



Independent Governance Committee

Annual report of the WS Stakeholder Pension Scheme
for the period 1 January 2023 to 31 December 2023



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Chair's Report



I am pleased to present the report of the Independent Governance Committee ("IGC") of the WS Stakeholder Pension Scheme ("SPS"), formerly known as the LF Stakeholder Pension Scheme, for the period between 1st January 2023 and 31st December 2023 ("the Year").

On 9th October 2023, Waystone Group completed the transaction to acquire the majority of the UK and Irish businesses (apart from certain assets and liabilities) of Link Fund Solutions Limited ("LFSL"), a division of the Link Group. Following completion of the acquisition, Waystone Management (UK) Limited replaced LFSL as the Provider of the SPS. As Provider, Waystone Management (UK) Limited have appointed Equiniti ("EQ") to administer the SPS.

This report provides you with important information about your pension scheme and how it compares with possible alternatives in the market. It also tells you what the IGC thinks of the Value for Money ("VFM") that you are receiving.

The IGC's objectives are to:

- assess and report annually on the VFM of your pension plan and the quality of services provided by the Provider and EQ.
- consider and report on the Provider's policies on environmental, social and governance ("ESG") issues, member concerns, and stewardship.
- identify areas for improvement and make recommendations to the Provider's Board.
- escalate any concerns to the Financial Conduct Authority ("FCA") and bring them to the attention of members in the event that the Provider fails to address these concerns appropriately.

There are five members of the IGC – details of the IGC members are contained in Appendix 1. During the Year, and in line with the change of Provider, the sponsored representative of the Provider on the IGC changed from Nigel Boyling to Andrew Berry. We use our combined knowledge, experience, and skills to oversee the operation of the SPS in the areas of charges and VFM, choice and suitability of funds, communications, and access to information, and how you are able to access your pension pot.

The IGC is required to produce an annual report in accordance with the FCA's rules and guidance. The IGC is fully supportive of the need for transparency when reporting to you, particularly in providing sufficient information to enable you to evaluate the VFM assessment.

Background

The "Optimisation Plan" was implemented on 22nd October 2022, and was designed to give you a more suitable range of funds and default investment strategies whilst benefitting from lower fund costs. As part of the Optimisation Plan the LF Personal Pension Trust ("PPT") was merged into the SPS.

At the same time the administration of the SPS was transferred from Capita to EQ to access an effective administration platform for the SPS, to provide better web access, and to reduce overall charges to you.

We consider in this Report how effective these changes have been, and whether the objectives of the Plan were achieved.

Value for Money

The FCA's rules for the assessment of VFM considers the costs and charges incurred by members, the investment performance of the funds underlying the default investment strategy and the quality of the services provided to you, including the member communications issued to you, and in addition considers other relevant factors in assessing VFM.

We have therefore assessed VFM of the SPS across six key areas using a Red, Amber, and Green (RAG) rating. The dashboard summarising our findings is set out in the next section with more information contained later in this report.

We are pleased to report that there has been an improvement in the investment performance and investment solutions over the course of the Year. The implementation of the Optimisation Plan in 2022 has resulted in a positive impact over the Year and the IGC concluded a Green rating for investment performance, and an improvement to an Amber rating for investment solutions (albeit the IGC continue to discuss with the Provider certain questions identified during the preparation of this report).

The Quality of Service however declined during the Year with serious risks identified.

The IGC has concluded that the SPS provides poor VFM when compared with similar workplace personal pension plans available on the market. The overall rating of the SPS is marked as Red, because the charges and other factors have been assessed as not offering you VFM.

More detail of our assessment is given in the VFM section below.

Pension Freedoms

With effect from April 2015, the Government introduced 'Pension Freedoms' which grants greater flexibility around how you can access your pension benefits.

The SPS does not offer these Pension Freedoms and, as a result, the FCA's requirements for the IGC to assess the VFM of Investment Pathways is not a requirement. Investment Pathways are tailor-made investment options designed to align a member's retirement needs with an investment option when taking drawdown but without taking regulated financial advice.

As the SPS does not offer such Pension Freedoms, members wishing to avail themselves of such flexibility will be required to transfer away from the SPS.

'Vulnerable Persons' Policy

The FCA has concluded that one in two individuals could be deemed as being 'vulnerable'. With the introduction of the Consumer Duty Requirements during 2023, the Provider has updated its policies and processes around 'Vulnerable Persons'. The Provider has only identified a small minority of members as vulnerable, which we do not believe is representative of the membership of the SPS. We have asked the Provider to review the effectiveness of its processes with the appointed administrator in identifying Vulnerable Persons.

