

# Chair's Statement

This Statement sets out how the Trustee of the Atlas Master Trust (the "Trustee" and the "Trust" respectively) has met the governance standards required by the amended Occupational Pension Schemes (Scheme Administration) Regulations 1996 in respect of the Trust for the year ended 31 March 2023. The Trust is a multi-employer pension scheme with a number of non-associated employers participating through individual arrangements ("Sections"). The Trustee governs all the Sections equally whilst taking into account any specific requirements of that Section and its membership. This Statement covers all the Sections of the Trust during the year ending 31 March 2023.

## Scheme Administration and Core Financial Transactions

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended) require employees' contributions to be paid to the Trust by the 22nd of the month following which they are deducted from pay. In total 13 contributions relating to the Trust were not received according to this statutory requirement and in accordance with the Trust's payment schedules. These exceptions related to seven employers in total, and in each case, the impacted contributions were paid a few days late. The Trust's administrator (Capita) had contacted the employers in advance of the deadline in accordance with the Trust's Contributions Policy. Contact was also made with the employers by the Funder's Client Relationship Team. The employers concerned have reviewed their processes at the request of the Trustee with improvements in timely payments as a result. The Trustee determined that these breaches were not material in accordance with the Pensions Regulator's code of practice and therefore did not require reporting to the Pensions Regulator. Key factors taken into account in reaching this decision were that in each case the contributions were paid to the Trust shortly after the deadline, the Trustee was satisfied that the employers concerned worked proactively with the Trust to resolve the issues that led to the delayed contributions and there were no indications that the delays were deliberate on the part of the employers concerned.

The administrator attends at least one Trustee meeting each year, with presentations from Senior Management and the Operations Team to the Trustee. The Trustee reviews and monitors administration activities within the Trust on a quarterly basis. As well as meeting any statutory requirements, we focus our reviews on core financial transactions which include monitoring the timely receipt and investment of contributions; that transfers (in and out of the Trust) and switches between investment options are processed promptly and accurately; and that all exit payments are made on a timely basis and in keeping with member wishes.

The Trust has a service level agreement (SLA) in place with Capita which covers the accuracy and timeliness of all core financial transactions. The SLAs are split into two broad areas (i) Member-related SLAs, which cover items such as new member records, transfers in, AVCs, transfers out, retirement and changes to member details; and (ii) Trust related SLAs which cover items such as issue of benefit statements, completion of the report and accounts, and investment of contributions. All services have target timescales for completion.

The Trustee obtains SLA success rates for each Section of the Trust from Capita on a monthly basis and takes action if these are below the agreed level of 95%. The Trustee reviews more detailed SLA performance data on at least a quarterly basis. This detailed review looks at the specifics of any SLA failures, the number of days by which any tasks failed and the underlying reason for those failures. The Trustee uses the data to identify any potential trends and, if necessary, discusses with Capita what changes are required to improve or make the processes more efficient and streamlined as appropriate. For the year to 31 March 2023, the Trust had a 12-month average SLA success rate of 84%. The Trustee, and the SEI DC Team supporting the Trustee, increased its engagement with the administrator through the year to monitor the remedial action being undertaken by the administrator to manage the situation and ensure that appropriate measures were being put in place to improve SLA performance in the longer term. This increased engagement has continued during the current Scheme year.

Part of the increased engagement involved regular dialogue between the Trustee, Scheme Strategists and the Managing Director of the administrator, Capita Pension Solutions Limited, as to necessary actions taken to improve the service performance. This has resulted in improvements towards the end of the Scheme year, with SLA performance for the final quarter of the reporting period of 94%.

The Trustee's contract with Capita ensures that failure to meet required SLA success rates for the Trust over an agreed period can result in financial penalties to Capita. During the Scheme year these financial penalties were triggered and paid.

The Trustee monitors SLA failures closely to ensure any adverse investment movements occurring outside of the agreed SLAs are properly compensated, as are members that are adjudged to have been inconvenienced. As a result, compensation was paid to members during the reporting period, in line with the policy agreed between the Trustee and the administrator, where it was established that an SLA failure resulted in a financial loss to the member.

