

muse
ADVISORY



think independently ...*act effectively*

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Introduction

Welcome to Muse Advisory. We help pension scheme trustees and sponsors to better govern and manage their pension arrangements. This has been the sole focus of our business since we were founded in 2006.

We are privileged to have worked with many prestigious clients of different complexities and sizes; from 28 of the UK's 50 largest schemes to many smaller schemes, both in the private and public sectors.

Our clients choose us because of our core values:

- We are **truly independent. Muse is director-owned and has no ties to any other business**; we avoid many of the conflicts faced by others. We only provide pension scheme management and governance services meaning we can enjoy open relationships with advisers and suppliers.
- We **act with integrity**, helping our clients achieve their objectives by giving our people the freedom to act in their clients' best interests, unconstrained by a 'house view'. If we don't think work will deliver value, or could weaken our independence, we won't do it.
- We **focus on quality** and deliver effective, professional and pragmatic advice, support and project management.
- Our **depth and breadth of knowledge and experience**; clients benefit from working with a stable team of deeply experienced consultants and pensions professionals, supported by industry insight and a very good network. And working for our clients at competitive rates.

We are proud to be able to say that most of our work comes from client recommendations or introductions from people we have worked with, including professional and independent trustees.

Here you will find insights from our experienced team and case studies for our main services:

- Outsourced Pensions Management
- Administration Consulting
- Strategic Consulting
- Governance and Board Consulting
- Adviser Reviews
- Risk Management
- Own-risk Assessments
- Investment Governance

The pensions industry continues to evolve, presenting new and unique challenges and projects for trustees and sponsors to tackle. We stay ahead so that we are best placed to help our clients with the ever-increasing

governance and compliance burden this makes on their resources and time.

We would love to help and look forward to hearing from you.

Ian McQuade
CEO Muse Advisory

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A few of our clients



National Grid UK Pension Scheme



BRITISH AIRWAYS
PENSIONS



John laing
making infrastructure happen



COMBINED NUCLEAR™
PENSION PLAN

VIRGIN MONEY UK



A Rolls-Royce
company



Outsourced Pensions Management

You decide, we make it happen. We combine strategic, operational, technical, secretarial and consulting expertise, helping trustees achieve their strategic goals more quickly. We give confidence that day-to-day scheme management is in safe hands, freeing trustee time to focus on key issues.

Ours is a strong, supportive team which delivers:

- **No surprises** – we provide comfort and assurance that your scheme is managed professionally
- **Challenge done sensitively** – we know that managing and governing a pension scheme is hard. We will look at ways to support you better, and if needed, challenge existing ways of working... kindly
- **Industry best practice** – we look at life through a good governance lens, so you get the best outcome for you
- **A bit of enjoyment** – the way we work with you is as important as the work itself.

We can provide:

- Additional expert executive support for existing in-house pensions teams, for example, to cover projects or peak workflow times
- Interim support for key roles (e.g. maternity leave) or where an existing pensions director is conflicted, for example, in funding negotiations between the trustee and sponsor
- Help in reviewing and documenting governance processes and patching any gaps
- An outsourced head of trustee services/pensions manager to lead an in-house team or to provide strategic support as needed, or
- A stand-alone, fully outsourced pensions department.

Our people

We have a full team of people available with different levels of expertise and a breadth of professional backgrounds. A key differentiator from the day we were founded is our blend of in-house and consulting experience.

Muse provides expert, experienced professionals who can provide value, knowledge, challenge and critical thinking. And we get things done for you on time and at a competitive price.

We will blend a team that best fits your needs, your culture and your ways of working.



Outsourced Pensions Management continued

How we work

Acting as an extension of the trustee board to ensure your scheme runs smoothly



Lindsay Hawkins
Director

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Testimonial

“Muse took over as a fully outsourced pensions department on the retirement of our long-standing Pensions Director. We were concerned about losing Scheme knowledge, acquired over many years, but we have been delighted with Muse’s work. Their team approach mitigated our key man risk and, throughout their time with us, they have been reliable and professional, always keeping the regular business-as-usual cycle moving as well as helping us navigate more sensitive issues. The chemistry is good and they work as though they are our in-house pensions department. We appreciate their thoroughness and professionalism and feel well supported in all areas of work.”

