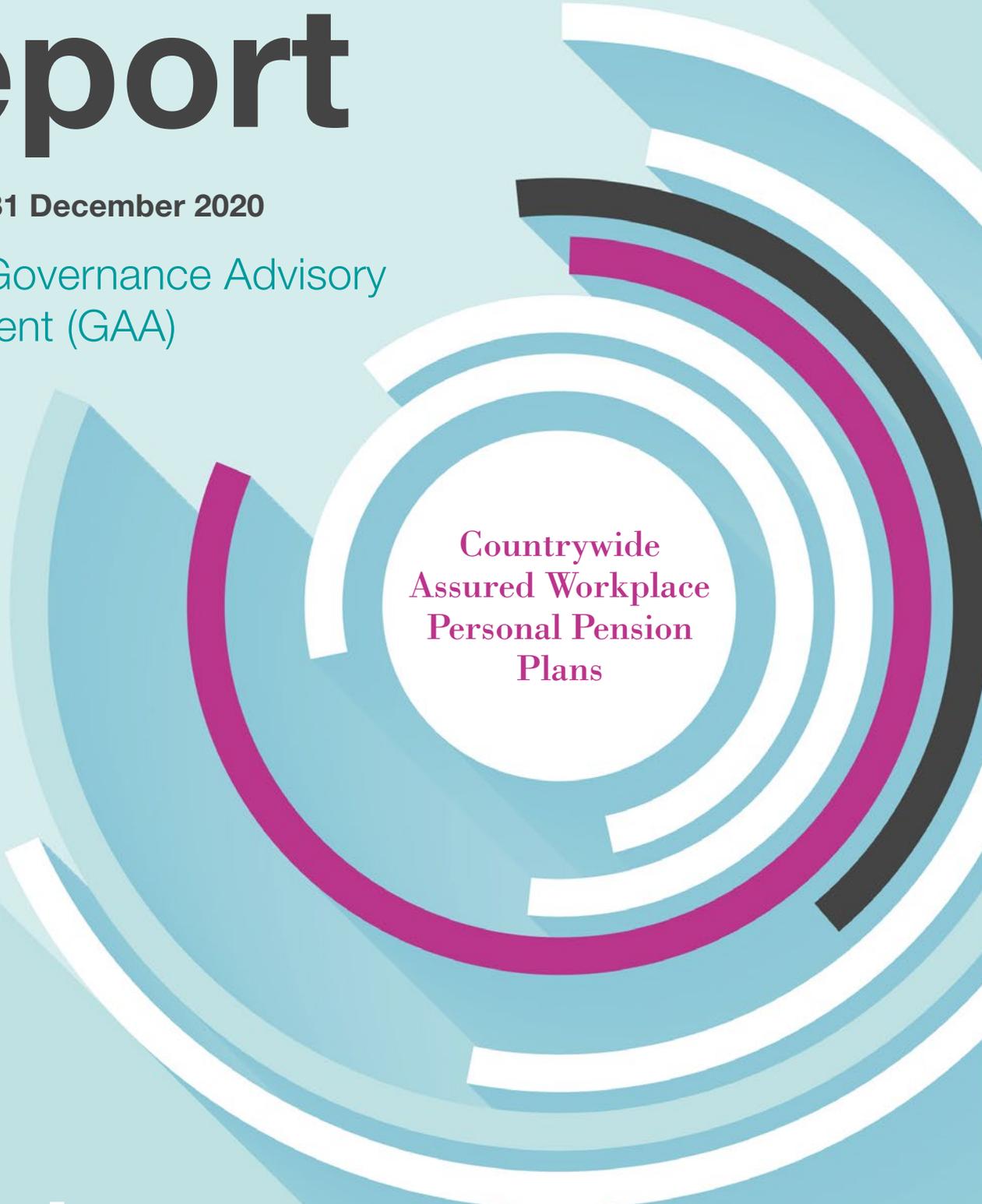


Chair's Annual Report

Year ended 31 December 2020

The PTL Governance Advisory
Arrangement (GAA)

A large, decorative graphic on the right side of the cover features several concentric, overlapping circles. The circles are rendered in various shades of teal, light blue, white, and magenta, creating a dynamic, layered effect. The text 'Countrywide Assured Workplace Personal Pension Plans' is centered within the innermost white circle.

Countrywide
Assured Workplace
Personal Pension
Plans

July
2021

Introduction and Executive Summary

This report on workplace personal pension plans provided by Countrywide Assured (the 'Firm'), has been prepared by the Chair of the PTL Governance Advisory Arrangement ('the GAA') and sets out our assessment of the value delivered to policyholders.

Further background and details of the credentials of the GAA can be found in Appendix 2. The GAA works under Terms of Reference, agreed with Countrywide Assured, the latest version of which is dated 26 October 2020 and are publicly available (see Appendix 2).

This report covers four workplace pension plans acquired by Countrywide Assured, none of which have a default fund. This is our sixth annual report.

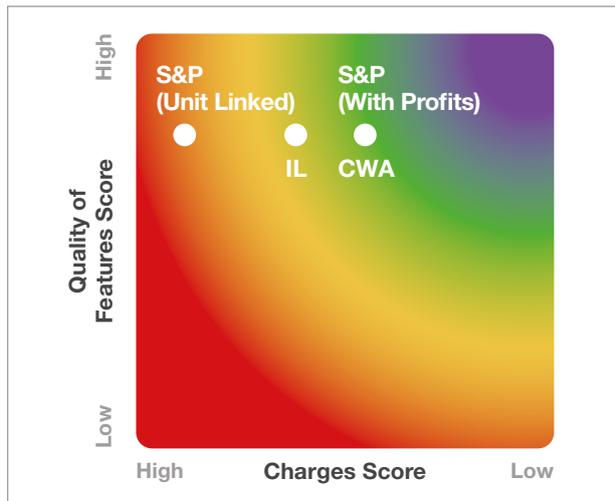
As Chair of the GAA, I am pleased to deliver this value assessment for the workplace pension plans acquired from The City of Westminster Assurance Company Limited (CWA), Irish Life (IL) and Save & Prosper (S&P) ([Unit Linked](#) and [With Profits](#) policies) which are now managed by Countrywide Assured. The GAA has conducted a rigorous assessment of the Value for Money delivered to policyholders over the period 1 January 2020 to 31 December 2020. The GAA has developed a Framework to assess Value for Money and further details are set out in the section, Overview of the Value Assessment, which is on page 6.

