



ZEDRA

DO MORE. ACHIEVE MORE.

Chair's annual report

St. James's Place Workplace Personal Pension Plans

- | Year ended 31 December 2021
- | The ZEDRA Governance Advisory Arrangement (GAA)

September
2022



Executive summary

This report on St. James's Place, the workplace personal pension plans provided by St. James's Place ('SJP', the 'Firm'), has been prepared by the Chair of the ZEDRA Governance Advisory Arrangement ('the GAA') and sets out our assessment of the value delivered to policyholders and our view of the adequacy and quality of the Firm's policies in relation to Environmental, Social and Governance (ESG) risks, non-financial considerations, and stewardship.

Further background on the activity of the GAA and details of the credentials of the GAA can be found in Appendices C and D respectively. The GAA works under the Terms of Reference, agreed with St. James's Place, the latest version of which is dated 30th March 2022 and are publicly available (see Appendix D).

This is our seventh annual report.

As Chair of the GAA, I am pleased to deliver this value assessment of the St. James's Place workplace personal pension plans. The SJP plans fall into two distinct categories as follows:

- | Group Personal Pension Schemes ('GPPs') & Individual Pension Plans ('IPPs') – provided with advice from St. James's Place Partners who are suitably qualified and authorised Financial Advisers, and who are appointed representatives of St. James's Place Wealth Management, the advice company of the St. James's Place group.
- | St. James's Place Staff Pension Scheme ('the Staff Scheme') provided with no advice. This is the only workplace pension scheme which is qualifying for auto-enrolment purposes.

The GAA has conducted a rigorous assessment of the Value for Money delivered to policyholders over the period 1 January 2021 to 31 December 2021. The GAA has developed a Framework to assess Value for Money which balances the quality of services and investment performance provided to policyholders against what they pay for those services and investment performance. Further details are set out on page 7.

A COLOUR CODED SUMMARY OF THE GAA ASSESSMENT

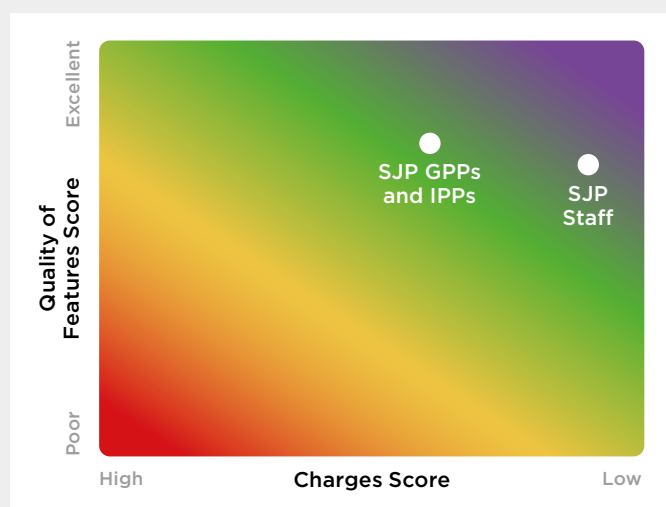
	Weighting toward VfM assessment*	SJP GPPs and IPPs	SJP Staff Scheme
1. Product strategy design and investment objectives	7%	●	●
2. Investment performance and risk	20%	●	●
3. Communication	13%	●	●
4. Firm governance	5%	●	●
5. Financial security	7%	●	●
6. Administration and operations	13%	●	●
7. Engagement and innovation	3%	●	●
8. Cost and charge levels	33%	●	●
Overall value for money assessment	100%	●	●

* May not add to 100% due to rounding

Quality and investment features	Cost and charge levels
<ul style="list-style-type: none"> ● Excellent ● Good ● Satisfactory ● Poor 	<ul style="list-style-type: none"> ● Low ● Moderately Low ● Moderately High ● High

The Overall Value for Money rating is determined on a rating scale based on the product of the overall scores for the individual Features and the weightings shown in the above table. The Investment and Quality Features combined representing two-thirds of the overall score and the Cost and Charge Level representing one-third of the overall score. It is visually represented by the heatmap below.

VALUE FOR MONEY SCORING



The overall conclusion is that both the GPPs and IPPs and Staff Scheme provides **good** value for money.

The observations identified by the GAA are noted below, however, the GAA observes that some areas have high aspirations and are still evolving. The GAA would expect to see ongoing developments in these areas, both in line with the Firm's existing implementation plan outlined to the GAA, and to reflect future developments in the wider marketplace.

- | SJP has the advantage that it has bespoke funds. Whilst the funds' objectives are clear, the fund literature disclosure is more descriptive rather than quantifiable. The GAA would like to see SJP review these as a potential area of improvement for next year.
- | Last year, the GAA questioned the appropriateness of a single default fund for the Staff Scheme. We recognise that analysis has subsequently been done in March 2022 on the appropriateness of using a single fund as the Scheme Default (the Managed Growth Fund). The GAA would like to see further evidence of the ongoing review to ensure that the default remains appropriate for all age cohorts.
- | **Investment Performance and Risk** – Longer term fund performance has generally been good and cost savings as a result of SJP'S scale are passed on to members. However, some active strategies have found it harder to keep pace with benchmarks when analysing one year performance in 2021. There is good longer-term reporting. Recognising the limitation of one year performance, the GAA have asked the Firm to provide further reporting on both shorter term and longer term performance.
- | **Communications** – The communications are of a high standard, although for the Staff Scheme, they could be better when accompanied by a verbal explanation. SJP could consider amending ways to further improve the Staff Scheme communications.
- | **Administrations and Operations** – The Firm's service levels are generally good and business continuity is good, as advisers were already supported to work remotely. Service levels for bereavement cases dropped somewhat during the COVID-19 pandemic but recovered afterwards. The GAA will be looking for evidence that the same levels remain.

Details of the numbers of policyholders and their funds were supplied to ZEDRA Governance Ltd for the assessment and are summarised in Appendix F.

We also concluded that the Firm's policies in relation to Environmental, Social and Governance (**ESG**) risks, non-financial considerations, and stewardship to be adequate and of good quality. This is an area which is evolving and the GAA will continue to monitor developments in this area. It is worth noting the Firm has made progress on its approach to stewardship and engagement in the past 12 months.

Where we have used technical pensions terms or jargon, these are explained in the glossary in Appendix E.

