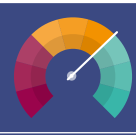
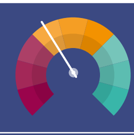
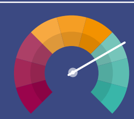
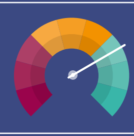
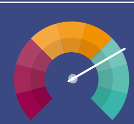
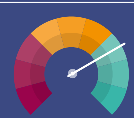
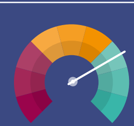
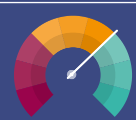
Annual Report of the ReAssure IGC

2022

	ReAssure Ltd	ReAssure Life
Do customers get good value for money?	Yes	Yes
Costs and Charges Are the costs and charges you pay reasonable for what you get in return?		
Investment Performance How are your investments performing?		
Investment Services Are your investments well managed?		
Customer Service What is the quality of the service?		
Communication and Engagement How well do we communicate with you and keep you up-to-date with your pension?		
Environmental, Social and Governance Is enough allowance made for ESG considerations in how your pension savings are invested?		
Investment Pathways Are ReAssure's Investment Pathways performing as they should?		

Independent Governance Committee

Welcome to this, the eighth annual report of the ReAssure Independent Governance Committee (IGC). This report is particularly relevant to you if you have a workplace personal pension plan provided by ReAssure Limited or ReAssure Life Limited (together, "ReAssure"). It is also of relevance to readers who have recently taken out an investment pathways plan with ReAssure Limited. It provides you with important information about your plan and how to compare it with possible alternatives in the market. It also tells you what the IGC thinks of the value for money that you are receiving.

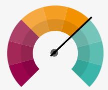
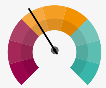
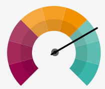
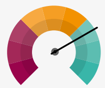
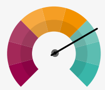
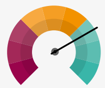
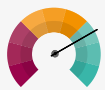
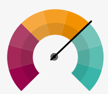
Readers who would prefer more of a summary view are encouraged to read the Value for Money Summary that can be found on the IGC **webpage**.

How to use this report. This report is written in layers, to enable readers to engage at whatever level of detail they want. We envisage that most readers will find the pages up to and including the Key Messages section sufficient, but hope that the structure of the more detailed sections makes it straightforward for those wanting more detail to get it. We would encourage all readers to consider if any of the Calls to Action on page 8 are particularly relevant to them.

Contents

Value for Money Summary

This dashboard gives you a summary of whether we think you are getting value for money from your pensions within the remit of the IGC. As there are two distinct entities managing these pensions where appropriate, we have provided two separate Value for Money scores. Much more information can be found in the pages that follow.

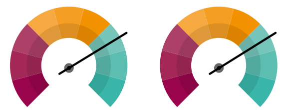
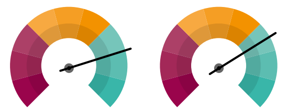
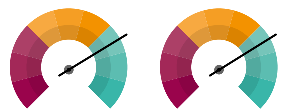
		ReAssure Ltd*	ReAssure Life
Do customers* get good value for money?		**Yes**	**Yes**
Costs and Charges	Are the costs and charges you pay reasonable for what you get in return?		
Investment Performance	How are your investments performing?		
Investment Services	Are your investments well managed?		
Customer Service	What is the quality of the service?		
Communication and Engagement	How well do we communicate with you and keep you up-to-date with your pension		
ESG and Stewardship	Is enough allowance made for ESG considerations in how your pension savings are invested?		
Investment Pathways	Are ReAssure's Investment Pathways performing as they should?		

* **ReAssure Ltd** is made up from a range of heritages (including Gan, Crown, Aegon, Gresham, ReAssure, National Mutual, HSBC, and Guardian), and includes the mature savings business acquired from Legal and General, which transferred onto ReAssure systems in September 2020.

Value for Money Summary – What has changed since last year?

Why have some of the ratings changed?

In the pages that follow, we set out in increasing levels of detail, the results of the 2022 VFM analysis and what has led us to our conclusions. By way of "headlines", we would highlight the following:

		2022 2021
Costs and Charges	Most ReAssure customers pay significantly below 1%. However, not enough progress has been made on the issue of those customers of ReAssure Ltd who are paying 0.95% p.a. when there are other customers of ReAssure (former Legal & General) who pay 0.69% p.a., and whether this represents VFM. We also remain concerned about the VFM that some of those customers (of ReAssure Ltd) whose pensions are invested in higher-charging externally-managed funds (where the average charge is 1.42% p.a.) are receiving.	
Investment Performance	Funds performed reasonably well against competitor funds and long-term inflation, but not quite as well as last year.	
Investment Services	Oversight of key fund management relationships has improved and access to cheaper funds made available to more customers. ReAssure responded well to the Ukraine crisis and its potential implications for investments. Nevertheless, we are keen to see more done to reflect climate change considerations in the design of the ReAssure fund range.	
Customer Service	There has been significant improvement in service levels compared to 2021, with 90% of transactions now taking place within the target service levels. There have also been improvements in customer satisfaction levels, that now stand at 90%, and in the recognition of customer vulnerabilities. Complaints are still higher than other providers, however.	
Communication and Engagement	Good progress has been made in this area over 2022. For example, on-line applications for retirement benefits have risen from 5% in 2021 to 75% in 2022. Communication developments include the implementation of our Fit for Purpose Protocol and improvements to the Help Centre. However, with rising standards across the industry, such improvements are needed just to maintain the previous VFM rating.	
Environment, Social and Governance	Improvements have been made to the already-strong policy and governance framework in place, and in the range of Responsible Investment funds available to customers. However, more needs to be done to communicate the impact of ESG considerations at individual fund level rather than just at a more corporate level. Becoming a signatory to the Stewardship Code is an important external validation of the progress made.	
Investment Pathways	Investment Pathway funds performed reasonably well against competitor funds and long-term inflation in 2022, but not quite as well as last year. Charges remain relatively uncompetitive.	

As is our usual practice, we have set out a number of challenges to ReAssure for 2023, and these are set out in the next few pages. We have also highlighted a number of "Calls to Action" in areas which could prove worthwhile for some customers.

Value for Money Summary – IGC Challenges to the Firm

Key Challenges

The IGC has challenged ReAssure in the following areas:

Costs and Charges

- To review the charges ReAssure Ltd customers are paying, given the alternative options available in the markets and the lower costs funds available.
- To address the gaps within the reported transaction cost data and to ensure reporting is in line with the wider Phoenix Group and industry methodology.
- To consider whether the ReAssure Life Limited business delivers value for money, in the context of advised business, and to monitor whether customers receive information around alternative fund options within their annual statements.

Investment Performance & Services

- To ensure that long-term pension fund performance remains ahead of high levels of inflation.
- To embed the Phoenix Group Responsible Investment Policy more fully in ReAssure's mandates.

Customer Service

- To maintain service levels during the outsourcing of any operational activities.
- To continue to develop services for vulnerable customers.

Communication and Engagement

- To enhance digital servicing options to include more transactional services, and increase registration and usage.

ESG and Stewardship

- To widen further the range of Responsible Investment fund choices available to customers, and enhance the climate risk management within the investment approaches.
- To extend fund-level reporting on ESG considerations, enabling more customers to see the beneficial impact on the environment and society of how ReAssure funds are invested.

Investment Pathways

- To review charging levels for all pension pots.
- To develop additional customer communications to confirm customer's choice of pathway.
- To consider whether any design modifications would be appropriate concerning the risk-return trade-offs for each of the four Investment Pathways.
- To continue to develop Investment Pathway-specific customer servicing management information.

Value for Money Summary – IGC Calls to Action for Customers

Customer Calls to action

We strongly encourage you to review your pension plans in these turbulent times.

Costs and Charges

- Compare the charges you are paying with competitor charges. By taking action you could reduce them by over 25%.

Investment Performance

- Check you are comfortable with the types of funds you are currently invested in. Do they still fit with your appetite for risk?
- Are your retirement plans on course? If not, can you make any extra contributions to your pension?
- Review your planned retirement date. This may affect how your pension is invested when nearing your retirement date.
- If you are close to retirement, consider whether an annuity rather than income drawdown might be better for your future income.
- We recommend you seek guidance or independent financial advice to help you. If you're aged 50 or over, you can use the government's free Pensions Wise guidance service.

Customer Service

- Make sure your email address and all personal details are up to date, so you don't lose track of your pension savings.

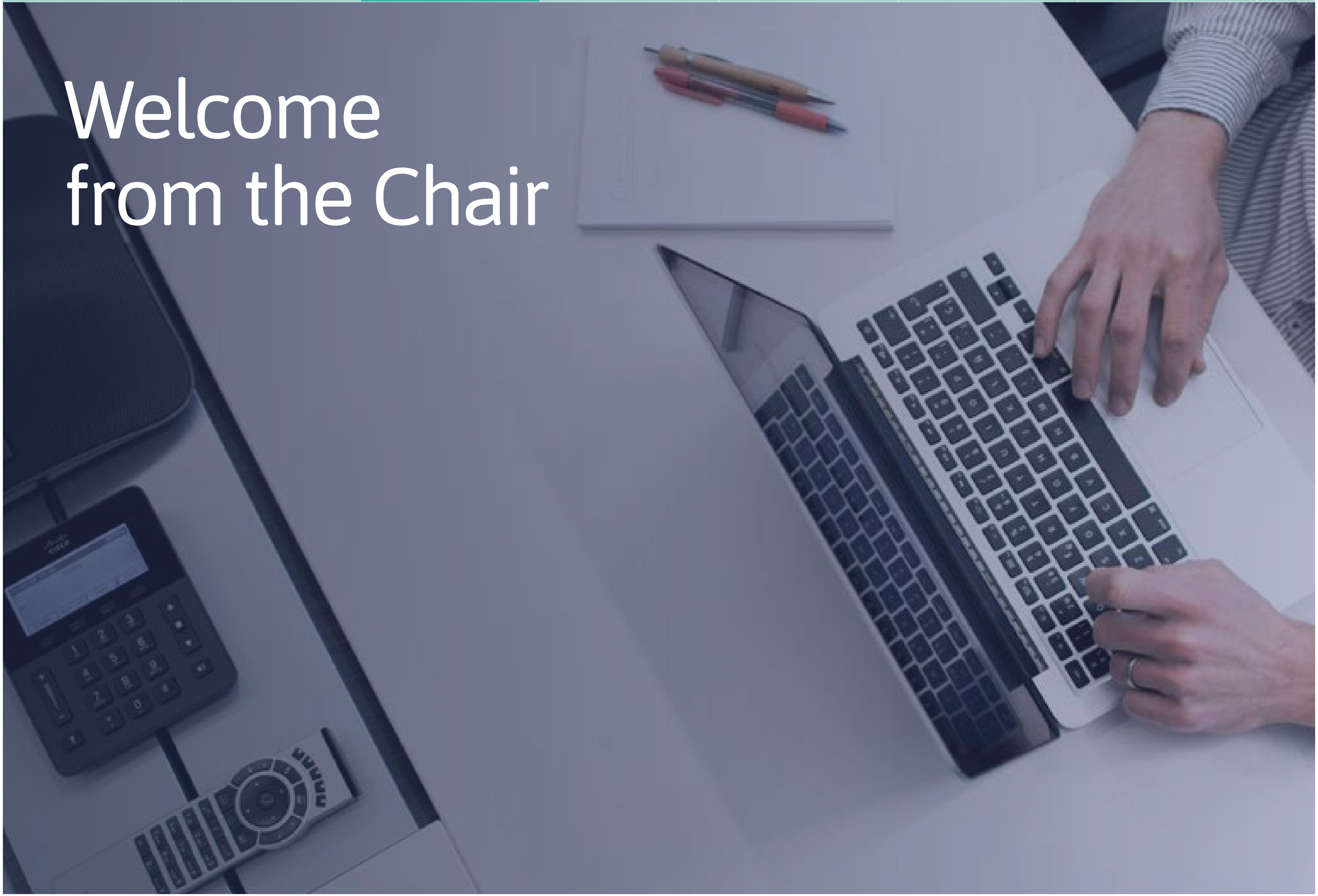
Communication and Engagement

- We recommend you register for digital access and use it regularly to review your pension savings.

Investment Pathways – current or potential customers

- Check whether the Investment Pathway you are in is still the most appropriate for you. For example, annuity offerings are much more generous than a few years ago.
- Compare the charges you are paying with competitor charges. By taking action you could reduce them by £150+ p.a.

Welcome from the Chair



Welcome from the Chair

Welcome to this, the eighth annual report of the ReAssure Independent Governance Committee (IGC). This report is particularly relevant to you if you have a workplace personal pension plan provided by ReAssure Limited or ReAssure Life Limited (together, "ReAssure"). It is also of relevance to readers who have taken out an investment pathways plan with ReAssure Limited. It provides you with important information about your plan and how to compare it with possible alternatives in the market. It also tells you what the IGC thinks of the value for money that you are receiving.

There are other companies within the Phoenix Group that also provide workplace personal pension plans. They have their own IGCs, but with aligned membership across the Group. There are also other pension customers of ReAssure who are not within the remit of the IGC – predominantly holders of individual pension plans, rather than workplace arrangements. While some of our findings may be relevant to other portfolios of business within the Phoenix Group, the focus of this report is on what ReAssure is delivering for its pension customers within our scope.

There have been a number of changes in membership of the ReAssure IGC during 2022 and these, along with a further change that took effect this year are set out later in this report.

While some of the members may have changed, **the primary role of the Committee remains the same – to act solely in the interests of ReAssure in-scope pension and investment pathway customers and assess the value for money that you are receiving from your workplace pension or investment pathway plan.**

Assessing Value for Money (VFM)

The FCA (Financial Conduct Authority, the regulator which oversees the way pension providers like ReAssure treat their customers) wants to make it easier for IGCs to compare the VFM of pension products and services. To that end, they require that IGCs assess ongoing VFM by considering at least the following three factors.

- the level of charges and costs;
- investment performance; and
- the quality of services,

and how what is being provided compares with comparable options across the marketplace.

In order to support the FCA's intention, for last year's report we mapped our existing VFM framework onto these three factors, but with some further subdivisions within the third factor in order to separately assess:

- Communication and engagement;
- Customer service; and
- Investment services (e.g. default investment fund design and execution).

We have continued to use this approach for this year's assessment of ongoing VFM.

The IGC believes that "ongoing VFM" is fundamentally a forward-looking measure. Thus, of the following three questions:

1. Have you received VFM?
2. Are you currently receiving VFM?
3. Going forward, can you expect to receive VFM?

our assessment is mainly addressing questions 2 and 3.

Of course, past performance is still important, since it determines customers' experiences to date and, in particular, the current size of your pension pot. However, past good performance is not a guarantee that VFM will be delivered in the future, nor is past poor performance a sign that VFM cannot be delivered going forward. Nevertheless, where we find:

- poor customer service which is not being addressed, or addressed quickly enough;
- charges that are out of line with appropriate comparators and which are not being reviewed and/or reduced; or
- poor investment performance (relative to the benchmarks set and/or relative to appropriate comparators within the industry) which is not being called out and the reasons for it being not addressed quickly enough,

the IGC would see these as potential barriers to a "clean bill of health" as far as ongoing VFM is concerned. However, where past issues with an aspect of the pension proposition have been addressed and, looking forward, what is being delivered and at what cost, compares well with appropriate comparators across the industry, the IGC's assessment of ongoing VFM from that factor is likely to be positive.

More detail on the various components of each factor that we look at in forming our VFM judgements can be found **here**.

It is currently not possible to get the equivalent level of detail across the market. However, we do what we can to draw conclusions from what other IGCs publish in their annual reports, from the results of the benchmarking exercises that ReAssure takes part in and from our research of other publicly-available information. In particular, this year's analysis has benefited again from the results of a cross-industry comparison exercise that covered a high proportion of the contract-based workplace pensions business across the UK market.

The comparison gave helpful insights on how Reassure performance compared with other providers across all the key VfM areas, and included contracts that are no longer open to new members as well as current contract designs. The IGC is grateful to Reassure for willingly supporting our participation in this important cross-industry exercise.

Adding additional value as an IGC

It is now over 8 years since IGCs were introduced by the UK regulator. Over that time, we have developed what we believe is a robust and rigorous approach to assessing value for money. However, of necessity, the VFM judgements are high level and based on portfolio-level considerations. While we still believe such VFM assessments are worthwhile, as an IGC we are keen to go further and explore where our insights and additional challenge could further improve outcomes for the ReAssure customers within our scope.

To that end, we have added to the scope of our work with the introduction of additional thematic reviews designed to focus attention on areas of particular importance to particular groups of customers. Our aim is to either give comfort that any risk of potential harm to these customer groups is being appropriately guarded against, or to identify areas where ReAssure could do more to ensure good customer outcomes for these people.

Our first area of additional focus concerns those customers expecting to retire over the next 18 months (which, at the time we started the investigation, comprised all of 2023 and the first six months of 2024). Following the economic turmoil of 2022, the IGC felt that it was important to ensure that the retirement journey being provided to such customers appropriately reflects the new circumstances (e.g. higher interest rates, higher inflation and, possibly, smaller pension pots following the fall in investment values). The IGC is pleased to report that ReAssure has welcomed this additional review activity and, at the time of writing, is supporting it effectively. We will report on our findings in next year's report, as well as describe the further areas that we plan to investigate over the next year or two.

Cost of living crisis

The IGC is very conscious that, as with last year's report, we are publishing our report on 2022 at a time of continued economic stress and real worry for many of the ReAssure customers within our scope. While we hope that our VFM analysis and the targets that we place on ReAssure are of long-term benefit to you, we realise that many of you will have short-term pressures that you need help with. We have been pleased to see the work that ReAssure has done over the last year to ensure that it does what it can to support customers through these difficult times. We receive regular updates on the various customer service and communication initiatives that have been put in place and continue to be developed.

We are confident that ReAssure is doing what it can to be flexible with requests from customers who are exploring their options and to provide helpful guidance. You can find this material, and also pointers to other sources of information and guidance, on the ReAssure website **here**.

Purpose and structure of the report

The requirement on IGCs to produce an annual report, as well as the minimum content that it must contain, are set out in FCA rules and guidance. The IGC is fully supportive of the need for transparency around the work of the committee, particularly in providing enough information to enable relevant stakeholders to assess how thorough the VFM assessment has been. However, research carried out for the IGC in 2020 and again in 2021 confirmed that, the longer the report, the less likely customers are to engage with it.

In order to cover the detail required, but in as accessible a format as possible, we have again structured this year's report around three levels:

- Key Messages;
- Further Commentary; and
- Supporting Material,

We hope that the clear sign-posting, and the embedded links between the different levels, will enable you to engage with the material at whatever depth works for you. However, we recognise that not many customers may want to engage with such a long document. For those readers who would prefer more of a summary, we have also produced a separate, IGC Value for Money Summary, drawn from the early sections of this report, which is available on the IGC's **webpage**.

Our VFM assessment considers all of Phoenix Group's pension products, those that continue to be on sale to customers (open products), and those products that are no longer on sale (legacy products). We look at ReAssure's open products against comparable open products in the market and their legacy products against comparable legacy products from other providers where ReAssure generally compares well. However, we are yet to reach a satisfactory conclusion with ReAssure on whether legacy products should be compared with open products where the IGC is concerned that legacy products offer less value for money. We will continue these discussions urgently over the next year and continue to seek clarification from the regulator on their rules and guidance on this question.

We are keen to hear what you think – about the report, the additional summary, or any aspect of our work. Please do get in touch with us at **www.reassure.co.uk/about-us/our-governance/workplace-pensions**
Many thanks for reading our report.

IGC Independence and Membership Information

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Current membership

Dr David Hare – Chair, Independent

Maggie Craig – Independent Member (from January 2023)

Andrew Davies – Independent Member (from September 2023)

Rachel Haworth – Independent Member (from August 2022)

Andrew Milligan – Independent Member (from July 2022)

Steven Blight – Company Nominee

Rona Cameron – Company Nominee (until September 2023)

Members during 2022

Jo Hill – Independent Member (from July 2022 until September 2023)

Ingrid Kirby – Independent Member (until September 22)

Venetia Trayhurn – Independent Member (until December 2022)

Changes of Membership

There were a number of changes of membership during 2022, as part of a planned rotation of the independent members. As noted in last year's report, Sheila Gunn reached the end of her tenure on the Committee as an independent member in January 2022, and the Committee operated with five members until two new independent members, Jo Hill and Andrew Milligan, joined in July 2022. Another new member, Rachel Haworth, joined the Committee in August 2022 in anticipation of Ingrid Kirby's retirement from the Committee in September 2022. The final change last year was in response to a request from Venetia Trayhurn to stand down from the Committee before her term was up because of other workload pressures elsewhere. We were sorry to lose Venetia's input but understood fully the need to maintain a balanced workload. We were pleased to welcome Maggie Craig as a new independent member with effect from the start of 2023.

There have been two changes in membership to date this year. Rona Cameron has decided to step down from the IGC as the Company Nominee as of September 2023. Following Jo Hill's decision to return to a full-time Executive career, she is having to stand down from the IGC in September 2023, to be replaced by Andy Davies, an experienced pension professional. We now anticipate a period of stability in the independent membership of the Committee, at least until the current Committee Chair reaches the end of his term in September 2024. For further information about the Committee members please **click here**.

Independence

The role of the IGC is to make sure that customers are getting value for money from their provider. It is therefore crucial that we are independent. We maintain our independence in a number of ways. We make sure that there is a majority of independent members on the Committee and that company representatives do not have a direct link to any areas they are scrutinising. The two nominee members were selected to bring valuable in-depth Phoenix Group policy specific knowledge and understanding to the work of the Committee. In addition, both nominee Members were provided with side letters to their employment contract which made it clear that, when acting on the IGC, they must act solely in the interest of the in-scope policyholders and put aside the commercial interests of Phoenix Group, and ReAssure in particular. We also instruct independent consultants to carry out research on our behalf to ensure that the customers within our scope are getting value for money from their provider.

Competence

Members of the IGC are selected for the skills and experience they can bring to the Committee. In order to ensure we function appropriately, we carefully map the expertise required to provide robust oversight and then seek members who fulfil those criteria. For more information about how members of the Committee are selected please **click here**. We also undertake regular training to ensure that, as a Committee, we maintain the expertise necessary to represent customers.

Key Messages

Key Messages

Costs and Charges

Overall, the IGC has given ReAssure Ltd a rating of GREEN/AMBER for costs and charges for the following reasons:

This section considers the costs and charges you pay to ReAssure Ltd for the ongoing administration of your workplace pension. The costs and charges are a vital part of our overall assessment of value for money, as they reduce the amount of your end pension pot, so need to be justified against the benefits delivered to customers.

ReAssure have previously capped the regular ongoing charges you pay on unit-linked policies at 1% per annum. Many of ReAssure Ltd workplace pension arrangements have ongoing charges below this; in fact, the average regular ongoing annual charge on the unit-linked policies is 0.73%. If we look at how this is split out, for the policies transferred from Legal & General it is 0.69% on average, and for the ReAssure Ltd (other heritages) it is 0.95%. This difference drives the split rating, with ReAssure Ltd (other heritages) customers receiving an Amber rating. This is due to the assessment of value for money for the charges you pay now being primarily focused on comparing to the charges of reasonable comparators and, as such, we believe the majority of you could get better value for money for the following reasons:

- there are lower cost products available in the new business market where some of you could reduce charges by 25%; and
- there are lower cost options available to you within ReAssure by switching to their Universal fund range which has an ongoing charge of 0.65% per annum with ReAssure Ltd and, in your Annual Statement, you will find information regarding these funds and alternative product options ReAssure has made available.

