

**DATED: 21 May 2015**

**ENSIGN RETIREMENT PLAN**

**TRUST DEED AND RULES**

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**THIS TRUST DEED** is made on 21 May 2015

**BETWEEN**

- (1) **ENSIGN RETIREMENT PLAN TRUSTEES LIMITED**, a company incorporated in England under registered no. 9598514 whose registered office is at The Beehive, Beehive Ring Road, London Gatwick Airport, West Sussex RH6 0PA ("**the Trustee**"); and
- (2) **ENSIGN PENSIONS LIMITED** a company incorporated in England under registered no. 07686103 whose registered office is at The Beehive, Beehive Ring Road, London Gatwick Airport, West Sussex RH6 0PA (the "**Founder**")

**INTRODUCTION**

- A. The Founder hereby establishes a retirement benefits scheme to be known as the Ensign Retirement Plan ("**the Scheme**") for the purpose of providing Money Purchase Benefits for and in relation to employees of Participating Employers who are admitted to membership of the Scheme and for any other individuals admitted to membership of the Scheme in accordance with this Trust Deed and the Rules set out in the Schedule to this Trust Deed.
- B. The assets of the Scheme are to be vested in and administered by the Trustee in accordance with the provisions of the Trust Deed and the Rules set out in the Schedule to this Trust Deed.

**OPERATIVE CLAUSES**

**1. ESTABLISHMENT OF SCHEME**

The Founder hereby establishes the Scheme under irrevocable trusts as a pension scheme capable of being registered under section 153 FA 2004 with the intention to begin to operate and accept contributions with effect from and including 1 August 2015 or another date determined by the Trustees after the Scheme has been so registered. The Founder will by separate deed be admitted to be a Participating Employer in accordance with Rule 16.1.

**2. APPOINTMENT OF TRUSTEE**

The Founder appoints the Trustee to be the first trustee of the Scheme and the Trustee agrees to act as trustee of the Scheme.

**3. NAME OF THE SCHEME**

The Scheme shall be known as the Ensign Retirement Plan.

**4. INTERPRETATION**

This Trust Deed will be construed (including its governing law and defined terms) in accordance with Rule 1 of the Rules set out in the Schedule to this Trust Deed.

**5. BENEFITS FROM SCHEME**

All benefits provided by the Scheme will be Money Purchase Benefits and notwithstanding any other provision of the Scheme the Trustee shall not provide any benefits from the Scheme which are not Money Purchase Benefits.

**6. FUND HELD ON TRUST**

The Trustee will hold the Fund on trust to provide the benefits under the Scheme subject as provided in the Rules.

**7. ALTERATIONS**

This Trust Deed and the Rules may be altered in accordance with Rule 18 of the Rules.

**IN WITNESS** of which the parties have executed and delivered this Trust Deed on the date set out at the beginning of it.

**EXECUTED** as a Deed by )  
**ENSIGN RETIREMENT PLAN** )  
**TRUSTEES LIMITED** )  
acting by: )

Director **Rory Murphy**

Director **Mike Jess**

**EXECUTED** as a Deed by )  
**ENSIGN PENSIONS LIMITED** )  
acting by: )

Director **John Cullen**

Secretary **Kathryn Foster**

**SCHEDULE**  
**THE RULES OF THE**  
**ENSIGN RETIREMENT PLAN**

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## RULE 1

### INTERPRETATION, GOVERNING LAW AND DEFINITIONS

#### 1.1 INTERPRETATION

- (1) In the interpretation of the Rules, unless the context requires otherwise -
- (a) the singular includes the plural and vice versa;
  - (b) references to legislation enacted in the United Kingdom which do not extend to Northern Ireland include any corresponding legislation in force in Northern Ireland;
  - (c) references to any legislation or any provision of it include references to any subordinate legislation made under it; and
  - (d) references to any legislation or any provision of it include references to any previous legislation or provision relating to the same subject-matter or to any modification or re-enactment of it for the time being in force. References to any subordinate legislation or any provision of it are to be similarly construed.

Provided that if any legislation is modified, any provision of these Rules which refers to that legislation will be amended in such manner as the Trustee determines to be necessary in order to preserve the intended effect of the Rules.

- (2) The headings to Rules do not affect their construction or interpretation.
- (3) In the event of a conflict between a Benefit Specification and the Trust Deed and Rules, the Trust Deed and Rules shall take precedence unless the Trustee decides otherwise.

#### 1.2 GOVERNING LAW

The Rules are to be construed in accordance with English law. English law governs the Scheme and its administration.

#### 1.3 DEFINITIONS

In the Rules, unless the context requires otherwise -

"**1973 Act**" means the Matrimonial Causes Act 1973.

"**1999 Act**" means the Welfare Reform and Pensions Act 1999.

"**Absence**" means absence from Service as an Employee, except on normal holiday leave or Family Leave. "Absent" has a corresponding meaning.

"**Active Member**" means a person who has been admitted or readmitted to the Scheme as an active member and who has not yet ceased to be in Pensionable Service in respect of the current period of Active Membership.



**"Active Membership"** means membership as an Active Member.

**"Administrative Expenses"** means such management and administration costs, levies and expenses as the Trustee determines are incurred in connection with the management and administration of the Scheme which are not Investment Expenses.

**"Adoption Leave"** means absence authorised by or pursuant to the terms of Chapter IA of Part VIII of the Employment Rights Act 1996 and any extension of those terms allowed by the Employer.

**"Associated Company"** means any body corporate which is for the time being deemed to be a subsidiary or holding company of a Participating Employer or a subsidiary of any such holding company under section 1159 of the Companies Act 2006.

**"AVCs"** means a Member's additional voluntary contributions paid pursuant to Rule 3.2. Where the context requires, references to AVCs includes investment returns on AVCs, whether positive or negative.

**"Benefit Specification"** means either:

- (a) in relation to a Participating Employer, a document in writing agreed in accordance with Rule 16.1(3), described as a Benefit Specification and containing "employer specification" information, as amended from time to time, setting out any specific benefit or contribution provisions of the Scheme applicable to the Employees or former Employees of the Participating Employer who are Members; or
- (b) in relation to a transfer to the Scheme of Deferred Members who are allocated to a Participating Employer upon transfer-in, a document agreed by the Trustee in writing and described as a Benefit Specification, as amended from time to time, setting out any specific benefit provisions of the Scheme applicable to those Deferred Members.

**"Civil Partner"** means the person who is in a registered civil partnership with the Member under the Civil Partnership Act 2004.

**"Compulsory Contributions"** means the contributions (if any) an Active Member is obliged to pay under Rule 3.1. They do not include AVCs paid under Rule 3.2.

**"Default Fund"** means a Nominated Fund designated by the Trustee to be a Default Fund for the purposes of Rule 13.2(2) and (4).

**"Deferred Member"** means either:

- (a) a Member who has left Pensionable Service prospectively entitled to benefits and in respect of whom the Trustee is maintaining a Personal Retirement Account; or
- (b) a Member who has never been in Pensionable Service but who became a Member as a result of a transfer to the Scheme in respect of which the Member is prospectively entitled to benefits and in respect of whom the Trustee is maintaining a Personal Retirement Account.

**"Disclosure Regulations"** means the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.

**"Discretionary Trusts"** means the trusts set out in Rule 9.4.

**"Drawdown Option"** is defined in Rule 5.8(1).

**"Earmarking Order"** means an order of a competent court made pursuant to sections 25B, 25C and 25D of the 1973 Act.

**"Eligible Dependant"** means a "dependant" as defined by paragraph 15 of Part 2 of Schedule 28 of the FA 2004 and **"Eligible Dependents"** has a corresponding meaning.

**"Employee"** means a person employed by a Participating Employer including any officers and ratings and including any "worker" as defined in the PA 2008 who the Participating Employer designates to be an Employee.

**"Employer"** means the Participating Employer in whose Service a Member is or last was or the Participating Employer to whom a Member is allocated by the Trustee upon transfer-in of benefits in respect of that Member.

**"Employer-Nominated Trustee"** means a trustee or trustee director (as applicable) appointed in accordance with Rule 11.2(7).

**"Ex-Spouse"** means a person who has been or will be granted Pension Credit Rights following a Pension Sharing Order.

**"Ex-Spouse Participant"** means an Ex-Spouse who the Trustee has determined may participate in the Scheme either:

- (a) solely for the provision of a Pension Credit Benefit; or
- (b) for the wholly separate provision of a Pension Credit Benefit, where the Ex-Spouse is already a Member or dependant of a Member or former Member;

and includes a person in respect of whom Pension Credit Rights are transferred to the Scheme as is referred to in Rule 8.4.

**"FA 2004"** means the Finance Act 2004.

**"Family Leave"** means an Adoption Leave, Maternity Leave, Paternity Leave, Shared Parental Leave and Parental Leave which, in each case, is authorised by or pursuant to the terms of Part VIII of the Employment Rights Act 1996 and any extension of those terms allowed by the Employer.

**"Former Spouse"** means a Member's former Spouse to whom benefits are payable pursuant to an Earmarking Order.

**"Fund"** means the assets from time to time held by the Trustee on the trusts of the Scheme.

**"HMRC"** means the Board of HM Revenue & Customs.

**"Ill-health Condition"** means the requirement that the Trustee (having received advice from a registered medical practitioner) is of the opinion that the Member is (and will continue to be) incapable of carrying out the Member's occupation because of Incapacity and the Member has in fact ceased to carry out on his or her occupation.

**"Incapacity"** means physical or mental impairment.

**"Insurance Company"** has the meaning given in section 275 of the FA 2004.

**"Investment Expenses"** means any costs or expenses whether explicit or implicit which the Trustee determines are incurred in connection with or in relation to the investment or the investment management of the Fund, including the costs, if any, incurred in connection with switching investments.

**"Investment Manager"** means any investment manager appointed by the Trustees in accordance with Rule 13.8.

**"Lifetime Allowance"** has the meaning given in section 218 of the FA 2004.

**"Lifetime Allowance Charge"** means the tax charge under section 214 of the FA 2004 (levied where an individual's benefits from all Registered Schemes of which they are members exceed his or her Lifetime Allowance).

**"Maternity Leave"** means absence authorised by or pursuant to the terms of Chapter I of Part VIII of the Employment Rights Act 1996 and any extension of those terms allowed by the Employer.

**"Member"** means a person who has been admitted to membership of the Scheme in accordance with the Rules and remains entitled or prospectively entitled to benefits from the Scheme.

**"Member's Balance"** means, in relation to a Member, the amount from time to time standing to the credit of his or her Personal Retirement Account as determined by the Trustee in accordance with Rule 4.2.

**"Member-Nominated Trustee"** means a trustee or trustee director (as applicable) appointed in accordance with Rule 11.2(6).

**"Minimum Pension Age"** means age 55 provided that if a Member has a "protected pension age" under schedule 36 to the FA 2004, Minimum Pension Age in respect of that Member shall be that "protected pension age".

**"Money Purchase Benefits"** has the meaning given in the PSA 1993.

**"Month"** means a period beginning on a day in a calendar month and ending on the day preceding the corresponding day of the next calendar month or (when there is no such corresponding day) ending on the last day of the next calendar month.

**"Named Class"** means in relation to a deceased Member:

- (c) any person, charity, club or society notified to the Trustee in writing by the deceased as a possible recipient of a benefit arising on his or her death. Provided that the Trustee may (but is not obliged to) enquire as to the objects of any such club or society and, if satisfied they are not lawful in the United Kingdom or any other sovereign state, they will not exercise any discretion in favour of that club or society; and

- (d) the following relatives (and their spouses or civil partners and descendants) of the deceased or of his or her Spouse - the Spouse, children, parents, grandparents, brothers, sisters, uncles and aunts (including those relatives of the half-blood and stepchildren and illegitimate, legitimated or adopted children); and

any other person who, in the Trustee's opinion, was dependent in any way on the deceased (or his or her Spouse) or for whom, in the Trustee's opinion, the deceased may have been expected to provide.

**"Nominated Fund"** means an investment fund or combination of investment funds (or other types of investment vehicle) made available by the Trustee from time to time for the investment of that part of the Fund notionally allocated to Members' Personal Retirement Accounts. A Nominated Fund may include an arrangement under which:

- (a) that part of the Fund notionally allocated to a Member's Personal Retirement Account may be switched between investment funds or vehicles (in whole or in part) in line with rules specified by the Trustee for this purpose; and/or
- (b) the investment funds or vehicles in which monies equivalent to future contributions paid by or in respect of a Member will be invested is in accordance with rules specified by the Trustee for this purpose.

**"PA 1995"** means the Pensions Act 1995.

**"PA 2004"** means the Pensions Act 2004.

**"PA 2008"** means the Pensions Act 2008.

**"Paid Family Leave"** means a period of Family Leave in respect of which the Member is entitled to, and receives, remuneration (including statutory maternity, paternity shared parental or adoption pay) from the Employer.

**"Participating Employers"** means any employer which is in the opinion of the Trustee connected with the British Merchant Navy and/or the maritime industry generally and which is admitted to participate in the Scheme under Rule 16.

and **"Participating Employer"** has a corresponding meaning.

