

# Independent Governance Committee

Annual Report

For the 9 months ending 31 December 2019



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# The Chairman's Introduction

**I am delighted to be delivering the fifth annual report of your True Potential Investments (TPI) Independent Governance Committee (IGC); my first report as Chairman for the whole year, but with contributions from the whole team. This report will primarily focus on the seven aspects of the value for money (VfM) framework that we have developed, as outlined in my last report and as detailed below:**



1	<b>Administration</b>	The quality of the service TP provides to administer members' investments
2	<b>Asset and Data Security</b>	What steps TP has taken to keep members' assets and their confidential data secure
3	<b>Investment Performance</b>	Whether the funds in which members are invested are designed for their needs, how the funds in which members are invested have performed after fees and whether TP has properly governed the investment process
4	<b>Online Service</b>	The quality of the online facilities that TP provides to members to access details of their pension
5	<b>Cost and Charges</b>	The costs and charges paid by members and whether they are commensurate with the range and quality of services provided and the costs to TP of providing those services
6	<b>Engagement</b>	The steps that TP has taken to engage with members to ensure that they are aware of the benefits of pensions investment and the options that they have in respect of their pension
7	<b>Feedback</b>	Feedback that members have provided in respect of the scheme, either through TP or directly the IGC

## The Chairman's Introduction (Cont'd)

Alongside my colleagues on the IGC, I want to assure you, the members, that we will be working hard, as custodians of your contributions, to secure value for money for your pension investments. We will not hesitate to challenge the business, investment and operational strategies of TP in circumstances where we believe this outcome could be compromised. I have added a table under each heading in the report to cover the challenges that we have raised with TP and their current status.

Although COVID 19 did not begin to affect members until after the period that this report covers, I thought that it would be useful to include a section on page 15 that gives an update on the changes that TP have been made to ensure that the service to members is not unduly impacted by the need for TP staff to work from home (where possible). You will all be well aware of the huge challenges that every business has had to face this year.

Since my last report, there have been several changes made by the Financial Conduct Authority (FCA) to the regulations under which IGCs operate, and I have included a separate section on page 16 that explains these. One of the changes is to harmonise the reporting period of all IGCs to cover a calendar year starting from 2020. The TP IGC has previously reported for the year to the end of March, so this report covers a shorter than normal period, from March 2019 to December 2019, to allow the next report to cover the entire 2020 calendar year.

Another significant change is to extend the remit of IGCs to review the setup and operation of investment pathways (the simple to understand options made available to those that are drawing down on their pensions) and TP's policies on environmental, social and governance (ESG) issues. You will see that our Value for Money (VfM) framework has been extended to cover these areas.

Finally, I have added a section on page 18 that looks at the work that your IGC plans to undertake during 2020 and beyond.

On a personal note, I would like to thank the members of the committee for all their support throughout the whole year and, of course, to TP who continue to provide first class support to enable us to do our jobs on your behalf. We are pleased with the progress that has been made in developing and implementing our VfM framework, of course, but there is still a lot more work to be done on your behalf.

The regulatory changes outlined above represent a significant expansion of the remit of the IGC and a lot of the focus of the IGC in 2020 will be to ensure that the necessary changes to the analysis we conduct and the reporting we make are completed in accordance with the regulatory deadlines as they fall due. This is important for the next year.

The FCA has indicated that they are working with the DWP to consider whether some aspects of value for money assessments should be prescribed; if they publish anything as a result we will need to review this to see if our value for money (VfM) framework should be adapted as a result, but nonetheless we shall be well prepared for any change.

# The Chairman's Introduction (Cont'd)

The FCA is working on a review of the operation of IGCs and it may be that they issue guidance or further regulations as a result; again, if they do so we will need to respond in good time, but are ready to adapt our VFM and methodology to suit.

Our survey of members to gain direct feedback will be completed during the year and we will be taking time to review the feedback and determine what actions we need to take as a result. It was very unfortunate that COVID-19 appeared before we had a chance to complete the survey in time for this report. We will continue to work with TP to develop the reporting that they provide to us, to ensure that we can effectively and efficiently fulfil our extended remit and deliver value for money for every member.