Despite this challenge being made over 12 months ago, and a number of discussions on the topic since then, at the time of writing, the IGC continues to wait for a satisfactory response on this challenge.

However, we should also note that some of you pay significantly less than 1% or may have additional valuable benefits that are unavailable elsewhere.

The key challenge identified in last year's report was the implementation of the decision to extend the 1% charge cap to include workplace pensions that have initial units. We are pleased to report that this change has been implemented during 2022 with the backdating of the reduction of charges being applied from January 2022 for all customers impacted. In addition to this, the 1% cap applied to exit charges (which includes initial units), has been extended to members with initial units who are looking to transfer their pension benefits prior to age 55. This means all members now benefit from a maximum exit charge of 1%.

Transaction costs have been benchmarked using industry surveys and were competitive compared to other participants. ReAssure Ltd's processes for monitoring and the quality of the reporting of this information to us has continued to be good over the year.

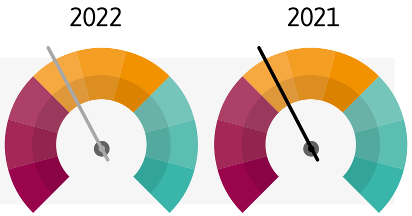
The **with-profits funds** have continued to provide value for money, with ongoing charges expected to be largely offset by future estate distributions.

Key Challenge for 2023

- To review the charges ReAssure Ltd customers are paying, given the alternative options available in the markets and the lower costs funds available.

Customer Call to Action

- Compare the charges you are paying with competitor charges. By taking action you could reduce them by over 25%.



Overall the IGC has given ReAssure Life Limited a rating of AMBER for costs and charges.

The average costs and charges paid by policyholders (weighted by fund value) is 1.42% pa, which is significantly higher than those paid by policyholders of other workplace pension providers. These policies were initiated through Independent Financial Advisers (IFAs) and have a defining characteristic that investment choice was based on an "open architecture" approach, which gave IFAs access to hundreds of external investment funds.

Following the migration onto ReAssure systems in 2021, the internal product charge has been capped at 1% per annum. However, if you continue to choose an external third-party fund, then any additional associated charge will still apply.

ReAssure's universal fund range is available to ReAssure Life policyholders which can significantly reduce the charges the majority of you pay to around 0.65% per annum. Details are included with the annual statement you receive and we encourage you to consider if this option is right for you.

There continues to be gaps in the reporting of **Transaction costs** for a number of Third Party Funds. We continue to strongly challenge ReAssure around the sourcing of this data, but recognise that they are reliant on this being supplied by the Third Party Funds.

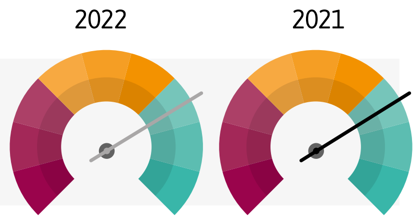
A key challenge we identified in last year's report was to ensure that the advised business continued to deliver value for money. We note that internal product charges are capped at 1%, and have strongly challenged ReAssure on why they view the level of charges being paid by some ReAssure Life Ltd customers as providing value for money given the comparators in the market and the alternative funds they themselves offer. We continue to encourage you to discuss with your adviser your investment choices, taking into consideration overall performance for the level of charges which you pay.

Key Challenges for 2023

- To address the gaps within the reported transaction cost data and to ensure reporting is in line with the wider Phoenix Group and industry methodology.
- To consider whether the ReAssure Life Limited business delivers value for money, in the context of advised business, and to monitor whether customers receive information around alternative fund options within their annual statements.

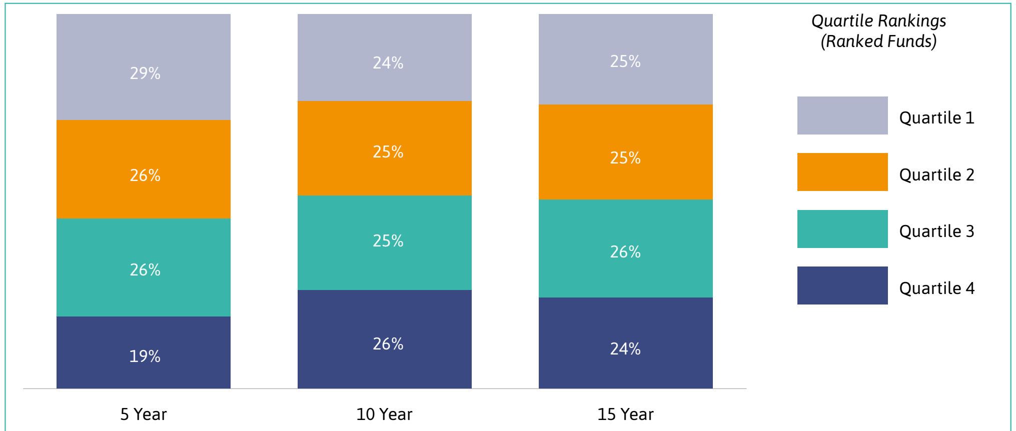
Key Messages

Investment Performance



Overall, the IGC has given ReAssure a rating of GREEN for Investment Performance for the following reasons:

- The 5 key funds, in which around a third of in-scope IGC assets are held, have had a mixed performance in the last couple of years. They delivered strong returns in 2021, as economies started to recover from the worst impacts of the pandemic. However, 2022 was a very difficult year for all fund managers, including Reassure. Financial markets were badly affected by Russia's invasion of Ukraine, the subsequent surge in inflation, the sharp spike in interest rates, and considerable weakness across much of the world economy. The net result was weakness across most equity, bond and commercial real estate markets, resulting in major declines in many of your investment pots.
- To put the mixed performance of 2021-22 into perspective, the IGC is reassured that the long-term results from ReAssure's multi-asset and key index funds are reasonable in terms of their growth and hence purchasing power versus inflation. The range of ReAssure funds also perform relatively well against their competitors. As the chart below shows, depending on the time period examined, about 45-50% of all available funds were ranked in the top half of the table against similar competitor funds over all the periods we look at. However, these figures are not quite as good as the strong results we have seen in previous years, about 2-3% lower than last year, and we will monitor carefully.
- The IGC is also reassured about the long-term performance of with-profits funds, in terms of policyholder payout values, with strong outcomes in relation to inflation for those investing over periods of at least a decade.



Source: Morningstar.

Key Challenges

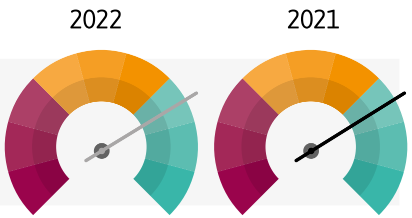
- To ensure that long-term pension fund performance remains ahead of high levels of inflation.

Customer Call to Action

- Check you are comfortable with the types of funds you are currently invested in. Do they still fit with your appetite for risk?
- Are your retirement plans on course? If not, can you make any extra contributions to your pension?
- Review your planned retirement date. This may affect how your pension is invested when nearing your retirement date.
- If you are close to retirement, consider whether an annuity rather than income drawdown might be better for your future income.
- We recommend you seek guidance or independent financial advice to help you. If you're aged 50 or over, you can use the government's free Pensions Wise guidance service.

Key Messages

Investment Services



Overall, the IGC has given ReAssure a rating of GREEN for Investment Services, with a score of 78% in 2022, a little lower than in 2021, for the following reasons:

What do we hope to find?

- That the funds offered to you are well-designed, well-managed and governed in order to meet your expectations.

To assess this we look at regular governance reports, particularly focusing on actions taken to address any issues uncovered.

What we found

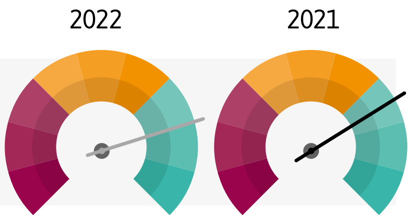
- Oversight of key manager relationships has been integrated into the wider Phoenix Group Strategic Partnerships & Research team (formerly Manager Oversight), with enhanced resources, increasing the leverage in important relationships such as abrdn.
- ReAssure Life customers now have access to cheaper ReAssure universal funds, following a successful platform migration.
- Strenuous and prompt action was taken to identify Russian/Ukrainian exposures, responding accordingly and communicating effectively to customers.
- However, Phoenix Group's Responsible Investment Policy has yet to be fully reflected in the funds you invest in. We talk more fully about the Responsible Investment Policy in the sections on **ESG and Stewardship**.

Key challenge for 2023

- To embed the Phoenix Group Responsible Investment Policy more fully in ReAssure's mandates.

Key Messages

Customer Service



Overall, the IGC has determined a score of 31 out of 42 (74%) and a rating of GREEN for the customer service element of value for money for the following reasons:

- Over 90% of transactions were completed within their target time consistently over the year. This is a large improvement from the 2021 position.
- Customer satisfaction levels have continued to improve with over 90% of customers saying they were satisfied or very satisfied with their experience.
- Complaints handling processes have stabilised, with an average resolution time now less than 10 days.
- Improvements have been made to processes supporting vulnerable customers. In addition, online account viewing services are available to more of you.
- External benchmarking has assessed ReAssure favourably in relation to other providers for core transaction processing, automation and the tracing of customers the firm has lost contact with. However, complaint levels continue to be higher than other providers.

Key Challenges for 2023

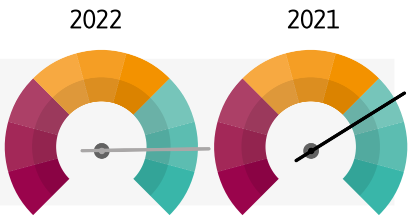
- To maintain service levels during the outsourcing of any operational activities.
- To continue to develop services for vulnerable customers.

Customer Call to Action

- Make sure your email address and all personal details are up to date, so you don't lose track of your pension savings.

Key Messages

Communication and Engagement



Overall, the IGC rated ReAssure Ltd and ReAssure Life Limited GREEN.

- The IGC consider that ReAssure has continued to grow in this area over the last year with the introduction of paperless Retirement Account applications for some customers. This has seen the rise from 5% to 75% of applications to access retirement benefits being completed online. It will be important for ReAssure to continue this good progress by rolling out this functionality to all customer books.
- In addition, the ReAssure HelpCentre has been further enhanced over the course of the year with the addition of additional forms to undertake transactions online, automation to improve efficiency and the development of a more member-personalised experience. ReAssure has begin to focus on its support for particular groups of consumers and types of transaction, enhancing and simplifying the process for customers with small pots to access their money.
- ReAssure rose to the challenges presented by the IGC last year to continue to embed the effectiveness of the fit for purpose protocol and the Annual Benefits statement and have gone further with the development of the online offerings mentioned above.

Key Challenges for 2023

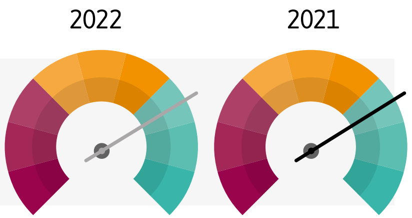
- To enhance digital servicing options to include more transactional services, and increase registration and usage.

Customer Call to Action

- We recommend you register for digital access and use it regularly to review your pension savings.

Key Messages

ESG and Stewardship



Overall, the IGC has given ReAssure (predominantly ReAssure Limited) a rating of GREEN for its approach to ESG and Stewardship in relation to your pension savings for the following reasons:

- ReAssure Life Limited is not rated on ESG as the investment decisions are not covered by the IGC.
- ReAssure continues to have a strong policy framework that sets out clearly how ESG and Stewardship considerations should be taken into account in investment decisions that impact customer outcomes. The policy framework covers factors that can influence the financial return from investments, but also recognises that some customers may wish to have their ethical, non-financial, values reflected in how their pension savings are invested. During 2022, the policy framework was strengthened in a number of ways, most notably through the introduction of a **Voting Policy** as part of a suite of measures to increase the impact that ReAssure can have over the companies that your savings are invested in.
- The policy framework is backed up by a strong governance **framework**, to ensure that the policy intentions are carried out. This framework was strengthened and deepened during 2022, and there are plans to further strengthen it to ensure it keeps pace with evolving regulatory requirements going forward.
- All investment decisions that ReAssure takes are required to meet certain minimum ESG standards. In addition, ReAssure offers a number of investment choices that incorporate more extensive requirements (e.g. screening out certain industries, or deliberately focusing investment decisions on companies with positive ESG attributes).
- ReAssure Life Limited does not take investment decisions that impact its customers' outcomes. This is because the business model of that provider is to provide access to a fund range that consists of externally-managed funds rather than ones that are the responsibility of ReAssure. The ESG and Stewardship policies within Phoenix Group (and which apply to all of ReAssure) differentiate between these two situations and recognise that, in the former, the potential for significant influence over investment decisions and their impact on climate change, for example, is limited. Nevertheless, the policies require ReAssure to do what it can to influence in line with the requirements placed upon investment decisions that are the responsibility of Phoenix Group (and ReAssure Limited in particular). However, given this distinction, the IGC's assessment in this regard should be considered to apply predominantly to ReAssure Limited.
- During 2022, significant progress was made on extending the amount of reliable and relevant data available to ReAssure and the wider Phoenix Group in order to assess progress on their climate change targets and inform relevant decision-making. This data is key to the work of the team that oversees the investment decisions carried out on ReAssure's behalf by its fund manager external partners and the extent of scrutiny on ESG and Stewardship activity that they carry out. This data will also form a key foundation for the implementation of the Voting Policy developed in 2022.

- Phoenix Group carries out regular **research** on what customers want regarding ESG investment choices and the findings are used to inform the range of funds made available to you. In July2022, following the 2021 preparations mentioned in last year's report, a range of 6 "low carbon" investment funds were made available to ReAssure Limited customers. These funds are aimed at customers who wish to have equity exposure which is managed within explicit climate change-related limits and each has a different geographical focus (e.g. UK equities; US equities; European equities; Japanese equities).
- Phoenix Group (and hence ReAssure) continues to improve the visibility of its ESG and Stewardship activities to you as customers. It is also taking more of a leadership role in the industry, championing good practice in this important area. A key development in 2022 was the preparation of Phoenix Group's first application to become a signatory to the UK Stewardship Code. At the time of writing, it has recently been announced that the Financial Reporting Council (FRC) has accepted Phoenix Group as a signatory.

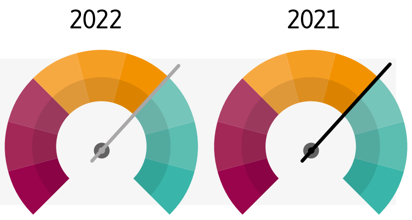
In last year's report, we set out two key challenges for ReAssure, and the wider Phoenix Group – to communicate better the impact on the environment and society of ReAssure's responsible investment activity and to widen still further the range of Responsible Investment funds available to you. In terms of the former challenge, Phoenix Group's publications in this area still focus at a more corporate level, rather than showing the difference at an individual fund level. Fund-level impact reporting was introduced for one of the commonly-used Standard Life workplace pension funds in 2022 and the IGC is keen to see this extended. Nevertheless, the IGC recognises the quality and value of the reporting that has been published, and the huge amount of effort that has been put into its development – both in terms of the commitments that have been made and the sourcing of robust data in order to evidence progress against them. The Phoenix Group 2022 Sustainability Report is available **here** and the Phoenix Group 2022 Climate Report is available **here** and both are worth reading.

Key Challenges for 2023

- To widen further the range of Responsible Investment fund choices available to customers, and enhance the climate risk management within the investment approaches.
- To extend fund-level reporting on ESG considerations, enabling more customers to see the beneficial impact on the environment and society of how ReAssure funds are invested.

Key Messages

Investment Pathways



The IGC has given ReAssure's Investment Pathways proposition a Green/Amber overall rating for VFM.

For some customers, the VFM rating is **Green**, but **Amber** is more likely to be the case for many, as can be seen from the following ratings for the individual VFM components:

- Costs and charges – Amber – some competitors are significantly cheaper, especially for Pathways 1, 2 and 4
- Investment performance – Green/Amber – funds are performing broadly as designed. Now 2 years since launch, a review is underway to consider if other designs (i.e. different risk profiles) would be preferable
- Customer service – Green
- Communication and engagement – Green
- Investment services – Green

The rating for 2022 remains the same as 2021 because the key challenges highlighted in last year's report have yet to be addressed. If we don't see significant progress in 2023, particularly on charges, then the rating will deteriorate in our report next year. The key reasons for these ratings are set out below, with supporting detail presented in the associated **Further Commentary section**.

Costs and charges – Amber

- ReAssure's rates of Investment Pathway charges are lower than many existing customers are paying on their pre-retirement workplace savings pot. However, they at the top end of market comparators, and the differential increases particularly for larger pension pot sizes (since competitor rates of charge tend to fall with increasing pot size, whereas ReAssure charges levels do not vary by pot size).
- Because some competitors charge more for Investment Pathway 3, the rates of potential savings in charges are likely to be greatest for those customers choosing Investment Pathway 1, 2 or 4. (For example, a customer with an average pot size of £50,000 in Investment Pathway 1 could save £150pa in charges by moving to one of the cheaper providers in the marketplace. And the few customers with a £200,000+ pot could save over £1000 per annum.)
- The transaction costs incurred in the investment management of the four Investment Pathway funds appear reasonable in the circumstances and do not raise any VFM concerns.

Investment performance – Green/Amber

- Given the recent launch of the Investment Pathways proposition, there is only limited past performance data available for the four funds. The one-year performance figures as of 31st December 2022 demonstrate that the four funds are performing broadly in line with the targets set when they were designed. Independent benchmarking noted that the Investment Pathways tended to have a lower downside performance than most others during 2022, but with 2021 calendar performance being lower than most.
- When the 1-year performance is compared with that of other providers' investment pathway funds, a very wide spread of results can be seen. This seems largely a consequence of different risk levels being chosen by different providers for the same investment pathway choice. Pathways 1, 2 and 3 perform relatively well. However, ReAssure Pathway 4 is towards the bottom of the comparator tables.
- A review of the pathway fund designs is underway in 2023 and the IGC is keen to see what changes to Investment Pathway investment strategies are proposed and how this compares to others in the marketplace, given the range of alternative approaches available today.

Customer service – Green

- The customer service for Investment Pathway customers is carried out by the same teams that carry out all the other retirement-related servicing for ReAssure. The IGC monitors the associated performance data every quarter. The results for 2022 showed reasonable levels of performance across the retirement customer journeys, against a challenging background for customer service within ReAssure more generally, although the IGC is keen to see a reduction in delays to accessing tax-free cash.
- The IGC now reviews complaints specifically for Investment Pathway customers, which have remained extremely low in 2022 with no areas of concern.

Communication and engagement

- Communications remain clear and understandable. However, independent benchmarking indicates the communications have a higher reading age than would be desirable, although this is also true of other providers. Findings from customer research and industry benchmarking exercises confirm that the communications are "fit for purpose".
- Customer research findings are generally positive about the Investment Pathway customer journey, even though ReAssure does not yet offer a fully online joining option.
- Many customers seem more focussed on using Investment Pathways to access tax-free cash now, rather than make longer-term decisions about future income in retirement. The IGC is keen to see how ReAssure responds to this and strengthens its communications to reduce the risk of customers taking inappropriate actions. It is, however, reassured that all customers who make a withdrawal are contacted as a consequence and informed of the purpose of the pathway and risks of acting differently.

Investment services

- The operation of the four Investment Pathways funds is subject to the same levels of oversight as other ReAssure-designed funds within the IGC's scope. This oversight confirms that the funds were operating as intended during 2022.
- The IGC will be keen to see how ReAssure responds to the very different strategies that some providers have chosen for some of their investment pathway funds in the review that is currently being undertaken.

Key Challenges for 2023

- To review charging levels for all pension pots.
- To develop additional customer communications to confirm customer's choice of pathway.
- To consider whether any design modifications would be appropriate concerning the risk-return trade-offs for each of the four Investment Pathways.
- To continue to develop Investment Pathway-specific customer servicing management information.

Customer Call to Action

- Check whether the Investment Pathway you are in is still the most appropriate for you. For example, annuity offerings are much more generous than a few years ago.
- Compare the charges you are paying with competitor charges. By taking action you could reduce them by £150+ p.a.

Further Commentary

Further Commentary

Costs and Charges

Further Commentary

Costs and Charges

What we look for

A number of costs and charges may apply to customers' plans and include:

- charges deducted from plans on an ongoing basis ('**ongoing charges**'); and
- deductions to cover the costs of buying and selling the investments within the plan, called '**transaction costs**'.

Some of you have other benefits or services on your plan – certain guarantees that apply to with-profits investments; protection benefits e.g. life insurance or waiver of contribution cover; where customers have specialist investments, or advice from an adviser. Customers typically pay extra for these benefits through '**other charges**'. Additionally, there may be an '**exit charge**' deducted from the value of a plan if it is transferred to another provider.

In determining whether the costs and charges you pay provide you with value for money, our primary driver (in line with Financial Conduct Authority (FCA) rules) in the assessment is against reasonably comparable scheme comparators that are available to you. These comparators can be within the Phoenix Group as a whole or available in the wider open market. We have always believed that ongoing charges greater than 1% per annum do not represent value for money unless there are associated additional benefits as described above. Given comparators we have seen in industry surveys, and alternative options available within the Phoenix Group that are priced at 0.65% per annum, with charges significantly lower than what the vast majority of you are currently paying, we have challenged Reassure to provide us with more evidence around why they still hold the view that a 1% per annum threshold for charges provides value for money.

Given ReAssure do offer universal funds and alternative product options to all unit-linked customers with an ongoing charge of 0.65%, some of you could experience a reduction in charges of over 25% by switching into these funds. If your ongoing charge is significantly above this and you do not have additional benefits or guarantees, as described above, then you are likely not to be receiving value for money. It is critical that customers are aware of, and regularly review, their options and take actions where appropriate.

We expect **transaction costs** to be within normal market ranges or, where they appear materially higher, to understand why this is the case and any action taken to offset the impact on members. Where customers pay other charges for other benefits and services, then we consider this to be reasonable, provided customers know that they are paying for those **other charges**, understand (and still need) the benefits or services, and receive adequate communications. We also look to see that these other charges are reviewed periodically to ensure that they remain appropriate. We are concerned if **exit charges** are above 1% of the value of the plan.

Regular Ongoing Charges

ReAssure Ltd

The average regular ongoing annual charge on ReAssure Ltd workplace pensions is 0.73%. You will note from our previous IGC reports that, with effect from January 2017, ReAssure Ltd capped the regular ongoing charges you pay at 1% per annum. (This excludes any additional charge for choosing a third party fund.) We are pleased to see that, for a typical policy (i.e. one that invests in the managed fund), the actions taken reduce the likelihood of charges on small pots exceeding the expected investment return and hence reducing the policy value.

The table below shows the spread of regular ongoing charges for in-scope customers – excluding any third party fund charges.

