Independent Governance Committee.

Annual Report

For the year ending 31 December 2022

true potential investor

Contents.

The Chair's Introduction.

I am delighted to be delivering the eighth annual report of your True Potential Investments (TPI) Investment Governance Committee (IGC); my second report as Chair. I write to you about the calendar year that has just gone past - the year of 2022. The remit of the IGC is primarily to assess the Value for Money (VFM) that the TPI Auto Enrolment (AE) scheme offers to members of the scheme. During the year, the war in Ukraine caused turmoil in financial markets as interest rates were raised to fight rising inflation; this, coupled with the cost-of-living crisis served to highlight the importance of the work that the IGC carries out on your behalf.

During the year, the Financial Conduct Authority (FCA) has been consulting on changes to the way in which IGCs assess Value for Money, as part of a joint exercise with The Pensions Regulator (TPR) and the Department for Work and Pensions (DWP). Your IGC supports this initiative, which should lead to consistent regulation across all workplace pension schemes, and which is closely aligned to the standards that your IGC has adopted when assessing Value for Money. In the meantime, we have continued to assess Value for Money using the same criteria that we introduced last year when the regulations last changed, which are as follows:

- Costs and Charges
- Investment Performance
- Quality of Services – Product Governance
- Quality of Services – Administration
- Quality of Services – Asset and Data Security
- Quality of Services – Online Facilities
- Quality of Services – Communication
- Quality of Services – Member Feedback

For each area we consider a number of reports or and metrics on a quarterly or annual basis and for each one we conclude whether it is **GREEN**, **AMBER** or **RED**. The results of our considerations of these areas this year are shown on pages 5 to 18.

As I noted in my report last year, the remit of your IGC has been extended to review the Value for Money of the Investment Pathways that TPI provide to members and to other non-advised pension clients. On page 25 you will find a description of Investment Pathways and how they have been implemented by TPI. Generally, within my report, all of the findings apply equally to TPI's AE scheme and to Investment Pathways – any Investment Pathway specific conclusions can be found in that section too.

I mentioned last year that the FCA has introduced a new requirement for IGCs to carry out comparisons against a sample of comparators, for both the scheme as a whole and the Investment Pathways and to highlight to members if we believe that better Value for Money can be obtained elsewhere. The results of the comparisons are that **we did not find that the comparator schemes or investment pathway funds that we reviewed provided better Value for Mone**y. Full details of our analysis can be found in the section entitled Value for Money Comparisons on page 19.

Having reviewed all of the Value for Money Criteria and the Value for Money Comparisons, the opinion of the IGC is that the overall status is **GREEN** and so **the AE scheme and the Investment Pathways provide Value for Money to members.**

Each year we conduct a survey of members; we were pleased to find that the results of the survey continued to be good. An analysis of the survey results and the actions we and TPI are taking to improve them can be found on page 22.

We have been working with TPI to monitor the implementation of their policies and procedures covering Environmental, Social and Governance (ESG) investing. Further details of our ESG reviews can be found on page 26.

The Chair’s Introduction (continued).

During the year we have continued to work with TPI to develop their reporting to us so that we can effectively monitor the Value for Money that you receive and to challenge the operation staff, the investment managers and the business as whole to improve Value for Money. Although we are happy with the progress that has been made this year, we recognise that there is still work that we and TPI can do to improve the Value for Money that members receive. Full details of the areas that we are working on in 2023 can be found in the section entitled Future Work on page 29.

I would like to thank the members of the committee for all their support throughout the whole year and, of course, to TPI who continue to provide first class support to enable us to do our jobs on your behalf. We hope that you find this report useful. If you have any feedback for the IGC on the report or on any aspect of the service that you receive from TPI, please email the committee at: **IGC@tpllp.com**

Richard Curry
Independent Chair

Costs and Charges.

The IGC believes that the most important factor when considering whether members in the scheme are receiving value for money are the cost and charges that they pay to receive the scheme services. The following shows details of the reports and/or metrics that the IGC use to review this area. The traffic light status shows our overall assessment of the status over the reporting period:

Report/Metric	Frequency of review	Status
Costs incurred by members in the workplace scheme (including direct and indirect costs within the funds) for default services in comparison to the regulatory cap and other providers.	Annual	Green
Costs incurred by members using Investment Pathways.	Annual	Green
Costs incurred by members in the scheme for optional services.	Annual	Green

The total annual cost for a typical AE member invested in the main default fund (True Potential Global Managed - "TPGM") as at the end of 2022 was **0.72%**. This charge is below the cap on charges for AE default funds of 0.75%, although this fact, on its own, does not necessarily mean that the scheme is offering value for money. The charge is made up of the following components:

Ongoing Charges Figure: 0.32% - this is the main charge levied by the fund manager and covers the actual day-to-day costs of running the fund

Platform Charge: 0.40% - this is the charge that TPI levies for operating each pension account, including the custody of the assets, administration and the online service.

Transaction Costs: 0.00% - this is the total cost of transactions within the fund as calculated using a formula determined by the FCA, this year that was 0.00% but in previous years it has been a small cost of around 0.01%.

The average investment value for active members in the scheme at the end of 2022 was £5,540.56. In pounds and pence, the total cost per annum for a member with the average sized pot invested in the main default fund was **£39.89**.

The following table shows the management charge, transaction costs and total charge (including the 0.40% platform charge) for each of the investments available to AE members and investors in Investment Pathways and what the annual cost would be for the average sized investment:

Fund / Portfolio Name	Ongoing Charges Figure %	Transaction Costs %	Total Cost %	Annual Cost £
True Potential Global Managed	0.32%	0.00%	0.72%	£39.89
Legal & General Multi-Index 3	0.31%	0.01%	0.72%	£39.78
Legal & General Multi-Index 4	0.31%	0.02%	0.73%	£40.56
Legal & General Multi-Index 6	0.31%	0.06%	0.77%	£42.61
Legal & General Multi-Index 7	0.31%	0.05%	0.76%	£42.22
TP Defensive Portfolio	0.74%	0.00%	1.14%	£63.16
TP Cautious Portfolio	0.82%	0.00%	1.22%	£67.76
TP Balanced Portfolio	0.83%	0.01%	1.24%	£68.59
TP Growth Portfolio	0.79%	0.01%	1.20%	£66.38
TP Aggressive Portfolio	0.75%	0.00%	1.15%	£63.72
TPI Growth Aligned Defensive	0.62%	0.00%	1.02%	£56.51
TPI Growth Aligned Cautious	0.60%	0.00%	1.00%	£55.41
TPI Growth Aligned Balanced	0.59%	0.00%	0.99%	£54.85

Costs and Charges (continued).

During 2021 TPI launched its Investment Pathways solution and the IGC's remit was to look at the VFM of this service (further details can be found in the Investment Pathways section on page 25).

Last year we challenged TPI to justify why the costs of the Investment Pathway Funds were higher than the costs of the default funds and we rated the metric "Costs incurred by members using Investment Pathways" as Amber until such time as we received a satisfactory response. TPI responded that The True Potential Growth-Aligned fund range were selected for investment pathways to provide a diversified fund designed to provide the opportunity for capital growth through diversified exposure, directly or indirectly, to global equity and fixed income markets. Although these funds do have higher ongoing costs they were seen as the right selection to protect the crystalised element of a client's portfolio moving forward, whilst providing optimal growth in line with the pathway objectives. At the time of selecting, it was an unknown how any clients would wish to use pathway investments and there was no price cap obligation in place. Now with the recent FCA paper proposing a cap and management information covering the last two years, TPI have made an informed decision to use the default fund range moving forward. This will also allow TPI to develop further default funds as and when required to help clients meet their investment objectives. The IGC is happy with this response and has changed the status of the metric to Green and closed the associated challenge.

To allow you to better understand the effect of charges and costs on your investment returns we have included below illustrations of the potential growth in an investment pot before and after charges, for TPGM and all of the other funds available to members. The illustrations are representative examples of a £1,563 lump sum investment and £78.13/month regular payment invested over a working life of 35 years. The effect of charges on your potential returns are shown in the table. It shows you the difference between what you could get with and without charges.

All the figures we have used are assuming 2.0% inflation to enable you to think of these numbers in today's terms (those future numbers, after the effects of inflation, can give you an idea of what they are worth in today's money). The figures, of course, are only an illustration: not guaranteed, nor minimums or maximums.

