

# Annual statement regarding governance of the DC Section

NCR (Scotland) Pension Plan (the Plan)

Prepared for: The Trustee of the NCR (Scotland) Pension Plan

Prepared by: Scott Donaldson

Date: 12 October 2023

# Annual statement regarding governance section of the DC Section

NCR (Scotland) Pension Plan (the Plan)

# Scope of this document

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (“the Administration Regulations”) require the Trustee, Dalriada Trustees Limited, to prepare an annual statement regarding governance, which must be included in the annual Trustee report and accounts. The governance requirements apply to all defined contribution (“DC”) pension arrangements and aim to help members achieve a good outcome from their pension savings.

This statement issued by the Trustee covers the period from 1 April 2022 to 31 March 2023 and is signed on behalf of the Trustee by the Chair.

This statement covers governance and charge disclosures in relation to the following:

1. The default arrangements
2. Processing of core financial transactions
3. Member borne charges and transaction costs
  - i. Default arrangements
  - ii. Net Investment Return
  - iii. Self-select funds
  - iv. Additional Voluntary Contributions
  - v. Illustrations of the cumulative effect of these costs and charges
4. Value for members assessment
5. Trustee knowledge and understanding

# The Default Arrangements

The Plan is not used as a Qualifying Scheme for auto-enrolment purposes. The Plan closed for future accrual of benefits on 30 November 2015.

The Trustee is responsible for the Plan's investment governance, which includes setting and monitoring the investment strategy for the Plan's default arrangements.

Details of the objectives and the Trustee's policies regarding the default arrangements can be found in a document called the 'Statement of Investment Principles' ("SIP"). The Plan's SIP is attached, however the Trustee's investment aims for the Plan are set out here for ease of reference:

- To offer a range of strategies appropriate for members and their investment objectives, the Trustee provides a range of investments that are suitable for meeting members' long and short-term investment objectives. It has taken into account members' circumstances, in particular the range of members' attitudes to risk and term to retirement.
- The Trustee's policy is to provide suitable information for members so that they can make appropriate investment decisions. The range of funds was chosen by the Trustee after taking advice from its investment advisers. In choosing the Plan's investment options, it is the Trustee's policy to consider:
  - A wide range of asset classes.
  - The suitability of each asset class for a defined contribution plan.
  - The need for appropriate diversification of asset classes.
  - The suitability of the possible styles of investment management and the need for manager diversification.
- The Trustee considers the characteristics of various member cohorts, and the potential differences between these in relation to attitude to risk.

In September 1989, active members with accrued benefits in the Defined Benefit ("DB") Section of the Plan were given the option to remain in the DB Section or transfer to the new hybrid DC Section. To ensure that the members included in this transfer received an equivalent income in retirement, they were given a 'no-worse off guarantee'. We refer to these members as the 'pre 89' members throughout this statement. Any new joiners to the arrangement after this date did not benefit from the 'no-worse off guarantee'.

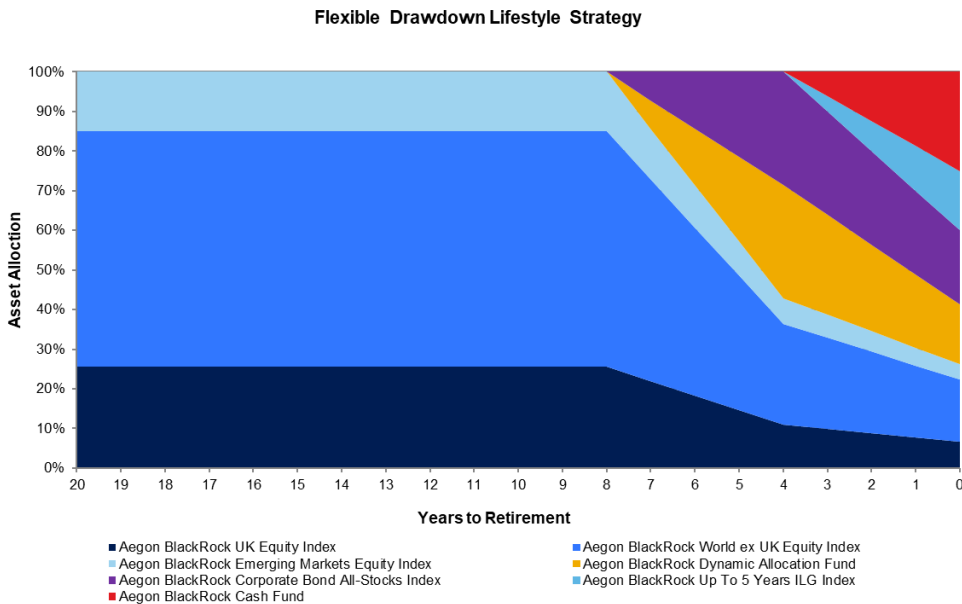
## Members without the 'no worse off guarantee'

