

# Master Trust Controls Report

in accordance with AAF 02/07 and ISAE 3000 Revised  
as at 31 March 2016

Smart Pension, 1 Lyric Square, London, W6 0NB



# Smart Pension

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[www.AutoEnrolment.co.uk](http://www.AutoEnrolment.co.uk)

# Introduction

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Smart Pension is pleased to publish its first independent master trust assurance report detailing the control procedures in place for the AutoEnrolment.co.uk Master Trust, its auto enrolment workplace pension scheme.

Our reporting accountant, Assure UK, have independently assessed these key controls and confirmed that they are designed to meet the quality control objectives set by The Pensions Regulator (TPR).

Smart Pension Ltd is the sponsor of the AutoEnrolment.co.uk Master Trust (the Scheme), which is a multi-employer workplace pension scheme designed to help employers provide auto-enrolment pensions much more cost-effectively than they could do alone.

The Scheme is the legal entity into which pension contributions are paid by secure direct debit and which holds member funds. It is overseen by experienced independent Trustees, chaired by Capital Cranfield Trustees. Both the Scheme and the trustees are regulated by TPR. The Trustees employ independent administrators, Apex Fund Services (UK) Ltd to administer the scheme.

Smart Pension was founded by experienced finance & technology professionals, who designed the Scheme specifically to support UK businesses faced with the challenges of auto enrolment and its administrative obligations. As well as achieving Master Trust Assurance, Smart Pension has been awarded a 5-Star Defaqto rating for auto enrolment, has been independently verified as the most efficient auto enrolment administration platform in the UK market, and was selected to be the case study Auto Enrolment supplier by HM Government's 'Business is Great Britain' campaign providing support, advice and inspiration for growing your business. Matthew Hancock (Minister of State for Business, Energy and Enterprise, 2015) said: *"Smart Pension is a fantastic company which helps small businesses with their employee pensions. The Smart Pension team has done a brilliant job in building a successful platform which makes other businesses' lives easier."*

## **What is a Master Trust Assurance Report?**

TPR expects master trust schemes to follow high standards in design and operation. The quality features set out in TPR's Code of Practice No.13 provide a benchmark for defined contribution pension schemes. They were incorporated in the AAF 02/07 framework, developed by TPR and the Institute of Chartered Accountants in England and Wales (ICAEW), which sets out 38 objectives relating to good governance and administration of a scheme. Reviews demonstrating adherence to this framework lets Smart Pension show that the Scheme has been independently assessed as to how it meets these objectives. To achieve Master Trust Assurance, Smart Pension has reported on the processes and controls in place to meet these objectives and manage the associated risks. Each of the internal controls was verified by Assure UK. It is intended that this will be the first of regular reviews of the Scheme.

## **What does this assurance mean for members or employers using Smart Pension?**

This report confirms that as at 31 March 2016 the Scheme had appropriate controls and procedures in place to deliver all relevant quality standards set by the regulator. It provides details of the controls and procedures in place designed to ensure a high quality service for members and employers alike.

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# 1. Statement by the Trustees of the AutoEnrolment.co.uk Master Trust

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As Trustees we are responsible for the identification of control objectives relating to the provision of master trust services by the Scheme and for the design, implementation and operation of controls to provide reasonable assurance that the control objectives are achieved. In carrying out those responsibilities our overriding objective is to act in members' interests but in acting on their behalf we must have regard to the interests of employers, and the sponsor of the Master Trust. It is key to performing these duties well that we ensure the effectiveness and efficiency of the relevant operations. The accompanying description in section 5 has been prepared for employers who have used or are considering the Scheme's pension services and their auditors who have a sufficient understanding to consider the description, along with other information including information about controls operated by their clients themselves, when assessing the risks of material misstatement of the client's financial statements.

We have evaluated the fairness of the description and the design suitability of the Scheme's controls of master trust services having regard to the International Standard on Assurance Engagements (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board, the Technical Release AAF 02/07 (AAF 02/07), issued by the Institute of Chartered Accountants in England and Wales (ICAEW), and the control objectives for master trusts set out the ICAEW Technical Release 07/14, 'Assurance Reporting on master trusts (Master Trust supplement to ICAEW AAF 02/07)' as described in section 4 of this report.

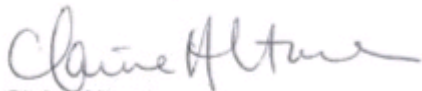
We confirm that:

- i. The accompanying description at section 5 fairly presents the control procedures that relate to the control objectives referred to above for the scheme as at 31 March 2016. In addition to the control objectives specified in AAF 02/07, the criteria used in making this assertion were that the accompanying description:
  - a. presents how the services were designed and implemented, including:
    - the types of services provided, including, as appropriate, the nature of transactions processed and the automated and manual procedures by which client transactions were initiated, recorded and processed;
    - the accounting records and related data that were maintained, reported and corrected as necessary;
    - the means by which the systems captured and addressed significant events and conditions, other than client transactions;
    - the security, availability and recovery characteristics of information technology systems and other aspects of our control environment, risk assessment process, monitoring and information and communication systems, that were relevant to our control activities; and
  - b. does not omit or distort information relevant to the scope of the services being described, while acknowledging that the description is prepared to meet the common needs of a broad range of employers and their auditors and may not, therefore, include every aspect of the

services that each individual employer may consider important in its own particular environment.

- ii. The control procedures related to the control objectives stated in the accompanying description were suitably designed as at 31 March 2016. The criteria used in making this assertion were that:
  - a. the risks that threatened achievement of the control objectives stated in the description were identified;
  - b. the identified controls would, if operated as described, provide reasonable assurance that those risks did not prevent the stated control objectives from being achieved; and
  - c. the controls were applied as designed, including manual controls applied by individuals who have the appropriate competence and authority as at 31 March 2016.

Signed on behalf of the Trustees of the AutoEnrolment.co.uk Master Trust



**Claire Altman**  
**Chair of Trustees**  
6 May 2016

## 2. Report by the Reporting Accountants

### **Reporting accountants' assurance report on the governance and administration control procedures of master trusts to the Trustees of the AutoEnrolment.co.uk Master Trust (the Scheme)**

#### **Use of report**

Our report, subject to the permitted disclosures set out below, is made solely for the use of the Trustees of the Scheme (the Trustees), and is solely for the purpose of reporting on the control procedures of the Scheme, in accordance with our terms of engagement letter dated 22 March 2016 and attached in the appendix.

Our work has been undertaken so that we might report to the Trustees those matters that we have agreed to state to it in our report and for no other purpose.

We permit the disclosure of our report, in full only to verify to the recipient that a report by reporting accountants has been commissioned by the Trustees and issued in connection with the control procedures of the Scheme without assuming or accepting any responsibility or liability to the recipient on our part.