At end of year	TPGM		L&G Multi-Index 3		L&G Multi-Index 4		L&G Multi-Index 6		L&G Multi-Index 7	
	Before charges and costs deducted	After all charges and costs deducted	Before charges and costs deducted	After all charges and costs deducted	Before charges and costs deducted	After all charges and costs deducted	Before charges and costs deducted	After all charges and costs deducted	Before charges and costs deducted	After all charges and costs deducted
1	£2,555	£2,540	£2,555	£2,540	£2,555	£2,540	£2,555	£2,540	£2,555	£2,540
2	£3,588	£3,550	£3,588	£3,550	£3,588	£3,550	£3,588	£3,550	£3,588	£3,550
3	£4,660	£4,590	£4,660	£4,590	£4,669	£4,600	£4,660	£4,590	£4,660	£4,590
4	£5,780	£5,670	£5,780	£5,670	£5,780	£5,670	£5,780	£5,670	£5,780	£5,670
5	£6,940	£6,780	£6,940	£6,780	£6,939	£6,780	£6,940	£6,780	£6,939	£6,780
15	£21,090	£19,800	£21,090	£19,800	£21,080	£19,800	£21,090	£19,800	£21,080	£19,800
25	£41,380	£37,300	£41,380	£37,300	£41,360	£37,300	£41,390	£37,300	£41,370	£37,300
35	£69,810	£60,300	£69,810	£60,300	£69,750	£60,300	£69,820	£60,300	£69,770	£60,300

Costs and Charges (continued).

At end of year	TP Portfolio Defensive		TP Portfolio Cautious		TP Portfolio Balanced		TP Portfolio Growth		TP Portfolio Aggressive	
	Before charges and costs deducted	After all charges and costs deducted	Before charges and costs deducted	After all charges and costs deducted	Before charges and costs deducted	After all charges and costs deducted	Before charges and costs deducted	After all charges and costs deducted	Before charges and costs deducted	After all charges and costs deducted
1	£2,553	£2,530	£2,555	£2,530	£2,555	£2,530	£2,555	£2,530	£2,554	£2,530
2	£3,589	£3,530	£3,594	£3,530	£3,584	£3,520	£3,592	£3,530	£3,590	£3,530
3	£4,667	£4,560	£4,666	£4,550	£4,667	£4,550	£4,663	£4,550	£4,669	£4,560
4	£5,779	£5,610	£5,782	£5,600	£5,784	£5,600	£5,778	£5,600	£5,781	£5,610
5	£6,945	£6,700	£6,944	£6,680	£6,936	£6,670	£6,938	£6,680	£6,938	£6,690
15	£21,140	£19,200	£21,090	£19,000	£21,110	£19,000	£21,150	£19,100	£21,170	£19,200
25	£41,370	£35,300	£41,390	£34,900	£41,350	£34,800	£41,370	£35,000	£41,340	£35,200
35	£69,700	£55,800	£69,700	£54,900	£69,700	£54,800	£69,800	£55,200	£69,700	£55,700

At end of year	TP GA Defensive		TP GA Cautious		TP GA Balanced	
	Before charges and costs deducted	After all charges and costs deducted	Before charges and costs deducted	After all charges and costs deducted	Before charges and costs deducted	After all charges and costs deducted
1	£2,551	£2,530	£2,551	£2,530	£2,550	£2,530
2	£3,594	£3,540	£3,592	£3,540	£3,591	£3,540
3	£4,667	£4,570	£4,666	£4,570	£4,664	£4,570
4	£5,784	£5,630	£5,781	£5,630	£5,778	£5,630
5	£6,942	£6,720	£6,938	£6,720	£6,944	£6,730
15	£21,170	£19,400	£21,140	£19,400	£21,110	£19,400
25	£41,360	£35,800	£41,360	£35,900	£41,360	£36,000
35	£69,800	£57,000	£69,800	£57,200	£69,700	£57,400

Notes:

1. Projected pension pot values are shown in today's terms and have been adjusted for the effects of inflation.
2. The starting pot size is assumed to be £1,563.
3. Inflation is assumed to be 2.0% each year (this rate is determined by the FCA).
4. Inflation that is higher than the assumed rate of growth will reduce what you could buy in the future with the amounts shown.
5. Contributions (£78.13/month) are assumed from age 25 to 60 and increase in line with assumed earnings inflation of 3.0% (this rate is determined by the FCA).
6. Values shown are estimates and are not guaranteed.
7. The projected growth rate for each fund is estimated in accordance with FCA guidance.
8. Source TPI.

The following details the challenges in this area that the IGC has raised or closed during the period or which have yet to be completed:

Challenge	Status
Provide rationale for the higher costs and charges of the Investment Pathway Funds	Closed

In 2020 we raised a challenge for TPI provide a roadmap for when the assets under management would have grown sufficiently to allow them to reduce the costs to members of the scheme. TPI responded to say that they will review the costs once the AE proposition holds £750m of assets under management. As at the end of 2022, the assets in the AE proposition were £689m; the IGC continues to monitor the threshold and will raise the challenge again once the threshold is reached.

Investment Performance.

A principal obligation of the IGC is to review the principles underpinning TP's investment policies and practices, and to assess the performance of all funds in which scheme members have invested. The suitability of fund selections and the risk-adjusted return on their investments over time are key components in the value for money that members receive.

The following shows details of the reports and/or metrics that the IGC use to review this area. The traffic light status shows our overall assessment of the status over the reporting period:

Report/Metric	Frequency of review	Status
Performance (in absolute terms and risk adjusted) of each of the funds within the scheme, after fees, compared to cash returns and industry benchmarks	Quarterly	Green
Details of True Potentials ESG, ethical and stewardship policies (or True Potentials reasons for not having such policies)	Annual	Green
Details of True Potentials implementation of their ESG, ethical and stewardship policies	Annual	Green

The focus of attention of the IGC has been on evaluation of the performance of the fund that members are invested in by default; the True Potential Global Managed Fund (TPGM). As of 31st December 2022, 87% of all members' assets were invested in TPGM. Assets under management in this fund at the end of the reporting period was £601m (2021 = £511m).

The gross return on investment in this fund for the year was -8.6% (2021 = 9.6%). After adjusting for inflation of 10.5% (CPI, 2021 = 5.4%) and the platform charge (0.4%) the net real return on the fund was -19.5% (2021 = 3.8%). The IGC recognises that 2022 was an extraordinary year, with financial markets suffering large negative returns at the same time as inflation was at very high levels and so this large negative return in real terms is to be expected and is in line with other providers. The IGC also recognises that pensions should be regarded as medium to long term investments and that the returns in some years will be poor.

True Potential has provided the following commentary on the performance of TPGM:

"Over the period, world equities fell -18% in local currency terms and -8% in GBP terms, while the Bloomberg Global Aggregate Bond Index fell -13% in GBP terms and -16% in local terms. Investors had to contend with a range of geopolitical and economic headwinds. Inflation measures reached 40-year highs as a result of ultra-stimulative fiscal and monetary policies globally. Disruptions to supply chains, tight labour markets and the unexpected Russia invasion of Ukraine forced global central banks to aggressively raise interest rates to help bring inflation back to target. The Fund was for most of the year was cautiously positioned with underweights to equities.

Global Value stocks outperformed global Growth stocks by 23% as higher interest rates and disappointing corporate results from large tech companies weighed on Growth stocks. Value stocks benefitted from a higher allocation to Energy, the sector up 48% during the period as the demand and supply imbalances maintained upward pressure on the price of energy. The Global Managed Fund continued to tilt towards US value stocks through exposure to the S&P 500 Equal-weight Index. The Fund continued to benefit from being overweight UK equities which produced a marginal positive return of +0.2% (FTSE All Share). The UK benefitted from having a relatively high allocation to Energy stocks but also having many large international businesses that received their revenues in US dollars. The Pound's 9% fall against the US dollar therefore benefited those stocks with the translation effects. Japanese equities (-4.3%, TOPIX local) were also preferred within the TP Global Managed Fund and held up relatively well with the stock market benefitting from the Japanese Yen depreciation against the US Dollar (-12.2%). The exposure to Emerging Markets was a headwind (-20% MSCI EM index, local) suffering as Chinese authorities continued to restrict economic activity by maintaining their heavily restrictive zero-covid policy.

Investment Performance (continued).

The Global Managed Fund maintained an underweight to fixed income assets and underweight duration during the period which was additive. The iShares Global Aggregate Bond index fell -12% during the period as prices fell in response to higher interest rates and persistent rising inflation. UK investment grade bonds where the Fund was overweight also achieved negative returns -7.1% (L&G UK IG short-dated Index Fund) and -12.2% (L&G UK IG short-dated Index Fund) as credit spreads widened with the deterioration in UK and global economic growth outlook."