The FCA has introduced new requirements this year. One of these new changes require us to undertake a comparison with other similar options available in the market. If an alternative scheme(s) would offer better value, we must inform the pension provider. I can confirm that we have not considered it necessary to make this notification this year. Our view on each Feature we are required to make a comparison on is included in the relevant section of the report. Details of how we selected the comparator group, and a consolidated view of our comparator findings is set out in Appendix B.

The GAA has not raised any concerns with the Firm during the year.

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

Clare James

Chair of the ZEDRA Governance Advisory Arrangement

September 2022



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

Client Services, St. James's Place Wealth Management,
1 Tetbury Road, Cirencester, Gloucestershire, GL7 1FP.

Alternatively, you can contact the GAA directly at zgl.gaacontact@zedra.com



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Overview of the value assessment

The GAA has assessed the Value for Money delivered by SJP's GPPs, IPPs and Staff Scheme workplace personal pension policyholders by looking at costs versus investment and service benefits. More detail about how we have done this is set out below.

Regulatory changes

The Framework used for this year's assessment has been updated to reflect changes to the Code of Business Sourcebook ([COBS](#)) in effect from the 2021 assessment year. This has included an explicit assessment of [net investment performance](#), and the assessment of any charges the policyholders might need to pay in operating their policy which are in addition to any [annual management charges](#) and [transaction costs](#). Our framework already included assessment of communications and processing of [core financial transactions](#). These changes have been reflected in the assessments reported on in sections 2. Investment Performance and Risk, 3. Communication, 6. Administration and Operations and 8. Cost and Charge Levels.

In addition, the regulatory changes introduced a requirement to undertake comparisons of the Firm's product offering against a suitable comparator group of providers products across net investment performance, communications, processing of core financial transactions, and costs & charges. We have included comments on these comparisons in each relevant section of the report. Details of how the comparator group was selected and a consolidated view of the comparison outcomes are included in Appendix B.

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 investment and service benefits. Our fundamental approach has therefore been to compare all the costs paid by policyholders against the investment performance and quality of services provided to policyholders.

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 quality features, including net investment performance, as well as full information on all costs and charges, including transaction costs.
- | Attending several 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 has 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, has then been 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 eight different Features covering Quality of Service, Investment Performance and Strategy, and the Costs and Charges borne by the Policyholders. This assessment is undertaken of the Firm's product(s) relative to the GAAs view of good practice.

The Quality-of-Service Features and Investment Features have been determined based directly on the FCA requirements for assessing ongoing Value for Money set out in [COBS 19.5.5](#), in particular services relating to communications with policyholders and processing of [core financial transactions](#). The Quality-of-Service features considered has been 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 engagement and innovation, and a wider overview of the administration quality and processes.

Within each of the Quality-of-Service Features and in the assessment of Investment Features are several sub-features. These sub-features 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 across clients. Each set of score descriptors outline what the GAA would expect to see to achieve each numerical score. The scores for each sub-feature are then aggregated to the Feature level based on the GAAs view of the relative value of the sub-feature to the policyholders.

The GAA then went on to consider the value represented by the Cost and Charge Levels which policyholders must bear. The assessment of Cost and Charge Levels is primarily driven by the level of ongoing charges for investment management, administration, and platform fees. The GAA also considers the transaction costs and how they are controlled, and any additional costs the policyholders pay in the investment and management of their policies. The Cost and Charge Levels are rated on a numerical scale of 1 to 4 where 4 is 'low' charges, 3 is 'moderately low' charges, 2 is 'moderately high' charges and 1 is 'high' charges. This assessment considers information available to

the GAA on general levels of costs and charges for pension providers in the marketplace.

The scores for each Feature are then combined using the weightings set out in the table in the Executive Summary to determine an Overall Value for Money rating. The weightings used are based on the GAAs views of the relative importance to the policyholders of each Feature. The weightings are tilted towards the Features and sub-features which have been identified in the regulations relevant to forming this assessment of value. Where possible, the GAA has considered the likely needs and expectations of this group of policyholders, based on the information made available by the Firm.

In the sections on the following pages, we have described the Firm's approach to delivering each of the Features, and the rating the GAA has awarded, together with any areas for improvement we have identified.

In addition, there is a 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. Whilst this is a largely qualitative assessment the GAA has considered the Firm's policies in comparison to others the GAA has knowledge of.

An assessment has also been made of the net investment performance, quality of communication and quality of the administration service including processing of core financial transactions, and costs and charges relative to a suitable comparator group of product providers. Comments on the outcome of these assessments are included in the sections for the relevant Features. We have also considered whether an alternative provider would offer better Value for Money so that we can inform the Firm if we believe this to be the case. Details of the comparisons, including how the comparator providers and products were determined are set out in Appendix B.

SJP GPPs and IPPs

In respect of the GPPs and IPPs, the policyholder directs the investment strategy but is advised by the SJP Partner. The policyholder pays advice charges which reflect the tailored advice they receive for their pension, other investments, and any broader matters from their SJP Partner. There is a distinction however between St. James's Place as the provider and St. James's Place as the advisor. The Partners are individual practices, who are free to run their business under their own model

but operate under St. James's Place's regulatory umbrella and compliance oversight.

St. James's Place Wealth Management undertake to make a range of governed funds available for the policyholder. These are St. James's Place specific funds, for which St. James's Place set the mandate but where the investment decisions are made by an Independent Fund Manager. St. James's Place select the fund managers to invest in line with the specific mandate, taking external advice and using an independent panel of consultants to help make the selections. In addition, St. James's Place uses its buying power to get these funds at discounted prices which it passes on to policyholders. However, policyholders also pay a charge for the pension wrapper, the investment oversight and the broad range of advice offered to the policyholder.

St. James's Place offer model portfolio asset allocations from their range of governed funds. The policyholder is then advised by the SJP Partner as to which model portfolio and or funds should be used within this range. St. James's Place review the adherence to this by the SJP Partner on an individual basis. This advice is therefore backed (and guaranteed) by St. James's Place.

St. James's Place undertakes a constant review of the characteristics and net performance of the investment strategies, and the GAA then assess this process. However, by their nature, St. James's Place do not have default funds in operation because each individual policyholder's portfolio is tailor made. It is therefore difficult to assess the performance for individuals as a whole or even the typical policyholder. However, the SJP Partner is overseen by St. James's Place, who operates within parameters set by St. James's Place. Therefore, it is appropriate that St. James's Place take responsibility for policyholders' investment strategies. We understand that this is discussed with policyholders by their Partners.

Accordingly, the GAA has assessed St. James's Place in relation to the areas it controls and has considered the individual advice provided within the charges.