Your views – how we take them into account

We have adopted the following approach in working in partnership with the Provider:

- Analyse the data that the Provider gives to us to identify any areas of concern raised by the members.
- Analyse any feedback, complaints, etc. that are received from members and request the Provider to take corrective action that is deemed appropriate.

Environmental, social and governance ("ESG") strategy

The IGC is required to consider VFM and the potential to deliver long-term returns. ESG credentials are having an increasing impact on the risks and the potential future returns. The IGC will continue to monitor the financial and non-financial performance of the funds. The IGC will encourage the wider use of ESG focused funds to enhance the financial outcomes for you.

The future

Key actions and challenges for 2024 include:

- a significant improvement in member service over the coming year.
- working with the Provider to improve all communications, awareness of the availability of the online service facility, the various lifestyle options, and guidance available for you.
- discussing with the Provider how better Value for Money can be generated for the members and closing down our analysis of the investment options under the SPS.

We are keen to hear what you think about this report, or any aspect of our work. Please do get in touch with us at SHP.admin@equiniti.com.

Many thanks for reading our report.

Sarah Farrant

Chair

Value for Money Assessment (VFM) Dashboard

The IGC are required to assess the ongoing VFM for members by assessing three main factors: the level of charges and costs, investment performance, and quality of service, and any other relevant factors that the IGC consider relevant.

The dashboard below gives you a summary of whether we think you are getting VFM from the SPS. Your IGC has identified six factors to assess VFM as detailed in the table below. We are also required to compare the SPS with the most similar and comparable employer pension arrangements in the UK appropriate and proportionate in the circumstances and assess whether these scheme comparators offer better value than the SPS.

To carry out this assessment we obtain quarterly reports from the Provider and the delegated suppliers on investment performance, ESG and customer care performance. During the Year the Chair regularly engaged with the Provider to discuss issues and progress. Any concerns were raised directly with the Provider.

Ratings

The IGC has used a proportionate and straightforward approach to the rating of each of the areas that are required to be assessed. This is done on a RAG (Red-Amber-Green) basis, as below.

Assessment	Meaning
RED (R)	The Service or Product does not provide VFM.
AMBER (A)	The Service or Product provides VFM but there are areas that require improvement.
GREEN (G)	The Service or Product provides VFM.

More detailed information on each rating can be found in the pages that follow.

The reporting year is 1 January 2023 to 31 December 2023. The table below also provides a comparison with the ratings that the IGC attributed in the previous reporting year.

		1 January 2023 to 31 December 2023	1 January 2022 to 31 December 2022
Overall level of VFM we think the SPS provided to members			
Quality of Communications and Engagement:	How well does the Provider communicate and engage with you, and are you kept up to date with your pension?		
Quality of Customer Service and Core Transactions:	What is the quality of the services you receive?		
Environmental, Social, and Governance (ESG) Considerations	Does the Provider's investment strategy and investment decision making adequately reflect quality ESG policies in relation to financial considerations, non-financial matters, and stewardship?		
Investment Solutions and Management:	Are your investment options designed and executed in your interests with clear aims and objectives?		
Investment Performance:	How are your investments performing?		
Costs and Charges:	Are the costs and charges you pay reasonable for what you get in return?		

The details of the assessments are set out in other sections of the report and below we summarise the reason for changes of the ratings from 2022 to 2023.

Quality of Communications and Engagement:

This rating moved from Amber to Red. In the experience of the IGC, whilst comparable workplace pension providers have invested significantly in improving member communications and engagement, the quality of the SPS' communications and member engagement has remained poor. No effective action has been taken to improve the risk warnings and the identification of vulnerable persons, as in previous years. Consequently, in the experience of the IGC, the SPS has therefore fallen further behind relative to comparable workplace personal pension plans.

Quality of Customer Service and Core Transactions:

This rating has moved from Amber to Red. During the Year problems were identified with processing core transactions and the number of complaints increased. The IGC and the Provider have raised areas of concern with the Pensions Regulator ("TPR") and the Financial Conduct Authority. The Provider has devoted a lot of time and resource since the end of the Year to resolve these issues.

Environmental, Social, and Governance (ESG) Considerations:

This rating has improved from Amber to Green as a result of the changes to the management of the underlying funds held by the members. The SPS relies on the investment manager's focus on ESG which the IGC considers to be market leading in the UK. In the view of the IGC the most important indicator which needs to improve is the lowering of the implied temperature change for the SPS' funds.