For members who do not have the 'no worse off guarantee', the default arrangement for the Plan during the year 1 April 2022 to 31 March 2023 was the Flexible Drawdown Lifestyle Strategy. The structure of this strategy is shown below:

## Requirement

The Trustee is required to design the default arrangement in members' interests and keep it under review. The Trustee needs to set out the aims and objectives of the default arrangement and take account of the level of costs and the risk profile that are appropriate for the Plan's membership.

---

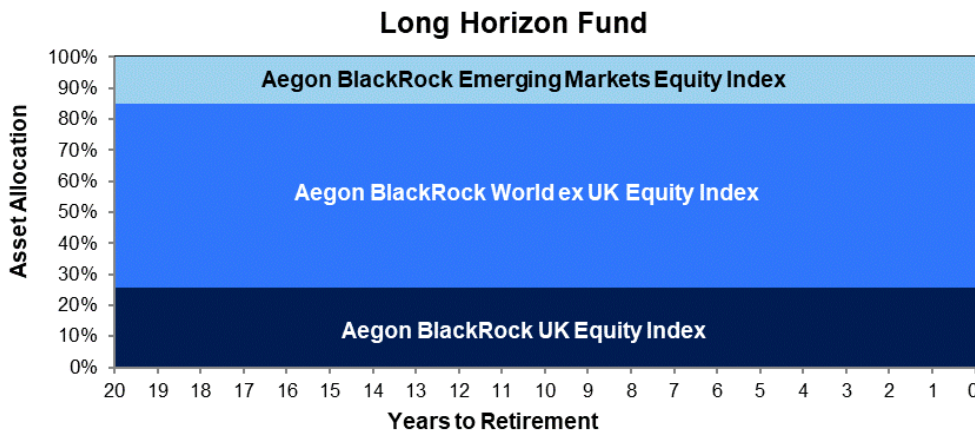


The aims of this strategy are:

- i. To provide members with the potential for higher levels of growth during the accumulation phase of their retirement savings, through exposure to equity and diversified growth funds; and
- ii. To gradually diversify members’ investments in the years approaching retirement, in order to provide a real income during the post-retirement phase, whilst giving some protection to the value of members' investments.

**Members with an investment guarantee**

The default arrangement for members who have the ‘no worse off guarantee’ is the Long Horizon Fund. This Fund is a blend of three underlying funds as shown below. Members are invested 100% in the Long Horizon Fund up to retirement. As these members have the 'no worse off guarantee', the Trustee deemed that these members can be exposed to a greater level of risk.



The Trustee also provides members of the DB section with access to an Additional Voluntary Contribution ("AVC") arrangement with Prudential, which invests in the Prudential With Profits Fund. Members with the 'no-worse off guarantee’ are able to use AVCs to fund their tax-free cash entitlement from the Plan. Whilst there is only one investment option for the

AVC arrangement, as the AVC's are not used for auto enrolment this is not considered a 'default' under the regulations. This option is therefore not treated as a default for the purposes of this statement.