A colour coded summary of the GAA assessment is shown below:



	Weighting toward VfM assessment	CWA	IL	S&P (With Profits)	S&P (Unit Linked)
Strategy Design and Investment Objectives	20%	●	●	●	●
Investment Performance and Risk	20%	●	●	●	●
Communication	30%	●	●	●	●
Firm Governance	5%	●	●	●	●
Financial Security	10%	●	●	●	●
Administration and Operations	10%	●	●	●	●
Engagement and Innovation	5%	●	●	●	●
Overall Quality of Features	100%	●	●	●	●
Overall Cost and Charge Levels	100%	●	●	●	●
Overall Value for Money Assessment		●	●	●	●

Value for Money Scoring



The Overall Value for Money rating is determined on a rating scale based on the product of the Quality of Features score and the Charge Levels score and is visually represented by the heatmap opposite.

The overall conclusion for the workplace pension plans provided by Countrywide Assured is that:

- » The CWA policies provide **good** value for money
- » The IL policies provide **good** value for money
- » The S&P ([With Profits](#)) policies provide **good** value for money
- » The S&P ([Unit Linked](#)) policies provide **satisfactory** value for money

There are no specific areas for improvement identified in relation to the features assessed by the GAA. In particular, the GAA notes that significant work has been done with regards to the management of policyholders' assets and the integration of [ESG](#) into the investment process. This has been achieved by a thorough review of investment options available to policyholders which included a review of the investment manager in place. The updated strategies were implemented by the investment manager and the review resulted in the appointment of Schrodgers across all four workplace pension plans.

However, the GAA would like to challenge the Firm in the following areas:

- » Whilst costs for policyholders in the CWA and S&P ([With Profits](#)) pension plans are moderately low, the GAA believes that more could be done to reduce costs for policyholders in the IL and S&P ([Unit Linked](#)) pension plans. The recent thorough review of investment managers did not include a review of the cost structure as the aim was to ensure that policyholders were no worse off than before the review. The GAA would like to see further consideration given to the cost structure.
- » Since the review of the funds available and the subsequent move to Schrodgers, fund factsheets with the required information have not been available to policyholders. The GAA understands that, at the time of writing this report, these were still under review and would like to see updated fund factsheets made available as soon as possible.

Details of the numbers of policyholders and the funds under management were supplied to the GAA for the assessment and these are included in Appendix 4.

The FCA has introduced a new requirement this year for the disclosure of costs and charges where there is a default option. As none of the Countrywide Assured pension plans offer a default there are no further disclosures in this respect.

The GAA has not raised any concerns with Countrywide Assured during the year. Although it has made the challenges noted on the previous page.

I hope you find this value assessment interesting, informative, and constructive.

Clare James

Chair of the PTL Governance Advisory Arrangement

July 2021



If you are a policyholder and have any questions, require any further information, or wish to make any representation to the GAA you should contact:

Gabrielle Towell
Countrywide Assured plc

2nd Floor, Building 4, West Strand Business Park
West Strand Road, Preston
Lancashire, PR1 8UY

Alternatively, you can contact the GAA directly at:
gaacontact@ptluk.com

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Overview of the Value Assessment

The GAA has assessed the Value for Money delivered by Countrywide Assured to its policyholders in all four workplace pension plans by looking at cost versus benefits. More detail about how we have done this is set out below.

Our approach

The GAA believes that value for money is subjective and will mean different things to different people over time, depending on what they consider important at that time.

What is clear is that it is always a balance of cost versus benefits. Our fundamental approach has therefore been to compare all the costs paid by policyholders against the benefits and services provided to policyholders. We have attempted to make appropriate comparisons with other relevant pension providers, although there is limited information available in the public domain.

The key steps for the GAA in carrying out the Value for Money assessment are:

- » Issuing a comprehensive data request to the Firm, requesting information and evidence across a wide range of areas or quality features, as well as full information on all costs and charges, including [transaction costs](#).
- » Attending a number of formal meetings with representatives of the Firm to interrogate the data provided and to enable the GAA to question or challenge on any areas of concern. All such meetings have been documented by formal minutes and a log is also maintained containing details of any challenges raised, whether informally or through formal escalation.
- » Once the Firm has provided all information and evidence requested, the GAA met to discuss and agree provisional Value for Money scoring using the Framework developed by the GAA.
- » The provisional Value for Money score, including a full breakdown, was then shared and discussed with the Firm.

The Framework developed by the GAA to assess overall Value for Money for policyholders involves rating the Firm against seven different overarching quality features. These quality features have been determined based directly on the FCA requirements for assessing ongoing Value for Money set out in COBS 19.5.5, expanded to include other aspects the GAA considers important based on the GAA's experience of conducting Value for Money assessments over the past several years, such as the Firm's governance structure, the financial security for policyholders, the Firm's approach to innovation, culture and service, and a wider overview of the administration quality and processes, not confined to just the processing of [core financial transactions](#).

Within each of the seven quality features are a number of sub-features and these are each scored using a numerical scoring system of 0 to 4, where 4 is 'excellent', 3 is 'good', 2 is 'satisfactory', 1 is 'poor' and 0 is 'non-compliant or insufficient information has been provided'. Scoring is aided by means of score descriptors, developed for each sub-feature, ensuring the GAA adopts a consistent approach to scoring.

Each set of score descriptors sets out what the GAA would expect to see to achieve each numerical score. These scores are then combined to produce an overall score for each of the seven quality features, as well as an overall score for the quality features combined. The Framework incorporates relative weightings for this purpose as shown in the table in the Executive Summary.

In making our overall assessment of the Quality of Features the GAA has, where possible, taken into account the likely needs and expectations of this group of policyholders, based on the information made available.

