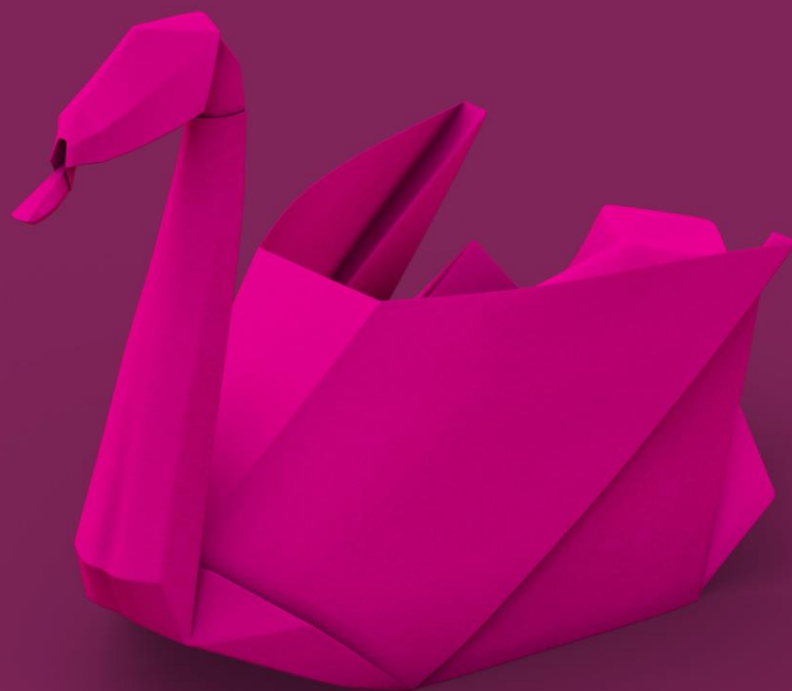


# **Incartus Investments Pension Scheme 4 Annual Governance Statement**

By the Chair of Trustees for the  
Scheme Year Ending 05 April 2022



**Dalriada.**  
A better way

# Contents

Section	Title	Page
<b>1</b>	Introduction and Background .....	<b>Error! Bookmark not defined.</b>
<b>2</b>	Trustee knowledge and understanding .....	<b>Error! Bookmark not defined.</b>
<b>3</b>	Knowledge of the trust deed and rules .....	<b>Error! Bookmark not defined.</b>

Signatory of:



# 1 Introduction and Background

This statement has been prepared in accordance with regulation 23 the Occupational Pension Scheme (Scheme Administration) Regulations 1996, as amended (the "Administration Regulations"), and having taken account of the related guidance from The Pensions Regulator ("TPR"), most recently updated in March 2022, when considering the various aspects of the operation of the Scheme on which we are required to report to members.

It relates to the Incartus Investments Pension Scheme 4 ("the Scheme") and covers the period from 06 April 2021 to 05 April 2022.

This statement will be published on a website made available to members.

Consideration has also been given to TPR's 'A quick guide to the chair's statement' and to the Department for Work and Pensions guide on 'Reporting of costs, charges and other information', both published in September 2018.

Matters in relation to the Scheme are considered by a dedicated committee of the Dalriada Trustees Limited ("Dalriada") Board, which meets at least four times a year. However, issues are also considered on an ad hoc basis between committee meetings. The Scheme has a dedicated client manager, alongside a project manager, who ensures anything requiring attention by the committee is communicated, and acted upon, in a timely manner.

As you are aware from the Announcements issued to members since its appointment, Dalriada was appointed as trustee to the Scheme by TPR amid concerns that the Scheme was not being properly run and in order to protect the interests of its membership. This has presented Dalriada with several challenges around governance. Nevertheless, this statement is a legal requirement and, as such, can serve as a useful reminder of the issues faced by Dalriada and, where it cannot meet certain governance obligations, I have explained why that it is the case.