Investment Solutions and Management:

This rating has improved from Red to Amber. Three lifestyle strategies, an improved choice of funds, and an improved Security Option are now available to all members with clear aims and objectives, and regularly reviewed. Potential anomalies identified when preparing this report are being discussed with the Provider, and the IGC continue to analyse the implementation of investment solutions and their management.

Investment Performance:

The rating has moved from Amber to Green. The investment performance across all of the funds has been satisfactory, versus the benchmark indices, over the Year.

Costs and Charges:

This rating has changed from Amber to Red. In the experience of the IGC, whilst there has been a continued downward trend in costs and charges across comparable workplace pension arrangements, the costs and charges of the SPS remain relatively high. The quality of service has declined. Overall, the IGC consider this represents poor VFM.

Quality of Services

As part of the ongoing VFM assessment the IGC are required to assess the quality of services including whether:

- The communications are fit for purpose and properly take into account the characteristics, needs, and objectives of the members, and
- Core transactions are processed promptly and accurately.

Core transactions include processing contributions, transfers in and/or out of the SPS, and payment of benefits to you.

This section of the Report considers; the main methods of communication and member engagement, customer service delivery, and the administrator's processing of core transactions.

Communications

Websites

The main focus of the Provider Website is to offer you information about the SPS, retirement planning, and investment risks in order to help you make informed decisions. The information currently available on the website complies with relevant regulations.

One of the largest risks facing all members is investment risk as it will have a material impact on your benefits and ultimately your standard of living in retirement. The wording around risk on the website is in the opinion of the IGC limited, for example under Inflation risk the suggestion is that only Cash Funds and cash deposits found in the other funds are exposed to inflation, when inflation impacts the purchasing power of all pension pots wherever they are invested.

Since the transfer of administration to EQ, you also have access to a member-only portal which enables you to access personal information about your own plans. This is a substantial improvement with provision of a member portal meeting market norms, although it is a standard solution offered to all EQ's clients with limited ability to update information and contributions, so it lacks some of the top of the range functionality and communications tools offered by certain personal pension plan providers.

There has been limited take up of members registering and/or using the member portal so far, which is not unusual especially for a product with limited member engagement. The IGC has asked the Provider to remind you of this facility wherever possible, but this is yet to happen.

Correspondence

We previously reported that the IGC had established a process for the continuous review of the documents used to communicate with you.

In 2022, we undertook a review of some of the Capita documents (prioritising communications to you prior to and at the point of taking your benefits, with a focus on looking after vulnerable persons), the move from Capita to EQ in October 2022 meant that our proposed changes were not implemented. The IGC requested access to EQ's correspondence templates in 2023 but so far, the Provider has not produced the documentation to enable us to carry out a review. We have been informed that EQ reviewed all correspondence during 2023 to comply with the new Consumer Duty regulations but the IGC has not yet seen these updated documents and continues to pursue copies so that they can be reviewed.

Vulnerable Members

In previous reports we had noted concerns regarding the approach to vulnerable members, and that the IGC's proposals and additional wording to enhance the policies and communications to protect vulnerable members had not been implemented. Since the transfer of administration to EQ in October 2022, new procedures were put in place which the IGC discussed with the Provider. The IGC has not yet been provided with details of the processes although additional reporting to the IGC was introduced from January 2024 to enable us to monitor this more closely.

Records suggest fewer members have been classified as vulnerable than we would expect based on the IGC members' experience with other workplace schemes offered by other providers and based on FCA guidance. The IGC and the Provider had previously identified a need for training amongst the administrator's staff, which was put in place during 2023.

Over the reporting period there were very few members being classified as vulnerable, so it would appear that further work is required in this area. The FCA's latest research on vulnerability <https://www.fca.org.uk/data/financial-lives-2022-early-survey-insights-vulnerability-financial-resilience#:~:text=Between%20February%202020%20and%20May,in%20those%20with%20low%20capability> shows that in May 2022 47% of adults exhibit at least one characteristic of vulnerability.

The IGC continues to pursue access to the personnel, processes, and procedures to increase its confidence in the assessment and treatment of vulnerable members and have requested a presentation by the Provider and EQ on this subject. We have also asked the Provider to provide data so that we can review these numbers and how vulnerable members are identified to ensure that all your needs are covered.