The GAA then went on to consider the Value for Money represented by the Cost and Charge Levels which are borne by policyholders. The assessment of Cost and Charge Levels is primarily driven by the level of ongoing charges for investment management, administration, and platform fees, but the GAA does also consider [transaction costs](#) in isolation and how they are controlled. The Cost and Charge Levels are rated on a scale of Low to High, taking into account information available to the GAA on general levels of costs and charges for pension providers in the marketplace.

The Quality of Features score and the Cost and Charge Level rating are then combined to determine an Overall Value for Money rating.

In the sections on the following pages, we have described each of the Firm's seven quality features, the rating the GAA has awarded, together with any areas for improvement we have identified. As there is no difference in the approach taken by Countrywide Assured in relation to the seven quality features, the GAA has reviewed these together. Costs and charges vary across the four workplace pension plans and the GAA has reviewed these separately. There is also a separate section setting out the GAA's views on the adequacy and quality of the Firm's policies on [ESG](#) financial considerations, non-financial considerations, and stewardship.



Where we have used technical pensions terms or jargon, these are explained in the [Glossary](#) in Appendix 3.

Strategy Design and Investment Objectives

Value score: Good

Excellent
 Good
 Satisfactory
 Poor



The Firm's approach

Countrywide Assured has four workplace pension plans. None of the pension plans offers a default or [lifestyling](#) options as there was no requirement to do so when these pension plans were sold. However, we understand that the majority of policyholders in these pension plans are invested in the managed fund options.

All available funds are actively managed and whilst the range is limited, it covers the main asset classes relevant to pension plan policyholders.

During 2019, the Firm undertook a full review of the funds offered to policyholders for all four workplace pension plans. The review considered performance, prevailing best practice, available investment strategies and [Environmental, Social and Governance](#) ('ESG') credentials. This resulted in the decision to appoint Schrodgers for all four workplace pension plans and the transition took place during Q3 2020. As part of this process, the asset allocation was assessed and adjusted to better meet the needs of policyholders.

[ESG](#) was an important factor in the appointment of Schrodgers and [ESG](#) factors are now fully integrated into the investment strategies of all funds available to policyholders.

Fund factsheets are usually available to policyholders via the website or on request. However, since the transition to Schrodgers, factsheets have not been available, while they are undergoing a full review. The GAA has been assured that these will be available shortly.

What are we looking for?

We expect to see an investment strategy for the default that is designed and managed taking the needs and interests of policyholders into account, evidenced by appropriately defined risk ratings, and consideration of the investment time horizon and age profile of the membership.

Where there is no default fund in place, the GAA would like to see similar characteristics for the funds where the majority of policyholders are invested.

We want to see that all investment options have clear statements of aims and objectives – in particular that as well as qualitative objectives, there are quantitative objectives in place, that investment performance outcomes can objectively be measured against. Ideally, we would like to see evidence that these objectives link back to the needs of policyholders.

We are also looking for evidence of a robust ongoing review process for all investment options, and evidence that the Firm has taken steps to implement changes to investment options, where appropriate, to ensure alignment with policyholders' interests.

Whilst policies on [ESG](#) financial considerations and non-financial matters are considered separately on page 24, we expect to see evidence of how these matters are taken into account in the design of the investment strategy and in investment decision making.

The Firm's strengths

Whilst the range of funds offered is limited, there is sufficient choice for policyholders.

- » CWA – 5 funds
- » IL – 8 funds
- » S&P ([Unit Linked](#)) – 7 funds
- » S&P ([With Profits](#)) – 1 fund

There is a robust review process for options available to policyholders. During the year under review Schroders was appointed as manager to all four workplace pension plans, demonstrating Countrywide's commitment to ongoing review of investment performance and management of the assets, and to taking action when appropriate. The transition to Schroders was well managed and policyholders were informed of the changes.

There is a clear [ESG](#) policy in place and this is embedded into the management of all funds.

Areas of improvement – GAA observations



While recognising the strides made in integrating [ESG](#) into the investment process since the appointment of Schroders, who are recognised as strong in this area, the GAA do expect to see ongoing improvements in this area as thinking is evolving at a rapid pace.

The GAA would also like to see further consideration given to the range of funds available to policyholders, although it is noted that the vast majority of policyholders are invested in the managed options and there is very little policyholder driven transitions between the fund options that are available. The GAA understands that there has been no request for a wider fund range and that widening the range of funds available to policyholders might not be possible given the size of assets under management.

The lack of any automated [lifestyling](#) was discussed by the GAA, and the GAA understands the Firm's view that this is inappropriate for these policies and that strong pre-retirement communications is the preferred way to assist policyholders' journey to retirement.

GAA challenges

The transition to Schroders required a review of all fund factsheets, which meant that they were not available to policyholders for at least a quarter of the year under review. At the time of writing the report, these were still not available. The GAA would like to see full fund factsheets made available to policyholders as soon as possible.

Investment Performance and Risk

Value score: Excellent

Excellent
 Good
 Satisfactory
 Poor



The Firm's approach

Countrywide Assured has a process for reviewing fund performance and risk. Fund performance is monitored quarterly by the Investment Committee (IC) with findings reported to the Main Board, on a quarterly basis. Both asset allocation and stock selection criteria are reviewed, and the IC explores areas of strength and weakness with the investment managers. Underperforming funds are marked for review through a process of RAG rating and remedial action is taken as required.

The Countrywide Assured internal audit team visits investment managers to review their governance processes.

Policyholders have online access to fund performance vs. the ABI Sector benchmarks in various formats. Fund prices are also available online.

What are we looking for?

We would expect to see a robust governance framework under which investment performance is monitored on a regular basis. Performance should be measured against investment objectives, including against a measurable benchmark.

Where there are any concerns over investment performance, we expect to see evidence of

appropriate action being taken, which may include engagement with investment managers and/or implementing changes to fund options.