Whilst the previous trustee was not removed by TPR, Dalriada was appointed with exclusive powers, to the exclusion of all other trustees. In any event the previous trustees, Bluefin Trustees Ltd, were dissolved in September 2017. Therefore, Dalriada is effectively the sole trustee of the Scheme.

As you will recall, the Incartus schemes (Incartus Investments Pension Scheme (1-8)) were used as vehicles to raise funding for Incartus Ltd ("Incartus"). The schemes' sole investments were in the form of a series of loans to Incartus.

Incartus subsequently used the funds to invest in a portfolio of UK based property and a number of oil and gas projects in the United States. The use of unsecured loans as the sole investment for an occupational pension scheme is in breach of the Regulations which govern the way pension schemes are managed. Incartus indicated early on that they intend to fully repay the loans to the schemes, however their ability to do so has been dependent on the return generated by the property and oil and gas investments. The schemes have no direct control over those investments as they relate to investments made by Incartus.

As members may already be aware Incartus remains some way off repaying the loans owed to the Schemes in full. To date Incartus have only repaid c. £8.7m with total funds still owed in excess of £17m. Given the ongoing uncertainty surrounding whether or not Incartus can ultimately repay the loans in full we have been unable to calculate what level of benefits might be payable to members.

Incartus indicated earlier this year that they would provide a detailed plan for repaying the outstanding monies to the schemes, and make a first payment by the end of June 2022, but failed to do so. When they failed to do so we served formal notice on Incartus on 29 June in accordance with the Terms and Conditions of the loans agreements, seeking repayment of all the loans made by the former trustees on behalf of the Schemes to Incartus, together with interest accrued at the rate of 8% per annum. As the trustee is required to give 12 months' notice this means the repayment date for the loans plus interest is 30 June 2023.

At the same time as we served the formal notice on repayment of the loans we also reiterated our request to Incartus for detailed information about the source of the funds to support the proposed repayment plan and the timing of the proposed payments. We also asked for a detailed update on the oil and gas investments. Incartus indicated that we would have a response to our requests by the end of July but we did not receive a response by then. We continue to liaise with Incartus as to the loan amounts owed.

If Incartus provides a robust and sustainable proposal, with appropriate evidence, that supports the eventual repayment of the loans in full, we would not look to enforce the 30 June 2023 repayment date, if doing so would prejudice members' benefits.

As reported in our announcement to members in November 2020, there has been a significant Court decision that determined pension schemes like the Scheme were able to make claims on the Fraud Compensation Fund ("FCF"). Dalriada has since been working with the Pension Protection Fund ("PPF"), who manage the FCF.

The FCF is open to claims by occupational pension schemes that have suffered a loss as a result of an act of dishonesty. If Incartus fails to repay the outstanding loans and interest due to the Scheme we will look to submit a claim on the FCF and Dalriada is working with the PPF to agree the precise steps that need to be taken in order to submit an application on behalf of the Scheme.

The overall process may take a number of years to conclude and evidence will need to be assembled to show where dishonesty has taken place. The FCF is also a fund of last resort which means the FCF will also need to be satisfied that no further recoveries can be made, or else, that the cost of pursuing any recovery would outweigh any potential return which might be achieved. So, as the rules for FCF compensation currently stand, we will need to get to the end of the process with Incartus before we can progress an FCF claim for the Scheme.

Member and financial information must also be analysed to quantify the amount of any claim and there are additional technical steps that will need to be taken in order to qualify the Scheme for compensation.

Whilst these developments around the FCF are positive and potentially good news for members, at this time we cannot say for certain that any claim will ultimately be successful either wholly or in part.

Dalriada will keep members informed of any progress by way of further Announcements.

## **Default arrangement**

A number of requirements of the Administration Regulations relate only to a "default arrangement" as defined in the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

The Scheme does not have a default fund for ongoing accrual. It is not a qualifying scheme within the meaning given by section 99 of the Pensions Act 2008. The Scheme is not used to meet any auto-enrolment obligations and no contributions are being paid into the Scheme. The Scheme's assets are made up solely by way of member transfer payments into the Scheme.