**"Parental Leave"** means absence authorised by or pursuant to the terms of Chapter II of Part VIII of the Employment Rights Act 1996 and any extension of those terms allowed by the Employer.

**"Paternity Leave"** means absence authorised by or pursuant to the terms of Chapter III of Part VIII of the Employment Rights Act 1996 and any extension of those terms allowed by the Employer.

**"Pension Credit"** means a credit under section 29(l)(b) of the 1999 Act or under corresponding Northern Ireland legislation.

**"Pension Credit Benefit"** means the benefits (if any) which the Trustee has determined will be payable under the Scheme in respect of a Pension Credit.

**"Pension Credit Rights"** means rights to future benefits under a scheme which are attributable (directly or indirectly) to a Pension Credit.

**"Pension Debit"** means a debit under section 29(1)(a) of the 1999 Act or under corresponding Northern Ireland legislation.

**"Pension Sharing Order"** means any order or provision as is mentioned in section 28(1) of the 1999 Act or under corresponding Northern Ireland legislation.

**"Pensionable Earnings"** in respect of a Member means the Member's basic salary and any other elements of remuneration which are specified as pensionable in respect of the Member in the Employer's Benefit Specification, provided that the figures provided by the Employer as Pensionable Earnings shall be definitive. If the Member participates in a Salary Sacrifice Arrangement, his or her Pensionable Earnings shall be his or her Pensionable Earnings as it would have been if the Member had not participated in the Salary Sacrifice Arrangement.

**"Pensionable Service"** means a Member's last or only continuous period of Service as an Active Member.

**"Personal Pension Scheme"** has the meaning given in section 1 of the PSA 1993.

**"Personal Retirement Account"** means, in relation to a Member, a notional account maintained for him or her by the Trustee recording the Member's Balance from time to time as determined by the Trustee in accordance with Rule 4.2.

**"Preservation Requirements"** has the meaning given in section 69 of the PSA 1993.

**"PSA 1993"** means the Pension Schemes Act 1993.

**"Qualifying Overseas Scheme"** means a "recognised overseas pension scheme" as defined in section 150(8) of the FA 2004.

**"Qualifying Service"** means:

- (a) "pensionable service" as defined for the purpose of the Preservation Requirements; and
- (b) any period which, following a transfer in, is "linked qualifying service" under section 179 of the PSA 1993.

Rule 7.5 sets out how Qualifying Service is calculated if there is a break in Pensionable Service.

**"Receiving Scheme"** means:

- (a) a Registered Scheme; or
- (b) a Qualifying Overseas Scheme.

**"Relevant Benefit Accrual"** has the meaning given by paragraph 13 of Schedule 36 to the FA 2004.

**"Registered Scheme"** has the meaning given by section 150(2) of the FA 2004 and "Registered Status" has a corresponding meaning.

**"Reserve Account"** means a unitised notional record or account maintained by the Trustee recording the balance from time to time of that part of the Fund which is not allocated to the Members' Personal Retirement Accounts and which the Trustee determines should be referable to the Reserve Account in accordance with Rule 4.3.

**"Rules"** means these Rules and includes any Benefit Specification and any alteration to them for the time being in force.

**"Salary Sacrifice Arrangement"** means a salary sacrifice arrangement put in place by a Member's Employer from time to time under which a Member sacrifices part of his or her earnings in return for something else, and which is designated by the Employer as a Salary Sacrifice Arrangement for the purposes of the Scheme in accordance with the Benefit Specification.

**"Scheme"** means the Ensign Retirement Plan as constituted by the Trust Deed and the Rules.

**"Scheme Administrator"** means the scheme administrator for the purposes of the FA 2004.

**"Scheme Year"** means a year commencing 6 April and ending on the following 5 April.

**"Service"** means:

- (a) service as an Employee (but excluding any Service with an Employer before it becomes or after it ceases to be one of the Participating Employers); and
- (b) any other period that the Trustee at any time, determines to be Service.

**"Shared Parental Leave"** means leave authorised by or pursuant to the terms of section 75E or 75G of the Employment Rights Act 1996 and Parts 2 and 3 of the Shared Parental Leave Regulations 2014 and any extension of those terms allowed by the Employer.

**"Short Service Benefit"** has the meaning given in section 71(2) of the PSA 1993. A Member is entitled to Short Service Benefit if he or she satisfies the requirements of section 71(1) of that Act.

**"Spouse"** means a Member's legal spouse or Civil Partner at the date of his or her death (or where the Member is married to or in a civil partnership with more than one person under a law which permits polygamy, any one of more of the Member's surviving Spouses as the Trustee in its absolute discretion determines) and shall include a same sex legal spouse under the Marriage (Same Sex Couples) Act 2013.

**"Target Retirement Date"** means the age after Minimum Pension Age that the Member notifies the Trustee from time to time that he or she intends to first take benefits (a selected retirement age) or if a Member does not select an age and notify the Trustee then the default retirement age that the Trustee notifies to the Member.

**"Termination Expenses"** means all costs, remuneration and expenses (other than Administrative Expenses or Investment Expenses) which the Trustee determines are incurred as a result of the termination of the Scheme under Rule 17 or as a result of a transfer-out or buy-out under Rule 16.6.

**"Transfer Credits"** has the meaning given in section 181 of the PSA 1993.

**"Trust Deed"** means the trust deed of the Scheme to which these Rules are scheduled and includes any alterations to and any deeds supplemental to that deed.

**"Trustee"** means the trustees or trustee for the time being of the Scheme and, in Rule 12, references to the Trustees or a Trustee includes:

- (a) any Trustee;
- (b) any director, officer or other employee of a body corporate which is a Trustee of the Scheme;
- (c) any secretary to the Trustee; and
- (d) a former Trustee (including a person within (a), (b) or (c) above) in respect of his or her period of office as a Trustee or period acting in the specified capacity.

**"Unauthorised Payment"** has the meaning given by section 160 of the FA 2004

**"Unpaid Absence"** means a period of Absence in respect of which an Active Member is not in receipt of remuneration from the Employer.

**"Unpaid Family Leave"** means a period of Family Leave in respect of which the Member is not in receipt of remuneration (including statutory maternity, paternity, shared parental or adoption pay) from the Employer.

## **RULE 2**

### **MEMBERSHIP**

#### **2.1 ELIGIBILITY AND ADMISSION**

An Employee will be eligible for admission to membership of the Scheme as an Active Member on satisfying any such criteria and in accordance with such process as his or her Employer agrees with the Trustee (which may cover automatic enrolment or re-enrolment into the Scheme for certain Employees).

#### **2.2 DURATION OF ACTIVE MEMBERSHIP**

Subject to Rules 7.2 and 7.3, a Member will cease to be an Active Member:

- (a) if he or she ceases to be employed by his or her Employer, or transfers to service which is not designated by his or her Employer as being pensionable for the purposes of the Scheme;
- (b) if he or she dies;
- (c) if he or she chooses to leave Active Membership under Rule 2.3; or
- (d) if he or she ceases to be an Active Member as a result of the Employer notifying the Trustee of such cessation with effect from a specified date under Rule 2.4.

#### **2.3 CHOOSING TO LEAVE ACTIVE MEMBERSHIP**

- (1) Scheme opt-out

An Active Member who has completed a minimum of 30 days' Qualifying Service may choose to leave Active Membership by giving notice by the method prescribed by the Trustee.

- (2) Scheme opt-out: Reversal of membership

If an Employee who was admitted to Active Membership gives notice under Rule 2.3(1) within a period of 30 days from the date he or she was admitted to Active Membership, he or she shall be treated as if he or she had never become an Active Member of the Scheme on that occasion and to the extent that any contributions have been paid by the individual or by the Employer on behalf of or in respect of the individual, the Trustee shall return the contributions to the Employer and the Employer shall return to the Member any contributions paid by or on behalf of the Member.

- (3) Statutory opt-out

- (a) In addition to the opt out provisions in Rule 2.3(1) and (2), a Member may opt out of Active Membership by exercising his or her right under section 8 of the PA 2008 (where applicable).



- (b) If a Member validly exercises his or her right to opt out under section 8 of the PA 2008, the Trustee and the Employer will take such steps as are necessary to ensure that, in accordance with the provisions of that section:
  - (i) the individual is treated for all purposes as not having become an Active Member of the Scheme on that occasion; and
  - (ii) any contributions paid by the individual or by the Employer on behalf of or in respect of the individual, on the basis that the individual has become an Active Member of the Scheme on that occasion, are refunded to the individual and/or the Employer (as applicable) in accordance with the requirements of section 8 of the PA 2008 and any regulations made under that section.

#### **2.4 ELIGIBILITY - EXCLUSION OF EMPLOYEES OR VARIATION OF TERMS OF MEMBERSHIP**

- (1) The Trustee may direct that, with effect from a specified date, any person or class of person shall not be eligible for admission as Active Members, or that the terms of Active Membership shall be altered in such manner as the Trustee shall determine consistently with the PA 1995. The notice may have retrospective effect.
- (2) The Trustee may direct that membership of the Scheme shall be closed to new entrants with effect from a specified date.
- (3) The Trustee may at any time revoke any direction under (1) and/or (2) above.
- (4) A Participating Employer may by notice in writing to the Trustee direct that with effect from a specified date membership of the Scheme for Employees of that Participating Employer shall be closed to all new entrants or any person or class of person who is employed by that Participating Employer. The Participating Employer may at any time by notice in writing revoke such direction provided the Trustee consents in writing.

#### **2.5 RE-ADMISSION OF A DEFERRED MEMBER**

- (1) A Participating Employer may direct the Trustee to re-admit a Deferred Member as an Active Member under Rule 2.1, if he or she is eligible under that Rule.
- (2) If a Member became entitled to Short Service Benefit when Pensionable Service previously terminated, he or she must be entitled to Short Service Benefit in respect of Pensionable Service following re-admission under (1) above. If a Deferred Member is re-admitted under (1) above as an Active Member then all contributions will be allocated to his or her existing Personal Retirement Account.

**RULE 3**  
**CONTRIBUTIONS**

**3.1 MEMBERS' COMPULSORY CONTRIBUTIONS**

- (1) Each Active Member shall contribute to the Scheme at the rate of Pensionable Earnings specified in his or her Employer's Benefit Specification.
- (2) Such contributions will be credited to the Member's Personal Retirement Account.

**3.2 ADDITIONAL VOLUNTARY CONTRIBUTIONS**

- (1) An Active Member may pay, vary or stop paying AVCs to the Scheme in accordance with provisions agreed from time to time between the Trustee and the Employer, and subject to any terms of the relevant Benefit Specification.
- (2) The Trustee in its sole discretion may permit a Deferred Member to make single or regular contributions to the Scheme but this will not of itself render the Deferred Member an Active Member or mean that the Deferred Member is in Pensionable Service by reference to an Employer.
- (3) Any surplus AVCs will be returned (less tax) to the Member if and to the extent that the return constitutes a refund of excess contributions lump sum within the meaning of paragraph 6 of Schedule 29 to the FA 2004.
- (4) Any AVCs paid under this Rule will be credited to the Member's Personal Retirement Account.

**3.3 METHOD OF COLLECTING MEMBERS' CONTRIBUTIONS**

- (1) Each Active Member's Compulsory Contributions and AVCs will be deducted from his or her remuneration by the Employer and paid, on the Active Member's behalf, to the Trustee (or as it directs) at such intervals as the Trustee may require but subject to section 49 of the PA 1995 and any regulations made under that section.
- (2) With the Trustee's consent, an Employer may agree with an Active Member employed by that Employer that his or her Compulsory Contributions and AVCs are to be paid in some other manner.
- (3) Notwithstanding (1) and (2) above, each Active Member will be personally liable for the payment of his or her Compulsory Contributions and AVCs.
- (4) If the Trustee permits contributions from Deferred Members under Rule 3.2(2) above then contributions will be collected in the manner determined by the Trustee.

### **3.4 EMPLOYERS' CONTRIBUTIONS**

- (1) Each Participating Employer must, in respect of each Active Member employed by it, pay contributions to the Scheme at the rate of Pensionable Earnings set out in the relevant Benefit Specification.
- (2) A Participating Employer may elect to pay such additional contributions as it determines, subject to Trustee consent.
- (3) Any contributions paid by a Participating Employer in respect of a Member will be credited to the Member's Personal Retirement Account.
- (4) A Participating Employer may at any time terminate its liability to contribute to the Scheme under this Rule 3.4 by giving the Trustee at least three Months' written notice or such shorter notice as may be agreed by the Trustee.

### **3.5 SCHEDULE OF PAYMENTS**

- (1) The Trustee shall prepare and maintain a schedule of payments to the Scheme conforming in all respects with section 87 of the PA 1995 and any regulations made under that section.
- (2) Each Participating Employer must make payments in accordance with the requirements of the schedule of payments to the extent it applies to that Participating Employer. If a Participating Employer fails to meet its obligations under the schedule of payments (and without prejudice to Rule 12.2(2)) the Trustee may require that the Participating Employer pays:
  - (a) an administrative fee to cover the reasonable costs of the Trustee or those acting on their behalf enforcing the terms of the schedule of payments; and/or
  - (b) an appropriate amount to be allocated to affected Members' Personal Retirement Accounts in compensation for any lost investment return resulting from the Participating Employer's failure to comply with its obligations.