## Investment strategy review

**The default arrangements were not formally reviewed during the period covered by this statement.**

The last review was undertaken on 15 February 2021. The review considered suitability of the default arrangements and self-select fund options, with reference to the membership demographics and how members access their benefits, as well as industry data and wider trends.

The review included a detailed analysis of the membership, which was split into two distinct categories:

- (i) Pre '89 members (who have the 'no worse off guarantee'); and
- (ii) Post '89 members, who have no such guarantee.

During the review a number of recommendations were made. At the time of writing, the Trustee is in the process of planning the implementation of the agreed changes to the investment strategy. The main changes include adding a Responsible Investment approach to the Long Horizon Fund and removing the Medium, Intermediate and Cash Horizon Funds. It has also been agreed that an allocation to Multi-Asset Credit is introduced within the consolidation phase of the Lifestyle Strategies, with a 50% allocation alongside the current corporate bond fund. The Self-Select fund range was also reviewed, and the Trustee has agreed to introduce a property fund, an impact fund and a Shariah compliant investment fund. The agreed changes are expected to be implemented in late 2023 / early 2024.

The Trustee undertakes a formal review of the default arrangements every three years. The next formal review is therefore due to take place by 15 February 2024.

## Performance monitoring

The Trustee reviews the performance of the default arrangements against their aims and objectives on a quarterly basis. This review includes an analysis of fund performance to check that the risk and return levels meet expectations. Performance is reviewed against target benchmarks that have been agreed with the investment managers. Based on the last quarterly review carried out for the relevant period (as at 31 March 2023), the Trustee believes that performance is broadly in line with the aims and objectives for the Plan over the longer-term.

# Net Investment Returns

The net investment returns have been prepared having regard to statutory guidance.

It is important to note that past performance is not a guarantee of future performance.

## Requirement

The Trustee is required to report on net investment returns for each default arrangement and for each non-default fund which scheme members were invested in during the scheme year. Net investment return refers to the returns on funds minus all member-borne transaction costs and charges. Members across all stages of the lifestyle shown in the table below have experienced strong returns.

## Default arrangements

### Performance to 31st March 2023:

#### Members without an investment guarantee

Age of member in 2022	Annualised returns (%)		
	1 year	3 years	5 years
25	-0.9	14.7	8.3
45	-0.9	14.7	8.3
55	-0.9	14.7	8.3

#### Members with an investment guarantee

Long Horizon Fund	-0.9	14.7	8.3
-------------------	------	------	-----

Source: Aegon

## Self-Select funds

### Performance to 31st March 2023:

Fund	Annualised returns (%)		
	1 year	3 years	5 years
Medium Horizon Fund	-1.5	8.0	4.7
Intermediate Horizon Fund	-2.2	4.7	2.8
Cash Horizon Fund	2.2	0.8	0.8
Aegon BlackRock Corporate Bond All Stocks Index Fund	-10.4	-3.1	-0.8
Aegon BlackRock Dynamic Allocation Fund	-3.8	4.0	2.8
Aegon BlackRock Cash Fund	2.2	0.8	0.8
Aegon BlackRock Up to 5 Year Index-Linked Gilt Fund	2.7	3.7	2.6
Aegon BlackRock Index-Linked Gilt Fund	-28.0	-8.3	-3.6

Source: Aegon

\*Long Horizon Fund is the default arrangement for members with an investment guarantee

## AVC arrangement

### Annual performance

Prudential With Profits Fund	2022	2021	2020	2019	2018
Annual bonus rate (%)	1.0	1.0	1.3	1.3	1.3
Underlying return (%)	-1.5	12.0	1.7	11.5	-2.8

Source: Prudential



# Member Borne Charges and Transaction Costs

The member borne costs and charges consist of the following:

- **Charges:** these are explicit, and represent the costs associated with operating and managing an investment fund. They can be identified as a Total Expense Ratio (“TER”), or as an Annual Management Charge (“AMC”), which is a component of the TER;
- **Transaction costs:** these are not explicit, they are incurred when the Plan's fund manager buys and sells assets within investment funds.

