

SOPRA STERIA RETIREMENT BENEFITS SCHEME

MEMBER-NOMINATED DIRECTOR INFORMATION BOOKLET

Have you ever wondered how your pension benefits are managed? Do you have an interest in pensions and investments, would you like to work with a team, or are you simply looking for a new challenge? If so, the rewarding role of Member Nominated Director, commonly referred to as an "MND", may be for you.

In this booklet, we describe some of the key requirements of the role and provide you with information to help you decide if becoming an MND is right for you. If you, or someone you know, may be interested in this role, please read the enclosed information, fill in the attached form and return it as per the instructions shown.

The remainder of this booklet contains the following:

- [Section 1](#): Background to the Scheme's structure and trustee arrangements
- [Section 2](#): The role of the MND
- [Section 3](#): Is the role right for me?
- [Section 4](#): What is the process for becoming an MND?

It is not possible for us to cover all aspects of trusteeship in this booklet, but we hope this information gives you a flavour of the role and answers any immediate questions you may have. However, if you do require any further information, please do not hesitate to speak to any of the current Trustee Directors or email the Scheme Secretary at SSRBS@dalriadatrustees.co.uk. If you would like to discuss your query, please include a telephone number on which you can be reached.

SECTION 1: BACKGROUND

The Scheme's structure

In common with many other work-based pension schemes, the Scheme is set up as a trust. This means that the assets of the Scheme are held separately from the assets of its sponsoring company in order to protect those assets to be used for the benefit of the beneficiaries of the Scheme and to enable certain tax benefits to apply.

As the Scheme is a trust, it has "trustees" who are responsible for managing it. Their main objective is to ensure that the Scheme is administered in accordance with its governing documents, which are set out in the Trust Deed and Rules, and legislation.

The trustees may be a group of individuals, a single trustee company, or a combination of the two, but the role performed in each case is broadly the same.

Where a single trustee company is in place, as is the case with the Scheme, the trust is administered by the directors of the trustee company. The Scheme's trustee company is called Sopra Steria (Retirement Benefits Scheme) Trustees Limited. This is the same arrangement as was used by the Scheme's three predecessor schemes - the Steria Retirement Plan, the Steria Management Plan, and the Steria Pension Plan.

What do we mean by an "MND"?

By law, at least one-third of the Scheme's trustees (or, in the case of a single trustee company, its directors) must be nominated by the members of the Scheme. These are referred to as "Member-Nominated Trustees" (in the case of individual trustees) or "Member-Nominated Directors" (in the case of a trustee company).

For the rest of this booklet, we will refer to the "Directors" of the corporate "Trustee", as the Scheme has a single trustee company appointed, as noted above.

MNDs may be distinguished from the other Trustee Directors who are appointed by the sponsoring company of the Scheme and are known as "Company-Nominated Directors" or "CNDs".

Once appointed, MNDs and CNDs have identical powers, duties and responsibilities in relation to the Scheme and its membership. There is no difference in how the Directors must act. It is not the role of an MND to represent the interests of any group or individual, such as the employer, a trade union or a particular group of members. Equally, it is not the role of a CND to represent the interests of the sponsoring company.

SECTION 2: THE ROLE OF THE TRUSTEE

All Trustee Directors have considerable duties which must be discharged using the utmost care and diligence. The key duties and responsibilities include:

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| Monitoring the payment of contributions and benefits | <ul style="list-style-type: none">• Ensure that contributions are received, benefits are paid and proper records are kept of the Scheme's transactions, assets and liabilities• Much of this work will be delegated to professional administrators and other advisers, but the Trustee Directors must still oversee control of the professional administrators and advisers |
| Acting impartially in the interests of all the beneficiaries | <ul style="list-style-type: none">• Beneficiaries include active, deferred, and pensioner members and anyone who may be entitled to benefits on the death of a member• The role must be kept separate from a Director's other roles, such as being a Scheme member, union representative, or employee• Exercise discretions, such as the award of death benefits or an ill-health early retirement pension, taking into account relevant factors• Maintain a good working relationship with the Scheme's sponsor |
| Appointing advisers | <ul style="list-style-type: none">• Administrators and advisers will guide the Trustee so the appointment and ongoing monitoring of administrators and advisers is important |
| Acting in accordance with the Scheme's governing documentation and law | <ul style="list-style-type: none">• Have a working knowledge of the key Scheme documents such that you are able to use them effectively when carrying out your duties• Obtain advice as required from the relevant advisers |
| Ensuring your knowledge of UK pensions is up-to-date | <ul style="list-style-type: none">• This may be through attending training courses and seminars or reading appropriate literature• Directors are required to "have knowledge and understanding", appropriate for the proper exercise of their functions, including:<ul style="list-style-type: none">○ the law in relation to pensions and trusts○ principles relating to the investment of assets○ principles relating to occupational pension scheme funding• Directors should be able to participate in taking decisions regarding the running of the Scheme on an informed basis and be able to examine and challenge the advice received from their advisers |
| Managing funding and investment strategy and monitoring performance | <ul style="list-style-type: none">• Negotiate with the employers appropriate funding arrangements for the Scheme• Ensure assets are invested prudently with a view to ensuring a good investment return relative to the risk taken through the careful selection and monitoring of investment managers• Monitor the security of members' benefits |
| Communicating with the members | <ul style="list-style-type: none">• Ensure members know about their benefit entitlement and the general running of the Scheme |