## **RULE 4**

### **PERSONAL RETIREMENT ACCOUNTS AND RESERVE ACCOUNT**

#### **4.1 GENERAL**

- (1) The Trustee must maintain a Personal Retirement Account in respect of each Member. The maintenance of that account shall not confer on the Member, or any person claiming by reference to the Member's participation, any right to the balance shown on the account, other than rights conferred by the Scheme. Accordingly, Rule 13.2 refers to the notional allocation of investment to a Member's Personal Retirement Account and by reason of such allocation the Trustee shall make the determination of income, profits, gains and losses under Rule 4.2 below.
- (2) The Trustee will maintain a Reserve Account in accordance with Rule 4.3.

#### **4.2 MEMBER'S BALANCE**

- (1) The Trustee shall, in relation to any Member, from time to time determine his or her Member's Balance by reference to the following calculation:
  - (a) by adding together the following:
    - (i) any contributions, including AVCs, made by the Member and any contributions made by any of the Participating Employers on the Member's behalf;
    - (ii) any transfer payment received in respect of the Member;
    - (iii) any income, profits and gains of the Fund that the Trustee determines to be referable to the Member's Personal Retirement Account;
    - (iv) any amount credited to the Member's Personal Retirement Account from the Reserve Account in accordance with the Rules;
    - (v) any other accretion to the Fund to be applied for the benefit of the Member.
  - (b) by deducting from the amount ascertained in accordance with (a) above the following:
    - (i) sums required to be paid out of the Fund for taxation in respect of the Member's Personal Retirement Account;
    - (ii) any amount required to be deducted from the Member's Personal Retirement Account in the provision of benefits in accordance with the Trust Deed and Rules;
    - (iii) any sums applied on a transfer out or buy-out;

- (iv) sums (if any) to be borne out of the Member's Personal Retirement Account in respect of Investment Expenses, Administrative Expenses, or Termination Expenses as determined by the Trustee;
  - (v) any sums transferred to the Reserve Account;
  - (vi) any losses of the Fund that the Trustee determines to be referable to the Member's Personal Retirement Account; and
  - (vii) such other deductions made by the Trustee from the Member's Personal Retirement Account as are permitted by these Rules or by law.
- (2) A Member's Balance may be expressed (or partially expressed) as a number of units in one or more Nominated Funds or as a value equal to the number of such units multiplied by a unit price determined or recognised by the Trustee. Income, profits, gains, and losses within a Nominated Fund need not be recorded by the Trustee where they are reflected in the unit price.

#### **4.3 THE RESERVE ACCOUNT**

- (1) The Trustee shall maintain a Reserve Account which is available to be applied by the Trustee (subject to the adequacy of the Reserve Account and any requirements of law) for Scheme purposes which may include (but shall not be limited to):
- (a) increasing the amount held in any Member's Personal Retirement Account;
  - (b) meeting the indemnity under Rule 12.2; or
  - (c) meeting Administration Expenses or Investment Expenses in accordance with Rule 4.5(1) and Termination Expenses in accordance with Rule 16.6 or Rule 17.7.

The balance on the Reserve Account shall never be less than zero.

- (2) The Trustee shall credit to the Reserve Account any contribution or accretion to the Fund which the Trustee determines is not required under these Rules to be credited to Members' Personal Retirement Accounts or which is to be transferred from the Member's Personal Retirement Account to the Reserve Account or which is paid or made on the basis that it is to be credited to the Reserve Account.
- (3) The Trustee may deduct from the Reserve Account such amounts as the Trustee determines are authorised by these Rules or by the law.
- (4) The Trustee may apply part or all of the Reserve Account to meet part or all of a Participating Employer's obligation to contribute under Rule 3.4.

#### **4.4 ADJUSTMENT OF MEMBERS' PERSONAL RETIREMENT ACCOUNTS**

The Trustee may at any time (but shall not be obliged to) review the Fund and the Reserve Account and, after taking such professional advice as it considers appropriate either augment or reduce the Members' Personal Retirement Accounts or the Reserve Account in such manner as it thinks equitable so as to avoid fractional amounts or otherwise facilitate computation or payment of benefits.

#### **4.5 ADMINISTRATIVE AND INVESTMENT EXPENSES**

(1) Expenses

Subject to (2), (3) and (4) below, all Administrative Expenses and Investment Expenses shall at the Trustee's discretion be met by:

- (a) withdrawal from Members' Personal Retirement Accounts in such proportions or varying proportions and on such basis as the Trustee from time to time determines; or
- (b) withdrawal of funds from the Reserve Account, to the extent that there is sufficient credit in the Reserve Account; or
- (c) partly under (a) above and partly under (b) above.

(2) Expenses to be met by the Employer

The Administrative Expenses and Investment Expenses relating to an Employer's participation in the Scheme (or any part thereof) as notified to the Employer by the Trustee shall be payable by the Employer.

If the Employer fails to pay any expenses within a reasonable period, the Trustee may instead meet them in accordance with Rule 4.5(1) above.

(3) Deduction within the Nominated Funds

A deduction for Investment Expenses may occur within the Nominated Funds and the determination of the unit prices referred to in Rule 4.2(2) may recognise any such deduction.

(4) Rebate of Investment Charges

Where Investment Expenses are borne out of Members' Personal Retirement Accounts, any rebate of investment management charges received by the Trustee from the Investment Manager shall be credited to Members' Personal Retirement Accounts in such proportions or varying proportions and on such basis as the Trustee may from time to time determine.

**RULE 5**  
**BENEFITS**

**5.1 RETIREMENT BENEFITS**

- (1) Member's Benefits
  - (a) When a Member becomes entitled to claim benefits, the Trustee must use the Member's Personal Retirement Account to provide the benefits for and in respect of the Member.
  - (b) The Member's Personal Retirement Account shall be applied in such one or more optional forms as set out in Rule 5.1(2) (and subject to that Rule) as chosen by the Member.
- (2) Member's options
  - (a) Subject to (d) below, the optional form of benefit available to a Member shall be:
    - (i) a lump sum payment;
    - (ii) a pension payable to the Member;
    - (iii) a contingent pension payable to one or more of a Member's Eligible Dependants following the Member's death;
    - (iv) a guarantee that the whole or part of a pension payable to or in respect of a Member will increase at such rate as the Member selects;
    - (v) a guarantee that a pension payable to the Member is guaranteed to be paid for an agreed period notwithstanding the Member's death before such guarantee period has expired;
    - (vi) the Drawdown Option in accordance with Rule 5.8; and
    - (vii) such other options as the Trustee determines.
  - (b) A Member may not choose any option under (i) to (vii) above where payment of such a benefit would be an Unauthorised Payment unless the Trustee agrees otherwise.
  - (c) A Member must give notice to the Trustee of his or her chosen options in such form and within such period as the Trustee from time to time determines.
  - (d) The above options shall be offered at the discretion of the Trustee (who may add, amend or withdraw options in its sole discretion) and the exercise of any one or more of the above options shall be subject to such terms and

conditions, if any, as the Trustee may impose from time to time. Without restricting the generality of the foregoing, such terms and conditions may impose such restrictions as the Trustee believes is necessary for the purpose of ensuring that any residual pension payable to or in respect of the Member is capable of being purchased from an Insurance Company.

(3) Members who do not choose any options

If the Trustee does not receive a properly completed notice from the Member in accordance with (2) above within such period as it prescribes, then the Trustee shall defer provision of the Member's benefits until such time as the Member does provide a properly completed notice or, at the option of the Trustee, may use the Member's Personal Retirement Account to provide such benefits for and in respect of the Member as it determines. Such benefits will be subject to such terms and conditions as the Trustee shall decide.

(4) Lifetime Allowance

A Member's benefits will not start before age 75 unless the Member has provided evidence to the satisfaction of the Trustee of the amount of Lifetime Allowance that is available to him or her (if any). If a Member whose benefits have not started reaches age 75, and the Trustee is unable to verify the amount of Lifetime Allowance available to the Member, the Trustee will (unless it decides otherwise) treat the Member as if he or she had no Lifetime Allowance available. The Trustee will deduct the Lifetime Allowance Charge from the Member's Personal Retirement Account and will account to HMRC for the tax due.

## **5.2 NORMAL RETIREMENT**

A Member who leaves Pensionable Service at Target Retirement Date shall be entitled to claim benefits in accordance with Rule 5.1.

## **5.3 EARLY RETIREMENT**

If a Member leaves Pensionable Service:

- (a) having reached Minimum Pension Age; or
- (b) at any age on the grounds of Incapacity provided the Ill-health Condition is met

but in either case before Target Retirement Date he or she may elect to receive benefits in accordance with Rule 5.1, beginning immediately.

## **5.4 LATE RETIREMENT**

If a Member remains in Pensionable Service after Target Retirement Date, he or she will be entitled to claim benefits in accordance with Rule 5.1 on the date he or she leaves Pensionable Service, or subject to Rule 5.1(3) above, may defer claiming benefits until such later date as he or she chooses.



## **5.5 EARLY LEAVERS LEAVING SERVICE WITH VESTED BENEFITS**

- (1) If a Member ceases to be an Active Member before Target Retirement Date without immediately becoming entitled to benefits under Rule 5.3 and where Rules 2.3(2) and 2.3(3) do not apply or if the Trustee has received a transfer payment from a Personal Pension Scheme into the Scheme in respect of him or her then, unless the Member exercises a right to transfer the cash equivalent of his or her accrued benefits, the Member shall be entitled to claim benefits at his or her Target Retirement Date in accordance with Rule 5.1.
- (2) The Trustee will, if the Member so chooses, use the Member's Balance to provide benefits at a different time in accordance with Rule 5.1 but this must not be before the date the Member reaches Minimum Pension Age (unless the Trustee is satisfied the Member is suffering from Incapacity and the Ill-health Condition is met).
- (3) This Rule 5.5 shall also apply to the benefits of a Member who transfers into the Scheme under Rule 7.1 as a Deferred Member, unless the Trustee exercises the discretion in Rule 7.1(2) to decide that other money purchase benefits and/or terms are appropriate, in which case those benefits and/or terms shall apply.

## **5.6 FLEXIBLE AND PARTIAL BENEFITS**

Subject to Trustee consent and to such conditions as the Trustee determines from time to time:

- (a) a Member who claims benefits in accordance with the Rules may choose to apply only part of his or her Personal Retirement Account to provide benefits in accordance with Rule 5.1, and may postpone applying the remainder of his or her Personal Retirement Account to such later date or dates as he or she chooses; and
- (b) a Member may elect to apply some or all of his or her Personal Retirement Account to provide benefits while he or she remains in Pensionable Service, provided he or she has reached Minimum Pension Age.

## **5.7 TRIVIALITY AND SERIOUS ILL- HEALTH (COMMUTATION)**

- (1) The Trustee may commute the whole of a Member's benefit under the Scheme (including any pension or other benefits prospectively payable on the Member's death) in return for the payment of a lump sum if the payment would not be an Unauthorised Payment. The Trustee may make such payment without the Member's consent.
- (2) Where, on the date his or her pension would otherwise commence, a Member is in the opinion of the Trustee, in exceptional circumstances of serious ill-health, the Trustee may (subject to the consent of the Member and satisfaction of the conditions set out in paragraph 4 of Schedule 29 to the FA 2004) pay the Member all or part of his or her Personal Retirement Account as a lump sum.
- (3) The Trustee may, with the Member's consent, pay any part of the Member's benefits that are subject to a Lifetime Allowance Charge in the form of a lump sum that satisfies the conditions set out in paragraph 11 of Schedule 29 to the FA 2004.

- (4) The amount of the lump sum payable under any of Rule 5.7(1) to (3) above shall be determined by the Trustee.

#### **5.8 DRAWDOWN OPTION**

- (1) The Trustee may offer a Member who is entitled to claim benefits under this Rule 5, the option to drawdown some or all of his or her benefits from his or her Personal Retirement Account (the "Drawdown Option").
- (2) The Trustee will offer and administer the Drawdown Option on such terms as it decides from time to time, either generally or in any individual case. The Trustee may adopt a policy or policies for offering and administering the Drawdown Option in accordance with this Rule 5.8 and the FA 2004.
- (3) A Member who has chosen the Drawdown Option with respect to some or all of his or her benefits shall be entitled to drawdown on such terms as have been determined and communicated to the Member under (2) above.
- (4) A Member who has chosen the Drawdown Option and dies subsequently at a time when he or she has not drawn down all his or her benefits under the Scheme shall be treated as a Deferred Member for the purposes of Rule 6 in respect of any benefits which are retained in the Scheme.

#### **5.9 BENEFITS: METHOD OF PAYMENT**

The benefits payable under this Rule 5 shall (unless otherwise provided in this Rule) be paid or secured as described in Rule 9.1.