To the fullest extent permitted by law, we do not and will not accept or assume responsibility to anyone other than the Trustees as a body for our work, for our report or for the opinions we have formed.

#### **Scope**

We have been engaged to report on the Trustees' description of its governance and administration control procedures in relation to the Scheme as at 31 March 2016.

#### **Trustees' responsibilities**

The Trustees' responsibilities and statement are set out on section 1 of the report. The control objectives stated in the description include those control objectives set out in the Master Trusts Supplement to AAF 02/07 that are considered relevant by the Trustees.

#### **Our independence and quality control**

We have complied with the independence and other ethical requirements of the 'Code of Ethics for Professional Accountants' issued by the International Ethics Standards Board for Accountants which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Our responsibilities**

Our responsibility is to form an independent opinion, based on the work carried out in relation to the control procedures of the Scheme as described in section 5 of the report and report this to you. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 Revised and with ICAEW Technical Release AAF 02/07 including its Master Trusts Supplement. ISAE 3000 Revised and AAF 02/07 require, among other things, that we plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the description is fairly presented and the control procedures are suitably designed. The criteria against which the control procedures were evaluated are the control objectives developed for master trusts as set out within the Master Trusts Supplement to AAF 02/07 and identified by the Trustees as control objectives to be applied for the purpose of governance and administration.

Our work involved performing procedures to obtain evidence about the presentation of the Sponsor's description of the governance and administration control procedures and the design of those control procedures. Our procedures include assessing the risks that the description is not fairly presented, and that the controls procedures were not suitably designed. An assurance engagement of this type also includes evaluating the overall presentation of the description and suitability of the control objectives stated therein.

## **Inherent limitations**

The Sponsor's description of control procedures was prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of control procedures that may be relevant to each employer company or member of the Scheme. Also, because of their nature, control procedures may not prevent or detect and correct all errors or omissions in performing governance or administration activities.

Our opinion is based on historical information. The projection of any evaluation of the fairness of the presentation of the description, or opinion about the suitability of the design or operating effectiveness of the control procedures to future periods would be inappropriate.

## Opinion

In our opinion, in all material respects:

- (i) Section 5 of this report fairly presents the control procedures that relate to the control objectives referred to above which were in place as at 31 March 2016; and
- (ii) the control procedures described in section 5 of this report were suitably designed to provide reasonable, but not absolute, assurance that the specified control objectives would have been achieved if the described control procedures were complied with satisfactorily.



**Assure UK**  
Chartered Accountants  
London

6 May 2016





# 3. Business Overview and Control Environment

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## Our Services

The AutoEnrolment.co.uk Master Trust (the Scheme) is a multi-employer workplace pension scheme that delivers a high quality, good value, time efficient auto enrolment service that is Fast, Secure and Free. The Scheme is sponsored by Smart Pension Ltd, a UK company set up explicitly to provide auto-enrolment pensions, financed by a group of private investors.

The Scheme guarantees acceptance to eligible employees and has been designed specifically to support UK businesses faced with the challenges of auto enrolment and its associated administrative obligations.

In addition to offering a qualifying auto enrolment workplace pension scheme, Smart Pension's technology development team have created a highly secure Administration Platform for Advisers and Employers, to manage full auto enrolment administration obligations from end to end, quickly and simply, for free.

As the sponsor of the Scheme, Smart Pension works closely with payroll software and middleware providers, to provide compatible excel, .csv format, and application program interface 'API' methods that exchange employee, payroll and contributions data in a quick and uncomplicated way with the Scheme, maximising scalability and keeping costs low.

Our primary focus is on the auto enrolment market and, because our fast, secure, free platform is so easy to use, we have already successfully signed up over 6,000 employers since coming to the market in May 2015.

Smart Pension is a UK company backed by a number of individual and institutional investors, none of whom would be reportable as Persons with Significant Control.

## Structure of Smart Pension

Smart Pension's AutoEnrolment.co.uk Master Trust is the legal entity into which pension contributions are made, securely, by direct debit. The master trust is regulated by The Pensions Regulator and overseen by experienced independent Trustees and administrators to ensure employees' funds are fully protected at all times.

## Board of Trustees

Capital Cranfield leads Smart Pension's board of three independent Trustees. These independent Trustees ensure pension legislation is followed; act in the interests of the beneficiaries and procure an investment strategy for the Scheme's assets per the trust deeds. The Trustees appoint the master trust's investment consultant, fund manager and its pensions administrator. The Trustees are also regulated by The Pensions Regulator.

### **Claire Altman – Chair of the Board of Trustees**



After graduating from Cambridge University with a degree in Law, Claire qualified as a Barrister. Claire was a partner at Sacker & Partners LLP (a City law firm with specializing in pensions), before she joined Capital Cranfield Trustees in 2009 as Client Director and took on a portfolio of appointments to trustee boards including Blackrock's master trust.

### **Jamie Smith – Trustee**



Jamie Smith has served as Chair of the UK Structured Products Association, with expertise and awareness of regulatory processes and procedures and has deep knowledge on Asset Management & Retail clients in his role as a Senior Director within a UK Bank.

### **Paul Jebson - Trustee**



Paul has been a Trustee of the Standard Chartered pension scheme since 2003, and presently chairs their Investment Committee. Paul was Managing Director, Global Head of Fund Management at Standard Chartered and is now also a Non-Executive Director of Sentosa Asian Credit Fund (a Singapore managed Asian fixed income fund).

## Pensions Administration

### Apex Fund Services



Our Pensions Administrator is one of the world's largest independent fund administration service providers, administering and reconciling tens of thousands of transactions a day and dealing with large trade volumes routinely. The Trustees selected Apex to carry out the master trust's administration because of their clear scalability and high-quality controls. Apex has over \$45bn of assets under administration and were named 'Best Independent Administrator' at the 2016 HFMWeek European Service Provider Awards.

Apex has provided the Trustees with an independently-produced SSAE16 report to show how they conduct their business and control and manage risks. The latest report covers the period to September 30, 2015 and the Trustees will review future reports from Apex on an annual basis.

## Investment Consultant

### Barnett Waddingham



Barnett Waddingham is the UK's largest independent provider of actuarial, administration and consultancy services, and provides investment consultancy services to the Trustees.

## Investments



The Smart Pension Default Fund has a Multi-Asset Lifestyle Profile, a highly diversified, low cost investment approach which spreads members' capital across multiple asset types and geographic regions. Over 90% of this investment option is invested in funds which have been selected from Legal & General Investment Management's extensive range of index-tracking funds. It may also invest in actively managed funds to provide further diversification.



For members wishing their pension investments to be fully compliant with Islamic Sharia law, we also offer the option to invest in HSBC's Sharia fund that tracks the Dow Jones Islamic Titans 100 Index.