As outlined in my last report, we have introducing a 'traffic light' system to capture our assessment of the value for money provided to AE scheme members. This reporting mechanism is one of several initiatives to try to make it easier for you to read the report and to consider progress that has been made.

The 'traffic light' assessment scheme operates as follows:

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## Good

In the opinion of the IGC, scheme members are receiving value for money (for that area of assessment).

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## Average

In the opinion of the IGC, the scheme members may not be receiving value for money and TP have been requested to take action to rectify the position.

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## Poor

In the opinion of the IGC the scheme members are not receiving value for money and TP has not or was not able to take the necessary action identified by the IGC, to rectify the position, within agreed timescales.

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## Outcome



The good news is that our overall assessment for the period is **Green**.

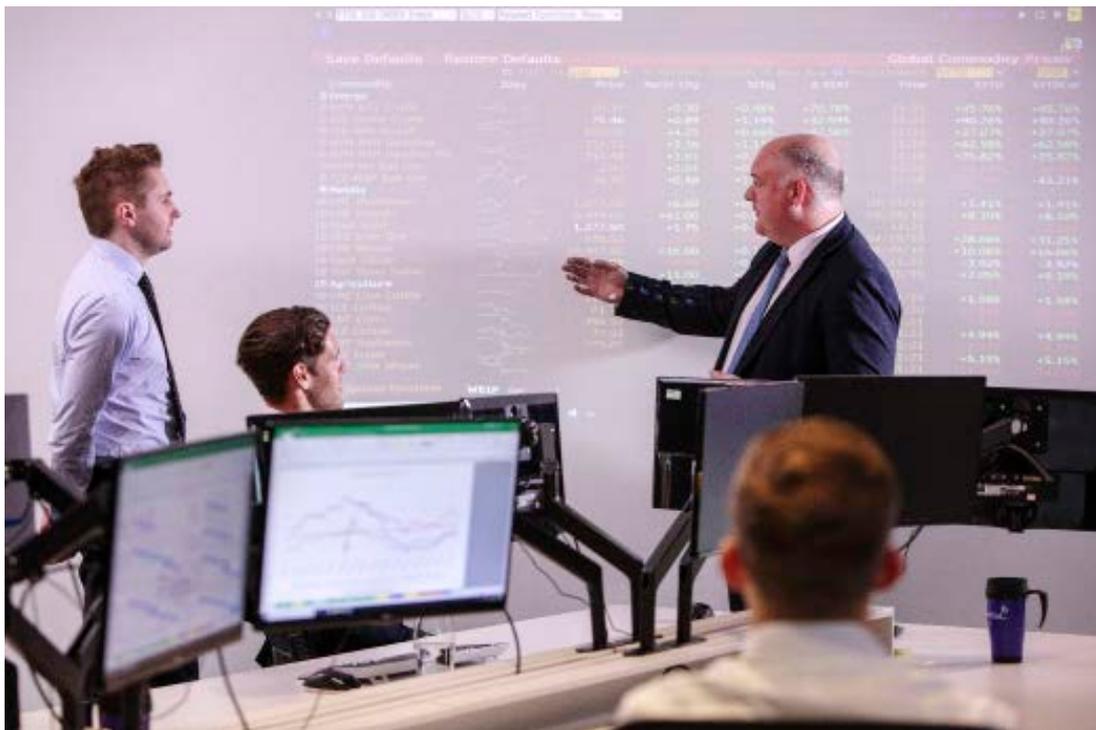
Which means that, in the opinion of the IGC, scheme members received value for money during the last 9 months of 2019. That's not to say TP can't do more; overall the assessment of performance over the year was positive, but with work to do to maintain that value for members.

# 1. Administration

In order that the pension contributions of its members can be invested and ultimately provide a retirement income, TP 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 TP must meet and the duty of the IGC to appraise.

**Service delivery, in support of providing your pension, is made up of a number of key elements:**

- TP must manage members' contributions and effect their timely investment into one or more funds as specified by each member;
- It must accurately handle changes to members' investment requirements and their personal data and do it in a timely and respectful manner;
- As members retire it must ensure that they are able to withdraw their pension pot, either as a lump sum or as a monthly income payment and it must account to HMRC for any tax payable;
- In conducting all of these activities, TP must comply with relevant regulations set out by the Financial Conduct Authority ("FCA"), HM Revenue and Customs ("HMRC"), the Department for Work and Pensions ("DWP") and The Pensions Regulator ("TPR").



