Appendix 2a

Appendix 1

Role of the Governing Body
Expected behaviours and standards:
a. Act honestly and with integrity, competence, and capability. b. Act with financial probity, including in matters outside their role. c. Meet their legal obligations and govern their scheme properly and according to scheme rules. d. Act in the interest of scheme members and beneficiaries. e. Seek to ensure that all scheme members, whether active, deferred, drawing a pension, or in a decumulation phase, benefit from good governance. f. Be open and honest in their dealings with us. g. Have or be able to acquire the appropriate levels of knowledge and understanding and keep these up to date. h. Identify and, where relevant, challenge others on any potential or actual failure to comply with the scheme rules, regulations, and legislation.

Appendix 6

Governance of Knowledge and Understanding
Members of a governing body should:
~~a. Be able to demonstrate the basic level of knowledge and understanding needed to run their scheme within six months of their appointment.~~ b. Start on a programme of learning immediately on appointment, if not before, in conjunction with a scheme-specific induction programme, if one is provided. c. Undertake advanced scheme-specific learning once a good understanding of the scheme has been obtained d. consider how they are meeting our expectations of knowledge and understanding. e. Review their own knowledge and understanding and identify any gaps at least annually, particularly in relation to changes in legislation or their scheme. f. Keep records of any review of knowledge and understanding and steps taken to address any gaps. g. Keep records of any alternative or further learning activity (for example, reading, attending conferences, sessions with the scheme advisers).

Appendix 8

The Governing Body: Managing Advisers and Service Providers
When appointing advisers and service providers, governing bodies should:
a. Agree appropriate delegations and procedures for referral. b. Agree performance indicators on appointment and secure accountability within the service provider. c. Include a process for managing advisers, recording decisions taken as well as escalation points. d. Ensure the flow of communication with the service provider or adviser, so all parties have the necessary information to make key decisions and to fulfil their assigned roles. e. Take steps to identify and manage conflicts of interest. See Conflicts of interest. f. Understand the implications of data protection legislation for any information that will be shared with or handled by service providers.

Appendix 9

The Governing Body: Managing Advisers and Service Providers
When managing advisers and service providers, governing bodies should:
a. Seek to ensure that advisers make you aware of any relevant obligations, professional conduct rules and whistleblowing requirements that they may be obliged to follow. b. Ensure service providers are able to demonstrate that they are fulfilling the requirements of any legal obligation that has been delegated to them. c. Ensure service providers are able to demonstrate that they have adequate internal controls relating to the services they provide. See Internal controls and Assurance reports on internal controls. d. Regularly assess performance against agreed key performance indicators (KPIs) and service level agreements (SLAs). Record outcomes and ensure all actions are allocated for remedy with progress tracked. e. Review the performance of advisers and service providers against the objectives set for them, including strategic objectives. See our objective setting guidance. f. Periodically review the market for relevant service providers and consider if the scheme continues to receive quality service and value for money. This may be part of any value for members assessment run by the scheme. g. Have enough knowledge and understanding to enable them to fully understand any advice or information they receive. h. Understand how any advice or information they receive affects decisions or activities that they are legally responsible for. i. Have a process to ensure that improvements are made where poor service is identified.

Appendix 10

The Governing Body: Managing Advisers and Service Providers
In replacing advisers and service providers, governing bodies should:
a. Consider the interests of the scheme members when replacing the adviser or service provider. b. Understand the impact of the terms and conditions of contracts, including any fees or penalties, and procedures for releasing relevant information to the governing body and new advisers. c. Understand the risks associated with transitioning to a new provider and put plans in place to mitigate them. d. Plan effectively for the transition to a new adviser or service provider, setting out the key steps, actions, decisions, owners, and timescales, including how costs will be met

Appendix 12

The Governing Body: Risk Management - Internal Controls
When designing internal controls, governing bodies should consider:
a. How the control will be implemented and the skills of the person performing the control. b. The level of reliance that can be placed on information technology processes (whether fully automated or not) and the testing of such processes. c. Whether a control can prevent future recurrence or merely detect an event that has already happened. d. The frequency and timeliness of a control process. e. How the control will ensure secure data management. f. processes for identifying errors or control failures g. what would be appropriate approval and authorisation controls h. whether professional advice is needed when designing internal controls

Appendix 13

The Governing Body: Risk Management - Internal Controls
To maintain internal controls governing bodies should:
a. Regularly consider the performance of internal controls in mitigating risks, and where appropriate, achieving long-term strategic aims. b. Consider obtaining independent or third-party assurance about controls. See Assurance reports on internal controls. c. Obtain assurance that service providers are meeting their own standards for internal controls. See Managing advisers and service providers.

