Independent Governance Committee.

Annual Report

For the year ending 31 December 2023

true potential investor

Contents.

The Chair's Introduction.

I am delighted to be delivering the ninth annual report of your True Potential Investments (TPI) Investment Governance Committee (IGC); my third report as Chair. I write to you about the calendar year that has just gone past - the year of 2023. 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.

This report contains several abbreviations for the sake of brevity. A Glossary on page 34 is provided to clarify these terms and support your understanding of the content.

2023 was another tumultuous year. Inflation remained a significant challenge, peaking early in the year but gradually easing towards the end as the Bank of England raised interest rates multiple times. High inflation, borrowing costs and energy prices exacerbated the cost-of-living crisis. World stock markets recovered from their falls in 2022 but they experienced high levels of volatility due to global economic uncertainties, geopolitical tensions, and domestic political instability.

During the year, the Financial Conduct Authority (FCA) has continued to work 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. We expect that the FCA will consult on detailed changes to the regulations in 2024; 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 metrics on a quarterly or annual basis and for each one we conclude whether it is:

GREEN: we are satisfied with the metric;
AMBER: we have raised an action or a challenge for TPI and we are happy with the progress made on the implementation of any changes or;
RED: we have raised an action or a challenge for TPI and we consider that TPI needs to make more progress in respect of the implementation of any changes.

The results of our considerations of these areas this year are shown on pages 5 to 19.

The most significant area of change that the FCA intends to introduce is to the process that IGCs must follow when carrying out comparisons against a sample of other schemes and other investment pathway funds. Under the new proposals all schemes will be required to publish a set of data so that other schemes can carry out their comparisons. We consider that the reason for this change is that schemes have experienced difficulty obtaining the necessary data. This year we made requests for data from five schemes and only received a data submission from one of them. **Your IGC is not sure of the value of making a comparison against just one scheme** but, until such time as the new requirements are implemented, we are required by the FCA continue to follow the process introduced in 2022. The results of the comparisons are that **we did not find that the comparator scheme or investment pathway type funds that we reviewed provided better Value for Money overall.** Full details of our analysis can be found in the section entitled Value for Money Comparisons on page 20.

As I noted in previous years, 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 26 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.

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 23. We have continued to monitor the implementation of TPI's policies and procedures covering Environmental, Social and Governance (ESG) investing. Further details of our ESG reviews can be found on page 28.

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 2024 can be found in the section entitled Future Work on page 31.

I would like to thank the members of the committee for all their support throughout the whole year and 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 considers that the most important factor when assessing 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	Amber
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 2023 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 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 2023 was £6,578.73. In pounds and pence, the total cost per annum for a member with the average sized pot invested in the main default fund was **£47.37.**

The following table shows the fund 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%	£47.37
Legal & General Multi-Index 3	0.31%	0.00%	0.71%	£46.71
Legal & General Multi-Index 4	0.31%	0.00%	0.71%	£46.71
Legal & General Multi-Index 6	0.31%	0.03%	0.74%	£48.68
Legal & General Multi-Index 7	0.31%	0.05%	0.76%	£50.00
TP Defensive Portfolio	0.72%	0.01%	1.13%	£74.34
TP Cautious Portfolio	0.79%	0.02%	1.21%	£79.60
TP Balanced Portfolio	0.79%	0.03%	1.22%	£80.26
TP Growth Portfolio	0.76%	0.02%	1.18%	£77.63
TP Aggressive Portfolio	0.75%	0.01%	1.16%	£76.31
TPI Growth Aligned Defensive	0.59%	0.00%	0.99%	£65.13
TPI Growth Aligned Cautious	0.60%	0.00%	1.00%	£65.79
TPI Growth Aligned Balanced	0.64%	0.00%	1.04%	£68.42

During 2021 TPI launched its Investment Pathways solution and the IGC's remit was extended to look at the VFM of this service (further details can be found in the Investment Pathways section on page 26). In 2022 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 as follows:

"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 was happy with this response and changed the status of the metric to Green and closed the associated challenge. TPI have not yet implemented the new funds and so we have changed the status to Amber until such as they have done so.