# 1. Administration (Cont'd)

## The IGC will:

- Assess how quickly TP respond to member contact and whether member transactions and changes have been made promptly and accurately;
- Consider the range of choices available on retirement and the quality of the administration team that serves the scheme;
- Review any regulatory breaches and consider how these might have impacted members.

The following shows details of the reports and/or metrics that the IGC will 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 COBS, HMRC, DWP or TPR in relation to the administration of the scheme.	Annual	Green

The following details the challenges in this area that the IGC have raised with TP during the period and been completed or which have yet to be completed.

Challenge	Status
Amend data provided to ensure that it only relates to members within the scope of the IGCs activities	Complete
Improve reporting to better show trends	Complete
Provide details of the timeliness of transaction processing	Ongoing
Provide a dashboard showing administration performance versus key performance indicators	Ongoing

## 2. Asset and Data Security

To provide the pension services of the scheme to members, TP must:

- Securely hold the data, assets and money belonging to the scheme members;
- Ensure that client data is only used for the purposes agreed with clients and that it is not accessed by unauthorised persons;
- Ensure that its records of individual member's entitlements are maintained accurately;
- Ensure that the client money and assets held correspond to the total of those entitlements;
- Ensure that any income or dividends arising out of those assets and money is correctly apportioned to clients.
- Ensure that confidential data is held securely and maintained accurately.

These are our minimum expectations.

The IGC will:

- Continue to regularly assess the client asset and data' security arrangements and will review any independent assurance on the operation of TP's controls to keep client assets and data secure;
- Review any breaches of the data security and client asset regulations, as appropriate.

The following shows details of the reports and/or metrics that the IGC will 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
Review of independent assurance on TP's controls in relation to the scheme	Annual	N/A
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 following details the challenges in this area that the IGC have raised with TP during the period and been completed or which have yet to be completed.

Challenge	Status
Provide annual assurance statement that there have been no undisclosed and material issues affecting client asset or data security or any FCA/TPR breaches	Complete

### 3. Investment Performance and Process

The performance of the assets in which members' contributions are invested is a key aspect of the value for money that members receive. The value of investments can rise or fall considerably in the short term but the important aspect for scheme members is long term performance after the deduction of fees and charges compared to the return that members could have received if they held their contributions in cash or invested with other fund providers.

Investments can be unsustainable in the long term if consideration is not given to environment, social and governance ("ESG") issues (for example climate change) which could have a financial material impact. Some members may also be concerned about other, non-financial ethical matters. There is a requirement for all asset managers to have a stewardship policy, detailing how they exercise the rights associated with their investments and engage with companies to promote good governance. Where funds within the scheme are managed by TP, they must operate an investment process whereby they review the way that the scheme is invested and make changes as required. Each fund that TP manages has an investment objective and some restrictions on the type and proportion of assets in which it can invest in and the management of the fund is governed by the FCA Collective Investment Scheme rules.

The IGC will check that the default investment strategies, the investment pathways and their associated funds are designed and executed in the interests of members and that the process of investment is properly governed. The IGC will review the performance of the funds after fees, particularly over the longer term and will compare their returns with the returns that members could have achieved if they had not invested their pension pot or had chosen another provider.

The IGC will review any breaches of the FCA Collective Investment Scheme rules to see if members have been affected. The IGC will assess the quality and suitability of TP's policies in respect of ESG, ethical issues and stewardship. Once those policies have been implemented, the IGC will assess and report on TP's implementation of its policies.