St James's Place Staff Scheme

The one exception to the above is the St. James's Place Staff Scheme default fund, the St. James's Place Managed Growth Fund. This has been selected and is managed by St. James's Place. Members of the Staff Scheme may opt instead to invest in any other fund or model portfolio offered by St. James's Place (the same funds as those available to GPP and IPP policyholders). While the mandates of the funds are owned by St. James's Place, the day-to-day running of the funds is outsourced to external managers who may be changed over time.



1. Product strategy design and investment objectives

GPPs & IPPs value score:

Excellent Good Satisfactory Poor

Staff Scheme value score:

Excellent Good Satisfactory Poor

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.

We want to see that all investment options have clear statements of aims and objectives – 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, including the default, 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 17, we expect to see evidence of how these matters are considered in the design of the investment strategy and in investment decision making.

The Firm's approach

St James's Place does not offer default strategies to their GPP and IPP policyholders. Each policyholder's investment choices are specifically tailored to the policyholder through advice from their St. James's Place Partner. The investment choices used are made up of the full range of bespoke St James's Place funds.

These funds are all well governed, and the management is outsourced and monitored. In addition, the fund range includes a series of model portfolios designed for specific classifications of policyholder. The SJP Partner advises and selects from the blend of the investment funds available. St. James's Place have described the process by which SJP Partners give policyholders advice. This includes a framework, a method to monitor and guarantee the advice given. For all cases where advice is given, the St James's Place Wealth Management Group guarantees the suitability of the advice given by its Partners (advisors).

The St. James's Place's Staff Scheme, on the other hand, does have a default investment choice which is designed by St. James's Place for its employees. Policyholders of the St. James's Place Staff Scheme also have the option to self-select across the whole universe of St. James's Place funds.

The Firm's strengths

The GAA has reviewed the portfolio construction methodology of the Investment Committee and note that St. James's Place carries out its own value assessment of its unit trust range into which many of the pension funds cross-invest. The choices are reviewed regularly by the Firm and changes are made where appropriate, both in the underlying funds and the ranges. The model portfolios provide good recommendations for different requirements.

The range of funds is determined by St. James's Place and how it is tailored for individuals in GPPs and IPPs is determined by the SJP Partner, under supervision of St. James's Place. This offers individuals a higher level of governance compared to most other workplace pension schemes. Therefore, we believe this is likely to lead to more appropriate individual investment strategies for policyholders.

There is a strong process for designing and governing the funds (including the default investment fund for the Staff Scheme, the Managed Growth fund) that SJP offer with a wide range of available funds across a variety of asset classes. In addition, the GAA has seen evidence that the model portfolios are reviewed and monitored regularly.

All funds have a risk rating displayed clearly on their factsheets. All investment options have relevant aims/objectives which are communicated on the fund factsheets. As the funds are bespoke

to SJP, changes are made easily and effectively for policyholders. The Investment Committee is strong and takes external advice from several advisors.

The GAA found clear evidence of the process for implementing several changes over the year. For example, in July 2021, in the interest of ongoing performance, the Investment Committee decided to replace the fund manager for the UK Income fund.

The GAA saw clear evidence of how St James's Place's policies on ESG financial considerations and non-financial matters are incorporated in the investment strategy and in investment decision making. For example, in November 2021, the existing fund managers of the Global Equity fund were replaced and restructured with new ones, aiming for greater diversification and stronger performance and improved ESG credentials.

Improvements since last year

The Firm has considered ESG in the selection of managers, and it requires managers to integrate ESG in their processes and further implements an engagement overlay on its own assets. The Firm has removed managers for lack of ESG and actively considers ESG when hiring managers.

Areas for improvement

GAA observations

SJP has the advantage that it has bespoke funds. Whilst the funds' objectives are clear, the fund literature disclosure is more descriptive rather than quantifiable. The GAA would like to see SJP review these as a potential area of improvement for next year.

Last year, the GAA questioned the appropriateness of a single default fund for the Staff Scheme. We recognise that analysis has subsequently been done in March 2022 on the appropriateness of using a single fund as the Scheme Default (the Managed Growth Fund). The GAA would like to see further evidence of the ongoing review to ensure that the default remains appropriate for all age cohorts.



2. Investment performance and risk

GPPs & IPPs value score:

Excellent Good Satisfactory Poor

Staff Scheme value score:

Excellent Good Satisfactory Poor

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 and stated benchmark. Performance should be net of fees. In addition to the stated benchmark comparison risk adjusted returns should also be considered.

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. We also expect to see evidence that the strategies are effective and consider the policyholders' attitudes to risk.

The Firm's approach

St James's Place has a comprehensive Governance Framework in place for regularly monitoring fund and portfolio performance and risk.

The St James's Place Investment Committee has ultimate responsibility for all the governed funds and portfolios. The Investment Committee meets on a fortnightly basis to review investment

manager performance for all asset classes on a rotating basis, so that each asset class is considered every 2 months.

Investment performance is measured against appropriate indices and peer benchmarks and seven RAG criteria are used to rate each manager, encompassing performance, risk, trading behaviour, [ESG](#), corporate risk and service levels. Meetings with individual investment managers take place approximately every 6 months, so that the Investment Committee can understand the reason behind any deviation in performance, what action is being taken and to decide what additional action may be necessary. Action is taken to remove managers, where necessary.

The governance function of the St. James's Place Investment Committee is supported by strong inhouse expertise and the use of external consultants. This is underpinned by technology, with risk analytics from industry leading portfolio risk systems including BlackRock's Aladdin and Bloomberg, at the manager, fund, and portfolio level.

St James's Place also consider the [Principles for Responsible Investment \(UNPRI\)](#) ratings for each manager when making changes and have ensured that all managers signed up to the UN PRI.

The Firm's strengths

St James's Place has demonstrated there is a robust Governance Framework in place and has provided clear evidence of the monitoring undertaken during the year.

Net investment performance

The [net investment performance](#) of the most significant funds available to policy holders and, where available, the performance of the benchmarks against which those funds are measured by the Asset Manager are set out in the following table as at the end of calendar year 2021, over both short term and longer term assessment periods (1 year and 5 years). SJP measure performance against several benchmarks including style factors and peer groups; we have shown the primary benchmarks below for the top 20 funds (representing approximately 70% of assets) where the performance period available for assessment is at least one year.