Part of Capita's internal controls procedures involves the preparation of an annual Audit and Assurance Faculty (AAF) report on its pension administration controls by an independent, third-party auditor. The Trustee reviewed the annual report for the year ended 31 December 2022 and was satisfied that it contained no exceptions that impacted the Trust. When reviewing Capita's 2022 AAF Report, the Trustee was aware of a significant cyber-incident affecting the Capita Group, including its pension administration business (see below). As the cyber-incident occurred after the reporting period the Trustee review of Capita 2023 AAF Report will of course examine closely any changes to Capita's internal controls that were subsequently made as a result - direct or indirect - of the cyber incident.

### **Capita data incident**

The Trustee was notified by Capita on 31 March 2023 of what was initially referred to as a systems outage, but was later confirmed as a cyber-incident, affecting their systems. After a subsequent detailed audit of affected systems, Capita advised the Trustee on 11 May 2023, that there had been a personal data breach affecting Trust members in relation to data held by Capita as a data processor on behalf of the Trust. This breach may have affected the security of that personal data, which the Trustee takes very seriously. Accordingly, the Trustee took appropriate actions in line with its Information Security and Data Protection Policies, which included the notification to appropriate regulatory authorities without delay. Subsequently member communications were issued to affected members notifying them of the types of their personal data impacted, along with complimentary 12-month membership to a web, social network and public database monitoring service, provided by one of the UK's leading Credit Reference agencies, designed to alert members to any suspicious activity which might affect them. Members were also provided access to a dedicated specialist advice team to provide guidance on how to protect themselves from fraud. The Trustee continues to work with Capita to fully understand the circumstances leading to the data incident and steps put in place to reduce the risks as far as possible of a similar incident occurring. Updates on the cyber incident were also provided to members via the Trustee newsletter and further information will be provided to members in subsequent newsletters and/or the next Chair's Statement, as appropriate.

### **Covid-19 Update**

The Trustee Board and the Trust continued to operate effectively with a 'Business as usual' approach throughout the COVID-19 crisis. The Trustee engaged regularly with SEI and received regular updates from key suppliers including the advisers, investment managers and administrator. There have been no business service interruptions over the period that have adversely impacted the Trust's membership.

With effect from 25 April 2022 employees at SEI, including those members of the Institutional DC Team that make up the Scheme Strategists and Trustee Secretariat, returned to the office with the majority of employees working at least three days in the office per week. The Trustee met through a combination of virtual and face-to-face meetings during the Scheme year.

The Trust's administration team operating model is now to predominantly work from home having been provided with laptops which provide secure remote access to servers and are able to receive telephone calls directly from the member helpline (using call centre technology) and from the team's direct line numbers.

On 5 May 2023, the World Health Organisation announced the ending of the emergency status of COVID-19. Unless there are any future developments relating to the virus, the Trustee now believes it is no longer necessary for ongoing monitoring of any impact of the virus.

### **Russia / Ukraine Crisis**

The Trustee is monitoring the situation in Ukraine and the consequences for investments on behalf of the members of the Trust. We continue to take appropriate investment advice from our appointed advisers. Exposure to Russian investments is very low due to the strong diversification of investments within our default investment strategies. The investment managers are all sanctions compliant and have taken the decision to prohibit buying any new investments in this region. Capita also undertake sanction screening for members. The Trustee is mindful that short-term uncertainty can worry members, so did

add appropriate wording to the members' website, for the majority of the Scheme year to explain the actions we are taking and provide reassurance.

### **Government Gilt (Bonds) Volatility**

Following the Chancellor's 'mini-budget' in September 2022, the price of long dated bonds fell significantly. This meant that members invested in such gilts, typically through the annuity investment strategy will have seen their fund values reduce as a result. However, the annuity investment strategy is designed for those looking to purchase an income for life at retirement, via an annuity. The main aim of the strategy is to protect against a fall in annuity income. This is achieved by moving investments into bonds as the member approaches retirement to generate returns that broadly go up or down in line with annuity price fluctuations. This means that when the gilt related fund value goes down, annuity prices will also be going down, broadly maintaining the level of annuity income secured at retirement. If gilt related fund values go up this means annuity prices should also be going up and so again the level of annuity income should be broadly maintained.

