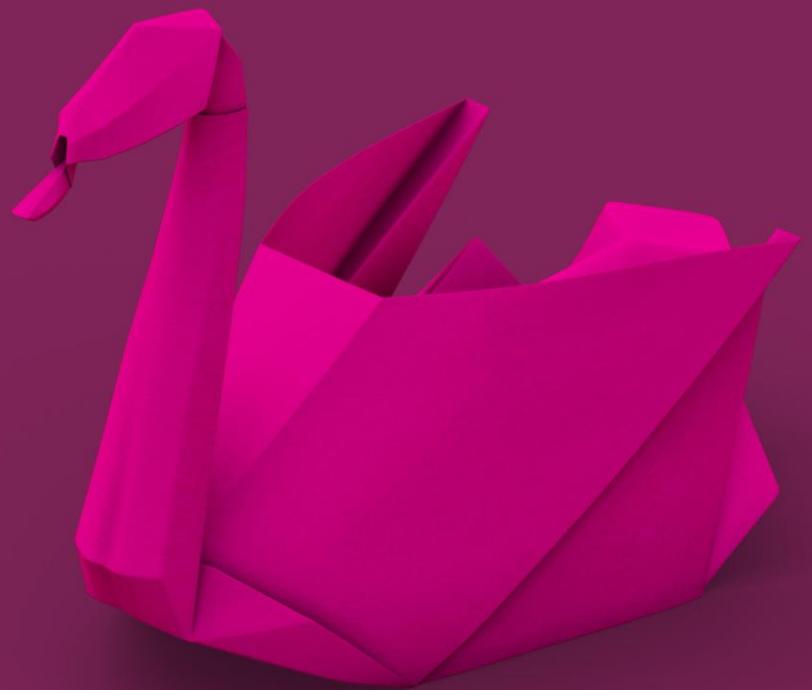


Report on Internal Controls (AAF 02/07 and ISAE 3000)

For the period 1 January to
31 December 2019



Dalriada.
A better way



Dalriada.
A better way

Statement of Reporting Accountants



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rsmuk.com

Statement of Reporting Accountants

Our Report, as set out at page 28, has been prepared solely in accordance with terms of engagement agreed by the Directors of Dalriada Trustees Limited ("the Directors") with RSM Northern Ireland (UK) Limited and for the confidential use of Dalriada Trustees Limited ("the Organisation") and solely for the purpose of reporting on the internal controls and providing an independent conclusion on the Directors' report set out at page 26 hereof. Our Report must not be relied upon by the Organisation for any other purpose whatsoever.

We have, exceptionally, agreed to permit the disclosure of our Report on the Organisation's website, in full only, to customers and potential customers of the Organisation using the Organisation's services ("Customers") and to the auditors of such Customers, to enable Customers and their auditors to verify that a report by reporting accountants has been commissioned by the Directors of the Organisation and issued in connection with the internal controls of the Organisation without assuming or accepting any responsibility or liability to them on our part.

Our Report must not be relied upon by Customers, their auditors or any other third party (together "Third Parties") for any purpose whatsoever. RSM Northern Ireland (UK) Limited neither owes nor accepts any duty to Third Parties and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on our Report. Should any Third Party choose to rely on our Report, they will do so at their own risk.

Our Report must not be recited or referred to in whole or in part in any other document and must not be made available, copied or recited to any Third Party without our express written permission.

RSM Northern Ireland (UK) Limited.

RSM Northern Ireland (UK) Limited

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RSM Corporate Finance LLP, RSM Legal LLP, RSM Restructuring Advisory LLP, RSM Risk Assurance Services LLP, RSM Tax and Advisory Services LLP, RSM UK Audit LLP, RSM UK Consulting LLP and Baker Tilly Creditor Services LLP are limited liability partnerships registered in England and Wales, with registered numbers OC325347, OC402439, OC325349, OC389499, OC325348, OC325350, OC397475 and OC390886 respectively. RSM Employer Services Limited, RSM HR Limited, RSM UK Tax and Accounting Limited and RSM UK Management Limited are registered in England and Wales with numbers 6163394, 3539451, 6677561 and 3077990 respectively. RSM Northern Ireland (UK) Limited is registered in Northern Ireland at Number One Lanyon Quay, Belfast, BT1 3LG with number NI542821. All other limited companies and limited liability partnerships are registered at 6th Floor, 25 Farringdon Street, London, EC4A 4AB. The UK group of companies and LLPs trading as RSM is a member of the RSM network. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

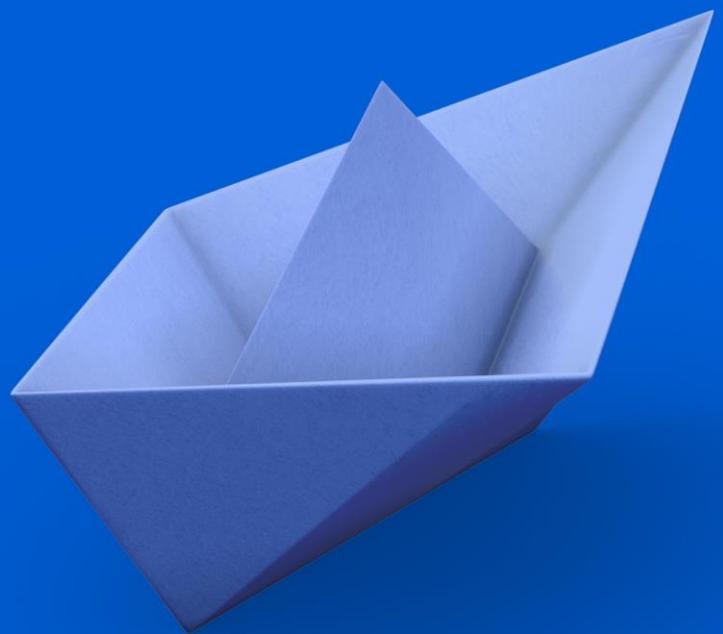
RSM Legal LLP is authorised and regulated by the Solicitors Regulation Authority, reference number 626317.

Baker Tilly Creditor Services LLP is authorised and regulated by the Financial Conduct Authority for credit-related regulated activities, financial services register number 619258.

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1 | Introduction



1 Introduction

The Directors of Dalriada Trustees Limited ("Dalriada") are pleased to present our report detailing the control procedures that are in place for our Trustee and Master Trust services.

This report covers the year ended 31 December 2019 and has been prepared in accordance with the Technical Release AAF 02/07 "A Framework for Assurance Reports on Third Party Operations" published by the Institute of Chartered Accountants in England and Wales ("the ICAEW").

As the control objectives are consistent with The International Standard on Assurance Engagements ("ISAE") 3000 Dalriada is reporting on both standards for this reporting period.

The ISAE 3402, Assurance Reports on Controls at a Service Organisation, was issued in December 2009 by the International Auditing and Assurance Standards Board ("IAASB"), which is part of the International Federation of Accountants ("IFAC"). The ISAE 3402 provides an international assurance standard to allow public accountants to issue a report on the controls of a service organisation that are likely to impact or be a part of a user organisation's system of internal controls over financial reporting.

The control objectives are set out on pages 32 to 35 and we demonstrate how we meet these on pages 36 to 49. These measures have been audited and reported upon by RSM Northern Ireland (UK) Limited. This is the fourth such report we have published.

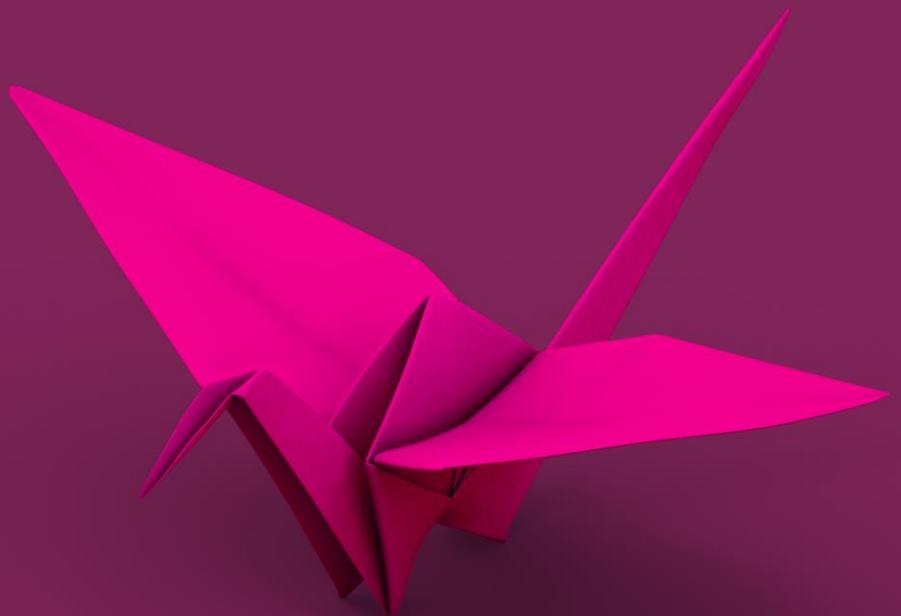
Dalriada is a privately owned UK company that acts as a professional trustee. Our organisation is managed by seven Directors who supervise the activities of a number of highly experienced Trustees, consultants, qualified pensions administrators and support staff. We have clients throughout the UK serviced from our offices in Belfast, Birmingham, Bristol, Glasgow, Leeds, London, and Manchester.

Dalriada provides a range of pension scheme trustee services which include the provision of trustee, administration, pension fund accounting, pension data audit, and pension benefit audit services to a range of pension scheme clients. In addition, we have specialist expertise in remedial pension scheme data audit work, which is often required where a scheme is considering buying out its liabilities or during Pension Protection Fund ("PPF") or Financial Assistance Scheme ("FAS") assessment periods.

Dalriada was appointed to the PPF's Trustee Advisory Panel ("TAP") in September 2013. Our specialist PPF and FAS team handles all aspects of the assessment process including project management, administration and pension fund accounting.

Dalriada has been shortlisted in the UK Pensions Age Awards 2020 for the 'Independent Trustee Firm of the Year' category and is the Pensions Management Institute's Expert Partner for Independent Trusteeship.

2| Background and Organisation Structure



2 Background and Organisation Structure

Dalriada Trustees Limited is a professional pension scheme trustee company.

Our individual owners have been intimately involved every step of the way since Dalriada was founded in 2003 and continue to work full-time as professional trustees within the Dalriada team. Our owners' overriding business objective is to provide interesting and truly worthwhile careers for our people and this ethos has facilitated the recruitment and retention of one of the strongest professional trustee teams in the industry.

Our team includes younger members who have been acting as trustees from the very outset of their careers to veterans with over 50 years' experience in the pensions industry, but they are all career trustees working on a full-time or nearly full-time basis.

Many decisions taken by trustee boards are finely balanced. At Dalriada we firmly believe that trustee boards make better, more robust decisions where they reflect the diversity of scheme members and of society more generally. The Dalriada team is diverse in terms of gender, age and ethnicity as well as professional background.

We apply our considerable specialist skills to work with pension scheme sponsors to deliver the best possible outcomes for pension scheme members. Dalriada has been entrusted with the stewardship of many billions of pounds invested on behalf of thousands of pension scheme members and we take this responsibility very seriously. We cannot eliminate investment risk, but we have the expertise to manage it. Our approach to investment places sustainability at the forefront of our thinking, and we always seek to ensure Environmental, Social and Governance ("ESG") factors are applied in a practical way that takes on board many of the concerns of our members.