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 using typical AE member values 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	£2,545	£2,530	£2,545	£2,530	£2,545	£2,530	£2,545	£2,530	£2,545	£2,530
2	£3,548	£3,510	£3,549	£3,510	£3,549	£3,510	£3,548	£3,510	£3,549	£3,510
3	£4,558	£4,490	£4,561	£4,490	£4,560	£4,490	£4,559	£4,490	£4,560	£4,490
4	£5,587	£5,480	£5,582	£5,470	£5,580	£5,470	£5,579	£5,470	£5,580	£5,470
5	£6,624	£6,470	£6,621	£6,460	£6,618	£6,460	£6,617	£6,460	£6,618	£6,460
15	£17,750	£16,600	£17,790	£16,600	£17,780	£16,600	£17,770	£16,600	£17,780	£16,600
25	£31,170	£27,800	£31,200	£27,700	£31,150	£27,700	£31,220	£27,800	£31,150	£27,700
35	£47,720	£40,400	£47,710	£40,100	£47,690	£40,200	£47,740	£40,300	£47,690	£40,200

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	£2,543	£2,520	£2,545	£2,520	£2,545	£2,520	£2,544	£2,520	£2,544	£2,520
2	£3,549	£3,490	£3,552	£3,490	£3,552	£3,490	£3,551	£3,490	£3,550	£3,490
3	£4,556	£4,450	£4,562	£4,450	£4,562	£4,450	£4,559	£4,450	£4,559	£4,450
4	£5,586	£5,420	£5,585	£5,410	£5,586	£5,410	£5,581	£5,410	£5,580	£5,410
5	£6,618	£6,380	£6,622	£6,370	£6,622	£6,370	£6,616	£6,370	£6,624	£6,380
15	£17,750	£16,000	£17,840	£16,000	£17,850	£16,000	£17,800	£16,000	£17,790	£16,000
25	£31,150	£26,100	£31,210	£25,900	£31,220	£25,900	£31,190	£26,000	£31,150	£26,000
35	£47,700	£36,900	£47,700	£36,400	£47,700	£36,400	£47,600	£36,600	£47,700	£36,700

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	£3,544	£3,490	£3,552	£3,500	£3,552	£3,500
3	£4,558	£4,460	£4,555	£4,460	£4,564	£4,470
4	£5,584	£5,430	£5,588	£5,440	£5,587	£5,440
5	£6,621	£6,400	£6,623	£6,410	£6,621	£6,410
15	£17,830	£16,200	£17,770	£16,200	£17,750	£16,200
25	£31,220	£26,500	£31,160	£26,600	£31,220	£26,700
35	£47,700	£37,600	£47,700	£37,900	£47,720	£38,000

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.

In 2020 we raised a challenge for TPI to 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 2023, the assets in the AE proposition were £916m and so the IGC has now raised a challenge with TPI for them to consider a reduction in the scheme costs. We will be able to report on the outcome of TPI's considerations in our 2024 report.

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
Consider a reduction in the scheme costs	Ongoing

Investment Performance.

A principal obligation of the IGC is to review the principles underpinning TPI'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 TPs ESG, ethical and stewardship policies (or TPI's reasons for not having such policies)	Annual	Green
Details of TPI's 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 2023, 88% of all members' assets were invested in TPGM. Assets under management in this fund at the end of the reporting period was £808m (2022 = £601m).

The gross return on investment in this fund for the year was 8.5% (2022 = -8.6%). After adjusting for inflation of 4.0% (CPI, 2022 = 10.5%) and the platform charge (0.4%) the net real return on the fund was 4.1% (2022 = -19.5%). The IGC is pleased to see the fund make a positive return this year and hopes that net real returns will improve as inflation falls in the future. The IGC also recognises that pensions should be regarded as medium to long term investments and that returns will fluctuate from year to year.

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

"In 2023, world equities (MSCI World Index) rebounded strongly, +24.4% and +17.9%, in local and Sterling terms respectively after a difficult previous year for investors. Multi-asset portfolios had the benefit of strong returns from equites, corporate credit and global sovereign bonds, with the latter returning +7.9% (Bloomberg Global Sovereign, local terms) in the period. Risk assets benefited from a strong US economy, a return of US corporate earnings growth, and an end to interest rate hikes. Furthermore, Technology stocks saw outsized gains given the emerged enthusiasm for artificial intelligence technologies. The emergence US regional bank stress as well as the unexpected acquisition of Credit Suisse by UBS created volatility in the first quarter of the year. However, fears soon faded after the Federal Reserve responded quickly to provide necessary liquidity to banks.