**Chairman of the Trustee Board,
Xerox Pension Scheme**

Administration Consulting

High-quality administration is critical to delivering the pension benefits to scheme members. We work with trustees and sponsors to enhance and oversee the administration of pension schemes, to manage administration risks and to develop contingency plans.

Our support could be through:

- Review of current pension administration (in-house or outsourced)
- Transformation and improvement plans
- Selection of a new administrator
- Transition management and support
- Administration management and oversight.



Jo Fellowes
Client Director

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Case Study

We helped the operations committee develop targeted measures for pension administration focusing on the most important areas for the trustee: a mix of statistical, such as right first time, but also subjective measures and behaviours, each with a clear set of parameters. These were shared with the administrator so that they understood how their performance was being judged. Through clear reporting and feedback, they knew where they were hitting the target and where they were falling short. This ongoing dialogue is invaluable for all.

Our approach helped the trustee:

- Define measures designed to guide performance and behaviour, not trip up the administrator
- Agree a simple scorecard, that drove improvement and restored trust
- Foster a collaborative dialogue, working towards common goals
- Avoid the risk and cost of transition and put their relationship on a firm footing to build on.

The administrator retained a trustee they were close to losing: a powerful demonstration of the effect of clear oversight.

Testimonial

“Muse helped us work with our administrator to deliver our transformation programme. They challenged them and asked questions we hadn’t considered. We wouldn’t have achieved the change we needed without the support and experience of the Muse team.”

**Pension Strategy Manager,
CYBG plc**

Strategic Consulting

Being aligned to clear, understood and agreed objectives is an important step. It is a prerequisite to determining a successful strategy to achieve them and to understanding the associated risks.

We work with trustees and their advisers to make sure their primary objective for members e.g. in a DB setting, of paying the right benefits to the right people at the right time, is underpinned by trustee and sponsoring employer's values and by trustee secondary objectives in funding, investment, covenant, administration, communications, governance and compliance. A similar approach is taken in DC settings.

We achieve this through:

- Best-in-class online questionnaires to establish areas of alignment and where there are gaps
- Interviewing trustees and key stakeholders to understand nuances around gaps and future challenges

Barry Mack
Director

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- Facilitated workshops to help bring about alignment and understanding
- Independently reporting key messages and coming off the fence to challenge constructively.

Case Studies

After a governance review, we worked with a trustee board to plan and facilitate their first strategic away-day, involving trustee advisers and external speakers, to consider the investment and funding strategy, options for the future and developments in the company's business.

As part of this, the trustees worked through covenant risk scenarios which helped join up their thinking on what could knock progress off course, including key person risks, contingencies and actions agreed.

This work brought the trustees to a better shared understanding of what was possible strategically, to engage with the company, to agree the forward strategy, reduce risk and strengthen implementation.

After a trustee effectiveness review we worked with another trustee board to facilitate strategic planning sessions at intervals, to iteratively plan and assess their end game for the scheme, the options, main steps and risks to mitigate in getting to buy-out.

This involved working closely with the trustee chair, pensions manager and the other trustee advisers to shape the sessions and material needed and ensure the trustees achieved their aims for each session, in open and constructive discussion leading to clear next steps and an improved, collegiate board view of the route ahead.

The scheme is now much closer to reaching its end destination, with scheme members also kept well informed on the strategy and progress to secure their benefits.

Testimonial

"Muse Advisory carried out a review of our governance. The team were good to work with and worked constructively with our trustees, the pensions team, company representatives and our advisers. We invited them back to facilitate our trustee strategy which was also well received. We value their expertise, independence and range of relevant skills."

Chair, Rolls-Royce UK Pension Fund

Governance and Board Consulting

High-quality governance is essential to achieving your objectives. Governance can sometimes seem like a difficult, costly but intangible task to tackle – how can you tell if your governance is helping you run the scheme efficiently for the members? That's what we focus on with trustees, in a forward-looking way.

Governance can encompass content skills, soft skills, decision making, trustee effectiveness, succession planning, processes and structures. Our expertise at Muse helps you bring these issues to life, see what is working well, challenge practices where needed and agree good governance principles.