**The following shows details of the reports and/or metrics that the IGC will 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
Confirmation that default strategies are designed and execution in the interests of members	Annual	Green
Confirmation that default fund investments have clear statements of aims and objectives	Annual	Green
Report on operation and governance of investment process	Annual	Green
Performance of each of the funds within the scheme after fees compared to cash returns and industry benchmarks	Quarterly	Green
Details of any breaches of FCA Collective Investment Scheme rules in relation to the scheme	Annual	Green
Details of TPs ESG, ethical and stewardship policies (or TP's reasons for not having such policies)	Annual	N/A
Details of TP's implementation of their ESG, ethical and stewardship policies.	Annual	N/A

### 3. Investment Performance and Process (Cont'd)

Discussions are taking place with those engaged in fund management at TP, with a view to developing an investment 'dashboard' to assist in the appraisal and communication of investment performance. The composition of the dashboard will reflect the principal obligations of the IGC in this area. Scope for clearer communication of investment policy, strategy and governance procedures has been identified. Opportunities to enhance understanding of the value for money provided to members will be explored. Early focus will be upon presentation of performance data to enable value for money judgments against industry benchmarks on a risk-adjusted basis, taking costs and fees charged into consideration.

Development of ESG policies and of strategies to assure members of their application are under ongoing review.

Passage of time, development of performance metrics and the adoption of an investment dashboard will facilitate better appraisal of the auto-enrolment default fund's performance and the reporting of it.

In the first full calendar year of operation of the TP Global Managed Fund, during which time assets under management grew by 125%, from £94m to £212m, early indications are that the value for money members received on their pension investment was good.

As at 31st December the return on investment on the fund, at 14.1% since the launch of the default fund in November 2018, compared favourably with the return members could have expected from investment in a cash deposit and adjusted for inflation (2.5%). Rigorous fund management principles, processes and practices ensured the fund remained within policy guidelines for asset allocation and risk.

**The following details the challenges in this area that the IGC has raised with TP during the period or which have yet to be completed.**

Challenge	Status
Provide performance figures on a risk adjusted basis	Complete
Provide performance of competitor funds and absolute return comparators	Complete
Develop performance dashboard to summarise reporting	Ongoing
Show current asset allocation versus strategic asset allocation	Ongoing
Develop ESG policies	Ongoing

## 4. 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 will periodically review the range of facilities made available to members and monitor how the service offering compares to that offered by other product providers.

As part of this monitoring activity, the IGC will:

- review the range of facilities made available to members and how easy they are to use
- review the extent to which the system was not available due to unplanned downtime
- review the number of logins as a direct measure of how useful members find the facilities

**The following shows details of the reports and/or metrics that the IGC will 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

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

Challenge	Status
Amend data to exclude members outside the scope of the IGC's role	Complete
Provide system demonstration	Complete

## 5. 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.

**As part of this monitoring activity, the IGC will:**

- compare how much members pay to receive the default services of the scheme (both directly and through indirect costs such as transaction costs within the funds) with the cap on costs determined by the DWP and with charges made by other providers of similar schemes.
- consider the level of charges that members pay for optional services that are not covered by the cap.
- review estimates of the costs incurred by TP in providing the scheme services to ensure that the scheme charges are reasonable.
- review transactional costs of default funds and available assets (Appendix 3)

**The following shows details of the reports and/or metrics that the IGC will 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	N/A
Costs incurred by members in the scheme for optional services	Annual	Green
An estimate of costs incurred by TP in providing the scheme services	Annual	N/A

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

Challenge	Status
Provide estimated allocated costs in relation to the provision of the scheme services	Ongoing

## 6. Engagement

The IGC believes that it is vital that scheme members are kept informed of the importance of saving into their pension and other savings plans to enable them to have sufficient retirement income to support the lifestyle that they desire; that is a journey which necessitates regular communication.

### Accordingly, the IGC will:

- review the communications that TP has sent to scheme members to determine if they are appropriate and designed to meet their needs, especially those designed to remind them of the importance of saving and to inform them of any changes in the pension rules, or developments within the scheme
- consider whether there are any communications that should have been sent that are integral to the value for money framework outlined by the IGC for the member
- review TP's assessment of the effectiveness of client engagement campaigns.
- review the annual benefit statements sent to members to ensure that they have all the information they need to understand the benefits that have accrued and the retirement income they should expect as a result.
- appraise the general clarity of communications to ensure they are easy to read and understand by their target audience.
- review the number of AE scheme members who are no longer contactable and consider the steps taken by TP to regain contact.
- conduct a quarterly review of the trend of contributions into the scheme and other savings as a direct measure of how successful TP has been in engaging with members.