The Fund benefited from an overweight to equities throughout most of the year. The overweight was primarily in US equities (S&P 500, +26.3% local currency) given the constructive view on the US economy and the expectation that inflation would trend significantly lower. Furthermore, US equities were preferred given their relatively strong fundamentals which were viewed as attractive in an environment of elevated interest rates. Whilst the S&P 500 outperformed global equities, the Fund's allocation to the S&P 500 Equal-

Weight Index was a relative drag on performance as it underperformed the market-cap index by ~12.4% due to its low allocation to Technology stocks.

An overweight to Japanese equities (TOPIX +28.3%, local terms, +13% in Sterling terms) was also a key positive contributor to total returns in the year. The region benefited from low valuations and a significant devaluation of the Japanese Yen thereby boosting corporate profits. Furthermore, policy changes which looked to improve the return-on-equity from companies that trade on very low valuation was also supportive.

The True Potential Global Managed Fund saw mixed returns from global sovereign bonds with the asset class experiencing bouts of high volatility with concerns over the stickiness of US core inflation and strength of US labour markets. Furthermore, sovereign bond volatility spiked in Q3 as investors became increasingly concerned with the ongoing rise in debt issuance from the US Treasury. In the final quarter of the year, global sovereign bonds rebounded sharply as inflation in developed countries trended below consensus estimates, while the market was confident that central banks had finished their interest rate hiking cycles. The Fund benefited from increasing the allocation to UK and Global sovereign bonds in the final quarter.

High Yield corporate bonds performed exceptionally well with Bloomberg Global High Yield bonds delivering +14% in the period. The asset class benefited from attractive high yields, improving corporate fundamentals and a benign economic backdrop. The Global Managed Fund held a modest underweight in the year.

The Fund's only Alternative asset class, Gold, was up +13% due to a combination of uncertainty within the Middle East and excessive central bank and retail investor buying in China.

Within currencies, the Pound strengthened by +0.9% against the US dollar, therefore it was not a significant contributor to returns. The Pound strengthened against the Japanese Yen by +13.3%, thereby offsetting some of the strong returns from local Japanese equities."