The Trustee has set out the costs and charges that were incurred by members, rather than the employer, over the statement year in respect of each investment fund available to members. These comprise the TER and insofar as we are able to report, transaction costs.

The charges and transaction costs have been supplied by Aegon who is the Plan's investment platform provider.

The transaction costs shown below have been calculated using the standardised method set by the Financial Conduct Authority.

## Requirement

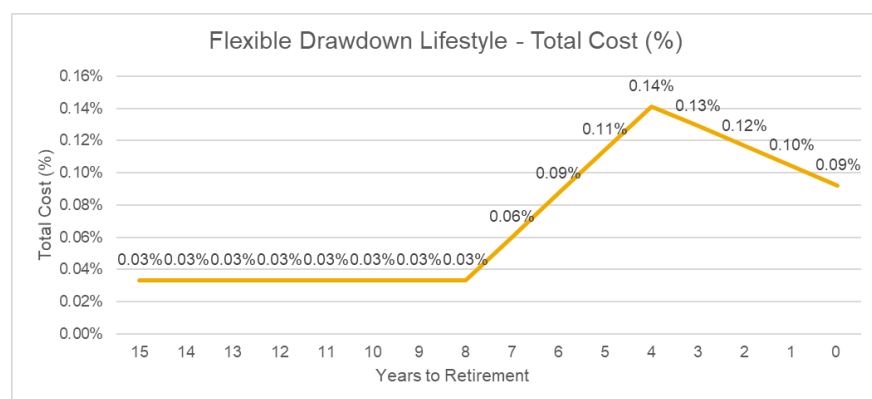
The Trustee should regularly monitor the level of charges borne by members through the investment funds.

The Trustee is also required to produce an illustration of the cumulative effect of the overall costs and charges on members' retirement fund values as required by the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018.

Although the charge cap regulations are not applicable to the Plan, the charges paid by members on the Plan's default investment arrangement are significantly below the 0.75% p.a. cap.

## (i) Default arrangements

Default arrangement for members without the 'no worse off guarantee' - Flexible Drawdown Lifestyle Strategy



Additional expenses within the Strategy ranged between 0.02% p.a. and 0.03% p.a.. Transaction costs ranged between 0.01% p.a. and 0.12% p.a., meaning that the total cost associated with the Flexible Drawdown Lifestyle Strategy was between 0.03% p.a. and 0.14% p.a.

### Default arrangement for members with 'no worse off guarantee' - Long Horizon Fund

Transaction costs were 0.01% p.a. meaning that, including the 0.02% additional expenses on the Long Horizon Fund, the total cost members invested in the Fund paid was 0.03% p.a.

### (ii) Self-select investment funds

In addition to the Flexible Drawdown Lifestyle Strategy and the Long Horizon Fund, members also have the option to invest in a further two lifestyle strategies targeting annuity or cash at retirement, and eight individual funds.

The additional expenses and transaction costs for each of these are shown in the following tables:

Lifestyles	Additional expenses (% p.a.)	Transaction Costs (% p.a.)	Total Cost (% p.a.)
Drawdown Lifestyle (Default for members without no worse off guarantee)	0.02 to 0.03	0.01 to 0.12	0.03 to 0.14
Annuity Lifestyle	0.02 to 0.02	0.01 to 0.75	0.03 to 0.76
Cash Lifestyle	0.02 to 0.03	0.01 to 0.12	0.03 to 0.14

Total cost does not sum for the Cash Lifestyle due to different component funds totalling 0.02% additional expenses and transaction costs respectively.