The Firm's strengths

Fund performance has been good, mostly delivering second quartile performance for the most commonly held funds. Schroders have been in place for Q4 2020 and whilst it is relatively early to make an assessment, there is a process in place. The GAA has reviewed minutes and is satisfied that the process works as has been demonstrated by the recent move to Schroders.

As part of the fund manager review, asset allocations and benchmarks were reviewed and adjusted appropriately. This is documented in meeting minutes.

Areas of improvement – GAA observations



There were no specific areas of concern. However, the GAA would expect to see continued ongoing monitoring of the impact of moving to Schroders, which came into effect during Q3 2020.

Communication

Value score: Good



The Firm's approach

Countrywide Assured's communications are clear and free from jargon. Policyholders are provided with annual statements and the relevant wake-up letter starting at age 50 and continuing through to age 75 if required.

All communications have been enhanced as a result of the Customer Strategy Programme and are reviewed on a rolling 1-3 year basis depending on the content. Regulatory changes trigger an immediate review of all affected communications and telephone scripts are updated appropriately.

During the year under review, policyholders were provided with information on the switch to Schroders and the resulting changes in asset allocation. As part of this communication, policyholders were reassured that there would be no change to the charging structure of their funds. Policyholders were also informed of the new [ESG](#) policy and were invited to comment, although the response rate was limited.

The Firm's website provides information on the various retirement options available to members, although there are no case studies or retirement planning calculators. Countrywide Assured does not offer

advice or investment pathways options, instead it refers policyholders to Pensionwise and Unbiased.

Policyholders are able to contact the Firm by telephone, email or via the website and details are easily available on communications and the website. Fund switches can be initiated via letter or telephone and policyholders are reminded that they should take financial advice prior to making any changes.

What are we looking for?

We would expect communications to be clear and engaging and to be tailored to take into account policyholders' characteristics, needs and objectives.

We would expect to see a comprehensive suite of communications including annual benefit statements, pre-retirement wake-up letters and retirement option packs.

We would expect the online offering to be substantial, with a range of online support materials such as online calculators to enable personalised calculations with various selectable options. We would expect telephone support to be available, with good evidence of telephone scripts, call monitoring and staff training.

Additionally, we expect policyholders to be able to switch investment options online and to have support available to help them make appropriate decisions. In particular, we would expect there to be appropriate risk warnings built into the process.

We would normally expect the provider to be able to offer a range of different retirement options for policyholders, but recognise that this is not always possible particularly when it is a closed book with no new business. Instead, we would focus our consideration on clear signposting to policyholders on where they can obtain guidance and advice on their retirement options.

We are looking for evidence of regular, proactive engagement with policyholders to obtain feedback and for this feedback to be taken into account when reviewing the product offering.

The Firm's strengths

Countrywide Assured provides policyholders with the full range of communications and signposts important retirement milestones. There are clear signposts to where additional information on retirement options can be found.

The GAA has reviewed a range of sample communications which are clear and free from jargon and the GAA believes them to be of a good standard. These communications are reviewed regularly and updated in line with prevailing regulations and topical issues such as Covid-19.

Policyholders are able to communicate with the Firm via a range of options including letter, telephone, email and online messaging. However, policyholders are required to either write in or telephone in order to switch funds, and cannot view their fund value online.

Areas of improvement – GAA observations



Whilst the Firm has communicated with policyholders in relation to the change in investment manager and the [ESG](#) credentials, there has been little feedback. The GAA would like to see more proactive engagement exercises and active feedback sought from the policyholders.

The GAA would also like to see development of the online options, particularly in relation to fund switches and policyholders being able to log on and view their fund value. Noting the absence of any automatic [lifestyling](#), the GAA also believes that online case studies would be beneficial. Although the GAA understands that the costs of such exercises might be prohibitive.

Firm Governance

Value score: Excellent

Excellent
 Good
 Satisfactory
 Poor



The Firm's approach

Countrywide Assured monitors its offering at various touchpoints. The performance of its investment managers is monitored by the Investment Committee which in turn reports to the Main Board, while the with-profits funds are monitored by a With-profits Committee which also meets on a quarterly basis, in turn reporting to the Main Board.

There are two external administrators – Capita and HCL. Their performance is monitored on a quarterly basis with action points noted and progressed as required. The Customer Committee meets on a monthly basis to review Countrywide Assured's offering and consider areas for improvement.

The business continuity plans of the Firm and its third-party / external administrators were tested and reviewed in Q4 2019. The response to the need to work remotely and in self-isolation were not provided for in the business continuity plans of its external administrators. Plans were rapidly updated and are to be reviewed again in 2021.

What are we looking for?

We would expect to see a comprehensive governance structure in place, with evidence of regular reviews being undertaken and active changes being made as required.

The Firm's strengths

The GAA has seen the terms of reference of each the committees mentioned and believes the structures and processes in place are strong and robust. There was also a System of Governance review carried out in 2020, the results of which were shared with the GAA and which concluded that Countrywide Assured has effective systems of governance and these were well embedded across the organisation.

Countrywide Assured executed the move to Schroders well, informing policyholders of the change in investment manager and the resulting change in asset allocation and improvement in [ESG](#) credentials. Switching costs were well managed and the cost structures for policyholders did not see a change as a result of the move to Schroders.

External administrators are reviewed regularly to ensure that SLAs are within agreed parameters and that remedial action is taken as required. Business continuity plans and regulatory compliance are also reviewed and updated regularly. The response to Covid-19 was swift and whilst there was an initial impact there was an effective response.

Through a range of committees, the Firm is able to monitor and ensure that there are robust governance procedures in place and that policyholders interests are met and protected.

Areas of improvement – GAA observations



The GAA did not identify any specific areas for improvement. However, the GAA would like to see evidence of continued investment performance review over 2021 to assess the move to Schroders as this was not possible given the move completed only during Q3 2020.

The GAA also notes the intention for revisions to the external administrators' business continuity plans, strengthening these where appropriate in light of the Covid-19 pandemic.