We work with clients to make sure their scheme governance is fit for purpose, through:

- Full trustee governance reviews
- Board effectiveness reviews and development work
- Putting in place appropriate delegations, roles, responsibilities and reporting



Rosanne Corbett
Client Director

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- Governance workshops and training
- Trustee self-assessment
- Focused investment governance reviews
- Trustee succession, selection and appointment.

Case Study

Some sponsors' histories leave complex governance structures. In this case, there were two trustee boards for schemes with the same parent company who appointed us to help them complete a coordinated review of trustee effectiveness. We did this through an initial questionnaire, followed by workshops with the trustees, and then individual interviews with a wide group of stakeholders, including advisers, where they could share views in confidence. The review findings were then discussed in a joint workshop with the two trustee boards.

Our approach helped the trustees:

- Update the structure and reduce risk in shared trustee roles
- Improve resilience to key person risk in the board's membership
- Take a pragmatic approach, and via planning with the sponsor, retain and refresh board skills

- Focus more successfully in meetings on the important trustee work to progress schemes' end games
- Prioritise areas of trustee engagement with the sponsor to get buy-in to trustee resource needs.

The trustees reported that the review helped strengthen the boards and their strategic dialogue with the sponsor, to build a better understanding of how trustee and sponsor could focus on 'moving the dial'.

Testimonial

"Muse have helped us via an independent trustee effectiveness review, a discussion workshop for the board on the findings and subsequently some planning and facilitation work for trustee strategy sessions. The Muse team are highly capable with a strong client focus in the way they work, with us and our other advisers. Our trustee board is skilled and expects high quality and good value for money from advisers. Muse has consistently delivered this."

Chair, 3i Group Pension Plan

Adviser Reviews

Having clear objectives for your suppliers is vital to judge how well they are performing. We help trustees clarify their requirements, what type of service they need, the decision criteria for selecting advisers and how to get the most effective support from their advisers.

We have expertise and market research to help select:

- Scheme actuaries
- Investment consultants
- Fiduciary managers
- Master trusts
- Third-party administrators
- External and internal auditors
- Communication consultants
- Covenant advisers
- DC consultants
- DB de-risking advisers.

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Case Study

Our role was to allow the trustee to consider objectively what they required from their DC consultant, both now and for the foreseeable future. Through discussions with the trustees and key stakeholders, we built and agreed a profile of the trustees' ideal consultant. Our experience and knowledge of the market ensured that the review process didn't just enshrine the current practice but challenged the status quo.

With a clear profile of knowledge, experience, skills and other attributes, the trustees were able to challenge whether the incumbent was genuinely capable of providing the right services, in the right way and at the right price to meet their expected future needs. Our work meant that the trustee underwent a thorough review process that did not create change for change's sake, but rather ensured that the status quo was constructively challenged.

A cycle of purposeful reviews enables governance arrangements to evolve over time, thereby avoiding the pain of wholesale change when the demands of governance have moved on, but governance practices have not.

Testimonial

"Muse Advisory supported the trustees through the process of reviewing their full-service pension provider. They provided the subject matter expertise, and worked seamlessly alongside our in-house procurement team, to help us identify a high-quality solution that met both our technical and commercial requirements, delivering great value for the scheme and members, as well as the sponsor."

Group Financial Controller, Riverside

Risk Management

We believe that effective risk management underpins trustee strategy, and may ultimately determine how successfully trustees and sponsoring employers achieve their objectives. Risks should be aligned to objectives so trustees understand what might hinder, prevent or expedite the achievement of their aims.

Our approach to risk management is to align strategic risk management with operational practices. This ensures effective controls are in place and working as they should be to manage identified risks, in line with risk appetite. The key to ensuring that risk management processes enable the right focus on what matters most is good risk reporting, management of information and assurance.

Active assessment of risks in trustee decision-making allows trustees to understand the progress they are making, whilst also keeping an eye on emerging risks that might knock them off course. Being alive to their risks in the context of what they are trying to achieve helps trustees check that they have the necessary resources, capacity, structure, advice and support to do the work they need to do. It also helps them to monitor their strategy, prioritise their activities and support smooth 'business as usual' operations.

A good understanding of scheme-specific risk can lead to a better understanding of the overall governance required, as well as help to establish a broader framework of activity across all areas of plan management and engagement with stakeholders.

