

Important Announcement to employers of the Ethika Auto-Enrolment Pension Scheme (“the Scheme”)

The purpose of this Announcement is to provide an update to employers who previously contributed to the Scheme. Please feel free to pass this on to your affected employees.

As you will be aware from previous Announcements, Dalriada Trustees Limited (“Dalriada”) was appointed as trustee to the Scheme by the Pensions Regulator (TPR) on 26 March 2019. Dalriada was appointed amid concerns that the Scheme was not being properly managed and to protect the interests of the membership.

On appointment and following an investigation into how the Scheme was operated, Dalriada identified the 3 main investments made by the original trustees.

Our last Announcement provided an update with regards to one of the investments with Shard Capital Limited. Previous Announcements are held on our dedicated website. Please see link below:

[The Ethika Auto Enrolment Pension Scheme - Pension Scheme Website - Dalriada Trustees](#)

However, it remains the case that Dalriada has concerns as to the nature of the other two investments made by the former trustees.

A total of £1,206,000 was invested in a Swiss based company called Patagro Handels GmbH (Patagro) and we recently identified that Patagro had gone into liquidation. On checking the Handelsregister, it was confirmed that the Nidwalden court opened the bankruptcy of Patagro on 4 October 2021. We understand that this was on the basis of indebtedness. Dalriada wrote to the Swiss Court requesting more information on the bankruptcy process and to ask if the Scheme was registered as a creditor. The Courts responded and requested that Dalriada register a claim by 29 April 2022, which we did with the assistance of Swiss legal firm, Lez & Staehelin. While we felt it was important to lodge a claim, we are not hopeful for a significant return from Patagro.

With regards to the third investment in Visolaris, we will continue to review the position, however, we do not expect to receive a return of any of the funds invested.

You will be aware of the court case in July 2020 where Dalriada participated in a legal case which sought clarification on certain legislative issues in relation to the Fraud Compensation Fund (FCF). The judgment was handed down on Friday 6th November, confirming that a significant number of pension schemes can, in principle, make applications to the FCF.

Applications made to the FCF will ultimately look to compensate Scheme members for any loss on Scheme investments attributable to any act of dishonesty and for our costs in dealing with the consequences of any act of dishonesty.

Please note that the FCF is a fund of last resort and Dalriada will work with the Pension Protection Fund, who manage the FCF, on the extent to which asset recovery, from Visolaris Limited and Patagro Handels, should be continued. Currently, until those recovery actions are complete, we are unable to confirm the length of time from application to conclusion or whether any claim will be successful. An application is not a guarantee that the Scheme will be eligible for compensation.

As advised in our last Announcement, Dalriada has also not been provided with the full administration records required to allow us to reconcile contributions paid to the Scheme from each employer. As such, we are currently undertaking a reconciliation exercise from first principles in order to ensure that all of your employees have been accounted for and all details are up to date.

Thank you if you have already provided the information, however, if you are yet to do so, we would urge you to complete and return the spreadsheet attached to the covering email at your earliest convenience.

In order to prepare an application to the FCF, Dalriada will be required to have an accurate membership. If this information is not provided by you, there is a danger that your employees will not be included in the potential claim.

As per above, the FCF application will look at acts of dishonesty as part of the claim. It would therefore be incredibly useful if you could provide us with any marketing material, correspondence you might have from the time you were advised or decided to choose the Scheme as your preferred workplace pension which you now consider may have misrepresented the Scheme to you. It would also be helpful if you could provide details of how the Scheme was promoted to you and by whom.

Calculating members' benefits

In order to place a value on benefits held within the Scheme we need to understand the following key points:

- The final value of the Scheme's investments or, the value of any final settlement figure
- Final membership numbers
- Scheme costs and how they can be fairly apportioned amongst members

Until we have clarity on each of these points and then, ultimately, have a decision as to the Scheme's eligibility for any compensation on the FCF we cannot value members' benefits or issue any statements of benefits. This applies to all members equally even if all contributions were paid post Dalriada's appointment.

What should I do if I have any further questions?

Should you have any queries in relation to this Announcement or your membership of the Scheme, please contact us. As above, please also supply copies of all correspondence or other communications which you may have received in relation to your membership of the Scheme.

Dalriada. A better way

You can contact us as follows:

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