement is in line with statutory advice and guidance issued by the PCA.</p>	<p>1. Review the MRO Compliance Declaration Template to confirm that the content from the recently updated Compliance Handbook is reflected in this. This ensures we work against a baseline design effective template.</p>	CCO	November 2020	Closed.
	<p>2. For each MRO, ensure that as part of the Compliance Declaration sign-off call, that the Compliance Declaration is complete and that all of the guidance and challenges made by the CCO as part of the process, are fully documented within the “Compliance Declaration” section. This also includes relevant supporting documentation aligned with Star’s internal procedures.</p>	CCO	November 2020	Closed.
	<p>3. Hold MRO Clinics with all of the Estate Managers to ensure consistency of understanding regarding impact of PCA Investigation report.</p>	CCO & Estate Managers	November 2020	In communication with PCA regarding sharing of examples.
	<p>4. Reflect on the outputs of the MRO Clinics to ensure that lessons learned, FAQs and best practice are captured and reviewed at a future Compliance Cabinet.</p>	CCO	December 2020/January 2021	Closed.



# PCA Report – Recommendation 3 Action Plan

Recommendation Summary	Summary of Actions / Next Steps	Action Owner	Due Date	Action Status
<p>Recommendation 3:</p> <p>Following:</p> <ul style="list-style-type: none"> <li>(a) receipt of an arbitration award;</li> <li>(b) the outcome of an investigation; or</li> <li>(c) the issuing of statutory advice or guidance, or regulatory correspondence;</li> </ul> <p>that relates to the compliance of MRO terms, Star must proactively consider whether MRO proposals that are either subject to negotiation, or have been referred for arbitration, contain non-compliant stocking terms.</p> <p>If Star considers that any existing offer is non-compliant, it must, as soon as reasonably practicable:</p> <ul style="list-style-type: none"> <li>(a) openly inform the tenant(s) of the non-compliance;</li> <li>(b) make a new offer to the relevant tenant(s) on compliant terms;</li> <li>(c) subject to any obligations of confidentiality, inform the relevant tenant(s) about the reason for its amended offer; and</li> <li>(d) ensure that its stocking policy, and any template tenancies in use, are updated as appropriate.</li> </ul>	<ol style="list-style-type: none"> <li>1. Perform and document an individual review of all live MRO's to check for any potential non-compliance.</li> <li>2. For those cases where we require to make adjustments to ensure compliance, we have a detailed plan. Note that some time critical cases have already been adjusted and consequently already pick up the latest changes and acknowledge non-compliance.</li> <li>3. We will apply the learnings from the exercise in 2 to the timely application of any future updates to relevant offers in terms of Recommendation 3.</li> </ol>	<p>CCO</p> <p>CCO</p> <p>CCO</p>	<p>November 2020</p> <p>December 2020</p> <p>Ongoing from Q1 2021</p>	<p>Closed.</p> <p>Closed. Detailed Plan in place.</p> <p>Ongoing.</p>

# PCA Report – Recommendation 4 Action Plan

Recommendation Summary	Summary of Actions / Next Steps	Action Owner	Due Date	Action Status
<p>Recommendation 4:</p> <p>Star must ensure that any conflict between the statutory responsibilities of the CCO, and objectives relating to the profitmaking functions of Star, is managed appropriately. In particular:</p> <p>(a) Star’s CCO and compliance function must be afforded sufficient routes through Star’s governance structures to challenge decisions made by Star employees (whether directly or indirectly) – including its leadership, Business Development Managers and Estates Managers – that may be non-complaint with the Code; and</p> <p>(b) Star must satisfy itself that the objectives and job description of the CCO are consistent with the requirements of regulation 42 of the Code.</p> <p>Star should amend the job description of the CCO to refer to the relevant statutory provisions, and ensure that they have primacy above any other business objectives.</p>	<ol style="list-style-type: none"> <li>1. Change of personnel and restructure of reporting lines to strengthen Star’s governance framework.</li> <li>2. In advance of the publication of the PCA Investigation Report, the job description of the CCO was re-written to reflect the new governance framework. As part of this exercise, the wording relating to “commercial performance” of Star was removed.</li> <li>3. To reflect Recommendation 4(b) and the strengthening of Governance within Star, the Job Description is to be updated to reflect the revised structure at action 1 and the CCO’s role and responsibilities with regard to the Star Compliance Cabinet.</li> </ol>	<p>Star MD/Head of Legal</p> <p>Head of Legal / HR Business Partner</p> <p>Head of Assurance, Risk &amp; Compliance / Star HR Business Partner</p>	<p>September 2020</p> <p>August 2020</p> <p>Q1 2021</p>	<p>Closed.</p> <p>Closed.</p> <p>Job Description to be reviewed through Q1 2021.</p>