Individual funds	Additional expenses (% p.a.)	Transaction Costs	Total Cost (% p.a.)
Long Horizon (Default for members with no worse off guarantee)	0.02	0.01	0.03
Medium Horizon	0.01	0.16	0.17
Cash Horizon	0.03	0.01	0.04
Intermediate Horizon	0.02	0.19	0.21
Aegon BlackRock All Stocks UK Index-Linked Gilt Index (BLK)	0.00	1.48	1.48
Aegon BlackRock Dynamic Allocation (BLK)	0.03	0.34	0.37
Aegon BlackRock Corporate Bond All-Stocks Index (BLK)	0.02	0.06	0.08
Aegon BlackRock Cash (BLK)	0.03	0.01	0.04
Aegon BlackRock Up To 5 Year Index-Linked Gilt Index (BLK)	0.00	0.01	0.01

The significant volatility in the UK gilt market, particularly in Q4 of 2022, has had a significant impact on the transaction costs incurred for the Aegon BlackRock All Stocks UK Index-Linked Gilt Index Fund. These transaction costs are much higher than would be expected from such a fund in more normal market conditions, and largely arise from 'implicit costs' resulting from price movements between the time an order is placed to buy or sell an investment and the time the transaction is carried out. This Fund also forms part of the Annuity Lifestyle strategy (which targets a 50% allocation to this

Fund at retirement) and therefore has also impacted the transaction costs shown for that strategy.

### (iii) Additional Voluntary contributions

Lifestyles	Additional expenses (% p.a.)	Transaction Costs (% p.a.)	Total Cost (% p.a.)
With Profits Cash Accumulation	0.31*	0.20**	0.51

\*TER for the Prudential With Profit Fund is an implicit scheme charge made through the bonus but has been provided separately by Prudential.

\*\*Transaction cost shown is latest available, as at 30 September 2022.

### (iv) Illustrations of the cumulative effect of cost and charges

In order to help members understand the impact that costs and charges can have on their retirement savings, the Trustee has provided four illustrations of their cumulative effect on the value of typical Plan members' savings over the period to their retirement.

The illustrations have been prepared having regard to statutory guidance, selecting suitable representative members, and are based on a number of assumptions about the future which are set out under the illustrations (assumptions and data for illustrations).

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Plan, they are not a substitute for the individual and personalised illustrations which are provided to members in their annual Benefit Statements.

Each illustration (A, B, C and D) is shown for a different type of member as follows:

- Each Chart shows a projection of the member's retirement savings at retirement age invested in the default arrangement, with and without costs and charges applied.
- The tables show the impact of costs and charges for the default arrangement and the funds with the highest and lowest costs and charges. All projected fund values are shown in today's terms, and do not need to be reduced further for the effect of expected future inflation.
- Inflation is assumed to be 2.5% per annum.

### Requirement

From 6 April 2018 the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 introduced new requirements relating to the disclosure and publication of the level of costs by the trustees and managers of a relevant scheme. These changes are intended to improve transparency on costs.

**Without 'no worse off guarantee'**

**Illustration A:** is based on an existing Plan member who has 24 years to go until their retirement at age 65. The member has a current fund value of £22,000.

## Projected Pension Account in today's money

Age	Default arrangement (Flexible Drawdown Lifestyle Strategy)			Aegon BlackRock Up To 5 Year Index-Linked Gilt Index (lowest charges)			Aegon BlackRock All Stocks UK Index-Linked Gilt Index (highest charges)		
	Before costs	After costs	Effect of costs	Before costs	After costs	Effect of costs	Before costs	After costs	Effect of costs
	£	£	£	£	£	£	£	£	£
41	22,000	22,000	0	22,000	22,000	0	22,000	22,000	0
45	25,930	25,900	30	22,690	22,680	10	22,690	22,350	340
50	31,850	31,750	100	23,590	23,570	20	23,590	22,810	780
55	39,110	38,940	170	24,530	24,490	40	24,530	23,270	1,260
60	47,780	47,460	320	25,500	25,440	60	25,500	23,740	1,760
65	55,860	55,160	700	26,510	26,440	70	26,510	24,220	2,290

**Illustration B:** is based on an existing Plan member who has 12 years to go until their retirement at age 65. The member has a current fund value of £39,000.