The IGC understands that there is low engagement by the members with the SPS, but yet there is a high number of people interacting with EQ every year. The IGC has asked the Provider to implement a comprehensive plan to encourage member engagement and work towards identifying vulnerable members. Developments will be reported on in future Annual Reports.



Customer Service

Service Levels

As reported previously, due to concerns (on which we have provided challenge to the Provider) regarding the Customer Service being provided to members of the SPS, the administration of the SPS was transferred from Capita to EQ in October 2022. Whilst it is understood that any change in administrator may cause disruption and can affect Customer Service adversely during the transition period (and any inevitable peak in demand driven by the change and associated communications), here the transition to EQ has not gone as smoothly as expected for a number of different reasons.

The Provider discovered in early 2023 that Capita had not correctly recorded a significant number of outstanding actions. This meant that a backlog of actions was not initially handed over to EQ. The Provider monitored the situation very closely once the cases were discovered by EQ, with regular reports back to the IGC.

The Provider identified issues when they undertook a review of EQ's systems and conducted a series of site visits in 2023, as it became apparent in the months following EQ's appointment that the service provided by EQ was not satisfactory and had led to an increase in member complaints. Despite extensive intervention by the Provider's Oversight arrangements, there was no immediate improvement in service levels. As a result, the Provider conducted an on-site monitoring visit to EQ in February 2023 to assess in detail the situation. This identified a number of risk items (8 Critical risk items; 7 High risk items and 3 Medium risk items). A follow-up meeting took place in March 2023 between the CEO of EQ, the Provider's Head of Oversight, and a Director of the Provider, at which point EQ provided assurances that the issues identified would be addressed. The Provider worked closely with EQ to focus on the delivery of the actions to resolve the items identified since the onsite visit, managing their oversight activity via weekly calls, in person meetings, and fortnightly senior stakeholder calls to monitor progress.

In September 2023, the Provider undertook a further monitoring site visit to EQ, to obtain comfort on the items identified in the February site visit, and advised as closed by EQ. That site visit identified further breaches by EQ.

The Provider advised their contacts at the FCA Supervisory team of concerns with EQ's service capability in September 2023, including reference to the further on-site visit.

Following the transfer of the SPS to Waystone Management (UK) Limited, since November 2023 the Provider has been working with EQ on reviewing all financial transactions since the migration to EQ to identify any disadvantaged members and ensure that members have been put back into their correct position. Any financial losses have been identified, and the results of this exercise have been reported to the Provider's Board. During the second phase of this work (1 May 2023 to 31 December 2023), the EQ remediation team reviewed 1,028 financial transactions, and identified 246 members who had suffered financial loss.

The IGC continues to discuss with the Provider and EQ the most important measurements to be used to assess Customer Service, including the effectiveness of the core financial transactions.

A summary of the performance figures for the Year are shown in the table below and they show a significant improvement over the Year.

Contact	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Calls handled	1,526	1,526	1,880	1,309	1,193	1,281	1,446	2,139	1,111	1,100	952	603
Calls answered	1,520	1,513	1,837	1,291	1,180	1,233	1,410	1,951	1,081	1,087	944	598
Calls abandoned	6	13	43	18	13	48	36	188	30	13	8	5
Calls answered within the SLA (80% of calls within 20 seconds)	1,456	1,328	1,509	1,038	994	930	1,137	982	778	938	846	552
Emails received	1,265	980	1,247	1,000	1,179	1,304	1,718	1,831	1,488	1,474	1,478	1,157
Post received	**	**	**	**	**	404	674	462	449	414	352	265

** Data was unavailable for these months

Member complaints are included in the table below; they are significantly higher than in previous years (but have reduced over the Year), reflecting the nature of the performance issues with EQ. The total number of complaints received reduced from 138 in the previous quarter to 42 for the final quarter. The IGC recognises that the volume of complaints remains disappointingly high and continues to work to reduce the number of complaints and to ensure they are resolved on a timely basis.

Contact	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total complaints received	57	31	50	50	21	17	40	51	10	25	7	10
Complaints upheld	53	51	43	40	47	25	27	27	21	21	15	10
Complaints rejected	2	0	2	0	0	0	3	5	6	4	5	2
Complaints outstanding	54	34	39	49	23	15	25	44	27	27	14	12

Trading errors

The number of trading errors (for example investment transaction errors) has risen sharply this year, which the IGC is very concerned about.

The IGC is also concerned that the processes and the team structures at EQ, have resulted in the errors arising in the first instance, as well as the fact that the errors were not identified for a lengthy period, despite the oversight regime the Provider has put in place.