Financial Security

Value score: Good



The Firm's approach

Countrywide Assured is part of Chesnara plc, an established Life and Pensions consolidator in the UK and Europe. As a UK registered insurance company, Countrywide Assured is required to adhere to the rules in relation to capital adequacy as laid out by the Prudential Regulation Authority (PRA). The PRA sets testing thresholds and the GAA is satisfied that based on these requirements, policyholders' interests are protected.

Origo Transfer Service, a secure automated transfer system used by financial institutions, was implemented in November 2020. For those transfers which can be completed via Origo, this represents a more efficient transfer process and through the automation, reduces the risk of the monies being lost either due to human error or fraud.

Transfer packs include information and warnings on pension scams, which is also signposted on the Firm's website. Transfers to suspicious receiving schemes are referred to the Financial Crime Team for further investigation and all communication in relation to transfers is sent to both the policyholder and their financial adviser.

The Information and Security Steering Group meets on a monthly basis and has oversight of information security and the IT infrastructure. It reports to the Executive Committee.

What are we looking for?

We look for information about the financial position of the Firm supported by evidence such as accounts as well as ratings from third party rating agencies, where available.

We look for evidence of regular internal and external assurance audits on controls and processes. In particular, we are looking for a robust risk control framework around the security of IT systems, data protection and cyber-security. We would expect to see evidence that cyber-security is considered as a key risk by the Firm's relevant risk governance committee and that appropriate monitoring, staff training and penetration testing is put in place.

We are looking for evidence of a clear process to warn policyholders about fraud and scams and to identify possible scamming activity.

The Firm's strengths

Countrywide Assured operates under the PRA regime which provides the GAA with reassurance that policyholders' interests are protected and latest solvency figures show a financial robustness in excess of the required levels.

The Firm has demonstrated that it has a robust policy with regards to transfer requests and that every effort is made to safeguard policyholders against fraud. This includes ensuring the Administration Outsource Service providers perform timely penetration testing and manage potential vulnerabilities. Regular meetings include discussion on the controls employed to manage cyber risk and the constantly evolving developments in this area.

Areas of improvement



The GAA did not identify any specific areas for improvement.



Administration and Operations

Value score: Good



The Firm's approach

Countrywide uses external administrators – Capita and HCL. The Firm reviews adherence to service standards on a monthly basis and is able to take swift action where required. Most tasks are completed within five working days and target completion rates are 90% to 95% depending on the task.

There are internal controls policies in place for managing risk, which look at areas such as the outsourcing policy, operational risk and business continuity. There are monthly relationship meetings and quarterly meetings. Both Capita and HCL have in house Compliance Monitoring Teams that audit processes. In addition, the Firm audits their activities and responsibility for this lies with the Audit and Risk Committee which reports to the Countrywide Assured Board and reviews are carried out annually.

Despite the issues surrounding Covid-19, there were no complaints or breaches during the year. The process for making complaints is clearly highlighted on the website and there is also a downloadable document.

Countrywide Assured was able to evidence that there were no complaints during the year and that there is a process for resolving complaints.

What are we looking for?

We are looking for evidence of strong administration processes with appropriate service standards in place and regular reporting evidencing adherence to those service standards. In particular, we are seeking evidence that [core financial transactions](#) are processed promptly.

We are looking for a comprehensive business continuity plan and evidence of its effectiveness in maintaining business continuity during Covid-19.

We would expect to see a low level of complaints and demonstration of a clear process for resolving complaints.

The Firm's strengths

Countrywide Assured was able to evidence a high adherence to administration service standards throughout the year, working closely with their external administrators and taking swift remedial action when issues around remote working and self-isolation were identified.

Going into 2020, the business continuity plans for these external administrators did not anticipate the need to self-isolate and the social distancing measures necessitating home working to the extent seen.

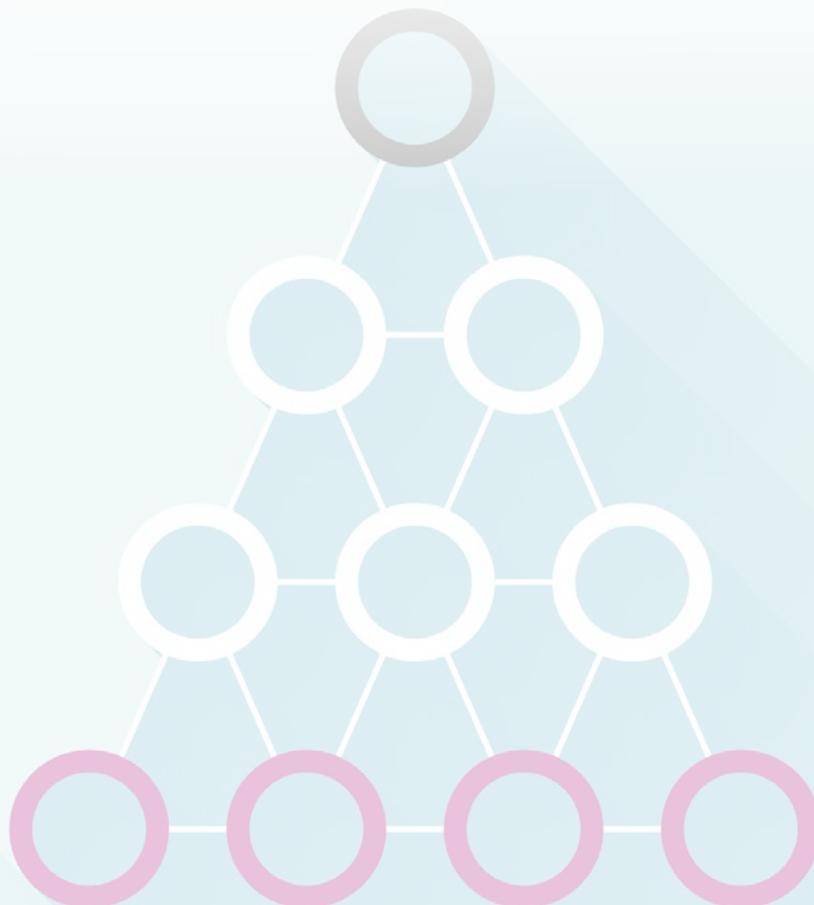
However, the adjustments to home working was relatively smooth and service levels only dipped to a small extent at the start of the pandemic. Remedial action has been taken and service levels have been restored.