Appendix 14

The Governing Body: Risk Management - Scheme Continuity Planning
Governing bodies should:
a. Seek to ensure that the performance of scheme activities are continuous and regular. b. Have a resilient business continuity plan (BCP) that sets out key actions, in case of a range of events occurring that impact the scheme's operations. c. Make sure key areas of scheme activities, including member data and general scheme administration, are included in the BCP. d. Ensure advisers and service providers also have a BCP in place to maintain services to the scheme. e. Choose how to rely on reports and information about their service providers' BCP arrangements. f. Set out roles and responsibilities within the plan, and agree these with service providers. g. Regularly review process documents and maps, particularly after a system or process change and periodically test the BCP arrangements. h. Prioritise scheme activities in the event of the BCP being triggered, for example: receiving and monitoring contributions, pension payments, retirement processing, bereavement services, and minimising the risk of pension scams. i. Ensure continued access to resources, services, and communications with key parties. j. Have an awareness of the timeframes required to bring new resources on board. k. Understand what contingency is in place to mitigate any under resource due to, for example, increase in work volumes or the loss of staff.

Appendix 22

Administration: Scheme Administration
6. To maintain proper administration, governing bodies should:
a. Receive appropriate information and reports from administrators, and be able to challenge them when needed. b. Ensure that all tasks delegated to an administrator are being carried out properly, according to the law and scheme governing documents. c. Regularly monitor the performance of administrators (see Managing advisers and service providers). d. Constructively manage issues with administrator performance and consider using any contractual terms to drive improvements. e. Have procedures in place to enable a continuous and consistent service in the event of a change of administrator personnel, or administration provider. f. Record the procedures to follow when administering the scheme, and how to maintain those procedures. g. Ensure that administrators have an adequate business continuity plan that is reviewed at least annually and tested as appropriate (see Scheme continuity planning).

Appendix 26

Administration: Information Handling - Record-keeping
6. Governing bodies should:
a. Be able to demonstrate to us, where required, that they operate processes to maintain accurate and up-to-date records, enough to run their pension scheme. b. Keep records of meetings, member data, and transactions made to and from the scheme. c. Retain records for as long as the information is relevant, and in line with data protection legislation. d. Ensure that the data they or their administrator holds, enables financial transactions to be processed accurately. See Financial transactions. e. Rectify any errors identified in scheme records as soon as possible. f. Review and amend processes as necessary to prevent further errors. g. Comply with the data protection requirements, including the need to store data securely and for a legitimate purpose under administrative systems.

Appendix 27

Administration: Information handling - Record-keeping
6. Governing bodies may consider as good practice:
a. Holding member and benefit records electronically on a dedicated administration system. b. Keeping records of scheme governing documentation, including details of any amendments and how they apply to members. c. Making sure the administrator has basic member information known as common data. d. Working with the administrator to identify, record, validate, and where necessary, correct the items of scheme specific data. e. Taking into account developments in technology that may be available to the scheme to improve administration and record-keeping

Appendix 29

Administration: Information Handling - Data Monitoring and Improvement
5. Governing bodies should have the following processes for monitoring scheme data:
a. Monitor data on an ongoing basis to ensure it is as accurate and complete as possible for all pension scheme members. b. Ensure the governing body receives information about material errors and gaps in their scheme data, once identified. c. Ensure any service providers operate their own procedures for identifying, rectifying, and reporting errors to the governing body. d. Ensure data improvement is prioritised for members close to the point where they start drawing on their benefits. e. Ensure any plan for improving data can be monitored and has an achievable deadline. f. Where applicable, ensure member records are reconciled with information held by the employer(s). g. Ensure regular reconciliation of scheme membership, especially those reaching retirement. h. Carry out scheduled tracing and existence exercises to validate member data.

Appendix 30

Administration: Information Handling - Data Monitoring and Improvement
6. Governing bodies should have the following processes for reviewing scheme data:
a. Assess the need for a data review exercise at least annually. b. Decide the frequency and nature of any additional data review, where errors and gaps are identified, or in response to significant scheme events, for example winding up the scheme or changing the administrator. c. Ensure data reviews include an assessment of the accuracy and completeness of common and scheme specific data. d. Keep a record of data reviews carried out and the findings. e. Where errors and gaps are identified, put a data improvement plan in place to address the issues. f. Ensure the plan includes the actions necessary by the governing body or administrator to correct member data. g. Maintain agreed, consistent, and fair policies for situations where data cannot be corrected, for example due to age or loss.