## **RULE 6**

### **DEATH BENEFITS**

#### **6.1 DEATH BEFORE TAKING BENEFITS**

If an Active Member or a Deferred Member dies, the Trustee shall hold on the Discretionary Trusts in Rule 9.4 an amount equal to the value of the Member's Personal Retirement Account. Rule 13.4 shall apply to the Member's Personal Retirement Account pending application of the amount under this Rule in accordance with the Discretionary Trusts.

#### **6.2 MEMBER'S PERSONAL RETIREMENT ACCOUNT EXTINGUISHED**

If any benefits are payable in respect of a Member under this Rule 6, the Member's Personal Retirement Account will be extinguished and to the extent that such Personal Retirement Account is not applied to provide benefits under this Rule, the remaining balance will be transferred to (or, as the case may be, retained in) the Reserve Account.

## **RULE 7**

### **NON-STANDARD BENEFITS**

#### **7.1 TRANSFER-IN**

- (1) The Trustee may accept into the Scheme a transfer in respect of a person from another Registered Scheme, Qualifying Overseas Scheme or other pension scheme (the "Transferring Scheme") either on an individual or bulk transfer basis. If a person in respect of whom a transfer into the Scheme is accepted is not already a Member, he or she shall become a Member.
- (2) In consideration of a transfer referred to in (1) above, money purchase benefits will be provided in accordance with the provisions of the Trust Deed and Rules, unless the Trustee decides otherwise, in which case such money purchase benefits will be provided as the Trustee decides are appropriate and on such terms as the Trustee decides are appropriate. Such terms may be set out in a Benefit Specification.
- (3) The Trustee will ascertain from the trustees or managers of the Transferring Scheme the period of service in the Transferring Scheme which is qualifying service in that scheme.

#### **7.2 FAMILY LEAVE**

- (1) The Trustee shall administer the Scheme in respect of an Active Member during Family Leave in accordance with relevant requirements of Part VIII of the Employment Rights Act 1996 and the Equality Act 2010.
- (2) If the Active Member does not return to work after the period of Family Leave, he or she shall be deemed to have ceased to be an Active Member on a date determined by the Employer and notified to the Trustee. That date shall not be earlier than the end of the Paid Family Leave.
- (3) If the Member ceases to be an Active Member and later returns to work, periods of Pensionable Service before, during and after the Family Leave shall be treated as continuous.

#### **7.3 OTHER ABSENCES**

- (1) This Rule applies where an Active Member is for the time being Absent, if (when the Absence started) Rule 7.2 does not apply.
- (2) The provisions specified in the relevant Benefit Specification (if any) will apply to a Member during Absence.

#### **7.4 AUGMENTATION AND PROVISION OF NEW BENEFITS**

A Participating Employer may, with the consent of the Trustee, at any time elect to pay -

- (a) additional contributions to be credited to a Member's Personal Retirement Account; and/or

- (b) additional contributions to be credited to the Reserve Account, to be held according to Rule 4.3.

## **7.5 QUALIFYING SERVICE**

- (1) If a Member:
  - (a) is prospectively entitled at Target Retirement Date to increased benefits because of "supplementary credits" (as defined in section 75 of the PSA 1993); and
  - (b) leaves Service before Target Retirement Date entitled to Short Service Benefit,

his or her Short Service Benefit must include a due proportion of all the supplementary credits to the extent required under that section 75.

- (2) The Trustee may make any determination it thinks necessary for ensuring that the Scheme complies with the Preservation Requirements. The provisions of such determination will override any provision of the Rules to the extent that they are inconsistent.

## **7.6 SEX EQUALITY AND NON-DISCRIMINATION RULES**

The Rules will be treated as including a sex equality rule, as described in section 67 of the Equality Act 2010 and a non-discrimination rule, as described in section 61 of the Equality Act 2010 and a maternity equality rule, as described in section 75 of the Equality Act 2010.

## **RULE 8**

### **DIVORCE**

#### **8.1 PENSION EARMARKING**

- (1) If the Trustee is required by an Earmarking Order to pay to a Member's Former Spouse:
  - (a) all or part of:
    - (i) the Member's Personal Retirement Account; or
    - (ii) any cash sum which the Member elects to commute

the Trustee shall make those payments and the amount payable to the Member shall be reduced by those amounts;
  - (b) all or part of any cash sum payable on the death of the Member in accordance with Rule 6, the Trustee shall exercise its powers under that Rule to give effect to the Earmarking Order and the rights of other persons shall be adjusted appropriately.
- (2) Whilst an Earmarking Order is in place in respect of a Member, the Trustee shall give any notices required by the 1973 Act on the transfer (or certain other applications) of the Member's Personal Retirement Account or any change of circumstances relevant to the Earmarking Order.
- (3) An Earmarking Order shall not have the effect of terminating the Member's interest in accordance with Rule 9.4.

#### **8.2 PENSION SHARING – IMPLEMENTING A PENSION SHARING ORDER**

- (1) If a Pension Sharing Order is made in respect of a Member's or Ex-Spouse Participant's benefits, the Trustee shall reduce those benefits by the amount of the Pension Debit and provide the Ex-Spouse with a Pension Credit.
- (2) The Trustee shall discharge its liability in respect of the Pension Credit by:
  - (a) transferring the Pension Credit to another pension arrangement; or
  - (b) admitting the Ex-Spouse to participation in the Scheme as an Ex-Spouse Participant, on the terms set out in Rule 8.3 below;

in each case with the Ex-Spouse's consent (subject to (4) below) and in accordance with Schedule 5 of the 1999 Act (method of discharging Pension Credits).
- (3) Participation in the Scheme pursuant to (2)(b) above may be restricted to such individuals or categories of individuals, or be permitted in such circumstances, as the Trustee may from time to time determine.

- (4) If the Ex-Spouse fails to give his or her consent under (2) above, the Trustee may nevertheless make a transfer, or grant participation in the Scheme, under (2)(a) or (b) (as appropriate) in the circumstances permitted by Schedule 5 of the 1999 Act. Subject to section 33 of the PA 1995 (investment powers: duty of care), the Trustee shall not be liable for any resulting loss whatsoever which may be suffered by the Ex-Spouse.
- (5) Rule 9.5 is amended to permit the assignment of part or all of the Member's or any Ex-Spouse Participant's benefits or rights to benefits under the Scheme to his/her Ex-Spouse to the extent necessary to comply with a Pension Sharing Order.

### **8.3 PENSION SHARING – EX-SPOUSE PARTICIPANTS**

- (1) This Rule applies to:
  - (a) Ex-Spouse Participants admitted to the Scheme pursuant to Rule 8.2(2)(b) above; and
  - (b) Members or Ex-Spouse Participants who acquire the status of Ex-Spouse Participants by virtue of Rule 8.4 (transferred-in Pension Credit Benefits) but only in respect of such Pension Credit Benefits.
- (2) The Pension Credit Benefits to be provided for an Ex-Spouse Participant shall be in such form and payable on such terms as the Trustee determines.
- (3) Any Pension Credit Benefits under the Scheme shall be treated as provided separately from any benefits provided under the Scheme for the same person as a Member or as the dependant of a Member or former Member.
  - (a) The Ex-Spouse Participant may request that the Trustee arranges a transfer of his/her Pension Credit Rights to:
    - (i) another Registered Scheme; or
    - (ii) a Qualifying Overseas Scheme.
  - (b) If the Ex-Spouse Participant is also a Member of the Scheme:
    - (i) the transfer of Pension Credit Rights will only be permitted if the Ex-Spouse Participant also requests a transfer of his or her other Scheme benefits under Rule 10.1 or 10.2; and
    - (ii) a transfer of the Ex-Spouse Participant's other Scheme benefits under Rule 10.1 or 10.2 will only be permitted if he or she also requests a transfer of his or her Pension Credit Rights.
  - (c) The Trustee must confirm to the receiving scheme or arrangement, that a transfer value consists wholly or partly of Pension Credit Rights for the benefit of an Ex-Spouse Participant.
- (5) At the point the pension becomes payable, the Ex-Spouse Participant may request that the Trustee arranges for the purchase of an annuity from an Insurance Company

of his or her choice and if such a request is made, the Trustee shall be obliged to comply with it.

#### **8.4 PENSION SHARING – IMPACT ON MEMBERS**

- (1) Where:
  - (a) the Trustee accepts a transfer payment for a person who is already a Member of the Scheme; and
  - (b) is informed by the transferor scheme or arrangement that the transfer value consists wholly or partly of Pension Credit Rights;

the Trustee must separately identify the transfer payment, or the part of the transfer payment, relating to the Pension Credit Rights from the person's other benefits in the Scheme. Furthermore the provisions of Rule 8.3(2) above will apply in respect of the transferred-in Pension Credit Rights.

- (2) The Member will then acquire the status of an Ex-Spouse Participant in the Scheme in relation to his or her transferred-in Pension Credit Benefit.

#### **8.5 PENSION SHARING – DEATH OF AN EX-SPOUSE BEFORE PENSION SHARING ORDER IS IMPLEMENTED**

- (1) If an Ex-Spouse dies after a Pension Sharing Order is made but before the Trustee has discharged its liability in accordance with Rule 8.2 above, the Trustee may, in its absolute discretion, pay a lump sum death benefit pursuant to Rule 9.3, as though the Ex-Spouse were a Member.
- (2) The amount of the lump sum shall be determined by the Trustee.
- (3) If the Trustee so determines, any balance (or if no lump sum death benefit is paid under this rule, the whole) of the amount which would have comprised the Ex-Spouse's Pension Credit (or part of it) may be used to provide a pension to a dependant of the Ex-Spouse provided in accordance with Rule 9.1.
- (4) If no lump sum death benefit or dependant's pension is paid under this Rule, an amount equal to the amount which would have comprised the Ex-Spouse's Pension Credit will fall back into the Fund and be allocated to the Reserve Account.
- (5) To the extent that the amount (or aggregate amount) of any lump sum death benefit and/or dependant's pension paid under this Rule is less than the amount which would have comprised the Ex-Spouse's Pension Credit, the balance will transfer to the Reserve Account.

#### **8.6 PENSION SHARING – CHARGES**

The Trustee shall be entitled to charge the Member and/or Ex-Spouse for the provision of information in connection with, and the implementation of, a Pension Sharing Order. Such charges shall comply with section 41 of the 1999 Act and regulations made under it.



## **RULE 9**

### **PAYMENT OF BENEFITS**

#### **9.1 PAYMENT OF BENEFITS AND PURCHASE OF ANNUITIES**

- (1) Any pension payable under the Scheme (which, for the avoidance of doubt, does not include the Drawdown Option) must be provided by the purchase of an annuity or other policy (in a form which would be consistent with the Scheme's Registered Status) from an Insurance Company in the name of the recipient of the pension.
- (2) The Member may select a particular Insurance Company to provide the pension by notice in writing to the Trustee. Such notice must be received by the Trustee within such period as the Trustee determines. If the Trustee does not receive a properly completed notice within the period determined, the Trustee may, having taken advice from a financial advisor, (such cost to be deducted from the Member's Personal Retirement Account) select an Insurance Company on the Member's behalf.
- (3) Where a policy is purchased, assigned or otherwise provided in accordance with this Rule 9.1:
  - (a) the benefits in substitution for which the benefits under the policy are being provided shall cease to be payable under the Scheme;
  - (b) the persons to whom those benefits would otherwise have been payable shall cease to have any rights under the Scheme to those benefits; and
  - (c) no rights under the Scheme shall arise in respect of the benefits to be provided under the policy.
- (4) In the event a Member chooses the Drawdown Option, Rule 5.8 shall apply.

#### **9.2 INCAPABLE BENEFICIARIES**

- (1) If the Trustee considers that a beneficiary is a minor or is incapable of acting (because of the individual's mental disorder, illness or otherwise) it may:
  - (a) exercise any option or give any notice under the Rules on behalf of the individual;
  - (b) apply, for his or her benefit, any benefit due to the individual;
  - (c) pay the benefit in (b) above to some other person for that person to apply for the individual's benefit. The other person's receipt will be a full discharge to the Trustee, who may (but need not) oversee the application of the payment; or
  - (d) to the extent that the benefit is not applied under (b) or (c) hold that amount until the person is again able to act, or for his or her estate, as the case may be.

- (2) The Trustee may, for the purposes of this Rule, accept as conclusive evidence a qualified medical practitioner's certificate regarding an individual's mental or physical capacity.

### **9.3 PAYMENT OF BENEFITS FROM THE SCHEME**

- (1) Where benefits are to be paid from the Scheme, the Trustee shall pay benefits in such manner and at such times as it decides. In particular:
- (a) the payment of any benefit or any part of it by direct transfer to any bank or building society or other account last notified by the beneficiary to the Trustee shall be a complete discharge to the Trustee of the obligation to pay that benefit or that part of that benefit (whether or not the beneficiary actually receives the payment);
  - (b) where any payment of any benefit or any part of it is made by cheque, the posting of that cheque to the beneficiary in a postage paid envelope addressed to the beneficiary at the last address of the beneficiary held in the Trustee's or in its paying agents' records shall be a complete discharge to the Trustee of the obligation to pay that benefit or that part of that benefit so long as the cheque is met on presentation (whether or not the beneficiary actually received the payment);
  - (c) no interest shall be payable on any payment due from the Scheme which is paid after its due date unless the Trustee otherwise determines; and
  - (d) the Trustee may adjust the amounts of benefits in any manner so as to avoid fractional amounts or otherwise facilitate computation or payment.