The Firm has comprehensive business continuity plans for both itself and its external administrators. We believe that the administration service provided to policyholders is of a good standard and that, if the agreed service standards are met, core financial transactions will be processed promptly and accurately.

Areas of improvement – GAA observations



The GAA did not identify any specific areas for improvement, although note the actions identified to strengthen the external administrators' business continuity plans in 2021.



Engagement and Innovation

Value score: Good



The Firm's approach

Countrywide Assured has updated its [ESG](#) policies and these are fully embedded into the investment strategy of all funds available to policyholders.

Investors in Customers (IIC) was appointed to assess how well customers were treated and the Firm's strength of customer relationships and was awarded the Silver 2020 Investors in Customers badge.

The Firm has tried to engage with policyholders on the change in [ESG](#) policy, but there has been little response. Countrywide Assured should consider how to develop its proactive engagement to obtain greater feedback from policyholders, although costs for such an exercise might be disproportionate.

What are we looking for?

We expect to see evidence that the product is reviewed at least annually, with new products or services being launched on a regular basis, that have been developed taking into account policyholders' characteristics, needs and objectives, including direct feedback from policyholders.

The Firm's strengths

There are a number of committees, including the Investment, Customer and Outsourcer Service Provider Committees, in place to oversee the products offered to policyholders. During the year, the Firm reviewed the funds available to policyholders, changed the investment manager, adjusted asset allocation and embedded an updated [ESG](#) policy for all funds. The Firm has demonstrated that it is able to make wide ranging changes when required and going forward it is expected that the offering will be reviewed regularly.

Countrywide Assured was able to demonstrate its product review process works and that it was able to make wide ranging changes when required. [ESG](#) is now embedded in the investment strategy and policyholders should also benefit from the updated asset allocation and investment experience of Schroders.

The experience over 2020 and the response to the Covid-19 pandemic has demonstrated that the Firm is able to adapt and make changes as appropriate.

Areas of improvement – GAA observations



Countrywide Assured should consider how to develop its proactive engagement with policyholders in order to obtain greater feedback on its product. Whilst feedback is solicited, there has been limited traction with policyholders. Further development of the Countrywide Assured online offerings could be considered and may also lead to improved policyholder engagement.



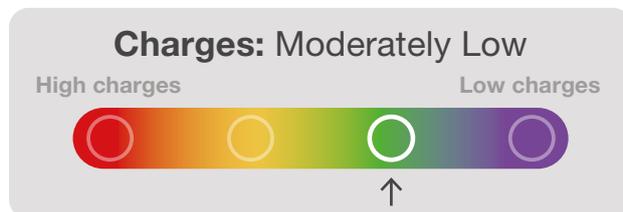
Overview of Policyholder Charges

The Firm's approach

Countrywide Assured has four workplace pension plans, each with a different charging structure. There is also a 1% cap on exit charges for policyholders aged over 55 years.

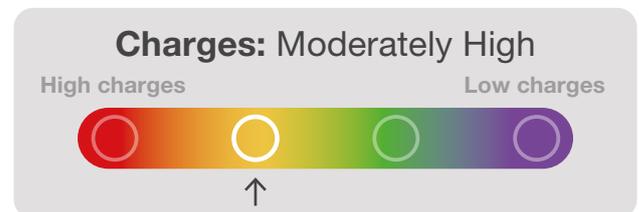
Countrywide Assured have confirmed that it carries out regular value for money assessments internally, which is carried out by the Customer Committee.

CWA



There are five funds for policyholders to choose from and all charge an AMC of 0.75% per annum. No change was made to the cost structure as a result of the move to Schroders. Transactions costs varied from 0.04% for the Secure Growth Pension Fund and Conservative Managed Pension Fund to 0.09% for the UK Equity Pension Fund. There is no charge for switching funds.

IL



There are eight funds for policyholders to choose from. The AMC for all funds is 0.75%, including the Deposit Pension Fund and the Fixed Interest Pension Fund. The GAA notes the AMC for the CWA Property Fund was reduced to 0.75% from 1.43% previously and would have benefited policyholders invested in this fund during Q4 2020. [Transaction costs](#) varied from -0.06% for the Fixed Interest Pension Fund to 0.95% for the CWA Property Pension Fund. There is a £25 charge for switching funds, with one free switch each year. There are relatively few switches by policyholders.

S&P (Unit Linked)



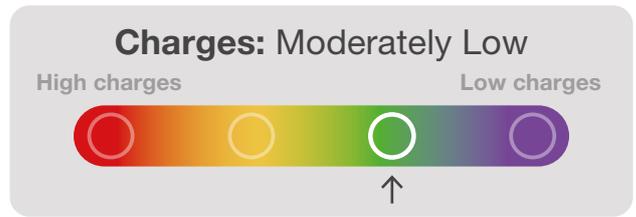
There are seven funds for policyholders to choose from. AMC's range from 0.5% for the Cautious Managed Pension Fund, High Interest Pension Fund and Gilt Pension Fund to 1.48% for the Global Equity Pension Fund. [Transaction costs](#) were also high for this fund range which the Firm attributed to the [active management](#) of the funds. [Transaction costs](#) ranged from 0.0% for the Gilt Pension Fund to 0.67% for the Managed Pension Fund, taking the overall cost for this fund to 1.92%. The highest cost fund was the Global Equity Pension Fund at 2.05% overall (1.48% AMC and 0.57% [transaction costs](#)).

These higher costs should be viewed in the context of [active management](#) that should deliver superior returns. Whilst performance has largely been second quartile over the longer-term, there has been an adverse impact more recently resulting in the Managed Pension Fund delivering fourth quartile performance for the 1-year period, and third quartile performance for the 3-year period. This period coincided with the pandemic and the switch to Schroders as fund manager.

The charging structure for the S&P policies includes bid/offer spreads, varying allocation rates by size of premium and/or term of policy, capital units, loyalty bonuses and early exit charges for capital until elements.