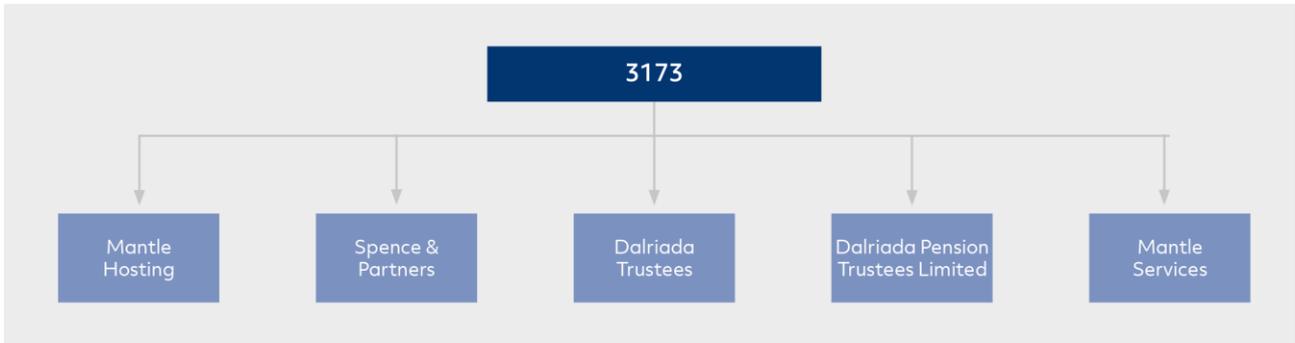
Dalriada applies process and technology to deliver more efficient and better service to our members. We work closely with partners committed to the use of Financial Technology (Fintech) to develop online access for members, where possible and this is their preference, timely reporting and best in class risk management.

Since our inception we have provided trustee services to pension schemes at varying stages of their development including on-going schemes, schemes in the process of winding up and schemes in PPF and FAS Assessment.

Dalriada has a number of sister companies. Spence & Partners is a professional firm of actuaries, pension consultants, pension scheme information technology ("IT") specialists and administrators. Dalriada Pension Trustees Limited operates as a separate professional trustee company to provide professional trusteeship services to pension schemes in Ireland. Mantle Hosting Limited (formerly The Pensions Hosting Limited) is an IT software business providing web-based pension administration and actuarial services. Mantle Services Limited (formerly Veratta Limited) is a privately owned UK firm of data management, software development, information security and IT specialists with a focus on the pensions and financial services industry.

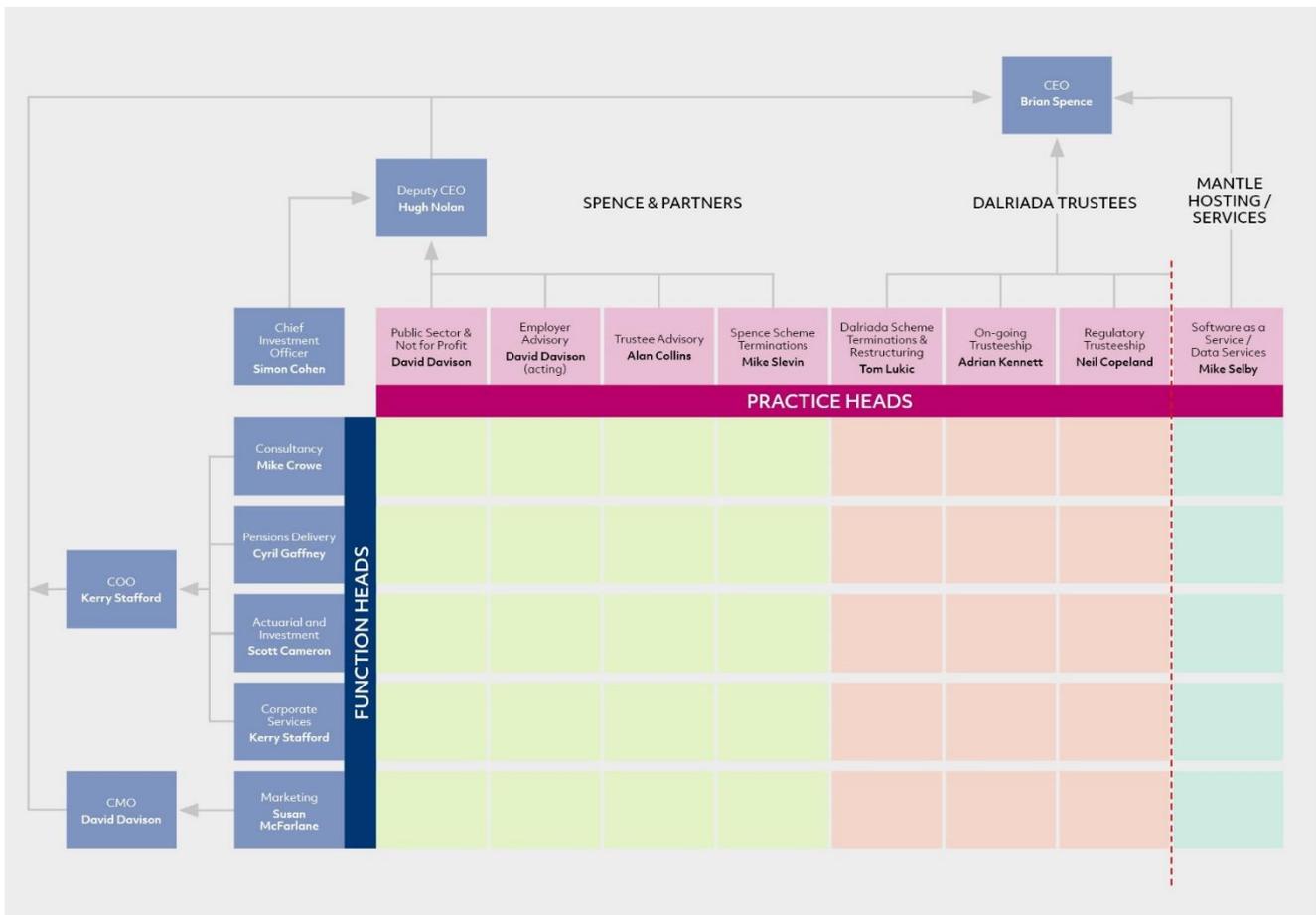
Our clients are based throughout the UK and Ireland and are serviced from our offices in Belfast, Birmingham, Bristol, Glasgow, Leeds, London, and Manchester.

3173 Limited (formerly Ellcon Investments Limited), is the holding company for the Group.



Under our group’s matrix management structure, Dalriada is able to draw on the experience of over 110 pension professionals across a range of disciplines. Specialist members of staff include actuaries, administrators, consultants, covenant advisors, investment and legal, pension database experts, pension fund accountants and project managers. The Group structure provides a flexibility which allows us to effectively manage resource levels to match variable workflows from clients, ensuring a consistency of service.

Our structure is illustrated in the table below as a two dimensional matrix.



Our Practice Heads across all companies are responsible for all aspects of the development of services to a particular market segment.

Practice Heads take overall responsibility for the delivery of services to clients by drawing on specialist staff from within each of the functions.

Each Function is managed by a Function Head who controls all resources for client delivery and provides these to the businesses as a whole and practice areas as required. The most relevant Functions for this report are our Consultancy and Pensions Delivery functions.

The role of the trustee representative is key to our working relationship with clients, and they have overall responsibility for the service provided to their clients. The trustee representatives have access to management information to enable them to plan and monitor progress on particular projects and against agreed fee budgets.

The separation between our Functions is not hard and fast. Although staff members are primarily associated with one Function, they can potentially perform a role in more than one Function, because we deliberately train staff to develop multiple skills.

In addition to the direct client servicing functions our Corporate Services Function contains internal finance, I.T., HR and Business Support resources.

The Consultancy, Actuarial & Investment and Pensions Delivery Function Heads report to Kerry Stafford, our Chief Operating Officer. The Marketing Function Head reports to David Davison, our Chief Marketing Officer. The Practice Heads relating to Dalriada Trustees and our Chief Investment Officer report to our Deputy Chief Executive, Hugh Nolan. The Corporate Services Function and the Practice Heads relating to Dalriada Trustees, Mantle Hosting and Mantle Services and the Spence Scheme Terminations business report to our Chief Executive Officer, Brian Spence.

Our statutory company boards meet quarterly and perform oversight and governance roles for each of the businesses and groups as a whole.

The Dalriada Board is supported by a number of advisory groups:

- Dalriada Executive – external affairs and business development (meets quarterly).
- Operations Executive – coordination of resources and internal operations (meets monthly). PPF/FAS Group – coordinates all TAP (Trustee Advisory Panel) work (fortnightly conference call).
- Risk & Audit Group – considers Group level risk and audit issues (meets quarterly).
- IT Group – drives IT strategy for the Group (meets quarterly).
- Investment Sub-Committee – considers investment strategic investment decisions / policy issues (meets quarterly).
- Brexit Sub-Committee – considers the potential and actual impact of Brexit policy to our clients and our own businesses (meets monthly).
- Irregular Scheme Sub-Committee – acts on the delegated authority of the Dalriada board with regard to each of the Irregular Schemes to which Dalriada has been appointed as an independent trustee by The Pensions Regulator, where The Pensions Regulator has concerns in relation to the management of the schemes (meets quarterly).

3 | Pension Trustee Services



3 Pension Trustee Services

Dalriada provides a range of pension related services operated within a quality controlled environment where it acts as a professional trustee.

The schemes that we deal with range widely in size of funds and membership, benefit structure, investment strategy, strength of employer covenant, funding levels and other technical complexities. Our trustee representatives have the ability to handle any scheme or situation that might be encountered. We place great importance on ensuring that trustee decisions are well considered and robust. Our trustee representatives work with a highly skilled, experienced and enthusiastic team of support staff.

Dalriada offers a range of services tailored to the specific requirements of the scheme, including:

- Professional trustee services.
- Governance reviews.
- Data cleansing exercises.
- Scheme secretarial.
- Member communications.
- Administration services.
- Investment risk analysis.

On occasions and where appropriate, Dalriada may elect to outsource certain services to a third party service provider. Where advisory services are required (for example administration services, actuarial, investment, legal, covenant) these are obtained by instructing a third party firm.

Our pension administration team carries out all tasks and operations under a strict quality control and governance framework. We have procedures and checks in place to ensure the accuracy and quality of our service. The controls in place for our Pension Delivery Function which incorporates pension administration and pension delivery services are covered in the AAF 01/06 report for the period 1 January 2019 to 31 December 2019.

Management Systems and Controls

Key elements of our management systems and controls to ensure quality of service for our clients include:

STRUCTURE

A key component of our approach to quality is the separation of responsibility within our Group between the Practice Head who is responsible for identifying the needs of our clients and strategically developing our service to meet these needs, and our Function Heads (Consultancy including Trusteeship and Pensions Delivery Functions) who manage the resources and day to day delivery of services.

PROCEDURES

Our procedures are owned by the relevant Function Head and evidenced in a series of control documents available on our intranet site. Where relevant, all documents are managed through our formal Information Security Management System (ISMS). Dalriada's ISMS is externally certified under ISO/IEC 27001:2013.

CONTENT MANAGEMENT

All procedures, documents, records and information are managed within an extensively developed SharePoint system implementation with version control, document creation and approval workflows.

All of our members of staff have access to a wide variety of technical information sources.

CHECKING

There are strict checking procedures for all calculations and correspondence with the Scheme's sponsoring employer, our co-trustees (where relevant), members and third parties including regulatory bodies.

Checklists are completed to ensure that all the required steps are followed. All calculations are peer reviewed by a suitably qualified and experienced person (the checker) along with the checklist to ensure there are no errors or omissions.

All approval workflows for calculations and correspondence are held electronically in SharePoint.