# PCA Report – Recommendation 5 Action Plan

Recommendation Summary	Summary of Actions / Next Steps	Action Owner	Due Date	Action Status
<p>Recommendation 5:</p> <p>Star’s monitoring of compliance performance must be formalised to support the CCO’s duty to ensure compliance, in a way that enables independent monitoring of the effectiveness of Star’s Code compliance approach, the recommendation of further opportunities for improvement and the creation of a framework where evidence-based assurance can be demonstrated.</p>	<p>1. The Managing Director of Star approved a proposal from the CCO and Head of Assurance, Risk and Compliance to add a monthly Compliance Cabinet to the Star Management System.</p>	<p>CCO / Head of Assurance, Risk and Compliance</p>	<p>September 2020</p>	<p>Closed.</p>
	<p>2. On a monthly basis, a Star Compliance Cabinet will be held which will review the RAG status of the Star KPI Scorecard together with any improvement actions or initiatives. All actions will be minuted and independently tracked by the Head of Assurance, Risk and Compliance.</p>	<p>CCO / Head of Assurance, Risk and Compliance</p>	<p>Monthly Meeting</p>	<p>Ongoing. Four Cabinets held so far and minuted.</p>
	<p>3. On a monthly basis the Star LT will receive a Compliance update from the CCO and Head of Assurance, Risk and Compliance.</p>	<p>CCO / Head of Assurance, Risk &amp; Compliance</p>	<p>Monthly</p>	<p>Closed.</p>
	<p>4. A network of Pubs Code Champions – who will be Regional SMEs (Subject Matter Experts) focussing on operational excellence - to be established across the business through Q1 21.</p>	<p>CCO / Head of Assurance, Risk and Compliance</p>	<p>Q1 2021</p>	<p>In progress. Concept signed off at Cabinet.</p>

# PCA Report – Recommendation 6 Action Plan

Recommendation Summary	Summary of Actions / Next Steps	Action Owner	Due Date	Action Status
<p>Recommendation 6:</p> <p>Star’s administrative and record-keeping systems must support and evidence Code compliance.</p>	<ol style="list-style-type: none"> <li>1. We are requesting that the PCA support us by sitting in on an end to end walkthrough of the MRO process.</li>   <li>2. Following this walkthrough, any lessons learned or suggested improvement points will be assessed and deployed as appropriate across the Organisation.</li>   <li>3. As per action 3 within recommendation 2:   Each MRO has a file created and the CCO team have a Work Instruction that captures what information is required to be held on file. To validate compliance to this standard, on a quarterly basis the Head of Assurance, Risk and Compliance will perform a sample review of 5 MRO cases to assess the compliance against this requirement. The outcome of this review, together with any improvement actions noted, will be added to the KPI Scorecard that is reviewed at the monthly Compliance Cabinet.</li> </ol>	<p>CCO</p> <p>CCO</p> <p>Head of Assurance, Risk and Compliance</p>	<p>Ambition is to have through Q1 2021</p> <p>Q2 2021</p> <p>Q1 2021</p>	<p>Communicating with PCA to enable this following easing of Covid restrictions.</p> <p>Dependent upon timing of the above.</p> <p>This compliance check will commence Q1 2021.</p>





# PCA Report – Recommendation 8 Action Plan

Recommendation Summary	Summary of Actions / Next Steps	Action Owner	Due Date	Action Status
<p>Recommendation 8:</p> <p>Star must undertake a compliance audit of its executed MRO tenancies to identify existing non-compliant terms. Star must offer to affected tenants to vary or remove, or confirm to those tenants that it will not enforce, the following types of terms:</p> <p>(a) terms that fall outside the definition of a stocking requirement:</p> <p>(i) any existing term that in practice serves as an absolute prohibition on stocking any individual type of competitor brands;</p> <p>(ii) the definitions of “Landlord Keg Brands”, “Landlord Cask Brands”, “Group Undertaking” and any associated definitions, insofar as amendments are necessary to reflect the statutory definition of a stocking requirement included in the 2015 Act;</p> <p>(iii) terms referring to the re-selling prices of products covered by the stocking requirements; and</p> <p>(iv) terms to the effect that the stocking requirement continues to apply on sale of the tenancy to another brewer landlord.</p> <p>(b) terms that may fall within the definition of a stocking requirement, but, in light of the findings of the report, are unreasonable and non-compliant. These may include terms where tenants are required to stock 60% Landlord Cask Products.</p> <p>Any actions taken by Star to remove or vary tenancy terms (should tenants agree to this), must be without cost to tenants. Where Star provides side letters to tenants in order to comply with this recommendation, these should be in the form of binding and enforceable variations to existing MRO tenancies.</p>	<ol style="list-style-type: none"> <li>Review MROs to identify the full population that falls into scope of this recommendation.</li> <li>Estate Managers to review MROs, specifically focussing on Stocking Tables in line with Pubs Code requirements.</li> <li>DLA to review other terms of the MRO to assess compliance.</li> <li>Depending on the outcome of actions 2) and 3) above, Star to ensure any variation/removal offered at no cost or detriment to the tenant.</li> </ol>	<p>CCO</p> <p>Estate Managers with CCO co-ordinating.</p> <p>DLA</p> <p>DLA</p>	<p>November 2020</p> <p>January 2021</p> <p>January 2021</p> <p>Our ambition is to re-issue within 3 months following completion of actions 2) and 3)</p>	<p>Closed.</p> <p>This work commenced in December 2020.</p> <p>This work commenced in December 2020.</p> <p>Our ambition is to re-issue within 3 months following completion of actions 2) and 3)</p>



**star**  
PUBS & BARS

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