The Scheme did not, and does not, offer a Default Lifestyle Strategy and did not offer members any choice as to how their funds were invested.

As such, in Dalriada's view, there has never been an appropriate default investment arrangement for the Scheme. There is also no life-styling option available.

Dalriada took appropriate advice to determine a suitable investment strategy for the liquid funds held by the Scheme. The Scheme has employed a low-risk investment that reflects Dalriada's intention to wind-up the Scheme as soon as it is able and to transfer any remaining member funds to a more suitable arrangement. The current strategy beyond such sum as the Trustee estimates will be required meet the costs of the Scheme which will be held in cash, is to hold 90% in short-dated corporate bonds and 10% in cash.

This Chair's Statement, and other information, is published on a dedicated Scheme website. As Dalriada is still seeking to recover the remainder of the Scheme's assets by way of repayments from Incartus, it is not possible to provide members with a meaningful statement on the return on their investments, nor can we produce meaningful annual benefit statements for Scheme members. Should Incartus fail to make full repayment we will also need to know to what extent the Scheme might have a successful claim on the FCF. We are therefore unable to comply with the requirement to notify members in an Annual Benefit Statement that the relevant parts of the Chair's Statement have been published on the website.

The purported investments made by the previous trustee(s) were not made acting upon the recommendation of any appropriately qualified advisor.

## **Statement of Investment Principles ("SIP")**

Ordinarily, trustees should prepare a SIP to govern decisions about investments. This is a requirement for schemes with 100 members or more.

No serviceable Statement of Investment Principles exists for the Scheme. As the Scheme has fewer than 100 members it is not required to have one.

The day to day oversight of the Scheme's investments was delegated by the Trustee to the Scheme's Investment Adviser, Advisory Investment Services Limited ("AIS"). Dalriada has taken appropriate and professional investment advice on the investment strategy from AIS. The majority of the Scheme's liquid funds were invested in corporate bond and cash funds with Legal & General and Blackrock, via the Mobius Life Limited platform. Dalriada and AIS regularly monitor the Scheme's regularised investments. The Scheme's investment via Mobius Life Limited complies with the restrictions prescribed by regulations made under Section 40 of the Pensions Act 1995.

Subject to any FCF application for compensation, it is Dalriada's ultimate intention to wind up the Scheme as soon as it is able, and to transfer any remaining funds to a more suitable arrangement.

Due to the numerous issues outlined within this statement, it is also not possible to produce annual Trustees' Reports and Financial Statements.

## **Review of default strategy and default arrangements**

There is no default investment arrangement or default investment strategy in place for the Scheme at the current time. As such, there has been no review of the default arrangement or default strategy in the year in question and no previous review for which a date can be given.

## **Core Financial Transactions**

Trustees have a specific duty to ensure that core financial transactions relating to DC schemes are processed promptly and accurately. These include the following:

- investing contributions in the scheme

- transferring assets related to members into or out of the scheme
- transferring the assets between different investments within the scheme
- making payments from the scheme to or on behalf of the members.

The Scheme does not currently accept contributions or transfers in and is unable to pay any level of benefit, including transfers values, to members at the present time. This is due to a number of factors, not least uncertainty, to date, as to the ability of Incartus to repay the remainder of the loans.

More information on the repayments and the steps being taken by Dalriada to secure the remainder of the Scheme's assets has been provided in Dalriada's Announcements to members. Dalriada will issue a further Announcement in due course though members are also aware, as above, that Dalriada intends ultimately to consider the Scheme's position on the FCF.

We are also considering whether it would be possible to make interim payments to members ahead of any successful claim on the FCF, but we could only do so if this can be achieved under the Scheme's governing trust Deeds and Rules and, further, and that this would not prejudice the Scheme's ultimate FCF claim. We are taking advice on these points.

The financial transactions the Scheme does make are, in the main, in relation to costs.