The following shows details of the reports and/or metrics that the IGC will 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	Annual Review 2018/19 status
Details of all communications to members by TP.	Quarterly	Green
Assessment of effectiveness of engagement campaigns	Quarterly	Green
Clarity and content of annual benefit statements	Annual	Green
Number of members no longer contactable and steps taken to trace them	Annual	N/A
Trend of contributions including transfers in and impulse saves	Quarterly	Green

## 6. Engagement (Cont'd)

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

Challenge	Status
Provide annual report and IGC information in a more accessible location on the TP website	Complete
Provide more narrative to explain changes in trends of contributions	Ongoing
Develop strategy for determining clients no longer contactable and taking steps to trace them	Ongoing
Encourage members to complete an expression of wishes	Ongoing

## 6. 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 do to serve your interests and evaluate outcomes of any activity we initiate and that is why it is important that we seek, and you provide, feedback on the services that TP provides.

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](mailto: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.

**The following shows details of the reports and/or metrics that the IGC will 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	Amber
Details of member complaints	Quarterly	Green
Review of direct feedback to the IGC from members	Quarterly	Green
Feedback from clients transferring out	Quarterly	Green
Trend of opt-outs and transfers out	Quarterly	Green

We fully intended to complete the promised member survey during this period, but a combination of the need to shorten the reporting period and the impact of COVID 19 on TP's operations has meant that this has not been feasible; as a result we have flagged this area as Amber. You will soon receive a request to participate in a survey and we will be including the outcome of that survey and the actions that we have taken as a result in my 2020 report. The following details the challenges in this area that the IGC has raised with TP during the period or which have yet to be completed.

Challenge	Status
Ensure that the distribution of the member survey is prioritised as soon as COVID 19 developments permit	Ongoing
Provide direct access to Accountants that use the service to allow direct feedback to be collected	Complete
Improve collection of feedback from clients transferring out	Ongoing

## 7. COVID-19

Although COVID 19 did not begin to affect members until after the period that the report covers, I thought that it would be useful to include a section that gave an update on our reviews of the changes that TP has made to ensure that the service to members is not unduly impacted by the need for TP staff to work from home where possible and to maintain social distancing.

### TP's Actions in response to COVID 19

TP has in place tested plans to ensure business continuity in the event of a range of events and issues; part of these are facilities that allow staff to work from home.

When in March 2020 it became apparent that social distancing would be required and that TP would need to implement widescale homeworking TP took steps to upgrade their homeworking capabilities and to develop procedures to allow almost the entire workforce to work from home.

A series of tests were conducted, and TP was able to introduce the new procedures in advance of the lockdown being announced. All telephone calls and client emails were routed to staff at home, all meetings were rescheduled to use video conferencing. The only staff within TP's offices were a skeleton crew required to handle incoming and outgoing mail; these staff were isolated within the offices to ensure that there was no cross-infection. Non-essential work and projects were deprioritised to focus on the maintenance of daily service standards.

### Impact of COVID 19 on the work of the IGC

As a result of the social distancing rules all the work of the IGC has been conducted by email and all meetings have been held by videoconference. The IGC has been able to continue its work without impact except for in one area; the member survey that we mentioned last year. Once the effects of COVID 19 were clear, TP took the decision that it would be inappropriate to devote resources to conducting the member survey until after the lockdown was lifted. Although disappointed by the outcome, the IGC agree with and fully support TP's decision. There have been some challenges that the IGC has raised where progress has not yet been made within the hoped-for timeframes; again, IGC understands TP's position and is providing forbearance and support to TP.

### IGC's review of TP's Actions

The IGC found that TP took all the necessary steps to maintain the services to members in a timely and effective manner. The IGC noted that, because of the switch to homeworking, some measures of the performance of TP's services have dropped below the standards that TP has set itself and TP has taken action as a result. The IGC's assessment is that, overall, TP has provided an excellent service in the circumstances and the value for money provided to members has not been adversely affected.

