

**The Jacobs Engineering UK Limited Pension  
Scheme;**

**The Babbie Group Limited Superannuation and  
Life Assurance Scheme;**

**The Halcrow Pension Scheme (No. 2);**

**The MEDA Pension and Death Benefits Scheme;**

**and**

**The Pension and Life Assurance Plan of Allott  
and Lomax**

**(The “Schemes”)**

**Policy covering Trustee Director Appointments,  
Responsibilities and Requirements**

**September 2022**

## 1. Purpose

The Trustee Board (otherwise known as a 'Common Trustee Board'), together with a number of dedicated sub-committees, is committed to having high governance standards across all areas of scheme management. The purpose of this policy is to ensure that the Trustee Board fully meets the requirements for Trustee Director appointments as set out by The Pensions Regulator including the requirement for an appropriate number of Member Nominated Directors (MNDs), the requirement for an open and transparent method of appointing MNDs to the Board and the importance of having the right mix of skills and competencies amongst the Trustee Directors.

## 2. Background

A single corporate trustee is to be appointed to act as trustee of:

- the Jacobs Engineering UK Limited Pension Scheme;
- the Babbie Group Limited Superannuation and Life Assurance Scheme;
- the Halcrow Pension Scheme (No. 2);
- the MEDA Pension and Death Benefits Scheme; and
- the Pension and Life Assurance Plan of Allott and Lomax.

The Trustee Company, Jacobs Four Limited, which is a subsidiary of Jacobs UK Limited, the principal employer, administers the above Schemes. The Trustee Board of Jacobs Four Limited will consist of six Trustee Directors. Four of the Trustee Directors are appointed by Jacobs UK Limited, including an independent professional trustee.

Under current legislation, trustee boards must consist of at least one third member nominated appointments. Therefore, the Trustee Board must have at least two MNDs.

The Trustee Board must adopt a MND nomination process which involves at least the pensioner members or an organisation which adequately represents those members plus a selection process involving some or all of the members of each of the above Schemes. Trustee Boards must ensure that within a reasonable period of a vacancy occurring they make arrangements to comply with legislation. The Pensions Regulator (as set out in its Code of Practice) considers that:

- a reasonable period within which arrangements should be put in place is six months;
- a reasonable period for the nomination and selection process to take place under the arrangements is six months from any requirement arising; and
- a reasonable interval for re-running a nomination process due to an unfilled vacancy because of insufficient nominations is no more than three years.

Notwithstanding Jacobs UK Limited's intention to appoint four Trustee Directors and for there to be six in total, the Articles of Association of the Trustee Company require the minimum number of Trustee Directors to be not be less than three.

## **2.1 Diversity and Inclusion – inclusive thinking, better outcomes**

In order to realise the full potential of the pension arrangements for the benefit of the members, the Trustee Board embraces diversity and equality in a serious way. The Trustee Board is committed to building a Board of Directors with a variety of backgrounds, skills and views.

To be engaged, each Trustee Director must feel included and valued. The Trustee Board recognises that an inclusive and diverse environment respects the unique characteristics, skills and experiences of all Trustee Directors. In turn, our inclusive culture inspires us to try new things, speak openly, be bold and challenge the status quo, creating a safe space for discussion and empowering all of us to connect, belong and have a continuous improvement mind-set. The more inclusive the Board is, the better our work will be.

We know through experience that different ideas, perspectives and backgrounds create a stronger and more creative environment that delivers better outcomes.

## **2.2 Principles of Trusteeship**

The principles of trusteeship impose certain duties and responsibilities on the Common Trustee Board collectively and each Trustee Director individually. As backdrop to this policy, each Trustee Director is expected to adhere to the following principles:

- To act within the framework of the law and regulatory requirements and in accordance with the trust deed and rules.
- To act in good faith and in the best interests of members and beneficiaries and to balance fairly and impartially the interests of different groups.
- To act with prudence, reasonable care, honesty and conscientiously.
- Act with skill, competence and due diligence.
- Maintain independence and objectivity by, among other actions, avoiding conflicts of interest and deriving no personal gain.
- Maintain confidentiality of Scheme, sponsor, member and beneficiary information.
- Ensure that proper records and accounts are kept and that information is communicated and disclosed as legally required in an accurate and transparent manner – and to ensure that the right benefits are paid out to the right people at the right time.
- Have knowledge and understanding of the law relating to pensions and trusts, as well as the principles of funding and investment and safe custody of the assets.
- Be completely familiar with the Schemes' documents including the Trust Deed and Rules, Statement of Investment Principles and Statement of Funding Principles.
- The Common Trustee Board as a whole should possess a diverse complementary skillset, and maintain sufficient knowledge and understanding necessary to properly run the scheme and ensure sufficient standards of governance and administration.