### **Transition of Sections to the SEI Master Trust**

During the year, an exercise was undertaken to transition Sections from the Trust to the SEI Master Trust. This resulted in a large number of Sections transitioning to the SEI Master Trust on 1 February 2023 and 1 March 2023.

### **The Trust's Statement of Investment Principles**

The purpose of the Statement of Investment Principles ("SIP") is to record the investment principles adopted by the Trustee which govern decisions about investments for the purposes of the Trust. The Trust's SIP applies to all participating employers and their Sections within the Trust and includes details of their default investment arrangements.

The Trust's SIP, with details of the investment funds utilised by the Trust including each Section's Default Investment Option, has been designed to meet the requirements of Section 35 of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 and has been prepared after the Trustee obtained proper investment advice in accordance with the requirements of section 36 of the Pensions Act 1995. The Trustee also consults with SEI European Services Limited as the establishing employer of the Trust. The SIP is attached to the Trustee Report and Financial Statements for the year ending 31 March 2023 as Appendix 1.

The SIP is reviewed by the Trustee on at least an annual basis. It was last reviewed in September 2022, and the only changes made as a result of this review were those required to reflect the change of ownership of the Trust in November 2021. This was because the review concluded that the SIP included all relevant information in accordance with the requirements of applicable regulations; there were no changes to the Trustee's strategy, policies and beliefs; and no changes were needed to the default or self-select investment options during the Scheme year.

In particular, no changes were needed to the default or self-select investment options primarily for two reasons. Firstly, the majority of the Sections transitioned to the SEI Master Trust before the Scheme year end; and secondly, whilst the Trustee conducted a detailed review of the default options used by the remaining Section in the Trust during the second half of the Scheme year, the Trustee only instructed the implementation of the changes to the remaining Section's default investment options in April 2023, which was after the Scheme year end. As noted below, further details of the implementation of the changes will be provided in the next Chair's Statement. Appendix 2 of the SIP details the default investment option and alternative lifestyle strategies utilised by the Trust and Appendix 3 of the SIP contains the full range of funds from which members can choose. Actual fund choices offered will depend on the individual Section design. The current SIP can be found on the Atlas Master Trust website.

The Trustee is required to include an implementation statement within the Trustee Report and Financial Statements, which sets out how it has followed and acted upon the investment policies in the SIP. A copy of the implementation statement can be found in the Trustee Report and Financial Statements. The implementation statement will also be published on the Atlas Master Trust website and details of where to find the statement will be included in members' annual benefit statements.

### **Task Force on Climate-related Financial Disclosures (TCFD)**

The Taskforce for Climate Related Financial disclosures (TCFD) is an international body which promotes a consistent and transparent approach to reporting the climate impact of organisations, with

the goal of increasing available information and therefore better identifying a route to change and minimising the effects of global warming. The taskforce has set out a list of recommendations for how organisations can best consider their impact on the climate. From 1 October 2021, the Occupational Pension Schemes Regulations 2021 introduced new requirements relating to reporting in line with the TCFD recommendations, to improve both the quality of governance and the level of action by trustees in identifying, assessing and managing climate risk. The Atlas Master Trust falls within these guidelines and is required to publish its annual report within seven months of the Scheme year ending 31 March 2023. The report is published on the Atlas Master Trust website.

### **Default Investment Options**

Each Section of the Trust has a default investment option. The Trustee, in conjunction with its advisors, and, where appropriate, in consultation with the Principal Employer of the Section, selects and maintains an investment strategy which reflects the Section's membership profile. This may be one of the Trust's existing 'off the shelf' default investment options, or a default investment option specifically customised for the Section.

In each case, the default investment option is designed to assist members of that Section achieve real long-term growth and risk reduction based on their proximity to retirement, and incorporates the retirement option(s) deemed most appropriate to that Section's membership, including flexi-access drawdown, annuity purchase, encashment and/or a combination of these.

The design and the investment performance of the default investment options are reviewed at least annually by the Trustee to ensure that the returns are consistent with these aims and objectives and changes made where deemed appropriate. Last year's statement noted that a detailed review would be undertaken during this Scheme year.