### **9.4 "DISCRETIONARY TRUSTS"**

- (1) Any cash sum payable on the death of a Member shall be held by the Trustee with power (to be exercised, if at all, within twenty-four Months of the later of the Member's death and the Trustee being notified of the death) to do all or any of the following:
- (a) to pay all or any part of the sum to any one or more of the following persons:
    - (i) the Named Class; or
    - (ii) the persons entitled under his or her will to any interest in the estate.
  - (b) to determine all or any part of the sum will be held upon trust for any one or more of the persons referred to in (a) above, on such trusts (including discretionary trusts) with such powers and provisions as the Trustee thinks appropriate; or
  - (c) to pay all or any part of the sum to the deceased's personal representatives, to be held by them as an accretion to his or her residuary estate for all purposes.
- (2) If and to the extent that the Trustee does not exercise its power under (1) above, it will hold the cash sum upon trust for the person or persons (other than the Crown, the Duchy of Lancaster or the Duke of Cornwall for the time being) who, under the

Administration of Estates Act 1925, would have become entitled to the deceased's residuary estate if he or she had died wholly intestate, solvent and domiciled in England. Those persons will take, if more than one, in the shares and in the events specified by that Act and on the footing that the property falling to be dealt with under this sub-Rule comprises the entire residuary estate of the deceased.

- (3) If the Trustee does not apply the cash sum under (1) or (2) above, the Trustee must pay the amount unpaid or unapplied to the personal representatives of the Member unless such payment would result in the said sum vesting in the creditors of the Member or in the Crown, the Duchy of Lancaster or the Duke of Cornwall as bona vacantia, in which case the Trustee must transfer it to (or, as the case may be, retain it in) the Reserve Account referable to the deceased Member's former Employer.
- (4) The Trustee, when exercising any power or discretion under this Rule 9.4, is not obliged to enquire or take into consideration any potential beneficiary other than one whose existence and claims to be considered are expressly brought to the Trustee's notice.
- (5) The Trustee may exercise its power under (1) above by paying the cash sum (or a part of it) to the trustees of any settlement (so as to become subject to the trusts of that settlement), which contains trusts for the benefit of all or any of the persons specified in (1) above (whether or not it contains trusts for the benefit of other persons).
- (6) The Trustee may exercise its power under (1) above by purchasing an annuity under Rule 9.1 for any one or more of the persons referred to in Rule 9.4(1).
- (7) The Trustee may appoint separate trustees of any trust arising under this Rule. Any such appointment may provide that:
  - (a) the power of appointing new or additional trustees of the trust will be vested in such persons as may be specified;
  - (b) the power of investment applicable to the Fund will be varied or not varied in its application to the trust.
- (8) The Trustee, or any separate trustees of any trust arising under this Rule, shall be entitled to the payment out of the property subject to that trust of:
  - (a) all costs, charges and expenses incurred by them in the execution of that trust; and
  - (b) such reasonable remuneration for their services as trustees of the trust as (in the case of the Trustee) is provided by the Rules and (in the case of separate trustees) is determined by the Trustee on the appointment of those separate trustees.

## **9.5 BENEFITS NOT ASSIGNABLE**

- (1) If:
  - (a) a beneficiary attempts to assign or charge his or her entitlement or prospective entitlement under the Scheme, or if an event occurs by which the

entitlement or prospective entitlement would (but for this Rule) become payable to some other person, or

- (b) a bankruptcy order is made against the beneficiary (subject to the Welfare Reform and Pensions Act 1999)

the beneficiary's entitlement or prospective entitlement under the Scheme will cease to be payable. The Trustee may pay or apply (in such proportions as it decides) an amount equivalent to any sum which would otherwise have been payable to or in respect of the beneficiary to or for the benefit of:

- (i) the beneficiary;
  - (ii) his or her Spouse or issue;
  - (iii) any person financially dependent on the beneficiary.
- (2) Any amount applied under (1) above may be in pension and/or lump sum form to the extent that the Trustee will have the same options as to its form as the beneficiary would have had but for the termination of his or her interest.
  - (3) Notwithstanding (1) above:
    - (a) no payment will be made to an assignee or chargee by virtue of the attempted assignment or charge;
    - (b) the cessation of payment of the benefit will, in determining entitlement to or the amount of any other pension, be treated as not having occurred.
  - (4) This Rule is subject to sections 91 to 94 of the PA 1995.

## **9.6 LIEN**

- (1) When, as a result of a criminal, negligent, or fraudulent act or omission or a payment made in error in respect of his or her pension, a Member (or his or her estate) is liable to the Scheme or to a Participating Employer for the payment of any sum, the benefits payable or prospectively payable under the Scheme to or in respect of the Member will stand charged with the payment of that sum.
- (2) In relation to such a sum:
  - (a) the Trustee will, if so requested by the Participating Employer, forfeit so much of the benefits payable under the Scheme to or in respect of the Member as the Trustee determines provided that the benefits so forfeited shall not have a value greater than the amount outstanding to the Employer;
  - (b) following any such forfeiture an amount not exceeding the amount forfeited shall be retained in the Scheme and transferred to the Reserve Account, unless the Trustee determines that such amount shall be paid to the Participating Employer.
- (3) This Rule will not apply to Transfer Credits where this exclusion is required under section 91 of the PA 1995 and has not been exempted by regulations made under that section.

- (4) Benefits arising on or after a Member's death shall only be subject to this Rule to the extent permissible under sections 91 and 93 of the PA 1995.
- (5) A charge must not be exercised and a forfeiture shall not take effect unless:
  - (a) the Member has been notified in writing of the amount recoverable and its effect on his or her benefit entitlement; and
  - (b) the liability has become enforceable under a court order or the award of an arbitrator, if the Member disputes it.
- (6) The Trustee shall not be liable under this Rule in respect of a charge or lien of which it is not aware.
- (7) A charge or forfeiture under this Rule shall not have effect as an event giving rise to the termination of any interest under Rule 9.5.
- (8) This Rule is subject to sections 91 to 94 of the PA 1995.

#### **9.7 BENEFITS NOT CLAIMED**

- (1) A cash sum benefit ceases to be payable 6 years after it has fallen due under the Rules of the Scheme, if the reason for its non-payment is the failure of any person to make any claim and the lack of any knowledge by the Trustee of the existence or continued existence or whereabouts of any person or of any relevant fact.
- (2) The provisions of (1) above are without prejudice to the right of the Trustee to pay any such benefit, or any part of it, if it thinks fit to do so. No interest will be added on any such payment, unless the Trustee decides otherwise.

#### **9.8 TAX**

- (1) The Trustee may deduct from any payment under the Scheme a sum not exceeding the amount of any tax, charge or duty payable by it (or, if the Trustee is not the Scheme Administrator for the purposes of the FA 2004, by the Scheme Administrator) in respect or in consequence of that payment.
- (2) If any liability for inheritance tax or any other fiscal imposition arises in respect of any benefit under the Scheme, the Trustee may apply the benefit in whole or in part in the payment of such tax (including any interest due) and deduct the amount so paid from the benefit or postpone the payment of the benefit until the liability has been met or provision made for it to its satisfaction.
- (3) If the Trustee is liable to pay a Lifetime Allowance Charge it may recover the cost of that Lifetime Allowance Charge by reducing the benefits otherwise payable to or in respect of the Member. Where benefits are to be reduced the Trustee will account for any Lifetime Allowance Charge to HMRC.
- (4) The Trustee may (provided it is satisfied that all applicable conditions are met) make any payment from the Scheme that is an authorised payment for the purposes of the FA 2004 by virtue of Part 3 (Pension Errors), or Part 4 (Lump Sum Errors) of the Registered Pension Schemes (Authorised Payments) Regulations 2009.

- (5) The Trustee (or anyone acting on behalf of the Trustee) shall not be liable for the consequences (including as to tax) of any Relevant Benefit Accrual that occurs in the making of another arrangement under the Scheme as is referred to in paragraph 12(2)(c) of Schedule 36 to the FA 2004 or of any action or omission which results in paragraph 14 of Schedule 18 to the Finance Act 2011 or paragraph 1 of Schedule 22 of the Finance Act 2013 ceasing to apply to an individual.
- (6) Where the Trustee is required to satisfy all or part of a Member's liability to the annual allowance charge (as defined for the purposes of the FA 2004), or where the Trustee is not so required but agrees to do so on a voluntary basis, the Trustee will make a consequential adjustment to the entitlement of the Member to benefits under the Scheme (or, to the extent permitted by law, to benefits in respect of the Member) on a basis that is just and reasonable having regard to normal actuarial practice.

#### **9.9 PRODUCTION OF INFORMATION**

- (1) Payment of any pension or other benefit under the Scheme is subject to the production to the Trustee of such relevant information and evidence as it may require.
- (2) If any person shall make any mis-statement as to the matters referred to in (1) above, the Trustee on discovering the mistake shall have power to make such arrangements as it considers just by way of adjustment or cancellation of any benefit.

#### **9.10 NO CLAIMS EXCEPT IN ACCORDANCE WITH THE SCHEME**

No person will have any claim right or interest under the Scheme or any claim against the Trustee except under and in accordance with the Trust Deed and the Rules.

#### **9.11 RELATIONSHIP TO CONTRACT OF EMPLOYMENT**

- (1) Nothing in this Trust Deed and Rules shall restrict the right of an Employer to terminate the Service of an Employee or shall be used in aggravation of damages in any action in respect of the termination of his or her employment.
- (2) Nothing in this Trust Deed and Rules shall be construed as imposing upon an Employer a contractual obligation as between the Employer and an Employee (or the Trustee) to contribute or continue to contribute to the Fund.

## **RULE 10**

### **TRANSFERS OUT AND BUY-OUTS**

#### **10.1 MEMBERS' STATUTORY RIGHTS**

- (1) Certain Members have a statutory right (under Part IV of Chapter IV of the PSA 1993) to require the Trustee to use the cash equivalent of their accrued benefits to:
  - (a) acquire rights under another occupational pension scheme or under a Personal Pension Scheme;
  - (b) purchase one or more "buy-out" annuities or policies with one or more insurance companies.
- (2) The Trustee will, to the extent that it is obliged to do so under statute, comply with a Member's requirement as to the use of his or her cash equivalent.

#### **10.2 TRANSFER OUT**

- (1) The Trustee may subject to (2) below transfer all or such part of the Fund as it thinks fit to the trustees or managers of a Receiving Scheme, in exchange for the provision of benefits under the Receiving Scheme for a person or persons in place of part or all of the benefits to which they were entitled (or contingently or prospectively entitled) under the Scheme. Subject to (2) below, a transfer may be made without the person or person's consent.
- (2) The Trustee must be satisfied that any legal requirements for it to make a transfer under (1) above are met and if a Member is entitled to Short Service Benefit, a transfer to another occupational pension scheme may be made without his or her consent only in the circumstances and subject to the conditions prescribed by regulation 12 of The Occupational Pension Schemes (Preservation of Benefit) Regulations 1991.
- (3) The Trustee may enter into an agreement with the trustees or managers of a Receiving Scheme to transfer under (1) above at a future date. The agreement may include whatever provisions the Trustee thinks appropriate.
- (4) Once the transfer has been completed then (except to the extent (if any) that the terms of transfer provide to the contrary):
  - (a) the person or persons in respect of whom it has been made will have no entitlement under the Scheme (except where the transfer is a partial transfer in respect of a person, in which case he or she will have no entitlement under the Scheme in respect of the part of his or her benefits to which the transfer related); and
  - (b) the receipt by the trustees or managers of the Receiving Scheme will be a complete discharge to the Trustee in respect of that person or persons (except where the transfer is a partial transfer in respect of a person, in which

case the discharge will relate only to the part of his or her benefits to which the transfer related); and

- (c) the Trustee will not be under any obligation to oversee the application of the transfer.

### **10.3 BUY-OUT**

- (1) If a Member does not have the statutory right referred to in Rule 10.1 above, or has it but has not exercised it, the Trustee may, provided it is satisfied any applicable legal requirements are met, apply a cash sum equivalent to the whole or part of a Member's Personal Retirement Account to purchase one or more "buy-out" annuities or policies with one or more Insurance Companies.
- (2) Any insurance policy or annuity contract effected under (1) above must comply with any applicable requirements of HMRC and the Preservation Requirements. In particular:
  - (a) it must provide only authorised pension or lump sum benefits and contain any other provisions (relating to non-assignment, maximum lump sum benefits, or any other matter) required by HMRC;
  - (b) the Trustee must be reasonably satisfied that the payment made to the Insurance Company at least equals the value of the benefits that would otherwise have been provided under the Scheme; and
  - (c) the Trustee may only exercise its buy-out power without the request or consent of a Deferred Member in the circumstances permitted by legislation.
- (3) Once the purchase has been completed then (unless the terms of purchase provide to the contrary):
  - (a) the person or persons in respect of whom it has been made will have no entitlement under the Scheme (except where a cash sum equivalent to only part of the Member's Personal Retirement Account has been applied, in which case the person or persons will have no entitlement under the Scheme in respect of that part of the Member's Personal Retirement Account);
  - (b) the receipt by the Insurance Company will be a complete discharge to the Trustee in respect of that person or persons (except where a cash sum equivalent to only part of the Member's Personal Retirement Account has been paid to the Insurance Company, in which case the discharge will relate only to that part of the Member's Personal Retirement Account); and
  - (c) the Trustee will not be under any liability to oversee the performance by the Insurance Company of its obligation under the policy or contract.



