

## **The Canada Life UK Division Staff Pension Fund (the "Fund")**

### **Arrangements for the appointment of member-nominated directors**

#### **What are member-nominated directors?**

The Fund currently has a sole corporate trustee, the Canada Life UK Staff Pension Trustee Limited (the "**Trustee**"). Under the Pensions Act 2004, at least one-third of the total number of directors of the Trustee must be "member-nominated directors" or "**MNDs**".

As the name suggests, MNDs are trustee directors who are nominated and selected through a process which directly involves the employed deferred and pensioner members of the Fund, as set out in this document.

#### **Number of MNDs**

The Trustee's board of directors currently comprises 6 trustee directors in total, 4 of whom are nominated by the Fund's employer and 2 of whom are MNDs.

#### **Who can be nominated?**

To be eligible for nomination as an MND, an individual must:

- be an employed deferred member or pensioner member of the Fund (or, if a non-member, must have been approved for nomination by the Fund's employer);
- be aged 18 or over; and
- not be disqualified from acting as a trustee of a pension scheme or as a director of a company.

In relation to the last point above, the grounds for disqualification as a trustee include where the individual:

- has an unspent conviction for an offence involving dishonesty or deception;
- is an undischarged bankrupt or is in a moratorium period under a debt relief order; or
- is subject to any kind of bankruptcy restrictions order or debt relief restrictions order.

#### **The role of an MND**

Although their appointment process is different from that of other trustee directors, MNDs have exactly the same responsibilities and functions as any other trustee director, including those nominated by the Fund's employer. A MND cannot be excluded from the exercise of any trustee function purely because they are an MND.

An individual does not have to be an expert on pensions in order to be appointed as an MND. However, it is important for any potential candidate to appreciate that a trustee director's role is demanding. The trustee directors are expected to:

- act prudently, conscientiously and honestly;
- familiarise themselves with the Fund's governing trust deed and rules and other relevant documentation, such as Fund policies and procedures;
- comply with statutory requirements relating to Trustee Knowledge and Understanding and undertake the necessary training;

- invest the assets of the trust and agree the Scheme's funding plan with the Scheme employer; and
- seek (and, where appropriate, question) advice on technical legal, actuarial and investment matters and on any other matters that they do not understand.

There will also be a regular time commitment, since the MND will be expected to prepare for and attend Trustee board meetings, which take place at least once a quarter, and monitor and respond to emails.

For further information on trustee duties, responsibilities and potential liabilities, please refer to The Pensions Regulator's Guidance for trustees, available at:

<https://www.thepensionsregulator.gov.uk/en/trustees/understanding-your-role/roles-and-responsibilities>

### **The MND nomination process**

When a vacancy for a MND position arises, nominations will be sought as soon as reasonably practicable, with the aim of ensuring that the vacancy is filled, if possible, within six months.

The Trustee will write to all employed deferred and pensioner members notifying them of the vacancy and inviting nominations. The notice will include information about the role of an MND and a nomination form. Eligible members who wish to nominate themselves to fill the position of MND should:

- complete the nomination form; and
- get the nomination seconded by another member of the Fund.

The notice from the Trustee will specify a closing date by which nominations must be received. This will usually be at least one month after the date on which the Trustee's notice is issued.

### **The MND selection and appointment process**

The trustee directors will consider all nominations received by the specified closing date. A panel of trustee directors will review all nominations received for the MND vacancies and invite nominees to attend an interview prior to the elections taking place. The panel will have discretion to determine from the nominations received if any nominees are subject to a conflict of interest which makes it inappropriate for them to be appointed as an MND. The Trustee Board also reserves the right not to accept a nomination if it or the panel of trustee directors honestly and reasonably believe that the appointment would not be in the best interests of the Fund or the membership as a whole.

If there is only one accepted nomination for a vacancy, the nominee will be deemed to be selected as the MND in respect of that vacancy. The Trustee will then inform the employed deferred and pensioner members that the vacancy has been filled.