To comply with DWP guidelines, all workplace pension providers must offer de-risking before retirement. Smart Pension calls this the 'Lifestyling glidepath'. This automatically switches units between funds towards lower risk investments ahead of a member's chosen or default retirement age.

Members can elect to move away from the lifestyling glidepath to select specific fund combinations that will suit their circumstances.

## Executive Team

### Andrew Evans - Chief Executive



Andrew has held a number of Managing Director roles in UK banks in pensions, banking & asset management, with experience running portfolios & transactions totalling many billions of pounds. Andrew realised that SMEs require a simple, quick & cost effective solution to auto enrolment, with a robust underlying financial product. Smart Pension is the answer.

### Will Wynne - Managing Director



Will started his career with five successful years in The City then moved online, joining eBay UK & helping drive explosive UK growth. Will later set up one of the UK's most successful online flowers & gifts businesses, in so doing experiencing many of the pains of a typical small business. Will enjoys making online technology businesses work fast & efficiently, to the benefit of all.

### Peter Walker - Chief Operating Officer



With more than 15 years' experience at Board level in financial services in the UK and globally, Peter's experience includes commercial, investment and private banking, asset management, global custody, trusts and fiduciary services. He also spent over 3 years on the Board of the Pension Protection Fund. Peter ensures Smart Pension's operations are effective and meet the highest level of regulatory compliance.

## Board Management & Governance

### Tom Valentine – Non Executive Director



Tom is the co-founder and Managing Director of UK travel ecommerce success story, Secret Escapes and is enormously experienced in building and scaling online businesses. Having helped build several very successful online platforms, Tom now brings this experience to Smart Pension.

### Amy Nauiokas – Board Adviser



Amy is the President of Anthemis, a leading FinTech firm which invests in technology driven companies that drive change in finance. Amy is also the founder and CEO of Archer Gray, a media production, finance and investment company and previously was the CEO of Barclays Stockbrokers, the UK's largest electronic retail broker with £10bn assets under management.

### Emma Davies – Board Adviser



Emma previously ran the London office of Perry Capital, one of the world's leading hedge funds, before helping to set up Big Society Capital. Emma is currently Head of Property & Infrastructure within the investments team at Wellcome Trust, a global charitable foundation dedicated to achieving extraordinary improvements in human and animal health, with over £18bn of funds under management.



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## **Smart Pension strives to adhere to robust governance standards.**

The Trustees are independent of Smart Pension, and are the legal owners of funds held within the Scheme, holding them in trust for the members. They appoint the Scheme's administrator and investment managers.

The Trustees meet formally on at least a quarterly basis, and also hold informal meetings, as and when required, to consider and monitor the Scheme's on-going objectives, performance, projects and risks.

The Trustees work with Smart Pension to deliver on a number of strategic objectives and responsibilities. Any areas requiring a report or a decision by the Trustees are escalated via the COO, who regularly attends Trustee meetings.

The Executive Board of Smart Pension meets on a regular basis to consider operational issues, business strategy, funding, HR matters and other relevant topics. The Executive Board is primarily responsible for funding the business, sourcing and signing up employers participating in the Scheme, and advising the Trustees on outsourced services.

Internal controls within the Scheme apply where possible the best practice 'three layers of defence' approach as follows:

- i) each process is operated by an approved and trained person in line with agreed policy and controls;
- ii) a second person checks that policy and controls have been properly applied; and
- iii) a third and independent person gives assurance that policies and controls have been properly designed and applied.

The prime records of member holdings are maintained on the systems of our administrator (Apex). They also apply the 'three layers of defence' approach and have provided us with a copy of their most recent ISAE 3402 assurance report on their conduct of business, control and management of risks. The trustees will seek updates to this report on an annual basis.

Smart Pension's own systems and communications processes incorporate high-quality protection and controls to safely collect, maintain and process data as intended without external interference or loss. There are also robust controls in place over program development and release to live use, and strong measures to ensure the availability of these systems and processes to meet member and employer needs.

Smart Pension's website and email service gives members and employers access to a wide range of information on the operation of the Scheme, and facilitate prompt answers to problems and queries with an extensive FAQ section and online 'chat' facilities.

Members are shortly to gain access to information on their pension pot by way of a 'portal' on the Smart Pension website so as to give prompt reporting on the size of the pot together with other functions designed to support a member's pension contribution decisions.

## **Responsibility to Clients and Members**

### Communication and Education Tools

Smart Pension understands the importance of supporting the Advisers, Employers and Members who engage with and use the Scheme. In order to provide transparency around the Scheme, and help employers and their employees understand auto enrolment and their administration obligations in a jargon-free way, Smart Pension has created a range of brochures, fact sheets, guides, videos and webinars to educate, empower and enable, some of which are listed below:

#### **Educate**

- A Video Generator that can be branded with an Adviser's or Employer's logo to teach clients and employees about auto enrolment
- Webinars given by Business Development staff to clients are available on the website
- Videos about auto enrolment are available in our Knowledge Bank
- Presentations on request

#### **Empower**

- AE Planner tools
- Due diligence fact sheets on Governance, Business Structure, Investment Strategy
- Fact Sheets about the Adviser, Employer and Administration Platforms
- Letter Template for Advisers to tailor and send to clients
- Competitor Comparison Table with supporting models
- MAF AAF 02/07 Report & Defaqto Rating - 3<sup>rd</sup> Party approvals

#### **Enable**

- Adviser Platform
- Employer Sign up processes
- Administration Platform providing the ability to assess employees, calculate contributions, take contributions via direct debit, and automatically generate compliant communications
- Member Area
- Adviser Support Line
- Employer Support Line
- Online Chat Support
- Knowledge Bank
- Help Menu
- Automated Compliant Communications

## 4. Summary of Control Objectives

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### SAFETY OF ASSETS AND RECORDS

#### Commercial and business risks

1. Discontinuance plans, which address how member assets or entitlements are safeguarded in the event of the master trust or any key service provider failing, are documented, approved and maintained.

#### Business and disaster recovery

2. Data and systems are backed up regularly, retained offsite and regularly tested for recoverability. Business and information systems recovery plans are documented, approved, tested and maintained.

3. The capacity of administration systems to take on new business is assessed, approved and regularly monitored.

4. New business take-ons are properly established in accordance with the Scheme's rules and contractual arrangements.

#### Data quality and security

5. Member data is complete and accurate and is subject to regular data evaluation. Data transmissions are secure and appropriate measures are implemented to counter the threat from malicious electronic attack.

6. Physical and logical access to computer systems, member and Scheme records and data is restricted to authorised persons.

7. IT equipment is maintained in a controlled environment and the maintenance and development of systems, applications and software is authorised, tested approved and implemented.

#### Protection of assets

8. Member assets and entitlements are safeguarded from loss, misappropriation and unauthorised use in accordance with defined policies.