ELECTRONIC DOCUMENT AND TASK MANAGEMENT

To underpin our workflow management system, we have implemented Microsoft SharePoint software enabling us to introduce comprehensive electronic document management. All non-member specific correspondence for our clients is scanned and available for searching and retrieval. SharePoint is also integrated with our bespoke workflow and time recording software which enables trustee representatives to monitor closely the turnaround times on individual pieces of work, the total amount of outstanding work and where any particular job is at any moment in time. A number of Scheme level activities are also monitored through our Client Relationship Management system.

Where Dalriada provides Administration Services all member specific correspondence and workflow information is stored within Mantle, the administration software system. For those Schemes the Trustee Representative has access to Mantle and can monitor progress and performance of administration activity.

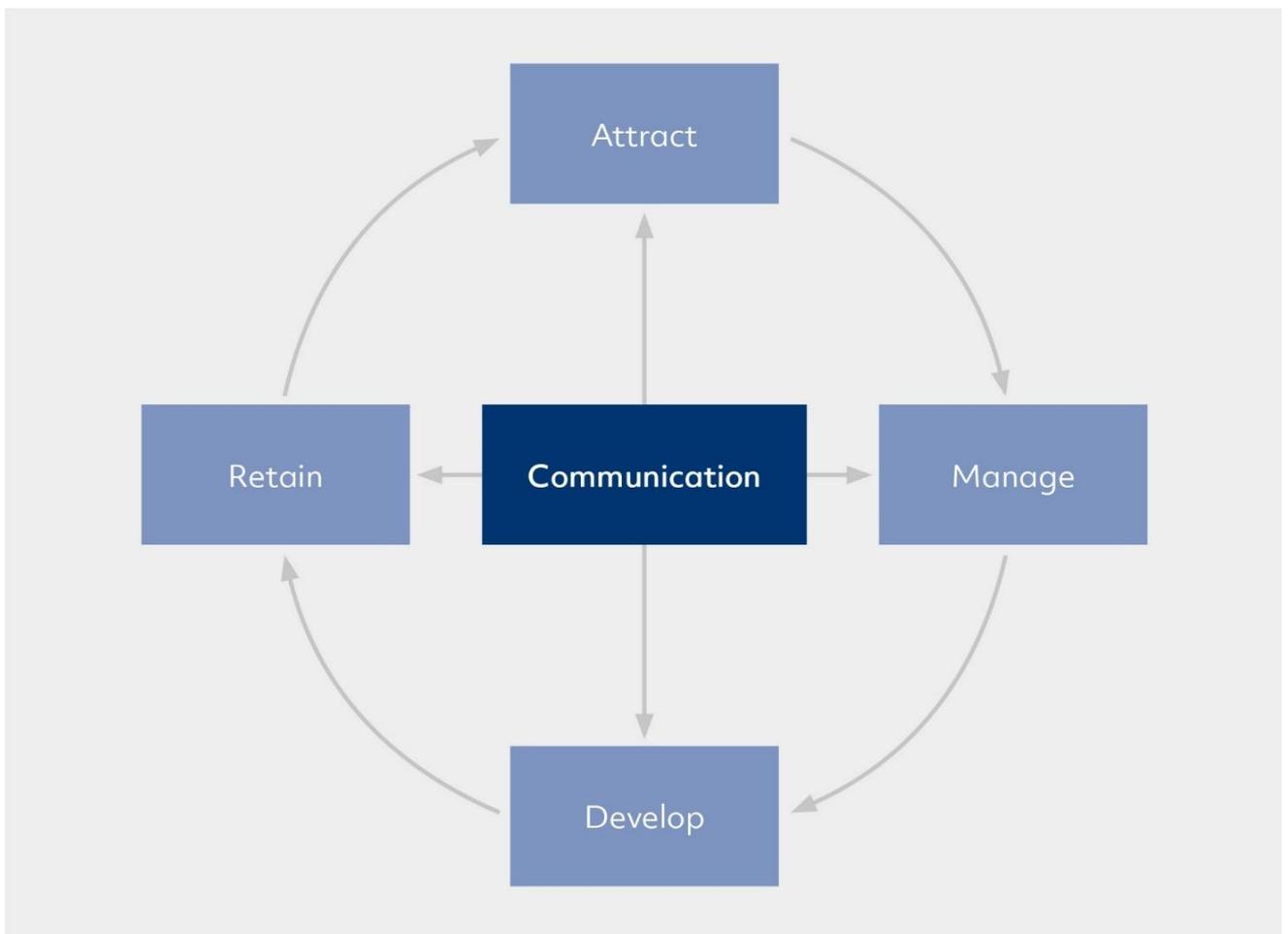
Additionally, Dalriada has developed advanced reporting tools so that detailed activity and performance information can be extracted at any point in time and, indeed, forms the basis of our standard Stewardship Reporting where administration services are provided.

AUDIT

Compliance with our procedures is subject to internal audits and external audits (AAF 01/06 & AAF 02/07). The Information Security Management System (ISMS) is subject to separate external audit for ISO/IEC 27001:2013 purposes.

OUR EMPLOYEES

Our Company ethos is to provide worthwhile and interesting careers for all our employees. Our Human Resources ("HR") team works in partnership with our Function Head Group to deliver the HR strategy of Attract, Manage, Develop, Retain and support the overall strategy of the Company.



- **Attract** - As a Company we recruit the highest calibre of staff through robust and challenging recruitment and security exercises to ensure our clients are supported by qualified, professional and credible employees.
- **Manage** - We actively manage our employees in a collaborative manner and all our operational employees engage with our performance management review process on an ongoing basis. The results of the annual appraisals are integrated with our salary and bonus system rewarding high performance against agreed objectives aligned with the needs of our business and our clients.
- **Develop** - We adopt a supported Learning and Development approach working with our employees through professional qualifications, formal study plans and mentoring, to enhance the capability of our employees and thus enhance our client service. All of our operational managers have been taken through management development training which has been developed specifically in relation to our company and industry.
- **Retain** - At the heart of our processes, is effective communication. Through our engaging culture we have enjoyed high retention levels which ensure consistency of delivery for our clients.

In support of the above:

- We have clearly defined and documented policies and procedures governing the services we provide which are clearly communicated to all relevant staff.
- Our policies and procedures are regularly reviewed with a view to identifying and implementing continuous improvements
- Changes to our policies and procedures are clearly communicated to all staff and relevant contractors.
- Compliance with our standards and relevant policies and procedures is regularly audited.

KNOWLEDGE MANAGEMENT

As part of our ongoing development of Knowledge Management, the Directors, in December 2019, recruited John Wilson, who has over 30 years' experience, as Head of Technical, Research and Policy'. One of the responsibilities of this role is Knowledge Management Co-ordinator.

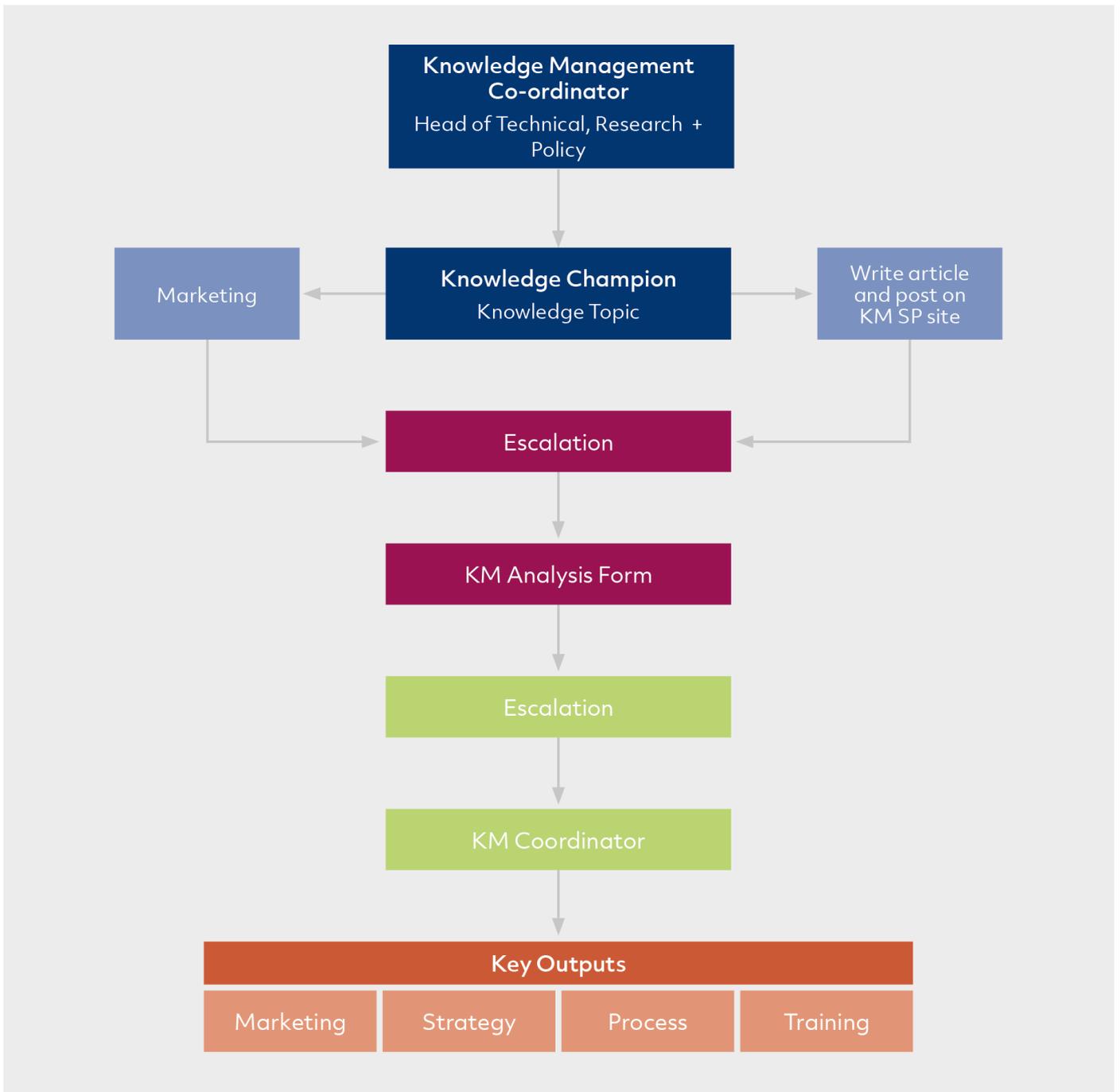
The Knowledge Management Co-ordinator (KMCO) has responsibility for coordinating the Knowledge Management (KM) process. This involves, in addition to production of KM output, reviewing the output produced by Knowledge Champions, assessing whether appropriate analysis has been undertaken, deciding whether further training or development should follow on from the output, and reporting to the Risk & Audit Committee and the Board of Directors. The KMCO oversees the overall production of the KM information, as well as production and facilitator of information.

The role of the KMCO includes, but is not limited to, the following duties:

- Management and ownership of the KM piece across the business including a programme plan of projects, training and other activities to ensure control of delivery into the business.
- Understanding and conveying understanding of the strategic importance of the KM function for the business as a whole.
- Encouraging engagement and input into the KM function by all members of staff, whether Champions or not.
- Assessing the use and application of the knowledge and information shared on the system, and seeking to improve its presentation to ensure user friendly outputs.
- Reviewing the work of the Champions, ensuring that they are regularly updating the detail and fulfilling their KM responsibilities.

- Promoting the development of alternative approaches to communications, collaboration and information technologies that effectively support the KM processes, within and between organisations/clients internal and external.
- Meet with and report to the Risk & Audit Committee regularly, with appropriate updates when required to Practice and Function Heads Groups, as well as the Board of Directors.

The below diagram outlines our process.



We appoint Knowledge Subject Matter Champions who are experts in particular technical areas and develop the company and client understanding on key updates.

CULTURE

Our culture has a vital role to play in the delivery of our vision and our achievement of quality.