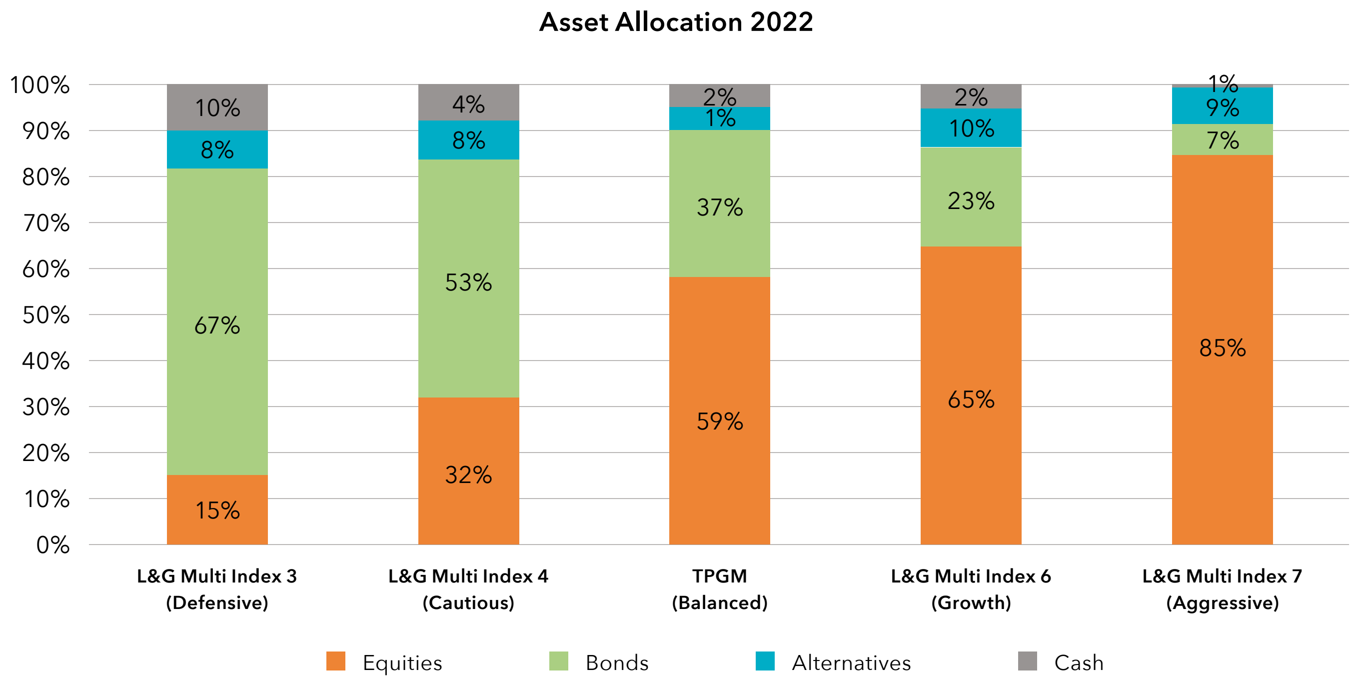
As well as reviewing the performance of the default fund, we also review the performance of the other funds that employers can chose to be the default for their employees and the performance of the funds available through Investment Pathways or by member selection. The following table shows the performance 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	2023	2022	2021	2020	2019
True Potential Global Managed	31.5%	8.7%	8.5%	-8.6%	9.6%	6.0%	14.1%
Legal & General Multi-Index 3	15.1%	-1.1%	6.2%	-9.8%	3.2%	6.1%	9.8%
Legal & General Multi-Index 4	22.8%	2.5%	7.1%	-9.8%	6.2%	6.2%	12.8%
Legal & General Multi-Index 6	37.1%	10.2%	9.3%	-10.3%	12.4%	6.3%	17.0%
Legal & General Multi-Index 7	44.9%	12.9%	11.0%	-11.2%	14.5%	7.7%	19.2%
TP Defensive Portfolio	7.7%	-1.6%	2.3%	-6.4%	2.8%	3.0%	6.2%
TP Cautious Portfolio	14.4%	0.4%	3.1%	-8.4%	6.3%	3.7%	9.9%
TP Balanced Portfolio	20.7%	2.6%	4.4%	-10.5%	9.8%	3.5%	13.7%
TP Growth Portfolio	28.4%	5.8%	5.3%	-11.1%	13.1%	4.1%	16.6%
TP Aggressive Portfolio	33.9%	9.7%	6.2%	-10.7%	15.6%	3.8%	17.6%
TPI Growth Aligned Defensive	24.1%	5.7%	7.3%	-8.5%	7.6%	6.5%	10.3%
TPI Growth Aligned Cautious	15.9%	2.3%	6.2%	-8.0%	4.7%	5.1%	7.8%
TPI Growth Aligned Balanced	9.3%	-0.5%	5.0%	-7.1%	2.1%	4.4%	5.3%

When looking at the performance of a fund, we also consider how the funds have performed after adjusting for the amount of risk inherent in the assets in which the fund invests. 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 2023 was 7.7% (2022 = 7.4%).

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

The IGC considers 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 2023:



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.

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. Last year 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 28). TPI have responded to the challenge as follows: "Based on the limited feedback received from Employees, Employers and Advisers and the wide range of potential ethical concerns that could be held, we believe that it is extremely unlikely that any one ethical concern is held by the majority of members; as such we do not consider it cost-effective to carry out further research to prove our assumption". This rationale was accepted by the IGC and the challenge was closed.

In 2020 we considered whether TPI should be offering further default funds to members and to consider allocating members of different ages and different crystallised status to different default funds. 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 produce a roadmap as to when the launch of further default funds could be considered. TPI determined that further default funds may be reviewed once the AE proposition holds £750m in assets under management. As at the end of 2023, the assets in the AE proposition were £916m and so the IGC has now raised a challenge with TPI for them to consider the default fund position now. We will be able to report on the outcome of TPI's considerations in our 2024 report.

Challenge	Status
TPI to demonstrate how they determined whether any ethical concerns were held by the majority in order to implement their sustainability policy	Closed
TPI to consider offering further default funds and consider allocating members of different ages to different funds	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
TPI's 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.