## **RULE 11**

### **TRUSTEE - APPOINTMENT AND CONDUCT**

#### **11.1 GENERAL**

Part III of the Trustee Act 1925 also applies in this Rule 11 as if the references in it to a trust corporation were replaced by references to a body corporate having power to act as a trustee of the Scheme.

#### **11.2 APPOINTMENT AND REMOVAL OF TRUSTEES**

- (1) Subject to (2) below, the Trustee may:
  - (a) by deed, appoint (in place of or in addition to the Trustee for the time being) a corporate trustee (which may include a limited liability partnership) and/or individual trustees;
  - (b) by deed, remove the Trustee or any other trustee.
- (2) A Trustee may retire from the trusts of the Scheme by:
  - (a) giving at least three Months' notice to any remaining Trustee (or such lesser notice as any remaining Trustee agrees); and
  - (b) executing such documents and doing such things as may be necessary.
- (3) Unless there is a sole corporate trustee (which may include a limited liability partnership), there shall be no fewer than four trustees and no more than eight trustees. The Trustee may continue to act notwithstanding any casual or temporary vacancy in number (or if there is a vacancy in the required number of Member-Nominated Trustees or Employer-Nominated Trustees).
- (4) Unless there is a sole corporate trustee (which may include a limited liability partnership), the Trustee will appoint a trustee to be Chair of Trustees and a trustee to be Vice Chair. The roles will be filled by one Member-Nominated Trustee and one Employer-Nominated Trustee, as decided by the Trustee from time to time. The Trustees may terminate the appointment of Chair of Trustees and Vice Chair at any time.
- (5) At all times a majority of Trustees (or trustee directors, as applicable) will be non-affiliated for the purposes of Regulation 27 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 and will be appointed via an open and transparent process as determined by the Trustee from time to time.
- (6) Sections 241 and 242 of the PA 2004 regarding the appointment of member-nominated trustees and member-nominated directors apply to the Scheme save that one-half of the total number of trustees or trustee directors will be member-nominated trustees or member-nominated trustee directors, as relevant (a "Member-Nominated Trustee"). A person who is not a member of the Scheme can qualify for selection as a Member-Nominated Trustee. A Participating Employer will not require that it is to approve the eligibility for selection of a non-member as a Member-Nominated Trustee.

- (7) One-half of the total number of trustees or trustee directors will be employer-nominated trustees or employer-nominated trustee directors ("Employer-Nominated Trustees"). Employer-Nominated Trustees will be nominated and selected through a process determined by the Trustee from time to time.

### **11.3 REMUNERATION OF TRUSTEES**

- (1) The Trustee (including a director of a corporate trustee) may charge and be paid such remuneration for its services and may claim such expenses as are reasonable. Such remuneration and expenses will be payable as an expense of the Scheme under Rule 4.5.
- (2) Where a Trustee (including a director of a corporate trustee) is a person engaged in any profession or business, he or she may charge and be paid all usual professional, business and other charges for work done and time spent by him or her or his or her firm in connection with the Scheme whether in the ordinary course of a profession or business or not and including acts which a Trustee who is not in any profession or business could have done personally.

### **11.4 RECORDS OF TRUSTEES' PROCEEDINGS**

- (1) The Trustee will keep minutes of all its proceedings and records of all its resolutions and any other decisions taken.
- (2) Any minute, if signed by the person who presided over the meeting at which the proceeding took place or who presides over the next following meeting, will be sufficient evidence of the matters to which it relates.
- (3) This Rule shall be subject to the provisions of the PA 1995.

### **11.5 TRUSTEE'S PROCEEDINGS**

- (1) Where a corporate trustee (which may include a limited liability partnership) is the sole Trustee of the Scheme, it shall regulate its proceedings in accordance with its articles of association (or other governing document) and its decisions, properly taken in accordance with its articles (or other governing document), shall constitute decisions of the Trustee.
- (2) Otherwise, the following provisions shall apply:
  - (a) the quorum necessary for the transaction of the business of the Trustee shall be four, at least two of whom shall be Member-Nominated Trustees and at least two of whom shall be Employer-Nominated Trustees.
  - (b) a Trustee may participate in a meeting by means of the telephone, a video link or any other interactive media and participation by such means shall constitute presence in person at such a meeting;
  - (c) Questions arising at a meeting will be decided by, and no resolution shall be carried unless by a majority of votes of the Member-Nominated Trustees and a majority of votes of the Employer-Nominated Trustees present in person. In the case of an equality of votes, neither the Chair of Trustees nor the Vice Chair will have a second or casting vote. In the case where there

is a simple majority of votes in favour of a stated proposed decision or resolution but not a majority of votes of the Member-Nominated Trustees and the Employer-Nominated Trustees, the Chair may propose that there is a further round of voting on the same matter after a period of time specified by the Chair. If there is then a simple majority of votes in favour of a stated proposed decision or resolution but not a majority of votes of the Member-Nominated Trustees and the Employer Nominated Trustees then the Chair may propose a final vote on the same matter after a period of time specified by the Chair which will be decided or carried if there is then a simple majority of Trustees in favour.

- (d) a resolution in writing signed by a majority of Trustees and also by a majority of the Member-Nominated Trustees and a majority of the Employer-Nominated Trustees of which notice has been given individually to all the Trustees for the time being in England shall be as effectual as if it had been passed at a meeting of the Trustees, and may consist of one or more documents in similar form each signed by one or more of the Trustees; and
- (e) subject to the above requirements and having regard to the requirements of the Pensions Act 1995, the Trustees shall meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.

#### **11.6 EXERCISE OF DISCRETIONS BY TRUSTEES**

- (1) Every discretion or power conferred by the Rules on the Trustee will be absolute and uncontrolled, except that they must not be exercised so as to be likely, in the Trustee's opinion, to jeopardise the Scheme's Registered Status.
- (2) The Trustee may vary or revoke any regulation or decision made by it under the Rules, unless:
  - (a) doing so would infringe (1) above; or
  - (b) the consent of another party was required to the original regulation or decision and that other party does not consent to its being varied or revoked.

#### **11.7 PROTECTION OF PERSONS DEALING WITH TRUSTEE**

- (1) No person dealing with the Trustee will be concerned:
  - (a) to enquire whether any power purported to be exercised by the Trustee is exercisable;
  - (b) to enquire as to the necessity or expediency of any term of such dealing or as to its propriety or regularity; or
  - (c) to see to the application of any moneys paid to the Trustee.
- (2) In the absence of fraud by that person, the dealing will, so far as regards that person's safety and protection, be deemed to be within the Trustee's powers and valid and effectual.

## **11.8 GOVERNANCE FRAMEWORK**

The Trustee may determine and review from time to time a governance framework for the Scheme.

## **RULE 12**

### **TRUSTEES' LIABILITY**

#### **12.1 TRUSTEES' EXONERATION**

- (1) A Trustee shall not be responsible, chargeable or liable in any manner whatsoever except for wilful default or fraud in respect of the Scheme.
- (2) The protection given by this Rule 12.1 is additional to any protection given by legislation, common law or otherwise but is subject to sections 33 and 34 of the PA 1995 and shall not apply to any contractual agreement regarding the Trustee's role as Trustee of the Scheme.

#### **12.2 TRUSTEES' INDEMNITY**

- (1) Except to the extent the Trustee recovers under Rule 12.2(2) within such period as the Trustee considers reasonable, the Trustee will be indemnified out of the assets of the Scheme in such manner as the Trustee determines to be appropriate against all liabilities incurred by the Trustee in the proper performance of its duties and functions in relation to the Scheme and against all actions, proceedings, costs, expenses, claims and demands in respect of any matter or thing done or omitted relating to the Scheme, other than liabilities arising from:
  - (a) any wilful default or fraud in respect of the Scheme; or
  - (b) liabilities arising from any civil penalty or fine which a Trustee is required to pay under the PSA 1993, the PA 1995 or the PA 2004.
- (2) Each Participating Employer shall indemnify the Trustee against all liabilities incurred by the Trustee and all actions, proceedings, costs, expenses, claims and demands arising out of the Participating Employer's failure to perform its obligations under the Scheme.
- (3) To the extent necessary that the indemnity under this Rule shall be a "qualifying pension scheme indemnity provision" under the Companies Act 2006, this indemnity shall not cover:
  - (a) any liability of a director to pay:
    - (i) a fine imposed in criminal proceedings, or
    - (ii) a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising); or
  - (b) any liability incurred by a director in defending criminal proceedings in which he is convicted.
- (4) The indemnities under this Rule are given and are to be enforceable to the extent permitted by law. Each part of each of the indemnities above is separate and, if and

to the extent that any part of the indemnities above is not permitted under law, it shall not affect the other parts of the indemnities.

### 12.3 GENERAL PROVISIONS

- (1) No decision of, or exercise of a power by, the Trustee may be invalidated or questioned on the grounds:
  - (a) that the Trustee, or any Trustee, had a direct or indirect interest in the result of the decision or in the exercise of the power; or
  - (b) without undermining or affecting the generality of (a), that any Trustee is a director, shareholder or employee of, or is otherwise interested or connected with any Participating Employer or any Associated Company of any Participating Employer.
- (2) Any Trustee who is a beneficiary under the Scheme is entitled to retain any benefit and exercise all rights to which he or she is entitled as a beneficiary and shall not be liable to account for any benefit which he or she obtains from the Scheme.
- (3) A Trustee who is or becomes a director of, or a holder of any other office or employment in any of, the Participating Employers may retain any fees or remuneration received by him or her in connection with that office or employment notwithstanding that the retention of, or appointment to, the office or employment may be directly or indirectly due to the exercise or non-exercise of any votes by the Trustee.
- (4) The Trustee shall not be required to take any proceedings or steps in connection with the Scheme unless and until it is satisfied that suitable provision has been made for the payment of any costs, charges and expenses relating to such proceedings or steps.
- (5) The Trustee may rely on any information relevant to the Scheme (about individuals or otherwise) supplied to it by a Participating Employer as conclusive evidence of the matter to which it relates and without being responsible for any resulting loss.
- (6) The Trustee may engage (on such terms as it sees fit), or act on the advice or opinion (whether or not obtained by it but subject to the provisions of the PA 1995) of:
  - (a) any lawyer, broker, actuary, accountant, investment manager, medical practitioner or other professional person; or
  - (b) any other person whom the Trustee reasonably believes to be qualified (by ability and practical experience) to advise on a matter.
- (7) A Trustee shall not be precluded from acting as trustee of another pension scheme or from acquiring, holding or dealing with any securities of any Participating Employer or entering into, or being interested in, any contract, arrangement or other transaction with any Participating Employer and shall not be liable in any manner whatsoever to account to any Participating Employer or any beneficiary for any resulting profits made or benefits obtained. In this sub-Rule (7), "Participating Employer" includes any Associated Company of a Participating Employer and any other company in which such Associated Company or a Participating Employer is interested.

- (8) A Trustee is released from any obligation under law or otherwise to disclose information to any fellow Trustee or any Beneficiary if such information is, in the reasonable opinion of that Trustee, confidential or price sensitive in respect of a Participating Employer or is confidential to another pension scheme and was provided to or came into the Trustee's possession otherwise than in his or her capacity as a Trustee of the Scheme.
- (9) A Trustee shall not be obliged to disclose to any fellow Trustee information relevant to any exercise of their powers or duties where:
  - (a) the exercise of the power or duty, or consideration of it, has been delegated to a committee of Trustees under Rule 14.7 or otherwise and the Trustee is not a member of the committee; and
  - (b) the Trustee first knew of the information after the delegation had been made.

#### **12.4 TRUSTEE'S POWER TO INSURE**

- (1) The Trustee may effect any policy of insurance (which may include or comprise cover against professional fees and expenses) or indemnity in relation to acts or omissions (whether or not negligent) of themselves, their servants, agents or other persons in connection with the Scheme.
- (2) Insofar as the Trustee has insurance under (1) above and the insurance pays the amounts which would otherwise be payable under the indemnity in Rule 12.2, the Trustee shall not have the protection of Rule 12.2. To the extent that the insurance covers professional fees and expenses, the Trustee shall not be entitled to remuneration (if any) as an expense of the Scheme under Rule 11.3 if the insurance pays such fees and expenses.
- (3) Any insurance under (1) above shall not cover liability for the payment of a penalty under section 168(4) of the PSA 1993, section 10 of the PA 1995 or liability for payment of a criminal fine.
- (4) The cost of any insurance under (1) above shall be an expense of the Scheme payable under Rule 4.5.