9. Cash is safeguarded and all payments are suitably authorised and controlled.

10. Financial protection available to members in the event of default is assessed and documented, and communicated to employers and members on request.

11. Investment decisions relating to the selection of investments on regulated markets are researched, authorised and monitored.



## **ASSESSING VALUE**

### **Assessment of value for money**

12. A value for money review is undertaken annually and this review is documented, approved and findings actioned.

### **Communication of costs and charges**

13. A complete and accurate list of the types of costs and charges incurred by members and employers is documented, monitored and approved.

14. Disclosure of information on costs and charges borne by members is made to employers at the point of selection and is complete and accurate.

15. Disclosure of information to members of costs and charges are complete and accurate.

## **ASSESSMENT OF INVESTMENT OPTIONS**

### **Appropriateness of the default investment strategies**

16. The design and ongoing suitability of the default strategies is regularly reviewed and monitored. This review is documented and approved.

17. The performance of the default strategies and funds within the default strategies is regularly reviewed and monitored. This review is documented and approved.

### **Appropriateness of the other investment options (i.e., non-default strategy investment options)**

18. The range and risk profile of other investment options are documented, approved and regularly reviewed for suitability. This review is documented.

19. The performance of other investments options is regularly reviewed against relevant investment objectives and (where available) industry benchmarks. This review is documented and approved.

### **Identification of investment objectives and assessment against them**

20. A complete and accurate description of all investment options is maintained and approved.

21. A Statement of Investment Principles (SIP) is documented, approved and regularly reviewed.

## **PEOPLE**

### **Conflicts of interest**

22. Conflicts of interest are identified, recorded and managed in accordance with a defined policy which is regularly reviewed and approved.

### **Fit and proper Trustees**

23. Fitness and propriety requirements are recorded and managed in accordance with a defined policy which is regularly reviewed and approved.

24. The fitness and propriety of Trustees is regularly reviewed and monitored prior to appointment and thereafter. This review is documented and approved.

25. Trustee skills and knowledge are managed and maintained in accordance with an approved training programme. The training programme is regularly reviewed and updated.

## **GOVERNANCE**

### **Resource planning**

26. A plan is maintained and regularly reviewed to ensure that resources are sufficient and are properly allocated.

### **Scheme management**

27. Roles, responsibilities and duties of all Trustees, advisers and service providers are documented, approved and regularly reviewed.

28. Activities undertaken by all scheme advisers and service providers are properly managed and subject to regular performance reviews which are documented and approved.

### **Internal control framework**

29. A risk management framework has been established to identify, manage and monitor significant operational, financial, regulatory and compliance risks.

### **Core scheme transactions**

30. Contributions, benefit payments, investment transactions and calculations and related income and expenditure are completely and accurately processed in a timely manner and recorded in the proper period.

31. Contributions are invested in accordance with member instructions or the default policy.

32. Transaction errors are rectified and members are treated fairly as a result of that rectification.

**Receipt of contributions**

33. Late and inaccurate contributions are pursued and resolved.

**Retirement process**

34. Retirements are managed in accordance with a documented process which is regularly reviewed and approved.

35. Retirement products selected by members are monitored and the range of retirement products that members are made aware of is reviewed regularly for ongoing suitability.

36. Members are regularly made aware of their investment choices, the importance of reviewing the suitability of their investment choices and that their level of contributions is a key factor in determining the overall size of their pension fund.

**Communications**

37. Scheme communications are accurate, clear and understandable and are produced in accordance with a documented communications plan. The plan is regularly reviewed and monitored.

38. Communications contain information to support the decisions members need to make at retirement.

# Glossary

Term	Description
AAF 02/07	A form of assurance report provided by the ICAEW
AEMT	AutoEnrolment.co.uk Master Trust
AMC	Annual Management Charge
Apex	The Third Party Administrator
API	Application program interface
AutoEnrolment.co.uk Master Trust	The Scheme
AWS	Amazon Web Services
BCP	Business Continuity Plan
Defaqto	An award rating for automatic enrolment
Default fund	The investment fund that Scheme Trustee offers for members who do not make an active fund choice
DR	Disaster Recovery
DRP	Disaster Recovery Plan
DWP	Department for Work and Pensions
ICAEW	Institute of Chartered Accountants in England & Wales
IFAC	Institute of Federation of Accountants
ISAE 3000 Revised	A form of assurance report provided by the IFAC
ISAE 3402	A form of assurance report provided by the IFAC
LGIM	Legal & General Investment Management Ltd
Lifestyling glidepath	The method of switching investments automatically into funds as a member approaches their target retirement age
MAF	Master Trust Assurance Framework
MTA	Master Trust Assurance
Member	A person who is a beneficiary of the Scheme
PAPDIS	The Pensions and Payroll Data Interface Standard
Paxus	The name of the third party administration system used by Apex
Portal	The online method by which members access certain information about their funds in the Scheme
PLSA	Pensions and Lifetime Savings Association
Scheme	AutoEnrolment.co.uk Master Trust
Sharia Fund	An investment fund which meets the requirements of Sharia law and the principles articulated for Islamic finance
SIP	Statement of Investment Principles
SPL	Smart Pension Limited
SLA	Service Level Agreement
SSD	Solid State Disks
TPA	Third Party Administrator/ Administrator,(currently Apex Fund Management Services)
TPR	The Pensions Regulator
VfM	Value for Money

# Appendix: Letter of Engagement

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The Trustee Board of the Autoenrolment.co.uk Master Trust  
Smart Pension Limited  
1 Lyric Square  
London  
W6 0NB

22 March 2016



FAO: Peter Walker Chief Operating Officer

Dear Sirs

## Assurance report on internal controls

Thank you for appointing Assure (UK) Limited as assurance reporting Accountants. This engagement letter and our Terms of Business set out in the Schedule to this engagement letter (together, "**Agreement**") set out the terms on which Assure (UK) Limited ("**Assure UK**", "**we**", "**our**" or "**us**"), are instructed. We should be grateful if you would confirm in writing your agreement to these terms by signing and returning the enclosed copy of this letter.

### Our Instructions

We are instructed by the Board of Trustees of the autoenrolment.co.uk master trust, ("**Service Organisation**", "**you**" or "**your**") to provide professional services to report to you on your internal controls with respect to the master trust services that you offer to your clients ("**Assurance Report**").

The Assurance Report will review the control procedures in place in the Service Organisation and the design and description of these control procedures as at 31 March 2016 in accordance with the International Standard on Assurance Engagements 3000 (Revised) 'Assurance engagements other than audits or reviews of historical financial information' issued by the International Auditing and Assurance Standards Board ("**ISAE 3000 (Revised)**") and Technical Release TECH 07/14AAF "Assurance reporting on master trusts" - Master Trust Supplement to ICAEW AAF 02/07 ("**AAF 02/07**").