Taking Benefits

There is a regular flow of members taking their benefits from the SPS. During 2023, 1,535 members took their benefits, with only 30.5% of members seeking support from MoneyHelper and/or a Financial Adviser.

We do not have the records for the whole of the previous year, as the data was not collected between 31st March to 31st December 2022. However, there are some historic records, where we have amalgamated the data from the original two pension arrangements that merged, the Link Stakeholder Pension Plan and the Link Personal Pension Trust, so we are able to see the historic patterns in relation to the volume of members taking benefits and the number who also took advice.

Contact	Year to				
	31-Mar-19	30-Mar-20	31-Mar-21	31-Mar-22	31-Dec-23
Number of people taking benefits	363	346	314	378	1,535
Number advised	83	68	45	62	468
Not advised, but pension guided	91	92	89	120	0
Unadvised	189	186	180	196	1,067
% unadvised	52%	54%	57%	52%	70%
No. of members taking >£50,000 benefits	7	7	7	18	256
No. of unadvised members >£50,000 benefits	2	3	3	9	150
% unadvised with >£50,000 benefits	29%	43%	44%	50%	59%

The data shows that there has been a material increase in the number of members taking their benefits or transferring their pension fund away. However, the proportion of the membership seeking financial advice or assistance from MoneyHelper is significantly lower than it has been in the past, under the two original pension arrangements.

The amount of money invested is not immaterial for the average saver, and therefore there is a need to increase the support given to you to reduce the risks of a poor financial decision being made when you come to take your benefits. The IGC has impressed upon the Provider the importance of providing suitable information which will increase the number of members seeking guidance and help from appropriate sources and taking regulated advice as necessary.

Environmental, Social and Governance (“ESG”)

The investment governance of all the funds in the SPS lies with the Provider.

The management of the underlying assets of the SPS is delegated by the Provider to Legal & General Investment Management (“LGIM”). LGIM has an Environmental, Social and Governance (ESG) policy and the IGC receives regular reports on the governance outcomes quarterly.

There is no industry-wide benchmark data on governance and stewardship, which would allow the IGC to measure the quality of the governance undertaken by LGIM.

The IGC is required to consider and report on the Provider’s policies on how ESG considerations are taken into account in the Provider’s investment decisions that impact your pension funds, and to what extent the Provider has implemented these policies. The UK Government has a strategy of ensuring that pension savings play their part in combatting climate change and promoting good outcomes for society as well as good outcomes for pension savers.

There are three key areas of investment considerations around what the Provider intends to do regarding each and how good the Provider is at doing it. The three areas are:

- ESG financial considerations - Environmental, Social and Governance factors (including climate change) that are material to the sustainability of the funds.
- Non-financial matters -the non-financial outcomes of the funds.
- Stewardship – as defined by the FRC (Financial Reporting Council) - Stewardship is the responsible allocation, management, and oversight of capital to create long-term value for you and your beneficiaries leading to sustainable benefits for the economy, the environment and society.

The Provider is in the process of developing its own Environmental, Social, and Governance (ESG) policy <https://www.waystone.com/environmental-social-and-corporate-governance/>. The objective is to create a code which is comparable to the UK Stewardship Code, but to meet the requirements of the countries where the Provider operates.

Over the course of the Year, the Provider has been working hard on the reporting of ESG factors, with the immediate focus being on reducing Carbon production. The Provider has implemented a third-party system utilising MSCI’s ESG data reporting. This is part of a wider strategy to deliver ESG data for all the funds which The Provider acts as the provider or operator. Since the end of the reporting period, the Provider shared its initial reporting format, which the IGC felt represented a substantial step forward.

The IGC’s focus is limited to the adequacy and quality of the policies that impact the investment returns that you receive. The prime goal is to ensure that Responsible Investment principles are followed in all aspects of the SPS to the members. The IGC discharges this duty by:

- 1) Reviewing the Provider’s ESG policy annually
- 2) Analysing and discussing the ESG reports of the underlying funds every quarter.
- 3) Arranging an annual meeting with LGIM to discuss their ESG framework and results of their corporate engagement. The IGC have reviewed the resources in place at LGIM and WS. The IGC has plans to collate more in-depth information from LGIM with the goal of completing ongoing studies of the corporate engagement.

Following the discussion about ESG policies between the Provider and the IGC, the Provider continues to support you through offering two ESG-influenced funds, and the majority of the members’ pension pots are invested in these funds.