There were no challenges relating to Product Governance 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 again 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	Annual	Green
Report on data security arrangements	Annual	Green
Details of any Data Security breaches in relation to the scheme	Quarterly	Green
Details of any FCA breaches in relation to the scheme	Quarterly	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 again by 19% and only one of the breaches were identified solely by the auditor. The IGC also heard about TPI's change to using in-house developed customised training courses to develop their External and Internal training programmes for senior management and staff. The IGC was once again pleased with the reduction in the number of breaches 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 Information Security and Cyber Manager on the status of TPI's Data Security and the plans underway to improve it. 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 during the year.

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 £916m. 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 a spending analysis facility that pulls information from members' banks and credit card providers. The IGC felt that having rewards, and spending analysis alongside the members pension would serve to increase members engagement with their pension. The IGC was once again 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 number of logins was steady throughout the year with a slight increase towards the end of the year. The IGC is working with TPI to see what can be done to further promote the use of the online service.

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 TPI	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 1,800 AE members each quarter.

Morning Markets Videos - 250 videos with 167,790 views on YouTube in 2023. The content includes daily investment updates and analysis of major world events.

The Do More With Your Money Podcast - 48 podcasts with 127,100 views on YouTube in 2023. The content includes hour long episodes providing money 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 51,900 transactions with a purchase value of £4.2m earning over £143k in cashback for members.

TPI has agreed to send an email to all AE members every year to promote member engagement and to give reminders to members of the need to review their investment objectives and to ensure that their contact information and expression of wishes are up to date. This is part of TPI's strategy to determine which clients are no longer contactable and to take steps to trace them. During the year TPI agreed that they would ultimately send a letter to any members that could not be traced by email, SMS or via their Employer and so the IGC agreed that their challenge to develop a suitable strategy could be closed. The IGC have kept the associated metric at a status of Amber until such time as the process has been successfully completed.

Challenge	Status
Develop strategy for determining clients no longer contactable and taking steps to trace them	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 IGC from members	Quarterly	Green
Feedback from clients transferring out	Quarterly	Red
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 latest survey and the steps that are being taken to respond to your feedback can be found in the Member Survey section on page 23. 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 TPI, 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 number of members transferring out has increased significantly and there has continued to be insufficient resource within the Transfers team to chase those individuals who did not provide a reason for transferring out. We have asked TPI to take action to restore the level of feedback received back to previous levels and challenged TPI to explain why the number has increased. Without this information, the IGC cannot be sure that the reason for the increase in transfers out is not due to members feeling that they are not getting Value for Money from the scheme and so we have decided that we must flag this metric as Red.

Challenge	Status
TPI to explain the increase in the number of transfers out	New

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 findings (if we believe that to do so would give material utility to Employers and/or Members).

The FCA is considering changes to the current rules for comparisons to require all schemes to publish a set of comparison data (see section headed Regulatory Developments on page 30). The IGC believes that these changes are due to the difficulties that schemes have had obtaining appropriate comparison data. As we near the publication date of this report, the FCA have published a consultation paper on proposed changes to the rules; given that the changes will require system developments by many schemes the IGC believe that it is unlikely that the new rules will be introduced before 2025. In the meantime, we are required to continue to comply with the existing rules.

In accordance with our policy, we wrote to five schemes requesting comparison data; of these only one provided a data return; the others either declined to make a return or did not respond. **Your IGC does not believe that making a comparison with data from only one scheme produces a result from which any meaningful conclusions can be made**, however we are bound by the existing regulations to carry out the comparison and publish our results.

In respect of Investment Pathways, as the responder does not provide Investment Pathways we have once again carried out a comparison against their "lifestyling" funds with similar investment objectives to the Retirement Objectives of Investment Pathways.

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

(grey)	No response received
(orange)	TPI is the same as the Comparator
(red)	TPI is worse than the Comparator
(green)	TPI is better than the Comparator

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 the comparator scheme was better than TPI in some respects and could potentially provide better value for money for those members for whom only those aspects were important, the scheme did not appear to provide better value for money overall.

The results of our Investment Pathways comparisons using the Lifestyling funds of the scheme and the existing Investment Pathway Funds 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				
Risk adjusted return 5 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, we found that the comparison funds were better than TPI in some respects (particularly risk adjusted performance and costs) 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.**

We also made the same comparison against the new Investment Pathway funds that TPI intend to introduce during 2024. The IGC was pleased to see that the comparison against the new funds produced better result, with a more mixed performance comparison and better overall costs.