As referred to earlier in this Statement the majority of the Sections transitioned to the SEI Master Trust before the Scheme year end, with the transition project taking most of the Scheme year to implement. The project was carefully managed to minimise any disruption to members as a result of the transition, which included not making any immediate changes to their investment options. The Trustee had also allowed for the fact that a detailed review of default investment options was planned for each of the Sections moving into the SEI Master Trust, and that this review would be carried out once that transition had been completed.

During the second half of the Scheme year the Trustee, supported by its investment advisers, conducted a detailed review of the default options used by the remaining Section in the Trust in consultation with its investment advisors. This involved consideration of whether the funds still met the investment objectives the Trustee has set for the default arrangement and other investment options; checking whether there had been any significant changes in the demographic profile of the Scheme's membership, members' choices of investment options and members' choices of benefits when they retire; considering whether the default arrangement and other investment options still represented good value for members; and investment advice on any changes to the default arrangement and other investment options. The review and the advice provided to the Trustee incorporated stochastic analysis that compared and considered the potential outcomes for members both at retirement (in terms of projected fund values) and in retirement (in terms of potential retirement income). The review process concluded that projected member outcomes could potentially be improved and in April 2023, following the Scheme year end and having received and considered the advice from its investment advisors, the Trustee approved and instructed a number of changes to the Section's default investment options.

A further update will be given in the next Chair's Statement as to the implementation of the agreed changes.

As described above, no changes were therefore made to the default investment options for any of the Sections during the Scheme year.

### **Charges and Transaction costs**

The Trustee reviews the fund managers and the fund performance on a quarterly basis. The Trustee also reviews the fees being charged to ensure they are providing good value for members.

The Trust charges members a percentage of their pension pot for running the Trust. This includes administration and investment, professional advisory fees (for example, legal and investment advice, Trustee fees, statutory and assurance audits and regulatory fees such as the TPR levy and Fraud Compensation levy).

Fees charged vary between different Sections of the Trust due to their individual requirements and the operational complexity of the Section. This leads to a structure whereby there are different fund series.

Some employers may choose to pay a fee direct to Atlas, which has the effect of lowering (or eliminating altogether) the percentage member charge that would otherwise have been levied for members of their Section. The charge in respect of all investment options available to members of each Section is described in the Investment Guide for that Section. The annual percentage charged (Total Expense Ratio) depends on the member's Section and the investments they choose.

The charges for each Section of the Trust are set out in Appendix 2 attached at the end of the Trustee Report and Financial Statements.

Transaction costs play a vital role in the investment returns that members receive. These are the costs incurred by investment managers in pursuit of their investment objectives. They include activities such as buying and selling stocks, taxes payable on stock purchases, commissions to third parties and costs of third-party investment research. Different investment managers and funds have different investment objectives, and therefore transaction costs can and do differ significantly – not just between different investments, but also within the same fund over a period of time. That is, transaction costs in any particular investment fund in any year may be more or less than the transaction costs incurred in the previous year, and so on.

Each of the investment managers we have appointed has been able to provide the transaction cost data we require in the format we require it in, which satisfies the relevant legislation. The Trustee would consider removing and replacing any manager that could not comply with this requirement.

### **Cumulative Illustration**

The Trustee is required to present the costs and charges typically paid by a member as a “pounds and pence figure”. The DWP has provided sample templates for this purpose which the Trustee has subsequently adapted using Section level and Trust specific information.

Illustrative examples of the cumulative effect that costs have on investment returns, as well as other information on costs and charges, can be found at: <http://www.atlasmastertrust.co.uk/library/documents> by selecting your employer.

There are ten fund series. To identify which one is relevant for you, the Section name is included alongside the relevant fund series. Members can alternatively request copies of this costs and charges information via email or post.

The information in these tables is only intended to be illustrative and members should exercise caution before relying on this information for the purposes of making decisions about savings, investment and retirement choices. In particular, the values shown are estimates based on a number of assumptions and are not guaranteed. Members should refer to their scheme booklets for more context about the characteristics (as opposed only to cost) of investment options and take independent financial advice as appropriate when making decisions. These illustrations confirm the position as at 31 March 2023.