The IGC’s conclusion is that the Provider’s policy on ESG matters, and Stewardship is clearly set out.

- It covers the key financial risks, and also opportunities, arising from ESG considerations.
- It sets out clear standards that must be followed in the investment of in-scope customers’ savings,
- It highlights the importance of being responsible members, having a policy of active engagement with the firms that are invested in, including exercising voting rights, and holding management to account over their governance standards and business behaviour.
- The policy framework also recognises the significance of non-financial matters to many customers, and a range of appropriate investment options is available to respond to their ethical concerns.

The ESG standards are linked to the United Nations Principles for Responsible Investment, which is a helpful reference point as to adequacy and quality, which LGIM has been involved with its inception.

The issue with the ESG policies is measuring the outcomes to make sure the corporate behaviour across the E, S and G are improving. While there is some improvement in the quality and the quantity of the data to measure the outcomes, there is still a huge amount of variance in the methodology to measure the three factors within the industry. The investment management industry appreciates the importance of the standardisation, but it remains very much a work in progress item.

The IGC understands the importance of other ESG measures, especially Social and Governance. The IGC will work with the Provider to identify other ESG characteristics, which we feel are important to you. In time, the expectation is that the Provider will engage with all members to seek your input on what is most important to you.

The ESG data for the funds where there is information is set out in Appendix 3.

Task Force on Climate-Related Financial Disclosures – “TCFD”

The Provider has undertaken its responsibilities in publishing the TCFD data for all the funds. The full information on each fund and an explanatory document is set out on the Provider’s website, <https://pensions.fundsolutions.net/pension-products>.

The IGC has identified the Carbon Footprint and the Carbon Intensity Direct as important numbers for this report. Details on the carbon reporting are set out in <https://pensions.fundsolutions.net/media/5iuj4uzz/crr-guide-2023.pdf> and this contains an explanation of the figures in the table above.

Implied Temperature Change

There is a link between the funds that you have invested in and the increase in global temperatures. Going forward the IGC will monitor the Implied Temperature change for each of the funds, on the grounds that this will provide an objective measure of the climate impact of investing in these funds. All the funds, with the exception of the WS UK Gilt Index fund, have an implied temperature rise in excess of 2.0 degrees centigrade, which will have a material impact on the world population.



Investment Solutions

Investment Options

The SPS offers different ways to invest your pension pot:

- Choose from any one or more of the funds available and decide on the proportions to invest in (“Self-Select”).
- Choose to invest in one of the three lifestyle profiles (see below).
- If you don’t choose one of the methods above, then you will automatically be invested in the SPS’ default investment strategy (explained below).

The funds available within the SPS are:

- WS Global Developed Index Pension Fund
- WS Global Multi Index Pension Fund
- WS Global Emerging Markets Index Pension Fund
- WS Sterling Corporate Bond Index Pension Fund
- WS UK Gilt Index Pension Fund
- WS Cash Pension Fund

There are three main lifestyle strategies, Lifestyle Profiles 1, 2 and 3, which are targeting different strategies in retirement using at least two of the funds from the list above.

Profile 1 is designed for members looking to retain a pension fund throughout their retirement and draw an income as and when the cash is needed. Profile 2 is designed for members looking to buy an annuity on their retirement age. Profile 3 is designed for members looking to take all their benefits as cash at the stated retirement ages.

Fuller details of the Lifestyle profiles and the funds are available by visiting the following site: https://pensions.fundsolutions.net/media/qsbgzy5i/shp_guide-to-ws-investment-funds_pp1002002.pdf and https://pensions.fundsolutions.net/media/ncbhdv1b/shp_guide-to-investment-risk_pp1003002.pdf.

The current Default Strategy for members is 100% of monies invested in the WS Global Developed Index Fund, until the member reaches 5 years of their Selected Retirement Age and thereafter, the pension pot is switched into the Lifestyle Profile 1. For those members who were already in the Default Strategy and already within 5 years of their Selected Retirement Age on 14th October 2022 then your funds are instead gradually moved into the WS Cash fund over a 5-year period.

The IGC are required to assess whether:

- the default investment strategy is designed and executed in the interests of members and has a clear statement of aims and objectives, and
- the characteristics and net investment performance of the investment strategies are regularly reviewed by the Provider to ensure they remain aligned with the interests of members, and where appropriate the Provider takes action to make any necessary changes.

The IGC continue to analyse the implementation of the investment solutions and their management.