As well as reviewing the performance of the default fund, we also review the performance of the other funds that employers can choose to be the default for their employees and the performance of the funds available through Investment Pathways or by member selection. The following table shows the performance of the TPGM and all of the other funds available to AE members and Investors in Investment Pathways:

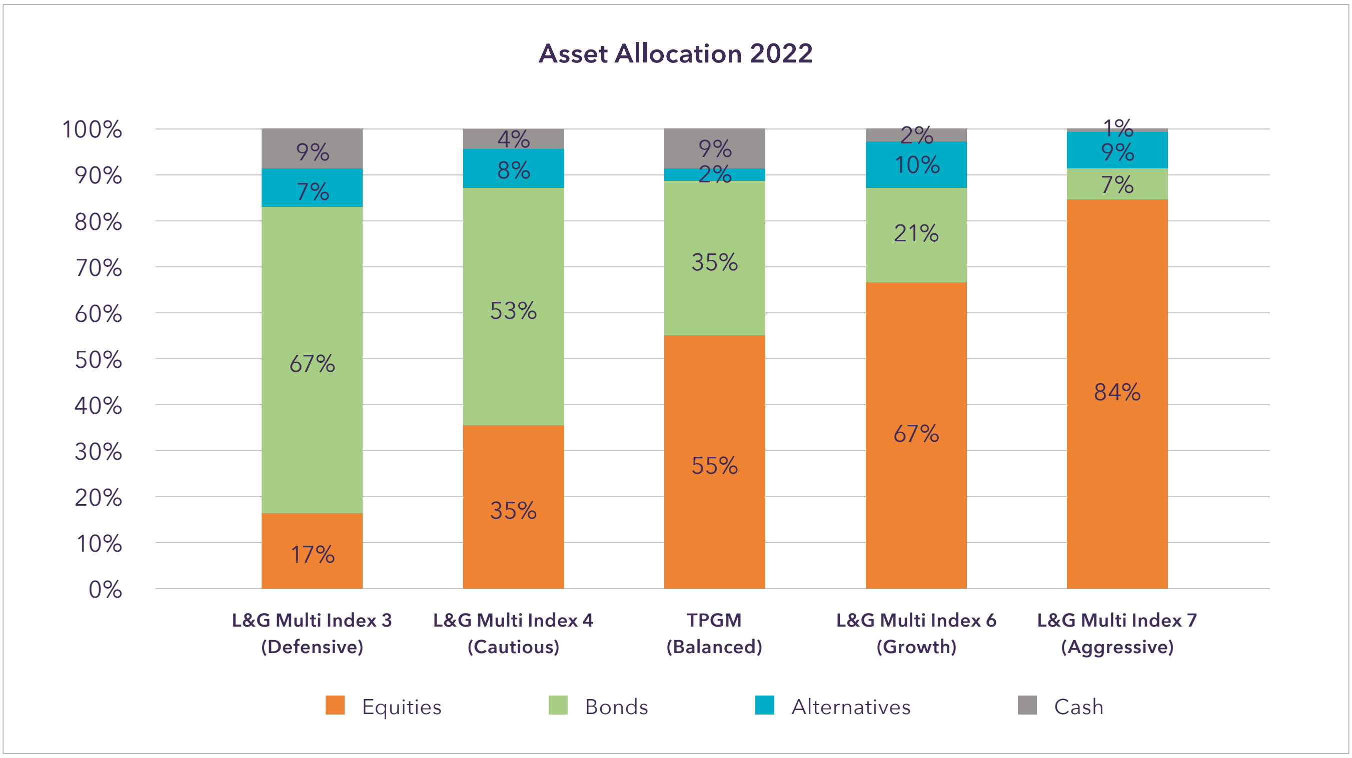
Fund / Portfolio Name	Perfromance %						
	5 Year	3 Year	2022	2021	2020	2019	2018
True Potential Global Managed	N/A	6.2%	-8.6%	9.6%	6.0%	14.1%	N/A
Legal & General Multi-Index 3	4.0%	-3.4%	-11.8%	3.2%	6.1%	9.8%	-1.9%
Legal & General Multi-Index 4	9.7%	0.9%	-10.5%	6.2%	6.2%	12.8%	-3.6%
Legal & General Multi-Index 6	22.0%	9.7%	-8.3%	12.4%	6.4%	17.0%	-4.8%
Legal & General Multi-Index 7	26.5%	13.0%	-8.4%	14.5%	7.7%	19.2%	-6.1%
TP Defensive Portfolio	1.6%	-1.9%	-7.4%	2.8%	3.0%	6.2%	-2.4%
TP Cautious Portfolio	6.2%	0.5%	-8.8%	6.3%	3.7%	9.9%	-3.9%
TP Balanced Portfolio	8.9%	1.7%	-10.5%	9.8%	3.5%	13.7%	-5.9%
TP Growth Portfolio	15.5%	5.7%	-10.2%	13.1%	4.1%	16.6%	-6.4%
TP Aggressive Portfolio	18.5%	9.0%	-9.2%	15.6%	3.8%	17.6%	-7.5%
TPI Growth Aligned Defensive	1.8%	-1.1%	-7.1%	2.1%	4.4%	5.3%	-2.3%
TPI Growth Aligned Cautious	5.2%	1.2%	-8.0%	4.7%	5.1%	7.8%	-3.6%
TPI Growth Aligned Balanced	10.0%	4.8%	-8.5%	7.6%	6.5%	10;.3%	-4.9%

We have continued to work with TPI to develop the reporting available to us to and, in particular, how the funds have performed on a risk-adjusted basis. We use the volatility of investment returns, as measured by the annualised standard deviation, to assess risk. The annualised standard deviation of returns in TPGM in 2022 was 7.4% (2021 = 5.6%).

The committee's view was that the performance of the default fund on a risk adjusted basis was also in line with the risk adjusted performance of market comparators.

Investment Performance (continued).

The IGC believe that it is very important that members review the fund in which they are invested to ensure the risk level of the fund continues to be suitable for them. The IGC's view is that the percentage of a fund that is invested in the highest risk assets (Equities) gives a very good indication of the level of risk of a fund. The following chart shows the asset allocation of the five default funds at the end of 2022:



The above chart also shows the risk rating of each of the funds in brackets and the following explains the types of investors that should be considering funds with each of those risk ratings:

Defensive - The Defensive Investor may be very sensitive to short-term losses. A Defensive Investor's potential aversion to short-term losses could compel them to sell their investment and hold a zero-risk investment instead if losses occur. A Defensive Investor would possibly accept a lower long-term return in exchange for less frequent changes in portfolio value.

Cautious - The Cautious Investor may be sensitive to short-term losses. A Cautious Investor's potential aversion to losses could compel them to shift into a more stable investment if significant short-term losses occur. A Cautious Investor is usually willing to accept somewhat lower returns to lower their exposure to risk.

Balanced - The Balanced Investor may be somewhat concerned with short-term losses and may shift to a more stable option in the event of significant losses. The balance of investment risk and return are typically of equal importance to the Balanced Investor.

Growth - The Growth Investor may be willing to accept high risk and chance of loss to achieve higher return on his or her investment. Significant losses over an extended period may prompt the Growth Investor to shift to a less risky Investment.

Aggressive - The Aggressive Investor usually aims to maximise long-term expected returns rather than to minimise possible short-term losses. An Aggressive Investor values high returns relatively more and can tolerate both large and frequent fluctuations through time in portfolio value in exchange for a higher return over the long-term.

Investment Performance (continued).

In 2020 we considered whether TPI should be offering further default funds to members. We recognised that assets within the scheme could be too small to allow this to be achieved cost effectively at that stage, but we challenged TPI to come up with a roadmap as to when the launch of further default funds could be considered. TPI have determined that further default funds may be reviewed once the AE proposition holds £750m in assets under management. As at the end of 2022, the assets in the AE proposition were £689m; the IGC continues to monitor the threshold and will raise the challenge again once the threshold is reached.

TPI's sustainability policy states that they will take into account the ethical concerns of members if this would not have a significant detrimental financial impact and if those concerns are held by the majority of members. We have raised a challenge for TPI to demonstrate how they determine that ethical concerns are held by the majority (see section on Environmental, Social and Governance (ESG) Policy on page 26).

Challenge	Status
TPI to demonstrate how they determined whether any ethical concerns were held by the majority in order to implement their sustainability policy.	Ongoing

Quality of Services – Product Governance.