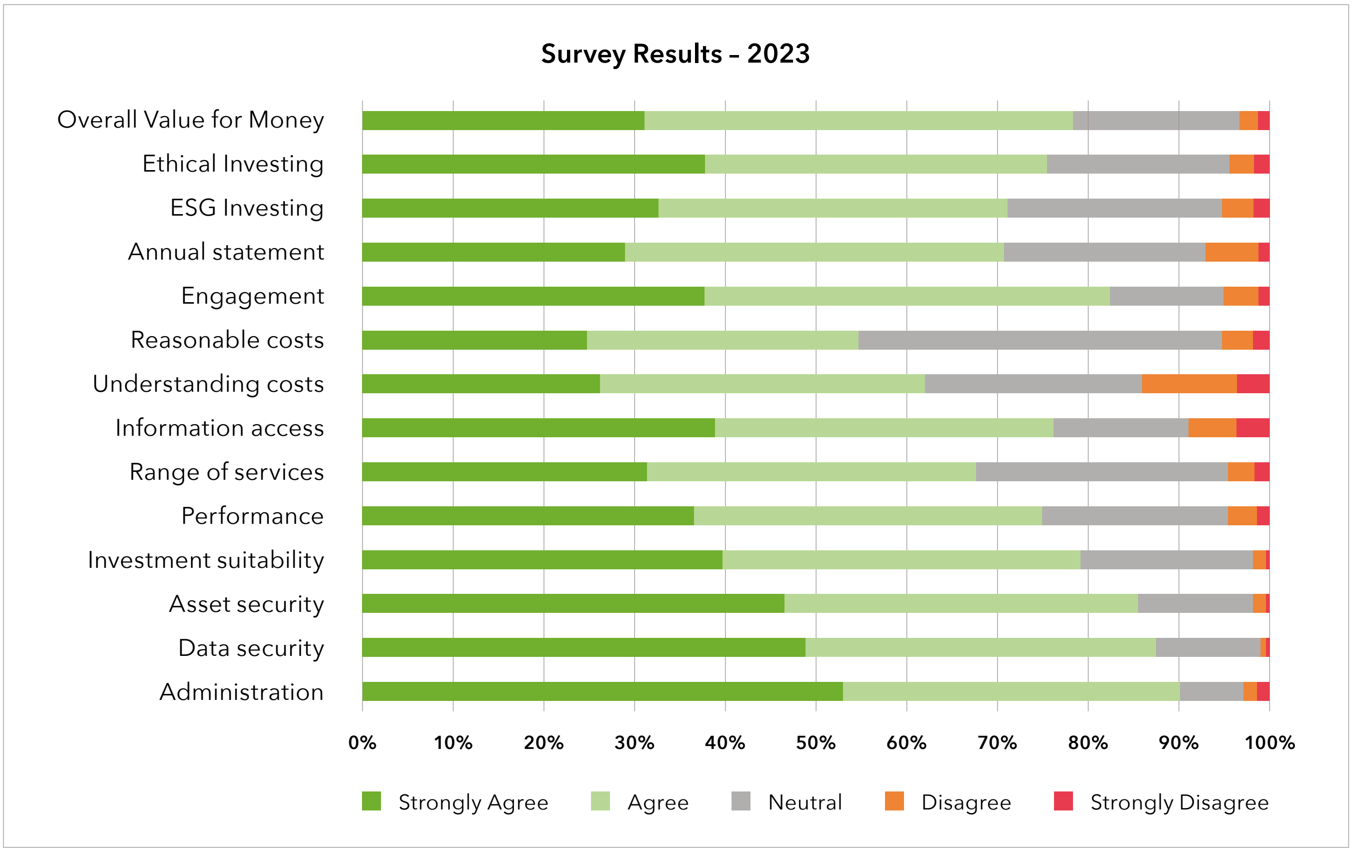
Member Survey.

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 3,058 complete responses were received, which is slightly lower than last year (3,169).