	0%-0.25%	0.25%-0.5%	0.5%-0.75%	0.75%-1%	1%+
Ex-L&G	3,396	49,076	51,924	61,179	0
	(2.1%)	(29.6%)	(31.4%)	(36.9%)	(0%)
Other ReAssure Ltd	538	1,841	2,403	37,281	0
	(1.3%)	(4.4%)	(5.7%)	(88.6%)	(0%)

The table above shows that the level of charge you pay, and hence the value for money you are receiving, depends on the legacy company that your workplace pension was originally with. For ex-L&G customers your average charge is 0.69% pa, whilst, for the rest of the ReAssure Ltd customers, the average charge you pay is 0.95%.

Compared to the data in our previous report, the proportion of ex-L&G customers reported to be paying charges above 0.75% has materially increased. ReAssure has confirmed that this was a data issue where members who were invested in unitised with-profits (UWP) funds were being reported to have a 0% annual management charged instead of the correct 0.70% annual management charge. Actual charges for these customers and the charges assumed in bonus setting for the UWP funds have been confirmed to be correct. The small reduction in the average charge for the rest of the ReAssure Ltd customers is as a result of charges for initial units now being included within the 1% charge cap.

Our review of reports from other IGCs shows that a maximum ongoing charge of 1% per year is typical amongst other firms with 'legacy' workplace pension policies. 'Legacy' is a term that tends to be used to describe older style pension policies sold a number of years ago, usually not available to new employers or even open to new members, and rarely used by employers for auto-enrolment. The IGC took part in external benchmarking research amongst workplace pension providers that supported the conclusion that 1% per year was in line with other providers of older style pensions.

Whilst this demonstrates that ReAssure Ltd compares reasonably amongst its peers, we hold the view that ‘legacy’ is not a meaningful term for members or necessarily a reason why a member should be charged more than someone in a more ‘modern’ pension product. For example, pensions used for auto-enrolment, where the default investment fund is chosen, have charges that are capped at a maximum of 0.75% per year, whilst also offering more in terms of online servicing and support, engaging communications etc. In addition, ReAssure Ltd offers universal funds and alternative product options to all unit-linked customers, with the option to reduce their ongoing charges to 0.65% per annum Therefore, if what you are being charged is above this, we would strongly encourage you to review your options.

Given the above, and the FCA requirement to measure value for money against reasonably comparable comparators available in the market, we have strongly challenged ReAssure on why they view the level of charges being paid by some ReAssure Ltd (other heritages) customers as providing value for money given the comparators in the market and the alternative funds they themselves offer. We await a response from ReAssure on this challenge. We are very disappointed that this challenge remains outstanding despite it being raised over 12 months ago and continue to await a satisfactory response from ReAssure on this challenge.

However, it does remain the case that many (but not all) ReAssure Ltd pension pots are relatively small, are not receiving new contributions, and the number of customers within each employer arrangement may also be small, so even a 1% charge may not in fact cover the costs to ReAssure Ltd of administering the policy.

Options available to reduce your regular ongoing charges to 0.65% p.a.

The more you pay in charges, the less you will have invested in your pension pot when you come to retire. Some ReAssure Ltd customers already have charges below 0.65% pa, or valuable guarantees, which is why ReAssure Ltd are engaging with customers every year and providing additional options. As part of the Annual Statement, unit-linked workplace pension customers will find a colourful insert actively encouraging you to consider some lower cost options ReAssure Ltd has made available.

1. Four low cost funds (Global Equity, Bonds, Deposit and the Mixed Investment Fund) have been made available to you within your existing unit-linked pension product. These have an Annual Management Charge of 0.65% and no Bid-Offer Spread, so could help reduce the charges on your policy.
    a. You can make a free switch into these funds.
    b. One of the benefits of selecting this approach is that you can reduce ongoing charges and retain existing valuable benefits (such as life cover, waiver, Guaranteed Annuity Rates and Employer Contributions). By staying in your existing policy, you can also avoid any potential exit charges.

2. For any customers in existing funds with an exact investment match to one of the new funds (primarily Deposit), where the existing fund has a higher charge, the existing fund charge has been automatically reduced to 0.65%.

3. You can also transfer your existing policy into ReAssure's Retirement Account, its current New Business product.

   - This has an Annual Management Charge of 0.65%, with no Policy Fee or Bid-Offer Spread. So this option may be particularly helpful if your existing policy has a policy fee.
   - The Retirement Account also enables full access to pension flexibility from age 55, and so can be good for customers who want to access some of their pension savings but keep the rest of it invested.
   - ReAssure is supporting members in evaluating whether any valuable benefits are likely to be lost as a result of this action.

4. Some customers with very small pots may benefit most from consolidation of policies (either with ReAssure or alternative providers) and ReAssure also encourage you to consider this. This can also make it easier for you to keep track of your pension savings and monitor your investments.

Initial Units

Last year, following continued challenge from the IGC, we were pleased to report that ReAssure Ltd has made the decision to extend the 1% charge cap to include workplace pensions that have initial units. In addition to this, the 1% cap applied to exit charges (which includes initial units), was extended to members with initial units who are looking to transfer their pension benefits prior to age 55. This means all members now benefit from a maximum exit charge of 1% p.a.

We are pleased to report that ReAssure Ltd has now implemented this change and has backdated the reduction in charges to January 2022 for any customers impacted.

Other Charges

There are some members who have **protection benefits** (the majority of which is waiver of contribution benefit which ensures that contributions to your plan continue if you are unable to work for an extended period through long-term ill health or disability). The IGC remains comfortable that ReAssure Ltd maintains processes to regularly review the charges for those benefits, and to ensure that letters are periodically issued to members to remind them of these benefits, to consider if they might have a valid claim, and to encourage them to consider if they still want the benefit. The IGC is keen to ensure that the levels of charges for such benefits are reviewed regularly.

As the table below demonstrates, around 2.5% of ReAssure Ltd workplace policyholders invest in specialist **third party funds** (TPF). Any additional charges incurred by the customers that have chosen to invest in externally managed funds are outside the 1% charge cap. The IGC accepts that such funds were specifically chosen by members and can offer reasonable value for money provided members understand that suitable alternative and lower charging options may be available and/or that the investment performance is adequate given the extra cost. However, we strongly recommend that customers review their fund performance and charges with their IFA, to ensure they are happy with their investment choices and decide if these charges are justified by the overall performance.

Heritage	Total Policies in Scope	Total Policies with TPF	% of Heritage with TPF	TPF AUM	Average Ongoing Charge (%) (of entire Heritage)
ReAssure	42,063	1,215	2.9%	£51,251,461	0.95%
L&G	165,575	4,028	2.4%	£183,539,192	0.69%

Costs and Charges

ReAssure Life Limited

The table below shows that, for ReAssure Life Limited customers, the average charge weighted by fund value is 1.42%, which is significantly higher than those paid by policyholders in other in-scope workplace pensions. The IGC assessment shows that this is due, in the main, to the open architecture nature of the proposition, which has additional charges associated with using third party funds.

Total Policies in Scope	Total Fund Value	% of Policies with ongoing charges <= 1%	Total Average Ongoing Charge (%)	Average Ongoing Product Charge (%)	Average Ongoing Third Party Charge (%)
24,097	£1,107,222,432	25.0%	1.42%	0.55%	0.87%

The IGC has seen evidence of some historic actions taken to refund or reduce some charges to customers:

- This includes the refund of the Contribution Service Charges and cap (at 5%) of Early Encashment charges applied since 1 January 2009.
- The previous IGC had also agreed actions that stopped the payment of ongoing adviser fees, if the financial adviser has stopped providing an ongoing service.
- Policyholders with savings of less than £6,000 have received communications confirming agreement to waive any early encashment charges, allowing a charge-free transfer or withdrawal option. This offer is still available to any policyholder with savings of less than £6,000.
- Following migration onto ReAssure systems the product charges were capped at 1% pa. This could really help policies which have a very small pension pot value, where the fixed policy fees/maintenance charges become a high percentage of the low fund value. We were pleased that over 3,000 customers saw their charges reduce as a result of this, with an average reduction of 0.63% pa across those customers.

Some customers may have selected these policies specifically for the open architecture. These products can offer reasonable value for money as long as customers understand that suitable alternative and lower charging options are available. However, we encourage you to review your fund choices and, where possible, discuss these with your IFA.

Some customers with very small pots may benefit most from consolidation of policies. For ReAssure Life customers, any encashment charges on pots less than £6,000 in size have been waived, so we encourage you to consider if this might be suitable for you.

ReAssure has made its universal fund range available to customers which will enable you to reduce your ongoing charges to around 0.65% p.a. Further details will be included within the annual statement you receive.

The IGC is pleased to see that all these actions have been taken but remain concerned at the overall level of charges being applied to members and encourage you to consider if these funds remain the right option for you.

Transaction Costs

Transaction Costs are the costs incurred by funds in the process of buying and selling investments.

- Explicit costs are things like stamp duty and fees paid to brokers who do the buying and selling.
- Implicit costs are the difference between the price the fund manager expected to receive or pay when they decided to sell or buy an investment and the price they actually got.

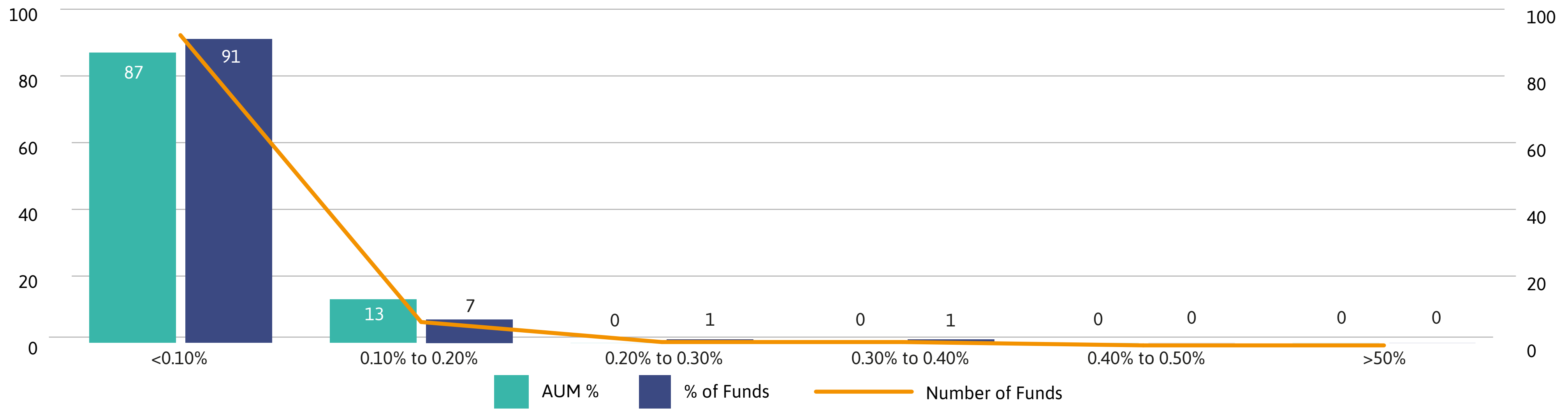
Our report covers the 2022 calendar year and includes 79% of transaction costs related to trading of assets in the underlying funds (87% in 2021). The reason for the fall in coverage is due to an issue for Third Party Funds where an element of costs that should be included within the reported transactions costs data was being excluded resulting in the transactions costs data reported to the IGC and those within this report (for Third Party Funds) not being accurate. The additional data required to bring the transactions cost calculations in line with the wider Group and industry methodology is being sourced. We are disappointed in the length of time it is taking to source this data and continue to challenge ReAsssure on this.

All ReAssure Ltd and ReAssure Life funds are externally managed, so ReAssure obtains this information from its external fund managers on our behalf and the IGC monitors these charges each quarter. Given the issues described above, a key focus in 2023 from ReAssure should be the closing of the data and calculation gaps identified for transactions costs data. Where transaction cost data is available, the work in terms of analysis of costs and how these change from period to period, and investigating funds where charges appear particularly high, continues to be of good quality.

The time it takes to report transaction cost data to us does remain an issue. This appears to be an industry-wide issue and is in large part due to the delay in fund managers providing data through to firms to enable them to collate, review and report e.g. ReAssure can only report a complete set of data to us when all the fund managers it uses have supplied the necessary data.

This table shows a summary of the transaction costs during 2022, across all ReAssure funds:

ReAssure 2022 Breakdown of Transaction Costs



- The vast majority of the funds have transaction costs below 0.1%.
- This reflects the largely passive nature of the majority of investments. Relatively little is invested in specialist, higher risk sectors. Higher transaction costs are typically observed on funds with active management and funds with higher trading costs, such as property or emerging markets.
- There haven't been any major increases in transaction costs over this reporting period.
- ReAssure has taken part in industry-wide surveys that consider transaction costs, with the output showing that transaction costs were highly competitive compared to other group participants.

Below we highlight the transaction costs for 2022 for the 5 key funds. These cover the five largest by assets under management.

Fund	AUM (£m) as at 31/12/2022	Aggregate Transaction Costs (%) 2022	Aggregate Transaction Costs (%) 2021
Managed 6	1,815	0.059	0.054
L&G UK Equity Index Fund	442	0.037	0.044
Global Equity Index Tracker LStyle	239	0.050	0.000
L&G Fixed Interest Fund	220	0.095	0.058
Unitised-with-profits Pen Gen 2 CAI	443	0.120	0.097

This means the IGC in-scope customers invested in the Managed 6 Fund will have paid £5.90 last year in transaction costs for every £10,000 invested. It is worth noting that these transaction costs are already deducted from the performance figures described in this report.

As can be seen from the following table, the main diversified managed funds and the large with-profits fund all have transaction costs of 12 basis points or under, which compares well with industry averages and ranges.

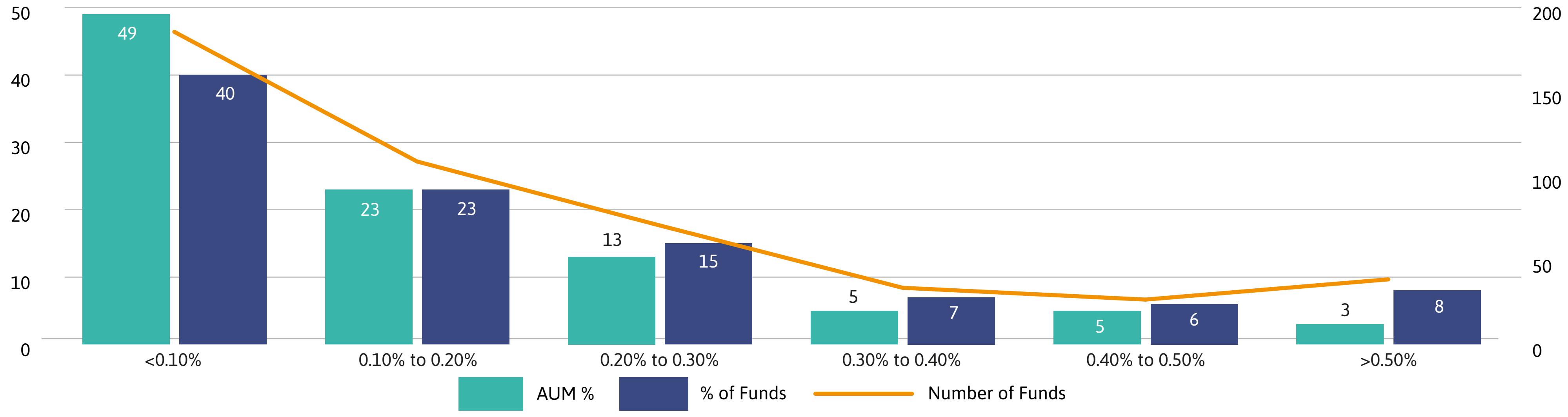
Fund	AUM (£m) as at 31/12/2022	Aggregate Transaction Costs (%) 2022	Aggregate Transaction Costs (%) 2021
L&G Managed	1,815	0.059	0.054
ReAssure Master Managed	202	0.099	0.023
L&G with-profit Fund	289	0.119	0.101
Guardian with-profit Fund	16	0.063	0.067
NM with-profit Fund	9	0.096	0.054

ReAssure Life Limited

In respect of ReAssure Life Limited, the challenges described last year remain, in relation to obtaining the level of transaction cost data we would like to see for a complete analysis. ReAssure has been taking action to implement better processes to collate and report Third Party Funds Transaction Costs in a consistent format and the data available this year covers only 57% of assets under management for Third Party Funds. Overall, the funds that ReAssure was not able to provide transaction costs for amount to c.10% of the total assets under management.

This table shows a summary of the transaction costs during 2022, for Third Party Funds where available:

Breakdown of Transaction Costs for TPFs only (Q4 2022)



The range of transaction costs observed, even after considering the expected increase due to market conditions, are not out of line compared to the general level of reported transaction costs by the market, given the typically more actively-managed and more specialist sectors that the third party fund range covers. The IGC is disappointed around the coverage of the third-party transaction costs and continues to challenge ReAssure on this and we expect to have a corrected position prior to the end of 2023 and, at that point, will be better able to assess the level of transaction costs relative to the market.

Finally, it should be noted that transaction costs should be considered alongside how well funds perform overall e.g. lower transaction costs might not be better if the investment performance is poor.

Increased Disclosure of Costs and Charges

- Increased disclosure requirements introduced for last year's IGC report required IGCs are required to publish costs and charges information in more detail.

The table of costs and charges covering all investment funds is available, along with sample illustrations to show the impact of those costs and charges, on the **website here**.

The tables show the range of costs and charges incurred by individual customers and demonstrate that not all customers pay the same for the same fund but that costs and charges vary, generally due to the terms agreed at outset. What you pay may also vary by the fund(s) that you are invested in. It is important, therefore, to understand how your charges compare with what you may be able to get elsewhere. The sample illustrations also show how significant ongoing charges can be on the ultimate value of your pension, particularly if you have a larger pot invested over a long period.

In addition, the Financial Conduct Authority (FCA) rules around assessing value for money in workplace pension schemes require IGCs to consider the most appropriate and proportionate way to assess an employer's scheme so that the IGC can produce a value for money assessment that is the most useful for members.

IGCs have a judgement to make on whether to assess costs and charges at an individual employer level, at an aggregated level or by a combination of both. We have chosen to assess costs and charges at an individual employer level rather than an aggregated level. We feel this is most appropriate, as it is at this level that you experience the service offered for the particular charge that you are paying and allows you to fully understand where your level of charges sits in comparison to others.

Given the legacy nature of the ReAssure business, the vast majority of employer arrangements will no longer be active and only have a very small number of members. Therefore, the ability and likelihood of an employer arrangement transferring to another provider is remote and it will be down to the individual member to make that decision. Therefore, we also feel it is appropriate to additionally consider and report at an individual member level to show how your charges compare to all other ReAssure customers.

In considering our value for money assessment, we have looked at costs and charges information available both internally within ReAssure (with data set out in this report) and also across the wider Phoenix Group. We have considered looking at how charges compare across schemes with similar numbers of members and/or assets under administration as these can be key factors that will have initially influenced the level of charges applied to a particular scheme. However, the legacy nature of ReAssure's business, with small numbers of members in individual employer arrangements that are no longer active, makes this approach less relevant.

Externally, we have taken part in industry-wide benchmarking surveys to understand how the level and spread of charges compare with those across the industry. We will also continue to look at disclosures within our peer IGCs reports to see how ReAssure's costs and charges compare across the industry.

We strongly encourage you to understand how the level of charges you pay compares to charges paid by other employer arrangements with ReAssure. Within this report (for default funds), and on the website (for all funds), there are details that show the distribution of charges at an employer and individual member level. We have chosen to present the data in this fashion as we believe this is a useful and effective way for you to understand how the level of charges you are paying compares with those of other employer arrangements within the same fund and, as such, what relative value for money you may be receiving.

In order to help you to be able to assess this, ReAssure have delivered a digital solution that will allow you to find the level of charges for all funds that you are invested in or are available to you. From the ReAssure **website**, you are able to enter your policy number and be presented with all relevant costs and charges for both invested funds and funds available to you. You will be able to find your policy number on your annual statement.

In order for you to consider how the charges you are paying compare to those being applied to other members or employer arrangements provided by ReAssure, for each fund available we have set out, using various charge bands, the proportion of members and employers invested within that fund who are paying the level of charges indicated within the relevant band.

For example, the table below shows the distribution of charges for employer arrangements invested in the L&G Managed Fund. If you are invested in this fund and are paying a charge of between 0.96% and 1.00% p.a, then 94% of other employer arrangements who are invested in this fund will be paying a lower charge than you, some significantly so. There may have been valid reasons for this, but, in this scenario, we would encourage you to consider whether you are receiving value for money given the charges being applied to other members.

Fund Name	< 0.3%	0.30 – 0.39%	0.40 – 0.49%	0.50 – 0.59%	0.60 – 0.75%	0.76 – 0.85%	0.86 – 0.95%	0.96 – 1.00%	1.01 – 1.25%	1.26 – 1.40%	> 1.40%
L&G Managed Fund	2.8%	7.9%	22.9%	45.1%	7.1%	4.3%	4.0%	5.9%	0.0%	0.0%	0.0%

The distribution of charges for all other default funds can be found within this report **(see Supporting Material)**. For all other investment funds, the distribution of charges is available on the ReAssure **website**.

Finally, we are required to publish the charges that apply to each fund that is available to invest in for each individual employer arrangement with ReAssure. We feel that the most effective approach for members to understand the charges applicable to them, and how they compare to the charges of other members or employer arrangements invested in the same fund, is through use of the digital solution described above, in conjunction with the distribution of charges set out in this report. However, we do view it as important that we present data that satisfies the regulatory requirements, and this information is available on the ReAssure **website**.

Further Commentary

Investment Performance

Further Commentary

Investment Performance

Overall, ReAssure's Investment Performance contribution to Value for Money for Customers is assessed as GREEN, with a score of 78% in 2022, a little lower than in 2021, for the following reasons:

What do we hope to find?

- Key managed and default funds are delivering sufficient returns on your retirement savings over the medium and longer-term to provide a decent outcome when you retire, without taking too much investment risk and after taking inflation into account.

Although Value for Money is mainly about what you might get in the future, we look to see how your investments have performed in the past to confirm our findings. Where we can, we look at how well fund managers have performed against the specific brief that they've been given, and we also look at how well funds have performed against similar funds that you or your Employer might have chosen instead. The ultimate test, though, is how your savings pot has grown over time and, for that, we see how funds have performed in real terms, that is after taking past inflation into account.

What we found

- The 5 key funds, in which around a third of in-scope IGC assets are held, have had a mixed performance in recent years. They delivered strong returns in 2021, as economies started to recover from the worst impacts of the pandemic. In particular, UK-only funds bounced back strongly after lagging badly in 2020. However, 2022 was a very difficult year for all fund managers, including those used by ReAssure. Financial markets were badly affected by Russia's invasion of Ukraine, the subsequent surge in inflation, the sharp spike in interest rates, and considerable weakness across much of the world economy. The net result was major declines in most equity, bond and commercial real estate markets, and therefore lower values for the investment pots of many of you.
- How do your funds perform against the competition? About half of all available funds were ranked in the top half of the table against similar competitor funds over all the periods we look at. These figures are good, but a few percentage points lower than the figures reported for last year. After a series of strong results for ReAssure customers, we will monitor carefully.
- Inflation is very important for investors. Much higher inflation rates in 2022 – headline UK inflation reached 11% in the year to November, a multi-decade high – means that most investors have lost some of the purchasing power which they built up over time in their investment pot. Nevertheless, this needs to be put into perspective. Most investment funds have still out-performed inflation over periods of 5, 10 or 15 years, depending on the particular fund. Secondly, the increase in interest rates means that annuity rates are much more attractive for any investor who is deciding what to do with their pension pot as retirement approaches.