### **Net Investment Returns**

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 (“the 2021 Regulations”) introduced new requirements for trustees of occupational pension schemes. Trustees of relevant pension schemes, regardless of asset size, are required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges. The Trustee has duly prepared this information in accordance with statutory guidance produced by the DWP and this is contained in Appendix 3 of the Trustee Report and Financial Statements, and published on the Atlas Master Trust website.

### **Value for members**

#### **Trustee Approach to assessing Value for Members**

The Trustee believes the key quantifiable components of the value for member checks are investment and administration charges. Good governance and good regulation go hand in hand. In assessing value for members the Trustee needs to ensure compliance with any regulatory obligations. The key regulatory requirements which the Trustee needs to adhere to when considering value for money for members are:

- Charge cap on the default investment option (or in the absence of one, the most popular investment choice) of 0.75% p.a.;

- No discounts for active members at the expense of deferred members;
- No commissions to intermediaries.

The Trustee also believes that the quality of the member communications and the scope and efficiency of the administration services can lead to greater engagement by members with their pension, which in turn enables members to better define, understand - and take actions to achieve - their retirement goals. The robustness of the governance, fund management and the performance of the funds in the context of the investment objectives, add to the overall long-term performance of the investments held in the Trust.

Qualitative features the Trustee believes should form the basis for determining the benefits are:

- Expert independent governance that is fully aligned with active, deferred and retired members' interests, through the accumulation and decumulation periods;
- A well-designed default lifestyle investment option that is subject to suitability and performance analysis through regular modelling scrutiny in relation to a set of clearly defined aims and objectives;
- A range of fund options that enable members to invest in line with their risk appetite;
- Effective and timely member communications to ensure members understand the main provisions of the pension arrangement and encourages them to make timely and suitable decisions;
- Accurate and responsible record keeping which provides members with appropriate and timely assistance;
- A decumulation service which facilitates each of the 'at-retirement' flexibilities and includes access to a specialist retirement advisory firm that adheres to robust service standards; and
- Compliance with all legal and regulatory obligations.

#### The 2022/23 Review of Value for Members

Administration charges were reviewed as part of the change of the owner and the Trustee of the Trust, with a new administration agreement put in place in November 2021. This included financial penalties that can be applied if poor levels of service are provided to members.

The Trustee acknowledges administration service has not fully met expectations -for the year to 31 March 2023, the Trust had a 12-month average SLA success rate of 84%. However, the Trustee has ensured that members have not been directly impacted financially by any administration issues and has worked closely with the administrator to ensure that appropriate levels of sustainable SLAs can be provided going forward. This is the priority of the Trustee, over and above the implementation of penalties.

As a result of SLAs not meeting expectations, there has been increased engagement and escalation with the administrators. Part of the increased engagement involved regular dialogue between the Trustee, Scheme Strategists and the Managing Director of the administrator business as to necessary actions taken to improve the service performance. This resulted in improvements towards the end of the Scheme year with SLA performance for the final quarter of the reporting period of 94%. This increased engagement has continued during the current Scheme year.

The Trustee was pleased to see the new Scheme Funder proactively introducing additional scheme and member related enhancements to further improve the services and the value we provide to members. This includes the continuation of the roll out of new joiner, midlife MOT, pre-retirement and at-retirement webinars to members, and a commitment to roll out the SEI Master Trust Pension & Financial Wellness App, simplified print and video benefit statements for members and additional features and functionality, (including personalised member nudges) in due course.

The Trustee closely monitors all fund performance, and as noted in the section on Default Investment Options above, is satisfied that the performance of the Default Investment Option remained reasonable against challenging market conditions resulting from the conflict in Ukraine and significant volatility in Government Gilt/Bond markets during the period. Performance figures for the year to 31 March 2023 remained positive against benchmarks and are detailed below:

<b>As of 31 March 2023</b>	
	<b>12 months</b>
<b>Multi Asset Portfolio 1</b>	<b>-5.4 %</b>
<i>Benchmark</i>	<b>-4.4%</b>
<b>Multi Asset Portfolio 2</b>	<b>-5.7%</b>
<i>Benchmark</i>	<b>-4.7%</b>
<b>Multi Asset Portfolio 3</b>	<b>-6.0%</b>
<i>Benchmark</i>	<b>-5.0%</b>

The Trustee also monitors the net investment returns of each fund, details of which are contained in Appendix 3 of the Trustee Report and Financial Statements and published on the Atlas Master Trust website.