Fund Name	SJP Performance** - 1-Year	Primary Benchmark** - 1-Year	SJP Performance** - 5-Year	Primary Benchmark** - 5-Year
Global Quality	16.5%	19.6%	13.2%	12.3%
International Equity	15.8%	19.6%	13.1%	12.3%
Global Value	21.8%	19.6%		
Managed Growth***	12.4%	14.4%	6.8%	9.7%
Balanced Managed	6.2%	14.4%	7.4%	9.7%
Strategic Managed	14.0%	14.4%	5.9%	9.7%
North American	28.0%	27.6%	14.2%	16.0%
Sustainable & Responsible Equity	21.3%	19.6%		
Strategic Income	6.9%	7.3%	4.8%	5.1%
Global Managed	18.1%	19.6%	10.1%	12.3%
Asia Pacific	1.1%	-2.0%	10.0%	8.8%
Diversified Assets	10.4%	6.3%		
Global High Yield Bond	2.7%	2.2%		
Emerging Markets Equity	23.5%	-1.6%	21.3%	7.9%
Investment Grade Corporate Bond	-1.0%	-1.1%		
Diversified Bond	2.8%	0.6%	3.6%	3.7%
Greater European Progressive	10.1%	17.4%	7.3%	8.1%
UK & International Income	16.8%	18.3%	6.2%	5.4%
Equity Income	25.9%	18.3%	6.3%	5.4%
Global Growth	16.5%	19.6%		

Notes:

** For the purpose of GAA assessment on comparison with other sufficiently similar employer pension arrangements, performance figures used are net of fund management charges and transaction costs; gross of any product, platform and advice charges. Where the fund's performance period available for assessment is less than 5 years, performance figures are shown as blank for the 5-Year columns.

***Staff Scheme Default Fund

The table shows a range of performance across funds, although there has been some underperformance there has also been some outperformance. In aggregate when taking a weighted average approach performance is marginally below benchmarks. In addition, longer term performance is above benchmarks.

Comparator results

We have assessed how the [net investment performance](#) provided to the Firm's policyholders compares over different periods (from one year to longer term) to other sufficiently similar employer pension arrangements. This takes account of both the nature of the provider and the performance of the investments being offered relative to an appropriate benchmark.

This assessment identified that the net investment performance for the Firm's policyholders over 2021 was average, for the comparator group in relation to main funds for both the Staff Scheme and GPPs and IPPs.

Areas for improvement

GAA observations

Longer term fund performance has generally been good and cost savings as a result of SJP'S scale are passed on to members. However, some active strategies have found it harder to keep pace with benchmarks when analysing one year performance in 2021. There is good longer term reporting. Recognising the limitation of one year performance, the GAA have asked the Firm to provide further reporting on both shorter term and longer-term performance.



3. Communication

GPPs & IPPs value score:



Excellent



Good



Satisfactory



Poor

Staff Scheme value score:



Excellent



Good



Satisfactory



Poor

What are we looking for?

As a minimum we expect communications to be fit for purpose, clear and engaging and to be tailored to consider 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.

Information on administration charges and [transaction costs](#) should be made available to policyholders on a publicly available website annually, including illustrations of the compounding effect of the administration charges and transaction costs on an annual basis.

In a high-quality communication service offering we would expect a substantial online offering, 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 would expect policyholders to be able to switch investment options online and

to have support available to help them make appropriate decisions. We would expect there to be appropriate risk warnings built into the process.

We would expect the provider to be able to offer a range of different retirement options for policyholders, as well as clear signposting to policyholders on where they can obtain guidance and advice on their retirement options.

The Firm's approach

Communications provided to policyholders in the GPPs and IPPs centre around the personal advice provided through the SJP Partnership.

Advised policyholders of the GPPs and IPPs receive regular ongoing review meetings with their Partners, as well as checking if their financial plan remains on track, recent legislative and tax developments are discussed with immediate client feedback.

In addition, policyholders have access to the Online Wealth Account. This provides information such as daily fund valuations and interactive performance monitoring. Policyholders also have direct access to the St James's Place Administration Centre helplines.

Members of the Staff Scheme are not automatically provided with advice but are able to appoint an SJP Partner through the 'Financial Guidance for Employees' service. Advice charges would then apply.

Members of the Staff Scheme also have access to their Online Wealth Account and can contact the St. James's Place Reward Team with queries. In addition, Staff Scheme members have access to online educational webinars and other ad hoc communications from the Firm.

In addition, regular articles and newsletters are prepared for use by all members and Partners which are accessible on the SJP website at www.sjp.co.uk/news. Members may also sign up for email alerts when new articles are published.

The Firm's strengths

The GAA has been provided with a range of sample communications to review.

Communications are clear, engaging, and free of jargon, whilst also not being over simplified. The communications are designed to complement the face-to-face support provided by the Partner, but also work as stand-alone documents.

St James's Place provides policyholders with access to a wide range of support at retirement, including advice on the options available (although advice comes at an additional cost for SJP Staff Scheme members).

St James's Place regularly survey members and get very positive reviews and high response rates.

Improvements since last year

For members of the Staff Scheme, a Communication Plan has been created by SJP as an employer to allow for more structured and timely distribution of communication to policyholders. Various topics and formats of different communications were discussed at the latest Pension Oversight Group meeting, aiming to enhance the current methods used.

Examples of communications to members of the Staff Scheme included:

- | Details on Pension Salary Sacrifice Invitation.
- | Videos to encourage staff to review their contribution levels and highlight the potential benefits of early investment, and communications covering topics such as the cost of a comfortable retirement.

Comparator results

We have assessed how the communication materials provided to the Firm's policyholders compare to other sufficiently similar employer pension arrangements. This takes account of the nature of the provider.

This assessment identified that the communication materials provided to the Firm's policyholders over 2021 were average, for both the Staff Scheme and GPPs/IPPs schemes, relative to the comparator group.

Areas for improvement

GAA observations

The communications are of a high standard, although for the Staff Scheme, they could be better when accompanied by a verbal explanation.

SJP could consider amending ways to further improve the Staff Scheme communications.



4. Firm governance

GPPs & IPPs value score:



Excellent



Good



Satisfactory



Poor

Staff Scheme value score:



Excellent



Good



Satisfactory



Poor

What are we looking for?

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

The Firm's approach

The St James's Place Investment Committee adopts a rigorous due diligence process when appointing Investment Managers and has evidenced how it has actively taken steps to make changes, where necessary.

The St James's Place Advice Committee sets the Firm's policies for ensuring suitable financial advice is provided to clients. This includes setting the Advice Framework which outlines standards and best practice for SJP Partners when advising their clients and documenting their advice.

The Business Assurance Function monitors compliance with the Firm's policies, and checks are carried out on sample cases, prioritising areas of higher risk, such as where a DB transfer may be involved.