Investment Mandates

Over the last year, the investment mandates for the individual funds (how assets are invested, the objectives and risk profiles) have remained the same. On a quarterly basis, the IGC considers investment outcomes of the funds and the lifestyle profiles, analysing the financial returns as well as the risk parameters to ensure the mandates remain suitable for the majority of the members.

The SPS should be operated in the interests of members reflecting the current environment for members (which can change over time), rather than assuming it will remain suitable indefinitely. Investment mandates for the SPS are set out in the Appendix 2.

The factors that the Provider considers when designing a suitable Default Strategy includes issues such as -

- 1) Time horizon
- 2) Risk profile
- 3) Financial knowledge and experience
- 4) Liquidity
- 5) Return targets

Investment Performance

This section is divided between return-seeking funds (those assets that aim to provide higher capital growth) and de-risking funds (those assets that are lower risk). Appendix 2 sets out the performance and risk characteristics of the funds.

The investment performance is judged by analysing the performance of each fund versus its stated benchmark, over the life of the funds. Performance is not solely the investment returns, but also takes into account two risk measures: ‘volatility’ and ‘maximum drawdowns’. As stated above, the IGC also analyses the non-financial performance of the funds, specifically the levels of corporate engagement, carbon footprint, the carbon intensity, and the Implied Temperature increase.

Return-seeking Funds

WS Global Multi-Index Pension Fund

The WS Global Multi-Index Pension Fund is invested in the L&G Future World Multi-Index 4 fund.

The WS Global Multi-Index Pension Fund uses the Investment Association’s Mixed Investment 20-60% Sector Median to assess its performance outcomes.

The IGC expects the ESG focus within the fund to reduce risk and potentially lead to increased future investment returns. The ESG focus for the fund helped the returns over the Year, by some 0.4%, versus L&G’s non ESG mandate with the same risk profile over the Year. However, the ESG focus may result in periods of greater volatility from time to time.

For the last two years, the relative performance of the fund has been satisfactory. However, there are a number of members that were invested in the predecessor fund whose experience was less favourable.

View – Satisfactory.

WS Global Developed Index Pension Fund

The WS Global Developed Index Fund is invested in the L&G Future World ESG Developed Index. The ESG filter for the fund has helped the returns this year by about 1.6% versus a traditional global equity index fund. The IGC is satisfied with the variance in the returns.

View - Satisfactory.

WS Global Emerging Markets Index Pension Fund

The Global Emerging Markets Index Fund is invested in the L&G Global Emerging Market Index fund. The IGC is satisfied with the returns, and the variance in the performance is in line with expectations. The IGC does not have any causes for concern in relation to the performance of this fund.

View - Satisfactory.

De-risking Funds

WS Cash Pension Fund

The Cash fund has a clear investment strategy. The performance of the fund is in line with the expectations of the fund.

View - Satisfactory.

WS UK Gilt Index Pension Fund

The UK Gilt fund continues to track the FTSE Government Bond All Stocks Index. The performance of the fund is in line with expectations, gross of charges.

An issue with the fund is that the actual return profile over the Year has been very different to that set out in the documentation issued to you, where the fund is described as a "lower risk" investment. However, during 2023 the FTSE Government Bond All Stocks Index has experienced higher levels of volatility which is not consistent with a low-risk fund.

The IGC has been consistent in its approach with the Provider in seeking to provide detailed information to you, for you to understand the risks associated with holding units in this fund.

View - Satisfactory

WS Sterling Corporate Bond Index Fund

The WS Sterling Corporate Bond Index fund has been tracking the iBoxx Non-Gilt AAA to A Index fund. Over the recent period, the value of this fund has fallen significantly versus inflation; despite this, the performance of the fund is in line with expectations, gross of charges.

The fund documentation explains the risks in the fund relative to its benchmark, but not against inflation.

The IGC has been consistent in its approach with the Provider in seeking to provide detailed information to you, so you can understand the risks associated with holding units in this fund.

View - Satisfactory

Those members who have a Lifestyle investment strategy, will have a wide variety of combinations of funds making up the strategy. Each member's investment choices will dictate the actual outcomes of their pension pots. Appendix 2 shows the investment returns achieved by members over certain time periods. The reporting has focused on the largest cohort of members after taking their benefits on the 31st December 2023, after 10, 15 and 20 years.

- 1) Legacy SPS members,
- 2) Legacy PPT Profile 1 Flightpath members
- 3) Legacy PPT members invested in the WS Global Multi Index Pension fund.