### Current Position

True Potential have carried out a COVID-19 risk assessment and shared the results with all staff. TP have cleaning, hand washing and hygiene procedures in place in line with guidance. TP have taken all reasonable steps to maintain a 2m distance in the workplace, where people cannot be 2m apart TP have done everything practical to manage transmission risk including the use of wearing masks when staff are not at their desk.

## 8. Regulatory Developments

### Background

The IGC was established to meet the requirements of the FCA for a group independent of firms to review the value for money of workplace pension schemes. The FCA has been considering changes to the regulations to extend the remit of IGCs to cover other aspects of those schemes.

Having received and considered feedback on their proposals, the FCA has issued two new sets of rules (PS 19/30 and PS 20/2) that come into effect in 2020, covering investment pathways, environmental, social and governance policies and the disclosure of costs and charges.

### Investment Pathways

The FCA has introduced new rules covering all pension providers that allow a non-advised client to draw-down on their pension. They need to provide a series of 4 easy to understand options to the client which they can choose based on their requirements; these are called investment pathways. Under the new rules, it is the duty of the IGC to consider not only value for money for workplace pension schemes operated by TP but also for the investment pathways offered to all non-advised pension clients. The new rules were due to come into effect in August 2020, but they have been delayed until February 2021 as the FCA recognises the impact that COVID 19 on firms' capacity for change.

When TP completes the design of their investment pathways, the IGC will be required to review them to ensure that they fit for purpose and take in to account the relevant members needs and objectives. Once investment pathways are implemented, the IGC will need to extend its reviews and the audience of its reports to cover the members using those pathways and the associated funds.

### Environmental Social and Governance Issues (ESG)

The FCA is concerned that investments will be unsustainable in the long term if they do not take into account ESG issues such as climate change; they have extended the remit of IGCs to review the design and implementation of policies which affect the workplace pension scheme or investment pathways that that firms have in respect of:

- 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)

We will, in due course, be extending our annual report to cover the outcomes of our reviews.

### Disclosing Costs and Charges

The FCA has extended the remit of IGCs to include the requirement to report to workplace pension scheme members details of the costs and charges of the options within the scheme.

We will be including in future annual reports details of the default scheme charges and a projection of the impact of compounding those charges could have on your investments, initially just for the default fund and then for a sample of funds. We will also be publishing details of the costs and charges of all investment options available to members. As part of this change the FCA has required all IGCs to produce reports that cover each calendar year from 2020 and to ensure that their annual report is published by July each year.

## 9. Future Work

The IGC is pleased with the progress that has been made in developing and implementing its VfM framework, but there is more work still to be done.

The regulatory changes outlined above represent a significant expansion of the remit of the IGC and a lot of the focus of the IGC in 2020 will be to ensure that the necessary changes to reporting that we review, the analysis we conduct and the reporting we make are completed in accordance with the regulatory deadlines as they fall due.

The FCA has indicated that they are working with the DWP to consider whether some aspects of value for money assessments should be prescribed; if they publish anything as a result we will need to review this to see if our value for money framework should be adapted as a result.

The FCA is working on a review of the operation of IGCs and it may be that they issue guidance or further regulations as a result; again, if they do so we will need to respond in good time.

Our survey of members to gain direct feedback will be completed during the year and we will be taking time to review the feedback and determine what actions we need to take as a result.

We will continue to work with TP to develop the reporting that they provide to us, to ensure that we can effectively and efficiently fulfil our remit as it is extended.

# Appendix 1 - Background to the IGC

The role of the Independent Governance Committee (the "IGC") is to oversee the operation of the workplace pension scheme and the investment pathway solutions for all pension schemes operated by True Potential ("TP") and, acting as an independent advocate of the members, ensure that the workplace pension policyholders and the pathway investors (the "members") are receiving value for money, challenging TP appropriately where required. The IGC must also assess and report on the policies that TP in respect of environmental, social and governance (ESG) issues, members' ethical concerns and their stewardship.

The IGC consists of 5 members and meets at least quarterly to review 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 TP; John Reynolds (Chairman), Richard Curry and Trevor Williamson.



## John Reynolds

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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

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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.