Unsurprisingly, Dalriada has been unable to carry out routine administrative actions for the Scheme over the reporting period. Therefore, there have been no material administration service issues which need to be reported here.

Notwithstanding this, Dalriada, as a professional independent trustee, has processes and controls in place that are suitably designed to ensure any service objectives can be achieved once the Scheme is in a position to operate in the manner of a normal scheme. Dalriada's administrations processes are independently audited and accredited under AAF 01/06 and AAF 02/07.

Once Dalriada is in a position to process member benefit requests these will be managed and monitored in line with Dalriada's standard SLA levels and targets and formally reported on, on a quarterly basis.

In addition, acknowledging that we need accurate member data for the processing of member benefits, Dalriada will carry out an analysis of 'common data' and 'scheme specific data' (as defined by TPR). This helps us to ensure the integrity of member data that is processed.

We perform monthly bank account reconciliations for all the schemes to which Dalriada is appointed. The purpose of these reconciliations is to ensure that all transactions processed through the bank accounts (money in and out) can be accounted for. Any transactions which cannot be accounted for are investigated and corrected if required.

## **Charges and Transaction Costs**

The governance rules require trustees to make an assessment of investment management charges and transactions costs borne by the scheme members and the extent to which those charges and costs represent good value for money for members.

The investment management charges incurred by the regularised scheme investments are as follows:

Name	Fund Manager Charge	Additional Expenses	Mobius Life	Effective total annual fund charge
L&G Cash	0.05%	0.00%	0.04%	0.09%
L&G Short Dated Sterling Corporate Bond	0.14%	0.00%	0.04%	0.18%
BlackRock Sterling Corporate Bond 1-5 years	0.06%	0.015%	0.04%	0.115%

The Trustee has calculated the other charges and, so far as they were able to do so, the transaction costs, borne by Scheme members for the Scheme Year.

In this context, "charges" means (subject to some specific exceptions, such as charges relating to pension sharing orders) all administration charges other than transaction costs.

"Transaction costs" are costs incurred as a result of the buying, selling, lending or borrowing of investments.

Dalriada has deviated from the approach set out in the statutory guidance for the reasons set out below.

Since Dalriada's appointment there have been no transactions, as no payments into the Scheme have been accepted, either by way of contribution or transfers-in. As a result, there have been no transaction costs.

Under the terms of its appointment, the fees of Dalriada and its advisers fall as a debt due from the employer. The Scheme's employer was AFM Administrators Ltd, who were also the Scheme's administrators. However, this company was dissolved via compulsory strike-off in May 2019. In this situation the terms of appointment set out that costs (or "charges") should be met from Scheme funds.

Due to the mismanagement of the Scheme by its previous trustees and the subsequent actions taken by Dalriada since appointment, it is inevitable that the Scheme has incurred, and will continue to incur, significantly higher ongoing costs than would be the case for a similarly sized but conventional scheme.

Following Dalriada's appointment, significant costs were incurred by Dalriada in getting to understand the Scheme and the nature of the investments, reviewing its administration processes and taking on responsibility for the ongoing administration and working with Incartus to manage the Scheme going forward.

Dalriada assumed trusteeship of the Scheme via a bulk appointment by the Pensions Regulator which means that, at the same time, Dalriada was also appointed to 7 further schemes. All 8 schemes share similar characteristics such as the previous trustees, administration records and investments.

For the period in question Dalriada has incurred total costs of £132,488.29 across all of the connected Incartus schemes (including legal costs). Generally, work is carried out that has mutual benefit to all schemes and, once Dalriada has determined the membership of each of the 8 schemes, the costs will be proportioned accordingly.

### **"Good value" assessment of charges and transactions**

Generally, trustees should assess the extent to which the charges described above represent "good value" for members during the scheme year, by considering the level of member borne charges against the benefits attributable to such charges.