Where funds within the scheme are managed by TPI, they must operate an investment process whereby they review the way that the scheme is invested and make changes as required. Each fund that TPI manages has an investment objective and some restrictions on the type and proportion of assets in which it can invest, and the management of the fund is governed by the FCA Collective Investment Scheme rules.

The IGC check that the Relevant Products are designed, managed and executed in the interests of Investors and that the process of investment is properly governed. TPI has formed a Product Governance Committee that reviews the design, characteristics and implementation of all its products and IGC reviews all of the committee reports and provides challenge where appropriate. The IGC also reviews any breaches of the FCA Collective Investment Scheme rules to see if Members have been affected.

The following shows details of the reports and/or metrics that the IGC use to review this area. The traffic light status shows our overall assessment of the status over the reporting period:

Report/metric	Frequency of review	Status
True Potential Investments Product Governance Reports on design and characteristics of Relevant Products and the operation and governance of investment processes, including confirmation that default strategies and investment pathways are designed and executed in the interests of Investors and confirmation that default strategies investment pathways have clear statements of aims and objectives.	Annual	Green
Details of any breaches of FCA Collective Investment Scheme rules in relation to the scheme.	Annual	Green

During the year, the IGC has reviewed reports from the Product Governance Committee on all of the default funds and the Investment Pathways. These reports considered the requirements of each of the funds and determined whether or not those requirements have been met by the design of the fund. In each case the conclusion of the review was that there were no significant concerns, that there were no actions to take (other than that relating to the choice of Investment Pathways Fund – see Costs and Charges section on page 5) and that the rating was Green. The IGC has been impressed with the quality and comprehensive nature of these reports and did not raise any concerns follow those reviews.

Last year we raised a challenge for TPI to review the employer onboarding process and ensure that sufficient information and, if necessary, warnings are given to employers to ensure that they do not select an inappropriate default fund. TPI carried out that review and determined that enhancements were required to the process. The IGC received a demonstration of the revised system. Employers are now shown a page of information which explains the importance of the default fund selection and explains the risk characteristics of the 5 options. It also recommends to employers that they consult with their staff and take advice before making a selection. The IGC agreed that the changes to the process addressed the issues raised and that this challenge could now be closed. There were no other challenges outstanding or closed during the period.

Quality of Services – Administration.

In order that the pension contributions of its members can be invested and ultimately provide a retirement income, TPI must provide a range of effective administrative services. This is a critical part of our criteria in assessing value for money; low costs do not necessarily mean good overall service. Delivering a high quality of service at a reasonably low cost is the challenge TPI must meet and the duty of the IGC to appraise.

Each quarter we review a number of reports covering various aspects of TPI administration. Using the dashboard developed for us by TPI we are able to see, by each individual administration team, the number of times that internal performance targets were not met and the number of incidents. We are able to drill down into any area to understand the nature of issues and the steps taken to resolve if required.

The following shows details of the reports and/or metrics that the IGC use to review this area. The traffic light status shows our overall assessment of the status over the reporting period:

Report/metric	Frequency of review	Status
Initial response rate to calls, emails or secure messages.	Quarterly	Green
Timeliness and accuracy of investment of member contributions.	Quarterly	Green
Timeliness and accuracy of fund transactions.	Quarterly	Green
Timeliness and accuracy of changes to member requirements or personal data.	Quarterly	Green
The timeliness and accuracy of investment withdrawals and pension payments.	Quarterly	Green
Range of choices available at retirement.	Quarterly	Green
Experience and expertise of administration staff.	Annual	Green
Any breaches in the regulations of the FCA, HMRC, DWP or TPR in relation to the administration of the scheme.	Annual	Green

During the year we received a presentation covering the training regime provided to TPI administration staff (and others involved in the provision of services to members). Training modules are primarily provided by an industry body (CISI) through a training system that enables a schedule of mandatory modules to be delivered to staff on a monthly basis and records the module completion and test results. The IGC was pleased to see the level of effort that TPI put into the training of staff, given its importance to service quality.

There were no challenges outstanding or raised in this area during the period.

Quality of Services – Asset and Data Security.

To provide the pension services of the scheme to members, TPI must securely hold the data, assets and money belonging to the scheme members and ensure that client data is only used for the purposes agreed with clients and that it is not accessed by unauthorised persons.

The following shows details of the reports and/or metrics that the IGC use to review this area. The traffic light status shows our overall assessment of the status over the reporting period:

Report/metric	Frequency of review	Status
Report on client asset security arrangements.	Quarterly	Green
Report on data security arrangements.	Quarterly	Green
Details of any Data Security breaches in relation to the scheme.	Annual	Green
Details of any FCA breaches in relation to the scheme.	Annual	Green

The IGC review on a quarterly basis every potential breach of client asset or data security rules, regardless of whether it directly impacts AE members. In each case we review to see if we believe that further action should be taken to ensure the security of AE members assets and data. The IGC is happy that none of the breaches identified were cause for concern.

During the year we received a presentation from the head of the TPI's CASS oversight team, on the systems and controls in place to ensure the security of client assets, the results of TPI's external CASS audit and an analysis of all the breaches identified during the year. The number of CASS items in the audit fell by 19% and none of the new items were identified by the auditor. The IGC also heard about TPI's use of external consultants to develop their External and Internal training programmes for senior management and staff. The IGC was pleased with the work that had been completed to improve breach and incident identification and reporting and the work to embed a compliance culture and awareness throughout the organisation.

During the year we also had a presentation from TPI's Head of Development on the status of TPI's Data Security and the plans underway to improve it. The IGC reviewed all security incidents and risks raised and felt that none were cause for concern. The IGC reviewed TPIs plans to enhance vulnerability management, enhance backup security, enhance network monitoring and to further develop the employee training program. The IGC continues to feel that this is an area that requires constant attention to ensure the security of members data and was pleased with the progress that has been made. The IGC also received a presentation on the developments to TPI's risk control framework which protects both asset and data security. The presentation focussed on the identification and documentation of risk control self-assessments and the development of a centralised quality control team. The IGC felt that the progress that TPI had made was excellent and put TPI ahead of most of its competitors.

In 2020 we challenged TPI to commission an annual third-party review of the controls that they operate, in order that further comfort can be given to the IGC that TPI processes are well designed and have operated as required. TPI considered this challenge and determined that, at this point, they are not looking to commission such a report and that they would revisit this decision once the AUM of the AE scheme reaches £1bn. As at the end of 2022, the assets in the AE proposition were £689m; the IGC continues to monitor the threshold and will raise the challenge again once the threshold is reached.

There were no challenges outstanding or raised in this area during the period.

Quality of Services – Online Facilities.

The IGC believes that it is essential that scheme members are easily able to access information about their pension and to make changes to it at a time of their choosing: this is a key service deliverable. The IGC periodically reviews the range of facilities made available to members and monitors how the service offering compares to that offered by other product providers.

The following shows details of the reports and/or metrics that the IGC use to review this area. The traffic light status shows our overall assessment of the status over the reporting period:

Report/metric	Frequency of review	Status
Range of online facilities made available to members.	Annual	Green
Quality of design and ease of use of online facilities.	Annual	Green
Details of system availability.	Quarterly	Green
Trend of number of unique member logins.	Quarterly	Green

During the year, the IGC received a demonstration of the latest version of the client website, which includes the ability to provide customised calls to action, a customised news feed, further developed secure messaging, live chat (including video calls) and recording of expression of wishes. The IGC was impressed by the developments of the functionality of the site, whilst maintaining the clean design and intuitive user interface.

The IGC monitors the number of times that members access the system on a quarterly basis, both in terms of the absolute number of logins but also the number of unique member logins. The IGC was pleased that number of logins has been consistently higher since the launch of the new version of the online system.

There are no challenges raised, outstanding or closed in this area during the period.

Quality of Services – Communication.

The IGC takes a keen interest in the nature and form of communications that TPI send to scheme members and makes available to the wider public. The quality, range and appeal of its communications are important components in its endeavour to serve the needs of its members and to generally promote the value of saving into a pension scheme to enable savers to fulfil their financial and lifestyle goals in retirement.

The following shows details of the reports and/or metrics that the IGC use to review this area. The traffic light status shows our overall assessment of the status over the reporting period:

Report/metric	Frequency of review	Status
Details of all communications to members by True Potential.	Quarterly	Green
Assessment of effectiveness of engagement campaigns.	Quarterly	Green
Clarity and content of annual benefit statements.	Annual	Green
Number of members without current contact details and steps taken to trace them.	Annual	Amber
Trend of contributions including transfers in and impulse saves.	Quarterly	Green

The IGC monitors all communications sent to AE members and reviews other communications that are made available. These include:

True Insight - A quarterly magazine which includes expert investment commentary and an overview of portfolio allocations and performance. On average this is sent to 1,884 AE members each quarter.