Over 2021 improvements were made to help Partners advise clients with the use of Salesforce

for Client Relationship Management and the introduction of OPAL cashflow modelling for goals-based planning.

St James's Place outsource most of the administration to SS&C. St James's Place monitor SS&C's performance via regular reporting and there are monthly governance meetings where performance against agreed service levels and service quality are kept under review.

The Firm's strengths

St James's Place have a particularly robust structure for their investment governance whereby the funds and assets are controlled by SJP but managed by selected investment managers. These managers are carefully reviewed internally and with additional external expert support. St James's Place were able to evidence the process undertaken for the removal of a Fund Manager during the year and the appointment of a Fund Manager to the UK Income Fund.

The Firm apply a rigorous due diligence process when appointing Investment Managers and make changes where necessary. This also applies to the oversight of advice by Partners and outsourcing providers such as administration.

Areas for improvement

The GAA did not identify any specific areas for improvement.



5. Financial security

**GPPs & IPPs
value score:**



Excellent



Good



Satisfactory



Poor

**Staff Scheme
value score:**



Excellent



Good



Satisfactory



Poor

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 also look for information about how the assets are protected, for example in the event of fraud or bankruptcy, at both Firm and manager level. This could relate to FCA or PRA protection, ringfencing or the structure of the underlying product.

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

The Firm's approach

St James's Place plc is a UK wealth management company. The organisation has significant resources backing the business.

There is independent assurance of internal controls for the management processes. Similarly, where available, Audit Assurance Framework reports are obtained and reviewed for each asset manager for the underlying funds.

Policyholders' assets are ring-fenced and kept separate from St. James's Place's own assets, with no risk carried over, other than the investment risk policyholders have chosen to be exposed to.

Risk management, including security of IT systems, is the responsibility of the Chief Operations and Technology Officer. The security in place for the Firm includes a full Cyber Security team made up of in-house and external resources. All data is encrypted, and routine penetration testing is completed. This includes ethical hacking, patch testing and monitoring the dark web for data leakage.

The processes for protecting policyholders against fraud and scams are considered to be good. The communication provided to policyholders seeking to transfer out is signposted within the included safety information.

The Firm's strengths

St James's Place maintains a good solvency ratio. Assets match clients' unit liabilities and in addition, FSCS protections are available for policyholders in the event of a failure within St James's Place.

St James's Place has provided evidence of a comprehensive Security Risk Management Framework in place overseeing IT security, cyber security, data protection, and regular penetration testing. In response to the increased risk posed by COVID-19, St James's Place have closely monitored cyber-attack activity over the year.

Areas for improvement

The GAA did not identify any specific areas for improvement.



6. Administration and operations

GPPs & IPPs value score:

Excellent Good Satisfactory Poor

Staff Scheme value score:

Excellent Good Satisfactory Poor

What are we looking for?

We expect Firms to have robust administration processes in place with appropriate service standard agreements and regular monitoring and reporting around adherence to those service standards. In particular, we are seeking evidence that **core financial transactions** are processed promptly and accurately, such as processing contributions, transfers processing and death benefit payments.

We look for evidence of regular internal and external assurance audits on controls and administration 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 expect Firms to have a comprehensive business continuity plan and evidence of its effectiveness through appropriate testing or in maintaining continuity of business during the COVID-19 pandemic.

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

The Firm's approach

Most of the administration functions are outsourced to SS&C, a global outsourcer based in the US. St James's Place monitor SS&C's performance via regular reporting and there are also monthly governance meetings where KPIs, service quality, complaints and errors are discussed.

The Firm's strengths

St James's Place was able to evidence adherence to administration service standards throughout the year, including during peak months of the COVID-19 pandemic. Service levels for new business and ad hoc withdrawals were at least 97% within 5 days, while switches have been 100% in 2021. Service levels for bereavement cases were somewhat lower at 86% during the COVID-19 pandemic but recovered afterwards. In cases where delays occur and SLAs are not met, there would be no client detriment as SJP policy is that all clients are put into the correct position.

St James's Place has a comprehensive Business Continuity plan in place and was maintained throughout the year, despite the challenges of COVID-19. Further to this, the Firm conducted significant Penetration Testing during 2021 across several applications and services. Ultimately, to identify vulnerabilities that St James's Places have confirmed to the GAA, have been re-tested and rectified.

St James's Place was able to evidence a relatively low level of incidence of complaints and was able to demonstrate the process for resolving those complaints, with appropriate redress being provided for any complaints that were upheld.

Comparator results

We have assessed how the quality and timeliness of the administration services, including the core financial transaction processing, provided to the Firm's policyholders compare to other sufficiently similar employer pension arrangements.

This assessment identified that the administration services provided to the Firm's policyholders over 2021 were average, for the Staff Scheme and marginally above average, for the GPPs and IPPs schemes, relative to the comparator group.

Areas for improvement

GAA observations

The Firm's service levels are generally good and business continuity is good, as advisers were already supported to work remotely. Service levels for bereavement cases dropped somewhat during the COVID-19 pandemic but recovered afterwards. The GAA will be looking for evidence that the same levels remain.



7. Engagement and innovation

GPPs & IPPs value score:

Excellent Good Satisfactory Poor

Staff Scheme value score:

Excellent Good Satisfactory Poor

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 considering policyholders' characteristics, needs and objectives, including direct feedback from policyholders.

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

The Firm's approach

St James's Place has a Product Governance Framework in place under which a product review process is carried out at least every 2 years. A review of the legacy GPPs and IPPs (including Series 1, 2 and 3 products) was completed in 2021.

St James's Place invite all clients to take part in an periodic surveys, which informs future product development.

The Firm's strengths

St James's Place has a robust ongoing product review process in place. The Firm takes a particularly innovative approach to when making changes to its investment strategy. They commit to refreshing the range of offerings for policyholders and has made good progress toward implementing and including [ESG](#) considerations.

St James's Place is particularly strong at engaging with policyholders to obtain feedback through its surveys. The survey results have been very positive, with many respondents recommending the firm.

Areas for improvement

The GAA did not identify any specific areas for improvement.



8. Cost and charge levels

**GPPs & IPPs
value score:**



Low



Moderately Low



Moderately High



High

**Staff Scheme
value score:**



Low



Moderately Low



Moderately High



High

What are we looking for?

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

- | The fund [annual management charges](#), administration charges and [transaction costs](#) being borne by policyholders.
- | Any other charges being paid by policyholders to manage and administer their workplace pensions.
- | 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.
- | The distribution of charges across policyholders.