## Appendix 1 - Background to the IGC (Cont'd)



**Trevor Williamson**

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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**

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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**

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Sean has worked at True Potential since 2011 and became Operations Manager role in 2017. Sean has been a key influence on various projects and brings with him a wealth of knowledge of the internal workings of the TP organisation.

## Appendix 2 - Glossary

Term	Meaning
AE	Auto-enrolment
COBS	Conduct of Business Sourcebook
ESG	Environmental, Social and Governance
DWP	Department for Work & Pensions
FCA	Financial Conduct Authority
HMRC	HM Revenue & Customs
IGC	Independent Governance Committee
TP	The True Potential group of firms which includes TPI
TPI	True Potential Investments LLP, the provider and operator of the True Potential Pension Scheme
TPR	The Pensions Regulator
VfM	Value for Money

## Appendix 3 - Transaction Costs

Transaction costs are incurred when the fund manager buys and sells the underlying shares and other assets within the funds they manage. Fund managers are required to publish these to enable greater transparency around those costs incurred in investing each fund.

The Independent Governance Committee (IGC) review the absolute level of costs incurred within the funds in order to form a judgement on how reasonable they appear within the value for money framework.

Transaction costs are not deducted from your pension fund. They are reflected in the performance of the fund, so the higher the cost, the more it will impact on the fund's annual return.

### What is included in the Transaction Cost figure?

- Brokerage commissions
- Transaction taxes and stamp duty
- Exchange fees
- Implicit costs
- Clearing charges
- Anti-dilution offset
- Indirect transaction costs (costs incurred by any funds held)

## Appendix 3 - Transaction Costs (Cont'd)

The tables below shows the transaction costs for assets available for your work placed pension investment funds.

Auto Enrolment Default Fund Options	ISIN	Transaction Costs Ex Post %
SVS TPI Cautious 1 A Inc	GB00BV9FQP91	0.0006
SVS TPI Cautious 1 A Acc	GB00BV9FQR16	0.0006
SVS TPI Cautious 2 Income A Inc	GB00BV9FQT30	0.0007
SVS TPI Cautious 2 Income A Acc	GB00BV9FQW68	0.0007
SVS TPI Balanced 1 A Inc	GB00BV9FR233	0.0009
SVS TPI Balanced 1 A Acc	GB00BV9FR456	0.0009
SVS TPI Growth 1 A Acc	GB00BV9FRD45	0.0011
SVS TPI Balanced 3 A Inc	GB00BV9FRL29	0.0001
SVS TPI Balanced 3 A Acc	GB00BV9FRN43	0.0001
SVS TPI Cautious 4 A Inc	GB00BWDBHJ18	0.0001
SVS TPI Cautious 4 A Acc	GB00BWDBHK23	0.0001
SVS TPI Income Builder 1 A INC	GB00BYW6S436	0.0005
SVS TPI Income Builder 1 A ACC	GB00BYW6S543	0.001
SVS TPI Monthly Income A Inc	GB00BYNYXN03	0.001
SVS TPI Monthly Income A Acc	GB00BYNYXP27	0.0001
SVS TPI RISK MASTER 1 A ACC	GB00BYNYXT64	0.0001
SVS TPI RISK MASTER 2 A ACC	GB00BYNYXY18	0.0001
SVS TPI RISK MASTER 3 A ACC	GB00BYNY264	0.0001
SVS True Potential Aggressive A Acc	GB00BF5H7J87	0.0001
SVS True Potential Balanced A Acc	GB00BD6DNG07	0.0001
SVS True Potential Cautious A Acc	GB00BD6DNL59	0.0001
SVS True Potential Defensive A Acc	GB00BD6DNQ05	0.0001
SVS True Potential Growth A Acc	GB00BD6DNV57	0.0001
SVS True Potential Balanced 5 A Gbp Acc	GB00BGR6VH64	0.0001
Legal & General Mult-Idx 6 'I' (Gbp) Acc	GB00B95KML23	0.1052
Legal & General Mult-Idx 3 'I' (Gbp) Acc	GB00B9751744	0.1619
Legal & General Mult-Idx 4 'I' (Gbp) Acc	GB00B88Y0217	0.1024
Legal & General Mult-Idx 7 'I' (Gbp) Acc	GB00B9LF0M88	0.0916



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