

THE CORPAD MASTER TRUST (“Scheme”)

Annual Governance Statement under Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996

CHAIR’S STATEMENT

As the Chair of the Trustees, I provide you with a yearly statement which explains what steps have been taken by the Trustee board to meet the governance standards that relate to the Trust. The law sets out what information must be included in my statement and this is covered in sections below.

If you have any questions about anything that is set out below, or any suggestions about what can be improved, please do contact the scheme administrator, Corporate Pension Administration Ltd, on info@corpad.co.uk or 0113 220 3630.

INTRODUCTION

This Chair’s Annual Defined Contribution (DC) Governance Statement sets out how the Scheme has embraced statutory governance standards which are central to the running of the Scheme, during the Scheme Year 1 April 2020 to 31 March 2021. The Trustee Board recognises the importance of good scheme governance. Whilst the information set out below is focused on specific areas of scheme governance which we are required to disclose by law, we also adopt good practice governance standards across all areas of scheme management, as set out in the Pension Regulator’s DC code and DC regulatory guidance.

However, it should be noted that the bulk of the Scheme’s assets have already been transferred to Smart Pension, an established and reputable master trust pension scheme, on 13 July 2020. It is the Trustees’ intention that the remaining assets of the Scheme will be transferred also to Smart Pension in 2022. This follows the decision in 2019 not to apply for master trust authorization under the new statutory regime but instead wind the Scheme up and transfer all Scheme assets to another (authorized) master trust. This statement, therefore, relates to the remaining Scheme assets.

As the Scheme is in the process of wind-up and closure, the Trustees have not needed to consider certain future issues, for example longer-term investment decisions, as these would not be relevant to the Scheme after all member accounts are transferred.

DEFAULT ARRANGEMENT

For those members who choose not to make their own investment choices, the Trustees have selected a default investment fund. The Trustees recognise that this default investment fund will not be suitable for all members but have aimed to ensure that the fund will meet the needs of the likely ‘default’ member to as great an extent as possible.

The BlackRock Aquila 75/25 Equity/Bond fund has been selected by the Trustees as the default investment fund for members. The BlackRock Aquila 75/25 Equity/Bond fund, invests in both UK and overseas equities. The fixed interest (Bond) portion is split between UK government securities (gilts) with a maturity period of 15 years or longer and UK index-linked government securities (index-linked gilts) with a maturity period of five years or longer.

Full details of the Default Fund are available on request from the scheme administrator and are contained in the Default Fund Statement of Investment Principles (SIP) which is attached to this document. This fund is rated by BlackRock as average risk

The pension savings of members who do not make an explicit investment choice are allocated to the Default Fund.

AIMS AND OBJECTIVES OF THE DEFAULT STRATEGIES

The Trustee Board acknowledges that the investment strategy of the Default Fund is one aspect contributing to the success of member outcomes at retirement. The level of contributions made, the existence of member saving outside of the scheme (of which the Trustee Board has no knowledge) and the choices made by members on retirement also have an impact on member outcomes. Within this context, the Default Fund investment strategy is designed to help ensure that the Default Fund delivers the best possible outcome for most members at retirement.

The investment aims and objectives of the Default Fund and policies as set out in the SIP are set by the Trustee Board and reviewed annually. The Scheme's SIP must be reviewed at least every three years. The performance of all investments is closely monitored and reviewed quarterly at Trustee meetings.

REVIEWING THE DEFAULT FUND

A key responsibility of the Trustee Board is to ensure that the Default Fund is designed in the best interests of the members. The Trustee Board receives detailed information from the investment manager of the Default Fund. This enables us to determine:

- The suitability of the Default Fund considering developments in the market and the membership profile
- The performance objectives of the underlying funds and actual performance versus benchmark and objective
- The strategy adopted by the investment manager including any changes in response to financial market conditions and legislative changes
- The charging structure and its impact on performance.