Whilst we have considered the average total costs and charges payable by policyholders we have noted where there may be notable outliers such as high charges for small pots.

Required disclosures relating to costs and charges payable by the Firm's policyholders can be found in Appendix A.

The Firm's approach

St James's Place has a range of charging structures in place for each generation of its products. Within this there are some generalities that apply as described below.

The charges include advice on investments and other matters, including providing face to face advice from the SJP Partner.

The exception to this is the Staff Scheme where advice is not included, and as a result the charges are lower.

Investment funds are provided on a cost basis, where any savings derived from economies of scale fee discounts negotiated by St James's Place are passed on to members.

The range of expected charges has been notified to us, together with an explanation of the principles of the pricing model.

Risk of high charges for legacy products

The GPPs and some IPPs are legacy products, there are some legacy charging arrangements. The structure for charges was put in place when it was customary to include adviser commissions within costs. However, changes have been made in recent years to reduce the impact of these charges, for example the charges applying to any capital units have been significantly reduced along with the removal of fixed fees for policyholder plans with smaller pot sizes.

Methodology for accounting for advisor charges

As the charges for GPPs and IPPs include advisor fees, which is not the case for other workplace pensions, the GAA have applied a methodology which ascribes notional advisor charges. In addition to the GAA's workplace pension charging scales for the purposes of assessing the costs and charges for St James's Place's GPPs and IPPs. To help the GAA determine an appropriate allowance for advice St James's Place has provided research and data on the typical market rate for the cost of advice (which found the typical market rate for initial and ongoing advice being around 1%-1.3% over 10 years). The research came from independent sources, including an FCA report published in December 2020. Whilst this can only be a proxy adjustment, it enables a fairer comparison of costs and charges with other workplace offerings on a more like for like basis.

The Firm's strengths

The Firm manages its investments across its book and therefore has considerable scale. The Firm uses this scale to reduce investment management fees and additional costs very well.

Comparator results

We have assessed the overall cost and charge levels payable by the Firm's policyholders in comparison to policyholders of other sufficiently similar employer pension arrangements. This takes account of the nature of the provider.

This assessment identified that the overall cost and charge level paid by the Firm's policyholders over 2021 were marginally cheaper than the average for the GPPS and IPPs schemes and marginally cheaper than average for the Staff Scheme, relative to the comparator group.

Areas for improvement

The GAA did not identify any specific areas for improvement.



ESG financial considerations, non-financial matters and stewardship

What are we looking for?

Where the Firm has an investment strategy or makes investment decisions which could have a material impact on policyholders' investment returns, the GAA will assess the adequacy and quality of the Firm's policy in relation to [ESG](#) financial considerations, non-financial matters, how these are considered in the Firm's investment strategy or investment decision making. We will also form a view on the adequacy and quality of the Firm's policy in relation to stewardship.

We expect the Firm's policy in relation to these considerations:

- (a) sufficiently characterises the relevant risks or opportunities;
- (b) seeks to appropriately mitigate those risks and take advantage of those opportunities;
- (c) is appropriate in the context of the expected duration of the investment; and
- (d) is appropriate in the context of the main characteristics of the actual or expected [relevant policyholders](#).

We also expect that the firm's processes have been designed to properly consider the risks or opportunities presented.

Whilst this formal requirement falls outside the overall Value for Money assessment, the GAA's Value for Money framework does consider, where relevant, when scoring the area of Product Strategy Design and Investment Objectives on page 4, how the Firm has integrated ESG financial considerations and non-financial matters in the Firm's investment strategy and investment decision making.

The Firm's approach

SJP has provided details of its policies on ESG financial considerations, non-financial considerations, and stewardship to the GAA.

St James's Place was able to clearly explain and evidence how ESG is integrated within their investment decision making process.

St James's Place had signed up to the United Nations supported international network of investors, the [UN PRI](#) in 2018 and has been rated "A+" for the last 3 years.

By 31 December 2021, St James's Place had succeeded in having all its 39 external fund managers sign up to the UN PRI.

The Firm's strengths

St James's Place's implements a central exclusion policy for controversial weapons and controversial behaviour (severe breaches of the United Nations Global Compact). This applies to listed equities, public corporate debts and derivatives on respective companies. The Firm has policies on Responsible Investment and Climate change. In addition, the Firm produces Portfolio Carbon Emission Reports and Task Force on Climate-related Financial Disclosures (TCFD) reports.

The GAA considers the policies to be adequate and of good quality. This is an area which is evolving and the GAA will continue to monitor developments in this area.

Improvements since last year

It is worth noting the Firm have made significant progress on its approach to stewardship and engagement in the past 12 months and have appointed Robeco as an engagement overlay partner. They will be doing top-down engagement with companies on St. James's Place's behalf, in addition to the work done by the Firm's Fund Managers. Robeco's engagement progress will be issued within a client facing quarterly report.

Areas for improvement

GAA observations

ESG, non-financial matters and stewardship is an area that is rapidly and continually evolving. The GAA will therefore continue to monitor developments in this area.



Appendix A: Cost and charge disclosures

The FCA has introduced requirements that the administration charges and transactions costs information, in relation to each relevant scheme must be published by 30 September, 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. St James's Place has provided the GAA with the following disclosures in respect of the period 1 January 2021 to 31 December 2021. In addition, these disclosures are provided on a publicly accessible website at www.sjp.co.uk/governance-advisory-arrangement

Annual Management Charge (excluding investment costs)		
GPPs	Series 1/2	0.75% pa for single contributions 1.50% pa until age 55 and 0.25% pa thereafter for ex-capital units of regular contributions ¹ 0.25% pa for accumulation units of regular contributions
	Series 3	0.75% pa ²
IPPs	Series 1/2	0.75% pa for single contributions 1.50% pa until age 55 and 0.25% pa thereafter for ex-capital units of regular contributions ¹ 0.25% pa for accumulation units of regular contributions
	Series 3	0.75% pa ²
	Series 4	1.25% pa ³
	Retirement Account	1.50% pa ³
Staff Pension Scheme		0.25% pa ⁴

Notes:

1. An Early Exit Charge applies on withdrawals until age 55 of up to 6%
2. Reduces to 0.25% pa if more than £20,000 is invested and has been held for more than 10 years.
3. An Early Withdrawal Charge applies on withdrawals made in the first six years of an investment of up to 6%.
4. Given the investment cost for the default investment fund (Managed Growth) of the Staff Scheme is 0.30% pa, as shown in the table below, the total of Annual Management Charge and the investment cost for Staff Scheme members who invest in the default fund is 0.55% pa.