Our culture is embedded in everything we do and lived out by our employees. We have annual training days attended by all employees, where we outline strategy and focus on Group wide communication within an environment which encourages and allows open and honest feedback. We always benefit from a tremendous level of participation by employees on these days and value the input we receive from them.

Information Security

Information security is of paramount importance to our organisation. We are committed to protecting information from a wide range of threats in order to preserve the confidentiality, availability and integrity of that information, to ensure business continuity and to minimise business risk for us and our clients.

Our group has engaged a CESG Listed Adviser Scheme ("CLAS") consultant to provide information assurance advice in relation to our systems and all recommendations have been implemented.

Since December 2011, Dalriada has been successfully certified under the International Organisation for Standardisation, ISO27001, an internationally recognised standard for information security management. Dalriada was recertified to ISO27001:2013 in 2017 and is due for recertification in 2020. .

ISO 27001 is fast becoming the international touchstone for effective, secure information management practices that protect organisations and their clients and ensure their compliance with data protection, privacy and computer misuse regulations. The use of this standard primarily ensures business continuity, minimising damage by preventing and reducing the impact of security incidents.

The security practices, policies, and technical and physical controls adopted by Dalriada to comply with the ISO 27001 accreditation are essential to ensure the safe and secure deployment of IT systems and services, and to protect the interests of the Group's employees and its clients.

Our information security policy outlines our:

- Commitment to information security;
- Protection of key assets: information, personnel, technology, processes;
- Risk management process;
- Training and awareness of staff and third parties;
- Reporting and resolution of information security breaches;
- Business Continuity Management System.

Our Data Protection Policy sets out how Dalriada Trustees Limited handles personal information in compliance with the General Data Protection Regulation ("GDPR"). It outlines:

- How we recognise that the correct and lawful processing of personal data is important and integral to our successful operations and to maintaining the trust of the persons/organisations we deal with. We fully endorse and adhere to the principles set out by the GDPR.

We are registered with the Information Commissioner to process 'personal data' and 'sensitive personal data'. We are named as a data controller under the register kept by the Information Commissioner in accordance with the GDPR.

Dalriada acts as data processor in relation to the handling of the personal data and sensitive personal data of the persons/organisations we deal with. The persons/organisations providing the personal data to Dalriada Trustees is the data controller in such circumstances for the GDPR.

We ensure that information held on our computer systems and in paper filing systems is secure to guard against unauthorised or unlawful processing or accidental loss, destruction of, or damage to, personal data. In order to carry out our business, we may receive information about individuals from others or give information to others but can only do this in accordance with the law. Any third parties to whom we pass personal data are also required to comply with the GDPR as data processors. At all times the persons/organisations that initially passed the personal data to Dalriada shall remain the data controllers.

We only collect and record personal information that is necessary to carry out its purpose, nothing more. The information that we record is based on fact and, where opinion is recorded, it is relevant and backed up by evidence. We ensure that the storage and processing of personal information is properly communicated to data subjects, including information on their rights in relation to the regulations. We also review the quality of the information of the data that we hold to ensure it is accurate and relevant and securely dispose of information once it is no longer lawfully required.

As part of the staff induction process, all members of staff must complete an online Data Protection Course within the first two weeks of their employment. This is valid for two years at which point a renewal is issued and this must be completed within two weeks.

How our Communications with Trustees and Members Meet the GDPR Requirements

We include information about our lawful basis for processing data (or bases, if more than one applies) in our privacy notice.

Under the transparency provisions of the GDPR, the information we would be required to give includes:

- our intended purposes for processing the personal data, and
- the lawful basis for the processing. This would apply whether we collect the personal data directly from the individual, or if it is collected from another source.

We provide the privacy information to individuals at the time we collect their personal data.

Our communications use plain language, are concise, transparent, intelligible and easily accessible. We communicate directly with individuals and also use our Member Portal, as an additional way of providing information (providing a multi-layered approach).

We regularly review and where necessary, update our privacy information and where needed, we would bring any new uses of an individual's personal data to their attention. We would also provide members with the contact details of our organisation, the contact details of our data protection officer together with the purpose of processing of their data. Particularly for communications with Trustees, we will use anonymised communications to protect member data (e.g. stewardship reports). We also ensure password protection and secure online sharing of documents, including papers like meeting packs, which avoids the need for storing and sharing of multiple hard copies of meeting packs.

4 | Risk Management



4 Risk Management

Our risk assessment process involves identifying risk scenarios based on our key information assets. Associated threats to these assets are identified, along with the vulnerabilities that might be exploited by the threats.

Our Information Security Focus Group ("ISFG") meets quarterly and analyses risk scenarios.

The business impact and consequences of each risk are assessed in terms of loss of confidentiality, integrity, or availability. This is scored and multiplied by a risk rating for business operational impact (severity impact), likelihood (probability score) the extent to which it is business critical rating, providing an overall risk score. Identified risks are analysed and evaluated against risk acceptance criteria. Once risks have been identified and assessed, techniques to manage risk fall into one or more of these categories:

- Avoidance (elimination).
- Reduction (mitigation).
- Retention (acceptance).
- Transfer (insurance).

Risk Treatment Plans are drawn up to provide the basis for knowingly and objectively accepting risks or implementing the required countermeasures. The Risk Treatment Plans are escalated and formally approved where appropriate.

The Risk Register is reviewed at planned intervals by our ISFG to reflect changes in the underlying environment

.

5| Information Technology



5 Information Technology

Dalriada's IT infrastructure is a combination of Software as a Service (SaaS) from Office 365 and Infrastructure as a Service (IaaS) from Microsoft's Secure Azure Cloud.

Dalriada has an in-house team of experts that manage and maintain Office 365 and Azure, this is complimented with a managed service provider offering.

Dalriada also utilises Mantle® an innovative web application provided by Dalriada's sister company, Mantle Hosting Limited.

Our voice network is also hosted within Office 365 on Microsoft Teams, with only end user devices held onsite.

NETWORK INFRASTRUCTURE

Dalriada has recently upgraded their core network to a highly resilient and secure MPLS offering.

Private connectivity exists into Office 365 and Azure via ExpressRoutes which are linked to the core network. This ensures that all data to Office 365 and Azure transits over highly secure private links which are never exposed to public internet.

SECURITY

Our IT infrastructure is protected by a range of security measures within our ISO 27001 framework including:

Secure, resilient perimeter firewalls with enhanced protection and threat mitigation.

Regular CESG CHECK penetration testing to ensure compliance with HMG policy.

SHAREPOINT

We use SharePoint Online as a central resource for document management and workflow. Scheme documentation, member correspondence and internal function process documents are worked on and stored in this repository. Security permissions are in place to ensure that no conflicts of interest occur across our clients, and sensitive documents are managed accordingly.

BACKUP AND RECOVERY

Office 365 SaaS applications are managed by Microsoft with Dalriada simply consuming the service rather than maintaining it. This transfers the responsibility of backup and restoration of the application to Microsoft.

Azure workloads are protected with daily backup within Azure whilst Disaster Recovery (DR) protection is handled by replication to a secondary Azure Datacentre, this ensures that the company is not exposed to a Datacentre failure.

ADMINISTRATION DATABASE

Mantle is the most efficient pension administration system available in the market today and was developed by our sister company, Mantle Hosting Limited, to meet developing industry needs. Functionality includes fully automated benefit calculations, document storage, automated workflows, daily actuarial valuations, treasury and data audits.

Dalriada also utilises a separate Microsoft SQL based application for certain one-off projects and is in the process of decommissioning this application for ongoing schemes.

EMAIL ARCHIVING

Dalriada has maintained an online archive of all emails sent and received since it was founded in 2000.

Any email can be accessed within a matter of seconds using our email archiving software Mimecast.

Mimecast is an online security and email archiving platform hosted in the Cloud. This serves as the first line of defence for email with threat analysis, intelligence and exploit mitigation.

All mailboxes are replicated to Mimecast in read only format and cannot be deleted.

Mimecast also provides a continuity feature whereby email can still be sent and received should an outage occur with the backend Office 365 platform.

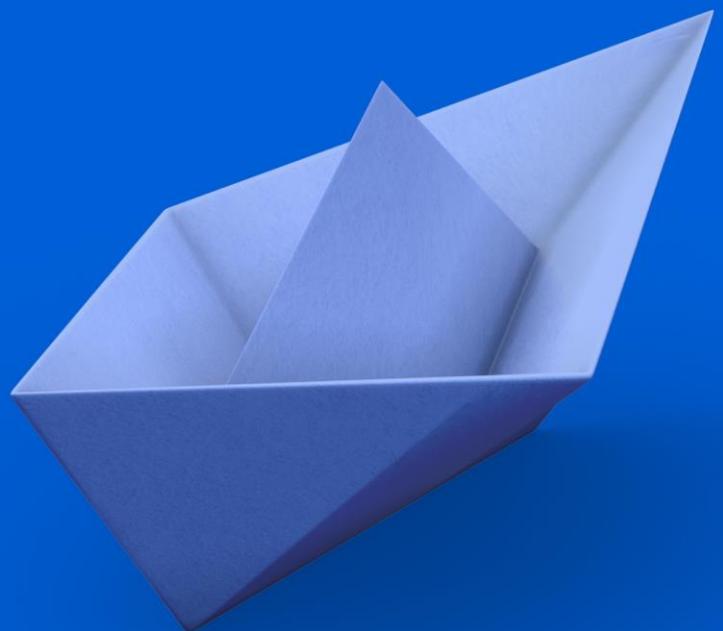
END USER COMPUTING

All devices are managed via industry leading Mobile Device Management (MDM) platforms. MDM applies corporate policies to all company endpoints to ensure compliance with company security standards. Conditional based access control security measures are applied to all devices to ensure a device is compliant before it can access company data.

Dalriada can revoke any company data from any corporate device with immediate effect should the need arise.

All accounts are protected with Microsoft Multifactor Authentication (MFA).

6 | Report from the Directors of Dalriada Trustees Limited



6 Report from the Directors of Dalriada Trustees Limited

As Directors of Dalriada Trustees Limited, we are responsible for the identification of control objectives to be applied for the purpose of demonstrating 'sound administrative and accounting procedures' relating to Dalriada's own business operations for providing trustee and master trust services, and in connection with its application to remain on the Pensions Regulator's Trustee Register (under section 23(4) of the Pensions Act 1995). The design, implementation and operation of the control procedures of Dalriada provide reasonable assurance that the control objectives identified in this report are achieved.

We have evaluated the effectiveness of Dalriada's control procedures having regard to the ICAEW Technical Release AAF 02/07 including its Relevant Trustee supplement and the criteria set out therein.

The control objectives identified include all of those listed in Appendix 1 of the Relevant Trustee supplement to ICAEW AAF 02/07.

In carrying out those responsibilities we have regard to the requirements of the business and the general effectiveness and efficiency of the relevant operations.