Appendix 32

Administration: IT - Maintenance of IT Systems
5. Standards for maintaining IT systems:
a. Cyber security measures and procedures should be in place and functioning. See Cyber controls. b. Record evidence of how changes are planned and executed within the system. c. Scheme and member data should be backed up regularly. d. Disaster recovery processes are in place and tested over appropriate periods. e. Written policies should be in place for maintaining, upgrading, and replacing hardware and software. f. Request evidence to show there is a schedule for the system to be replaced or updated, to cope with events such as changes to tax thresholds. g. Be satisfied that adequate and sufficient hardware and personnel resources, with appropriate functionality and/or skills, exist to carry out the work. h. Secure evidence that the IT system can meet current and anticipated system requirements. i. Manage planned and potential future upgrades within the administration system.

Appendix 33

Administration: IT - Cyber Controls
8. When assessing cyber risk governing bodies should
a. Ensure the governing body has knowledge and understanding of cyber risk. b. Understand the need for confidentiality, integrity, and availability of the systems and services for processing personal data, and the personal data processed within them. c. Have clearly defined roles and responsibilities to identify cyber risks and breaches, and to respond to cyber incidents. d. Ensure cyber risk is on the risk register and regularly reviewed. See Internal controls. e. Assess at appropriate intervals, the vulnerability of the scheme's key functions, systems, assets (including data assets) to a cyber incident, and the vulnerability of service providers involved in the running of the scheme. f. Consider accessing specialist skills and expertise to understand and manage the risk. g. Ensure appropriate system controls are in place and are up to date (e.g. firewalls, anti-virus, and anti-malware products).

Appendix 34

Administration: IT - Cyber Controls
9. When managing cyber risk governing bodies should:
a. Ensure critical systems and data are regularly backed up. b. Have policies for the use of devices, and for home and mobile working. c. Have policies and controls on data in line with data protection legislation (including access, protection, use, and transmission). d. Take action so that policies and controls remain effective. e. Have policies to assess whether breaches need to be reported to the Information Commissioner (https://www.ico.org.uk). f. Maintain a cyber incident response plan in order to safely and swiftly resume operations. See Scheme continuity planning. g. Satisfy themselves with service providers' controls. h. Receive regular reports from staff and service providers on cyber risks and incidents.

Appendix 35

Administration: Contributions - Monitoring Contributions
7. A contributions monitoring record should include the following information in:
a. Contribution rates. b. The date(s) on or before the employer contributions are due to be paid to the scheme. c. The date when employee contributions are to be paid to the scheme. d. Any rate or amount of interest payable where the contributions payment is late.

Appendix 37

Communication and disclosure: General Principles for Member Communications
When preparing communications to members, the administering authority should:
a. Ensure that all communications sent to members are accurate, clear, concise, relevant and in plain English. b. Regularly review member communications, taking account of member feedback, any changes to scheme design and developments in law and this code of practice. c. When deciding on the format of communications and information to be published, consider any technology that may be available to them and appropriate for their members. d. Consider using various communication methods, including accessible online content, audio, Braille, large font, and languages other than English. e. Consider what additional information or explanation members may need to help them make informed decisions about their benefits. For DC and hybrid schemes, regularly inform members of the impact their contributions will have on their overall benefits.

Appendix 38

Communication and Disclosure: Information to Members
4. For active members of defined benefit schemes, scheme managers must:
a. Include a description of the benefits earned by members during their pensionable service. b. Issue the annual statement by no later than 31 August of the year following the period to which the statement relates. c. Comply with any HM Treasury directions, in terms of any other information that must be included and the way it must be provided to members.

Appendix 40

Dispute Resolution Procedures: Dispute Resolution Process
In relation to dispute resolution processes, the administering authority should
a. Agree on any details of their dispute resolution process that are not set out in law. b. Provide contact details for matters relating to disputes. c. Regularly assess the effectiveness of the dispute procedure. d. Be satisfied that those following the process are complying with the requirements set, which includes effective decision making. e. Consider the circumstances under which advice may be required to reach a decision on a dispute. f. Ensure they make the following information available to applicants: – the process to apply for a dispute to be resolved – the information that an applicant must include – the process by which any decisions are reached