We provide advice, facilitation and support on:

- Articulating trustee objectives, agreeing strategy and identifying risks
- Reviewing/developing risk reporting, including dashboards and reviewing assurance reporting
- Assessing and measuring risks, defining suitable scoring methodologies
- Reviewing controls to ensure effective control ownership, management, monitoring/oversight
- Developing and implementing risk management frameworks, reviewing risk governance structures
- Trustee own-risk assessments
- Risk management function holder
- Running risk management/governance workshops
- Development of assurance matrices
- Articulating risk appetite and tolerance levels
- Selection of independent assurance services/internal audit to trustees
- Reviewing and constructing risk registers, with a focus on aligning risks with strategic objectives
- Facilitating contingency/scenario planning (at both strategic and operational level)
- Selection and implementation of online risk management systems



Rosanne Corbett
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Risk Management continued

Case Study

Muse Advisory reviewed and developed this large scheme's risk management framework, aligning strategic and operational risks with the trustee's strategic objectives. Firstly, working with the trustee board to articulate its strategic objectives, we helped it identify the strategic risks that could prevent it achieving its objectives. We then facilitated the articulation of the trustee's risk appetite, and worked closely with the trustee executive to embed good risk management practices within the scheme's operations, ensuring that operational risks were within appetite.

We also developed a risk impact classification matrix to help the trustees determine risk materiality and to help the executive agree risk escalation processes.

In parallel, we supported the implementation of a 'three lines of defence' model, to ensure clarity of risk and control ownership (through risk and control self-assessments), and effectiveness of controls and assurance on activities being undertaken, particularly by outsourced suppliers. This included the selection of an internal audit partner and the development of an internal audit work programme.

Our approach helped the client:

- Agree their strategic objectives and identify key risks
- Embed good risk management into scheme operations
- Develop succinct and clear risk reporting that showed key issues, concerns and emerging risks
- Structure agendas with objectives and risks being integral to decisions and discussions on project work and BAU reporting
- Document their risk management framework and implement an annual review process to test its ongoing effectiveness.

Testimonial

"Muse helped us review the trustee's approach to managing risk, introducing and documenting a new risk management framework which set out the Scheme's risk governance and processes, dovetailing with operational risk management practices. Rosanne worked with me to facilitate workshops for the trustee board to agree its strategic objectives, risk appetite and key risks. Together we developed a reporting dashboard for the board, showing risk trends, incident reporting, project risk tracking and horizon scanning of emerging risks. She also worked with the operational risk manager to embed good risk management practices within the in-house trustee executive team. In parallel, Rosanne worked with the governance committee to embed a new internal audit work partner and agree the internal audit workplan. Rosanne brought insights and expertise into risk management practices with other large pension schemes and brought risk alive for our scheme so that we understood its value. The trust she built enabled us to tackle complex issues, whilst developing simple and effective solutions for the trustee board."

Head of Legal and Compliance of Trustee Executive Limited (supporting the National Grid UK Pension Scheme Trustee)

Own-risk Assessments

We think the own-risk assessment (ORA) should enable trustees to embed practical value.

We approach the ORA looking through a good governance lens, framing risks in the context of scheme governance and management to ensure that the approach taken feeds directly into trustee decision-making and scheme operations. Our approach encompasses the framework set out below:

Governance framework

- Board and Committee structure
- Roles and responsibilities
- Knowledge and understanding
- Management of advisers and providers
- Monitoring, oversight, continuity

Control framework and assurance

- Internal controls process
- Controls reporting
- Independent assurance

Informed by
Trustee objectives
Trustee journey plan
Scheme risk profile

Risk management framework

- Risk management function
- Risk management process
- Risk reporting

Documentation and processes

- Trustee policies and processes
- Scheme documents
- Decision-making
- Meeting management

Engaging stakeholders and acting on ORA outcomes



Claire Wallis
Consultant

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Own-risk Assessments continued

We review how the various elements of governance and risk management are implemented in practice, so that we can help trustees demonstrate the following:

- How policies are implemented, and underlying processes evidenced to be working as expected
- How effectiveness of risk management is assessed, particularly to support the achievement of trustee objectives
- How the governance structure supports what trustees are trying to achieve, as well as business as usual and smooth scheme operations
- How environmental, social and governance factors are woven into investment decisions
- How risks are identified and assessed
- How conflicts of interest are prevented/managed
- How controls are implemented and tested for their ongoing effectiveness
- How business continuity plans support effective ongoing operations
- How assurance is provided and the quality of that assurance
- How the ORA is integrated into the Scheme's management and decision-making processes



The key output from the assessment is the ORA report, setting out the findings and a roadmap of recommended actions.