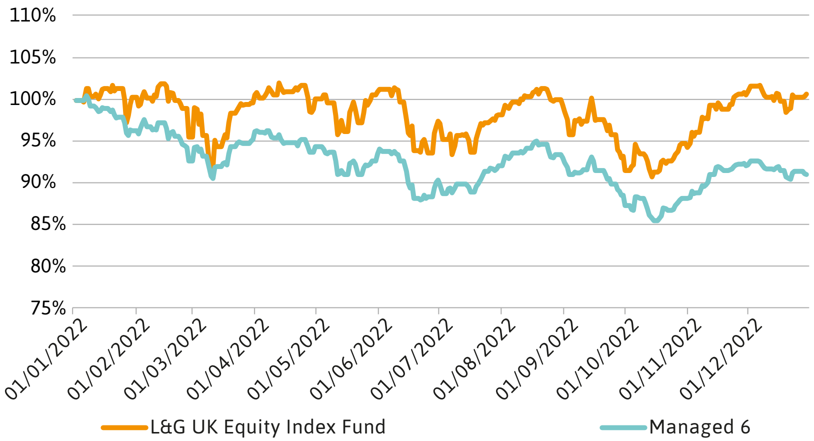
Key challenge for 2023

- To implement the Group's Responsible Investment Policy in your funds, where some progress has been made, and to continue the strong performance vs peers, where there has been some signs of slippage.

How did your funds do in 2022?

The multi-asset funds in which most of you are invested generally delivered negative returns in 2022, as almost all financial markets reacted badly to the combination of the Russian invasion of Ukraine, surging inflation, higher interest rates, and weaker growth in most of the major economies. This reversed the strong returns seen across most financial markets in 2021 as economies started to recover from the worst impacts of the pandemic. However, there were some exceptions – the UK equity market held up well in 2022, for example, reflecting its heavy weighting in energy stocks which benefitted from much higher oil and gas prices.

Highest and lowest performing key funds in 2022



*Daily data sourced from Morningstar.

These trends can be seen in the graph above showing the best and worst performing of the 5 key funds in which many of you are invested. The L&G UK Equity Index Fund ended the year broadly flat. However, the managed fund, which contains a wider array of bonds, equity and commercial real estate, ended the year down about 10%. The other default funds also showed negative returns, although with considerable differences between them. This is not just due to the performance by the relevant fund managers; it can also reflect important differences in the mix of assets between different portfolios, that is, how much is contained in bonds or cash, equities or commercial real estate, in different countries and across different sectors.

If you had invested £1,000 in these funds five years ago your money would now be worth £1,174 in the UK and Global Equity Tracker (Universal) and £1,144 in the Managed 6 fund (representing annualised returns of 3.25% pa and 2.7% pa respectively). Headline inflation over this period was close to 4% a year.

The other key funds produced returns between these two. However, you may be invested in other funds that have performed differently, funds that either you or your previous employer selected some time ago. We include all funds in our overall oversight, but pay particular attention to those which are considered defaults (either because they are used for auto-enrolment, or are part of a lifestyle profile). Although UK-only funds performed better than many other equity markets in 2022, and had a relatively good performance as well in 2021, this is again due to the sector biases in the UK market versus the rest of the world, with a much higher proportion in energy and commodity stocks and hardly anything in technology sectors. You might wish to consider whether these funds are still the most suitable for your pension savings.

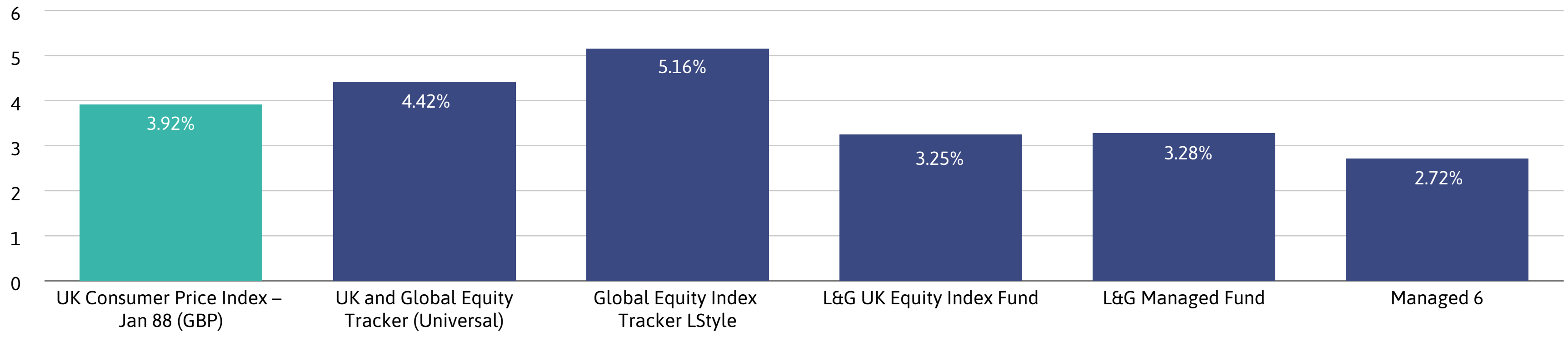
What about over the longer-term, when compared with inflation?

Here we look at the performance of all available funds over the longest possible timescale, as many of you will be invested for several decades. Funds invested in stock markets would hope to beat inflation in most years, but this is not always the case in the short-term. For example, headline inflation in the UK reached 11% in the year to November 2022, which was the highest rate for 41 years. In recent years, those funds targeting returns based on high dividend income rather than capital growth have often not matched or beaten inflation. Over the longer term, however, these shorter-term impacts tend to average out, and the results provide a good indicator as to how the purchasing power of your savings pot is growing in real terms.

We have looked at the data over different time periods. Over the last five years, inflation has averaged 3.9% a year. The graph below shows that several of the five key funds have not beaten inflation over that period by a small margin, especially the managed funds. However, when we look at the data over 10 and 15-year periods, we are reassured that all the default funds have out-performed inflation by a decent amount.

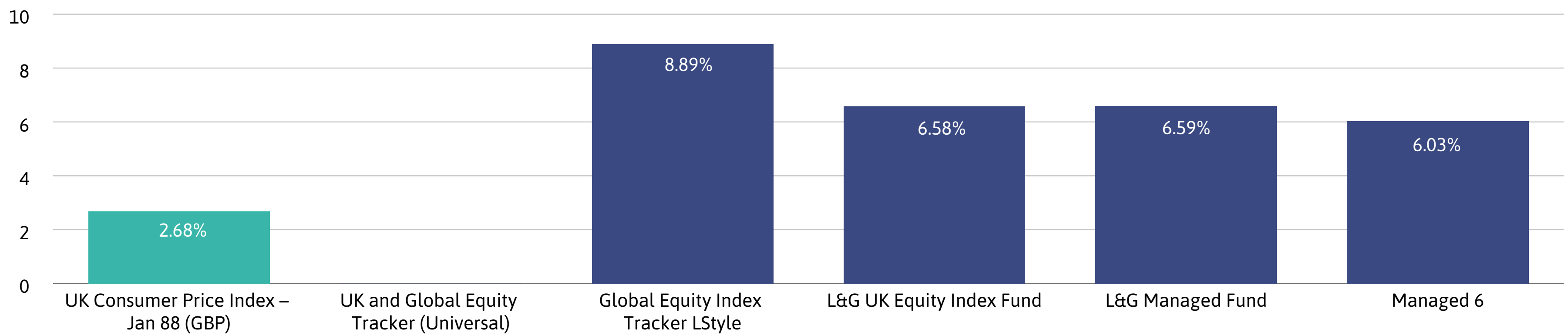
When we examine the results across all the funds you might invest in, we raise queries on any that have not beaten inflation over five or ten years where it is not immediately obvious why that might be the case (for example, is it a cash fund or a fixed interest fund) and where this has not already been highlighted on other performance grounds.

5 year annualised performance of key funds and CPI



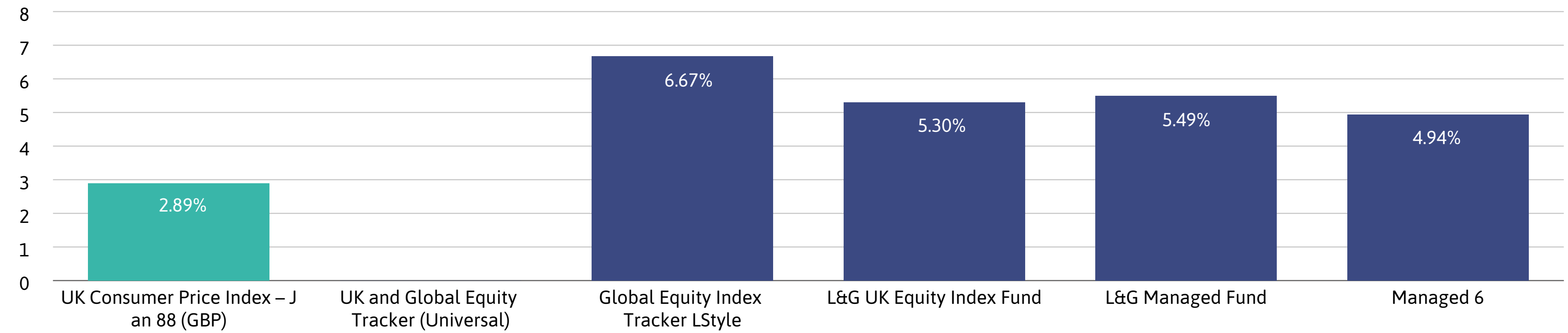
Please note: All data is to 31st December 2022. Data has been sourced from Morningstar.

10 year annualised performance of key funds and CPI



Please note: All data is to 31st December 2022. Data has been sourced from Morningstar.

15 year annualised performance of key funds and CPI



Please note: All data is to 31st December 2022. Data has been sourced from Morningstar.

How good a job are the fund managers doing?

To assess this, the IGC has devised a Red/Amber/Green ("RAG") performance flag which indicates how funds have performed compared with the benchmarks that have been set for the managers. The benchmarks could be a published market index like the FTSE All Share, or a customised combination of indices, or the average return of a suitable peer group. However, ReAssure are still working on providing the fund manager benchmarks in some cases, so for the moment this analysis is based on relative performance vs ABI (Association of British Insurer) surveys of average performance. We would anticipate that the proportion of red funds is likely to be less when we're able to focus on the benchmarks that the managers were actually given.

In the pie chart opposite, Green represents funds which have out-performed the selected ABI average performance, Amber includes those funds which have under-performed by up to 1%, and Red covers those funds where the under-performance is greater than 1%.

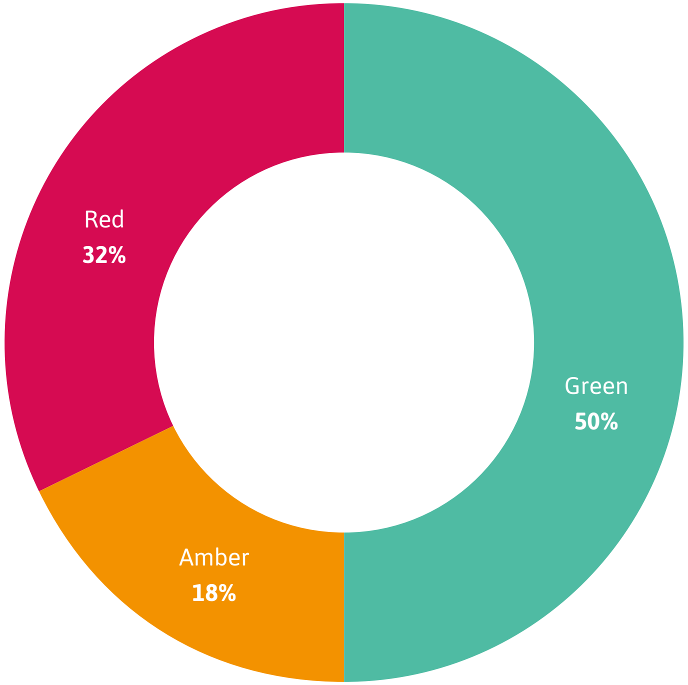
The proportions of Red/Amber/Green across all ReAssure funds in which workplace customers such as you are invested have been calculated. Sadly, the proportion of funds rated Green has declined from 55% in 2021 to 50% in 2022, whilst the percentage for Amber has risen from 15% to 18%, and for Red from 30% to 32%. In other words, many of the competitor funds measured by the ABI have been doing relatively better than have the Reassure funds.

How do these funds compare with peers?

The quartile rankings of funds which can be compared against ABI sectors of similar competitor funds over various periods are set out on the next page.

'Quartile ranking' involves arranging in order all similar funds from the best to worst performing, and then dividing the list into four, with quartile 1 reflecting the best performing quarter of the list, quartile 2 the next, and so on, hence quartile 4 is the worst performing group. Although 2022 has seen a continuation of the generally strong performance noted previously, with about half of funds over all periods in the top two quartiles (ie in the top half of the table), this is a little worse than the situation seen in 2021. It appears to be the case that the more recent performance vs peers is not quite as good as in the past.

RAG rating as a percentage of number of funds (3 Years)



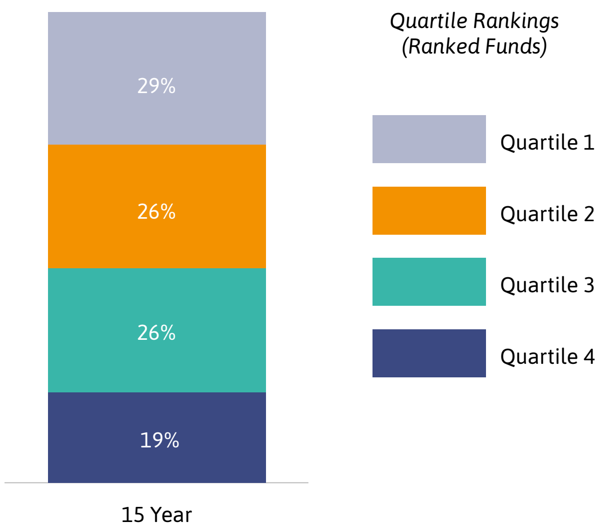
G(reen) – outperformed ABI (>)

A(mber) – underperformed against ABI (Between 0% and -1%)

R(ed) – Underperformed against ABI (<-1%)

This part of our assessment is potentially a concern. There is a possibility that better results could have been obtained elsewhere if you (or your previous employer) had made different provider choices. It is not always clear what has driven these results; although we can analyse ReAssure's performance, we don't know how competitor results were achieved and, in particular, how much risk was taken. Nonetheless, we will monitor the situation closely, and encourage ReAssure to ensure that its fund managers focus on long-term performance vs their peers.

Quartile Rankings (Ranked Funds)

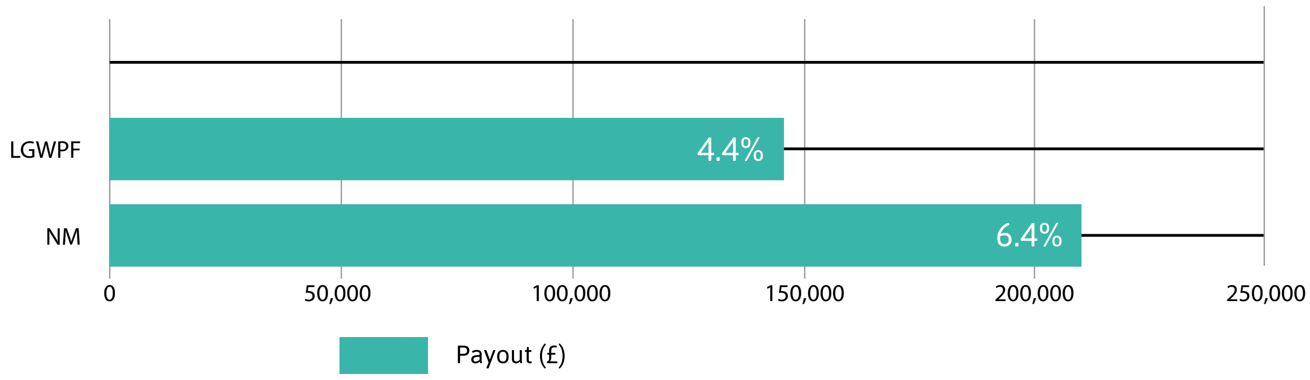


*Daily data sourced from Morningstar.

What about the performance of with-profits funds?

It is not straightforward to compare short-term performance in with-profits funds against unit-linked funds given that year to year bonus rates will be affected by smoothing, whereas eventual payouts will reflect both the performance of the underlying asset shares, any estate distribution and any investment guarantees. VFM can really only be assessed once benefits are finally taken.

Example 30 year payouts and return on premium



LGWPF = Legal & General With Profits Fund. NM = National Mutual.

In relation to with-profits funds managed by ReAssure, we look at long-term returns and examine how reasonable these are in relation to inflation. Overall, we concluded that example 30-year payouts and returns on premium on retirement in 2022 were reasonable compared with CPI of about 2.75%pa over the same period, with better results seen from National Mutual than Legal & General due to historically higher estate distributions. The IGC will continue to encourage with-profits managers at Reassure to focus on long-term growth over and above inflation rather than dampening fund returns from a policy of holding too few risk-seeking assets in portfolios.

It is important to recognise that different with-profits funds can have very different characteristics, for example whether it contains an annual guarantee and the ability of the scheme to provide additional bonuses. By their very nature, with-profits funds are a long-term investment.

How is Phoenix's Responsible Investment policy reflected in my investments?

Following the publication of the Phoenix Group's Responsible Investment Philosophy, the Management Oversight team have started discussing with key asset management partners the likely impacts on ReAssure mandates under their control. This issue is considered in more detail in the next section on Investment Services.

Further Commentary

Investment Services

Further Commentary

Investment Services

Overall, Reassure's Investment Services contribution to Value for Money for Customers is assessed as GREEN. The score of 78% in 2022 is somewhat lower than that for 2021.

What do we hope to find?

- That the funds offered to you are well-designed, well-managed and governed in order to meet your expectations.

To assess this, we look at regular governance reports, particularly focusing on actions taken to address any issues uncovered.

What we found

- Oversight of key manager relationships has been integrated into the wider Phoenix Group Strategic Partnerships & Research team (formerly the Manager Oversight team), increasing the leverage on important relationships such as abrdn.
- ReAssure Life customers now have access to cheaper ReAssure universal funds, following a successful platform migration.
- Strenuous and prompt action was taken to identify Russian/Ukrainian exposures, responding accordingly and communicating effectively with customers.
- However, we note that Phoenix Group's Responsible Investment Policy has yet to be fully reflected in the funds you invest in.
- Lastly, the IGC was concerned on occasion at the length of time it took for poorly-performing funds to be replaced with suitable alternatives, and will monitor this issue into 2023.

Key challenge for 2023

- To embed the Phoenix Group Responsible Investment Policy more fully in mandates under ReAssure's control, and to ensure that any poorly-performing funds are addressed as soon as practicable.

What evidence is there of ongoing review of my funds?

ReAssure's response to the unexpected Russian invasion of Ukraine in spring 2022 provides a useful case study. The Manager Oversight team quickly reviewed Group-wide exposures to Russia, Ukraine and related countries within funds held by customers such as you. They established that most exposure was via Emerging Market Equity and Debt funds, and that 99% of overall exposure was held in mandates with key Asset Management partners. They worked directly with these partners to understand their before/after performance impacts and the actions which had been taken.

Separately, external funds that had been chosen either by customers or their advisers, and where the underlying funds had been suspended by the managers, were identified and notices put up on the ReAssure website. All affected customers (and their advisers) were mailed to advise them of the suspensions and the resultant implications for ongoing contributions, withdrawals and switches.

All of this was promptly reported to the IGC, along with the details of the number and value of affected customer policies within our scope.

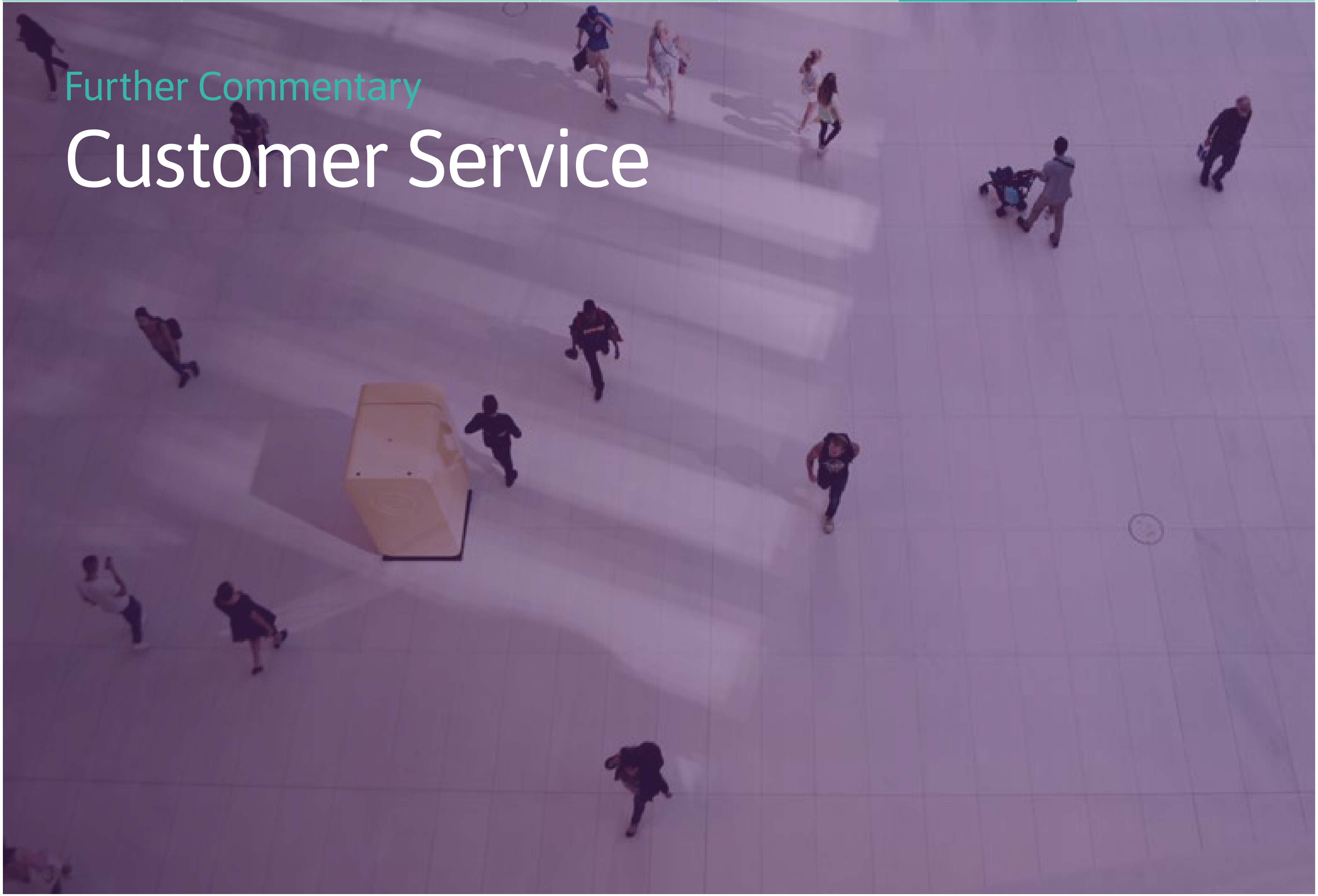
During the year, the Strategic Partnerships & Research team was strengthened, with the additional of four new analysts and the integration of three members from the Relationship Management team. Oversight scope was also increased, with the addition of new External Asset Management partners taking the total now to twenty-six.