Further details regarding the Assurance Report can be found in the attached Schedule.

Subject to the Permitted Disclosures set out in this Agreement (see clause 5 of our Terms of Business), the Assurance Report will be made solely for the benefit of the Service Organisation and its Trustee Board ("**Trustee**") and solely for the purpose of reporting on the Service Organisation's controls, in accordance with this Agreement ("**Purpose**").

### **Special arrangement**

We understand that you may wish to make a copy of our Report available on your website. We give consent on the basis that you agree to the wording in appendix 3 to be included on your website and on the basis that our report can only be viewed to those website visitors who confirm they have read and agree the wording set out in appendix 3.

### **Terms of Business**

Our Terms of Business are attached in the Schedule. Any work already performed in connection with this engagement before the date of this letter will also be governed by this Agreement.

We draw your attention to clause 7 of our attached Terms of Business which amongst other things limits our total liability to you under this Agreement to £1,000,000 and clause 18.3 which shortens the period within which any claim may be commenced.

This Agreement may only be varied or modified in accordance with clause 9 of the Terms of Business and we draw your attention to clause 8 which sets out the provisions for terminating this Agreement.

### **Fees**

Our fees will be agreed separately in writing prior to the commencement of our work and the basis of our fees is set out in the attached terms of business at clause 14.

### **Agreement of Terms**

Please confirm you accept this Agreement by signing the enclosed copy letter and returning it to us but, if you do not do so, your continuing to instruct us will signify your acceptance of this Agreement.

If you have any questions, please contact Andrew Riley on 020 7462 8410.

We are very much looking forward to working with you.

Yours faithfully,

A handwritten signature in black ink that reads "Assure UK". The signature is written in a cursive, slightly slanted style.

**Assure (UK) Limited**

**Copy letter to be returned to Assure (UK) Limited**

The terms and conditions contained in this letter and attached terms of business are agreed and accepted.

*Claire Altman*

.....

Signature of authorised person on behalf of the Trustees of the Autoenrolment.co.uk Master Trust

Print name: CLAIRE ALTMAN .....

Position: Chair of Trustees .....

Date: 24 March 2016 .....

In these terms of business any defined terms not otherwise defined shall have the meaning given to them in the engagement letter so that their meaning is consistent throughout the Agreement.

## 1. INTRODUCTION

- 1.1. These terms apply to the services we are instructed to provide under this Agreement. If anything in these terms of business is inconsistent with the engagement letter, the terms of business shall take precedence unless the engagement letter specifically amends them.
- 1.2. This Agreement will start on the earlier of the date of the attached engagement letter or the commencement of the services described in this Agreement.

## 2. THE ASSURANCE REPORT

- 2.1. In providing the Assurance Report we shall review the Trustee Board's written report on the control procedures at specified business units for the relevant period in accordance with ISAE 3000 (Revised) and AAF 02/07 ("**Trustee Board's Control Report**"), enquiries of the management at the specified business units, review the relevant documentation prepared by the Service Organisation and observe and test specific control procedures as identified in the Trustee Board's Control Report. The tests we perform shall be itemised in an appendix to our Assurance Report.
- 2.2. To complete our Assurance Report we may seek written representations from the Trustee Board and others about the internal controls identified in the Trustee Board's Control Report. We may request the Trustee Board to provide written confirmation of oral representations received as part of these enquiries.
- 2.3. We may seek written representations from the Trustee Board in relation to matters on which independent corroboration is not available. We shall seek confirmation from the Trustee Board that all matters of which we should be aware have been brought to our attention.
- 2.4. The results of our review and the written representations will comprise the evidential matter on which we shall reach our independent conclusions of the description, design and suitability of the internal controls identified to us in relation to the provisions of master trust services as set out in the Assurance Report.
- 2.5. If for any reason we are unable to complete our review we may decline to issue the Assurance Report.
- 2.6. Where the Assurance Report is made available to you in electronic format as well as hard copy format, and multiple copies and versions of the Assurance Report exist in different media, the signed hard copy should be regarded as definitive.



### 3. YOUR RESPONSIBILITIES

- 3.1. The Trustee Board is responsible for the design, implementation and operation of control procedures that provide an adequate level of control over the master trust services they provide, including, but not limited to:
- acceptance of responsibility for internal controls;
  - evaluation of the effectiveness of the Service Organisation's control procedures using suitable criteria;
  - supporting their evaluation with sufficient evidence, including documentation; and
  - providing in the Trustee Board's Control Report an assertion as to the effectiveness of the Service Organisation's internal controls for the relevant period.
- 3.2. In drafting the Trustee Board's Control Report, the Trustee Board shall have regard to, as a minimum, the criteria specified within ISAE 3000 (Revised) and control objectives specified in AAF 02/07 but they may add to these criteria to the extent reasonably necessary.
- 3.3. The Trustee Board shall make available to us, on a timely basis, all information which we consider reasonably necessary for performing our review and testing and to enable us to contact Service Organisation personnel to whom we may direct enquiries. The Trustee Board is responsible for ensuring that the information provided to us, whether by the Trustee Board or any other person working for or on behalf of the Service Organisation, is accurate and complete. We will not verify any information given to us relating to this engagement.
- 3.4. Subject to clause 7, you hereby release and shall indemnify us from all liabilities, costs, claims and expenses (including without limitation, reasonable legal fees) on a full indemnity basis relating to our Assurance Report which relates to any misrepresentations or information which is withheld or concealed from us except where liability or costs arise from our knowing disregard.

### 4. INHERENT LIMITATIONS OF CONTROL PROCEDURES

- 4.1. You acknowledge that controls designed to address specific control objectives are subject to inherent limitations and accordingly, errors or irregularities may occur and not be detected. Such controls cannot guarantee protection against (amongst other things) fraudulent collusion especially on the part of those holding positions of authority or trust. If any such matters come to our attention we may communicate these matters to the Trustee Board or other personnel as appropriate.
- 4.2. The Trustee Board's Control Report and our Assurance Report will be based on historical information and the projection of any information or conclusions in these reports to any future periods would be inappropriate. In addition this Assurance Report is prepared in respect of the relevant period to which it relates. As such, any reliance upon it should be tempered accordingly.
- 4.3. The effectiveness of specific controls at the Service Organisation is dependent on how these controls interact with the controls and other factors present at individual client organisations. We will not review the effectiveness of controls at individual client organisations.