Morning Markets Videos - 249 videos with 181,394 views on YouTube in 2022. The content includes daily investment updates and analysis of major world events.

The Do More With Your Money Podcast - 48 podcasts with 153,986 views on YouTube in 2022. The content includes hour long episodes providing money advice and information, conversational discussions and opportunities for clients to engage in Q&A sessions.

The IGC has recorded a podcast that introduces the work of the IGC and gives some tips to members on what they can do to maximise their Value for Money. That podcast is available when all new members login and can be found here.

In 2021 TPI launched an innovative and creative rewards and savings scheme to its auto-enrolment clients. Partnering with hundreds of top brands, such as eBay, Just Eat, Tui, Sky, Asos, BT and Sainsburys, it offers clients the opportunity to earn money back rewards on their everyday online purchases which can then be added to their investments. The scheme appears to be popular with members – there have been over 6,900 transactions with a purchase value of £443k earning over £17.6k in cashback for members.

Quality of Services – Communication (continued).

The issue of clients where the firm does not hold current, up to date contact information is one of concern to all providers of pension schemes in the UK and in particular auto enrolment schemes. When individuals change employers, they often leave their pension benefits in their previous employer's scheme and do not always inform their pension provider of their new details if they then change their address. This issue is likely to worsen over time unless steps are taken to address it.

This is recognised as an industry-wide issue, and the UK Government is launching "Pension Dashboards" which should allow members to trace all of their pension pots (see page 27). However, the project has been delayed; originally due to be available in 2023, the system is not due to be fully delivered until October 2026. Until such time as this system is available and TPI feed into it, the IGC believes that it is important that TPI take steps to determine which of their clients are no longer contactable and trace them. The IGC feels that TPI has made good progress in addressing the issue as well as developing a strategy for AE specific member engagement. TPI write annually to each member, with the content addressing AE specific matters, in particular the need to keep personal information up to date. The IGC agrees that they can now close their challenge relating to an AE member specific engagement strategy.

In 2022 just over 1% of these emails were not delivered, suggesting that the member is no longer contactable. TPI has followed up with a text message to these clients but has yet to determine whether to write to those members that do not respond. As the strategy has not yet been fully implemented, the IGC has kept the status of the metric at Amber and the related challenge open.

Challenge	Status
Develop strategy for determining clients no longer contactable and taking steps to trace them.	Ongoing
Articulate the strategy for engagement with auto enrolment members for the next 12 months.	Closed

Quality of Services – Member Feedback.

The IGC will continue to make an independent assessment of the quality of service delivered to members and consider the extent to which it may be regarded as good value for money. However, a comprehensive assessment cannot be completed without feedback from members. The more we can understand your motivations to engage with the AE scheme and any barriers to engagement, the more we can do to serve your interests and evaluate outcomes of any activity we initiate. That is why it is important that we seek, and you provide, feedback on the services that TPI provides.

The following shows details of the reports and/or metrics that the IGC use to review this area. The traffic light status shows our overall assessment of the status over the reporting period:

Report/metric	Frequency of review	Status
Results of member surveys.	Ad-hoc	Green
Details of member complaints.	Quarterly	Green
Review of direct feedback to the Committee from members.	Quarterly	Green
Feedback from clients transferring out.	Quarterly	Amber
Trend of opt-outs and transfers out.	Quarterly	Green

In 2020 the IGC conducted a survey of members and found that it was very useful; we decided to repeat the process in 2021 and in all subsequent years if feasible. Details of the results of the survey and the steps that are being taken to respond to your feedback can be found in the Member Survey section on page 22. We have requested that TPI continue to review the individual responses provided and take action where required.

The IGC reviews details of any complaints raised by members to TP, to determine if these could be representative of an issue which is affecting the value for money that members receive. In the event that you would like to make a complaint, or provide any other feedback, directly to the IGC, you can do so by sending an email to us through the IGC mailbox: IGC@tpllp.com

When a member transfers out, we look at any reasons given to see if this is an indication of a lack of value for money and we review the trend of number of members that opt out of the scheme or transfer elsewhere, to see if this is an indication of dissatisfaction with the service. During the year, the growth in one business area led to a reduction in the resource available to chase transferring-out members for the reason for their transfer, leading to a significant increase in the number where no reason was given. While the IGC agrees with TPI's decision to prioritise the use of it resources to serve its existing clients, it feels that this metric should be rated Amber under such time as the number of transfers out where no reason is given returns to normal levels.

Value for Money Comparisons.

In October 2021, the FCA issued new rules covering IGC's assessment of Value for Money (VFM). These introduced a new requirement for the IGC to compare the VFM of a small number of reasonably comparable third-party schemes and investment pathway funds (including those which could potentially offer better VFM).

To do so we must use reasonable endeavours to obtain and compare the relevant data that we need to carry out useful VFM assessments in a manner which is proportionate to the likely member benefits that will result from assessing the data.

We then need to assess the VFM of the TPI scheme by reference to the Scheme Comparators (to the extent that there is publicly, or readily, available information about the Scheme Comparators) and consider whether any of the Scheme Comparators offer better VFM.

If we find that a Scheme Comparator offers better VFM we must inform TPI and, if we are not happy with their response, consider informing Employers of our finding (if we believe that to do so would give material utility to Employers or Members).

The IGC developed a policy for the implementation of the new requirements. It decided that a reasonable number of third-party schemes was five, and that these should be the schemes which are listed by The Pensions Regulation as being open to small employees that are close in size to the TPI scheme, when considered the following:

- Scheme total size
- Number of employers
- Average member pot

The IGC determined that the Investment Pathways should be compared to the Investment Pathways offered by the scheme closest in size to TPI.

Having assessed the information publicly available, we determined that we would need to request a set of data from each of the schemes covering risk-adjusted Investment Performance, Costs and Quality of Service. We tried to strike a reasonable balance in respect of the detail requested so that we would have sufficient information to make a reasonable assessment while not making it so onerous that schemes would be unwilling to provide the data.

Of the five schemes that we wrote to, two provided full responses; the others declined to respond. For the non-responders we were able to find cost information for all three of them on their websites.

In respect of Investment Pathways, the scheme that we chose to compare against did not respond. The schemes that did respond, like many others, are Master Trusts and are not regulated by the FCA; as such they are not required to provide Investment Pathways. One of the responders does offer "lifestyling" funds with similar investment objectives to the Retirement Objectives of Investment Pathways. Having considered the FCA's requirement that we carry out useful VFM assessments in a manner which is proportionate to the likely member benefits that will result from us assessing the data, and the fact that during 2022 there have only been ten investments in TPI's Investment Pathways, we again decided to compare the scheme's lifestyling funds to TPI's Investment Pathway funds rather than continuing to make data requests to other providers.

Value for Money Comparisons (continued).

We determined that we should review risk adjusted performance over 1, 3 and 5 years. The current default fund provided by TPI was launched 3 years ago, but we determined that it was reasonable to combine the performance of the current default fund and the previous default fund to obtain 5-year numbers for the default fund of the scheme. The funds selected as comparison for the Investment Pathways Funds do not have a 5-year record, so in that comparison we have reviewed only 1 and 3-year returns. In order to compare the costs of different schemes, we looked at the total monetary costs to employees and employers for a pot which is the same size as the average with the TPI scheme (£7.2k) with the employer costs spread over the average number of employees per employer in each scheme.

The IGC reviewed all of the data received and colour coded them as follows:

No response received	
Comparator is the same as TPI	
Comparator is better than TPI	
Comparator is worse than TPI	

To assess a comparator as offering better VFM than TPI, we would be looking for an assessment that was mostly **RED**. The results of our Scheme Comparator assessments were as follows:

A. Investment Performance	Scheme 1	Scheme 2	Scheme 3	Scheme 4	Scheme 5
Risk adjusted return 1 year.					
Risk adjusted return 3 year.					
Risk adjusted return 5 year.					

B. Charges	Scheme 1	Scheme 2	Scheme 3	Scheme 4	Scheme 5
Annual Employee Cost.					
Annual Employer Cost.					
Total Annual Cost.					