Whether something represents good value is not capable of being precisely defined. However, for these purposes, trustees should consider that charges may be viewed as representing good value for members where an optimum combination of cost and quality is achieved for the whole membership, relative to other options available in the market.

The characteristics of the Scheme are unusual and there are no readily available comparators to determine whether the costs incurred represent good value.

However, the actions undertaken by Dalriada, beyond those considered necessary for the appropriate management of the Scheme, are centred on action around recovery of funds. Such actions are considered on a cost-benefit analysis. Where necessary, Court approval would be sought for the use of Scheme funds to pay for any legal action.

Dalriada was appointed following a tender exercise by TPR and is subject to ongoing oversight by TPR.

Dalriada's costs (both for ongoing management and regarding action around recovery of funds) are calculated using a blended charging rate. This rate sits well below Dalriada's standard market rates for senior staff. The trustee's legal advisers operate on a similar basis, albeit on a different charging rate.

As commented above, Dalriada, as a professional independent trustee, has processes and controls in place that are suitably designed to ensure any service objectives can be achieved once the Scheme is in a position to operate in the manner of a normal scheme. Dalriada's administration processes are independently audited and accredited under AAF 01/06 and AAF 02/07.

Once Dalriada is in a position to process member benefit requests these will be managed and monitored in line with Dalriada's standard SLA levels and targets, and formally reported on, on a quarterly basis.

Dalriada is required to advise members of the cumulative effect over time of the application of charges and costs on the value of a member's accrued rights to money purchase benefits. However, due to the nature of Dalriada's appointment, both Dalriada and its advisors' fees are met using Scheme funds. As commented above, there is uncertainty around determining the value of the Scheme's investments and how these should then be attributable to members and, further, the allocation of costs to members which may require legal direction. For this reason, to date, Dalriada has had to take a general approach when applying costs.

In the event of a successful claim on the FCF, the costs incurred by Dalriada attributable directly or indirectly to dealing with the act(s) of dishonesty giving rise to the claim can be compensated for as part of the claim. If an FCF claim is successful Dalriada would expect a significant proportion of the costs incurred by the Scheme to date to be compensated for. Consequently it is impossible at this time to provide a meaningful illustration of the cumulative effect over time of the relevant costs and charges on the value of the members' benefits until the level of FCF compensation for costs incurred is known.

As soon as Dalriada is in a position to identify each individual member's fund and is able to determine a specific approach with regard to the allocation of costs, it will be in a position to report on the cumulative effect over time of the relevant costs and charges on the value of the members' benefits.

Given the nature of the Scheme and the fact that Dalriada was appointed as Trustee with exclusive powers given TPR's concerns about the misuse and misappropriation of Scheme funds, and those concerns having been well founded, the Scheme could not and cannot provide good value to members.

As noted above we cannot produce meaningful annual benefit statements for the Scheme members. We are therefore unable to comply with the requirement to notify members in an Annual Benefit Statement that the relevant parts of the Chair's Statement have been published on the website.



Dalriada is working with the PPF to submit a claim on the FCF on behalf of the Scheme. The Scheme will need to meet the eligibility criteria for FCF compensation and submission of a claim, in and of itself, does not mean that compensation will be paid to the Scheme.

Once the FCF claims process is complete Dalriada will wind up the Scheme and secure members benefits with an alternative registered pension provider, to the extent it is possible to do so.

## 2 Trustee knowledge and understanding

The Trustee has considered the latest guidance in relation to Chairman's Statements from TPR and has ensured that its practices reflect the requirements set out. I have set out below how the Trustee ensures it currently meets the knowledge and understanding requirements of trustees.

### ***DALRIADA TRUSTEES LIMITED ("DALRIADA")***

Dalriada is an independent professional trustee, established in 2003, which has been appointed by TPR under section 7 of the Pensions Act 1995 to a significant number of schemes. These appointments have been as a result of TPR having concerns about the nature and operation of the schemes and the extent to which the then trustees understood their statutory and fiduciary duties and responsibilities. Dalriada refers to such schemes as "Regulatory Appointments". The Scheme is a Regulatory Appointment.