To avoid unnecessary cost to the Fund, a light-touch approach will be followed where both existing MNDs are willing to stand for another full term. The Trustee will publish a notice and invite expressions of interest (EOIs) from eligible members for a period of three weeks. The notice will:

- state that full-term extensions are being considered;
- be issued via proportionate, multi-channel communication (which may include PRISM (the Fund's website), the employer's website, or direct contact to eligible members (i.e. postal letters to pensioners and any member without a verified email address; emails to employed deferred members via the Company distribution); and
- set out information on eligibility and options for submitting an EOI (email and post).

## **Postal and electronic ballots**

If there are more nominations than vacancies, a postal ballot, an electronic ballot or a combination of the two will be held, in which each employed deferred and pensioner member will have one vote.

The nominee who receives with the highest number of votes for a particular MND vacancy will be selected. In the event that the votes cast for two or more nominees are exactly equal, there will be a further ballot for those candidates.

Where a ballot is necessary, the Trustee will write to those members who are eligible to vote, setting out details of:

- the individuals who have been nominated for the vacancy;
- the procedure to be used for the ballot;
- the last date on which votes may be cast (which will usually be at least one month after the date on which the notice is given); and
- the arrangements to be made for overseeing the conduct of the ballot, and for the counting of the votes and the declaration of the result.

The Trustee will notify the relevant members of the result of the ballot within 28 days of the last date on which votes may be cast.

Once nominated and selected, all MNDs will be formally appointed as trustee directors in accordance with the provisions of the Fund's rules and the Trustee's articles of association, and their appointment will be notified to members on the PRISM and employer's website.

## **Unfilled vacancies**

Where any vacancy for an MND is not filled because insufficient nominations are received:

- the Trustee will re-open the nomination and selection process no later than 3 years after the last date on which nominations could have been made for that vacancy; and
- if the vacancy again remains unfilled, the Trustee will re-open the nomination and selection process at no less than 3-yearly intervals thereafter until that vacancy is filled.

The Trustee will, however, be free to re-open the nomination and selection process at any time where there are unfilled vacancies, and in particular will consider doing so if there are any significant changes to the Fund's membership which the Trustee believes may lead to more nominees coming forward to fill existing vacancies.

## **The MND's period of service**

The standard term of office for an MND will be four years from the date of formal confirmation of appointment by the Board. This may be extended only once, by up to one year, in exceptional circumstances with the agreement of all the other trustee directors. (For example, exceptional circumstances may include retaining an existing MND with specific knowledge and experience to complete a significant project who is not able or willing to stand for another full 4-year term.) Any extension will be notified to members on PRISM and the employer's website and in the next annual newsletter.

In the event of the appointment of one MND, their first term of office will expire at the same time as any existing MND to align the nomination process.

Any MND who is disqualified from acting as a trustee of a trust scheme or as a company director at any point during their term of office will automatically cease to be a trustee director with immediate effect.

A MND who ceases to satisfy any of the other eligibility criteria for their position will also cease to be a trustee director upon becoming ineligible (unless the other trustee directors and the Fund employer agrees that they may continue to serve for the balance of their term of office), but may be nominated for a future MND vacancy if they subsequently become eligible again.

Unless an MND is re-nominated and re-selected for the post of MND before the end of their current term of office (including any agreed extension to that term), they will automatically cease to hold the post of trustee director when that term of office expires.

A MND may resign as a trustee director at any time by giving notice in writing to the Trustee.

### **Removal of MNDs**

A MND who remains eligible to act as an MND may not be removed as a trustee director before the end of their term of office except with the agreement of all the other trustee directors.

### **Effective date**

These arrangements will come into effect from March 2026 and will continue to apply until further notice.

They will be reviewed regularly, usually at 3-yearly intervals. The Trustee may also undertake a review if there is a material change in the Fund's circumstances or membership – for instance, if there were to be a large number of members transferring in or out of the Fund.

A copy of these arrangements is available to members on the PRISM website.