What improvements have been made to fund ranges?

The migration of ReAssure Life policies onto the ReAssure platform has facilitated access to ReAssure's cheaper universal fund range, with customers encouraged to review their existing fund choices with their IFA to make sure that they are the most suitable for them now that cheaper options are available.

How will Phoenix's Responsible Investment policy be reflected in my investments?

As featured in the ESG section of this report, Phoenix's group-wide investment policy reflects exclusions of certain stocks and sectors, tilting portfolios towards others, and incorporating explicit carbon-reduction targets. For active mandates under ReAssure's control, the Strategic Partners & Research team is currently engaging with ReAssure's strategic managers to implement the exclusion policy, but not the tilts or carbon-reduction targets, which are deemed to be too great a change for these legacy funds which were chosen by you or your ex-Employer long ago. Discussions are ongoing in relation to passive mandates. None of these initiatives, however, will affect ReAssure Life customers, as external funds are not under ReAssure's control. The new ESG-themed fund launches are, however, available for customers to switch into.



Further Commentary

Customer Service

Further Commentary

Customer Services

What are we looking for?

The IGC's responsibility in respect of customer service under the FCA's regulations is to determine "whether core scheme financial transactions are processed promptly and accurately". Our actual assessment of customer service is much wider than this and in 2022, has focused on:-

- Performance against target service levels (including the prompt and accurate processing of core transactions);
- How ReAssure has developed its services for customers with additional needs and vulnerabilities;
- How complaints are dealt with; and
- Continuous improvements to service that respond to customer needs and are designed to provide a high-quality experience.

We assess a wide variety of information to make our assessment, including:-

- Metrics which seek to measure the end-to-end customer experience on a quarterly basis, such as how long it takes transactions to be completed, or issues to be resolved;
- Customer survey satisfaction scores and feedback;
- Complaint levels, resolution times, complaint themes complained about and the action taken by ReAssure in response. We also monitor the number of complaints over-turned by the Financial Ombudsman Service;
- The output of ReAssure's internal assurance activity and testing;
- The results of external benchmarking conducted by independent consultants; and
- Information regarding business strategy and key projects which impact on the customer servicing approach and experience.

What have we found in 2022?

Service levels and performance

Service performance in 2022 is much improved compared to 2021, when the migration of Legal & General policies had a significant impact on service levels.

[1]FCA Conduct of Business Sourcebook 19.5.5 R2 (c)

Transaction processing

The IGC receives quarterly reporting showing performance across a range of processes. ReAssure seeks to process 90-95% of transactions within 10 working days. Over 2022, over 90% of activity was completed within the target time of 10 days, with over 95% being completed in some months. Postal strikes had an impact on some back-office processing times during the year.

Telephony Services

Investment was made in additional training for the contact centre to upskill staff in more complex calls. There were some challenges in meeting telephony targets in H1 but there was an improvement in call waiting times over H2 and ReAssure met its target to have less than 5% of calls abandoned during most of H2.

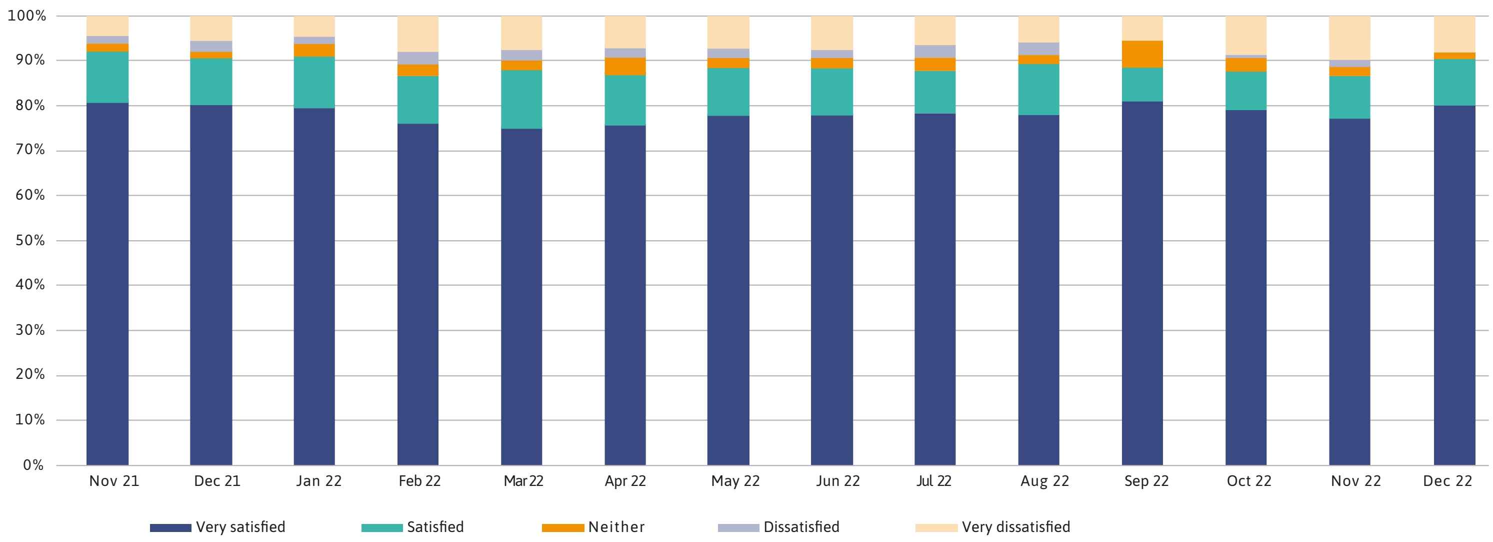
Service Quality

A significant number of new staff were recruited in ReAssure's call centre in 2022 and recruitment is ongoing. Core accuracy and quality levels have been marginally under target in 2022. Training programmes continue to support less experienced staff.

Customer Satisfaction survey

Customer satisfaction scores have improved and have been marginally under target for most of the year. This is likely due to a lag in cases impacted by the migration challenges in 2021, and targets were achieved by December 2022.

ReAssure Customer Satisfaction



Vulnerable Customers

ReAssure has taken forward actions to comply with the FCA's finalised guidance regarding the treatment of vulnerable customers (FG21/1). Activity has focused on the recording of information regarding vulnerability and additional needs, in order that services can be tailored appropriately. The systems functionality to do this went live at the beginning of 2022. Most vulnerability recorded is health-related, with some evidence of increased financial hardship. Additional training has also been provided for staff to support better understanding and management of vulnerable customer needs.

ReAssure has been monitoring the impact of the cost of living crisis on its customers. To date, it has not seen any material change in the behaviour of customers. Additional support is given to customers in financial hardship including accelerated payments (where possible) and information on wider support services.

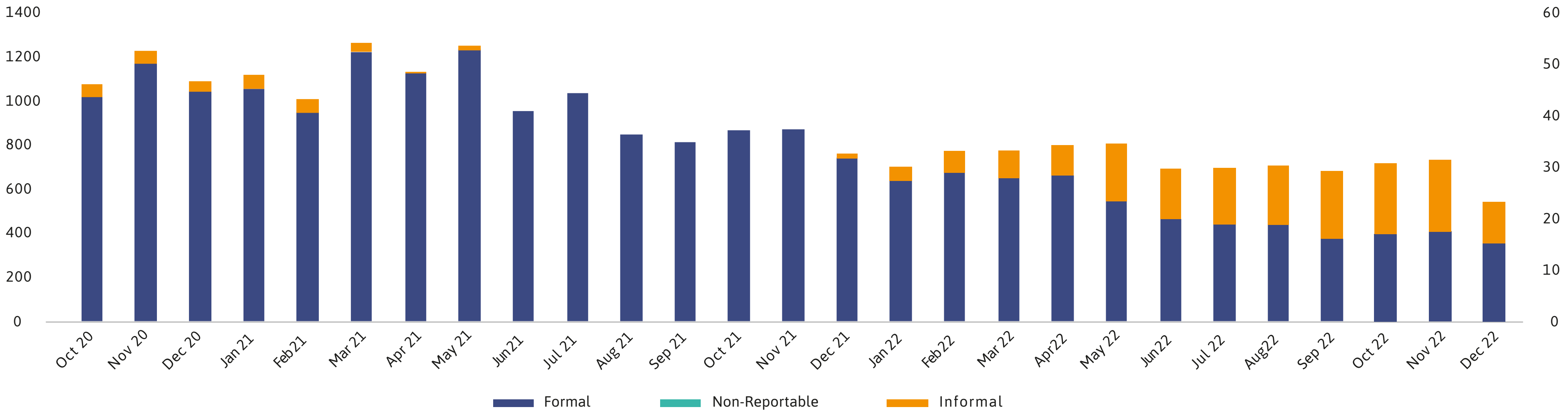
A challenge for ReAssure in 2023 will be to continue to develop processes to meet the needs of vulnerable customers, using the data and MI it now has.

Complaints

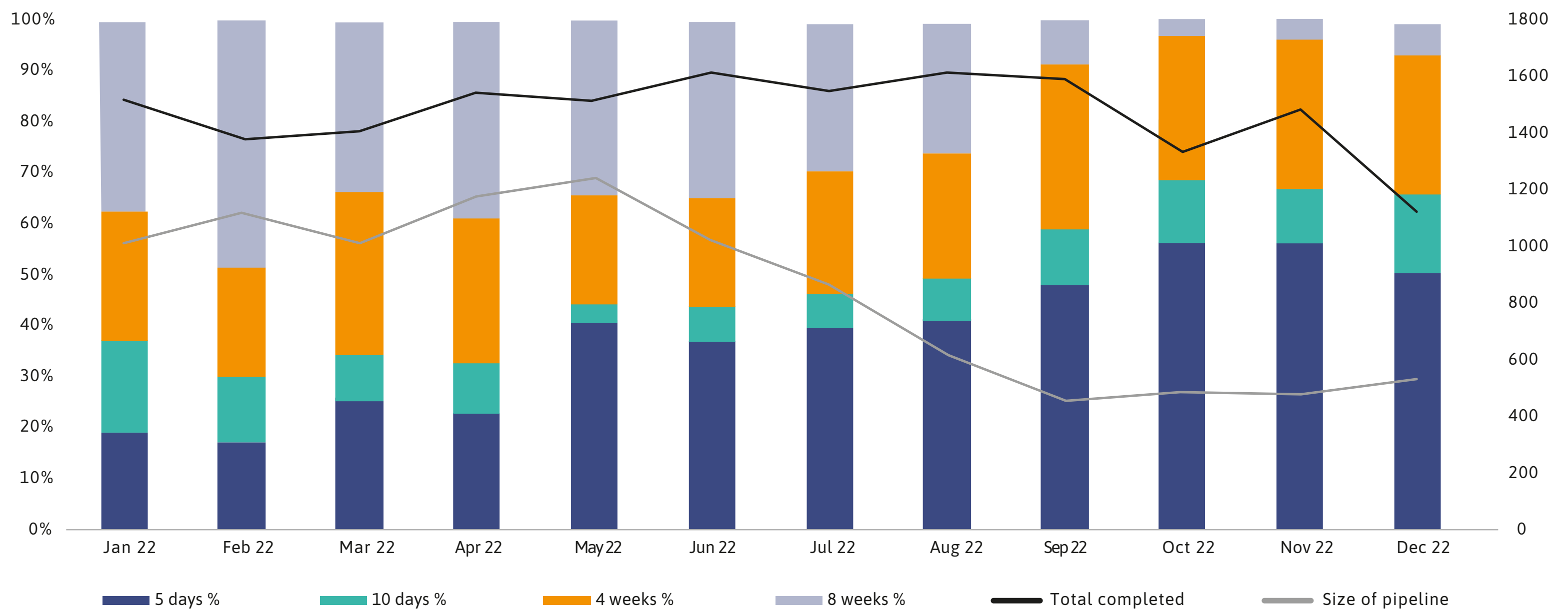
Complaints have continued to decrease in line with the improving servicing environment. ReAssure has received around 16 complaints per 100,000 policies, a significant improvement on 2021.

The IGC was disappointed that, in 2022, the average resolution time has exceeded the target of 10 days.

ReAssure Complaint Receipts



Speed Of Case Resolution & Pipeline



Some complaint cases have been referred to the Financial Ombudsman Service (FOS). The number of cases overturned by the FOS increased during 2022 to around 50% (for the whole book, not just IGC in-scope customers). Based on information published by the Financial Services Ombudsman for the period July to December 2022, the industry average for the life and pensions complaints category is 62% upheld[2] (in favour of the provider) (2021: 77.5% 2020: 81% 2019: 78%). ReAssure evidenced that the increase, in the number of cases overturned by FOS, was a result of some weaknesses in the complaints process in 2021 when external resources were brought in to clear the backlog of cases. The IGC is satisfied that ReAssure took appropriate action to proactively review complaints cases in line with the FOS decisions.

Service enhancements

ReAssure is continuing to enhance its online offering, which is being rolled out to customers in phases. This provides you with online account viewing and the ability to contact ReAssure through secure messages. Just under 26% of you are now registered. A continuing challenge for ReAssure in 2023 will be to encourage you to register for and use online services and extend the transactional functions available online. In line with other legacy providers, ReAssure does not offer a mobile app.

[2]https://www.financial-ombudsman.org.uk/data-insight/half-yearly-complaints-data

How does ReAssure compare with other providers?

ReAssure participated in a market comparison exercise comparing servicing data with that of other providers of legacy pension plans. ReAssure compared favourably with other providers in relation to the processing of core transactions – ReAssure performed at the median or better. However, due to the L&G migration issues in 2021, complaint levels continued to be higher relative to others.

What are our conclusions in relation to value for money?

Overall, ReAssure scored 31 out of 42 (74%), a move to Green from last year's Amber. ReAssure services performed at normal levels in 2022, resolving the challenges from 2021. Some residual impact has continued into 2022 including complaints and FOS referrals. Action has been taken to enhance online services and support for vulnerable customers

Further Commentary

Communication and Engagement

Further Commentary

Communication and Engagement

Overall, communication and engagement was assessed as GREEN with a score of 17 out of 21 or 81%.

Why are communications from ReAssure important?

Communications in whatever form – by letter, email, text message, through the website, or by telephone – are essential to provide you with information about your pension pot and about services that ReAssure offers you.

But, providing you with information alone is not sufficient to enable you to make informed choices. ReAssure must also engage with you as a customer to ensure that:

- the language and format used are understandable to you, signposting you to any action you should take and where to find out more;
- information is given to you at the right time; and
- information is given to you through an appropriate channel.

Communications form part of our Value for Money assessment

Your IGC are responsible for assessing whether ReAssure's communications to customers are fit for purpose and properly take into account customers' characteristics, needs and objectives (the 'fit for purpose requirement').

What does this mean?

This year, ReAssure has aligned its approach with the other businesses of the Phoenix Group, and has therefore agreed with the IGC the following meaning of 'fit for purpose':

"A communication which takes into account the needs and objectives of the customer and is provided to them in a timely fashion. It should contain content which is relevant, salient and informative, taking into account the financial literacy levels of the customers. The content of a communication should support the customer to recognise the information they may need to know or the appropriate action(s) they may need to take, which enables them to keep on track with their retirement plans and support their desired outcomes."

What steps has ReAssure taken to embed the fit for purpose requirement in communications with its customers and how does the IGC assess this?

1. ReAssure has adopted a Fit for Purpose Protocol (developed by the IGC and the Phoenix Group in 2020), detailing four separate stages to be completed by the author of any relevant communications. To see this Protocol, click **here**.
2. To meet IGC requirements, this Protocol is used by the author of any material communication to record, before and during the preparation of the communication, how the fit for purpose requirement is being met; and, after the communication has been issued, the protocol document is used to record what evidence exists to demonstrate that the communication's purpose has been achieved. It should also be used for 'lessons learned' to ensure communications are adapted and improved if the evidence demonstrates the communication's purposes have not been satisfactorily achieved.

The Fit for Purpose Protocol has now been embedded within the customer communications processes of ReAssure. During 2022 the Fit for Purpose protocol was used to assess 20 communications resulting in the following changes:

Key Communication initiatives during 2022

1. Paperless Retirement Account applications

During 2022 Reassure has invested in developing the option for members to make changes to their retirement account online, removing the need for a physical signature on documents and enhancing the range of tasks you can undertake online. These changes were delivered in January 2023 and, by March 2023, 75% of the new business applications for this product were made online compared to 5% the previous year.

2. Development of the ReAssure HelpCentre

In November 2022 ReAssure launched its online member HelpCentre as a single place to access information about policies and make changes to your retirement account. 11 forms were added to the site to help members quickly register requests for a variety of things from requesting retirement options to nominating a beneficiary and in 2023, Reassure is committed to further developing the HelpCentre to include personalised content for members. Since its launch, 8500 forms have been submitted through the HelpCentre with 40% of these being automatically completed leading to faster processing of requests for members.

Annual Report Challenge	Challenge Met/Or not
Ensuring that the Fit for Purpose Protocol continues to be utilised, and that it becomes second nature to all ReAssure colleagues to consider the Protocol in advance of, during and after drafting any material customer communication within the IGC's scope.	✓
Continuing to follow through with assessments of the effectiveness of communications once they have been issued, monitoring action taken (or inaction), and seeking customer feedback.	✓
Delivering on simplified and engaging new style annual benefit statements, which help to improve customers' understanding of their pension savings. ReAssure should continue the momentum of its objective of all IGC customers being able to access ReAssure Now.	✓
The delivery of an 'eligibility checker' at the ReAssure website in early 2022, which gives customers the option to generate their own ReAssure Now activation request rather than waiting to be invited, will be a big step forward towards their goal.	✓

Challenges for the year ahead

- In the continuing uncertain economic environment Reassure will need to continue to tailor its communications on timely, actionable information to support your decision making
- Depending on Figures – focus on further roll out of Paperless Retirement Account and Reassure HelpCentre consider including a target

SCORING: ReAssure has continued to evidence strong forward momentum in the area of communication and engagement. Recognising this, we would award them a RAG rating of GREEN.

Further Commentary

ESG and Stewardship

Further Commentary

ESG and Stewardship

IGCs are required to consider and report on how ESG considerations and other aspects of what is often called "Responsible Investment" are taken into account in the provider's investment decisions that impact in-scope customers' pension pots and/or investment pathway funds. This is an important part of the Government's strategy to ensure that pension savings play their part in combatting climate change and promoting good outcomes for society as well as good outcomes for pension savers.

Our role is to review three key areas of investment considerations, looking at what the provider intends to do regarding each (i.e. their "policy") and how good they are at doing it (i.e. "implementation"). The three areas are:

- ESG financial considerations ("environmental, social and governance factors (including climate change) that are material to the sustainability of an investment");
- Non-financial matters ("factors which may influence a firm's investment strategy or decision, and which are based on the views (including ethical concerns regarding environmental, social and governance issues) of the firm's clients or relevant policyholders"); and
- Stewardship (which the Financial Reporting Council define as: "Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society").

The Phoenix Group, of which ReAssure is a part, takes its responsibilities to the environment and wider society very seriously. For many years, it has published reports of its activities in these areas, and these can be found on the Phoenix Group **website**. While setting helpful context for the IGC's assessment, our focus is narrower and is concentrated on the adequacy and quality of the policies that impact the investment returns that in-scope customers receive.

In 2022, significant further progress has been made to strengthen the policy framework that applies and ensure that it is robustly implemented. In particular:

- Phoenix Group has further strengthened its **policy framework**. The existing policies that deal with ESG and Stewardship considerations have been updated to ensure effective stewardship approaches. In addition, new policies and supporting documents have been developed to deepen the impact Phoenix Group seeks to have in this area. In particular, a set of Global Voting Principles have been developed which summarise the Group's high-level beliefs and expectations of good ESG practices that asset manager partners should take into account when making investment decisions on Phoenix's behalf.

- Phoenix Group has further strengthened the **governance infrastructure** around Responsible Investment, to ensure that the policy intentions are definitely carried out, and can be seen to be. The ESG assessment framework that applies to the Group's five strategic asset manager partners has been enhanced, and extended to cover 6 of the managers with smaller mandates from the Group. The framework supports the evaluation of a manager not only on its ESG capabilities at the firm level, but also on how a relevant strategy integrates ESG issues into investment analysis and stewardship activities.
- In order to increase the choice of options for those customers who are particularly keen to have the investment of their savings reflecting particular ESG values and concerns, six new "low carbon" funds, focusing on equity investments in different international regions, were made available to ReAssure workplace pension customers. In addition, Phoenix Group (and hence ReAssure) has been focussing on developing plans to extend the ESG approach that has been introduced in many of the Standard Life workplace pension default funds to all the ReAssure-designed multi-asset funds in which a large part of the ReAssure workplace pension savings are invested, with an initial focus on increasing the ESG influence within the investment choices of UK and US equity holdings.
- Phoenix Group continues to play a leading role working with sector peers to highlight the important role of private finance in combatting climate change. Phoenix has also further extended its strategic industry partnerships to promote climate change.
- Following the introduction of its Stewardship Policy in 2021, Phoenix Group (and hence ReAssure) has been working hard in 2022 on evidencing its implementation sufficiently to become a signatory to the UK Stewardship Code (produced by the Financial Reporting Council). The resulting evidence pack, in the **Stewardship Report 2022** which was published in March 2023, makes impressive reading. At the time of writing, it has recently been announced that the Financial Reporting Council (FRC) has accepted Phoenix Group as a signatory.

The IGC has been pleased to see continued progress in 2022. There is still more to be done, particularly in the implementation of ESG-influenced investment choices in the rest of the workplace default fund range, and also in the area of communication – helping customers to see the beneficial impact on the environment and society of how their pension pots and drawdown funds are being invested. Nevertheless, 2022 has been another good year as far as ESG and Stewardship are concerned.

IGC conclusion

ReAssure's policy on ESG matters and Stewardship is clearly set out.

- It covers the key financial risks, and also opportunities, arising from ESG considerations.
- It sets out clear standards that must be followed in the investment of in-scope customers' savings, where that investment is carried out on behalf of ReAssure. Where investment decisions are the responsibility of other, external, fund managers, it encourages ReAssure to use whatever influence it may have to push for outcomes which align with the requirements that apply to ReAssure's own investment decisions.

- It highlights the importance of being responsible investors, having a policy of active engagement with the firms that are invested in, including exercising voting rights and holding management to account over their governance standards and business behaviour.
- The policy framework also recognises the significance of non-financial matters to many customers, and a range of appropriate investment options is available to respond to their ethical concerns.