Own-risk Assessments continued

Case Study

Muse Advisory reviewed this large DB and DC plan's approach to risk management and is supporting it in the completion of its first ORA. We have worked with the audit & risk committee to ensure risks are articulated in the context of strategic objectives, developing the plan's risk profile – covering key risk exposure, risk appetite and key controls. We are working with them to develop a risk assurance matrix and undertake control self-assessments to test the effectiveness and proportionality of the controls in place, as well as the robustness of the assurance provided.

Through this first ORA, we are reviewing the trustee's risks and risk assessment, risk governance, and control and assurance framework, in the context of the Pensions Regulator's ESOG requirements.

Our approach is helping the client:

- Consider risk from both a strategic and operational perspective
- Review how controls are embedded into scheme operations
- Consider risk reporting that is focused on what matters and is meaningful
- Document their approach to risk management in a risk management policy
- Complete its first ORA in a value-added way, which provides a repeatable future process.

Testimonial

“Muse has provided us with a comprehensive framework to help assess the effectiveness of our existing system of governance and to challenge our existing approach to risk management. With Muse's guidance, we are expecting to see a number of improvements to our risk management framework which will put us in a strong position for when TPR's Single Code comes into force. Muse has helped us to identify and resolve gaps in our governance structure, underpinning our risk management framework. In particular, by aligning our risk management framework with our strategy, the trustee board is supported in achieving its objectives.”

Stuart Dunn, Head of Trustee Governance, DHL Pensions

Investment Governance

Effective investment governance is a critical performance driver for a pension scheme if it is to meet its strategic objectives. Problems here, such as poor decision making, slow execution of those decisions, lack of access to timely advice and failure to manage risk or capture emerging opportunities can prove to be very expensive for a scheme.

Our broad experience across actuarial, investment, pensions management, operations and governance disciplines, enables us to help you determine the right investment governance model so that you can meet your funding, investment and risk management responsibilities.

We work with trustees, sponsors and in-house teams to make sure their investment governance is fit for purpose, through:

- Trustee board, investment committee and executive support investment governance reviews
- Putting in place appropriate delegations, roles, responsibilities and reporting to improve decision making, execution and oversight
- Reviewing investment governance options from investment adviser to fiduciary management.

We challenge embedded thinking and as independents have 'no skin in the game' so are driven only by finding the best solution for you.

Case Studies

We assisted two trustee boards who wanted to review their investment advisory arrangements. They shared a similar aim of wanting to effectively discharge their fiduciary responsibilities, albeit through different approaches. One took the fiduciary management route while the other followed the traditional advisory route.

We supported them in articulating a vision of how their investment arrangements would work most effectively during the medium to long term. This included determining the skills, capability, capacity, expertise and services they needed to get them where they wanted to go. Resourcing all this can come from a range of sources depending on the scheme e.g. trustee/independent experts on committees, advisers whether FM or traditional and an in-house team.

By helping each trustee board understand its ultimate goal and journey objectives, we were able to facilitate a challenging and constructive debate, settling on key guidelines which could be shared during the service tender.

Given the sizeable market for firms providing investment advice, we needed to select the best investment adviser or fiduciary manager to deliver the requirements of the pension scheme.

Work was done to document what exactly the trustees required along with the scheme specific circumstances and constraints. Through documenting these and articulating key investment beliefs and advice requirements, the trustees were in a much better position to select providers who could meet all their requirements.

Testimonial

“Muse helped us to agree a future investment governance model appropriate for our organisation. They have deep knowledge of the advisory and fiduciary management market and we were impressed with how well they listened to all views, helped us consider all the options and, importantly, obtain buy in from all key stakeholders.”