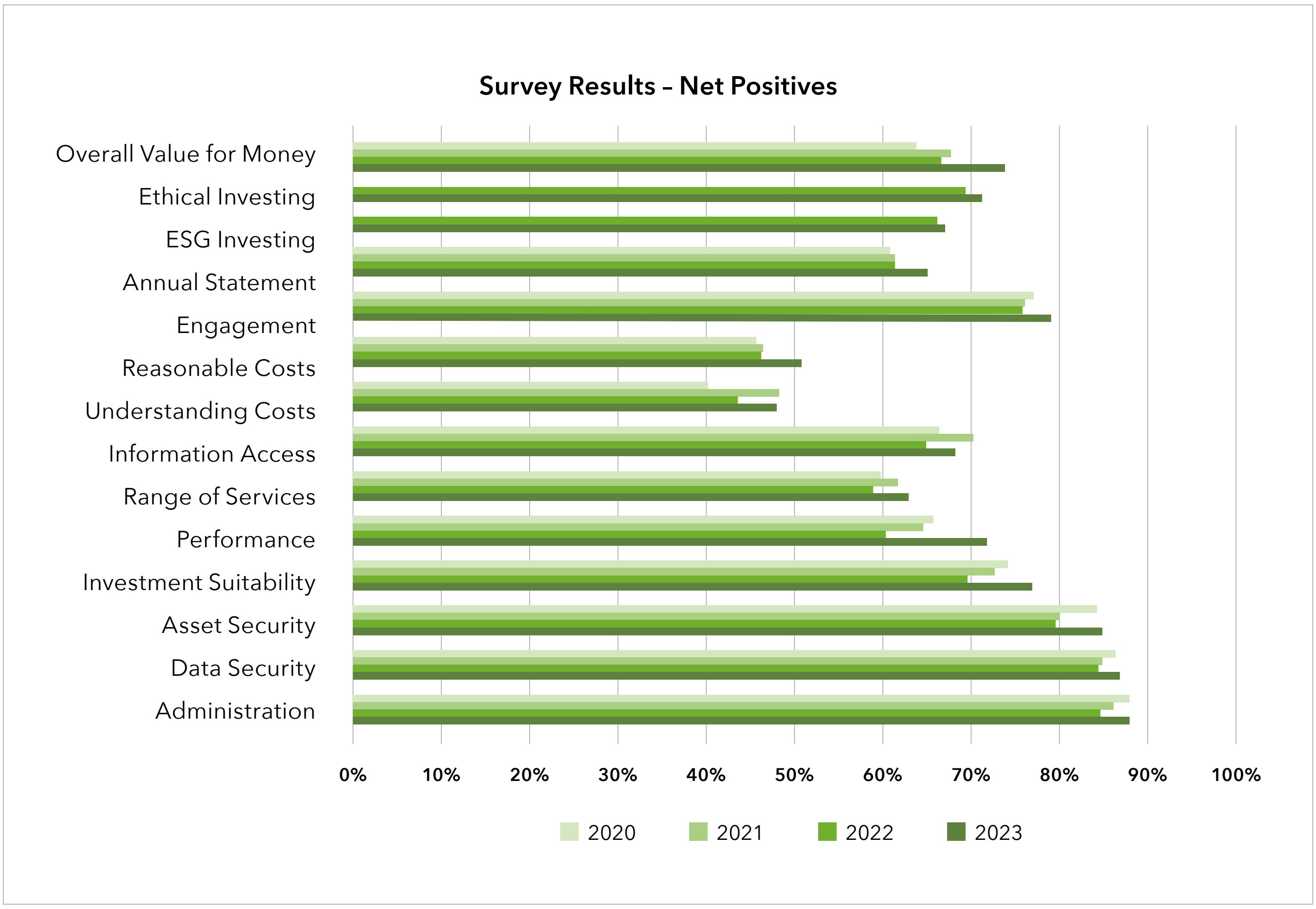
The most important metric that the IGC reviews is the Net Promoter Score (NPS) – this is calculated from the responses to the question "How likely is it that you would recommend True Potential to a friend or colleague on a scale of 0 to 10". The score is calculated by deducting the number of people who answered 0 to 6 from the number that answered 9 or 10. This year the Net Promoter Score has increased significantly to 21% (2022: 14%). The IGC is pleased with this outcome but has considered this in the context of the expected effect on member sentiment of recovering financial markets.

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 77% which has increased since last year (2022:72%) 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.

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



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 (90%)** – "My workplace Pension is handled in a smooth, efficient and professional manner"
- **Data Security (88%)** – "I am confident that True Potential take all reasonable steps to protect the security of my personal data"
- **Asset Security (87%)** – "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 slightly increased from previous years.