The standards are linked to the United Nations Principles for Responsible Investment, which is a helpful reference point as to adequacy and quality. Another helpful reference point is the view of the FRC on Phoenix Group's March 2023 application to become a signatory to the UK Stewardship Code. At the time of writing, it has recently been announced that the Financial Reporting Council (FRC) has accepted Phoenix Group as a signatory.

Thus the IGC is able to confirm that the ReAssure policy on ESG financial and non-financial matters, along with Stewardship, is both adequate and of an appropriate quality.

The implementation is built into the existing Group-wide Risk Management Framework and so is subject to regular monitoring and reporting. In addition, the oversight of its implementation in asset manager partners is clearly evidenced and regularly monitored.

In the comments above, the IGC has given a flavour of what has happened over 2022. Those readers who wish to know more about any area highlighted here can find additional information in the appropriate **Supporting Material**.

The IGC is pleased to rate ReAssure Limited **GREEN** in this area, and looks forward to seeing what further developments 2023 will bring.

Further Commentary

Investment Pathways

ReAssure launched its Investment Pathways proposition in February 2021, in line with the introduction of new rules by the regulator, the Financial Conduct Authority.

Investment Pathways was a new initiative, introduced by the regulator, to enable providers like ReAssure to develop a proposition aimed at customers taking retirement benefits who did not wish to engage a financial advisor in the process. The regulations require that such customers are asked to choose between one of four options, with the provider then offering what it believes is an appropriate investment option for the associated pension pot. These four options are:

1. I have no plans to touch my money in the next 5 years
2. I plan to use my money to set up a guaranteed income (annuity) within the next 5 years
3. I plan to start taking my money as a long-term income within the next 5 years
4. I plan to take out all of my money within the next 5 years.

Before the proposition design was finalised, the IGC reviewed the potential VFM that it represented and concluded that it represented reasonable value for money at that time and offered the prospect of good outcomes for customers. We set out the detailed findings in a separate report that is available on the IGC's **webpage**, including a note of the areas that we would particularly be monitoring post launch.

Since then, the IGC has regularly monitored the VFM being delivered by ReAssure's Investment Pathways product, using the same assessment areas as we use in the rest of our VFM analysis described elsewhere in this report, namely:

- Costs and charges;
- Investment performance;
- Customer service;
- Communication and engagement; and
- Investment services.

We have also worked with ReAssure to develop appropriate MI (management information) to enable us to monitor ongoing VFM, and also ensured that ReAssure took part in industry benchmarking of Investment Pathways to help inform our VFM analysis.

The purpose of this Further Commentary is to provide more detail on the IGC's VFM assessment summarised in the corresponding **Key Messages section**, along with some relevant statistics on the size of the Investment Pathways business that we have reviewed for the purpose of this report.

Size of the Investment Pathways business

At the end of 2022, ReAssure had 8,771 Investment Pathways customers, with investments in Investment Pathways funds totalling £357.3m.

The following table shows the spread across the four possible Investment Pathway options at that date.

	Pathway 1	Pathway 2	Pathway 3	Pathway 4
Customers (8,771)	2,379	684	2,680	3,028
Assets (£357.3m)	£110.3m	£28.7m	£132.9m	£85.3m
Average size of pot	£46,364	£41,959	£49,590	£28,170

As can be seen, most of the Investment Pathways assets are in options 1 and 3. However, the largest number of customers are now choosing Pathway 4, chosen by 35% of customers, but with just under a quarter of the assets – hence the smaller average pot size for this option. Relatively few customers (around 8%) have so far selected Pathway 2.

Because the charges that some competitors apply vary by the size of Investment Pathway pot, it is important to see the proportion of customers with different sizes of pot:

Proportion (%) of customers within each Investment Pathways pot size for each pathway						
	up to £25k	£25k - £50k	£50k - £100k	£100k - £250k	£250k - £500k	£500k +
Pathway 1	34.0%	33.7%	24.7%	7.2%	0.3%	0.1%
Pathway 2	35.8%	35.6%	22.4%	5.7%	0.2%	0.2%
Pathway 3	33.6%	31.6%	24.9%	9.2%	0.6%	0.0%
Pathway 4	57.9%	28.7%	11.3%	2.1%	0.1%	0.0%

Costs and Charges – Amber

There are two components to the ReAssure Investment Pathways charges:

- a fixed annual management charge of 0.65%; plus
- an additional investment management charge that varies by year and by Investment Pathway option selected (with the current levels ranging between 0.02% and 0.10%.

As a consequence, no ReAssure Investment Pathways customer is paying more than 0.75% per annum in charges. In many cases, this is a lower rate of charge than the customer might have been paying pre-retirement.

Thus, on the basis of an internal comparison, the ReAssure Investment Pathways charge levels do not look “too bad”.

However, the same is not necessarily true of a comparison of the wider market.

Across the providers who offer Investment Pathways, rates of charges typically fall with increasing pot size. Some providers also charge less for some pathway options than for others, particularly for option 4 (i.e. ‘I plan to take out all of my money within the next 5 years’).

As a consequence, the comparative position of ReAssure Investment Pathways charges is:

- At the top end of market charges for Pathways 1, 2 and 4, even for small pots, and with the differential increasing with pot size.
- Towards the bottom of the upper “pack” of providers who charge in excess of 0.7% pa for Pathway 3, and above the pack for pot sizes over £200,000. However, there are some well-known providers in a lower “pack” who charge around 0.5% pa or less for this Pathway option.

While the other aspects of the ReAssure Investment Pathways proposition tend to compare reasonably well with those of competitors, there is no evidence to suggest that it should be seen as a “premium product”, worthy of a higher price. Hence the Amber VFM rating for charges that the IGC has assigned.

The transaction costs incurred in the investment management of the four Investment Pathway funds appear reasonable in the circumstances and do not raise any VFM concerns, as can be seen from the following table.

Aggregate Transaction Costs (%) over preceding 12 months		
	12 months to end Dec 2022	12 months to end December2021
Pathway 1	0.046	0.029
Pathway 2	0.072	0.022
Pathway 3	0.033	0.024
Pathway 4	0.038	0.010

Investment performance – Green/Amber

As noted in the Key Messages section, as a result of the newness of the Investment Pathways proposition, there is only limited data on past investment performance available to the IGC.

The four ReAssure Investment Pathway funds are "passive" by design – i.e. they aim to track a particular market index closely and not seek to outperform through "active" stock-picking decisions.

In terms of 1 year performance against the (customised) benchmarks set by Standard Life for their more actively managed Investment Pathways, performance to 31st December 2022 has been comparatively reasonable and should be considered in light of the turbulent market conditions as discussed in the Investment Performance section:

Investment performance to 31st December 2022 (gross of charges)

	1 Year Fund performance	Comparator index	Difference	Feb 21 to Dec 2022	2 Year Comparator index	Difference
Pathway 1	-7.53%	-6.87%	-0.66%	-2.31%	0.76%	-3.07%
Pathway 2	-19.42%	-26.68%	7.26%	-22.18%	-30.13%	7.95%
Pathway 3	-4.54%	-8.54%	4.00%	-0.22%	-3.04%	2.82%
Pathway 4	-7.30%	-2.65%	-4.65%	-8.94%	-1.98%	-6.96%

It should also be noted that Pathway 2 is designed to track the price of a guaranteed income stream (i.e. annuity) and, over the 12 months, the Comparator index outperformed market data (i.e. annuity prices fell, as a consequence of rising interest rates, more than the rate of loss of the comparator).

In terms of performance relative to a selection of other Investment Pathway options provided by other providers, the position is more mixed:

- For Pathway 1, ReAssure's 1 year past performance is near the "top of the pack".
- For Pathway 2 (designed to match movements in annuity prices), ReAssure's 1 year past performance is well up in the top half of the table and the returns have largely beaten annuity prices throughout the year.
- For Pathway 3, ReAssure's 1 year past performance leads the table.
- For Pathway 4, ReAssure is towards the bottom of the market comparator tables the IGC has seen. This would seem largely a result of the different choices made by providers in designing their Investment Pathway funds and, particularly, the level of investment risk being targeted.

The levels of risk to target, and what asset classes to choose to invest in are decisions for providers to make. The impact of such judgements on customer outcomes could significantly outweigh all the other VFM considerations discussed here – with no guarantee that the impact would always be positive.

Nevertheless, the IGC takes comfort from the fact that, on a forward-looking basis, expected return and risk measures place ReAssure Investment Pathway options broadly in the middle of the pack.

A review of the pathway fund designs is underway in 2023 and the IGC is keen to see what changes to Investment Pathway investment strategies are proposed and how this compares to others in the marketplace, given the range of alternative approaches available today.

Customer Service – Green

As noted in the Key Messages section, Investment Pathways administration is integrated with that of other retirement “Drawdown” products. Consequently, customer servicing Management Information (including performance on core financial transactions) focussed solely on Investment Pathways is not currently available to the IGC. In due course, we would like to be able to review such focussed data. However, in the meantime, we believe it is sufficient to monitor the more aggregated data, supplemented by complaints data which is specific to Investment Pathways.

During 2022, the target service levels for the Investment Pathway-related customer demand measures were generally met. Across all activity within the scope of the IGC, a VFM assessment of Green was allocated for Customer Service, as explained elsewhere in this **report**. The level of complaints from Investment Pathway customers during 2022 was extremely low. The complaints were mainly regarding delays in accessing tax-free cash from their retirement product. The MI suggests that there are no issues with how ReAssure has addressed the complaints, and nor do the complaints raise questions about the VFM of the Investment Pathway proposition servicing although we are keen to ensure delays in accessing tax-free cash are reduced.

The results of a comparative benchmarking study across a limited number of Investment Pathway propositions from other providers also supports the conclusion that there are no VFM issues arising from ReAssure customer servicing – either in terms of the service levels delivered or the range of servicing options and tools provided by ReAssure, although the amount of comparative data available concerning the former was limited.

Communication and engagement – Green

As explained elsewhere in this **report**, the IGC has agreed with ReAssure a “fit for purpose” protocol that will be applied before, during and on completion of the design and content of all, particularly material, communications with customers within our scope.

Prior to the launch of Investment Pathways, our predecessor IGC reviewed and considered the relevant communications to be used when customers first enter Investment Pathways. The conclusion was that the Investment Pathways communications developed for launch were “fit for purpose” and set out the relevant information clearly and understandably, as well as explaining their purpose.

The comparative benchmarking study across a limited number of Investment Pathway propositions from other providers already mentioned also supported this conclusion. However, it did also identify some areas of emerging best practice where ReAssure could enhance its customer communications. Recent independent benchmarking also rated the ease of reading of key documents and found they scored around the average for all communications against the peer group, although an improved reading age would be desirable for all. During 2023, the IGC will be looking to see how this feedback is taken on board.

Following up inconsistent actions

ReAssure have analysed customer data of those who have taken up Investment Pathways since launch and have not found anything to suggest that customer behaviour is materially out of line with what might have been expected on the basis of the Investment Pathway chosen.

Nevertheless, there is consistently a small proportion of customers who seek to access cash after choosing an Investment Pathway that would have suggested this was not going to be their intention (e.g. Investment Pathways 1 and 2).

These results raise the question of whether the relevant customers sufficiently understood the Investment Pathways proposition and, if not, what changes should be made to the associated communications.

Phoenix Group has carried out research of Standard Life customers who have behaved in such inconsistent ways with the Investment Pathway selected. The findings suggest that customers do understand the 5-year objective of the Investment Pathway they have selected, but also understand that they can access their money at any time and are taking cash to deal with unexpected events. Nevertheless, these customers will have received warnings at the point of the inconsistent behaviour. They will also receive ongoing annual communications that outline that their actions may mean that their Investment Pathway selection is no longer appropriate for their needs and that they may wish to review it.

Customer research

In addition to the specific research mentioned above, last year's report highlighted Phoenix Group's wider piece of research (again, amongst Standard Life Investment Pathways customers) to investigate how customers are finding the Investment Pathway "customer journey" and the extent to which they are understanding the proposition.

The key conclusion from the 2021 research was that the priority for customers considering Investment Pathways is to gain access to their tax-free cash at retirement, although consolidating different pension pots is also a priority for some. Selection of an Investment Pathway seems very much a secondary consideration and, for some customers, purely a process that they feel "forced to go through".

The IGC remains focussed on these research findings and looks forward to seeing how these will be taken on board to further support good customer outcomes from Investment Pathways.

Investment services

The same high standards of oversight apply to the operation of the four Investment Pathway funds as apply to the other ReAssure-designed funds within the IGC's scope. The quarterly governance reviews during 2022 confirmed that the funds were being operated as intended, and as customers would expect, given the published fund descriptions.

As noted earlier, the design of Investment Pathway funds varies quite considerably across the market. The predecessor IGC reviewed the design process for the four Investment Pathway funds as part of the pre-launch review. They concluded that the risk and return characteristics of each of the four funds had generally been designed in the interest of customers who were likely to select them. However, the IGC will be keen to see how ReAssure responds to the different approaches that some other providers seem to be taking, as part of its current review of Investment Pathways.

Two final comments

ESG

The four ReAssure Investment Pathway funds do not as yet have any particular ESG features. They are, however, included within the overall approach to Responsible Investment that applies across all the IGC in-scope funds where ReAssure makes the investment decisions that impact customer returns. The IGC has rated ReAssure Green for this performance area over 2022, as can be seen elsewhere in this **report**.

IGC's approach to VFM comparisons

New regulations introduced for last year's IGC reports require IGCs to consider whether to assess Investment Pathway investments on an individual basis or on an aggregated basis using cohorts of sufficiently similar pathway investments, or a combination of both, to enable the IGC to produce a value for money assessment that is the most useful for the pathway investors, but which is also appropriate and proportionate in the circumstances.

For the purposes of our VFM assessment of ReAssure's Investment Pathways, we have taken the view that, because much of the proposition is common across whichever Investment Pathway option is chosen (e.g customer journey to access Investment Pathways; customer servicing thereafter; annual statement mailing; design process and governance oversight of the four fund options), it makes sense to carry out the VFM assessment at the level of the overall proposition.

However, because charges across the market vary by size of pension pot and, in some cases, also vary by which Investment Pathway option is chosen, our analysis of Costs and charges is on a more granular basis, reflecting pot size and fund chosen.

Publicly-available data for a wide selection of other Investment Pathway providers has been used for our VFM assessment of Costs and charges, Investment performance, and parts of Investment services. For the other VFM areas, we have used internal MI, supplemented by detailed comparator results from a specially-commissioned benchmarking exercise amongst a relatively small number of Investment Pathway propositions.

Supporting Material

Supporting Material

Costs and Charges

Supporting Material

Costs and Charges

Disclosure of costs and charges by individual customer

The table below shows the range of charges applied to individual customers' policies for each of the main unit-linked and default funds used by customers across all employer arrangements. (Last year's report only considered this across default products.) Customers can see from their annual benefit statement the name of the fund in which they are invested. For example, the table shows that if you are invested in the Managed 6 Fund, around 37% of customers using that fund by default pay charges of between 0.60% and 0.75% per year.

Some customers pay different types of charges but, in the table below, these have all been converted to an equivalent percentage ongoing charge to make comparisons easier. Of the cases where the charges are above 1%, this is due to initial units and third party fund charges not being capped.

Fund Name	< 0.3%	0.30 – 0.39%	0.40 – 0.49%	0.50 – 0.59%	0.60 – 0.75%	0.76 – 0.85%	0.86 – 0.95%	0.96 – 1.00%	1.01 – 1.25%	1.26 – 1.40%	> 1.40%	Transaction Cost
Managed 6	0.1%	0.5%	2.0%	15.9%	37.1%	9.2%	5.6%	29.6%	0.0%	0.0%	0.0%	0.059%
L&G Managed Fund	2.8%	7.6%	14.8%	45.8%	11.0%	4.8%	4.6%	8.5%	0.0%	0.0%	0.0%	0.059%
L&G UK Equity Index Fund	3.1%	22.0%	12.0%	23.1%	17.9%	5.7%	5.7%	10.4%	0.0%	0.0%	0.0%	0.037%
Global Equity Index Tracker LStyle	3.3%	0.0%	0.1%	0.6%	1.4%	0.3%	0.5%	93.8%	0.0%	0.0%	0.0%	0.050%
L&G Fixed Interest Fund	13.3%	10.3%	18.1%	22.1%	14.6%	6.3%	5.6%	9.6%	0.0%	0.0%	0.0%	0.095%
L&G Distribution Fund	2.2%	20.3%	11.3%	31.2%	9.0%	6.1%	8.3%	11.6%	0.0%	0.0%	0.0%	0.094%
Unitised-with-profits Pen Gen 2 CAI	0.8%	0.1%	0.3%	0.6%	8.5%	13.0%	10.1%	66.4%	0.0%	0.0%	0.0%	0.120%

Fund Name	< 0.3%	0.30 – 0.39%	0.40 – 0.49%	0.50 – 0.59%	0.60 – 0.75%	0.76 – 0.85%	0.86 – 0.95%	0.96 – 1.00%	1.01 – 1.25%	1.26 – 1.40%	> 1.40%	Transaction Cost
UK Equity Index 6	0.2%	1.3%	5.2%	60.0%	16.0%	4.4%	3.6%	9.3%	0.0%	0.0%	0.0%	0.0369%
Managed 5	0.1%	0.0%	0.1%	0.3%	7.0%	19.2%	19.6%	53.6%	0.0%	0.0%	0.0%	0.0587%
L&G Consensus Fund	1.5%	2.5%	51.3%	25.3%	5.7%	2.2%	2.2%	9.1%	0.0%	0.0%	0.0%	0.0147%
Special Deposit 6	67.8%	4.9%	3.3%	3.0%	5.8%	4.9%	1.4%	8.9%	0.0%	0.0%	0.0%	0.000%
L&G Cash Fund	30.0%	8.1%	13.5%	16.8%	11.9%	5.8%	5.4%	8.5%	0.0%	0.0%	0.0%	-0.0157%
Global Eq Fixd Ws 50:50 Index Fund	1.0%	7.5%	12.2%	71.3%	4.8%	0.7%	0.9%	1.6%	0.0%	0.0%	0.0%	0.0237%
Global Eq Fixd Weigh 60:40 Index Fund	1.6%	4.5%	53.8%	21.7%	7.0%	4.5%	2.1%	4.9%	0.0%	0.0%	0.0%	0.0265%
Equity 6	0.4%	1.4%	9.2%	35.4%	21.5%	5.3%	7.7%	19.2%	0.0%	0.0%	0.0%	0.125%
L&G (PMC) Multi-Asset Fund	6.3%	12.1%	15.6%	51.0%	8.3%	1.3%	1.1%	4.2%	0.0%	0.0%	0.0%	0.000%
UK All Company Tracker	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.9%	98.9%	0.0%	0.0%	0.0%	0.0482%
Unitised-With-profits Pen Gen 2	25.3%	19.5%	12.2%	7.0%	7.6%	2.9%	2.5%	22.9%	0.0%	0.0%	0.0%	0.118%
OMR Index Balanced S2	6.3%	0.0%	49.5%	29.8%	3.9%	10.0%	0.0%	0.1%	0.3%	0.1%	0.0%	Not Available
Unitised-With-profits Pen Gen 4	1.8%	0.5%	5.9%	23.0%	20.2%	6.4%	4.6%	37.6%	0.0%	0.0%	0.0%	0.118%

Fund Name	< 0.3%	0.30 – 0.39%	0.40 – 0.49%	0.50 – 0.59%	0.60 – 0.75%	0.76 – 0.85%	0.86 – 0.95%	0.96 – 1.00%	1.01 – 1.25%	1.26 – 1.40%	> 1.40%	Transaction Cost
UK All Company Tracker LStyle	0.1%	3.1%	0.1%	0.1%	0.8%	1.7%	0.6%	93.5%	0.0%	0.0%	0.0%	0.0483%
L&G Property Fund	4.1%	0.4%	1.3%	12.9%	22.3%	9.3%	10.2%	39.5%	0.0%	0.0%	0.0%	0.130%
Fixed Interest 6	0.6%	0.9%	5.5%	43.9%	24.2%	6.4%	4.7%	13.7%	0.0%	0.0%	0.0%	0.095%
Pensions Balanced	0.3%	0.0%	0.0%	0.0%	0.1%	0.2%	0.8%	98.7%	0.0%	0.0%	0.0%	0.099%
OMR QI Cirilium Balanced Blend Port	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.3%	0.0%	0.0%	92.7%	Not Available
OMR Prof Index Balanced	0.5%	0.0%	0.0%	9.1%	23.4%	10.8%	7.7%	5.1%	12.6%	27.8%	2.8%	Not Available
Special Deposit 5	64.3%	4.0%	3.2%	2.7%	6.2%	4.9%	1.0%	13.8%	0.0%	0.0%	0.0%	0.000%
L&G Global Equity 70:30 Index Fund	1.9%	16.1%	20.4%	24.9%	12.5%	7.2%	6.7%	10.3%	0.0%	0.0%	0.0%	0.029%
L&G US Equity Index Fund	5.7%	27.4%	16.3%	13.0%	13.8%	7.9%	8.0%	7.9%	0.0%	0.0%	0.0%	0.005%
L&G International Fund	3.3%	20.9%	18.1%	16.9%	12.0%	7.8%	9.7%	11.4%	0.0%	0.0%	0.0%	0.074%
Global Equity Index Tracker	0.3%	0.0%	0.0%	0.1%	0.3%	1.1%	2.3%	95.7%	0.0%	0.0%	0.0%	0.049%
BNY Mellon Global Equity Fund	1.5%	0.2%	2.7%	16.5%	26.6%	6.1%	12.6%	6.8%	26.7%	0.2%	0.1%	0.213%
OMR Prof QI Cirilium ModBldPfl	0.2%	0.0%	0.0%	0.0%	0.2%	0.0%	5.0%	10.4%	29.3%	10.3%	44.7%	Not Available

Fund Name	< 0.3%	0.30 – 0.39%	0.40 – 0.49%	0.50 – 0.59%	0.60 – 0.75%	0.76 – 0.85%	0.86 – 0.95%	0.96 – 1.00%	1.01 – 1.25%	1.26 – 1.40%	> 1.40%	Transaction Cost
Managed (B)	0.5%	30.1%	28.5%	8.4%	6.1%	0.7%	1.4%	24.3%	0.0%	0.0%	0.0%	0.099%
L&G North American Fund	4.7%	21.8%	17.2%	13.6%	15.5%	9.7%	8.6%	8.9%	0.0%	0.0%	0.0%	0.093%
Balanced	0.4%	0.0%	0.0%	0.0%	0.7%	1.6%	3.2%	94.1%	0.0%	0.0%	0.0%	0.099%
L&G Far Eastern Fund	5.0%	18.5%	16.2%	16.1%	13.9%	9.4%	9.4%	11.4%	0.0%	0.0%	0.0%	0.020%
Cash 6	1.5%	1.4%	6.3%	37.2%	28.6%	7.0%	6.5%	11.5%	0.0%	0.0%	0.0%	-0.016%
L&G Equity Fund	10.2%	18.2%	14.8%	9.4%	15.3%	8.9%	14.5%	8.6%	0.0%	0.0%	0.0%	0.126%

Disclosure of costs and charges by individual employer arrangement

The table below shows the range of charges applied within each employer arrangement for the main unit-linked and default funds used by customers. (Last year's report only considered this across default products.) Customers can see from their annual benefit statement the name of the fund in which they are invested.