C. Quality of service	Scheme 1	Scheme 2	Scheme 3	Scheme 4	Scheme 5
Number of fund options available.					
Tax relief at source?					
Flexi Access Drawdown available?					
Salary sacrifice available?					
Other investment options available?					
Minimum investment other options.					
Telephone service hours.					
Online portal capabilities.					
Rewards program.					
Frequency of engagement.					
Trustpilot rating.					
Member Net Promoter Score.					
Number of reportable events.					
Value of detriment.					
Regulator Enforcement.					

Although we found that some schemes were better than TPI in a few respects and could potentially provide better value for money for those members for whom only those aspects were important, **there was no scheme that appeared to provide better value for money overall.**

Value for Money Comparisons (continued).

The results of our Investment Pathways comparisons (using the Lifestyling funds of scheme 2) are as follows:

A. Investment Performance	Retirement outcome 1	Retirement outcome 2	Retirement outcome 3	Retirement outcome 4
Risk adjusted return 1 year.				
Risk adjusted return 3 year.				

B. Charges	Retirement outcome 1	Retirement outcome 2	Retirement outcome 3	Retirement outcome 4
Annual Employee Cost.				
Annual Employer Cost.				
Total Annual Cost.				

C. Quality of service	Retirement outcome 1	Retirement outcome 2	Retirement outcome 3	Retirement outcome 4
No. of fund options available.				
Tax relief at source?				
Flexi Access Drawdown available?				
Salary sacrifice available?				
Other investment options available?				
Minimum investment other options.				
Telephone service hours.				
Online portal capabilities.				
Rewards program.				
Frequency of engagement.				
Trustpilot rating.				
Member Net Promoter Score.				
No. of reportable events.				
Value of detriment.				
Regulator Enforcement.				

Again, although we found that some funds were better than True Potential Investments in a few respects and could potentially provide better value for money for those members for whom only those aspects were important, **the alternative funds did not appear to provide better value for money overall.**

Member Survey.

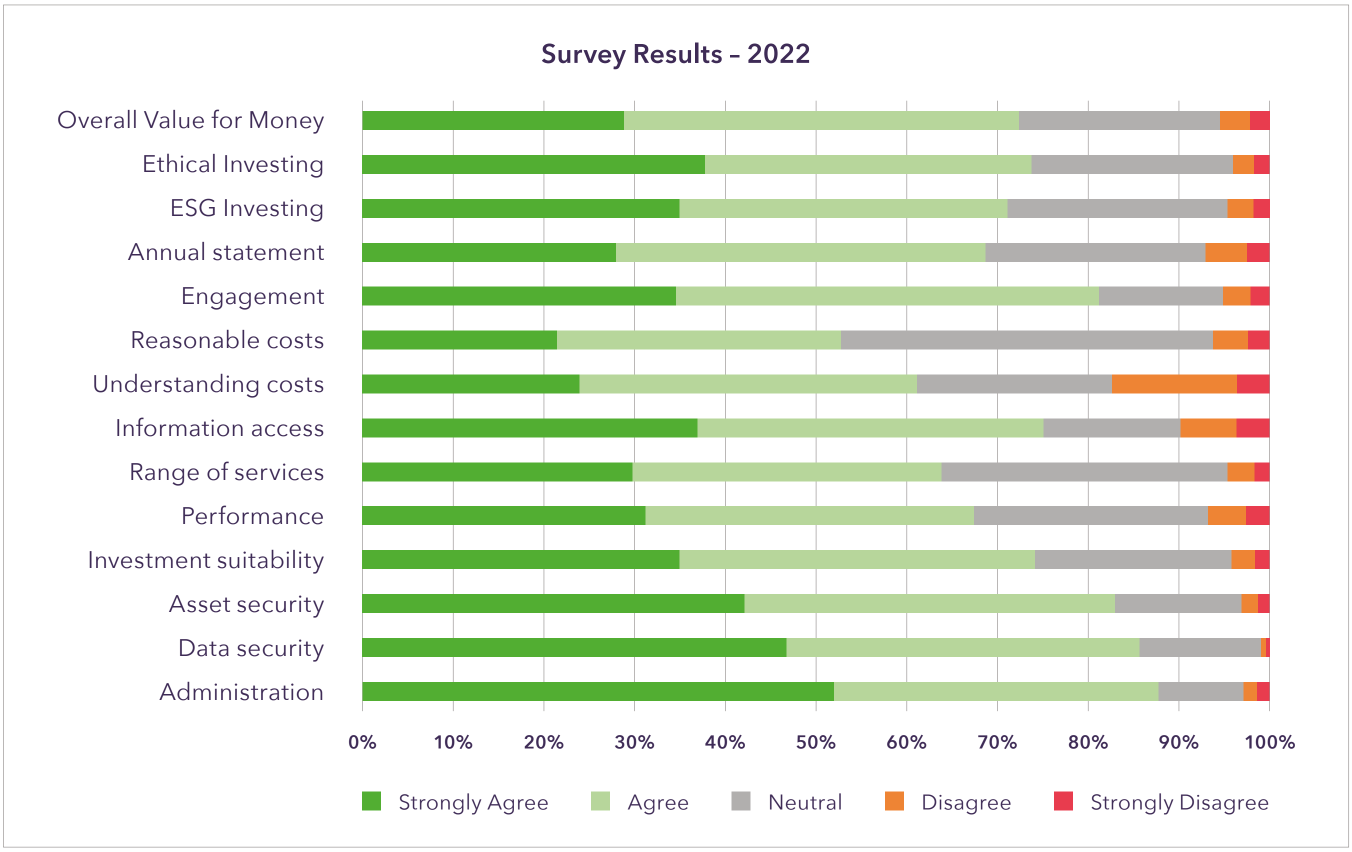
The IGC started to survey the opinion of members in 2020; we have found the process to be very useful and so we decided to repeat the process each year. This year the survey was emailed to all clients and a total of 3,169 complete responses were received, which is significantly higher than last year (334). The IGC were pleased with the increase in the response rate.

The most important metric that the IGC reviews is the Net Promoter Score (NPS) – this is calculated from the responses to the question "How likely is it that you would recommend True Potential to a friend or colleague on a scale of 0 to 10". The score is calculated by deducting the number of people who answered 0 to 6 from the number that answered 9 or 10. This year the Net Promoter Score has decreased slightly to 14% (2021: 15%, 2020:8%). The IGC is slightly disappointed that the NPR has not continued to rise but has considered this in the context of the expected effect on member sentiment of falling financial markets and the pressures of the cost-of-living crisis; given the context the IGC feels that the slight fall is not a cause for concern.

The second most important metric is the response to the question "Taking everything into consideration, I am very happy with the value for money I receive on my pension account". The number of people who agree or strongly agree with this statement was 72% which is at the same level as last year (2021:72%, 2020:68%). This result is encouraging to the IGC as it confirms that the view of members on the main area that the IGC is required to assess continues to be aligned to the views of the IGC.