Chair of Trustees at Reed Elsevier Pension Trustee Limited

**Barry Mack
Director**

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Meet the team



Daniel Jacobson



Emma Rogers



Ian McQuade



Margs Harvey



Tom Oakley



Robert Plumb



Cindy Dadier



Hana Bailey



Pamjit Virdi



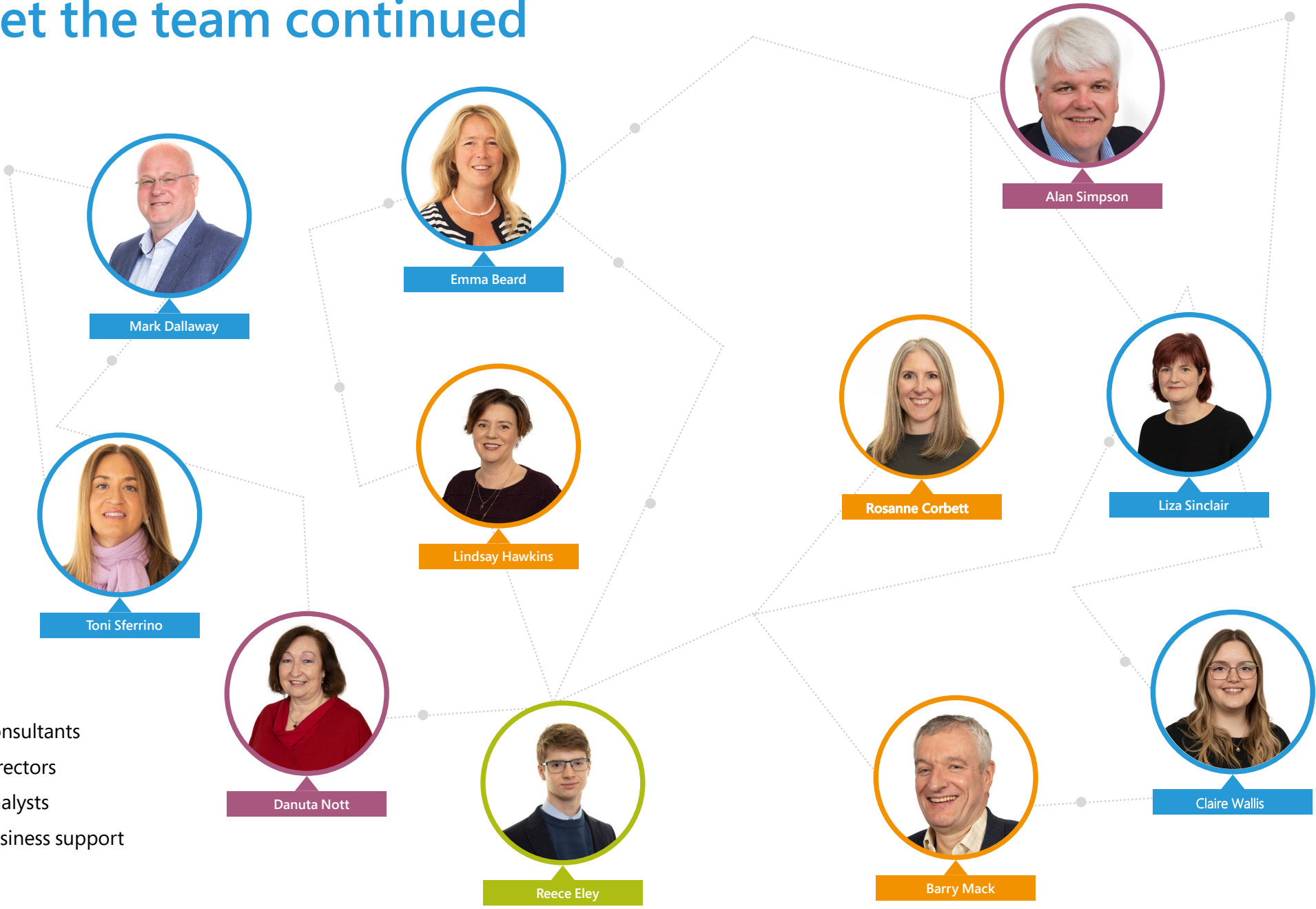
Kneale Jefferis



Jo Fellowes

- Consultants
- Directors
- Analysts
- Business support

Meet the team continued



- Consultants
- Directors
- Analysts
- Business support

Experience the Muse difference for yourself

Independence
and integrity

Quality of
service

Experience,
knowledge
and value



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