Some customers pay different types of charges but, in the table below, these have all been converted to an equivalent percentage ongoing charge to make comparisons easier.

Some of the funds only have a small number of employer arrangements invested within them, so the % splits need to be viewed in this context.

Fund Name	< 0.3%	0.30 – 0.39%	0.40 – 0.49%	0.50 – 0.59%	0.60 – 0.75%	0.76 – 0.85%	0.86 – 0.95%	0.96 – 1.00%	1.01 – 1.25%	1.26 – 1.40%	> 1.40%	Transaction Cost
L&G Managed Fund	2.8%	7.9%	22.9%	45.1%	7.1%	4.3%	4.0%	5.9%	0.0%	0.0%	0.0%	0.059%

Fund Name	< 0.3%	0.30 – 0.39%	0.40 – 0.49%	0.50 – 0.59%	0.60 – 0.75%	0.76 – 0.85%	0.86 – 0.95%	0.96 – 1.00%	1.01 – 1.25%	1.26 – 1.40%	> 1.40%	Transaction Cost
Global Equity Index Tracker LStyle	0.2%	0.0%	0.0%	0.0%	0.7%	0.2%	0.5%	98.5%	0.0%	0.0%	0.0%	0.049%
OMR Index Balanced S2	50.0%	0.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Not Available
UK All Company Tracker	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.4%	99.5%	0.0%	0.0%	0.0%	0.048%
OMR QI Cirilium Balanced Blend Port	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.7%	0.0%	0.0%	91.3%	Not Available
OMR Prof Index Balanced	0.0%	0.0%	0.0%	66.7%	0.0%	0.0%	0.0%	33.3%	0.0%	0.0%	0.0%	Not Available
L&G Fixed Interest Fund	5.6%	13.1%	31.1%	33.7%	6.4%	2.6%	3.4%	4.1%	0.0%	0.0%	0.0%	0.095%
UK All Company Tracker LStyle	0.0%	0.5%	0.1%	0.0%	0.6%	0.9%	0.5%	97.5%	0.0%	0.0%	0.0%	0.048%
L&G UK Equity Index Fund	3.3%	25.6%	21.7%	31.1%	3.9%	2.8%	6.1%	5.6%	0.0%	0.0%	0.0%	0.037%
OMR Prof QI Cirilium ModBldPfl	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	33.3%	16.7%	50.0%	0.0%	0.0%	Not Available
Global Eq Fixd Ws 50:50 Index Fund	0.0%	17.4%	39.1%	37.0%	0.0%	0.0%	4.3%	2.2%	0.0%	0.0%	0.0%	0.024%
L&G Consensus Fund	3.7%	7.3%	29.3%	37.8%	8.5%	3.7%	2.4%	7.3%	0.0%	0.0%	0.0%	0.015%
L&G (PMC) Multi-Asset Fund	3.0%	12.1%	15.2%	65.2%	1.5%	1.5%	1.5%	0.0%	0.0%	0.0%	0.0%	0.00%
L&G Distribution Fund	3.4%	12.7%	21.2%	39.0%	11.9%	1.7%	3.4%	6.8%	0.0%	0.0%	0.0%	0.094%

Fund Name	< 0.3%	0.30 – 0.39%	0.40 – 0.49%	0.50 – 0.59%	0.60 – 0.75%	0.76 – 0.85%	0.86 – 0.95%	0.96 – 1.00%	1.01 – 1.25%	1.26 – 1.40%	> 1.40%	Transaction Cost
Pensions Balanced	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	99.4%	0.0%	0.0%	0.0%	0.099%
Managed (B)	0.0%	1.1%	56.4%	16.5%	13.1%	2.1%	2.6%	8.2%	0.0%	0.0%	0.0%	0.099%
Global Equity Index Tracker	0.2%	0.0%	0.0%	0.1%	0.2%	1.5%	1.8%	96.2%	0.0%	0.0%	0.0%	0.049%
L&G Cash Fund	9.8%	12.2%	28.5%	32.9%	5.8%	2.0%	4.7%	4.1%	0.0%	0.0%	0.0%	-0.016%
Balanced	0.3%	0.0%	0.0%	0.0%	0.4%	1.8%	3.8%	93.7%	0.0%	0.0%	0.0%	0.099%
Global Eq Fixd Weigh 60:40 Index Fund	0.0%	22.0%	28.8%	25.4%	10.2%	5.1%	3.4%	5.1%	0.0%	0.0%	0.0%	0.026%
Managed 6	3.6%	0.0%	0.0%	17.9%	58.9%	14.3%	0.0%	5.4%	0.0%	0.0%	0.0%	0.059%
L&G Global Equity 70:30 Index Fund	1.8%	19.6%	23.2%	42.9%	3.6%	1.8%	1.8%	5.4%	0.0%	0.0%	0.0%	0.029%
L&G US Equity Index Fund	2.0%	38.8%	20.4%	26.5%	2.0%	4.1%	2.0%	4.1%	0.0%	0.0%	0.0%	0.005%
L&G International Fund	4.6%	24.6%	21.5%	32.3%	4.6%	4.6%	1.5%	6.2%	0.0%	0.0%	0.0%	0.074%
L&G Equity Fund	9.1%	29.1%	32.7%	9.1%	9.1%	5.5%	3.6%	1.8%	0.0%	0.0%	0.0%	0.126%
L&G Property Fund	6.3%	0.0%	2.1%	25.3%	44.2%	5.3%	2.1%	14.7%	0.0%	0.0%	0.0%	0.130%
L&G North American Fund	3.4%	41.4%	27.6%	13.8%	3.4%	3.4%	3.4%	3.4%	0.0%	0.0%	0.0%	0.093%

Fund Name	< 0.3%	0.30 – 0.39%	0.40 – 0.49%	0.50 – 0.59%	0.60 – 0.75%	0.76 – 0.85%	0.86 – 0.95%	0.96 – 1.00%	1.01 – 1.25%	1.26 – 1.40%	> 1.40%	Transaction Cost
L&G Far Eastern Fund	2.6%	21.8%	29.5%	28.2%	6.4%	5.1%	5.1%	1.3%	0.0%	0.0%	0.0%	0.020%
BNY Mellon Global Equity Fund	2.0%	0.0%	6.0%	42.0%	38.0%	4.0%	0.0%	0.0%	8.0%	0.0%	0.0%	0.213%
Unitised-with-profits Pen Gen 2	52.2%	8.7%	17.4%	8.7%	4.3%	8.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.118%
Unitised-with-profits Pen Gen 4	6.7%	0.0%	20.0%	46.7%	26.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.118%
Equity 6	11.1%	0.0%	0.0%	44.4%	33.3%	11.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.126%
Special Deposit 6	92.3%	0.0%	7.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.000%
Managed 5	0.0%	0.0%	0.0%	0.0%	20.0%	60.0%	0.0%	20.0%	0.0%	0.0%	0.0%	0.059%
Unitised-with-profits Pen Gen 2 CAI	0.0%	0.0%	0.0%	0.0%	25.0%	50.0%	25.0%	0.0%	0.0%	0.0%	0.0%	0.120%
Cash 6	4.8%	0.0%	0.0%	19.0%	52.4%	14.3%	4.8%	4.8%	0.0%	0.0%	0.0%	-0.016%
Fixed Interest 6	6.3%	0.0%	0.0%	31.3%	50.0%	6.3%	6.3%	0.0%	0.0%	0.0%	0.0%	0.095%
UK Equity Index 6	0.0%	0.0%	0.0%	62.5%	25.0%	12.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.037%
Special Deposit 5	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.000%

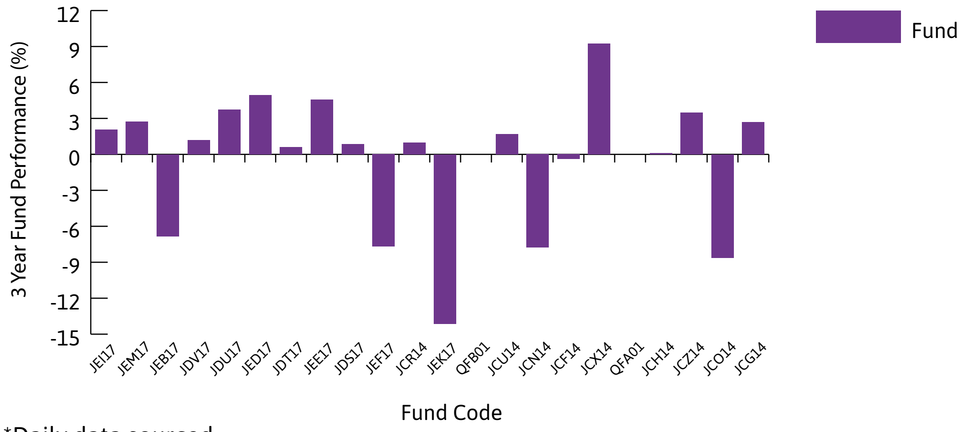
Supporting Material

Investment Performance and Services

Supporting Material

Investment Performance and Services

3 year performance for Auto-Enrolment Default funds

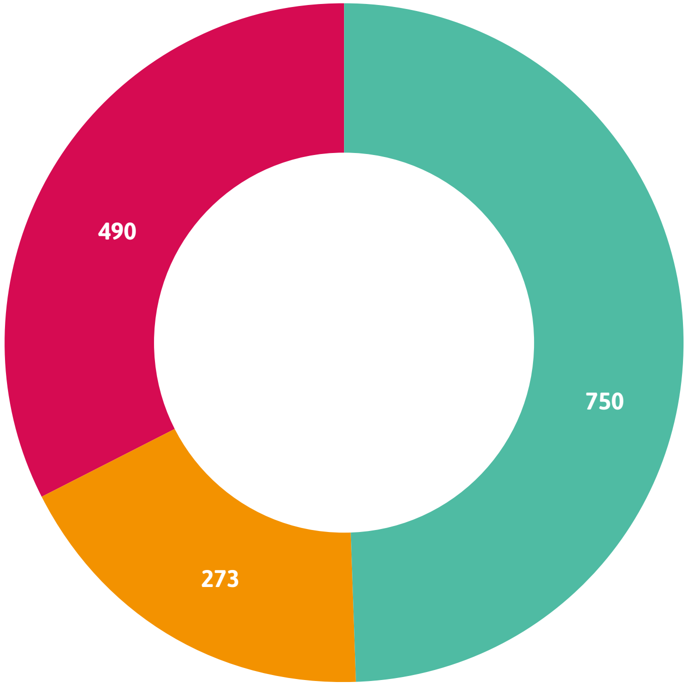


*Daily data sourced from Morningstar.

'Auto-enrolment Default Funds' are those funds which are used for auto-enrolment of workplace pension schemes, plus those which are part of a life-style strategy.

Fund	Fund Code
L&G Managed Fund	2,379
L&G UK Equity Index Fund	JEM17
L&G Fixed Interest Fund	JEB17
L&G Distribution Fund	JDV17
L&G Consensus Fund	JDU17
Global Eq Fixd Ws 50:50 Index Fund	JED17
L&G Cash Fund	JDT17
Global Eq Fixd Weigh 60:40 Index Fund	JEE17
L&G (PMC) Multi-Asset Fund	JDS17
L&G Index Linked Gilt Fund	JEF17
L&G Index Linked Gilt Fund (GEN 14)	JCO14
L&G Consensus Fund (GEN 14)	JCG14
L&G Over 15 Year Gilts Index Fund	JEK17
Unitised-With Profits FPF2	QFB01
L&G UK Equity Index Fund (GEN 14)	JCU14
L&G Fixed Interest Fund (GEN 14)	JCN14
L&G Cash Fund (GEN 14)	JCF14
L&G US Equity Index Fund (GEN 14)	JCX14
Unitised-With Profits FPF1	QFA01
L&G Distribution Fund (GEN 14)	JCH14
Glo Eq Fix W 60:40 Index Fund (GEN 14)	JCZ14
L&G Index Linked Gilt Fund (GEN 14)	JCO14
L&G Consensus Fund (GEN 14)	JCG14

RAG rating by number of funds (3 Years)



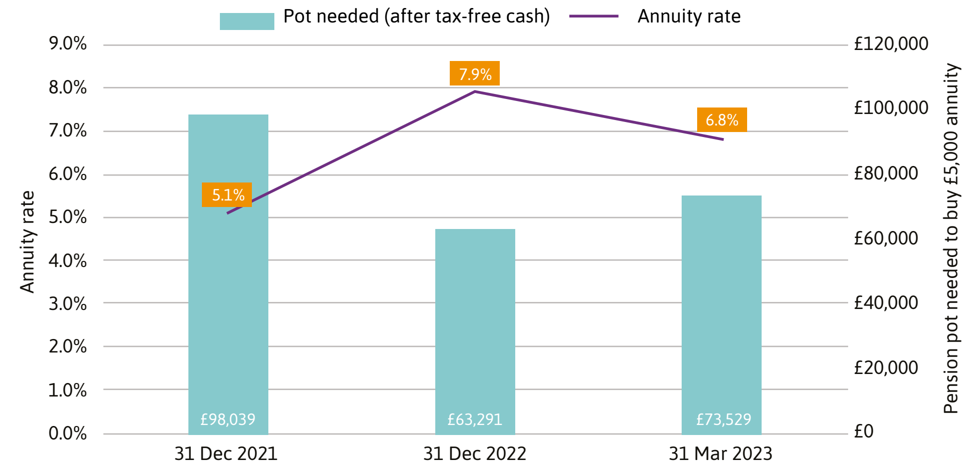
G(reen) – outperformed ABI (>)

A(mber) – underperformed against ABI (Between 0% and -1%)

R(ed) – Underperformed against ABI (<-1%)

Summary (Proportion of overall fund range in each Quartile)	Quartile rankings		
	5 Year	10 Year	15 Year
Quartile Summary (% of Ranked funds in each quartile over stated periods)			
Quartile 1	25%	24%	29%
Quartile 2	25%	25%	26%
Quartile 3	26%	25%	26%
Quartile 4	24%	26%	19%
Source – Morningstar and ReAssure.			
Total number of funds in-scope	1505	1296	902

Source: Quartile rankings and ABI Pension Sector: FE. The rankings range from 1 to 4, with 1 representing those funds within the top 25% of sector and 4 those funds within the lowest 25% of their sector. Where funds are in the ABI Unclassified and Specialist sector, Quartile rankings are not appropriate due to the diverse nature of their components.



Supporting Material

Communication and Engagement

Fit for Purpose Protocol

1. What is the PURPOSE of this communication and desired outcome for:
   i. the provider
   ii. the customer

(NB: purpose could be to provide information, inform a decision, prompt action or give comfort that an existing decision is still fine)

2. How are the contents FIT for the identified PURPOSE – that is:
   i. contains at least the minimum information required for the identified purpose, or indeed more than the minimum if it can make the document more accessible and/or appealing
   ii. how the minimum information (and anything additional) has been tailored to the characteristics, needs and objectives of the customer e.g. age, sex, risk appetite, level of financial understanding.

3. How has the communication been designed and/or presented to make it as accessible and appealing as possible to the relevant customer? (E.g. appropriate reading age, colour, use of diagrams etc.)?

4. What evidence exists to demonstrate that the desired outcome has been achieved? (i.e. customer research re extent to which the communication has been i. read; ii. understood; and iii. acted upon).

Supporting Material

ESG and Stewardship

Supporting Material

ESG and Stewardship

In the ESG and Stewardship sections of the Key Messgages and Further Commentary parts of the report, we listed some of the key developments that ReAssure and the wider Phoenix Group have put in place during 2022. The purpose of what follows in this part of the report is to explain a bit more about the framework that is in place and what has been done to strengthen it in 2022 and why the IGC continues to be impressed with the progress made.

The Phoenix Group sustainability strategy

Phoenix Group, of which ReAssure is a part, is (to quote their 2022 Sustainability Report):

" A purpose-led organisation that strives to be an uncompromising force for good in our society, while maximising value for our customers and investors."

The Group's purpose of **"helping people secure a life of possibilities"** is articulated in the following commitment:

"As the UK's largest long-term savings and retirement business, managing £259 billion of assets on behalf of our 12 million customers, we have the responsibility and opportunity to make a real difference to our customers' financial futures. We want to support them on their journey to and through retirement and meet more of their existing needs, while helping to drive a low-carbon, fair and more secure future."

The Group's sustainability strategy is embedded in the Group's strategic priorities and aims to deliver positive outcomes for customers and society. Its three pillars, aligned to the Group's strategic priorities, define how the Group will deliver its purpose:

1. Invest in a sustainable future;
2. Engage people in better financial futures; and
3. Lead as a responsible business,

and supports the Group's climate ambition:

"To optimise value for our customers and play a key role in delivering a net zero economy. We do this by decarbonising our investments, operations and supply chain to manage risks; investing in the growing sectors of the future to take advantage of the opportunities; and being a leading voice in calling for action and driving system change."

Across these three pillars, Phoenix Group has chosen to focus on four priority ESG themes where they believe they can have the most material impact, two of which concern the "E" of ESG ("climate change" and "nature and biodiversity") and two of which concern the "S" ("financial wellness and inclusion" and "longevity and evolving demographics"). This is in addition to the ongoing embedding of sustainability and good governance.

In the 2022 Sustainability Report (published in March 2023 and available here), Phoenix expand on their strategy and activity in each of these pillars. The first pillar ("Invest in a sustainable future") is particularly relevant to this section of the IGC report, and comprises the following three key initiatives:

- Decarbonising our investment portfolio by transforming our portfolio to increase net zero alignment;
- Effective stewardship of our assets by working with investees and asset managers to drive emission reduction and reduce risk; and
- Investing in climate solutions in the growing companies and sectors of the future.

The IGC continues to be pleased to see such a strong "tone from the top" on ESG issues, with its strong focus on customer interests and outcomes.

Strengthened policy framework

That Phoenix Group is serious about following through on these commitments can be seen from the way Responsible Investment considerations have been built into the Group's Risk Management Framework (RMF). The RMF sets out how the Group identifies, manages, monitors and reports on the risks to which it is, or could be, exposed, including climate-related risks. The diagram below summarises how climate change is reflected across the Group's RMF.

The Group Risk Policy Framework is a key component of the RMF. Group risk policies support the delivery of the Group's strategy by establishing the operating principles and expectations for managing the key risks to the Group's business. They set the risk appetite within which these key risks should be managed and the minimum control standards that the business must adhere to in order to operate within the stated risk appetite.

Standard Life Group Responsible Investment (RI)

Embedded within the Group Risk Management framework

1. Risk strategy and culture Sustainability and minimising environmental impact are a key component of the Group's strategy. We have aspecific sustainability strategy and set net zero carbon commitments for operations, supply chain and the investment portfolio, as well as specific annual goals such as sustainable origination targets for private placements.

2. Risk appetite The sustainability risk appetite statement is approved by the Board and has been updated during 2022 to reflect our latest sustainability strategy. We have approved supporting climate risk appetite statements and metrics with footprints throughout the Risk Universe.

3. Risk Universe Climate risk is treated as cross-cutting risk, rather than standalone risk, as it can potentially impact all risk categories underlying the risk universe.

4. Risk policies All policies have been reviewed to ensure appropriate content is included for material climate risk exposures. Policies with a potential climate impact contain specific flags to ensure climate risk is clearly considered.

5. Governance and organisation Governance is led by the Board Risk and Board Sustainability Committees plus supporting management committees. There is clarity on roles and responsibilities across the three lines of defence.

6. Emerging risk Climate and ESG risks continue to be monitored via the well-established emerging risk process, which also considers the evolving regulatory landscape. This is supported by forward-looking Own Risk and Solvency Assessment ('ORSA') monitoring.

7. Strategic risk management Climate risk is a principal risk and considered as part of Line 2 oversight of strategic developments, e.g. Annual operating plan development, project reviews, ORSA, management actions and regular risk reporting.

8. Risk and capital models External tools have been sourced to support carbon foot-printing and climate scenario analysis. Models have been developed for internal climate scenario analysis with enhancements made in 2022 and planned in 2023.

9. Risk and control processes and reporting A climate risk dashboard covering key Level 1 risks is integrated into our regular risk reporting. Minimum control standards are also in place for key policies.

Phoenix Group Holdings plc Climate Report 2022.

The Group has six "macro" Risk Appetite Statements that shape what is done across the whole Group. They set out the Group's approach to Capital, Liquidity, Shareholder Value, Control, Conduct and Sustainability. The Sustainability statement is particularly relevant to this section of the IGC report:

"Sustainability – The group will deliver on its sustainability commitments to foster responsible investment, reduce our environmental impact, follow our corporate purpose and be a good corporate citizen."

The IGC sees this as particularly significant, as it puts Responsible Investment (and hence ESG and Stewardship considerations) at the heart of how ReAssure, as part of the Phoenix Group, is required to carry out its business.

Following on from this, a number of key supporting documents have been produced, setting out how these aspirations and commitments become embedded in business operations:

- The **Sustainability Risk Policy** for the Group;
- A **Responsible Investment Philosophy** setting out what is expected of the investment managers that Phoenix Group use;
- A more detailed set of **Responsible Investment Principles and Practices** that apply to customer investment decisions; and, new in 2021
- An **Exclusion Policy** setting out the principles that should guide "the focused use of portfolio exclusions alongside other ESG engagement and investment strategies; and
- The first **Stewardship Policy** for the Group.

These are important documents as they set out the impact that the Phoenix Group wants to see across all its businesses. Incorporating these requirements into the overall Group risk and control framework also makes sure that performance against the standards gets measured and reported on, with escalation to the highest levels where standards are not being met.

Owned by the Group CEO, the **Sustainability Risk Policy** sets out the high thresholds concerning Sustainability and Responsible Investment that must be met across all the relevant areas of the business, including, in particular, the investments being made on behalf of customers (including, by definition, those within our scope).

Amongst the key highlights in the policy from the perspective of the IGC's scope are the following:

- The policy confirms that Phoenix Group has a "very low appetite" for failing to deliver an adequate and effective Responsible Investment Philosophy and for failing to maintain an appropriate framework to integrate sustainability activities in the investment activities of the business;
- The policy requires regular review (at least annually) of the Group's Responsible Investment Philosophy and the minimum areas that it must cover;

- It also requires the setting of Responsible Investment objectives and actions, at least annually, to support the delivery of the Group's Sustainability Vision; and
- The policy requires quarterly reporting on the implementation of the Responsible Investment objectives.

The **Responsible Investment Philosophy** is a public document, available on the **website**. It sets out Phoenix Group's commitment to Responsible Investment, and what that means in practice. The Philosophy applies to all the Group's investment portfolios across with-profits, unit-linked and non-profit policies, where Phoenix Group has the ability to determine the investment strategy and investment guidelines that apply.

Where customers choose to invest in externally-managed investment options, then ReAssure has less influence over the ESG policies followed.

The IGC recognises this distinction, but continues to encourage ReAssure to make the most of whatever influence it might have in the latter situations.

Central to ReAssure's approach is its commitment to the United Nations-supported Principles of Responsible Investment (PRI). Phoenix Group became a signatory to the PRI towards the end of 2020, one of the first insurance groups in the UK (rather than just the fund management subsidiary) to do so. Phoenix Group are therefore publicly committed:

- To incorporate ESG issues into investment analysis and decision-making processes;
- To be active owners and incorporate ESG issues into the Group's ownership policies and practices;
- To seek appropriate disclosure on ESG issues by the entities in which the Group invests;
- To promote acceptance and implementation of the Principles within the investment industry;
- To work together to enhance effectiveness in implementing the Principles; and
- To report on activities and progress towards implementing the Principles.