We set out in this report a description of the relevant control objectives together with the related control procedures which were in operation during the year end 31 December 2019 and confirm that:

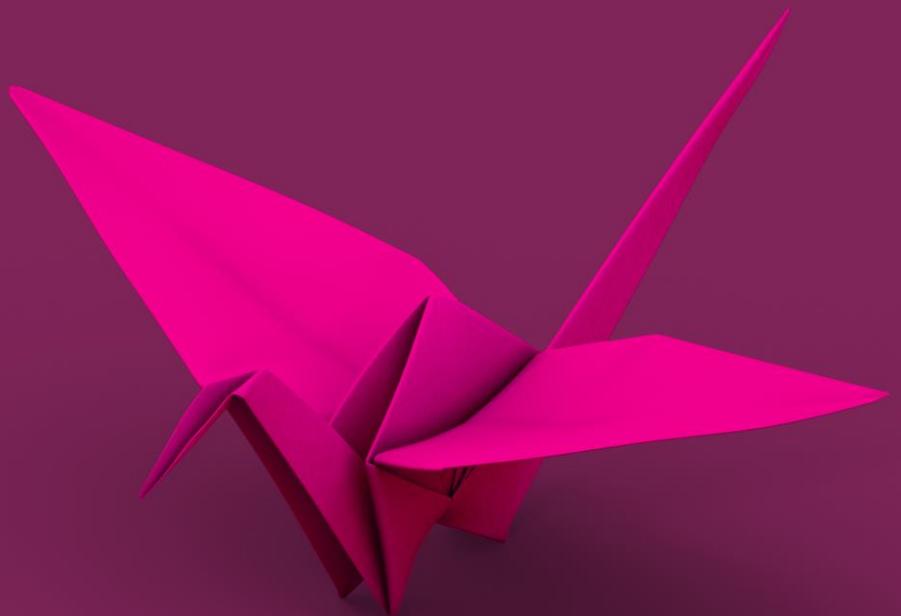
- the report describes fairly the control procedures that relate to the control objectives referred to above, which were in place for the period 1 January to 31 December 2019;
- the control procedures described were suitably designed throughout the period 1 January to 31 December 2019 such that there is reasonable assurance that the specified control objectives would be achieved if the described control procedures were complied with satisfactorily; and
- the control procedures described were operating with sufficient effectiveness to provide reasonable assurance that the related control objectives were achieved during the specified period.



Tom Lukic
Director
Signed on behalf of the Board of Directors
Dalriada Trustees Limited

Date: 28 February 2020

7 | Independent Assurance Report



7 Independent Assurance Report



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rsmuk.com

INDEPENDENT ASSURANCE REPORT ON INTERNAL CONTROLS OF DALRIADA TRUSTEES LIMITED

This report is made solely for the use of the Directors, as a body, of Dalriada Trustees Limited ("Dalriada or the Organisation"), and solely for the purpose of reporting on the internal controls of the Organisation, in accordance with the terms of our engagement letter dated 30th October 2019 and attached as Appendix 1 to your report.

Use of report

Our work has been undertaken so that we might report to the Directors those matters that we have agreed to state to them in this report and for no other purpose. This report is released to the Organisation on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

This report is designed to meet the agreed requirements of the Organisation and particular features of our engagement determined by their needs at the time. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights against RSM Northern Ireland (UK) Limited for any purpose or in any context. Any party other than the Organisation which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Northern Ireland (UK) Limited will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

We permit the disclosure of our report, in full only, to customers of the Organisation using the Organisation's services ("Customers"), and to the auditors of such Customers, to enable Customers and their auditors to verify that a report by reporting accountants has been commissioned by the Directors of the Organisation and issued in connection with the internal controls of the Organisation without assuming or accepting any responsibility or liability to them on our part.

Scope

We have been engaged to report on the Organisation's description of its service organisation activities or systems throughout the period 1st January 2019 to 31st December 2019, and on the suitability of the design and operating effectiveness of controls to achieve the related control objectives stated in the description.

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RSM Legal LLP is authorised and regulated by the Solicitors Regulation Authority, reference number 626317.

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Directors' Responsibilities

The Directors' responsibility and assertions are set out on page 26 of your report. The control objectives stated in the description also include those control objectives set out in the Master Trust Supplement to AAF 02/07 that are considered relevant by trustees.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion on the fairness of the presentation of the description and on the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in that description. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 and with Technical Release AAF 02/07 issued by the Institute of Chartered Accountants in England and Wales including its Master Trusts Supplement. That standard and guidance require that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the description is fairly presented and the controls were suitably designed and operating effectively to achieve the related control objectives stated in the description, throughout the period 1st January 2019 to 31st December 2019.

Our work involved performing procedures to obtain evidence about the presentation of the description of the activities or system and the design and operating effectiveness of those controls. Our procedures included assessing the risks that the description is not fairly presented and that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the description.

Our procedures also included testing the operating effectiveness of those controls that we consider necessary to provide reasonable assurance that the related control objectives stated in the description were achieved.

An assurance engagement of this type also includes evaluating the overall presentation of the description and the suitability of the control objectives stated therein, and the suitability of the criteria specified by the service organisation and described at page 28.

Inherent Limitations

Our audit work on the financial statements of the Organisation is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. This engagement will not be treated as having any effect on our separate duties and responsibilities as the Organisation's external auditors. Our audit report on the financial statements is made solely to the Organisation's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Organisation's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Organisation and the Organisation's members as a body, for our audit work, for our audit reports, or for the opinions we have formed.

To the fullest extent permitted by law we do not and will not, by virtue of our reports/confirmations or otherwise, assume or accept any duty of care or liability under this engagement to the Organisation or to any other party, whether in contract, negligence or otherwise in relation to our audits of the Organisation's financial statements. Our opinion is based on historical information and the projection to future periods of any evaluation of the fairness of the presentation of the description, or opinions about the suitability of the design or operating effectiveness of the controls would be inappropriate.

Opinion

In our opinion, in all material respects, based on the criteria including specified control objectives described in the Directors' assertion on page 26:

a) the description on pages 12 to 20 fairly presents the Pension Trustee Services that were designed and implemented throughout the period from 1st January 2019 to 31st December 2019;



b) the controls related to the control objectives stated in the description on pages 32 to 35 were suitably designed to provide reasonable assurance that the specified control objectives would be achieved if the described controls operated effectively throughout the period from 1st January 2019 to 31st December 2019;

c) the controls that we tested were operating with sufficient effectiveness to provide reasonable assurance that the related control objectives stated in the description were achieved throughout the period from 1st January 2019 to 31st December 2019.

Description of Tests of Controls

The specific controls tested and the nature, timing and results of those tests are detailed on pages 36 to 49.

We have no responsibility to update this letter for events and circumstances occurring after the date of this letter.

RSM Northern Ireland (UK) Limited.

RSM Northern Ireland (UK) Limited

28th February 2020

8 | Summary of Control Objectives



8 Summary of Control Objectives

Control Objective	Audit Finding
A. Accepting Business	
A.1 Prior to accepting a new trustee appointment the risks associated with the appointment are identified, recorded, and assessed having regard to the issues facing the pension scheme, which is the subject of the appointment, given its size and complexity.	No exceptions noted.
A.2 Trustee appointments are accepted where the Relevant Trustee has identified and concluded that it has the sufficient level of knowledge and skill required for the trustee appointment and has documented the steps taken in reaching that conclusion. Continuing suitability of all trustee appointments is monitored.	No exceptions noted.
B. Key Individuals	
B.3 Roles, responsibilities and duties of Key Individuals are documented and subject to on-going performance review.	No exceptions noted.
B.4 Business decisions are identified, evaluated, managed and monitored. They are recorded, properly authorised and reviewed by someone other than the decision-maker. This review is recorded.	No exceptions noted.
B.5 Business conflicts of interest are identified, recorded and addressed in accordance with a defined policy.	No exceptions noted.
B.6 The Relevant Trustee has a documented procedure for trustee appointments, which includes a documented policy for identifying, managing and monitoring actual, potential and perceived conflicts of interest for those appointments.	No exceptions noted.
B.7 Documented contingency plans are in place and are implemented should a Key Individual be absent.	No exceptions noted.
B.8 Notifications to the Regulator, including changes to Key Individuals, and periodic information returns are accurately compiled and submitted on a timely basis.	No exceptions noted.
B.9 Training is conducted and training records are maintained for Key Individuals (as well as those providing services with respect to trustee appointments) in accordance with a documented training policy.	No exceptions noted.

Control Objective	Audit Finding
C. Administrative and Accounting	
C.10 The appointment of legal advisers and other professional service providers by the relevant Trustee is subject to a documented approach including selection criteria and an authorisation process.	No exceptions noted.
C.11 The Relevant Trustee has a documented procedure for trustee appointments to monitor on an annual basis legal adviser's and other professional service providers' performance and compliance with contractual terms.	No exceptions noted.
C.12 The Relevant Trustee has a documented procedure with respect to trustee appointments for monitoring investment performance annually, having regard to the Statement of Investment Principles and investment mandates.	No exceptions noted.
C.13 Fees charged by legal advisors and other professional service providers to the Relevant Trustee and fees charged by the Relevant Trustee to clients with respect to scheme appointments are accurately calculated in accordance with the terms of appointment, suitably authorised and recorded on a timely basis.	No exceptions noted.
C.14 The Relevant Trustee has a documented procedure for trustee appointments to obtain scheme accounts (or other forms of summarised financial information) for the pension schemes from service providers on a regular basis in a timely manner.	No exceptions noted.
C.15 The Relevant Trustee's own records relating to the provision of trustee related services are accurately maintained and kept up to date.	No exceptions noted.
C.16 Cash and other assets held by, or on behalf of, the Relevant Trustee in respect of trustee appointments are segregated and safe-guarded. Payments and receipts are suitably authorised, controlled, and recorded on a timely basis	No exceptions noted.
C.17 Minutes or other written records are maintained for all key business meetings and decisions taken by the Relevant Trustee.	No exceptions noted.

Control Objective	Audit Finding
D. Risk Management	
D.18 A review of risks which do or could impact on the Relevant Trustee's own business operations and trustee appointments is undertaken periodically (and at least annually). Risks are identified and evaluated and recorded in a risk register together with internal controls and mitigations identified by the Relevant Trustee.	No exceptions noted.
D.19 Delegations (including roles and responsibilities) within the Relevant Trustee's own business are clearly documented, authorised, and monitored.	No exceptions noted.
D.20 Financial and compliance errors in the business are corrected promptly and a formal record and memorandum of the event is retained.	No exceptions noted.
E. Risk Management	
E.21 Computerised information systems have restricted physical and logical access including appropriate measures to counter the threat from malicious electronic attack (e.g. firewalls, anti-virus etc.).	No exceptions noted.
E.22 Maintenance and development of systems, applications and software is authorised, tested, approved and implemented.	No exceptions noted.
E.23 Data and systems are backed up regularly and business and information recovery plans are documented, approved and maintained.	No exceptions noted.
F. Master Trust	
F24 Assessing the value for members ensuring that annual reviews are conducted, documented, approved and maintained.	No exceptions noted.
F25 Monitoring the Statement Of Investment Principles for loss, misappropriation, unauthorised use, design, ongoing suitability and default arrangement.	No exceptions noted.
F26 In accordance with the Master Trust Authorisation Regulations 2018, a Continuity Strategy is maintained which addresses how member entitlements and assets are safeguarded in the event of a trigger event.	No exceptions noted.