Following this review, the Trustee Board formally decides whether the Default Fund remains suitable for the needs of members. The last two years have, of course, been "challenging" and investment markets have been volatile. However, despite that volatility, the Default Fund has performed as we would have hoped given the market movements. In addition, the bulk of the Scheme's assets and members have recently been transferred to Smart Pension, as above. However the Trustees' view is that there has not been a significant change in the demographic profile of the Scheme membership and therefore we have not at this stage commission formal investment advice regarding the Scheme's investments.

The latest Trustees' review of the Default Fund arrangement was carried out in November 2021. The results of that review are that the Default Fund performed acceptably during the relevant period and we continue to believe it is suitable as the default arrangement for the Scheme.

The Scheme's current SIP, including the Default Fund SIP, was prepared by the Trustees in 2019 following formal investment advice at that time. The Trustees shall formally review the Scheme SIP and Default Fund SIP again in 2022 and consider, with formal investment advice where required, whether any revisions or changes are appropriate.

SOCIAL, ENVIRONMENTAL OR ETHICAL CONSIDERATIONS

The Trustees have made a series of pooled funds available to members and as such have delegated responsibility for the selection, retention realization of investments to the manager of each of the underlying investment funds.

The Trustees' policy is that the extent to which social, environmental or ethical considerations are taken into account in these decisions is left to the discretion of the manager of each of the underlying investment funds.

The Trustees will take this policy into account when appointing and reviewing the managers of the underlying investment funds.

The Trustees have made funds available to members which take into account various social, environmental and ethical factors. Details are available on request from the scheme administrators.

ADMINISTRATION

The Trustee Board has outsourced administration services to the founder of the Scheme, Corporate Administration Services Limited ("**Corpad**")

The Trustees monitor core financial transactions to ensure that core financial transactions are processed promptly and accurately. This includes ensuring adequate controls and procedures are in place to manage the receipt and timely investment of contributions, the accuracy of investment allocations, payments of benefits as well as the individual transfers out and investment switches.

We monitor administration services against a service level agreement and the extent to which member transactions have been processed on time.

The Trustee Board is confident that the processes and controls in place with the administrator are robust and that core financial transactions have been processed promptly and accurately. As the Scheme is in the process of winding-up and a significant bulk transfer has already been completed, the Trustees and Corpad are administering a considerably smaller number of members but adopting the same high standards of service and practice.

CHARGES AND TRANSACTION COSTS

Charges borne by members, together with transaction costs, can have a significant impact on member benefits. Member charges are monitored by the Trustees and must be reviewed at least every three years but are currently being reviewed annually.

Members can receive information about the scheme costs from the administrators, with information about the annual management charge (AMC) deducted from their pension fund and shows the upper limit of the overall level of member charges.

We are required to explain the charges and transaction costs (i.e. the costs of buying and selling investments in the Scheme) which are paid by members.

Where information about the member costs and charges is not available, we must make this clear to you together with an explanation of what steps we are taking to obtain the missing information.

The total level of charges and transaction costs applicable during the last scheme year are set out in Schedule 1, for each Default Fund and for each fund in which members accounts are invested.

VALUE FOR MONEY

When assessing the charges and transaction costs which are payable by members, the Trustees are required to consider the extent to which the investments options and the benefits offered by the scheme represent good value for members when this is compared to other options available in the market.

There is no legal definition of "good value" and so the process of determining good value for members is a subjective one. We have received advice on how to assess good value from our advisers and considered regulatory guidance. As a starting point to assessing good value, we have compared the

level of charges in each fund with the levels of return they have delivered to members. We have also considered how the charges and transaction costs borne by members (the costs of membership) compare against the services and benefits provided by the scheme (the benefits of membership). The benefits of membership include (amongst other things):

- the design of the Default Fund and how this reflects the interests of members;
- the range of investment options and strategies;
- the efficiency of administration processes and the extent to which the administrator met and exceeded its service level standards for the scheme year;
- the quality of communications delivered to members;
- the quality of support services and scheme governance.