There is a £15 charge for switching funds with one free switch each year. There are relatively few switches by policyholders.

S&P (With Profits)



Over the period in review, the With-profits Pension Fund had an AMC of 1.25% and transaction and other costs of 1.30%. The With-profit policy guarantees provide a valuable additional benefit for policyholders. Where a guarantee bites, Countrywide Assured has to hold an additional reserve.

Risk of high charges for legacy products

As the products are legacy, there are some legacy charges. The structure for charges was put in place when it was customary to include adviser commissions within costs. The recent review of funds which resulted in the appointment of Schroders as investment manager to all funds available to policyholders did not include a review of costs.

GAA comment and view



The GAA has considered the overall level of charges borne by policyholders over the year. This included assessing:

- » the process for collecting and monitoring overall member charges, including [transaction costs](#);
- » how the firm monitors charges;
- » whether the overall level of charges is reasonable, bearing in mind the nature of the investment, level of performance, and degree of risk management; and
- » the distribution of charges across policyholders.

The GAA was provided with comprehensive details of policyholder charges including [transaction costs](#) calculated on the DC workplace methodology.

Whilst there is a policy in place to review costs and charges, it is not clear to the GAA that action is taken to reduce the charges borne by policyholders when the opportunity allows. The recent review of all funds and move to Schroders did not result in any substantive change to the charging structure. The GAA accepts that the funds are actively managed and therefore should provide superior performance which would counterbalance the higher fees compared to a passive fund. However, the GAA notes that for some funds there has been a less favourable performance over the last year, as a result of the Covid-19 pandemic and ensuing market volatility.

The GAA rating reflects the charges applied for the Countrywide Assured workplace pension plans and we believe that the value offered to policyholders varies widely. In particular, in relation to the S&P funds, the GAA notes that there is an element of legacy charging in the cost structures as these policies were sold at a time when adviser fees were included.

The FCA has introduced new requirements that the administration charges and transactions costs information, in relation to each relevant scheme must be published by 31 July each year, in respect of the previous calendar year: These disclosures must include the costs and charges for each default arrangement and each alternative fund option that a member is able to select. They should also include an illustration of the compounding effect of the administration charges and [transaction costs](#), on a prescribed basis and for a representative range of fund options that a policyholder is able to select. For this year, the requirement only applies to default funds but in subsequent years this is extended to all self-select fund options as well. As none of the workplace pension plans offered by Countrywide Assured have a default, no further reporting is required in this respect.

ESG, Non-Financial Matters and Stewardship

What are we looking for?

The FCA requirements set out in COBS 19.5.5 state that where the Firm has an investment strategy or makes investment decisions which could have a material impact on policyholders' investment returns, the GAA should assess the adequacy and quality of the Firm's policy in relation to [ESG](#) financial considerations, non-financial matters, how these are taken into account in the Firm's investment strategy or investment decision making, and assess the adequacy and quality of the Firm's policy in relation to stewardship. Whilst this formal requirement falls outside the overall Value for Money assessment, the GAA's Value for Money framework does take into account, where relevant, when scoring the area of Strategy Design and Investment Objectives on page 8, how the Firm has integrated [ESG](#) financial considerations and non-financial matters in the Firm's investment strategy and investment decision making.

The GAA expected the Firm to be able to provide a clear explanation of the Firm's approach to taking into account [ESG](#) financial considerations, non-financial matters and stewardship, together with evidence of how these are implemented in practice. The GAA expected any policies to take into account the expected investment duration and be aligned with the interests of policyholders.

GAA comment and view



Countrywide Assured [ESG](#) and Stewardship policies are consistent with those of Chesnara plc. In particular, Countrywide Assured is supportive of the view that customer value creation is best delivered through the embedded consideration of [ESG](#) issues. The policy seeks to take into account the views of all its stakeholders by signing up to the UN's Principles of Responsible Investment (UNPRI), operating with zero emissions where possible and investing in the communities it operates in. As such by appointing Schroders as its investment manager, the Firm's [ESG](#) financial consideration, non-financial matters and stewardship requirements are met by Schroders. The Firm communicated the new policy that would be implemented by Schroders and invited representations from policyholders, for which there has been some limited engagement which is not unusual.

A key criteria for the selection of the external investment manager was its [ESG](#) credentials. Schroders has robust [ESG](#) and stewardship policies in place and these are adopted for all funds available to Countrywide Assured workplace pension plans. The intention is to encourage Schroders, who are recognised as strong in this area, to demonstrate continual improvement in its approach to [ESG](#) and stewardship matters.

The GAA considers the policies to be adequate and of good quality. This is an area which is evolving and the GAA will seek to see continuous improvements.

Appendix 1:

GAA Activity and Regulatory Matters

This section describes the work that the GAA has done over the year and also covers the other matters which we are required to include in our annual report.

GAA engagement and actions this year

We prepared and issued a request for data on all the relevant workplace pension policies on 2 September 2020.

Members of the GAA had a meeting with representatives of Countrywide Assured on 15 December 2020 to discuss the Value for Money assessment for the 2020 calendar year.

Discussions focused on the information provided in response to the data request. This was an opportunity for members of the GAA to meet key personnel with responsibility in the various different areas including investment strategy and how this has evolved, fund range including design of defaults, investment governance, approach to [ESG](#), non-financial matters and stewardship, administration and communications and risk management. Given government restrictions in light of Covid-19, these meetings were virtual.

On 26 April 2021, members of the GAA had a meeting with representatives of Countrywide Assured to discuss the GAA's provisional scoring of Value for Money of the in-scope Countrywide Assured workplace pensions and the approach for meeting the new cost and charges disclosure requirements in COBS 19.5.13.

Additional formal meetings and engagement by e-mail had taken place between the GAA and Countrywide Assured throughout this process.

As part of the Value for Money assessment process, Countrywide Assured has provided the GAA with all the information that was requested, including evidence in the form of minutes and other documentation to support areas of discussion at the site visit. In particular, the GAA has seen evidence of [ESG](#) integration within Countrywide Assured's investment decision process, evidence of the process for reviewing investment performance and evidence of communications provided to policyholders at various milestones to retirement.