Dalriada has established a specialist team drawn, from various relevant disciplines within Dalriada to manage the governance of these Regulatory Appointments, which we have called the Irregular Schemes Team.

A dedicated committee – the Irregular Schemes Committee ("the Committee") – has been established by the Board of Directors of Dalriada to oversee the activities of the Irregular Schemes Team in its governance of this Scheme and other Regulatory Appointments. Care has been taken to ensure that the membership of the Committee is such that there is sufficient knowledge and understanding to meet the requirements set out in sections 247 and 248 of the Pensions Act 2004 and TPR's Code of Practice 7 on Trustee Knowledge and Understanding.

I have set out below the membership of the Committee, along with a short summary of their skill set and experience. In addition, it is worth noting that three members of the Committee are directors of Dalriada.

Dalriada operates a team-based approach, which gives the Irregular Schemes Team access to over 120 pensions and support personnel, with a broad skill set suited to identifying and implementing the variety of tasks required to successfully manage the schemes. This includes pension administration experts, an in-house legal team, fund accountants and investment experts. Whilst the core Irregular Schemes Team deals with the majority of matters arising on the Scheme on a day-to-day basis (in conjunction with its appointed advisers), it can access the specialist expertise of the wider Dalriada team as and when required.

As far as we are aware, no other professional independent trustee firm has established and developed a specialist team in this difficult and challenging area of trusteeship. The relevant experience developed by the Irregular Schemes Team on such cases is unmatched and unrivalled.

### ***THE COMMITTEE***

#### **Sean Browes**

Sean has been working in the pensions industry since he graduated in 1988. He worked for two major benefit consultancies in both administration management and consultancy roles, before joining Dalriada in 2003. Sean has a broad range of skills and experience suited to all areas of pension scheme management.

Sean leads the Irregular Schemes Team, dealing with Dalriada's appointments by TPR to schemes suspected of being involved in pension liberation or thought to be scams. He now has a wealth of experience and knowledge with regard to the unique characteristics associated with the administration and management of these types of scheme and the challenges they present.

Sean is a fully accredited member of the Association of Professional Pension Trustees, has completed TPR's Trustee Toolkit and holds the Pensions Management Institute's Certificate in DC Governance and Award in Pension Trusteeship (DC and DB). Sean has met all required CPD requirements.

## **Neil Copeland**

Neil is a co-founder of Dalriada and acts as an Accredited Professional Trustee on some of our most complex and challenging cases, including our Regulatory Appointments. Neil specialises in schemes with technically challenging governance and covenant issues, as well as having over 25 years of experience in relation to defined benefit, hybrid, defined contribution, multi-employer and sectionalised arrangements.

Neil spends a significant proportion of his time working on Regulatory Appointments. Like Sean, Neil has developed considerable experience of the complex and non-standard issues faced by the Dalriada team in managing the Regulatory Appointments. This has included acting as a witness in high profile litigation in relation to Regulatory Appointments in support of TPR and representing Dalriada in oral hearings before the Determinations Panel, where Dalriada's appointment by TPR has been challenged by the incumbent trustees or other directly affected parties.

Neil is a fully accredited member of the Association of Professional Pension Trustees, has completed TPR's Trustee Toolkit and holds the Pensions Management Institute's Award in Pension Trusteeship (DC and DB). Neil has met all required CPD requirements.

## **Tom Lukic**

Tom is a director of Dalriada and leads the Dalriada business across the Midlands. He has broad pensions experience with particular expertise in employer covenant and corporate transactions. He has worked with a range of trustee boards managing scheme assets from c.£5 million to more than £1 billion. Similarly, he is experienced in working with a broad spectrum of sponsoring employers from small, owner-managed businesses through to much larger and complex groups, being either privately owned or fully listed.