## 5. YOUR USE OF THE ASSURANCE REPORT

- 5.1. Subject to clause 5.3, the Assurance Report will be issued on the understanding that you may not recite, refer to or disclose the whole document or part of it, whether in electronic format or otherwise, to any party without the prior written permission of one of our Partners or Directors. Permission from any other person shall not constitute valid consent.
- 5.2. Subject to clause 5.3, the Assurance Report will be issued solely for the purpose of reporting on the Service Organisation's controls, in accordance with this Agreement.
- 5.3. We permit the disclosure of the Assurance Report in the following circumstances ("**Permitted Disclosures**") provided there is no change to the wording, form, content, context or presentation of the Assurance Report:
  - 5.3.1. As a complete document, in electronic format or otherwise, to existing clients using the Service Organisation's master trust services, the UK Pensions Regulator and other regulatory bodies as requested, and to the auditors of the Service Organisation and such existing clients ("**Permitted Recipients**") pursuant to 5.4 and 5.5 for the sole purpose of verifying that the Assurance Report has been commissioned. In permitting this disclosure we do not accept responsibility or liability to the Service Organisation's clients or their respective auditors.
  - 5.3.2. As a complete document, in electronic format or otherwise, to the Service Organisation's prospective clients only where this disclosure is made with the attached Disclaimer Letter (appendix 2) published in the appendix to the Assurance Report and that this Disclaimer Letter is brought to the attention of the prospective client by the inclusion of a prominent disclaimer at the front of the Assurance Report. In permitting this disclosure we do not accept any responsibility or liability to the Service Organisation's prospective clients.
- 5.4. We will allow the Permitted Disclosures in 5.3.1 provided that the Permitted Recipients first accept in writing, in the form of the attached Acknowledgment Letter at appendix 1, the relevant terms of this Agreement as if the Client had signed the Agreement when originally issued, including the provisions limiting our liability in respect of the Assurance Report, usage restrictions, limitations and exclusions in return for the opportunity to verify that the Assurance Report has been commissioned. Each Client who signs the acknowledgment letter shall be a party to this Agreement unless we, in our absolute discretion, decide otherwise.
- 5.5. In the alternative to clause 5.4, we will allow the Permitted Disclosures in 5.3.1 without the Permitted Recipients having first accepted in writing the terms of this Agreement in the form of the acknowledgement letter at appendix 1 provided that you hereby indemnify and shall keep indemnified Assure UK, its directors and employees against all losses, damages, and expenses (including, without limitation, reasonable legal expenses) suffered or incurred by any of the same as a result of any claim or action brought by the Permitted Recipients following the Permitted Disclosure at 5.3.1.
- 5.6. We may request amendments to the electronic version of the Assurance Report if we are not satisfied with the proposed wording or its presentation or the manner in which it is published. If requested you shall promptly provide us with full cooperation and assistance to make such amendments and shall withdraw any previous or existing versions of the Assurance Report from

circulation and shall promptly ensure that the same are no longer available for download or other review or access.

- 5.7. Where the Trustee Board or the Service Organisation prepare marketing literature referring either to us or the Assurance Report you will make reasonable efforts to obtain our prior written consent before publishing such literature.
- 5.8. Subject to clause 7, we accept no responsibility for any changes that may occur to our Assurance Report made after a permitted disclosure or a disclosure in breach of this Agreement. If we do become aware of any amendments we will notify the Trustee Board that the report no longer corresponds to the Assurance Report issued by us.

## 6. ACCESS TO WORKING PAPERS

- 6.1. Our working papers and other internal documentation created for the purpose of carrying out our engagement under this Agreement belong solely to Assure UK and will not be provided to you.
- 6.2. We may be required to give access to our working papers for regulatory purposes or because of other statutory obligations. Unless we are prevented from doing so by legislation, regulation, court order or other professional or legal requirement, we will notify you prior to giving access to our working papers.

## 7. LIMITATION OF LIABILITY

- 7.1. The following provisions set out our entire financial liability to the Service Organisation and the Trustee Board during the course of our engagement under the Agreement or otherwise (including, without limitation, any liability for the acts or omissions of our employees, agents and sub-contractors) in respect of (a) any breach of the Agreement howsoever arising; and (b) any representation, misrepresentation (whether innocent or negligent), statement or tortious act or omission (including, without limitation, negligence) arising out of or in connection with the Agreement.
- 7.2. All warranties, representations, conditions and other terms implied by statute or common law are excluded from the Agreement to the fullest extent permitted by law.
- 7.3. Nothing in this Agreement excludes or limits our liability for (a) death or personal injury caused by our negligence; or (b) fraud or fraudulent misrepresentation or (c) anything else that may not be excluded or limited under applicable law.
- 7.4. Subject to clause 7.2 and clause 7.3:
  - 7.4.1. We shall not in any circumstances be liable, whether in tort (including, without limitation, for negligence or breach of statutory duty howsoever arising), contract, misrepresentation (whether innocent or negligent) or otherwise for any special, indirect, consequential or pure economic loss, costs, damages, charges or expenses.

- 7.4.2. Our total liability in contract, tort (including, without limitation, negligence and breach of statutory duty howsoever arising), misrepresentation (whether innocent or negligent), restitution or otherwise, arising in connection with the performance or contemplated performance of the Agreement or otherwise shall be limited to £1,000,000.
- 7.4.3. We shall not be liable for any losses which are due to the provision of false, misleading or incomplete information or documentation or due to the acts or omissions of any person other than us, except where, on the basis of the enquiries normally undertaken by us within the scope set out in this Agreement, it would have been reasonable for us to discover such defects.
- 7.5. Where we agree in writing to accept liability to more than one party, the limit on our liability in clause 7.4.2 will be shared between the parties and it will be for those parties to decide how to share it.
- 7.6. Where any loss is suffered by you for which Assure UK and any other person are jointly and severally liable, the loss recoverable by you from us shall be reduced so as to be in proportion to our relative contribution to the overall fault of Assure UK, the Service Organisation and any other person in respect of the loss in question. In determining the extent of the contribution to the overall fault of any other person no account shall be taken of any limit or exclusion placed on the amount that person will pay or any shortfall in recovery from that person (for whatever reason).
- 7.7. To the fullest extent permissible by law, you hereby indemnify and shall keep indemnified Assure UK, its directors and employees against all losses, damages, and expenses (including reasonable legal expenses) suffered or incurred by any of the same as a result of any breach of this Agreement by the Service Organisation, its Trustee Board, employees, contractors or agents including without limitation clause 5 relating to your use of our Assurance Report.
- 7.8. To the fullest extent permissible by law, you agree to bring any claim (including negligence) in connection with this Agreement against Assure UK and not against any individual employed by us.
- 7.9. You shall ensure that none of the Service Organisation's group companies, including any subsidiary, associated or holding company (unless a party to this Agreement), while they are a group company or at any time after, bring a claim against Assure UK (or its directors or employees) or our subcontractors in respect of any liability relating to the services provided under this Agreement.