- The Common Trustee Board as a whole must take advice on technical matters and on any other matters with which the Common Trustee Board is not fully familiar. Decisions should be taken only by persons with the right skills, information and resources needed to take them reasonably and effectively and taking account of all the relevant facts.

### ***2.3 Minimum competencies of all Trustee Directors***

Trustee Directors are expected to be committed to the highest standards of honesty and integrity. While the skills of individual Trustee Directors will vary, all Trustee Directors should:

- be a fit and proper person to undertake a trustee role;
- be capable of understanding complex, and often numerical, concepts;
- be able to take a strategic overview;
- be sufficiently confident to engage with and question advisors;
- be able to work collaboratively with other board members, the Company and advisors;
- be able to work in an environment of mutual trust where some responsibilities are delegated to other Trustee Directors/Board sub committees; and
- be able to operate in an electronic/paperless environment (the majority of the Trustee papers are circulated on a secure electronic system).

### ***2.4 Disqualification from holding the role as Trustee Director***

If any of the following apply (at any time) then an individual will be disqualified from holding the role as Trustee Director (for the avoidance of doubt this includes both Company appointed Trustee Directors and MNDs):

- they are convicted of an offence involving dishonesty or deception (unless the conviction is spent or overturned);
- they are an undischarged bankrupt, or have entered into certain other voluntary agreements with creditors;
- they have been disqualified from acting as a company director; and
- they have been prohibited, suspended or disqualified from being a trustee or is otherwise proscribed from acting as a trustee under Section 27 of the Pensions Act 1995.

This list is not intended to be exhaustive and there may be other reasons that could make the role of Trustee Director unsuitable – current and potential Trustee Directors should discuss with the Pensions Manager if they are in any doubt about their suitability for the role.

### **3. Member Nominated Directors**

It is for the Trustee Board to decide the arrangements for complying with MND legislation. In deciding the arrangements to be put in place the Trustee considers the following three principles as important considerations:

- Proportionality (i.e. trustees should select an approach, the costs and nature of which, are appropriate to the circumstances of the Schemes);
- Fairness (i.e. treating members fairly. However, this does not mean that all classes of member have to be treated the same – membership distribution is an important consideration); and
- Transparency (i.e. the outcomes of the nomination and selection processes, and the method of selection, should be communicated to all the members involved in both processes)

#### **3.1 Eligibility**

Members can put themselves forward for the Common Trustee Board if they are:

- a deferred member of the Scheme; or
- a pensioner member (receiving a pension in their own right, rather than as a dependent of another member)

And are not working for someone **Jacobs UK Limited** would consider a competitor.

For the avoidance of doubt, more than one Member Nominated Director can be appointed from either the deferred membership or pensioner membership.

Should the Common Trustee Board consider it desirable to have more Member-Nominated Directors than necessary to meet the minimum one-third requirement, then it must seek the employer's consent.

#### **3.2 The Common Trustee Board from the outset of its appointment**

Two of the current MNDs from the Schemes listed on page 2 will be appointed to the Common Trustee Board from the outset, so there is member nominated representation from the start.

The process of selecting from the Schemes' existing MNDs will be as follows:

- Introductory conversations – each of the Schemes' existing MNDs will be asked if they would like to be considered for a position on the new Board.
- Interviews will be held by a Selection Panel made up of the independent professional trustee and the three Company nominated directors that are to be appointed to the new Common Trustee Board. They will be looking for member nominated directors to complement the company nominated directors' skill sets.

- The Selection Panel may, if it considers appropriate, co-opt additional persons to the Selection Panel, where those persons have skills or expertise the Panel might otherwise be lacking.
- The Selection Panel will decide on the suitability of an applicant in an objective manner.