Phoenix Group requires all the fund managers that it uses to be signatories of the UN PRI too, and to have the necessary resources and operational structure to embed ESG considerations into their investment and decision-making processes. There is a regular programme of oversight in place to ensure that fund managers are delivering to these standards – see later in this **section**.

The **Responsible Investment Principles and Practices** were first published in 2020, building on the September 2019 publication (from Standard Life, another pension provider within the Phoenix Group) entitled: "Integrating a responsible approach to your pension investments". They set out a more clear and more measurable set of outcomes that Phoenix Group is targeting in respect of customers' investments.

- There are six principles, that set out the key objectives in all the relevant areas – e.g. how ESG impacts investment strategy decisions and how they are implemented; how customer views are taken into account; what ReAssure expects of the fund managers it appoints etc. – See box to the right.
- Each Principle is accompanied by a number of Practices that explain the specific actions that follow from the Principles.
- The Principles are not expected to change often. However, they are kept under regular review, and any changes would need to be approved by the Investment Committee and/or the Board. Minor revisions were made to some of them in 2022, to improve clarity and emphasise the need for asset manager partners to continually enhance their practices in this important area.
- The Practices are expected to evolve as the business environment changes. Any change will follow formal consultation with the management responsible for the relevant blocks of business and/or processes. Material changes to the practices would need approval from the Investment Committee and/or the Board. Minor changes were made to some of the Practices in 2022, to reflect the escalation process with asset manager partners in case of poor performance on ESG practices, and also the current process for the customer survey on Ethical funds.
- The Principles and Practices apply to all policyholder assets of the Phoenix Group, but not to External Fund Links (EFLs) that ReAssure, particularly ReAssure Life Limited, provides some customers on a self-select basis, as ReAssure has no direct control over how these funds are run.
- The IGC was very pleased when these Principles and Practices were developed, as we had been pushing for some time for a clearer articulation of what impact ESG considerations and Stewardship is actually having on the pension savings of in-scope customers. The 2022 changes are helpful developments, improving clarity and reflecting the strengthened framework that is now in place.

The 6 Principles in the "Principles and Practices – Responsible Investment for Policyholder Assets"

Principle 1 – Strategy

We invest responsibly with ESG risks and opportunities incorporated into our investment analysis and decision-making processes. We will hold investments where we and our asset managers have considered and assessed financially material ESG risks and opportunities. We also consider non-financial risks where appropriate in our investment decisions.

Principle 2 – Customer voice

We actively seek views from customers and reflect these in our fund range and investment strategies, as there are many who want to invest in ways that align to their own values.

Principle 3 – Asset manager selection

We only appoint asset managers who meet our minimum requirements or align with them in an agreed timeframe. We ensure that existing and new asset managers keep enhancing their practices in alignment with our expectations through our due diligence processes.

Principle 4 – Active stewardship

We are responsible asset owners and actively foster effective stewardship of all investments that are managed on our behalf. We promote good ESG practices by investee companies through engagement activities conducted internally and through our asset managers. We monitor our asset managers' voting policies and practices.

Principle 5 – Disclosure and reporting

We seek appropriate disclosures on ESG issues and responsible investing practices from the asset managers with whom we invest and partner. We also report on activities and progress relating to our own principles and practices in an open and transparent way.

Principles 6 – Industry leader

We strive to play a leadership role in Responsible Investing and liaise with industry bodies in order to be at the forefront of industry development. We will promote Responsible Investing within our industry, using our voice as a large insurer and long-term global investor to influence and drive change throughout the industry.

The policy sets out four principles which, if satisfied, would be expected to lead to those assets being excluded from investment portfolios controlled by Phoenix (including ReAssure):

Principle 1: Sectors or companies that face acute social or environmental challenges that are very likely to translate into financially material risks;

Principle 2: Sectors or companies where the Phoenix Group does not believe that engagement will be effective;

Principle 3: Sectors or companies that do not adhere to international standards of minimum acceptable behaviour as identified in relevant international treaties and United Nations initiatives; and

Principle 4: Sectors or companies that do not align with Phoenix's pledges and commitments, corporate values and present reputation risk.

"Exclusion" means that Phoenix will not make additional investments and will sell existing holdings from in-scope portfolios within 12 months. The policy also allows for a waiver process to be followed where particular extenuating circumstances suggest that a particular asset or sector should not be excluded at that time (for example, because the company is making good progress in responding to previous challenges from Phoenix and/or further opportunities for engagement with management exist).

The policy applies to all assets where the Phoenix Group (and hence ReAssure) has direct control over the investment mandate. For those assets where Phoenix does not have control (e.g. investment fund choices managed by third parties that ReAssure makes available to customers), Phoenix will use whatever influence it has to engage with the relevant investment manager to encourage implementation of a consistent approach.

The initial list of potential exclusions was drawn up in July 2021 and included 544 issuers, covering such areas as:

- Manufacturers of controversial weapons;
- Tobacco producers; and
- Companies where more than 20% of revenues come from certain forms of fossil fuel production (e.g. thermal coal, oil sands and artic drilling).

Of these, 21 issuers were proposed for waivers, leaving 523 issuers on the final list. At the time of writing this report, it is expected that all sales of excluded assets will be completed by the end of July 2022.

The excluded sectors and thresholds applied will be reviewed twice a year by the Phoenix Group Sustainability Team.

It is not the IGC's role to opine on what criteria are applied by Phoenix Group, and ReAssure in particular. Rather, we are looking for evidence that principles are in place to address climate-related and other factors that could lead to financially material risk, that the principles are based on a robust process of analysis and review, their approval is subject to appropriate internal governance, and they are implemented in a controlled and transparent way.

In the IGC's opinion, the **Investment Exclusions Policy** meets these standards, and plays an important role as part of the overarching approach to Responsible Investment that applies within Phoenix Group (and hence ReAssure).

The development of the **Group Stewardship Policy** was another important milestone in 2021. Approved in November 2021, it sets out what Phoenix Group (and hence ReAssure) mean by "Stewardship" and their commitment to support effective engagement with the companies in which they invest (whether using customer money or shareholder money).

In terms of definition, Phoenix embrace the Financial Reporting Council's definition that:

"Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society."

For Phoenix, "Stewardship" refers to their "use of the rights and position of ownership to influence the activity or behaviour of the companies they invest in". Where they hold shares (i.e. equity) in a company, this means engaging with the company's management, influencing on issues of concern and voting on company resolutions at shareholder meetings. For other types of investment, voting may not be applicable, but Phoenix would still aim to engage as appropriate. The policy sets out what Phoenix sees as the characteristics of effective stewardship, including:

- Robust ESG research on material risks and opportunities, using internal and external data;
- Dialogue with corporate top decision makers;
- Setting of goals;
- Continuous evaluation of progress against objectives; and
- Influence on investment decision-making.

The policy recognises that the majority of Phoenix's engagement activity with investee companies will be conducted by their asset manager partners. However, importantly, the policy also makes clear that Phoenix reserves the right to deal direct with investee companies and also join collaborative engagements with other investors.

The policy also recognises that Phoenix does not have the same influence over externally managed investment fund choices (EFLs, external fund links – which are particularly relevant to ReAssure) as it does over the investment funds where it chooses the investment strategy and fund manager partners implement it on Phoenix's behalf.

That Phoenix Group (and hence ReAssure) is definitely committed to such responsible behaviour can be seen, not just from this public policy, but also gtom the huge amount of work that has gone into the Phoenix Group submission to the Financial Reporting Council (FRC) in order to become a signatory to the UK's Stewardship Code. Published in March 2023, and available on the Group's **website**, the 2022 Stewardship Report makes impressive reading and, amongst other topics, sets out in some detail how the Group's good intentions in these areas are put into practice.

In the IGC's opinion, the Phoenix Group policy on Stewardship, which applies within ReAssure, is of a high quality and appropriately addresses ReAssure's Stewardship obligations. While it is still early days in its implementation, what is in place already would seem robust and effective to the IGC. In August 2023, the FRC announced that Phoenix's application to become a Stewardship Code signatory had been accepted, this is an important external validation of the effectiveness of the Phoenix Group's (and hence ReAssure's) approach.

Strengthened governance framework

By embedding Responsible Investment and ESG considerations in the established RMF, the Group's performance in this area is then automatically subject to the routine review and reporting of compliance with the targets set, along with escalation, as appropriate, of any failure to meet the standards set. The IGC sees this as a key strength of the approach being taken to implement Responsible Investment considerations into the management of in-scope customers' pension savings. For example, the Group's Market Risk and Credit Risk policies, which apply to all investment decisions made by Phoenix Group (and ReAssure in particular), both set out a number of minimum controls that must be in place regarding Responsible Investment, including, in respect of climate risk, the following ongoing controls:

i. Monitor and report current carbon/climate contribution of existing asset portfolio and progress against interim targets to deliver net zero on a phased basis;
ii. Maintain a process to review data feeds from external providers to ensure they meet requirements for monitoring and reporting of climate change risks;
iii. Maintain a process to perform portfolio analysis using best in-class metrics e.g. value at risk (taking into account physical and transition risks) and warming potential; and
iv. Maintain a process to use climate scenario analysis to inform understanding of range of physical and transition impacts on investments.

The Investment Committee that oversees ReAssure's investment decisions has, in its Terms of Reference, a specific responsibility to "ensure that all activities within the remit of the Committee are conducted in accordance with the Responsible Investments ethos and strategy of the Company and the Group". As part of this, it has responsibility for the development, implementation and monitoring of the Responsible Investments Principles and Practices mentioned above.

In carrying out these responsibilities, the Investment Committee is supported by a separate management committee, the Sustainable Investment Forum, that has been set up to provide direction, oversight, scrutiny and challenge on sustainable investment matters, including stewardship. The purpose of the Forum is to embed ESG issues into the investment process and decision-making used across the Phoenix Group (including ReAssure) in a way that is consistent and aligned with the Group's overall sustainability strategy. The IGC receives regular updates on the oversight activity carried out by Phoenix Group on its 5 key fund manager partners and also the many other fund managers whose funds are made available to Phoenix Group customers. Where ReAssure is responsible for the investment decisions being made that impact IGC in-scope customer investment returns, we can confirm that ReAssure is keeping a careful eye on how its Responsible Investment framework is being implemented by its fund manager partners, and ensuring appropriate action plans are agreed and progressed wherever it perceives gaps exist that need closed.

Another key element of the governance framework around ESG and Stewardship is the Group Board's Sustainability Committee. First set up in 2020, the role of this Committee is to assist the Board in overseeing the achievement of the Group's sustainability strategy, including stewardship activities. A number of management committees and working groups feed into it, providing updates against strategy, KPIs and targets (as can be seen from the governance framework diagram set out on page 77 of the **2022 Sustainability Report**.) The Terms of Reference of this important Committee are available on the Phoenix Group **website** and cover such matters as:

- Oversight of the Group's Sustainability Strategy and the setting of appropriate key performance indicators;
- Review, challenge and support the implementation of the Sustainability Strategy across all business within the Phoenix Group; and
- Keeping up-to-date with sustainability best practice and thought leadership.

While the remit of this Committee is much wider than the application of Responsible Investment considerations to the investment of pensions savings within the remit of the IGC, the IGC welcomes its existence as a tangible sign that the "tone from the top" across Phoenix Group is consistent with, and supportive of, the developments seen in this important area.

The 2022 Sustainability Report and Stewardship Report, both available on the Phoenix Group **website** set out the breadth of activity that is underway across the Group in this important area and demonstrates the effectiveness of the framework that is now in place in delivering on the targets set and aspirations described.

Customer Research

Approximately every year, Phoenix Group carries out a Responsible Investing Survey to monitor how customers' attitudes to ESG and other Responsible Investment considerations are changing. Whilst carried out amongst customers with Standard Life products (another pension brand offered by the Phoenix Group), the mix of customers surveyed was considered broad enough to be considered representative of Phoenix Group customers more generally. Amongst the findings from the early 2022 survey were the following, where the equivalent results from the previous (late 2020) survey are shown for comparison:

- Customers surveyed still ranked “return” (88%) and “risk” (81%) as the most important factors to take into account when investing. However, “good corporate governance” was also rated highly (77%);
- 90% (up from 89%) of respondents believe that protecting the environment is important;
- 66% (down from 70%) of respondents believe that responsibly invested funds will outperform other funds in the long-term;
- 70% (up from 65%) of respondents believe that it is important to invest in a way that drives positive change (e.g. influencing companies’ impact on society, corporate governance or climate impact);
- 70% (up from 66%) of respondents feel that it is important to exclude companies that have a negative impact on society, poor corporate governance or are damaging the environment; and
- 64% (up from 61%) of respondents said that they want to invest in a way that commits to net-zero carbons emission status by 2050 (or earlier).

The consistency in findings since the previous survey is striking, and confirms that Phoenix Group’s emphasis on sustainable and responsible investment is well-placed and aligns with widely-held customer views.

In addition to this regular survey, in late 2022, the Phoenix Group commissioned an external agency to carry out research across ReAssure, Phoenix and Standard Life customers in order to explore customer understanding and attitudes towards sustainable/responsible investing, net zero and ESG factors and to inform the Phoenix Group’s (and hence ReAssure’s) approach to communicating to customers on these important topics and what they may mean for them and their pension savings. The research explored questions like:

- What do customers expect the Phoenix Group to be doing with regards to sustainable investment?
- Do customers expect the Phoenix Group to be making decisions on their behalf or would they like to be involved in the decision-making?

The top 5 responsible investment issues according to surveyed Phoenix Group customers are:

1. Climate change;
2. Human rights;
3. Recycling;
4. Clean fuels;
5. Energy conservation

- How much do customers want to know about what the Phoenix Group are doing in these areas?
- What do customers think should be the key sustainability issues that the Phoenix Group should focus on to influence the companies that they invest in?
- How would customers like the Phoenix Group to communicate with them about these topics (e.g. website content, regular letters, etc)?

The research took the form of in-depth focus groups (carried out by video conference) and produced a lot of rich, in-depth feedback, much of it consistent with the findings of a similar exercise carried out in 2020. In particular, the research highlighted that:

- When it comes to pensions and investments, ESG considerations are not "top of mind" and many customers are not aware of sustainability-related actions being taken by financial services providers like Phoenix Group.
- When ESG considerations are discussed with them, many customers feel more interested in these issues and would like to consider them in relation to their pension investments. However, customers tend to balance this interest with their desire for good investment returns.
- Many customers would like the choice to set some sort of ESG "level" for their pension savings and then be able to leave Phoenix Group to manage this on their behalf. Some customers, however, would like a more active role in selecting where their savings should be invested (e.g. excluding certain industries, or targeting certain minimum ESG credentials).
- Customers are open to more communications related to ESG considerations, but would prefer that these are bite-sized and interesting. They also expect more detailed information to be available on the website for those who want it.

These insights are being used by Phoenix Group (including ReAssure) to shape their Responsible Investment planning and communication developments. During 2022, 6 new investment funds were launched, designed to offer ReAssure Limited customers a choice of "low carbon" investment options across a range of geographical areas of equity investment. The IGC is looking forward to seeing what further developments are put in place in 2023.

Impact on default funds

In keeping with the research findings mentioned previously, and in response to demand from current and prospective employer clients, in December 2020, Standard Life (one of the other companies in the Phoenix Group) launched their new "Sustainable Multi-Asset Default Fund". Designed for those workplace pension arrangements that are looking for a low cost Responsible Investment option for their default fund, the new fund aims to deliver good customer outcomes by investing predominantly in component funds that track ESG-oriented indices rather than whole of market indices.

In particular, the fund aims to deliver a similar risk/return profile to a fund that tracks market indices, but, in addition, to meet the following investment criteria:

- Screening out financially material ESG risks, e.g. controversial weapons, tobacco, thermal coal and unconventional oil/gas, UN Global Compact Violators and severe controversies;
- Sustainable targeting of positive ESG outcomes, reducing carbon intensity by 50% and uplifting green technology solutions by 50%; and
- Influencing positive change through stewardship utilising proxy voting and company engagement to drive positive behaviour.

At launch, 64% of the fund was invested in ESG index-tracking equity portfolios, with the intention of moving as much of the balance (comprising mainly property, bond and cash investments) into appropriate ESG index-tracking funds as soon as they become available from the investment partners that Standard Life uses. At the time of writing this report, that percentage had risen to 83%.

The IGC welcomed this new initiative. However, we were keen that this increased focus on ESG was extended to the equivalent funds that ReAssure, particularly ReAssure Limited, offers. As mentioned above, the first steps have been taken within ReAssure to make this a reality.

In the meantime, further work has been done within the Standard Life product range to replace Standard Life's range of Active Plus and Passive Plus default funds with a new range of more sustainable fund options. Wearing our "Standard Life hats", we welcome this new range of default funds, but are keen to see the equivalent options developed for ReAssure customers.

Additional fund choices

Another development that is linked to the research findings set out above was the 2022 launch of six new funds for those ReAssure Life customers who are keen to self-select their pension investments to align with their individual beliefs. The new funds focus on climate change and sustainability within equity investment across specific geographic regions, and are:

- Sustainable Index UK Equity Pension Fund:
- Sustainable Index US Equity Pension Fund:
- Sustainable Index Euro Equity Pension Fund:
- Sustainable Index Asia Pacific excl Japan Equity Pension Fund:
- Sustainable Index Emerging Markets Equity Pension Fund;
- Sustainable Index Japan Equity Pension Fund.

While the IGC recognises that not all in-scope customers wish to self-select such funds, we are keen that ReAssure Life continues to increase the range of funds available to those customers who do, in order to meet as wide a range of personal values as possible.

Supporting Material

Value for Money Assessment

Supporting Material

Value for Money Assessment

Assessment Framework

Assessing VFM is not just about what something costs. You also need to look at the quality of what you get in return and how it compares with similar alternatives. That's why, since the IGC was formed in 2015, our VFM assessment has taken into account a number of different aspects of your workplace pension experience, to form a holistic view of the value for money that ReAssure is providing.

As noted in the Chair's introduction, for this year's assessment, we have further revised our VFM framework, to more closely align it to the VFM factors that the FCA have proposed that IGCs should use and, in particular, split out investment performance from all the other investment related matters that are included in our VFM assessment. While two of the areas that were previously included in the VFM assessment ("Risk and Governance" and "Management Culture") are still monitored by the IGC, as they can influence the outcomes customers receive, we felt it was better to focus our assessment on the FCA's proposed definition of VFM. Thus, our VFM framework now covers the following 5 areas:

- Costs and Charges;
- Investment Performance;
- Investment Services;
- Customer Service; and
- Communication and Engagement.

ESG is still being reviewed by the IGC, but as a separate assessment alongside the VFM analysis.

ReAssure Limited's Investment Pathways proposition has been included in the IGC's 2022 assessment of ReAssure's VFM performance, but with a separate rating alongside the opinions on the pension savings propositions.

Rating provider performance

In arriving at the performance ratings for each performance area, the IGC carries out a rigorous and wide-ranging analysis of ReAssure performance. We review lots of different information, including regular management information packs that are produced within ReAssure and the wider Phoenix Group, and specially-produced information packs containing the results of detailed investigations that we request.

To the extent we can, we assess ReAssure's performance relative to other workplace pension providers, using data drawn from other IGC reports, industry publications and specially-commissioned benchmarking exercises. The information available tends to be at provider proposition level, rather than at a more granular, employer scheme level. However, where it is possible to identify different groups of customers that get different treatment (particularly on levels of charges), we make sure we are comparing "like with like" as far as we can, in order that any VFM challenges that we make are soundly based. We also use this approach to compare performance across ReAssure and the other pension providers within the Phoenix Group. As explained earlier in the report, the quality of communications and the extent of online facilities varies for different groups of workplace customers across the Group and we do what we can to encourage best practice to be available to all in-scope customers. Also as referred to earlier, we follow a similar approach when assessing Investment Pathways value for money.

We recognise that assessing value for money is not an exact science because some aspects are more difficult to measure than others and individual customers value things differently. Nevertheless, we try to be as objective and fact-based as possible.

All of the performance areas are assessed on a Red/Amber/Green scale, with "speedometer gauges" used to give readers an indication of relative positioning of performance within the broad RAG bands.

For four of the performance areas ("Investment Performance", "Investment Services", "Customer Service" and "Communication and Engagement"), the RAG rating is based on a numerical score from a detailed assessment across a number of sub-areas (see below), as follows:

Green – performance score greater than 70%
Amber – performance score between 40% and 70%
Red – performance score less than 40%

The other VFM areas ("Costs and Charges" and "ESG"), are not currently scored in such a granular way – although the assessment is similarly rigorous and wide-ranging. Rather, the IGC feels it is sufficient to assign a performance rating using a colour-based scale as follows:

Green – no material concerns

Amber – some material concerns found that affect some members

Red – major concerns found (i.e. material concerns that affect a large number of members, or very material concerns that affect some members)

Numerical scoring

For each of the four VFM areas for which we use this approach, ReAssure's performance was rated on a numerical scale (from 0 to 3) across a number of sub-areas, based on the evidence provided more granular to the IGC as well as our own knowledge of the workplace pension market. This brings the IGC's VFM assessments into line with the approaches followed by the other IGCs within the Phoenix Group.

It therefore enables comparisons to be drawn across the various books of business in the different companies within the Phoenix Group and highlights areas where internal best practice could be further shared.

The scoring criteria used was the following:

0 not offered

1 basic standard

2 beyond basic

3 area of strength

The scores for individual sub-areas are then summed and converted into a percentage score for each of the 4 areas. A development introduced several years ago was to identify the key one or two performance sub-areas and give them double weighting in arriving at the percentage score allocated.

This is to ensure that the individual RAG ratings are not unduly influenced by less important, but still nice to have, elements of performance.

The sub-areas used for this assessment are as follows, with those that receive a double weighting shown in bold.

Investment Performance

1. Lifestyling approach and profiles are suitable.
2. Performance of all funds vs stated goals.
3. Performance of all ranked funds vs peer groups.
4. Performance of key default/fund vs inflation over long term.
5. **Performance of key default funds versus inflation over 15 and 20 years.**
6. Performance of key default funds versus inflation over 10 years.

Investment Services

1. Design and description of default funds.
2. Regular reviews of funds, asset allocation and manager selection.
3. Adaptability of funds to changing circumstances.
4. Range and suitability of additional fund choices.
5. Poorly performing funds identified and addressed appropriately.

Service quality

1. **Responsiveness to customer need**.
2. Relevant experience and expertise of staff.
3. Easy access to phone support.
4. Easy access to online support (webchat etc.).
5. Clarity of communication in servicing transactions.
6. Efficiency and scalability of operational capability.
7. **Quality and speed of processing of core financial transactions**.
8. Level of automation/straight through processing.
9. Ease of transfer by an individual to another provider.
10. Ease with which customers can make contact via different channels.
11. Customer satisfaction.
12. Complaints and complaints handling.

Customer Comms and Engagement

1. **Adoption of "Fit For Purpose Protocol"**.
2. Innovation to improve customer experience.
3. Feedback from customers driving improvement in communications.
4. Digital/online tools.
5. Quality of Annual Statements and Key Milestone Communications.
6. Initiatives to improve customer experience at retirement.

Independent Governance Committee