9 | Control Procedures and Audit Testing



Control Objective	Audit Finding
A. Accepting Business	
<p>A.1 As part of the client take on process, prior to accepting a new trustee appointment any risks to the business must be identified by completing the Dalriada Accepting Trusteeship Risk Procedures Document and filed in SharePoint using the correct naming convention. Any potential risks to the business must be assessed and recorded in the Dalriada Risk Register, and discussed at the quarterly Information Security Focus Group ("ISFG") meetings, or sooner. In some instances, these may be referred to the ISFG Management Committee for further discussion and any appropriate action is taken with immediate effect. (Client Take On process 35).</p>	<p>Verified for a sample of new schemes that the Accepting Trusteeship Risk Procedures Document was completed.</p> <p>No exceptions noted.</p>
<p>A.2 In being able to demonstrate that trustee representatives have sufficient capability and knowledge, they must complete the TPR on-line Trustee Toolkit.</p> <p>The on-line TPR Trustee Toolkit, training records and CPD records are also held and maintained by Dalriada's Human Resources Department.</p>	<p>Verified the use of a spreadsheet maintained by HR that is used to keep a record of all staff who have completed the trustee toolkit training, their certificate and details of any changes in Key Individuals details to the regulator.</p> <p>No exceptions noted.</p>
B. Key Individuals	
<p>B.3 The Key Individuals process note explains the roles, responsibilities and duties of Key Individuals within the business and their on-going performance that is subject to periodic quality review (Process 37 Key Individuals).</p> <p>All permanent members of staff are subject to an annual appraisal. This process commences in November and closes with the output of the salary moderation meeting held in January. The appraisal completion and progress is tracked and administered by the HR Team. Key company objectives are agreed by the Board.</p> <p>All staff meet with their line manager and agree SMART objectives aligned to the company for the next assessment period and any training or development areas are identified and flagged to the HR team. (Process 37 Key Individuals)</p> <p>To review performance against objectives set, all members of staff will meet with their relevant line manager for an informal mid year review. Any required adjustments on the objectives set or additional training will be agreed. (Process 37 Key Individuals)</p>	<p>Verified the roles, responsibilities and duties for key individuals have been documented in significant detail and outline the responsibilities against which they are assessed during the appraisal process.</p> <p>Verified for a sample of employees that employees have completed the annual appraisal process, including setting of objectives and identification of training needs.</p> <p>No exceptions noted.</p>

Control Objective	Audit Finding
<p>B.4 To evidence that scheme business decisions are identified, evaluated, managed and monitored, Dalriada retains records of trustee meetings and minutes which are shared with client teams to ensure that all client team members are aware of actions and decisions being taken. Templates of trustee meeting minutes and agendas are held in a central location in the SharePoint governance site for retrieval. In addition, any Dalriada business decisions are discussed and agreed at the Dalriada quarterly board meetings, which are minuted and held on SharePoint. (Client Management process 34)</p>	<p>Verified for a sample of schemes that regular minutes of meetings are recorded. These are saved in the relevant folders in SharePoint and made available to the relevant client teams, with specific issues communicated to client teams as appropriate at monthly team meetings.</p> <p>No exceptions noted.</p> <p>Reviewed Dalriada quarter 2 and 3 Board meeting minutes to ensure key business decisions are discussed.</p> <p>No exceptions noted.</p>
<p>B.5 All new starts are subject to an induction process, and are requested to read and sign the staff reporting requirements document to confirm an understanding of the requirements. This extends to any conflicts of interest which staff are required to disclose when commencing employment. All staff receive a conflicts of interest email in order for staff to flag any potential conflicts. The individual functions are responsible for reviewing the current client list with their new starts to identify any risks. (Recruitment Process 7).</p>	<p>Verified for a sample of five new joiners that a signed induction checklist, security and confidentiality policy, data protection training, non-disclosure agreement, conflicts of interest and GDPR training had all been signed and dated as completed.</p> <p>No exceptions noted.</p>
<p>B.6 On confirmation that Dalriada has been appointed by Deed of Appointment, by the Pension Protection Fund ("PPF") or by Order of the Pensions Regulator ("TPR") to provide trustee services, as part of the client take on process, the pre-appointment conflicts of interest documented process must be fully adhered to in order to identify, manage and monitor actual, potential and perceived conflicts of interests.</p> <p>If applicable, these are then subsequently recorded in the Dalriada conflicts of interest register for consideration and discussion at the Dalriada quarterly board meetings. (Conflict of Interest Process 33).</p>	<p>Verified for a sample of new scheme acceptances during 2019 that the client Initial Take On Document, Pre Appointment Conflict Consideration and Accepting Business Risk Management have been completed and signed off by both the client and the Dalriada Client Manager.</p> <p>We have reviewed the conflict of interest register and note that it was last updated in November 2019.</p> <p>No exceptions noted.</p>

Control Objective	Audit Finding
<p>B.7 Dalriada has alternate Directors in place for all clients and there is also a team of trustee representatives in place for each client. Client emails are copied in to the relevant client team members and all emails/correspondence are saved onto the client SharePoint site. In the event that a Key Individual is absent for any period of time the alternate director will take responsibility for that client and the team will direct all queries to the alternate director. The Dalriada board will consider at what stage they need to make clients aware of an on-going absence and will ensure that clients are contacted and are aware of alternate contacts and their details. Similarly invoicing will either be handled by the alternate director or a member of the team for the relevant clients. (Process 37 Key Individuals)</p>	<p>Verified that there are alternate directors and staff identified for all clients and the management of conflicts has been considered, for example by using staff in other offices, when identifying appropriate individuals for each client.</p> <p>Verified that key email correspondence is retained and saved in the clients SharePoint folder and in the Mantle system as appropriate.</p> <p>No exceptions noted.</p>
<p>B.8 When a member of staff is identified as a Key Individual, the employee is asked to complete the Pensions Regulator’s Trustee Toolkit. Upon completion, the employee forwards their certificate of completion to the company secretary who ensures it is filed in the employee’s personnel file on SharePoint. The company secretary then forwards the relevant COR forms to the employee for completion. Once the employee has completed same they are returned to the company secretary who forwards them to a Dalriada director for consideration and approval. Upon authorisation the Company Secretary will then forward the completed forms to TPR by email. These forms are then ratified at the next quarterly Dalriada board meeting. TPR will confirm that the employee has been added to the Dalriada register and again this email will be uploaded to the individual’s personnel file in SharePoint. The company secretary ensures that data held by TPR is kept up to date by providing regular updates. For example, if an individual leaves or their details change (i.e. marriage or change of address/location) the company secretary will inform TPR by email and they will acknowledge receipt. Both emails will be filed on the individual’s personnel file on SharePoint. (Process 37 Key Individuals)</p>	<p>Reviewed the spreadsheet used to record and monitor key staff completion of the trustee toolkit and for a sample of key individuals reviewed their certificate of completion.</p> <p>No exceptions noted.</p>

Control Objective	Audit Finding
<p>B.9 Dalriada emphasises the importance of the role that on-going training, professional qualifications and continuous personal development can play in shaping careers. All staff will have their learning and development needs reviewed bi-annually. The primary occasion for review will be at the annual appraisal. Training is monitored and approved by the training and development manager and will be provided either internally or externally via coaching, attendance at courses, seminars or professional study. Training records will be maintained and employees who are accredited with a professional body and have a requirement to submit CPD hours on an annual basis will have their CPD records reviewed on a quarterly basis to ensure that they are meeting the requirements for their professional accreditation for the year. (Process 37 Key Individuals and Process 3 Development)</p>	<p>Reviewed the spreadsheet maintained to track directors and staff ongoing CPD and training. Onus is on the individual to meet their targets and there has never been an exception in someone not meeting their target. Director's PAs keep track of their CPD hours and staff have the responsibility to keep on top of their targets and demonstrate at appraisal discussions how they have met their targets.</p> <p>Reviewed the training records maintained on the Delta Learning package detailing all of the required training and noted no outstanding elements recorded.</p> <p>For a sample of Key Individuals verified that performance reviews have been completed in 2019 with final ratings formally communicated to each following conclusion of the process.</p> <p>No exceptions noted.</p>
<p>C. Administrative and Accounting</p>	
<p>C.10 The appointment and on-going review of third party, professional service providers by Dalriada are subject to a documented selection and procurement process. In meeting with Dalriada's minimum standard requirement, any decisions taken are agreed and minuted by the Dalriada board.</p>	<p>Verified that a supplier database is in place and supplier questionnaires are sent to all suppliers for completion, asking them to attach supporting evidence for answers. Questionnaires are then scored and assessed on a red/amber/green basis by three senior members of staff. The selection process for third party suppliers is reported to the Board on a quarterly basis which we evidenced for three of the meetings during 2019.</p> <p>No exceptions noted.</p>
<p>C.11 As part of the scheme governance procedures, a review of third party service providers is carried out at least annually and is documented in the Dalriada scheme business plan and trustee meeting agendas. Action on this is subsequently documented in the trustee meetings minutes. These are held on SharePoint along with scheme business plans and agendas which are held in a central location on SharePoint governance site for retrieval.</p>	<p>Annual monitoring is undertaken, reported at the trustee meetings and documented in a sample of minutes reviewed.</p> <p>No exceptions noted.</p>
<p>C.12 The trustee meetings agendas and scheme business plan also include a section on investment with sub sections on investment performance and strategy and an annual review of investments. Documented action on this, following on from the meetings is recorded in the trustee meeting minutes.</p>	<p>Review of trustee meeting minutes from June and October 2019 evidenced that the investment performance and strategy has been discussed as an item on the agenda.</p> <p>No exceptions noted.</p>

Control Objective	Audit Finding
<p>C.13 Dalriada’s contractual agreements are by way of Deed of Appointment and/or Letter of Engagement with the Company. These are scanned onto SharePoint and filed in the SharePoint client folder. Hard copies are held securely off-site. Billable time is recorded and the client invoicing schedules are distributed to the appropriate trustee representative. Upon review and approval for invoice, the Corporate Finance Function is instructed to create and issue the invoice.</p> <p>Invoices received by Dalriada from third parties are reviewed for completeness and accuracy, authorised and passed to the relevant party for settlement. If this is to be settled by Dalriada it will be sent to the pension fund accounting team together with approval to settle, otherwise the invoice is sent to the appropriate third party together with the backing schedules which provide extensive details of the tasks carried out.</p>	<p>Verified for a sample of new schemes that an appropriate Deed of Appointment document or Services order form is in place, and that it has been signed by the trustees of the scheme and Dalriada client management.</p> <p>No exceptions noted.</p> <p>Verified for a sample of Payments made that appropriate review and authorisation is completed prior to payment being made.</p> <p>No exceptions noted.</p>
<p>C.14 Dalriada’s pension fund accounting team is notified as one of the intended recipients on the initial take on document which forms part of the client take on process regarding the production of scheme accounts. The pension fund accounting team records whether the scheme accounts are prepared internally or are carried out externally. A register documenting each set of accounts prepared either internally or externally is circulated to all trustee representatives marketing summarising the progress to date. (Pension Fund Accounting Process 27)</p>	<p>Verified for a sample of new scheme acceptances during 2019 that the client Initial Take On Document, Pre Appointment Conflict Consideration and Accepting Business Risk Management have been completed and signed off by both the client and the Dalriada Client Manager.</p> <p>No exceptions noted.</p>

Control Objective	Audit Finding
<p>C.15 Dalriada maintains adequate financial management controls to ensure proper books and records are maintained and kept up to date. All employees record their time in our in-house bespoke workflow system. Time is recorded against client codes. At the beginning of each month a billing cycle is created and a schedule detailing all time recorded to the client code during the period is sent to the appropriate trustee director or trustee representatives for review via the invoicing application. Once the trustee director or trustee representative has reviewed the content, they will approve the time on the invoicing application use the invoicing application to submit the invoice to finance for issue.</p> <p>The corporate finance team reviews the invoice approval and submits the invoice to our accounting software and issues the invoice to the client by post or by email along with the appropriate backing documentation. Statements are issued to clients on a monthly basis and any outstanding debt is actively followed up. The corporate finance team has access to on-line banking and reconciles the bank account on a weekly basis. Monthly management accounts are produced and circulated to senior management within the group and monitored against budget. Revenue and productivity figures are monitored on a weekly basis and the information circulated to relevant senior management. (Corporate Finance – Bank and Cash Process 23)</p> <p>On appointment, Dalriada issues each client with details of the basis on which it will be invoiced including charge out rates and where appropriate budgets for the expected work. Invoices are compared with the agreed basis to ensure budgets are not breached. If applicable, a fixed fee schedule is maintained which sets out the amount of the fee, the frequency of billing and any agreed increases as set out in the terms of appointment. This enables accurate and timely billing.</p>	<p>Verified that client invoices are raised using the timesheet information entered into the workflow system. Staff are required to record their time on a daily basis. Amounts to be invoiced are available for review at the beginning of the following month and can be amended until the fifth working day of the month, with the invoice issued after that.</p> <p>No exceptions noted.</p>
<p>C.16 Dalriada uses an off-the-shelf accounting software package to maintain its financial records. Each scheme has its own bank account and the financial records are maintained separately. The client and corporate accounts sit on separate network folders only accessible by authorised staff. Passwords are required to access each scheme account which are kept separate from the corporate accounts. (Pension Fund Accounting Process 27)</p>	<p>Observed the Accounting software in operation. Confirmed for a sample of schemes that individual bank accounts are held for each. Confirmed that individual members of staff have access only to the areas of SharePoint appropriate to complete their role.</p> <p>No exceptions noted.</p>