In the table below you can see the total net investment returns of the Default Investment Option based on different age members in the Scheme at 31 March 2023. The table shows the fund series with the highest charge, so giving the lowest net return:

<b>Age</b>	<b>12 months</b>	<b>3 years</b>	<b>5 years</b>
35	-5.90%	38.12%	29.66%
45	-5.90%	38.12%	29.66%
55	-5.90%	38.12%	29.66%

In summary, the Trustee is satisfied that for the year to 31 March 2023 all of the Sections of the Trust

- Have appropriate fees, their individual default investment options are within the charge cap set (ranging from 0.207% to 0.657%);
- Noting that any financial impact on members as a result of any SLA underperformance is covered and compensated (via the profit and loss policy in place between the Trustee and the administrator), and that the service to members in relation to core financial transactions met our requirements;
- The Trust provides its members with value for money.

The Trustee believes further improvements can be achieved throughout the rest of 2023 and into 2024 as a result of investment and member-borne charge reviews already undertaken and approved which they expect to be implemented during this time period.

#### **Trustee's knowledge and understanding**

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge and understanding of the Trust's Trust Deed and Rules, the SIP, the Trustee's policies and procedures, the law relating to pensions and trusts, the principles relating to the funding of occupational pension schemes and the investment of scheme assets and other matters to enable them to exercise their functions as trustees properly.

The Trustee of the Trust is a corporate Trustee company, SEI Trustees Limited. Each Trustee Director is required to attend every full board Trustee meeting. The Trustee Directors have been selected due to their skills, knowledge and experience, which are both different yet complementary.

#### **Appointment of Trustee Directors**

The Trustee Board saw transformation during the course of the Scheme year. Mr Cyprian Njamma, an "affiliated" Trustee resigned with effect from June 2022. The Trustee operated an open and transparent

process to appoint a non-affiliated Trustee to replace Mr Njamma, who specialist skills included detailed investment knowledge, skills and experience and whose duties included the role of Chair of the Investment Sub-Committee.

As part of this process, the Trustee considered the skills, knowledge and experience of the remaining Board members and the background, skills, knowledge and experience that it required from this appointment. Using this selection criteria and, with the assistance of its Secretariat, the Trustee issued a request for proposal (RFP) to leading Professional Trustee firms. RFP responses were initially reviewed by the Chair of the Trustee with shortlisted candidates invited to partake in a two-stage interview process that involved all of the Trustee Directors, and was supported by the Scheme Strategists. Following extensive consideration of the applicants by the Trustee, it selected and subsequently appointed The Law Debenture Trust Corporation Plc (and its representative Ms Natalie Winterfrost) to the Board.

The Board has maintained its search for an additional Trustee Director who would bring further cognitive diversity, experience and skills, through an active selection process that is ongoing and has included both advertising and head-hunter engagement.

Therefore, as at 31 March 2023, there were four non-affiliated Trustee Directors on the Board of SEI Trustees Limited. Three of the directors are corporate independent trustee companies. The Chair is an independent Trustee Director, Allan Course, formerly representing Capital Cranfield Pension Trustees Ltd. The other Trustee Directors are:

- BESTrustees Limited.
- PSGS Trust Corporation Ltd (now known as Vidett) ,
- The Law Debenture Trust Corporation Plc

Legislation requires that a majority of the Trustee Directors (including the Chair) must be “non-affiliated”. In broad terms, “non-affiliated” means independent of the service providers and other commercial parties involved in the Trust. In determining whether a Trustee Director is non-affiliated, we have taken account of the detailed legal requirements (in summary):

- Employment or similar relationships with service providers (or connected businesses) in recent times; and
- Any payments made or received and any more general conflicts of interest.