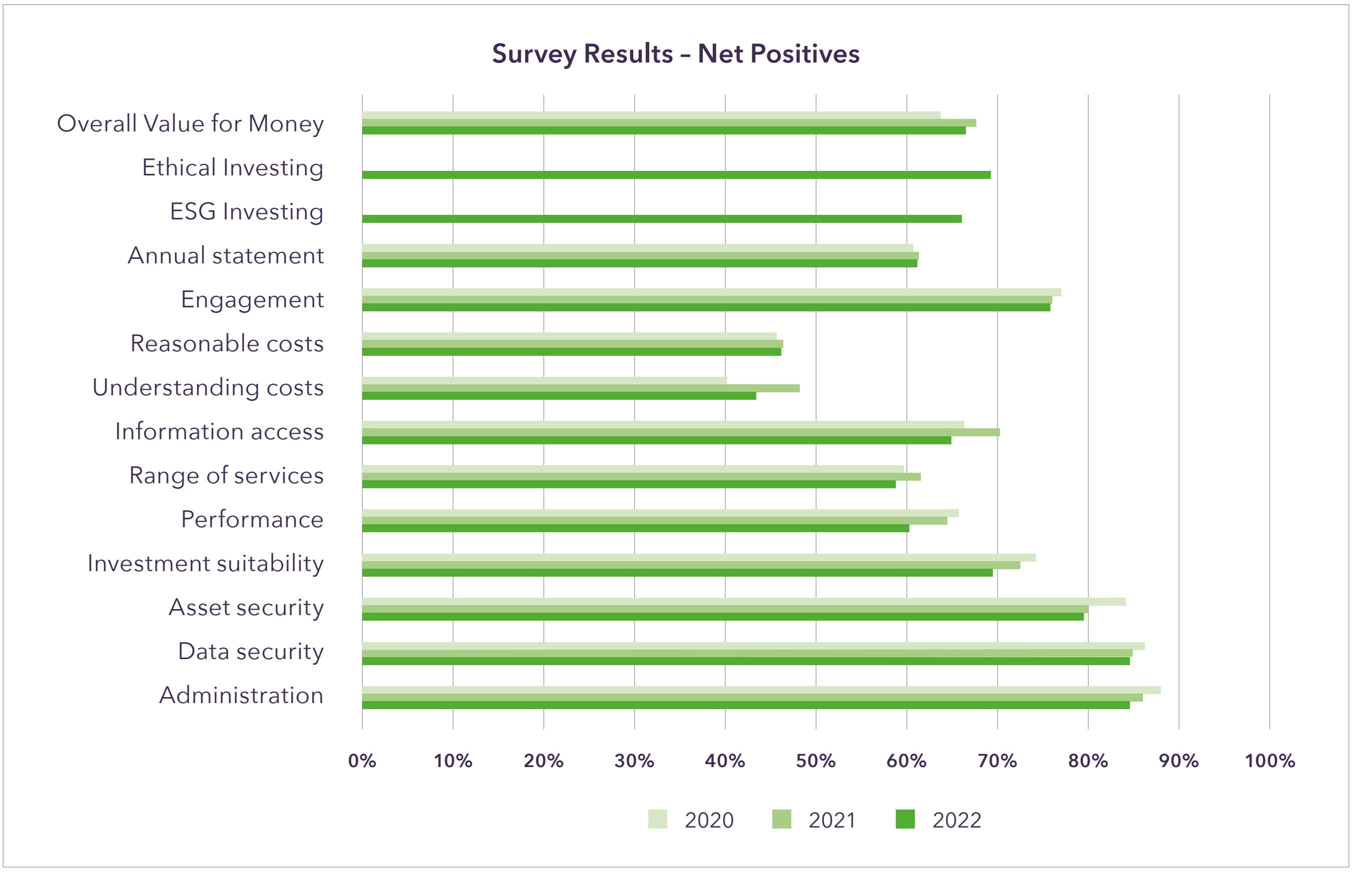
We added two additional questions this year to try to gauge member's views on ESG and ethical matters. These were "ESG Investing: It is important to me to know that consideration of the environment and human wellbeing is a factor in the investment of my pension contributions" and "Ethical Investing: It is important to me to know that ethical principles, beliefs, and values are considered in the investment of my pension contributions". The number of people who agree or strongly agree with these statements was 66% and 69% respectively, which reinforces the requirement of the IGC to continue to monitor the implementation of TPI's ESG policy (see page 26).

The following chart shows the response in respect of each of the questions.



Member Survey (continued).

The following chart shows how the net positive rate (the percentage of people who agree minus the percentage that disagree) for each category has changed in 2022 compared to 2020 and 2021:



The three areas in which most net positive feedback was received were:

- **Administration (85%)** – "My workplace Pension is handled in a smooth, efficient and professional manner"
- **Data security (85%)** – "I am confident that True Potential take all reasonable steps to protect the security of my personal data"
- **Asset security (80%)** – "I have no reason to doubt that my investments are managed effectively and securely"

These three areas were the same ones that we received the most positive feedback in the past two years, with the percentages in line with previous years.

The three areas in which least net positive feedback was received were:

- **Understanding costs (44%)** – "I understand the costs and charges I pay for my workplace Pension"
- **Reasonable costs (46%)** – "I believe that the costs and charges I pay are reasonable in relation to the services provided."
- **Range of Services (59%)** – "I am impressed by the range of services available to me online"

The understanding costs and reasonable costs questions once again received the least positive feedback. In response to this feedback, we have endeavoured to provide more information on costs and charges, including a calculation of the cost of the service in pounds and pence for the average member in each of the funds available (see the Costs and Charges section on page 5).

Member Survey (continued).

The response to the negative feedback on the range of services available online is disappointing given the work that TPI has undertaken to further develop the online services and is surprising given that TPI's online services are considered by the IGC to be very good.

Once again, we have asked TPI to review all of the individual responses to determine if any other improvements should be made to their service and to provide a roadmap for the implementation of those changes.

The IGC recognises the fallibility of conclusions drawn from analysis of these results. Although the number of responses has risen, they still only represent a small percentage of the members. Overall, the feedback from this survey is considered satisfactory and does not indicate any serious misgivings about the quality of service delivered by TPI and the value for money received.

Investment Pathways.

Investment Pathways are a new service that must be offered to all FCA regulated pension scheme members who start to draw down on their pension and who are not advised. Investment Pathways will be made available to all AE members as well as any other TP client that goes into drawdown on their pension and does not have their own adviser.

The Investment Pathways service takes a member entering drawdown through a series of guided questions to determine what they want to do with their investments. The outline of the process and the text of the questions must follow rules laid out by the FCA. Initially members have three options to choose from:

1. Remain invested in their existing investments
2. Self-select their own investments
3. Follow Investment Pathways

Those members that chose Investment Pathways then choose which Retirement Objective best aligns to their needs:

1. I have no plans to touch my money in the next five years
2. I plan to use my money to set up a guaranteed income within the next five years
3. I plan to start taking my money as a long-term income within the next five years
4. I plan to take out all my money within the next five years

The provider of the Investment Pathways solution then invests their pension into one of 4 Investment Pathway Funds, depending on the Retirement Objective chosen.

In 2019 the FCA extended the remit of all IGCs to review the Value for Money provided by Investment Pathways as well as AE schemes. TPI launched their Investment Pathways solution in 2021 and since then we have monitored the take-up of the Investment Pathways solution on a quarterly basis.

In 2022, TPI received 26,745 client direct drawdown requests. Of these a total of 473 were not advised and therefore eligible for the Investment Pathways process. Of these 10 elected to follow the Investment Pathways route. The following table shows, for each of the Retirement Objectives, which fund TPI has selected to map to that objective and the number of members that selected that option in 2022:

Retirement objective	Investment Pathways Fund	Members
1	True Potential Growth-Aligned Balanced	1
2	True Potential Growth-Aligned Cautious	0
3	True Potential Growth-Aligned Balanced	1
4	True Potential Growth-Aligned Defensive	8

The take-up of Investment Pathways by members has again been very low. This is probably due to the fact that TPI allow customers to remain invested in their chosen fund or portfolio, which is the option that the vast majority of members chose instead of investment pathways.

Last year we challenged TPI to justify why the costs of the Investment Pathway Funds were higher than the costs of the default funds. TPI have reviewed the position and in light of a recent FCA paper proposing a cap and management information covering the last two years, TPI have decided to use the default fund range moving forward (see section on Costs and Charges on page 5).

Overall, the IGC are satisfied with the design and operation of TPI's Investment Pathways solution and found that they provided Value for Money.

Environmental, Social and Governance (ESG) Policy.

The FCA require the IGC to assess and report on the quality and adequacy of TPI's policies (or lack thereof) which affect their workplace pension and pathways solutions in respect of the following matters:

- Financially material environmental social and governance (ESG) issues
- Non-financial matters (any concerns that the members may have about the impact of their investments that might not be financially material, for example ethical concerns)
- Stewardship (the exercise of rights or engagement activities in relation to the investments attributable to relevant policyholders or pathway investors)
- Other financial matters (anything else that is financially material and would pose a particular and significant risk of financial harm to members)

The FCA have determined that, when assessing policies, the Committee need to consider whether:

- the policy sufficiently characterises the relevant risks or opportunities;
- the policy seeks to appropriately mitigate those risks and take advantage of those opportunities;
- the firm's processes have been designed to properly take into account those risks or opportunities;
- the policy is appropriate in the context of the expected duration of the investment; and
- the policy is appropriate in the context of the main characteristics of the actual or expected relevant policyholders or pathway investors.

The IGC reviewed the final version of TPI's sustainability policy (which covers ESG investing) in 2021. In summary, TPI's policy is to use an assessment framework to rate the level of ESG compliance of each of fund managers and their individual funds. When making an investment decision, the ESG ranking will be considered only if funds meet all of TPI's investment selection criteria and are otherwise equal to other available funds. TPI will only seek to mitigate ESG risks and take ESG opportunities if it is confident that by doing so it will improve investment returns to members.