Unless the Chair determines that it is otherwise appropriate, the newly appointed MNDs will serve the remainder of their term carried over from their previous trustee role in relation to one of the five Schemes (the transitional period). The Common Trustee Board will then put in place its arrangements to identify and select new MNDs to the Board – this process will follow items 3.3 to 3.8 below.

### **3.3 Nomination process for future MNDs**

The Common Trustee Board must put arrangements in place to identify and select MNDs for the Board. The Common Trustee Board must keep a record of the steps they have taken to comply with the legal and regulatory requirements including the timeframe for implementation.

- The Common Trustee Board will communicate with eligible members (i.e. the deferred membership and pensioner membership) inviting nominations to become a Member Nominated Trustee Director and fill the relevant vacancy (or vacancies).
- MNDs are encouraged to seek the support from any two members of the Scheme by obtaining nominations from them. However in recognition that some members may no longer be in contact with fellow members, they can also nominate themselves.
- The role is likely to require a time commitment of approximately 10-15 days per annum, and applicants who are employed by Jacobs UK Limited are required to discuss the role with their line manager prior to making an application for the role to ensure that sufficient time will be freed up from their day to day activities to carry out the Trustee Director role. Employment law requires employers to permit an employee to take paid time off to perform trustee duties and receive relevant training for the role.
- Members will be given at least 1 calendar month from the date of advertisement to make an application. Applicants are required to submit their application electronically or by post.
- All applicants will be considered under the selection process.

### **3.4 Selection process for future MNDs**

- The role of the MND is a unique and challenging one, in a complex and often changing pensions landscape. Therefore, due to the considerable responsibility that comes with this position, nominees must meet certain criteria.
- The selection process will typically take around 5 months, although sometimes a longer timeframe may be needed (for example where a ballot is required).
- A selection process will still be run even where the number of nominations received is equal or less than the number of vacancies



### 3.4.1 Selection Panel

- The Trustee shall appoint a Selection Panel to consider all nominations. This Panel shall comprise the following members - a quorum shall consist of a minimum of three Panel members:
  - The Chair of the Common Trustee Board or a Trustee Director nominated by the Chair
  - Two other Trustee Directors nominated by the Chair
  - Jacobs UK Limited HR representative (or any other person that the Company deem appropriate)
  - The Trustee may, if it considers appropriate, co-opt additional persons to the Selection Panel, where those persons have skills or expertise the Trustee considers the Panel might otherwise be lacking.
- The Selection Panel will decide on the suitability of an applicant in an objective manner. In order to ensure fairness and consistency in this process, all nominees are assessed against the same Criteria – examples of such Criteria are listed in Appendix 1. The Board carries out an evaluation of its performance and effectiveness and new skill gaps maybe identified that the Board may seek to fill through the MND process. In such cases the skills required will form part of the selection Criteria. Subjective criteria will be avoided.
- The Selection Panel will screen all applicants and identify a short list of those it believes will fit the Criteria and make successful Trustee Directors. The shortlisted applicants will be required to attend a Selection Panel interview. The logistics of the interviews (dates and locations) will be communicated to the applicants. Prior to the interview the applicant will be advised of the selection Criteria and will be asked to provide appropriate examples to support their application.
- The Selection Panel shall decide, at its absolute discretion, if an applicant is suitable for appointment. The Selection Panel shall recommend their chosen applicant to the Common Trustee Board for final approval and ratification.
  - Should the Common Trustee Board conclude that an applicant is suitable for the available role the applicant shall be appointed or a further round of interviews may follow (if necessary). The Selection Panel will inform the successful applicant in writing of the Common Trustee Board's decision.
  - Should the results of the Selection Panel conclude that more than one applicant is suitable for the available role(s), and no consensus can be reached on who to recommend to appoint, the Chair of the Common Trustee Board will decide whether to authorise the Selection Panel to make a selection on the basis of a majority of votes of Panel members present or whether to proceed to a ballot by the members.
  - Where the Selection Panel decides an applicant is not suitable for the role (or otherwise decides not to select a particular applicant) the panel will communicate

the reasons for their decision to the applicant to the extent possible (within the bounds of confidentiality). The decision of the Selection Panel shall be final.