## Projected Pension Account in today's money

Age	Default arrangement (Flexible Drawdown Lifestyle Strategy)			Aegon BlackRock Up To 5 Year Index-Linked Gilt Index (lowest charges)			Aegon BlackRock All Stocks UK Index-Linked Gilt Index (highest charges)		
	Before costs	After costs	Effect of costs	Before costs	After costs	Effect of costs	Before costs	After costs	Effect of costs
	£	£	£	£	£	£	£	£	£
53	39,000	39,000	0	39,000	39,000	0	39,000	39,000	0
55	42,340	42,310	30	39,610	39,600	10	39,610	39,310	300
60	51,730	51,570	160	41,180	41,150	30	41,180	40,110	1,070
65	60,480	59,950	530	42,810	42,750	60	42,810	40,920	1,890

**With 'no worse off guarantee'**

**Illustration C:** is based on an existing Plan member who has 14 years to go until their retirement at age 65. The member has a current fund value of £118,000.

## Projected Pension Account in today's money

Age	Default Arrangement (Long Horizon Fund)			Aegon BlackRock Up To 5 Year Index-Linked Gilt Index (lowest charges)			Aegon BlackRock All Stocks UK Index-Linked Gilt Index (highest charges)		
	Before costs	After costs	Effect of costs	Before costs	After costs	Effect of costs	Before costs	After costs	Effect of costs
	£	£	£	£	£	£	£	£	£
51	118,000	118,000	0	118,000	118,000	0	118,000	118,000	0
55	139,080	138,900	180	121,730	121,660	70	121,730	119,900	1,830
60	170,810	170,320	490	126,550	126,390	160	126,550	122,320	4,230
65	209,770	208,830	940	131,570	131,300	270	131,570	124,790	6,780

**Illustration D:** is based on an existing Plan member who has 7 years to go until their retirement at age 65. The member has a current fund value of £113,000.

## Projected Pension Account in today's money

Age	Default Arrangement (Long Horizon Fund)			Aegon BlackRock Up To 5 Year Index-Linked Gilt Index (lowest charges)			Aegon BlackRock All Stocks UK Index-Linked Gilt Index (highest charges)		
	Before costs	After costs	Effect of costs	Before costs	After costs	Effect of costs	Before costs	After costs	Effect of costs
	£	£	£	£	£	£	£	£	£
58	113,000	113,000	0	113,000	113,000	0	113,000	113,000	0
60	122,680	122,600	80	114,770	114,740	30	114,770	113,910	860
65	150,660	150,330	330	119,320	119,200	120	119,320	116,210	3,110

**Important**

Members are advised to consider both the level of costs and charges and the expected return on investments (i.e. the risk profile of the strategy) in making investment decisions. Illustrations have not been provided for the AVC section as this is not the default arrangement.

### Assumptions and data for illustrations:

The following assumptions have been made for the purposes of the above illustrations:

- Inflation is assumed to be 2.5% per annum
- The starting fund values used in the projections are representative of the average for the Plan
- The projected annual returns on assets and costs and charges used in the illustrations are shown in the table below.

Fund	Additional expenses (% p.a.)	Transaction Cost (% p.a.)	Total (% p.a.)	Growth Assumptions (Gross)
Long Horizon Fund	0.02	0.01	0.03	6.8%
Aegon BlackRock Dynamic Allocation (BLK)	0.03	0.34	0.37	6.3%
Aegon BlackRock Corporate Bond All-Stocks Index (BLK)	0.02	0.05	0.07	4.7%
Aegon BlackRock Up To 5 Year Index-Linked Gilt Index (BLK)	0.00	0.01	0.01	3.3%
Aegon BlackRock Cash Fund (BLK)	0.03	0.01	0.04	3.3%
Aegon BlackRock All Stocks UK Index-Linked Gilt Fund	0.00	0.39	0.39	3.3%

- The transaction costs have been averaged over a 4 year period in line with statutory guidance to reduce the level of volatility, and a floor of 0% p.a. has been used for the transaction costs if these were negative in any year so as not to potentially understate the effect of charges on fund values over time.
- Inflation has been assumed in line with the prescribed rate of 2.5% p.a.
- Member data used is as at 31<sup>st</sup> March 2023.