The Pensions Regulator provides general guidance to trustees, as well as setting standards of knowledge and behaviour. More information about pensions is available on their website: www.thepensionsregulator.gov.uk.

SECTION 3: IS THE ROLE RIGHT FOR ME?

Am I eligible to become an MND?

Any active or pensioner member of the Scheme, or any deferred member who remains employed by an eligible Sopra Steria company, will be eligible, subject to the list of qualifications and exclusions set out in the MND Policy.

Do I need any prior knowledge or experience?

You are not required to have any prior experience with pensions, investments, or company boards.

As part of the role, you will be expected to develop a level of knowledge and understanding in relation to the Scheme and the basic principles of law and investments within which it operates. We will help you develop this knowledge and understanding through comprehensive training provided both when you join and during your term of office. You will also be expected to undertake independent learning, for example, using the Pensions Regulator's "Trustee Toolkit", which Trustee Directors are required to complete. You will be expected to assess your abilities from time to time, making any necessary improvements where you identify any knowledge gaps, and keeping a record of any training received.

You are also encouraged to ask questions of your fellow Trustee Directors and professional advisers should you not understand something.

The Chair of the Trustee will undertake individual annual performance reviews with all Directors. This is primarily aimed at helping Directors to recognise areas where they may feel less confident and identifying ways of improving their understanding of those areas. It is for Directors' benefit and Directors are expected to take it seriously. While Directors will be given all the support they need to meet the knowledge and understanding requirements of a trustee, Directors are expected to work on areas identified for improvement. The Chair may agree an improvement plan with a Director, setting out training or individual learning that the Director should undertake; if an improvement plan has been agreed with a Director, they will be expected to ensure that plan is met within the agreed timeframe.

How much time is involved?

This is a difficult question to answer. However, we have set out below a summary of the sort of work an MND will be expected to undertake during an average year.

The Trustee has quarterly all day meetings of the full Board of Directors, which all Directors are expected to attend so far as possible. It is not possible for all Trustee business to be given sufficient time at these meetings, so additional committees and project groups exist, of which all Directors should expect to be appointed to at least two. There are currently four standing Committees, which hold an average of three to four half-day meetings per year. In addition, there are currently two ad-hoc Committees and several project groups, which meet as and when required.

Before each meeting, a pack of documents is prepared by the Scheme's advisers and made available to Directors through a secure online portal. The size of the packs depends on the agenda, but can be quite lengthy. Sufficient time needs to be committed to reading these packs in advance of the meetings in order for business to run efficiently and for Directors to be able to engage effectively during the meetings. Preparation time varies, depending on the meeting but, for a full Board Meeting, you should expect to spend one day preparing, while for a Committee Meeting, half a day's preparation time may be closer to the norm.

Time also needs to be set aside for travel to and from meetings, which are held in central London. While it may occasionally be possible to dial-into meetings remotely, we generally find that Directors are able to engage more effectively if physically present, so the general expectation is that for the main Board and Committee meetings, Directors will attend personally.

A Chair (of the Board or a Committee) can expect to spend a greater amount of time preparing, as would a new Director who is unfamiliar with pensions.

From time to time, additional meetings, conference calls and training sessions may also be necessary, sometimes at short notice. You should therefore expect to spend time in addition to the above meetings, and to engage in email correspondence, and the ability to respond flexibly to arising needs is important.

In general, we would suggest expecting to spend 20 to 25 days a year on Trustee responsibilities.