The IGC noted that TPI generally use index tracking investments to reduce the costs to members and the FCA have acknowledged that the scope to deploy ESG investment strategies is much more limited than when directly investing in companies. The FCA have indicated that in such cases the fund manager may still choose to engage in stewardship activities e.g., through exercise of voting rights or engaging directly with companies that make up the index. The IGC noted that the TPI policy was strong in respect of the use of stewardship and voting rights through its fund managers.

The IGC noted that TPI only intended to take into account non-financial concerns (e.g., ethical) matters if to do so would not have a significant detrimental financial impact and those concerns were shared generally by the members. The IGC has challenged TPI to demonstrate how they determine if ethical concerns are held by the majority of members.

In 2022, the IGC has reviewed TPI's implementation of its sustainability policy. It has reviewed the ESG assessment framework and has reviewed detailed reporting on the implementation of policy in respect of all investment decisions made during the year. When TPI implemented its policy, it reviewed all of the investments in the main default fund (TPGM) to see if there were any equivalent alternatives that had a higher ESG rating and found that there were none. We asked TPI to repeat this review and this time they found that 75% of the portfolio could be replaced by funds with a higher ESG rating but this would increase the annual costs of the fund by 3% to 4%. TPI have concluded that to make this change would not be compatible with their policy, which is only to select funds with a higher ESG rating if they were otherwise equivalent or better. TPI intend to monitor the position and reconsider it if ESG funds are introduced at the same or lower cost. The IGC's conclusion is that, in 2022, TPI's sustainability policy was appropriately implemented.

Regulatory Developments.

TCP23/4 Value for Money: A framework on metrics, standards and disclosures.

The FCA has issued a consultation paper (CP23/4) proposing further changes to the way that IGCs assess Value for Money. This development is being made in conjunction with the Department for Work and Pensions (DWP) and The Pensions Regulator (TPR) and would apply to all auto enrolment schemes, not just those regulated by the FCA.

Your IGC broadly welcomes the proposed changes. The new rules require all providers to publish data required by IGCs to make Value for Money comparisons; you will note from our current VFM comparison on page 19 that we have had difficulty acquiring that data from providers. We are also pleased that many of the proposals are in line with the VFM framework that the IGC has already developed. We are concerned, however that the more prescriptive approach focussing on a more limited set of criteria could reduce the quality of the assessments we make.

The FCA has published a feedback statement (FS23/3) detailing the outcome of the consultation, which is that the FCA, DWP and TPR will proceed with their proposals broadly as outlined while making them slightly less onerous, in response to industry feedback. The next step is for the regulators to consult on the detailed changes to rules; as yet no timeframe has been given for the issuance of those consultations or the implementation of the changes. We expect that, due to the scale of systems developments required to be made by all providers, it is unlikely that the changes will made before 2025.

Consumer Duty.

The FCA has introduced new rules detailing a new Consumer Duty that is intended to set higher and clearer standards of consumer protection across financial services and require firms to put their customers' needs first.

The new rules comprise of:

- A new Consumer Principle that requires firms to act to deliver good outcomes for retail customers.
- Cross-cutting rules providing greater clarity on the FCA's expectations under the new Principle and helping firms interpret the four outcomes (see below).
- Rules relating to the four outcomes the FCA want to see under the Consumer Duty. These represent key elements of the firm-consumer relationship which they believe are instrumental in helping to drive good outcomes for customers.

These outcomes relate to:

- products and services
- price and value
- consumer understanding
- consumer support

The rules require firms to consider the needs, characteristics and objectives of their customers – including those with characteristics of vulnerability – and how they behave, at every stage of the customer journey. As well as acting to deliver good customer outcomes, firms will need to understand and evidence whether those outcomes are being met.

Although the work of the IGC is not affected by the new Consumer Duty rules, the outcomes are very much aligned to the outcomes that the IGC seeks to achieve and so we have decided to take a keen interest in TPI's Consumer Duty project. We have received a presentation by TPI on their project and the progress that they have made so far. The first deliverable required under the rules are target market statements and assessments of fair value for all of TPI's products. The IGC have reviewed these publications and have raised no concerns.

Regulatory Developments (continued).

Pension Dashboard.

In 2022 the FCA consulted on a new framework that would require all pensions providers to supply data to providers of Pension Dashboards. The Pension Dashboards would all consumers to quickly find all of the pensions that they had, reducing the risk that people become disconnected from their pensions.

The rules we intended to be implemented in phases, starting in August 2023. In May 2023, the FCA announced a delay to the implementation due to the extent of the systems developments required and in June 2023 the FCA confirmed that Pension Dashboard will not be fully operational until October 2026.

The IGC is disappointed in this delay as it felt that Pension Dashboard were an important step to ensure that everyone receives the pension benefits that they have earned. We will continue to review TPI's Pension Dashboard project as they work towards the delayed implementation.

Future Work.

Over the coming year the IGC expects to undertake the following work, in addition to the routine assessments of Value for Money and monitoring TPI's responses to the challenges we have raised:

- Monitor TPI's implementation of Consumer Duty.
- Review and respond to the FCA's consultation paper on the implementation of a new VFM framework.
- Continue to monitor TPI's implementation of their Sustainability Policy covering ESG matters.
- Monitor TPI's project to implement the Pension Dashboard.
- Monitor AUM thresholds and raise further challenges as and when required.

Appendix 1 – Background to the IGC.

The IGC consists of five members and meets at least quarterly to review the operation of the scheme and the investment pathways. Having considered the FCA's guidance on the assessment of independence, three of the members of the IGC are considered by them and by the IGC to be Independent of TPI; John Reynolds, Richard Curry (Chair) and Trevor Williamson.

John Reynolds (Independent Member)

John Reynolds has over 25 years' experience as a pension practitioner, providing expert pension advice, consultancy, and training into specialist advisory businesses across the UK.

He currently holds fellowship with the PFS, is a Chartered Financial Planner and is a Chartered Fellow of the institute of Securities and Investments. In 2017 he completed his MSc in Financial Planning and Business Management at Manchester Metropolitan University (MMU).

Richard Curry (Independent Chairman)

Richard has over 30 years of experience in the investment management industry in a variety of senior management roles at large UK financial firms. Initially Richard worked as a computer programmer in the nuclear power industry before transferring those skills to the financial sector.

During his career he has held the positions of Head of Development, Head of IT, Director of Operations and finally Chief Operating Officer; a role that he performed for 15 years before entering semi-retirement in 2018. As part of his last role Richard was responsible for the implementation, operation and governance of a pension scheme with over £300m of client assets. Richard now works part-time as a consultant and independent governance committee member.

Trevor Williamson (Independent Member)

Trevor comes with a strong academic background, whose global experience in the design and delivery of business case workshops and working with thought leaders and diverse stakeholders in a variety of strategic, business and financial management situations has developed a keen eye for asking the right questions to help facilitate key decision-making.

He is an experienced academic versed in the use and application of critical thinking skills, with a natural inclination to challenge assumptions and behaviours underpinning organisational strategy and financial performance.

Appendix 1 – Background to the IGC (continued).

Brian Shearing (True Potential Investments Nominated Member)

Brian Shearing has devoted his entire career to financial services. For almost 30 years Brian has worked as a management consultant providing his expertise to pensions, investment and platforms.

In addition to a degree in mathematics and statistics he holds fellowships with the Chartered Insurance Institute (he is a chartered insurance practitioner), the Pensions Management Institute and the Institute of Directors. Brian is a member of the Pensions Policy Institute and the Association of Professional Compliance Consultants.

Sean Montgomery (True Potential Investments Nominated Member)

Sean has worked at True Potential since 2011 and became Operations Manager in 2017. In 2020 Sean moved to the Wealth Platform Compliance Team and took on the role of Head of Compliance and Risk. Sean has been a key influence on various projects and brings with him a wealth of knowledge of the internal workings of the True Potential Investments organisation.

Appendix 2 – Glossary.

Term	Meaning
AE	Auto-enrolment
AUM	Assets under Management
CASS	FCA Client Assets Rulebook
COBS	FCA Conduct of Business Rulebook
ESG	Environmental, Social and Governance
DWP	Department for Work & Pensions
FCA	Financial Conduct Authority
HMRC	HM Revenue & Customs
IGC	Independent Governance Committee
NPR	Net Promoter Rate
TPI	True Potential Investments LLP, the provider and operator of the True Potential Pension Scheme
TPGM	True Potential Global Managed, the main default fund of the TPI AE scheme
TPR	The Pensions Regulator
VFM	Value for Money

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Head Office: Gateway West, Newburn Riverside, Newcastle upon Tyne, NE15 8NX

T: 0800 046 8007   E: support@tpinvestor.com   W: tpinvestor.com

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