Tom's experience, both as an adviser and as an Accredited Professional Trustee, provides particular insight into corporate structures and insolvencies. Where the investments of Regulatory Appointments include shares and/or bonds in, or issued by, corporate entities, an understanding of the accounting and financial structures of these entities is essential and Tom provides a wealth of experience in this area.

Tom is a fully accredited member of the Association of Professional Pension Trustees, has completed TPR's Trustee Toolkit and holds the Pensions Management Institute's Award in Pension Trusteeship (DC and DB). Tom has met all required CPD requirements.

## **Brian Spence**

Brian is a co-founder and director of Dalriada. He is now involved in the provision of a wide range of advice to pension scheme sponsors and trustees. Brian is well-known in the pensions industry for taking a strategic view in dealing with pension scheme matters and uses his experience to deliver practical solutions which satisfy the needs of trustees, employers and other stakeholders. Brian is recognised by TPR and the pensions industry as an expert in dealing with contentious and/or complex issues. He is a lead contact and "key person" for a number of high-profile trustee appointments.

In addition, Brian has practical experience of working as a Professional Trustee in all three major legal jurisdictions of the UK and as a Professional Trustee and advisor in Ireland. Brian has held a UK Scheme Actuary Practising Certificate since inception of the role in 1997.

Brian has an in-depth knowledge of legal processes, particularly around testing points of legal principle related to the operation of pension schemes, often as a result of deficiencies in scheme documentation (a common issue with Regulatory Appointments). He also has experience in litigation involving pension

schemes – where it is cost effective to do so, Dalriada will look to take legal action against the perpetrators of a scam with the aim to recover misappropriated assets.

Brian is a fully accredited member of the Association of Professional Pension Trustees, has completed TPR's Trustee Toolkit and holds the Pensions Management Institute's Award in Pension Trusteeship (DC and DB). Brian has met all required CPD requirements.

### **Amanda Banister**

Amanda is a professional trustee with a wealth of experience in the pensions industry. Before joining Dalriada, Amanda was a pensions partner in a global law firm. She also spent three years in-house at the Pension Protection Fund in its early years, shaping its legal approach and gaining wide experience in pensions policy and insolvency/restructuring. After leaving, she continued to advise the PPF on some of its highest profile and most complex matters.

Amanda's experience of working with and advising the PPF is a valuable asset to the Committee, as is her significant experience of contentious pensions issues, including Pensions Ombudsman disputes. Amanda also has a strong governance and risk management skillset, with an ability to solve testing problems, which are strongly aligned with the work of the Committee and Regulatory Appointments in general.

Amanda is a qualified solicitor, has completed TPR's Trustee Toolkit and holds the Pensions Management Institute's Award in Pension Trusteeship. Amanda has met all required CPD requirements.

## 3 Knowledge of the trust deed and rules

### **All documents setting out the trustee's current policies**

The Scheme has a dedicated client manager who has an in-depth knowledge of the Scheme and its governing documentation.

At the point of becoming Independent Trustee to the Scheme, a prescribed take-on process was followed. This included an assimilation and review of all the relevant Scheme documentation, including the trust deed and rules. The Committee is made aware of any issues or risks in relation to the Scheme's trust deed and rules as and when they arise, with appropriate action agreed in relation to the issue or risk identified. In addition to the knowledge held by the client manager and Irregular Schemes Team, the Trustee obtains legal advice in relation to the Scheme's documentation, where necessary.

There have been no new trustees introduced in this reporting period. However, there is an appropriate induction process in place to support new trustees.

### ***A working knowledge of the current Statement of Investment Principles***

As set out earlier, the Scheme does not have a SIP at this time due to the particular circumstances of the Scheme.

### ***Sufficient knowledge and understanding of the law relating to pensions and trusts and understanding of the principles relating to the funding and investment of occupational schemes***

Those Dalriada staff working on the Scheme are obliged to self-evaluate their learning and development requirements on an annual basis as part of Dalriada's internal appraisal process. The process identifies how staff can develop their knowledge and understanding, as well as where they can share their expertise in order to best support the Scheme. Dalriada staff are also required to comply with their respective training requirements in order to maintain a required level of continuing professional education ("CPE") and to provide evidence of courses, seminars and other types of professional development to satisfy their respective professional bodies' CPE requirements.