## **RULE 13**

### **INVESTMENT PROVISIONS**

#### **13.1 INVESTMENT OF THE FUND**

The Trustee will have, subject to Rule 13.2 below and to compliance with the restrictions on employer-related investments imposed by section 40 of the PA 1995, the following powers in relation to the Fund (and any assets comprising part of it):

- (a) the same full and unrestricted powers of investing, lending or borrowing in any property (anywhere in the world, whether or not it is tangible or produces income or involves liability) and disinvesting as if it was an individual absolutely and beneficially entitled to the Fund, except that it may invest in investments that are open to trustees of Registered Schemes but not to individuals;
- (b) power to place or retain moneys on deposit or current account, without being chargeable for interest in excess of the interest (if any) actually paid;
- (c) power to enter into, vary or close out any contract relating to a future or option or any form of contract comprising or relating to a future or option regarding the purchase, sale or carrying out of a transaction relating to any such subject-matter as is mentioned in (a) above or any currency, notional subject-matter (whether relating to an index or otherwise) or other thing;
- (d) power to deal with any land or interest in land forming part of the Fund as if it was absolutely and beneficially entitled to it (including leasing, mortgaging, exchanging, selling or developing it). Any land or interest in land forming part of the Fund will, subject to the relevant national law or any contrary decision by the Trustee, be held subject to a "trust of land" under the Trusts of Land and Appointment of Trustees Act 1996;
- (e) power to underwrite or sub-underwrite and to enter into any agreement for underwriting or sub-writing any investments or securities, whether on issue or sale and whether jointly with others or not, and to do all things incidental;
- (f) power to invest in contracts or policies effected with any insurance company;
- (g) power to enter into any contract or to incur any obligation; and
- (h) power to form, finance or carry on any company or business.

#### **13.2 INVESTMENT OF MEMBER'S PERSONAL RETIREMENT ACCOUNT**

- (1) Nominated Funds

Notwithstanding the Trustee's powers of investment under Rule 13.1 above, the Trustee shall make the Nominated Funds available for the investment of that part of the Fund notionally allocated to Members' Personal Retirement Accounts. The Trustee may make any Nominated Fund available to some Members or categories of



Members only and may withdraw any Nominated Fund in respect of any or all Members or categories of Members at any time.

(2) Default Funds

- (a) The Trustee shall make available one or more Default Funds.
- (b) The Trustee may choose different Default Funds for different Members or categories of Members and may from time to time vary the constitution of the Default Fund or Funds or make additional Default Funds available or terminate Default Funds. Rule 13.2(5) below shall apply to any such variation or termination.

(3) Member's choice of investment

- (a) Where the Trustee makes available more than one Nominated Fund to a Member, that Member may from time to time (but no more frequently than the Trustee determines and for avoidance of doubt and subject to such charge, if any, as the Trustee decides to impose), by notice to the Trustee, choose one or more of the Nominated Funds for the investment of that part of the Fund notionally allocated to his or her Personal Retirement Account and for the investment of monies equivalent to future contributions to be paid by and in respect of the Member. The Trustee shall act in accordance with the Member's directions.
- (b) If the Member chooses more than one Nominated Fund, the Member shall also notify the Trustee of the proportions in which such assets and/or contributions are to be invested in those Nominated Funds. The Trustee may adjust such proportions for rounding purposes. Any notification complying with this Rule may switch the notional allocation of the Member's Personal Retirement Account in whole or in part.
- (c) The Trustee may make the availability of any Nominated Funds subject to any restrictions or conditions it determines and different restrictions or conditions may apply in respect of different Members or categories of Members in respect of the same Nominated Fund.

(4) Operation of Default Fund

If no directions are received from a Member under (3) above or the Trustee is unable for whatever reason to comply with any such direction, then (insofar as that part of the Fund notionally allocated to the Member's Personal Retirement Account is not already invested in one of the Nominated Funds) the Trustee shall invest that part of the Fund notionally allocated to that Member's Personal Retirement Account in the applicable Default Fund.

(5) Variation etc. of Nominated Funds

- (a) The Trustee shall have power to vary or terminate any Nominated Fund (including any Default Fund) for the allocation of subsequent monies equivalent to future contributions or future credits, in respect of any or all Members or categories of Members. The Trustee may do any one or more of the following:

- (i) on any variation, make a corresponding change applicable to any assets accrued in the Nominated Fund;
    - (ii) retain the Nominated Fund as a closed Nominated Fund in respect of any or all affected Members or categories of Members; or
    - (iii) transfer the investment in the Nominated Fund in respect of any or all affected Members or categories of Members to any other Nominated Fund chosen by the Trustee (or, where the Trustee so determines, chosen by the Member or Members in accordance with Rule 13.2(3) above).
  - (b) Where, in the opinion of the Trustee, the circumstances so require, it shall notify Members affected by any such variation or termination but the absence of notification (including the inadvertent failure to notify any individual or category of individuals) shall not invalidate any such variation or termination.
- (6) **Trustee's liability**

The Trustee shall be under no duty, obligation or liability to the Member (or to any person whose benefits under the Scheme arise on the death of that Member) in respect of any loss or reduction in the value of that part of the Fund which results from the investment of that part of the Fund in accordance with the Member's directions, or in the Default Fund if the Member gives no directions (or the Trustee is unable to comply with any directions given by the Member).

(7) **General**

In making arrangements under this Rule, the Trustee may in its discretion impose such terms and conditions as it thinks fit, and may alter or cancel the arrangements in any way, at any time, whether in general or in an individual case.

Any notice under this Rule shall be in such form as the Trustee may from time to time prescribe.

### **13.3 INVESTMENT OF RESERVE ACCOUNT**

The Trustee will invest that part of the Fund notionally allocated to the Reserve Account as it determines to be appropriate.

### **13.4 SWITCHING PENDING PAYMENT OF DEATH BENEFIT**

On notification of the death of a Member and provision of evidence of the death satisfactory to the Trustee, pending application of the Member's Personal Retirement Account in accordance with Rule 9.4 the Trustee shall as soon as practicable (unless it decides otherwise) switch any units forming the investment of that part of the Fund notionally allocated to the Members' Personal Retirement Account into a cash fund.

### **13.5 TRUSTEE MAY OPERATE A BANK ACCOUNT**

The Trustee may place or retain any moneys not invested for the time being in accordance with this Rule 13 on current account, without being chargeable for interest in excess of the

interest (if any) actually paid and may go overdrawn on such current account to the extent allowed by the terms and conditions governing such current account.

### **13.6 INSURANCE**

The Trustee may effect and maintain in its name on such terms as it determines such assurance and insurance as it considers appropriate and may vary the terms of, surrender, sell or otherwise dispose of the same or exchange the same for a substituted assurance or insurance.

### **13.7 APPOINTMENT OF NOMINEE AND CUSTODIAN**

- (1) Subject to the provisions of the PA 1995 (to the extent these provisions apply to the Scheme from time to time) the Trustee may appoint any body corporate to act as:
  - (a) the custodian of any investments of the Scheme;
  - (b) its nominee. Any investments of the Scheme may be made in the name of or transferred to the nominee, on terms that it will hold them as nominee for and on behalf of the Trustee.
- (2) The appointment will be on such terms and conditions as the Trustee may decide. Such terms may include power to sub-delegate. The Trustee may vary or revoke the appointment or terms of appointment.

### **13.8 APPOINTMENT OF INVESTMENT MANAGER**

- (1) The Trustee may appoint one or more persons authorised under Part III of the Financial Services and Markets Act 2000 to be its investment manager or investment managers on such terms and conditions as the Trustee decides.
- (2) The Trustee may remove any investment manager and appoint another investment manager or managers in his or her place under (1) above and may vary the terms of appointment under (1) above.

### **13.9 RECEIPTS, CUSTODY AND DISCHARGES**

- (1) The Trustee may make such arrangements as it thinks fit for dealing with receipts and discharges under the Scheme.
- (2) If and so long as the Trustee is a body corporate, the production of any authority of the Trustee contained in a copy of a minute (certified by an officer of such body corporate to be a true copy) will be sufficient protection to any person taking receipts and discharges or otherwise acting in accordance with that authority. Unless that person has received notice in writing of the revocation of the authority, he or she will be entitled to act on the assumption that it remains in force notwithstanding any change of Trustee.

## **RULE 14**

### **ADMINISTRATIVE PROVISIONS**

#### **14.1 ADMINISTRATION AND MANAGEMENT OF SCHEME**

The Trustee will be the administrator of the Scheme for the purposes of the FA 2004.

#### **14.2 TRUSTEE'S ADMINISTRATIVE POWERS**

- (1) The Trustee may make regulations or other provisions relating to the Scheme or the administration of the Fund which are not already provided for. The regulations or provisions must not conflict with the Rules.
- (2) In particular, but without limiting (1) above, the Trustee may exercise its powers under that Rule for one or more of the following purposes:
  - (a) to require evidence of the truth of any statement and the notification of any information relevant to the Scheme; and
  - (b) if any person does not comply with any requirement of or made pursuant to the Rules, to make forfeit, reduce or withhold all or any part of the benefit payable to or in respect of that person (subject however to sections 91 to 93 of the PA 1995).

#### **14.3 DETERMINATION OF QUESTIONS BY TRUSTEE**

- (1) Subject to the powers conferred on the Participating Employers and subject to (2) below, the Trustee may decide all questions and matters of doubt arising under the Scheme.
- (2) The Employer shall decide all questions and matters of doubt relating to:
  - (a) whether any individual is eligible to be a Member;
  - (b) the amount of any Member's earnings and/or the category of those earnings; and
  - (c) the amount of the Employer's contributions payable in respect of a Member.
- (3) Any decision under (1) or (2) (whether made upon a question actually raised or implied in the acts or proceedings of the Trustee or the Employer) will, so far as the law permits, be conclusive and binding on all parties.
- (4) Neither the Trustee nor the Employer will be liable for, or for the consequences of, any act done, or not done, or any payment made or not made in pursuance or purported pursuance of any such decision, even if it is subsequently held to have been wrong.

#### **14.4 INFORMATION FROM PARTICIPATING EMPLOYERS**

Each Participating Employer shall in connection with the administration of the Scheme do all things and give to the Trustee all information in its power or possession which the Trustee may reasonably request.

#### **14.5 CLAIMS AND LEGAL PROCEEDINGS**

- (1) The Trustee may:
  - (a) settle, compromise or submit to arbitration any claim or dispute;
  - (b) commence, carry on or defend proceedingsrelating in any way to the Scheme or any person's rights under it.
- (2) The leave of the court is not required to take any action under (1) above. The costs charges and expenses incurred in connection with any action or submission to arbitration under (1) above shall be payable as an expense of the Scheme in accordance with Rule 4.5.

#### **14.6 RESOLUTION OF DISPUTES**

The Trustee must, by regulations, establish and maintain arrangements for the resolution of disputes about matters relating to the Scheme, in accordance with the requirements of section 50 of the PA 1995.

#### **14.7 DELEGATION**

- (1) The Trustee may delegate all or any of its powers, duties and discretions under the Scheme to any person and on any terms (which may include power to sub-delegate). The Trustee may vary or revoke the delegation at any time.
- (2) Subject to the PA 1995, the Trustee will exercise such care and skill as is reasonable in the circumstances (having regard to whether the Trustee acts in a professional capacity and any special knowledge or experience the Trustee has or would reasonably be expected to have) in the delegation of any of their powers, duties and discretions under this Rule and the ongoing monitoring of any such delegations.
- (3) The powers of delegation in this Rule are in addition to and separate from those in Rule 13.7.

#### **14.8 COPIES OF TRUST DEED AND RULES**

Members and others are entitled to certain information about the Scheme and their benefits under the PA 1995 and the Disclosure Regulations.

#### **14.9 NOTICES**

Notice of any matter under the Rules must be given to the Trustee (or a person nominated by the Trustee) at the time and place and in the form and manner and with the supporting evidence (if any) prescribed by the Trustee. The Trustee may, by resolution, nominate any person to receive any notice on its behalf.

#### **14.10 POWER TO EXTEND TIME LIMITS**

The Trustee may (except in relation to the disposal of lump sum death benefits) extend any time limit under these Rules, or fix a later date, on such terms and conditions as it may prescribe.

#### **14.11 GUARANTEES AND INDEMNITIES**

The Trustee may guarantee the payment of any sum or the performance of any obligation or indemnify any person against liability, loss or expense.

#### **14.12 GIFTS**

The Trustee may accept gifts to the Scheme and apply them in such manner as it may decide for the purposes of the Scheme and as is consistent with the Scheme's Registered Status and the requirements of the Bribery Act 2010.

#### **14.13 HMRC**

The Trustee may make any determination it thinks necessary for ensuring that the Scheme complies with any applicable requirements of HMRC. The determination's provisions shall override any provisions of the Rules to the extent that they are inconsistent and are not part of the Preservation Requirements.

#### **14.14 TRUSTEE'S GENERAL POWER**

The Trustee will have power generally to execute and do all such acts and things as it considers necessary or expedient for the maintenance and preservation of the Fund and the Scheme and of the rights of the Members and others under the Scheme.