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

- **Reasonable Costs (56%)** – "I believe that the costs and charges I pay are reasonable in relation to the services provided"
- **Understanding Costs (62%)** – "I understand the costs and charges I pay for my workplace Pension"
- **Range of Services (67%)** – "I am impressed by the range of services available to me online"

These three areas were the same ones that we received least positive feedback last year, with a slight change in the order and an increase in the percentages.

The IGC is pleased that there has been some improvement in these areas following the actions taken but believes that more needs to be done. The IGC has challenged TPI to consider a reduction in the scheme costs (see the Costs and Charges section on page 5) and is working with TPI on the design of the annual costs and charges statement that goes to all clients to see if is possible to improve members' understanding of the costs that they pay.

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. These will include:

- Issues with online access security clearance
- Annual benefit statement receipt
- Communications

The IGC recognises the fallibility of conclusions drawn from analysis of these results. Although the number of responses is good, 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 TPI 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 2023, TPI received 28,711 client direct drawdown requests. Of these a total of 676 were not advised and therefore eligible for the Investment Pathways process. Of these 17 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 2023:

Retirement Objective	Investment Pathways Fund	Members
1	True Potential Growth-Aligned Balanced	2
2	True Potential Growth-Aligned Cautious	0
3	True Potential Growth-Aligned Balanced	2
4	True Potential Growth-Aligned Defensive	13

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.

In 2022 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 change the Investment Pathway Funds to be options from the existing default fund range (see section on Costs and Charges on page 5).

The new funds will be as follows and the change to using the new funds will be implemented in 2024:

Retirement Objective	Investment Pathways Fund	Members
1	True Potential Global Managed	Balanced
2	LEGAL & GENERAL MULTI-INDEX 4 FUND	Cautious
3	True Potential Global Managed	Balanced
4	LEGAL & GENERAL MULTI-INDEX 3 FUND	Defensive

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 IGC 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 been considering how it is possible to determine the ethical concerns of all members. We considered carrying a survey of members but decided that the results would not be sufficiently representative to determine investment policy. We have raised a challenge for TPI to demonstrate how they determine whether any ethical concerns are held by the majority. TPI have responded to the challenge as follows:

"Based on the limited feedback received from Employees, Employers and Advisers and the wide range of potential ethical concerns that could be held, we believe that it is extremely unlikely that any one ethical concern is held by the majority of members; as such we do not consider it cost-effective to carry out further research to prove our assumption". This rationale was accepted by the IGC and the challenge was closed.

Arguably the most important element of ESG at present is the Environmental impact of Climate Change. The Task Force for Climate-related Financial Disclosures (TCFD) has issued requirements for all fund providers such as TPI to calculate and publish various climate related metrics in respect of the funds that they manage. The IGC has been following the work that TPI has been undertaking to meet its TCFD requirements and has reviewed its initial calculations. We have also reviewed the underlying data from a third party regarding the constituents of the fund to determine which TCFD metric we would like to monitor in respect of the default funds and comparators. The calculations of climate impact depend significantly on the level of data coverage for the underlying investments; at present this is around 50% and the IGC feels that this level introduces too much uncertainty to make an interpretation of the calculated figure reliable. The IGC may publish details of the TCFD metrics that it monitors in future reports if it feels that the level of coverage is sufficiently high and the data will be useful to members.

In 2023, the IGC has continue to review 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. The IGC's conclusion is that, in 2023, TPI's sustainability policy was appropriately implemented.

Regulatory Developments.

CP23/4 Value for Money: A framework on metrics, standards and disclosures.

In 2023 the FCA issued a consultation paper (CP23/4) which proposed 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 20 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.

Prior to the publication of this report, the FCA issued a further consultation paper (CP24/16) which detailed the rules that they propose to implement. The ICG has several concerns with the drafting of these new rules and is in the process of preparing a response to the FCA outlining the issues it has identified.

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 enable consumers to quickly find all of the pensions that they had, reducing the risk that people become disconnected from their pensions.

The rules were 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 Dashboards 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:

- 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
- TCFD
- Consumer Duty

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 Chair)

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.

Brian Shearing (TPI 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 (TPI 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

true potential investor

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

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

September 2024