Some employers have employees with a mix of product types (Series 1/2, Series 3, Series 4 and/or RA). When grouping for the above summary, hybrid ones are counted only once and are grouped under their earliest product series.

Due to the grouping method used, for some product types above (e.g. IPPs Series 1/2, Series 3), the number of policyholders per employer can be spread across multiple product types.

For example, if an employer has one employee with RA and another employee with Series 3, this employer would be grouped under the earliest Series (i.e. Series 3), whereas the two employees are grouped under RA and Series 3 respectively.

Charges for managing and maintaining the fund

The following fund charges apply in addition to the Annual Management Charge.

Fund option	Charges for managing and maintaining the fund (pa)
Alternative Assets	0.51%
Asia Pacific	0.71%
Balanced Managed	0.42%
Continental European	0.52%
Corporate Bond	0.38%
Diversified Assets (FAIF) ¹	4.78%
Diversified Bond	0.54%
Diversified Income	0.68%
Emerging Markets Equity	0.52%
Equity Income	0.39%
Gilts	0.24%
Global Emerging Markets	0.46%
Global Equity	0.30%
Global Growth	0.62%
Global High Yield Bond	0.43%
Global Managed	0.43%
Global Quality	0.55%
Global Smaller Companies	0.67%
Global Value	0.45%
Greater European	0.52%
Index Linked Gilts	0.10%
International Equity	0.46%
Investment Grade Corporate Bond	0.24%
Japan	0.58%
Managed Growth ²	0.30%
Money Market	0.12%
Multi Asset	0.40%
North American	0.30%
Property	0.83%

Strategic Income	0.56%
Strategic Managed	0.29%
Sustainable & Responsible Equity	0.36%
UK ³	0.47%
UK & International Income	0.53%
UK Absolute Return ⁴	0.92%
UK Income	0.51%
Worldwide Income	0.50%
Prudence InRetirement	0.51%
Balance InRetirement	0.49%
Growth InRetirement	0.53%

The charges shown above are as at 31 December 2021. These are annual figures as a percentage of the fund value in respect of the period 1 January 2021 to 31 December 2021. The [Annual Management Charge](#) includes the cost of advice (with the exception of the Staff Pension Scheme).

1. *The charges for the Diversified Assets (FAIF) fund are inclusive of a performance fee for 2021 of 3.58%.*
2. *Default investment strategy for the Staff Scheme*
3. *Effective from 24 January 2022, the Alternative Assets and UK Absolute Return funds have been merged into the Multi Asset fund (renamed to 'Global Absolute Return').*
4. *The charges for the UK Absolute Return fund are inclusive of a performance fee for 2021 of 0.32%.*



Appendix B: Comparison report

Commencing with the 2021-year assessments the FCA introduced a requirement that a comparative assessment be made of certain sub-features of the Value for Money assessment. The GAA is required to compare the Firm's offering against a selected group with other similar product options available in the market based on publicly available information. If an alternative scheme(s) would offer better value, we must inform the pension provider.

As this is the first year when these disclosures are required the availability of public information relating to the sub-features that need to be compared is limited prior to the publication of this year's reports. ZEDRA's GAA operates for a number of Firms, all of whom have agreed that the GAA can make use of the data we have gathered on their offerings in order to improve the meaningfulness of the comparisons undertaken this year. This is done on an anonymised basis.

How the comparators were selected

The GAA has selected several comparator products that we determined are sufficiently similar products so as to be comparable to those provided by the Firm for this purpose. The selection was based on the following broad criteria:

- | Type of product i.e., whether accumulation or pathways, and within accumulation whether the product is a SIPP or workplace group personal pension
- | Products where Firms provide similar services, for example in the case of a SIPP whether the provider has responsibility for setting and monitoring the investment strategy

- | Similar membership cohort, for example staff schemes for staff of the provider

Based on these criteria we believe that the comparator products chosen will provide a reasonable comparison for the policyholders of the GPPs & IPPs and Staff Scheme.

Comparison of net investment performance

We have assessed how the [net investment performance](#) provided to the Firm's policyholders compares to other sufficiently similar employer pension arrangements. This takes account of both the nature of the provider and the performance of the investments being offered relative to an appropriate benchmark.

This assessment identified that the one-year net investment performance for the Firm's policyholders over 2021 was average, for the comparator group in relation to main funds for both the Staff Scheme and GPPs and IPPs.

Comparison of communication provided to policyholders

We have assessed how the communication materials provided to the Firm's policyholders compares to other sufficiently similar employer pension arrangements. This takes account of the nature of the provider.

This assessment identified that the communication materials provided to the Firm's policyholders over 2021 were average, for both the Staff and GPPs/IPP schemes, relative to the comparator group.

Comparison of administration services

We have assessed how the quality and timeliness of the administration services, including the core financial transaction processing, provided to the Firm's policyholders compares to other sufficiently similar employer pension arrangements.

This assessment identified that the administration services provided to the Firm's policyholders over 2021 were average for the Staff Scheme and marginally above average for GPPs and IPPs, relative to the comparator group.

Comparison of costs and charges

We have undertaken the comparison of cost and charge levels considering three categories of charges:

- | Annual administration charge
- | Other costs & charges
- | Approach to cost data collection and disclosure

We have assessed the overall cost and charge levels payable by the Firm's policyholders in comparison to policyholders of other sufficiently similar employer pension arrangements. This takes account of the nature of the provider.

This assessment identified that the overall cost and charge level paid by the Firm's policyholders over 2021 were marginally cheaper than the average for the GPPs and IPPs schemes and marginally cheaper than average for the Staff Scheme, relative to the comparator group.



Appendix C: GAA activity and regulatory matters

This section describes the work that the GAA has done over the year and 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 in late 2021.

Members of the GAA had a meeting with representatives of St James's Place to kick off the Value for Money assessment process for the 2021 calendar year and to discuss and agree timescales.

Members of the GAA had a meeting with representatives of St James's Place to discuss the information that had been 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 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. In some cases, given COVID 19 considerations, this meeting was virtual.

Members of the GAA had a meeting with representatives of St James's Place to discuss the GAA's provisional scoring of Value for Money of the in-scope St James's Place workplace pensions and the approach for meeting the cost and charges disclosure requirements in [COBS](#) 19.5.13.

As part of the Value for Money assessment process, St James's Place has provided the GAA with all the information that we 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 St James's Place's investment decision process, and evidence of meetings via meeting minutes.