Control Objective	Audit Finding
<p>C.17 To evidence that business decisions are identified, evaluated, managed and monitored at the Dalriada quarterly board meetings, Dalriada retains minuted records of the meetings, board resolutions and authorised signatory listings. These are drafted by the company secretary, agreed and signed by the board and maintained and held in the governance site in SharePoint for reference purposes. (Client Management Process 34)</p>	<p>Reviewed quarter 2 and 3 Board minutes which contained satisfactory detail on discussions and business decisions made. Verified that scanned copies of these documents are held in share point</p> <p>No exceptions noted.</p>
<p>D. Risk Management</p>	
<p>D.18 Dalriada has implemented an effective risk management process. The risk assessment process involves the identification of a variety of risk scenarios on a risk register, and the recording of the associated threats and vulnerabilities that might be exploited by the threats. Existing controls in place are noted and an overall risk rating is calculated. This methodology ensures that on-going risk assessments produce comparable and reproducible results.</p> <p>If applicable, a Risk Treatment Plan is formulated, escalated and formally approved. This provides the basis for knowingly and objectively accepting/treating risks or deferring the possibility of implementing the countermeasures into the planned future.</p> <p>The risk register is reviewed at planned intervals with the ISFG taking into account changes to the organisation, technology, objectives, identified threats, legal, regulatory and contractual requirements.</p> <p>Risk scenarios are drawn up in the quarterly ISFG meetings via a cross section of staff from the different areas of the business.</p> <p>All members of staff have been encouraged to report any potential risk scenarios to the ISFG (Risk Management Process 19). The ISFG report to the Dalriada board quarterly and appropriate action is agreed.</p>	<p>Reviewed the risk register throughout 2019 and last updated 14/1/2020, there are 13 open risks. Updates on the risk register from the ISFG were evidenced in the Board minutes, including escalation of any red risks.</p> <p>No exceptions noted.</p>
<p>D.19 Board resolutions for Dalriada and authorised signatory listings are held in the governance site in SharePoint for reference purposes. This provides clear guidance on the signatories and authorisations for bank accounts, investment instructions and authorised signatories.</p>	<p>Reviewed the most recent board resolution dated 1 May 2019 detailing the reviewed and updated authorised signatory listing.</p> <p>No exceptions noted.</p>

Control Objective

D.20 Dalriada has a robust errors & omission process and procedure in place extending to a similar process around the identification and recording of breaches. Any potential financial implications to Dalriada are recorded and are a standing agenda item at the quarterly board meetings.

Procedures are followed for errors & omissions and compliance breaches whereby any transaction errors are notified immediately by the scheme administrator to their line manager and the trustee representative. Details are recorded in the Incident Management Application held on SharePoint. This is also reported to the ISFG and must be followed up to the point of conclusion. All errors & omissions and regulatory breaches are notified to the board of Directors as part of the internal management information reporting process. The trustee representative will determine if any further action is required and will notify the relevant parties to implement.

The trustee representative should then determine if a regulatory report is required to be completed and submitted to TPR.

Confirmed for a sample of errors and omissions noted in the log that they are correctly recorded, that the appropriate managers are notified and that the remedial action required is documented. Verified for each of the errors and omissions that they are subsequently reported to the board.

No exceptions noted.

E. Information Technology

E.21 The primary IT infrastructure resides at a secure, ISO 27001 certified, world class, off-site data centre utilising Infrastructure as a Service (IaaS)

Dalriada's full environment is replicated to a second Azure region (UK West).

Windows laptops are configured by an automated build to have password protection and data encryption is enforced. Encryption for Windows laptops is managed via InTune as the Bitlocker key for the internal hard drive synchronises with InTune for each Windows Laptop. When MacBooks are set up by IT Support the MacBook is encrypted with FileVault encryption and a password is set for the user and user is then asked to change this during first use.

Confirmed by inspection the application of Microsoft Azure bitlocker for Windows and JamF Pro encryption used for Apple MAC and that all devices have encryption and password security controls in place that can only be managed by the IT team with administrator rights. We sampled a random MAC machine to examine its value encryption and recovery key value stored in JamF.

No exceptions noted.

Confirmed by visual inspection of a standard windows build that the password policy is in place and confirmed that the Azure cloud domain policy is in alignment.

No exceptions noted.

Control Objective	Audit Finding
<p>All access to computer equipment and systems is protected by passwords. Passwords expire after 42 days and users are prompted to change them. The domain security policy requires that passwords must be complex, at least 15 characters in length, alpha numeric. This is detailed in the company's Security and Confidentiality Policy for staff and is backed up by the Access Control Process.</p>	<p>Verified a sample of tickets from the user's Manager to the IT administrator requesting a change of user access permissions. Confirmed by system observation that an audit history of the change is maintained in MS Azure. Confirmed that only IT administrators can change access permissions. Confirmed through observation that multi-factor authentication is used to access data remotely.</p> <p>No exceptions noted.</p>
<p>All data is stored on the corporate network and data is only permitted to be stored locally on laptops that are corporate owned and registered within MDM solution.</p> <p>Access to data stored on the network is restricted using appropriate permissions. Functional groups of users are maintained, each with appropriate levels of access permissions based upon their job function. Only Internal IT can amend an individual's permissions. Access rights are reviewed and amended as necessary i.e. when roles change or new members of staff join the company. Details of the restrictions in place on the network are documented.</p>	<p>Verified by visual inspection that different levels of security profiles built into the administration system for each administrator. Confirmed by discussion that the audit trail history of changes to data cannot be deleted or cleared.</p> <p>No exceptions noted.</p>
<p>Most of the application software used is not restricted to authorised individuals, however, some applications that are specific to a job function, for example cash management, pensions administration etc. are restricted to only those who have the associated privilege. User access is approved by line managers and actioned by Internal IT.</p> <p>Access to the administration systems is controlled by windows authentication Multi Factor Authentication.</p> <p>Segregation of duties and rules are enforced by security profiles built into the administration system. Profiles are assigned to authorised individuals and aligned to their roles and responsibilities.</p> <p>Associated with each administrator is a security profile which determines schemes to which they have access, functionality they can access, member records they can access, whether they are permitted to amend data or view data only.</p> <p>The audit trail facility records changes made to the data, including who made the changes and when, providing integrity and resilience to the information processing environment, commensurate with the</p>	<p>Verified by inspection that staff accounts with access to the pensions administration is restricted to key individuals.</p> <p>No exceptions noted.</p> <p>Confirmed by inspection of Azure Active Directory that segregation of duties is enforced by the different role permissions in accordance with staff role and responsibilities.</p> <p>No exceptions noted.</p> <p>Confirmed by discussion that SharePoint secure portal is used for the sharing of information externally where user access rights are stipulated. Access can be time limited and a maximum number of downloads can be set.</p> <p>Confirmed by discussion that an independent review of the IT security of the internal and external IT infrastructure is planned annually. Confirmed by inspection that the 2019 review was completed in December 2019 with a report issued in January 2020.</p>

value of the information held, information processing performed and external threats.

All IT processing is carried out on laptops and desktop PCs in real time. Email and MS Teams are used as the electronic means of communication in the business.

Dalriada utilises SharePoint and Azure AD guest accounts for controlling access to SharePoint Online. Conditional access controls are in place for all guests account to force the use of Multi Factor Authentication.

The business utilises a combination of Microsoft Outlook and Microsoft Exchange Server to handle the storage and delivery of all business email. Individual staff members are responsible for complying with the Security and Confidentiality policy for password protecting documents containing confidential, personal and sensitive data

All external access to the network is authorised internally by the Chief Technical Architect. Remote access is then setup by Internal IT and connections can only be made through Citrix Secure Desktop. The company contracts WaveNet to host a Firewall within its datacentre to control port access in and out of the business.

All email traffic is routed by a third party, Mimecast, who filter out any email threats i.e. viruses/spyware & inappropriate content. Inappropriate content also triggers a rules-based alerting system that keeps staff members aware of any trends requiring action. Windows Defender software is installed on all servers, desktops and laptops and is designed to keep users safe from viruses and other forms of on-line malicious threats.

Anti-Virus software is installed on all servers, desktops and laptops and is designed to keep users safe from viruses and other forms of on-line malicious threats.

E.22 Any changes to existing or the implementation of new, infrastructure and systems follows the Operational Change Control process outlined in the Operations Security Process 12).

A major change will typically be a planned implementation and this will be discussed at IT Subcommittee. When a major change is required business impact is reviewed and formal sign off and authorisation is required. (Operations Security Process12)

No exceptions noted.

Confirmed through observation that Windows Defender provides real time protection and monitoring for the Citrix virtual servers.

Confirmed through observation that Mimecast is used to monitor email traffic and remove threats.

No exceptions noted.

Confirmed through observation that Azure Advanced threat protection is used and has provided enabled protection through firewall, antivirus, anti-spyware and security intelligence.

Confirmed through observation that Data Loss Prevention policies are enabled to identify and prevent data leakage.

Confirmed through observation that intrusion detection is in place.

Confirmed by observation that Microsoft safelinks is applied to securely sandbox the ingress of any URL links to ensure they are opened in an area segregated from the business network.

Confirmed by observation that Microsoft Windows Defender is used to monitor system security on all servers, desktops and laptops.

No exceptions noted.

Reviewed an example of a major change during the year and confirmed that the change contained all the necessary information and had received the correct authorisation.

No exceptions noted.

E23. Dalriada has also adopted an effective Information System Acquisition, Development, and Maintenance Process (14).

Controls are in place to ensure the installation and upgrading of operational software on each operating system.

Any maintenance is performed by authorised representatives from the corresponding software/support company and is pre-arranged.

Notice is given to staff members of any downtime to the network that is required for the maintenance of software.

Any software upgrades are performed only if there is a requirement to do so, or suitably long enough after the release, to ensure any bugs or vulnerabilities have been ironed out. If new software potentially introduces any element of risk, then the risk will be assessed and its advantages of functionality will be subject to continued monitoring and/or isolated.

Windows updates are rolled out periodically to all computers on the network.

Development of systems is facilitated by an appropriate rollback strategy.

The pensions database team is responsible for data migration projects. A scheme installation checklist is completed which follows the key stages of the migration. Logs are maintained of all issues along with details of their resolution. The results of sample data checks and the reconciliation are reviewed by the pensions database team manager to ensure procedures have been followed.

Dalriada works securely within a virtual environment. In the event of the failure of a server, functionality is temporarily transferred to other servers via automated dynamic resource allocation processes, minimising interruption to business operations.

The IT infrastructure facilitates the continuation of business operations from any location in the event of multiple disaster scenarios.

Dalriada uses Azure Site Recovery for Disaster recovery services.

Backup and Restore Technology

All servers in Azure are backed up on a daily basis at 23:30 UTC

Recovery snapshots are held for 2 days and daily backups are retained for 30 days

Confirmed by inspection that the automatic control for application updates is managed by 'Jamf' for Apple Macs with Windows applications being managed by 'Chocolatey'. Citrix application updates are provided by managed service provider HTG.

No exceptions noted.

Confirmed by discussion that maintenance is performed by authorised representatives from the corresponding software/company. Confirmed by discussion that there were no software upgrades during the year.