The GAA held several meetings during the year to review and discuss the information received and to develop and improve the way that we assess Value for Money and report on this.

Over the last year the GAA reviewed and evolved our Value for Money assessment framework to include a broader range of evaluation criteria, which is reflected in this report. The GAA documents all formal meetings with Countrywide Assured and maintains a log which captures any concerns raised by the GAA with Countrywide Assured, whether informally or as formal escalations.

Concerns raised, and challenges made with the Provider by the GAA and their response

The GAA has not raised any concerns with Countrywide Assured during the year covered by this report.

The arrangements put in place for policyholders' representation

The following arrangements have been put in place to ensure that the views of policyholders can be directly represented to the GAA:

- » The role of the GAA and the opportunity for policyholders to make representations direct to the GAA has been and will continue to be communicated to policyholders via the online platform.
- » Countrywide Assured will receive and filter all policyholder communications, to ensure that this channel is not being used for individual complaints and queries rather than more general representations which may be applicable to more than one policyholder or group of policyholders. Where Countrywide Assured determines whether or not a communication from a policyholder is a representation to the GAA, it will be passed on in full and without editing or comment for the GAA to consider.

In addition, the GAA has established a dedicated inbox at gaacontact@ptluk.com so that policyholders can make representation to the GAA direct. Countrywide Assured will include details of this contact e-mail address on the online platform.

Appendix 2:

PTL GAA Credentials

In February 2015 the Financial Conduct Authority (FCA) set out new rules for providers operating workplace personal pension plans (called relevant schemes) to take effect from 6 April 2015. From that date, providers had to have set up an Independent Governance Committee or appointed a Governance Advisory Arrangement whose principal functions would be to:

- » act solely in the interests of the [relevant policyholders](#) of those pension plans; and to
- » assess the 'value for money' delivered by the pension plans to those [relevant policyholders](#).

The FCA rules also require that the Chair of each Independent Governance Committee and Governance Advisory Arrangement produce an annual report setting out a number of prescribed matters.

The PTL Governance Advisory Arrangement was established on 6 April 2015 and has been appointed by a number of workplace personal pension providers. PTL is a specialist provider of independent governance services primarily to UK pension arrangements. Amongst other appointments we act as an independent trustee on several hundred trust-based pension schemes and we sit on a number of Independent Governance Committees (IGCs). We have oversight or responsibility for in excess of £120bn of pension assets. More information on PTL can be found at www.ptl.uk.com

All of PTL's Client Directors have been appointed to the GAA. More information on each of them, their experience and qualifications can be found at www.ptl.uk.com/Our-Team

Dean Wetton is also a member of the GAA. Dean is independent of PTL. Information on his experience and qualifications can be found at www.deanwettonadvisory.com

PTL, its Client Directors and Dean Wetton are independent of all of the providers participating in the GAA in so far as:

- » They are not directors, managers, partners or employees of any of the providers, or any company within their groups, nor are they members of the share option or performance related pay schemes of any of the providers nor have they been within the last five years.
- » They do not have a material business relationship of any description with any of the providers, or any company within their groups, and have not done so within the last three years.

Any potential conflicts of interest are recorded in a log and considered by the GAA in accordance with its conflict of interest policy.

The members of the GAA are appointed by the board of PTL. The board is satisfied that individually and collectively the members of the GAA have sufficient expertise, experience, and independence to act in the interests of the members of the providers' pension plans.

The terms of reference agreed with the Firm can be found at: [GAA Terms of Reference](#).

Appendix 3:

Glossary

Active management

The investment of funds where the skill of the fund manager is used to select particular assets at particular times, with the aim of achieving higher than average growth for the assets in question.

Annual Management Charge / AMC

A deduction made by the pension provider or investment manager from invested assets, normally as a percentage of the assets. The AMC is generally how the pension provider or investment manager is paid for their services.

Annuity

A series of payments, which may be subject to increases, made at stated intervals, usually for life. If the annuity is 'joint life', it will continue to a spouse (usually at a lower rate) after the death of the original person receiving the payments ('the annuitant').

Core financial transactions

The essential processes of putting money into a pension policy or taking it out, namely:

- » Investment of contributions.
- » Implementation of re-direction of future contributions to a different fund.
- » Investment switches for existing funds, including lifestyling processes.
- » Settlement of benefits – whether arising from transfer out, death or retirement.

Environmental, Social and Governance (ESG)

These are the three main factors looked at when assessing the sustainability (including the impact of climate change) and ethical impact of a company or business.

ESG factors are expected to influence the future financial performance of the company and therefore have an impact on the expected risk and return of the pension fund investment in that company.

Lifestyling

An automated process of switching investment strategy as a policyholder approaches retirement, in a way that is designed to reduce the risk of a policyholder's retirement income falling.

Relevant policyholder

A member of a relevant scheme who is or has been a worker entitled to have contributions paid by or on behalf of his employer in respect of that relevant scheme.

Transaction costs

A combination of explicit and implicit costs included within the price at which a transaction (i.e. buying or selling an asset) takes place.

Unit-Linked

A type of investment where the investments of a number of people are pooled together and divided into units of equal value. The value, or price, of each unit depends on the value of the assets of the unit linked fund. The unit price determines the number of units the policyholder receives when they invest money in the fund, and the sum they receive when they sell their units.

With Profits

An insurance contract that participates in the profits of an insurance company. The insurance company aims to distribute part of its profits to with-profits policyholders in the form of bonuses.

Appendix 4:

Summary of Workplace Personal Pension Plan Data at 31 December 2020

	CWA	IL	S&P
Number of employers:			
Non-qualifying for auto-enrolment	26	21	64
Qualifying for auto-enrolment	0	0	0
Number of policyholders	184	122	244
Contributing	1	2	12
Non-contributing	183	120	232
Total value of assets (market value)	£1.2m	£0.8m	£4.1m

ptl

Personal
Pragmatic
Professional