The GAA held several meetings during the year to review and discuss the information we 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. Some of these changes were made in response to regulatory amendments relating to the Value for Money assessment criteria and what must be disclosed to workplace pension fund members.

The GAA documents all formal meetings with St James's Place and maintains a log which captures any concerns raised by the GAA with the Firm whether informally or as formal escalations.

The key dates were:

Item	Date
Issue data request	16/12/2021
Kick off meeting	06/01/2022
Site visit	15/03/2022
GAA panel review meeting	25/04/2022
Discuss provisional scoring	16/08/2022

Concerns raised with the Provider by the GAA and their response

The GAA has not raised any concerns with St James's Place 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 www.sjp.co.uk/governance-advisory-arrangement
- | St James's Place 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 St James's Place determine that 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 zgj.gaacontact@zedra.com so that policyholders can make representation to the GAA direct. St James's Place will include details of this contact e-mail address on www.sjp.co.uk/governance-advisory-arrangement



Appendix D: ZEDRA 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.

These requirements were then extended to Firms providing investment pathways in respect of [pathway investors](#) from 1 February 2021.

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 ZEDRA Governance Advisory Arrangement (‘the GAA’) was established on 6 April 2015 and has been appointed by a number of workplace personal pension providers and investment pathways providers. ZEDRA Governance Ltd 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 IGCs. We have oversight or responsibility for in excess of £120bn of pension assets. More information on ZEDRA can be found at www.zedra.com/pension-schemes/

The members of the GAA are appointed by the Board of ZEDRA Governance Ltd. 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 relevant policyholders or pathway investors.

The Board of ZEDRA Governance Ltd has appointed ZEDRA Governance Ltd to the GAA, including as Chair. All of ZEDRA Governance Ltd’s Client Directors act as representatives of ZEDRA Governance Ltd on the GAA and Clare James currently represents ZEDRA Governance Ltd in the capacity of Chair. More information on each of ZEDRA Governance Ltd’s Client Directors, their experience and qualifications can be found at www.zedra.com/zedra-team

Dean Wetton, acting on behalf of Dean Wetton Advisory UK Ltd, is also appointed to the GAA. Dean Wetton and Dean Wetton Advisory UK Ltd are independent of ZEDRA. Governance Ltd Information on Dean’s experience and qualifications can be found at www.deanwettonadvisory.com

The GAA has put in place a conflicts of interest register and maintains a conflicts of interest policy with the objective of ensuring that any potential conflicts of interest are managed effectively so they do not affect the ability of ZEDRA Governance Ltd or Dean Wetton Advisory Ltd to represent the interests of relevant policyholders or pathway investors.

The terms of reference agreed with the Firm can be found at: www.sjp.co.uk/governance-advisory-arrangement



Appendix E: 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').

COBS

The Conduct of Business Sourcebook prepared by the Financial Conduct Authority (FCA). In particular when we use COBS in this report we are referring to Chapter 19 of the COBS which sets out the provisions relevant to the Value for Money Assessment of workplace pensions.

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 life-styling processes.
- | Settlement of benefits – whether arising from transfer out, death or retirement.

Decumulation

The process of converting pension savings to retirement income.

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.

Flexible access

This refers to accessing pension savings in the form of income and/or lump sums. Pension savings that are not being accessed immediately will generally remain invested.

Life-styling

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.

Net investment performance

The investment performance of the fund after deducting all asset management charges, administration charges, taxes and fees for managing the fund including any transaction costs.

Pathway investor

A retail client investing in a Firm's pathway investment offering.

Pathway investment

A drawdown fund which is either a capped drawdown pension fund or a flexi-access drawdown pension fund.

Principles for Responsible Investment (UN PRI)

The UN Principles for Responsible Investment (PRI) is an international organization that works to promote the incorporation of environmental, social, and corporate governance factors (ESG) into investment decision-making.

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.

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 policy holders in the form of bonuses.



Appendix F: Summary of workplace personal pension plan data at 31 December 2021

The table below shows the number of employers, policyholders and aggregate assets in respect of the workplace personal pension schemes provided by St. James's Place. These fall into a number of different categories:

St. James's Place have marketed four different generations or 'Series' of Retirement Plans, each with their own charging structure. Up until 2001 the St. James's Place Group Personal Retirement Plans, which were aligned to the first three series of pricing structures, were specifically marketed as workplace pensions. These are referred to in our report as GPPs.

In 2001 St. James's Place formally exited the workplace pension market; therefore, there is no Group version of the Series 4 Retirement Plan. However, St. James's Place do have a number of pension arrangements comprising groups of Individual Pension Plans (IPPs) in respect of which contributions are paid directly by their employer. Arrangements of this type may not be considered to be 'workplace pensions' by the individual policyholders but nevertheless they do meet the strict criteria of a 'relevant scheme' as defined by FCA, (see the Glossary for the definition), and as such fall under the remit of the GAA.

Series 1 and 2 are traditional Capital/Accumulation Unit Plans, as was the nature of retirement plans in the market at that point in time.

Series 3 are Accumulation only Unit Plans.

Series 4 and Retirement Accounts have a single AMC alongside Early Withdrawal Charges

Of all the St. James's Place Group schemes, only the St. James's Place Staff Scheme is a Qualifying Workplace scheme for Auto-Enrolment.

Number of employers					
	Non-qualifying for auto-enrolment	Qualifying for auto-enrolment	Number of policyholders	Total value of assets (market value)	
GPPs	Series 1/2	77	0	507	15.1m
	Series 3	63	0	960	52.9m
IPPs	Series 1/2	301	0	385	30.7m
	Series 3	176	0	232	25.1m
	Series 4	5,869	0	14,454	1412.8m
	Retirement Account	6,374	0	19,013	809.8m
Staff Pension Scheme	0	1	2,302	124.6m	
Total	12,860	1	37,853	2471.0m	

Examples of member communications issued on the SJP website at www.sjp.co.uk/news in 2021:

11/03/2021: Paid off your mortgage? Time to invest in yourself

07/04/2021: Should you start a pension for your child?

20/04/2021: How to ensure you have sufficient income in retirement

05/05/2021: The pension lifetime allowance: how the freeze may affect you

02/06/2021: What does retirement mean to you?

15/06/2021: Should I wait to access my pension?

22/06/2021: Planning for your financial future as a new mum

02/07/2021: Understanding the different types of pensions

06/07/2021: What to do if you're a woman over 40 and don't have enough saved for retirement

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