The Trustee monitors non-affiliated status by way of governance processes, which include such things as maintaining records of the length of the appointment and declarations of conflict as they arise and at Trustee meetings.

Allan Course, BESTrustees Limited, Vidett and The Law Debenture Trust Corporation Plc are independent of all of the Trustee’s other service providers providing advisory, administration, investment, and other services to the Trust. The Law Debenture Trust Corporation Plc, Vidett and BESTrustees Limited, and their nominated representatives, as well as Allan Course, do not provide any services other than independent trustee services to the Trust.

The appointment dates of each Trustee Director and their nominated representatives are monitored on an ongoing basis to ensure that each Trustee Director continues to be counted as non-affiliated.

On the basis of the non-affiliation test (summarised above), the terms of appointment and our ongoing monitoring, the Trustee is comfortable that all four of the current Trustee Directors (including the Chair) were “non-affiliated” in the year.

Allan Course is a pensions specialist with significant experience in scheme strategy, administration and member engagement. He was previously the nominated representative for Capital Cranfield Pension Trustees Limited for five years, until his reappointment to the Board as an independent Trustee Director in August 2022.

The nominated representative from BESTrustees Limited is Ms Penny Green. Penny is a pensions specialist with significant experience in administration, governance and member engagement. She has



been the nominated representative for BESTrustees Limited on the board of SEI Trustees Limited since November 2021.

The nominated representative from Vidett is Mr Simon Riviere. Simon has worked with a number of professional trustee firms during his career and built up particular experience and expertise with regards to regulatory process and governance. He has been the nominated representative for Vidett since 2016.

The nominated representative from the Law Debenture Trust Corporation Plc is Ms Natalie Winterfrost. Natalie has extensive expertise in investment, with a particular focus on ESG and TCFD strategy. She has been the nominated representative for the Law Debenture Trust Corporation Plc since November 2022 (i.e. less than one year at the time of publication).

As professional Trustee Directors, all representatives are expected to demonstrate greater levels of knowledge and a higher standard of care than non-professional trustees. The professional trustee accreditation regime aims to ensure that professional trustee standards in relation to governance, fitness and propriety, experience and training, and conflicts of interest are met. Mr Course, Mr Riviere, Ms Green and Mrs Winterfrost are accredited respectively by either the Association of Professional Pension Trustees or the Pensions Management Institute and subject to annual renewal requirements to demonstrate that they continue to meet professional trustee standards, including being required to complete 25 hours of formal CPD per year and to comply with the Professional Trustee Standards Working Group's standards for professional trustees.

Combined, the Board has a detailed knowledge and understanding of DC scheme administration, communications, investment markets and regulations. The Trustee Directors' combined experience also extends to knowledge of (and access to) other large DC schemes, administrators, investment advisers, legal advisers and investment managers.

Trustee Directors are appointed by SEI Trustees Limited after the Trustee has considered the skills and experience required from the individual and to meet the needs of the Board as a whole. All Trustee Directors undergo a fitness, propriety and suitability assessment before their appointment and subsequently on an annual basis. New Trustee Directors have access to training from SEI, the Investment Managers and Administrator upon joining to ensure they are familiar with the specifics of the Trust and able to function effectively and fully contribute as a new member of the Board.

The current Board of Trustee Directors has been selected to maintain a broad and comprehensive range of relevant pensions and investment knowledge, specifically in the areas of administration, communications and investment. All of the Trustee Directors have extensive pensions knowledge and have experience working for and with large trust based occupational pension schemes.

To meet and maintain the Trustee Knowledge and Understanding requirements, the Trustee carries out an individual and a combined annual skills assessment to ensure that the Board has maintained the required skills and knowledge to govern the Trust and to establish any training needs. This is carried out via an individual annual self-assessment questionnaire. The Trustee has also put in place an independent process (run by its legal advisers) to evaluate the performance of the Trustee Board as a whole against an agreed set of objectives, making recommendations for improvements where necessary.