In addition to the "business as usual" work summarised above, it is important to remember that, as a new trustee, you will also be busy for the first year or so getting up to speed with the Scheme and pensions in general. We mention training above; this will initially be quite intense. You should expect to attend a new trustee training day, which could run from 10 am to 4 pm. Additionally, you are expected to complete the Pension Regulator's Trustee Toolkit (see <https://trusteetoolkit.thepensionsregulator.gov.uk/>); they advertise this as taking 16.5 hours, which can be spread over a period of several weeks. Our Directors' experience is that it takes rather more than 16.5 hours for someone new to pensions. As an approximation, we would suggest that you expect to undertake an additional 30 hours of training in your first year after appointment, depending on your existing experience.

Beyond your first year in the role, you should expect to continue to spend time undertaking training. The Pensions Regulator sets requirements for what is expected of Trustees and we would encourage you to review their website at <https://www.thepensionsregulator.gov.uk>. A recent consultation published by the Regulator indicated that it considers 15 hours per year to be an appropriate indicative baseline for ongoing learning.

Do I need to be computer literate?

You do not need to be a technology expert - few of us are! However, it is important that you can use suitable technology to engage fully in the running of the Scheme. For data protection reasons, documentation is shared among Directors using a secure online portal. Meeting invitations are shared, and matters requiring consideration between meetings are discussed, via email. It is likely that you will struggle to fulfil the role if you do not have suitable access to a secure internet connection.

Are MNDs paid?

All MNDs are entitled to claim for reasonable expenses incurred in carrying out their duties. MNDs who work for Sopra Steria will be allowed time off work to undertake work associated with being an MND. MNDs who are not employed by Sopra Steria will receive an annual fee for the role; more information will be available at the interview stage.

For how long will I be appointed?

The term of office for an MND is normally six years although you may stand for re-election, so long as you continue to fulfil the eligibility criteria. You will cease to be an MND if at any time you fail to meet

the eligibility criteria, you become subject to any of the disqualifying criteria or you are removed from office (see Sections 2 to 4 and 13 of the MND Policy for further information).

You may resign at any time during your term of office. However, we would not recommend taking the role if you intend to be an MND for less than six years, as the term of office has been deliberately set to ensure anyone taking on the role has sufficient time to develop the knowledge and understanding necessary to fulfil the role and engage fully with all elements of acting as a Director.

Can I be held personally liable?

While MNDs can be held personally liable for loss caused to the Scheme, it is important to remember that it is very rare. Additionally, all Trustee Directors are covered by a series of protections:

- **The operation of the Scheme.** The Scheme is a well-run scheme with a number of professional administrators and advisers assisting in its operation. This is probably the best protection for anyone acting as a director as it makes the risk of liability arising very remote.
- **The Trustee company.** The Trustee company (of which you would be a director) is the Scheme's trustee, rather than acting as a trustee in your own right. This means you will be protected by what the courts refer to as the "corporate veil". The Trustee company may become liable for loss caused to the Scheme but it is rare for the courts to look beyond the company in order to make directors personally liable. In general, a company director will only be made personally liable for loss if they are personally guilty of fraud or deliberate breach of trust or where they are found to be in breach their of duties to the Trustee company.
- **The Scheme's Trust Deed.** This provides several levels of protections for Directors, including exoneration provisions and an indemnity from Sopra Steria which apply except in the case of fraud or knowing and intentional breach of trust.
- **Trustee liability insurance.** The Trustee is also protected by trustee liability insurance.
- **The Scheme's advisers.** The Trustee has engaged experienced professionals to assist with the operation of the Scheme. As an MND, you will never be expected to take decisions without the support of your fellow Trustee Directors and advisers.

SECTION 4: WHAT IS THE PROCESS FOR BECOMING AN MND?

How do I become an MND?

The Scheme operates a nomination and selection process. If you wish to be considered for the post of MND, you must obtain the support of two other members of the Scheme. You, your proposer and your seconder (who can be any eligible member of the Scheme (see Section 6 of the MND Policy)) will need to complete, sign and return a copy of the attached Nomination and Application Form. Please note that any information contained in the form will be shared with the selection panel.

Once the deadline for returning the forms has passed, a selection panel will consider the suitability of all candidates for the role in accordance with the selection criteria, as part of which nominees may be asked to appear before the selection panel for an interview.

Please refer to the MND Policy for further information regarding the nomination and selection process.

Where can I receive further information?

If you wish to discuss any of the issues raised above, please contact one of the existing Trustee Directors or email the Scheme Secretary at SSRBS@dalriadatrustees.co.uk. If you would like to discuss your query, please include a telephone number on which you can be reached.

Date: 1 November 2020

Version: 1