- Should no suitable candidates be nominated, the role will be left vacant and the process (or processes) re-run at a time decided by the Chair of the Common Trustee Board, but at intervals of no more than three years until the vacancy is filled.

### **3.5 Ballot**

Should the Chair of the Common Trustee Board decide to carry out a ballot of members, then a ballot paper will be issued to deferred and pensioner members as appropriate (i.e. the same eligible population involved in the nomination process).

The ballot will take place via electronic voting or alternative voting methods e.g. mailing a postal ballot and will be conducted by an independent organization that provides balloting services, as determined by the Trustee from time to time. To help members select their preferred candidate, a candidate profile for each nominee will be provided in a ballot pack.

The ballot will be open for a minimum period of 1 calendar month. The member with the most votes will automatically be appointed to the MND role. In the case of a tie, the Chair of the Trustee Board will have the casting vote.

### **3.6 Communications**

The Common Trustee Board will consider using its established means of communicating with members to maximise effectiveness whilst minimising cost. Potential approaches include utilising a website, annual Newsletter or letter. The Trustee reserves the right to advertise the role by such other means as it believes appropriate to ensure that the advertisement is received by the relevant members of the Schemes.

#### **• Nomination**

The nomination stage should include communication to the members involved, of its essential details, including:

- the number of MNDs vacancies and the number of MNDs who are currently in place;
- if the present incumbent MND wishes to stand for reappointment (if applicable);
- a short explanation of the role of a trustee and any training requirements;
- eligibility criteria;
- details of the selection process to be used and an explanation of what happens where the number of nominations is less than or equal to the number of vacancies;
- a nomination form including an explanation of how to complete the form and how to nominate someone for selection as an MND;
- time limits that apply; interview logistics; and a contact for queries.



- **Selection**

The selection stage should include communication to the people involved, of the essential details of the selection process, including:

- the outcome of the nomination process (whether successful or not); and
- what those involved in the selection process need to do and the method of selection and criteria.

- **Outcomes**

The outcome of the selection process should be communicated to all the members involved in both the nomination and selection process and the wider membership.

### **3.7 Re-running the nomination and selection process**

Where there are unfilled vacancies after the nomination process, then this process and the selection process will be re-run at reasonable intervals, which will be no longer than 3-years from the end of an unsuccessful nomination process. However, if a significant change occurs to the Schemes' membership (for example, a bulk transfer of members), the Common Trustee Board may consider an earlier re-running of the nomination and selection processes to ensure the MNDs properly reflect the membership at the time.

### **3.8 Term of office**

Member Nominated Trustee Directors serve for a term of 5 years which can be extended for a further 5 years if that is the wish of both the MND and the Chair of the Trustee (and without having to go through the nomination and selection process again). Unless explicitly agreed by the Chair of the Trustee, a maximum of 10 consecutive years may be served. In an exceptional situation, the Chair of the Trustee may agree to an extension to the term of office of up to 12 months if, in the opinion of the Chair, it would be detrimental for the scheme for the MND to step down with immediate effect at the end of his/her prescribed term.

If a MND ceases to be a member of the Scheme, or goes to work for a competitor of Jacobs UK Limited, or should a MND resign from their role then the Chair of the Trustee will agree to a suitable date with the MND to step down as a Trustee Director and a new MND will then be sought.

## **4. Company Nominated Trustee Directors**

The Principal Employer may appoint new or additional Trustee Directors. The Principal Employer may also remove Trustee Directors, however it may not exercise this right in any way that conflicts with any arrangements made under legislation relating to member-nominated trustees and directors.

[Note: Article 19 of the Trustee's Articles of Association says that a director may be appointed by written notice from the majority shareholder or by decision of the (Trustee) directors. In practice, given the majority of directors will be company nominated, the Principal Employer should hold effective control over appointments other than for MNDs and we assume directors would not unilaterally appoint a director without company

consent. We also note the Principal Employer may direct the Trustee directors to take or refrain from taking specified actions under the articles].