No exceptions noted.

There were no software upgrades performed in 2019 to enable us to test this control. We verified through discussion and observation that appropriate procedures were in place.

Confirmed by observation of laptops that the latest Windows updates have been applied.

No exceptions noted.

Confirmed by discussion that each system development requires a roll back strategy.

No exceptions noted.

There were no data migration projects to test during the year. Verified that appropriate procedures were in place to ensure accuracy and completeness.

No exceptions noted.

Confirmed through discussion that Disaster Recovery failover is completed on a quarterly basis using additional sandboxed areas of Azure to perform automatic restoration and reporting.

No exceptions noted.

<p>Replication and Recovery Technology</p> <p>Dalriada utilises Azure Site Recovery to replicated data between Azure datacentres (DC).</p> <p>The primary Azure DC is UK South and DR DC is UK West</p> <p>Recovery Point Objective ("RPO") is under 1 hour</p> <p>Recovery Time Objectives ("RTO") of under 4 hours for the entire virtual estate.</p>	<p>Confirmed by discussion that recovery snapshots are held for 2 days and daily backups for 30 days.</p> <p>Confirmed failover tests of Azure UK South to Azure UK West have been conducted in September 2019.</p> <p>The results of these tests show 9 server test failovers were confirmed by inspection of DC102 that a Recovery Time Objective ("RTO") of a few minutes was recorded, achieving the RTO of 1 hour as confirmed by visual inspection of the Group Business Continuity Plan.</p> <p>No exceptions noted.</p> <p>Confirmed the use of Microsoft Azure server backups as daily snapshots with VSS technology to maintain a history of changes of individual files and data.</p> <p>No exceptions noted.</p>
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F. Master Trust Assurance Framework

<p>F24 A value for money assessment is undertaken annually and the process followed is documented and approved. The assessment includes values to members derived from scheme management and governance, administration, investment governance and communications.</p> <p>Disclosure of information to members of costs and charges (rates %) and or/amounts (£) are complete and accurate.</p>	<p>Verified that a value for money assessment is completed and is published in the in the Annual report for the master trust.</p> <p>No exceptions noted.</p>
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<p>F25 Scheme and member assets or entitlements are safeguarded from loss, misappropriation and unauthorised use. Financial protection and compensation is available to members in the event of a default is assessed and documented.</p> <p>The design and ongoing suitability of the default arrangement and range and risk profile of other investment options are regularly reviewed and monitored. This review is documented and the investment aims and objectives for the arrangement and investment policies for all investment options are included in an appropriate Statement of Investment Principles.</p> <p>The performance of each investment option including the default arrangement(s) in which</p>	<p>Verified through our review of the financial management and IT procedures and controls that the scheme and member assets or entitlements are held in trust and are safeguarded from loss or unauthorised use.</p> <p>No exceptions noted.</p> <p>Verified through review of the pension schemes Chair Statement and Statement of Investment Principles included within both scheme's annual report and accounts.</p> <p>No exceptions noted.</p> <p>The investment strategy is reviewed on an annual basis taking into account the membership profile of the scheme. In preparing the SIP the trustee Board has obtained and considered professional written advice from the investment consultant.</p> <p>The SIP outlines the principals governing the investment policy of the trust and the activities undertaken by the trustee to ensure the effective implementation of these principles.</p>
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<p>member funds are regularly reviewed and monitored against objectives in the Statement of Investment Principles. This review is documented and approved.</p>	<p>No exceptions noted. Confirmed through review of the Board meeting minutes from December 2019 that the Next review of Investment strategy is scheduled for Q1 and 2 2020.</p>
<p>F26 In accordance with the Master Trust Authorisation Regulations 2018, a Continuity Strategy is maintained which addresses how member entitlements and assets are safeguarded in the event of a trigger event.</p>	<p>Verified that there is a specific Pensions continuity strategy in place No exceptions noted.</p>

Appendices

Letter of Engagement

Our ref: MM/IRM

Strictly Private & Confidential

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To the Directors of Dalriada Trustees Limited

INTRODUCTION

The purpose of this letter is to set out the basis on which we are to provide an assurance report in accordance with Technical Release AAF 02/07 issued by the Institute of Chartered Accountants of England and Wales ("Service" or "Services") and our respective areas of responsibility. Our services are provided in accordance with the attached Terms and Conditions of Business dated May 2018.

RESPONSIBILITIES OF THE DIRECTORS AND REPORTING ACCOUNTANTS

The Board of Directors ("the Directors") of Dalriada Trustees Limited in relation to which the reporting accountants assurance report is to be provided ("the Organisation") are and shall be responsible for the design, implementation and operation of control procedures that provide an adequate level of control over customers' assets and related transactions. The Director's responsibilities are and shall include:

- acceptance of responsibility for internal controls;
- evaluation of the effectiveness of the service organisation's control procedures using suitable criteria;
- supporting their evaluation with sufficient evidence, including documentation; and
- providing a written report ('Director's Report') of the effectiveness of the service organisation's internal controls for the relevant financial period.

In drafting this report the Directors have regard to, as a minimum, the criteria specified within the Technical Release AAF 02/07 issued by the Institute of Chartered Accountants in England and Wales ('the Institute') but they may add to these to the extent that this is considered appropriate in order to meet customers' expectations.

RESPONSIBILITIES OF REPORTING ACCOUNTANTS

It is our responsibility to form an independent conclusion, based on the work carried out in relation to the control procedures administration, accounting and information technology function, carried out at the Belfast business unit of the Organisation as described in the Directors' report and report this to the Directors.

THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

RSM Corporate Finance LLP, RSM Legal LLP, RSM Restructuring Advisory LLP, RSM Risk Assurance Services LLP, RSM Tax and Advisory Services LLP, RSM UK Audit LLP, RSM UK Consulting LLP and Baker Tilly Creditor Services LLP are limited liability partnerships registered in England and Wales, with registered numbers OC325347, OC407439, OC326249, OC389499, OC329348, OC326350, OC397475 and OC390886 respectively. RSM Employer Services Limited, RSM IR Limited, RSM UK Tax and Accounting Limited and RSM UK Management Limited are registered in England and Wales with numbers 6463594, 3539451, 6577561 and 3077999 respectively. RSM Northern Ireland (UK) Limited is registered in Northern Ireland at Number One Lanyon Quay, Belfast, BT1 3LG with number NI642821. All other limited companies and limited liability partnerships are registered at 6th Floor, 25 Farringdon Street, London, EC4A 4AB. The UK group of companies and LLPs trading as RSM is a member of the RSM network. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Legal LLP is authorised and regulated by the Solicitors Regulation Authority, reference number 626317.

Baker Tilly Creditor Services LLP is authorised and regulated by the Financial Conduct Authority for credit-related regulated activities, financial services register number 619258.

Letter of Engagement

Dalriada Trustees Limited

SCOPE OF THE REPORTING ACCOUNTANTS' WORK

We conduct our work in accordance with the procedures set out in AAF 02/07, issued by the Institute. Our work will include enquiries of management, together with tests of certain specific control procedures which will be set out within the AAF 02/07 report.

In reaching our conclusion, the criteria against which the control procedures are to be evaluated are the internal control objectives developed for service organisations as set out within the AAF 02/07 issued by the Institute.

Any work already performed in connection with this engagement before the date of this letter will also be governed by terms and conditions of this letter.

We may seek written representation from the Directors in relation to matters on which independent corroboration is not available. We shall seek confirmation from the Directors that any significant matters of which we should be aware have been brought to our attention.

This engagement is separate from, and unrelated to, our audit work on the financial statements of the Organisation for the purposes of the Companies Act 2006 or other legislation and nothing herein creates obligations or liabilities regarding our statutory audit work, which would not otherwise exist.

INHERENT LIMITATIONS

The Directors acknowledge that control procedures designed to address specified control objectives are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. Such procedures cannot guarantee protection against fraudulent collusion especially on the part of those holding positions of authority or trust. Furthermore, the opinion set out in our report will be based on historical information and the projection of any information or conclusions in our report to any future periods will be inappropriate.

USE OF OUR REPORT

Our report will, subject to the permitted disclosures set out in this letter, be made solely for the use of the Directors of the Organisation, and solely for the purpose of reporting on the internal controls of the Organisation, in accordance with these terms of our engagement.

Our work will be undertaken so that we might report to the Directors those matters that we have agreed to state to them in our report and for no other purpose.

Our report will be issued on the basis that it must not be recited or referred to or disclosed, in whole or in part, in any other document or to any other party, without the express prior written permission of the reporting accountants. We permit the disclosure of our report, in full only, to customers of the Organisation and to the potential customers ('customers'), and to the auditors of such customers, to enable customers and their auditors to verify that a report by reporting accountants has been commissioned by the Directors of the Organisation and issued in connection with the internal controls of the Organisation without assuming or accepting any responsibility or liability to them on our part.

To the fullest extent permitted by law, we do not and will not accept or assume responsibility to anyone other than the Directors as a body and the Organisation for our work, for our report or for the opinions we will have formed.

We will, exceptionally, agree to permit the disclosure of our Report on the Organisation's website, subject to the use of the disclaimer wording being used as the introduction to the Report on your website. In addition this permission is granted only if the Report is published in full, to customers and potential customers of the Organisation using the Organisation's services ("Customers") and to the auditors of such Customers, to enable Customers and their auditors to verify that a report by reporting accountants has been commissioned by the Directors of the Organisation and issued in connection with the internal controls of the Organisation without assuming or accepting any responsibility or liability to them on our part.

Our Report must not be relied upon by Customers, their auditors or any other third party (together "Third Parties") for any purpose whatsoever. RSM Northern Ireland (UK) Limited *neither* owes nor

Dalriada Trustees Limited

accepts any duty to Third Parties and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on our Report. Should any Third Party choose to rely on our Report, they will do so at their own risk.

FEES

Our estimated fees for this engagement have been agreed under separate cover.

Our fee estimate is based on a number of assumptions and is our best estimate of the likely timings involved at each stage. In the event that the scope of the engagement is extended by agreement of the parties or the intended duration is lengthened due to factors outside our control, we reserve the right to discuss with you an appropriate adjustment to our fees. Any additional work performed will be by agreement of the parties on an ongoing basis throughout the duration of the project.

TERMS AND CONDITIONS OF BUSINESS AND ADDITIONAL TERMS

Our Terms and Conditions of Business form part of this Engagement Letter. They include certain of the definitions used in this letter. Please read carefully these Terms and Conditions of Business, which apply to all our work, as they include various exclusions and limitations on our liability, save where amended below.

It is agreed for the purpose of Clause 5 (Limitation of Liability) the maximum liability shall be limited to £1 million.

It is agreed that, in relation to this engagement, the following clause shall be added

"5.13 To the fullest extent permitted by law, the Organisation agrees to indemnify and hold harmless the RSM Northern Ireland (UK) Limited against all actions, proceedings and claims brought or threatened against the RSM Northern Ireland (UK) Limited by any persons other than the Directors as a body and the Organisation, and all loss, damage and expense (including legal expenses) relating thereto, where any such action, proceeding or claim in any way relates to or concerns or is connected with any of RSM Northern Ireland (UK) Limited's work under this engagement letter.

AGREEMENT OF TERMS

We shall be grateful if you could confirm in writing your agreement to these terms by signing and returning the enclosed copy of this letter or let us know if they are not in accordance with your understanding of our terms of engagement.

Yours faithfully

RSM Northern Ireland (UK) Limited.

RSM Northern Ireland (UK) Limited

30th October 2019

Encs. Terms and Conditions of Business dated May 2018

Contents noted and agreed for and on behalf of Dalriada Trustees Limited

Signed 

Date *31/10/2019*

AUTHORISED SIGNATORY

Dalriada. A better way

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