## 8. TERMINATION

- 8.1. Our appointment under this Agreement may be terminated immediately by you or us by giving notice in writing where (a) there is a material breach of the Agreement that is not rectified within 14 days of the breach (b) the performance of the Agreement may breach a legal or regulatory requirement (c) you or we appear likely to be unable to pay debts or become insolvent.
- 8.2. Our Appointment under this Agreement may be terminated by you or us by giving 30 days' notice in writing.

## 9. ENTIRE AGREEMENT

- 9.1. This Agreement constitutes the sole and entire understanding of the parties in relation to the subject matter of this Agreement and supersedes all previous agreements, representations and arrangements between the parties (either oral or written) with regard to the subject matter of this Agreement other than where such agreements have been expressly included by reference. The parties confirm that they have not entered into this Agreement on the basis of any representations that are not expressly incorporated in this Agreement. Each party irrevocably and unconditionally waives any rights it may have to claim damages and/or to rescind this Agreement for any misrepresentation in relation to the subject matter of this Agreement whether or not contained in this Agreement or for breach of warranty not contained in this Agreement unless such misrepresentation or warranty was made fraudulently. This Agreement may only be amended or supplemented in writing and signed by an authorised representative of both parties.
- 9.2. Subject to clause 7.3, neither party is liable to any other party (in negligence or otherwise) for a representation relating to this Agreement whether in this Agreement or otherwise or for a breach of warranty not contained within this Agreement.
- 9.3. This Agreement may only be amended or supplemented in writing and signed by an authorised representative of both parties.
- 9.4. Any provisions of this Agreement which by their nature extend beyond the expiry, completion or termination of this Agreement shall survive such expiration, completion or termination.

## 10. CONTRACTING PARTIES AND ASSIGNMENT

- 10.1. We may provide certain services under this Agreement by using personnel provided to Assure UK through subcontracting agreements. We remain solely responsible to you in connection with the services provided under this Agreement and subject to clause 7.3 you agree not to bring any claim (whether in contract, tort, breach of statutory duty or otherwise and including but not limited to, a claim for negligence) against our subcontractors in connection to the services provided under this Agreement.
- 10.2. This Agreement does not make either of us an agent or legal representative of the other, nor does it create a partnership or joint venture.
- 10.3. Where you consist of more than one party, an act or omission of one party will be regarded as an act or omission of all.
- 10.4. You may not assign or otherwise transfer the benefit of this Agreement without our prior written consent.
- 10.5. Except as provided at clauses 5.4, 7.5 and 10.1, no person who is not a party to the Agreement shall have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms. This Agreement can be varied without any third party's consent.

## 11. GENERAL UNDERTAKINGS AND CONFIDENTIALITY

- 11.1. We undertake to carry out the engagement under this Agreement with reasonable care and skill.
- 11.2. We will not accept any responsibility for any reliance that may be placed by any third parties on either our assurance reports which are provided by us to you or on any other reports or work products which are provided by us to you for your sole use, unless our prior written consent is obtained for the provision of particular reports or work products to specified third parties and is given in writing prior to the provision of any reports or work products. Such consent will be granted only on the basis that our reports or work products are not prepared with the interests of anyone other than you in mind and that we accept no duty or responsibility to any other party as concerns the reports or work products and that each specified third party acknowledges and accepts this (or such other terms as we may in our discretion agree with them) in writing directly with us.
- 11.3. We will not disclose any confidential information concerning your business to third parties (except to our employees, partners, agents and other professional advisers whom we may consult in relation to our work and save to the extent that the information is in the public domain) without your prior written consent unless otherwise required by law, a court of competent jurisdiction, The Pensions Regulator, HM Inland Revenue or other government or regulatory authority. Subject to the foregoing, we may disclose your confidential information to our affiliates and subcontractors including those engaged in support of our office administration.
- 11.4. All information and advice, written or oral, of whatever nature, made available by us to you is for your sole use and shall not, subject to the provisions of clause 5, be disclosed or made available to any third party (save to the extent that the same is in the public domain otherwise than by breach of this clause) without our prior written consent unless otherwise required by law, a court of competent jurisdiction, The Pensions Regulator, HM Inland Revenue or other government or regulatory authority.
- 11.5. The working papers prepared in conjunction with our audit and other services are the property of our firm, constitute confidential information and will be retained by us in accordance with our firm's policies and procedures.
- 11.6. Nothing in this document precludes us or any of our directors or employees from taking such steps as are necessary to comply with professional or ethical rules of any relevant professional body of which our director or employee is, at the time, a member.
- 11.7. We may outsource certain services including IT support, our "front office" and "back office" functions, photocopying and word processing to carefully selected service providers, with whom we have agreed confidentiality provisions and undertakings. Your personal data will not be transferred outside the European Economic Area (EEA).
- 11.8. We may wish to refer to you and the services provided to you under this Agreement as part of our marketing material. You hereby agree that we may do so provided we do not disclose your confidential information.

## 12. INTELLECTUAL PROPERTY

- 12.1. We will own the intellectual property rights in the Assurance Report and any other deliverables or materials created or provided under this Agreement, and subject to clause 5, we hereby grant the Service Organisation a non-exclusive, non-transferable licence to use the Assurance Report for the Purpose.

## 13. ELECTRONIC COMMUNICATIONS

- 13.1. We may correspond with you electronically (unless you expressly request otherwise on specific matters) and receive such communications from you. We may also, with your agreement, use electronic means of communication to send and receive information requests and confirmations to and from designated third parties in connection with the Assurance Report.
- 13.2. You and we understand and acknowledge that the electronic transmission of information by e-mail on the Internet or otherwise has inherent risks and that such communications may become lost, delayed, intercepted, corrupted or be otherwise altered, rendered incomplete or fail to be delivered. We shall use commercially reasonable procedures to ensure that such electronic communications are free from viruses and any other material which may cause inconvenience or harm to any other computer system and you undertake to do likewise with any electronic communications you send to us. As the electronic transmission of information cannot be guaranteed to be secure or error-free and its confidentiality may be vulnerable to access by unauthorised third parties, we shall not have any responsibility or liability to you on any basis other than our bad faith or willful default in respect of any electronic communication of information by us to you or your other advisers.

## 14. FEES AND EXPENSES

- 14.1. Unless we have agreed otherwise, we will present invoices on account as our work progresses, which will be due for payment on presentation of an invoice. We may charge interest at 3% above Barclays Bank PLC's base rate per annum on overdue amounts.
- 14.2. Cash will not be accepted in payment for services rendered. All fees should be paid by cheque or, preferably, by bank transfer.
- 14.3. Travelling, subsistence, accommodation, report production, any special telecommunications or computing charges and any other expenses properly incurred while engaged on your business, whether at your premises or elsewhere, will not be charged to you.
- 14.4. You will also pay any taxes, including VAT, that are due in relation to our goods and services under this Agreement. You will pay the full amount of any invoice regardless of any deduction that you are required to make.
- 14.5. Where fees are charged on an hourly basis, these charge out rates may be reviewed from time to time and may be increased. We shall notify you of any increase. We reserve the right to vary the rates to reflect discretionary factors such as unusual urgency, complexity, the responsibility involved, and transaction value and/or out of hours working.