## **5. Resignation, disqualification and removal**

The office of a Trustee Director shall be vacated if he or she shall, in writing, give at least one month's notice to resign. The office of a Trustee Director shall be vacated immediately if the Director ceases to meet the Eligibility criteria set out in this policy; or if the Director is prohibited, suspended or disqualified from being a trustee or is otherwise proscribed; or if the other Trustee Directors so decide by unanimous vote; or if Jacobs UK Limited so requests (subject to overriding legislation in respect of MNDs). Trustee Directors who are MNDs may only be removed with agreement of all other Trustee Directors.

## **6. Remuneration, costs and expenses**

The Trustee Director role may be paid at the discretion of, and at a rate decided by, the Principal Employer. The Principal Employer will make payment directly to the Trustee Director (or to the corporate entity which employs them where applicable).

Expenses will be paid in line with the Principal Employer's travel and expenses policy. All expenses must be approved by the Pensions Manager. As explained in Section 3.3 above, Trustee Directors will be given paid time off to prepare for and attend meetings, undergo training and study papers etc.

The operational running costs associated with the appointment of a MND will be met by the Scheme. All applicants will be reimbursed with any expenses incurred as part of the selection process in line with the Principal Employer's travel and expenses policy.

## **7. Responsibilities and requirements of all Trustee Directors**

### **7.1 General conduct**

The required general conduct of each individual Director is described below:

- To adhere to the Principles of Trusteeship and Minimum competencies of Trustee Directors.
- To devote sufficient time to undertake the role. As noted in Section 3.3 above, the role is likely to require a time commitment of approximately 10-15 days per annum (and potentially more for Trustee Directors who serve on sub-committees). If at any point a Trustee Director finds the role is taking up more than 15 days per annum they should raise this with the Pensions Manager in the first instance who will decide, with the Chair of the Trustee, what steps can be taken, to reduce workloads.
- To prepare for quarterly (and ad-hoc) meetings in advance by reading meeting papers and, if necessary, clarifying understanding of papers by raising questions with paper authors or the Pensions Manager in advance of the meeting.
- To attend meetings - either in person or by conference call.
- Trustee Directors are not only expected to attend meetings and training, but also to spend time carrying out activities such as responding to emails, reviewing correspondence such as member communications or other Scheme documentation.



- Contribute to discussions, raise questions and challenge decisions before they are made.

Participate on Board sub committees or special working groups as proposed by the Chair of the Trustee and ratified by the Common Trustee Board.

## 7.2 Training

The Common Trustee Board recognises that it is responsible for five different, complex schemes. For these reasons, the Board requires that each Trustee Director demonstrably attains a high standard of relevant knowledge and understanding within a reasonable time of joining the board as set out below:

- All new Trustee Directors will receive induction training. This training will be arranged by the Pensions Manager.
- All Trustee Directors are required to complete the Trustee Toolkit made available by the Pensions Regulator within six months of joining the Board. This includes all essential modules based on the size and type of the Schemes. In addition, Trustee Directors will be required to demonstrate that they have completed any new or materially updated modules.

The Common Trustee Board takes training and development responsibilities very seriously and keeps a record of the training completed by each member of the Board. In addition, each Trustee Director is expected to;

- Participate actively in all training sessions organised for the Board to enable all Trustee Directors to take decisions “with the skill and care of someone familiar with the issues concerned”.
- Undertake at least 15 hours of additional relevant training each year. Activities that count towards the minimum requirement include:
  - Attending relevant seminars, workshops, training events and conferences
  - Attending webinars and web forums (including online training materials)
  - Reading published articles
  - Attending meetings of recognised pensions bodies
  - Other training received at Trustee Board meetings
- Review their own knowledge and understanding annually, identify gaps, seek further guidance from the Pensions Manager as necessary and undertake additional training. Also to inform the Pensions Manager of their training needs (so arrangements can be made) and to undertake training in order to keep their knowledge up to date (training may need to be specific and timely on occasions relative to the issues facing the Schemes).



- Professional Trustee Directors will be expected to meet a higher standard of care and be able to demonstrate appropriate knowledge and understanding immediately on appointment.

## **8. Maintaining and Reviewing this policy**

The Common Trustee Board will maintain its Trustee Appointment, Responsibilities and Requirements policy and review it at least every three years. The Trustee may amend the terms of this policy at any time.