# Value for Members Assessment

There is no legal definition of "good value" or the process of determining this for members. Therefore, working in conjunction with its advisers, Aon, the Trustee has developed their cost-benefit analysis framework in order to make an assessment as to whether our members receive good value from the Plan relative to the costs and charges they pay.

The costs have been identified as TER and Transaction Costs and are set out in the "Member Borne Charges and Transaction Costs" section of this statement. The Trustee has considered the benefits of membership under the following four categories: Plan governance, investments, administration and member communications and engagement. Benchmarking relative to other pension arrangements or industry best practice guidelines is also undertaken.

The Trustee believes have formed the basis of the analyses of the benefits of membership. These are set out below along with the main highlights of their assessment.

## Plan governance

- The Trustee believes in having robust processes and structures in place to support effective management of risks and ensure members' interests are protected, increasing the likelihood of good outcomes for members.
- Governance covers the time spent by the Trustee to ensure the Plan is run in compliance with the Trust Deed and Rules, law and regulation, including taking account the interests of its members.
- The Trustee regularly reviews and updates the Plan's governance processes and procedures to make sure that these meet industry best practice.

## Investments

- The Trustee believes that a well-designed investment portfolio that is subject to regular performance monitoring and assessment of suitability for the membership will make a large contribution to the delivery of good member outcomes, particularly since the Plan is closed to further contributions.
- The Plan provides members with a range of Lifestyle Strategies and Self-Select fund options, covering a range of member risk profiles and asset classes.
- The investment funds available have been designed, following advice from the Trustee's investment adviser, with the needs of members in mind.

## Requirement

The Administration Regulations require the Trustee to make an assessment of charges and transactions costs borne by members and the extent to which those charges and costs represent good value for money for members.

---

- The Employer currently pays the Plan's administration costs and the Annual Management Charges for members' funds.
- In addition, members of the DB section that paid AVCs whilst they were accruing benefits have funds held in the Prudential With Profits Cash Accumulation Fund. The Trustee believes that members are likely to value the smoothed investment returns this Fund provides and the fact that no market value reduction will be applied at the maturity date of the AVC policy. The last Trustee review of AVC options took place on 10 September 2020. This review concluded that the Prudential With Profits Cash Accumulation Fund remained appropriate for Plan members. The Trustee keeps AVC options under regular review.

## Administration

- The Trustee believes that good administration and record keeping play a crucial role in ensuring that Plan members receive the retirement income due to them. In addition, the Trustee believes that the type and quality of service experienced by members has a bearing on the level of member engagement.
- The Trustee regularly monitors the Plan's administration and over this period found that the necessary administration standards were being achieved.
- The Trustee regularly monitors the Plan's administration of DC funds via quarterly reporting.
- The Trustee is satisfied that Barnett Waddingham (the Plan administrators) and Prudential (AVC provider) both have sufficient checks in place to monitor and report on the standard of the administration service they provide.

## Member communications and engagement

- The Trustee believes that effective member communications and delivery of the right support and tools helps members understand and improve their retirement outcomes.
- The Plan provides members with regular, clear communications regarding the choices open to them, as well as annual benefit statements and 'at retirement' communications. With Barnett Waddingham as administrators, members will continue to receive all of the above as well as regular communications through newsletters.
- Members have access to Barnett Waddingham's online platform 'Bwebstream', which provides members access to their pension data.
- A variety of communication media are used in the Trustee's communications.

### Overall view

The Trustees' assessment concluded that the charges and transaction costs borne by Plan members over this reporting period represents good value for members relative to the benefits of Plan membership.



# Processing of Core Financial Transactions

The bulk of the core financial transactions are undertaken on behalf of the Trustee by the Plan administrator, Barnett Waddingham. The timing of such payments is monitored by the Trustee from quarterly administration reports submitted by Barnett Waddingham.

In order to determine how well the administrator is performing, the Trustee has service level agreements (“SLAs”) in place with Barnett Waddingham. These SLAs detail a number of key administration processes to be performed and the target timescale within which each of these processes needs to be completed. There are SLAs in place for all core financial transactions. Under the current SLA, Barnett Waddingham aims to accurately complete all financial transactions within 2 to 10 working days, depending on the type of transaction.