We have assessed members' investment returns and overall fund performance to ensure that the transaction costs borne by the members (e.g. costs associated with investment trading) are reasonable for each fund we offer under the Scheme and the outcomes expected from investment. Market factors have been considered as these will impact and vary fund cost. We considered that higher transaction costs in specialist funds are usual and, in the case of the funds we offer, justified.

Unfortunately the Trustees do not currently have access to specific data on the cumulative effect over time of the charges and transactions costs on the value of members accrued benefits. However, we have clearly set out in Schedule 1 the annual management charges applied to different types of fund and the level of transactions costs (which is currently zero). The annual management charges applied to the Default Fund are well within the statutory limits on charges. The Trustees will continue to seek further detailed costs and charges information from the investment managers whilst the Scheme remains in wind up, if it is appropriate to do so in the timeframe leading up to closure of the Scheme.

TRUSTEES

The Scheme was established as a registered pension scheme on 29 April 2014. At that time, Corpad was also the Trustee of the Scheme. In 2015, as the Scheme became established, the corporate Trustee was replaced by three individual Trustees. The first Trustee is a qualified solicitor and employed by Corpad and is therefore a Corpad representative on the Trustee Board. The second Trustee is a pensions and HR professional with extensive experience managing large pension schemes. The third Trustee is the Chair of trustees and is a retired senior lawyer with multi-national management experience. The second and third Trustees were selected from a range of potential candidates with industry or legal experience, and these Trustees act in an independent capacity on the trustee board. The Trustees are aware of the Governance Regulations that came into force in April 2015 and the requirement that a majority of the Trustees (including the Chair) must not be affiliated with Corpad.

MEMBERS' VIEWS

The Scheme has arrangements in place to encourage and enable members of the Scheme and their representatives to present their views to the trustees of the Scheme through direct contact with the scheme administrator.

TRUSTEE KNOWLEDGE AND UNDERSTANDING

The law requires the Trustee board to possess, or have access to, sufficient knowledge and understanding to run the Scheme effectively. We take our training and development responsibilities seriously and keep a record of the training completed by each member of the board. This training record is reviewed annually to identify any gaps in the knowledge and understanding across the board. This allows us to work with our professional advisers to fill in any gaps.

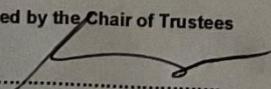
All the Trustees have completed the Trustee Toolkit made available by the Pensions Regulator.

The Secretary to the Master Scheme has completed training to Advanced Certificate level with Mercers. The Trustee board have joined the Pension Management Institute (PMI) and use this as a vehicle to update themselves. They are also looking to take PMI examinations in due course.

Training has been conducted by the Scheme's legal adviser.

The Trustee Board has access to the services of a range of professional advisers. All Trustee Board decisions are supported by professional advice where required.

As Chair, I engage regularly with each member of the Trustee Board and have a good understanding of the levels of knowledge and experience that each brings to our collective decision making. Taking account of actions taken individually and as a Trustee Board, and the professional advice available to them, I am confident that the combined knowledge and understanding of the Board enables us to exercise properly our functions as Trustees.



Signed by the Chair of Trustees

Clifford McAuley

13 December 2021

Schedule 1

Level of Charges and Transaction Costs borne by Scheme members

Investment Fund	Type and level of annual charges	Annual Transaction costs (costs resulting from buying, selling, lending or borrowing of investments)
	Total annual management charge	0
Blackrock Aquila 75/25 Equity/Bonds	0.40	0
Blackrock Aquila 50/50 Equity/Bonds	0.40	0
Blackrock Aquila 50/50 Global Equity	0.40	0
Blackrock Aquila over 15 year Corporate bonds	0.40	0
Blackrock Aquila over 15 year Gilts	0.40	0
Blackrock Aquila over 5 year Index Linked Gilts	0.40	0
Blackrock Aquila ALMA	0.65	0
AEGON MI Savings (Medium)	0.60	0
HSBC Amanah	0.70	0
Ethical	0.65	0
Ethical Cautious	0.70	0
Aegon Cash	0.40	0