Every Professional Trustee is required to undertake a minimum number of hours training each year. This is recorded centrally by Dalriada's Human Resources Team and, where appropriate, forms part of staff personal development plans. This training can include internal and external courses and attendance at industry events, as well as a degree of self-learning by way of subscriptions to professional publications and electronic information channels.

Further, every Professional Trustee is required to complete TPR's Trustee Toolkit and subscribes to the updates issued by TPR.

Professional Trustees belong to Dalriada's knowledge management network which keeps them up to date with industry thinking. They also have access to a team of in-house pensions experts who inform the team about changes to pensions legislation and practices.

The trustees have access to Pendragon Perspective and Aries - both industry-leading tools, giving access to pension legislation.

Dalriada has its own in-house legal specialists to provide support and guidance to trustees around legislation and interpretation of scheme documentation. This is further aided by advice from external legal advisers, which is obtained when the Trustee feels this reinforcement is necessary to support their own understanding.

***Combined knowledge and understanding, together with available advice enables the trustees to properly exercise their function***

Dalriada has informally assessed the skill set and experience of each member of the Committee and the client team. It has taken into account the development activities already mentioned, along with the internal resources made available to staff, supplemented, where required, by professional external advice.

The Committee understands the need to more formally assess the skills of its members. This is done using a skills matrix developed for this purpose. Any areas for development flagged during this process will be addressed as part of the individual's personal development plan and reviewed throughout the year.

An evaluation of the effectiveness of the Committee as a whole is also carried out.

I consider that the combined knowledge and understanding of the Committee and the client team enables them to exercise properly their function as trustee of the Scheme. In particular:

- Members of the Committee have the relevant financial knowledge and experience to enable the Trustee to comply with its duties in relation to investment of the Scheme's assets. Tom Lukic's experience (see above) is particularly advantageous in this area.
- There is a vast range of pensions experience and knowledge within the Committee and the client team. This is appropriate to deal with the governance of the Scheme in line with the trust deed and rules, along with other scheme documentation. There is also a great deal of experience relevant to dealing with issues which might be thrown up by the Scheme which require the amendment of scheme documentation.
- Sean Browes, Neil Copeland and Brian Spence have a great deal of knowledge and experience in relation to schemes of complex nature, such as this Scheme. This includes schemes where investments made by previous trustees are deemed to be highly inappropriate, their administration has been poor and / or the previous trustees have not had the sufficient knowledge and understanding to be trustees of an occupational pension scheme.
- Sean Browes and Neil Copeland have many years of experience in the administration of pension schemes, allowing a keen oversight of the administration of the Scheme.

**Member Representation**

Dalriada looks to keep members informed and to facilitate direct access for members to Dalriada by means of a:

- Dedicated member website;
- Dedicated contact e-mail address; and
- Dedicated phone line.

Agreed as final version by the Chair of the  
Trustee of the Incartus Investments  
Pension Scheme 4

Dated: 05 November 2022

# Dalriada. A better way

## **Belfast**

Linen Loft  
27-37 Adelaide Street  
Belfast  
BT2 8FE

## **Birmingham**

Edmund House  
12-22 Newhall Street  
Birmingham  
B3 3AS

## **Bristol**

Castlemead  
Lower Castle Street  
Bristol  
BS1 3AG

## **Glasgow**

The Culzean Building  
36 Renfield Street  
Glasgow  
G2 1LU

## **Leeds**

Princes Exchange  
Princes Square  
Leeds  
LS1 4HY

## **London**

46 New Broad Street  
London  
EC2M 1JH

## **Manchester**

St James Tower  
7 Charlotte Street  
Manchester  
M1 4DZ