The Trustee has also reviewed the key processes adopted by the administrator and output in order to minimise the risks of inaccurate or late payment of core financial transactions. Key processes include:

- A unit reconciliation is conducted on a monthly basis which checks that the units held on the administration system are equal to the units held by the investment managers. Any discrepancies are investigated.
- There is a cash tracker tool in place that is used on a weekly basis to check the monies coming in and out of the Plan, and that any monies received that are not invested or paid out are investigated.
- A daily reconciliation is carried out on the Trustee's bank account.
- All investment-related banking transactions are checked and verified before being processed.
- Validation checks are carried out on any data that is loaded on to the administration systems.
- All work processes are documented and subject to a peer review process, with work being calculated and independently checked by another member of the team.
- The quarterly administration report also includes:
  - Details of any complaints from members over the period
  - Details of performance against the agreed SLA.
- The annual Plan audit reviews controls and processes to support the administration function.

In addition, the Trustee receives stewardship reports from Barnett Waddingham which include core financial transaction metrics on a quarterly basis, which are reviewed at Trustee meetings with Barnett Waddingham to discuss the administration of the DC Section of the Plan. These meetings provide an opportunity to discuss any issues that might arise.

Prudential provides an annual governance report which includes the AVC transactions made over the year.

## Requirement

The Trustee has a specific duty to ensure that core financial transactions are processed promptly and accurately. Core financial transactions include transfer of member funds into and out of the Plan, transfers between different investments within the Plan and payments to and in respect of members/beneficiaries.

---

The Trustee is satisfied that over the period:

- the administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA;
- there have been no material administration errors in relation to processing core financial transactions; and
- all core financial transactions have been processed promptly and accurately during the Plan year.

# Trustee Knowledge and Understanding

The composition of the Trustee board is compliant with regulatory requirements and demonstrates diversification of skills and breadth and depth of pension knowledge.

The Trustee is Dalriada Professional Trustees. The Regulator regards that professional trustees should be held to a higher standard than other trustees. As such, Dalriada produces an annual assurance report on its pension trustee services compliant with the framework provided by the Audit and Assurance faculty of the Institute of Chartered Accountants in England and Wales. Training needs and gaps in knowledge are identified through annual assessments.

The individuals representing Dalriada Professional Trustees are members of the Association of Professional Pension Trustees and hold the Pensions Management Institute's Award in Pension Trusteeship and undertake a minimum of 25 hours training in a year (demonstrating the Regulator's requirement to have a working knowledge of the documents setting out the Trustee's current policies and to have knowledge and understanding of the law relating to pensions and trusts).

The Trustee is conversant with the Trust Deed and Rules, the SIP and all Plan policies, as well as knowledge of pensions and trust law, funding and investment principles. The Trustee reverts to the legal adviser for any clarification required.

During the year covered by this statement, the Trustee held four Trustee board meetings at which its advisers have provided specialist advice and updates on legislation, guidance, and best practice developments. Over the year the Trustee has:

- Signed off the Trustee's Report and Accounts.
- Reviewed and updated the Plan's Risk Register.
- Reviewed quarterly administration reports to monitor service delivery against agreed service level standards and to assess the member experience.
- Reviewed quarterly investment reports to assess fund performance against benchmarks, and funds against overall Plan aims and objectives, as set out in the SIP.
- Maintained a regime for proper governance - reviewing and updating the Trustee's governance framework for the Plan.

## Requirement

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 7.

---

Considering the training activities completed by Dalriada Professional Trustees together with the professional advice available to the Trustee, the Trustee considers that it meets the Pension Regulator's requirements (as set out under Code of Practice No 7) and is confident that the combined knowledge and understanding of the Trustee Board, together with the input from its specialist advisers, enables it to properly exercise its functions as the Trustee of the Plan.

Signed on behalf of the Trustee of the NCR (Scotland) Pension Plan by the Chair of Trustee

Name \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_