## **RULE 15**

### **ACTUARY, AUDIT AND ACCOUNTS**

#### **15.1 APPOINTMENT OF ACTUARY, AUDITOR AND OTHER OFFICERS**

- (1) Subject to the provisions of the PA 1995, the Trustee may appoint, on such terms as it thinks fit an actuary and must appoint an auditor for the Scheme. The Trustee may vary or revoke the appointments.
- (2) The actuary must be a Fellow of the Institute and Faculty of Actuaries.
- (3) The auditor must be an individual or a firm qualified for appointment as auditor of a company under section 1212 of the Companies Act 2006. The auditor must not be a Trustee (or, subject to section 27 of the PA 1995, an associate of the Trustee) or any other person prohibited from being the auditor by the regulations made under section 47 of the PA 1995.
- (4) The Trustee may appoint, on such terms as it thinks fit (subject to the provisions of the PA 1995 where applicable), such other officers (including a Chief Executive), advisers or providers as it considers necessary for the proper management of the Scheme. The Trustee may vary or revoke any such appointments.
- (5) The Trustee may appoint on such terms as it thinks fit a secretary to the Scheme. The Trustee may vary or revoke any such appointment.

#### **15.2 RECORDS AND AUDIT**

- (1) The Trustee must keep, or cause to be kept, a complete record of all matters essential for the working of the Scheme and keep accounts to show the position of and dealings with the Fund and the amounts contributed to it.
- (2) The Trustee must cause to be prepared a statement of accounts of the Fund in respect of each Scheme Year at least once in every calendar year (or at such shorter interval as may be required under the Disclosure Regulations, or at such longer interval allowed under those Regulations as the Trustee may decide).
- (3) Every such statement of accounts must be audited by the auditor appointed under Rule 15.1(1), who must have access to all relevant records, books, papers, vouchers, accounts and documents and will report on the statement to the Trustee.
- (4) Each Participating Employer will be entitled to a copy of the audited statement of accounts for the Scheme.

## **RULE 16**

### **PARTICIPATING EMPLOYERS**

#### **16.1 BECOMING A PARTICIPATING EMPLOYER**

- (1) An Employer will become a Participating Employer if -
  - (a) the Trustee (or a person authorised by the Trustee to give consent for this purpose) consents; and
  - (b) it agrees by deed of participation to observe and perform the provisions of the Trust Deed and the Rules from time to time.

The participation will be on such terms as the Trustee agrees. For the avoidance of doubt, the Trustee may delegate the power to consent under 16.1(1)(a) to another person or persons and such other person or persons may countersign the deed of participation to signify their consent or otherwise record their consent in writing.

- (2) Subject to (3) below, a Participating Employer may nominate any other Participating Employer (the "Nominated Employer") to exercise any of its discretions or powers under the Scheme in its place, and to comply with any of its obligations in its place, except that the Participating Employer remains responsible for complying with any such obligation if the Nominated Employer fails to do so.
- (3) Prior to commencement of the Employer's participation, the Employer and the Trustee (or a person authorised by the Trustee to give consent for this purpose) shall agree a Benefit Specification applicable to that Employer's participation in the Scheme (subject to the Trustee's power to amend the Benefit Specification in accordance with Rule 18).

#### **16.2 EMPLOYERS' CONTRIBUTIONS**

Each Participating Employer will pay contributions to the Scheme in accordance with its Benefit Specification and will make payments in respect of any Administrative Expenses and Investment Expenses for which it is liable under Rule 4.5(2) and, if applicable, Termination Expenses.

#### **16.3 EMPLOYERS' DUTIES**

Each Participating Employer must do all things and give to the Trustee all information in its power or possession, which the Trustee may reasonably request and which are necessary for the working of the Scheme, (including for the purpose of compliance by the Trustee with legal and/or regulatory requirements).

#### **16.4 CEASING BEING A PARTICIPATING EMPLOYER**

- (1) A Participating Employer will cease being a Participating Employer if:
  - (a) it gives written notice to the Trustee under Rule 3.4 terminating its liability to contribute to the Scheme in respect of Active Members;



- (b) the Trustee gives at least one Month's notice in writing to it terminating its participation in the Scheme;
  - (c) it and the Trustee agree that its participation in the Scheme will end on a particular date (which may be earlier than the date of the agreement); or
  - (d) an insolvency practitioner is appointed to the whole or substantial part of its business.
- (2) The cessation will take effect from:
- (a) the effective date stated in the notice in (1)(a) or (b), or the date agreed in (1)(c) above; or
  - (b) the date of the appointment of the practitioner referred to in (d) above.

#### **16.5 MEMBERS' BENEFITS WHEN PARTICIPATING EMPLOYER CEASES**

- (1) Any Active Member whose Employer ceases being a Participating Employer will be treated as leaving Pensionable Service when the cessation takes effect.
- (2) Where the ceasing Participating Employer's consent or decision was required to any matter in relation to the benefits under the Scheme of any of its Employees or former Employees, this consent shall no longer be required.

#### **16.6 OPTION FOR BULK TRANSFER OR BUY-OUT**

Following a cessation under Rule 16.4 the Trustee may at any time set aside such portion of the Fund as the Trustee decides relates to the Personal Retirement Accounts of the Members who were admitted to membership (including as Deferred Members following a transfer in) in respect of the Participating Employer and apply the provisions of Rules 10.2 or 10.3 at their discretion to that part of the Fund set aside, except that the Termination Expenses shall be paid:

- (a) **FIRST** if the Trustees determine out of the Reserve Account;
- (b) **SECOND** if the Termination Expenses are not met in full out of the Reserve Account the Trustee may in its sole discretion require the Termination Expenses to be paid by the ceasing Participating Employer;
- (c) **FINALLY**, out of the portion of the Fund that has been set aside in such manner as the Trustee determines.

#### **16.7 CONTINUED PAYMENT OF EXPENSES FOLLOWING CESSATION**

A ceasing Participating Employer shall remain liable for any Administrative Expenses and/or Investment Expenses notified to it by the Trustee in accordance with Rule 4.5(2) relating to Members relating to it (including Deferred Members allocated to it by the Trustee upon a transfer-in) who remain in the Scheme after it has ceased participation, notwithstanding the fact that the Participating Employer's participation has ceased and the fact that the Administrative Expenses and/or Investment Expenses relate to periods of time after such cessation.

## **RULE 17**

### **CLOSING AND WINDING-UP**

#### **17.1 TERMINATION**

- (1) The Termination Event will occur on such date as the Trustees decide (the "Termination Event").
- (2) Once the Termination Event has occurred in relation to the Scheme the Trustee may defer the termination and winding-up of the Scheme and do all or any one or more of the following, subject to (3) below:
  - (a) continue as if no such event or events had happened;
  - (b) continue it as a paid-up arrangement with frozen benefits under which no further individual shall be admitted to membership, no further contributions shall be payable (other than contributions in relation to expenses in accordance with the Rules) and no further benefits shall accrue under the Rules;
  - (c) make transfer payments under Rule 10.2;
  - (d) effect a policy of insurance in respect of any beneficiary;
  - (e) generally make such arrangements and agreements in relation to the Scheme (not being arrangements or agreements of such a kind that are inconsistent with the Scheme's Registered Status) as it thinks fit.
- (3) The Trustee may resolve to wind up the Scheme at any time while it is being continued in accordance with this Rule.

#### **17.2 EFFECTS OF TERMINATION EVENT**

- (1) When the Termination Event occurs under Rule 17.1, the Trustee must immediately begin to wind up the Scheme in accordance with Rule 17.3 unless it exercises its discretion to defer winding-up under Rule 17.1(2).
- (2) Following the Termination Event:
  - (a) all trusts, powers and provisions of the Scheme will continue to apply until the winding-up is completed and, without affecting or undermining the generality of this, Rule 18 (Power of Alteration) will remain in force and operable;
  - (b) unless the Trustee decides otherwise (either in individual cases or generally), any Active Member will be treated as leaving Service at the Termination Event and no Service after that date will be Pensionable Service;
  - (c) the Trustee immediately before the Termination Event will continue as the Trustee and Rule 11 will continue to have effect as if it provided that:

- (i) an individual Trustee who is engaged in any profession or business will be entitled to charge and be paid all usual professional and other charges for work done by him or her or his or her firm in connection with the Scheme whether in the ordinary course of his or her profession or business or not and including acts which a trustee not being in any profession or business could have done personally; and
  - (ii) any corporate Trustee (which may include a limited liability partnership) will be entitled to such fees and remuneration as may be agreed between it and the person appointing it at the time of such appointment. In the absence of any such agreement the directors of the corporate Trustee shall be treated as individual trustees for the purposes of (i) above.
- (d) The Trustee may pay premiums from the Fund for insurance against any claims that might be made against it after the winding-up has been completed.

### **17.3 WINDING-UP**

- (1) If the Scheme terminates under Rule 17.1 above the Trustee will wind-up the Scheme in the manner set out in this Rule.
- (2) All the powers of the Trustee under the Rules will continue until implementation of this Rule is finally completed.
- (3) After the payment or securing of any benefits, pensions or lump sums which have already fallen due to be paid before the Termination Event, the Trustee must use the Scheme's assets to secure, in accordance with Rule 17.5, the benefits payable under the Scheme in the following order of priorities (or such other order as may be required by the terms of the PA 1995, if applicable):
  - (a) Expenses
 

First, in meeting the Termination Expenses (in accordance with and subject to Rule 17.7) and in paying any tax for which the Trustee may be liable or accountable;
  - (b) Benefits for Members
 

Second, in relation to each Member and Ex-Spouse Participant in applying that part of the Fund which the Trustee determines to be appropriate, having regard to the value of each Member's Balance and each Ex-Spouse Participant's Pension Credit Benefits and the source of the sums contained within the Member's Personal Retirement Account.

### **17.4 SURPLUS ON WINDING-UP**

- (1) The balance of the Reserve Account remaining after benefits have been secured in accordance with Rule 17.5 and the Termination Expenses have been met under Rule 17.7 shall, after accounting for any tax for which the Trustee is liable and subject to any applicable legislative requirements, be used at the discretion of the Trustee.

## 17.5 METHODS OF SECURING BENEFITS

- (1) The Trustee may use any one or more of the following ways to secure benefits under Rule 17.3:
  - (a) a transfer out to another Registered Scheme or a Qualifying Overseas Scheme;
  - (b) a buy-out;
  - (c) the purchase of an annuity contract;
  - (d) if the Trustee is satisfied that the conditions applicable to a winding up lump sum, a winding up lump sum death benefit or other lump sum are met and that such lump sum is not an Unauthorised Payment, it may make a commutation payment in respect of a member's (or dependant's) benefits under the Scheme together with benefits made payable on his or her death in return for the payment of such a lump sum;
  - (e) the payment of a cash sum to a person in total commutation of any benefits payable to or in respect of him or her under the Scheme, if the person is in an exceptional state of serious ill-health and if this would satisfy the requirements of the FA 2004.
- (2) In exercising any discretion under this Rule the Trustee must comply with any relevant requirements of HMRC and the Preservation Requirements (including, where appropriate, the requirements for consents).

## 17.6 ALTERNATIVE AND DISCRETIONARY BENEFITS

If any entitlement, or its nature or amount, under the Scheme is dependent on the future exercise of any discretion by the Trustee, they may, for the purposes of this Rule 17, exercise that discretion to determine the existence, nature and/or amount of the entitlement before the Termination Event.

## 17.7 TERMINATION EXPENSES

- (1) The Termination Expenses determined shall be paid in the following manner -
  - (a) **FIRST** out of the Reserve Account;
  - (b) **SECOND** if the Termination Expenses are not met in full out of the Reserve Account the Trustee in its sole discretion may require the Termination Expenses to be paid by any current or former Participating Employers; and
  - (c) **FINALLY** out of the Scheme assets in such manner as the Trustee determines.

## **RULE 18**

### **POWER OF ALTERATION**

#### **18.1 ALTERATION OF TRUST DEED, RULES AND BENEFIT SPECIFICATION**

The Trustee shall have the power from time to time or at any time by deed or deeds to add to or alter or modify (with or without retrospective effect) all or any of the trusts, powers or provisions of the Trust Deed and the Rules (including a Benefit Specification). No such addition, alteration or modification shall operate:

- (a) so as to change the main purpose of the Scheme, namely to provide benefits for Members on retirement;
- (b) contrary to the principle that the board of Trustees (or board of directors of any sole corporate trustee as relevant) shall be comprised of half Member-Nominated Trustees and half Employer-Nominated Trustees, unless such addition, alteration or modification is unanimously agreed in writing by all Trustees or trustee directors of a sole corporate trustee.

Every addition, alteration or modification is (except where unanimity is required because (b) above applies) subject to the agreement of a majority of Member-Nominated Trustees and a majority of Employer-Nominated Trustees then serving on the Trustee board or board of a sole corporate Trustee, as relevant. Such agreement must be signified by a resolution passed by those respective majorities (or as the case may be, that majority); or by an instrument in writing signed by such majorities (or as the case may be, that majority). For avoidance of doubt, the provisions of Rule 11.5(2)(c), or any equivalent provision in the articles of association of a sole corporate trustee, will not apply to any decision or resolution to amend the Rules.