Following the review of Trustee Knowledge and Understanding by means of the self-assessment questionnaire, the Trustee arranges for bespoke training to be made available to individual Trustee Directors or to the whole trustee body (with internal or external advisers) as appropriate. The Trustee maintains a log of all the training undertaken and ensures the training programme is kept up to date with training for any additional needs identified during the course of the year scheduled as appropriate. During the Scheme year, specific training was provided to the Board on pension scams, data security, ESG (incorporating meeting the requirements for TCFD), default strategy and glidepath design.

Trustee Directors are also encouraged to attend external training events, including those hosted by the Pensions Management Institute, the Pensions and Lifetime Savings Association and the DC pensions specific conferences.

The nominated representatives for BESTrustees Limited, The Law Debenture Trust Corporation Plc, and Vidett also have continuous professional development requirements, records of which are provided to the Trustee at least annually as part of the evidence base for the Trustee Director Fit & Proper Assessments. Beyond his role in relation to the Trust, Allan Course remains a trustee representative of Capital Cranfield and so the Trust benefits from his continued professional development in that capacity.

All of the Trustee Directors have completed the Pensions Regulator's Trustee Toolkit. New Trustee Directors are required to evidence they have recently completed the Trustee Toolkit or if not must complete this within six months of taking up office. All Trustee Directors have online access to the Trust's online governance portal where board packs and up to date copies of all relevant documentation are stored, including the Trust Deed & Rules, the SIP and all Trustee policies and procedures. Relevant policies and procedures, such as the conflicts policy, are tabled at meetings and are reviewed by the Trustee annually. The SIP is reviewed by the Trustee at least annually. Training is provided by the Trustee's appointed investment advisers in conjunction with reviews.

The Trust Deed & Rules is regularly reviewed and updated by the Trustee in conjunction with its appointed legal advisers and training is provided by the legal advisers in conjunction with the reviews. All Trustee Directors receive legal updates by email from the legal advisers. The legal advisers also attend all meetings of the Trustee and at each meeting present a training update on the law relating to pensions and trusts, and specifically master trusts. The Trustee's appointed investment advisers attend all meetings of the Trustee and address the principles relating to the funding of the Trust and the investment of the Trust's assets in their presentations. All of the above ensures that the Trustee has a working knowledge of the Trust Deed & Rules, the SIP, and the Trustee's current policies, and that the Trustee has sufficient knowledge and understanding of the law relating to pensions and trusts, and the relevant principles relating to the funding and investment of occupational pension schemes.

In order to ensure that the Trustee's combined Knowledge and Understanding, together with the professional advice available to it, enables it to act properly, the Trustee:

- Regularly assesses its performance; and
- Invites its professional advisers to provide feedback on performance and suggest areas for improvement.

Having increased from three to four Trustee Directors with the appointment of the Law Debenture Trust Corporation Plc, and its representative Ms Winterfrost, the Board is seeking a fifth Trustee Director to bring further diversity, experience, knowledge and skills.

### **Member engagement**

As part of its governance process and to better understand the needs of the membership, the Trustee invites and obtains views from participating employers through regular engagement and from members via its member newsletters, webinars and Member Forum. Members are also encouraged to get in touch in the covering letter to the annual benefit statements. There are a variety of methods for members to get in touch, including post, telephone and email, all of which were in place throughout the Scheme year. Online engagement via direct emails to the Trustee via the administration team or via the 'Contact' section of the Trust's website is actively encouraged. Where the consent of the participating employer has been provided, presentations to members are carried out to provide scheme information and to obtain member feedback.

### **Master Trust Supervision**

The Trustee and Scheme Strategists worked closely with the Pensions Regulator as part of the ongoing supervisory framework. The Trust submits an annual supervisory return and is not aware of any non-compliance with the supervisory regime.

### **Conclusion**

The Trustee is satisfied that it has adopted the standards of practice set out in the Pensions Regulator's codes of practice applicable to the governance and administration of DC occupational pension schemes, and the authorisation and supervision of mastertrusts, together with all supporting regulatory guidance. These help demonstrate the presence of quality features which we believe will help deliver better outcomes for members at retirement.

This Statement was approved by the Trustee on 19 October 2023 and signed on its behalf by:

**Allan Course**  
**Chairperson**