As recommended by the Pensions Regulator's guidance, this policy has been discussed, reviewed and agreed with the Scheme's Sponsor (the Principal Employer).

**Signed:**



For and on behalf of Jacobs Four Limited

**Date:** September 2022

## **Appendix 1 - Potential screening criteria**

### **Criteria**

The Selection Panel may use some or all of following screening selection Criteria:

1. **Commitment** (to give up the necessary time to attend meetings, to prepare for meetings and to undertake initial/on-going study).
2. **Curiosity**, inquisitiveness (to ensure they understand the issues).
3. **Self-confidence** (to ensure they are happy to probe advisors and participate in debates).
4. **Collaborative team player** (independent thinker but able to form a consensus – given appropriate leadership – with others).
5. **Comfortable dealing with complexity and dealing with detail** (an unavoidable attribute of pensions).
6. **Respectful** (of colleagues, advisors, experts and the law).
7. **Communication skills** – does the applicant have the required communications skills to be able to communicate with fellow board members and advisors as well as with members?
8. **Comfortable with numbers** – there are a lot of numbers involved in running a pension scheme.
9. **Balanced view** – does the applicant have the ability to demonstrate a balanced view or are they likely to solely support the interests of one party or a particular section of members?
10. **Independence** – is the candidate independent? Do they have any conflicts of interest by taking on the role that would inhibit their ability to act independently?
11. **Skill set** – does the candidate have the required skill set (i.e. a diverse complementary skill set / relevant experience for the role?)
12. **Disqualification** – does the candidate fail any of the qualification tests set out in the role profile?

## **Potential Interview Questions**

The Selection Panel may use some or all of the following questions (this list is not intended to be exhaustive):

### ***Commitment***

- Do you have the time to undertake this role?
- Are you able to travel to usually four meetings per year (normally held in London)?
- Would you be able to attend meetings at a relatively short notice or would other commitments make this difficult?
- Are you employed elsewhere?
- Being a pension trustee requires you to study and learn aspects of trust law, investment management, pensions regulation and scheme administration – especially during your first year on the board and then on an ongoing basis. We require all new trustees to complete the Pension Regulator's on-line learning within 6 months of joining the board. How do you feel about that?

### ***Curiosity***

- Have you looked at the Pension Regulators website? What struck you about it?
- What interests you in the role of Member Nominated Director?

### ***Self-confidence***

- Why should members' want you as a MND?
- Do you meet the criteria set out under the terms of the policy?
- What are the key things you think a trustee board like ours needs to consider and think about?

### ***Collaborative team player***

- The trustee board works as a team under the leadership of the Chair. Can you give us an example of where you have worked as part of a team or a committee or a board under someone else's leadership and how you found the experience?
- Give us an example of a challenging dilemma or problem you have had to resolve working with others and what happened?

### ***Comfortable dealing with complexity and dealing with detail***

- Give us an example of an aspect of your life which has required study, complex problem solving and collaborative working with others.

### ***Respectful***

- What different techniques would you use to communicate to different stakeholders, i.e. members, fellow Trustee Directors, advisers and the Company?



**Communication skills**

- Please provide an example of a situation or issue where you have communicated a difficult or complex situation
- What techniques do you use to communicate this complex situation?

**Comfortable with numbers**

- Give us an example of a challenging problem involving numbers and how did you resolve it?

**Balanced view**

- What, in your opinion, is the most important aspect to the role; a) fighting for members' rights and benefit enhancements for members or, b) to attempt to obtain the most deficit funding from the Company?
- Successful trustees have to be good at listening to, probing and taking the advice of experts on sometimes complex and technical matters. Can you give us an example of where you have had to take advice on a complex matter in the past and how you found that experience?

**Independence**

- Are you employed by a competitor to the Company?
- Other than employee share plans are you or a member of your immediate family a shareholder of the Company?
- Are you a Trustee / Director of any companies?
- Do you feel you have any conflicts of interest in carrying out the role?

**Skill set**

- What skills would you bring to the role?

**Disqualification**

- Do you qualify to become a Trustee Director under the terms of this policy?
- Do you have any unspent criminal convictions?
- Have you ever been disqualified or dismissed from a role of a Director / Trustee?