- 14.6. If we terminate this Agreement in accordance with clause 8 we shall be entitled to the fees incurred until the date the engagement is terminated notwithstanding that the work we have undertaken may not be complete at the termination date.

## 15. DATA PROTECTION

- 15.1. For the purposes of the Data Protection Act 1998, you are the data controller and we act as the data processor of any Personal Data. In this Agreement, Personal Data shall have the meaning set out in section 1(1) of the Data Protection Act 1998 and relates only to personal data, or any part of such personal data, of which you are the data controller and in relation to which we are providing services under this Agreement.
- 15.2. We shall process the Personal Data only to the extent necessary to fulfill the services under this Agreement and/or in accordance with your instructions from time to time and shall not process the Personal Data for any other purpose. For the purposes of this clause processing and process and data subject shall have the meaning set out in section 1(1) of the Data Protection Act 1998.
- 15.3. If we receive any complaint, notice or communication which relates directly or indirectly to the processing of the Personal Data or to either party's compliance with the Data Protection Act 1998 and the data protection principles set out therein, we shall immediately notify you and shall provide you with full co-operation and assistance in relation to any such complaint, notice or communication.
- 15.4. We will maintain reasonable administrative, physical and technical safeguards against the unauthorised or unlawful processing of personal data and against the accidental loss or destruction of, or damage to, personal data.

## 16. QUALITY OF SERVICE

- 16.1. Our objective is to seek to provide you with the highest quality of service to meet your needs. If at any time you would like to discuss with us how our service to you could be improved or if you are in any way dissatisfied with the service you are receiving, please raise the matter with the director responsible for providing the services under this Agreement to you. If you would prefer to discuss the matter with someone other than that director, or you wish to make a complaint please call or write to Lorraine Hawkins, Assure UK's nominated Complaints Officer.
- 16.2. We undertake to look into any complaint carefully and promptly and to do all we can to resolve the position to your satisfaction. If by this process we are unable to meet your concerns, you may then take up the matter with the Institute of Chartered Accountants in England and Wales. To contact the ICAEW, write to the Professional Standards Office, Metropolitan House, 321 Avebury Boulevard, Milton Keynes MK9 2FZ.

## 17. INVALIDITY

- 17.1. If any provision of this Agreement is held to be illegal, invalid or unenforceable, in whole or in part, under any enactment or rule of law, such provision or part shall, to that extent, be deemed



not to form part of this Agreement but the legality and enforceability of the remainder of this Agreement shall not be affected.

## 18. APPLICABLE LAW

- 18.1. This Agreement shall be governed by, and construed in accordance with, English law. The Courts of England shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning this Agreement and any matter arising from it. Each party irrevocably waives any right it may have to object to an action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those Courts do not have jurisdiction.
- 18.2. If any dispute arises in connection with this Agreement, the parties will first use reasonable endeavours to resolve the dispute amicably between them. If the dispute is not resolved either party may refer (by mutual written agreement) the dispute to an agreed mediator of suitable independence and skill to adjudicate on the matter. The mediator shall be deemed to act as an expert and not as an arbitrator. To initiate the mediation a party must give notice in writing (ADR notice) to the other party to the dispute requesting mediation. The mediation will start no later than thirty (30) days after the date of the ADR notice. No party may commence any court proceedings in relation to any dispute arising out of this Agreement until it has attempted to settle the dispute by mediation and either the mediation has terminated or the other party has failed to participate in the mediation, provided that the right to issue proceedings is not prejudiced by a delay.
- 18.3. Any claims, whether in contract, negligence or otherwise, must be formally commenced no later than two (2) years after the party bringing the claim becomes aware (or ought reasonably to have become aware) of the facts which give rise to the action and in any event no later than four (4) years after any alleged breach of contract, negligence or other cause of action. This expressly overrides any statutory provision which would otherwise apply.
- 18.4. No party shall be liable to the other if it fails to meet its obligations because of matters beyond its reasonable control.
- 18.5. You are reminded that, in addition to the identity checks, which we undertake for all new clients, the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007 (as amended from time to time) place additional legal requirements on us.

# Prospective Customer Disclaimer Letter

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The Trustees of Autoenrolment.co.uk Master Trust  
Smart Pension Limited  
1 Lyric Square  
London  
W6 0NB



Dear Sirs

The 2016 report on control procedures in accordance with ISAE 3000 Revised and AAF 02/07 which relates to the master trust services provided by ABC AE Ltd (Service Organisation) as at 31 March 2016 (2016 Trustees' Control Report) has been prepared by the Trustees of the Service Organisation principally for the purposes of providing information to organisations who were clients at 31 March 2016. You have asked us to agree to you providing to prospective clients, i.e. organisations that were not clients at 31 March 2016, a copy of the 2016 Trustees' Control Report which includes our assurance report on master trust controls (Assurance Report) dated 6 May 2016. We confirm that we are agreeable to you so doing on the clear understanding that our Assurance Report was addressed to you and was prepared on your instructions as set out in our engagement letter dated 22 March 2016. The Assurance Report was not prepared for the benefit of any prospective clients or other third parties and therefore items of possible interest to prospective clients or third parties may not have been specifically addressed.

To the fullest extent permissible by law, Assure (UK) Limited makes no warranty or representation that the information in the Assurance Report is appropriate for the interests or purposes of prospective clients, or as to the truth and accuracy of the contents, including without limitation, as to whether the information has changed in any way since the date of the Assurance Report. Therefore the Assurance Report cannot in any way serve as a substitute for enquiries and procedures that prospective clients would (or should) undertake for the purpose of satisfying themselves regarding any matters relating to the Service Organisation's controls procedures of for any matter arising in the Assurance Report. Assure (UK) Limited, its directors, employees and agents neither owe nor accept any duty or responsibility to prospective clients or third parties whether in contract or in tort (including, without limitation, negligence and breach of statutory duty) or however so arising. Assure (UK) Limited shall not be liable, and prospective clients and third parties shall not bring any action, proceeding or claim in respect of any loss damage or expense of whatsoever nature which results from any use prospective clients or third parties choose to make of the Assurance Report, or any reliance they may seek to place on it.

The 2016 Trustees' Control Report and our Assurance Report contained within it are not to be copied in whole or in part in any document and may not be distributed without our prior written permission. To ensure that prospective clients have a clear understanding of the terms under which our Assurance Report is being provided to them, a copy of this letter should accompany our Assurance Report.

Yours faithfully

A handwritten signature in black ink that reads "Assure UK".

Assure UK  
Chartered Accountants, London