The reporting is based upon a single investment of £10,000 and regular savings of £100 per month, including tax relief.

Apart from comparing the investment returns against the benchmark indices for each of the funds, we have also introduced an inflation benchmark, the (CPI - Consumer Prices Index), to show whether you have secured "real returns" (i.e. returns above inflation).

Overall, the absolute return and real return outcomes have been reasonable over the last 15 and 20 years for all three cohorts of members. However, for the last 10 years the absolute returns and the real returns have been more challenging especially for the ex PPT members invested in the WS Global Multi Index Pension fund.

Suitability

Return-seeking Funds

There is a limited amount of data on the membership profile of these funds. There is no requirement for the Provider to ask each member about their attitude to risk, time horizons and investment objectives. Neither is there any information about members' financial knowledge and investment experience.

Some data is available about the number of members invested in each fund, their ages, and the average value of their holding, which is shown in the table below.

Date	Fund	Number of Members	Value	Value per Member	Average Age	Weighted Average Age
31-Dec-22	LF Global Emerging Markets Index	1,221	998,594	818	49.6	49.7
31-Dec-22	LF Global Multi Index	5,664	99,949,644	17,646	55.1	57.6
31-Dec-22	LF Global Developed Index	18,505	281,575,221	15,216	49.5	50.5
31-Dec-23	WS Global Emerging Markets Index	1,229	1,056,213	859	50.3	50.7
31-Dec-23	WS Global Multi Index	5,820	97,683,573	16,784	56.1	58.3
31-Dec-23	WS Global Developed Index	17,257	314,236,007	18,209	49.9	50.8

"Weighted average" is the average age of members, weighted to reflect the value of the assets they hold, i.e., a larger fund will attract a higher weighting. We have used weighted average as the basis for our comments.

There are 303 members over age 66 holding units in the Global Multi-Index Fund, with an average fund value of £28,752, as at the 31st December 2023. The IGC has encouraged the Provider to approach these members to ensure that they understand that the profile of this fund is medium risk and may not be suitable for them.

Turning to the highest real return seeking asset available under the policy, the WS Global Developed Index Pension fund, for the average member the number of years until the normal pension ages is 10 years. The IGC have not identified any concerns with this position.

De-risking Funds

Investment in each of the de-risking funds is shown below at 31 December 2023, along with an analysis of its membership.

Date	Fund	Number of Members	Value	Value per Member	Average Age	Weighted Average Age
31-Dec-22	LF Cash	4,564	70,063,558	15,351	60.2	63.0
31-Dec-22	WS Cash	3,952	73,101,307	15,680	60.6	63.5
31-Dec-22	LF Sterling Corporate Bond Index	7,098	35,859,004	5,052	52.4	55.9
31-Dec-22	WS Sterling Corporate Bond Index	5,590	40,177,117	6,000	52.7	56.8
31-Dec-23	LF UK Gilt Index	1,659	8,431,882	5,083	55.1	58.9
31-Dec-23	WS UK Gilt Index	1,815	11,984,157	5,350	56.8	59.6

The weighted average age of members is as expected for the WS Cash and the WS UK Gilt Index funds, with funds being held by those members approaching retirement. The IGC notes that there are 193 younger members (under age 50) who have a combined holding in the Cash Fund of £580,000, which we believe is unlikely to be appropriate.

The IGC has been highlighting the inflation risk of holding the WS Cash, WS Sterling Corporate Bond Index and the WS UK Gilt Index funds for a number of years. The IGC has asked the Provider to highlight the risks to those members invested in these funds.

There are a large number of younger "self-select" members aged below 50 years holding risk averse funds, with total assets of some £6.7 million. The IGC has asked the Provider to ensure that these members receive targeted communications to highlight the issues, especially around the inflation risk.

Members leaving the Scheme

The Provider is collating more granular records of how members are taking their benefits, which is a positive step. For details of how the benefits are being taken, please see the section above. However, the IGC is concerned about the number of members taking their benefits without taking financial advice or referring to MoneyHelper for guidance.

The Provider analyses and publishes the destinations for the transfers to third party pension product providers, and there are no records of any transfers going to any providers or schemes, which have been identified as a high risk of being a "pension scam".

Costs and Charges

In assessing whether the costs and charges of the SPS represents VFM, the IGC are required to consider the level of administration charges, transaction costs, and any other charges borne by the members including the costs of investing and managing your pension pots.

The costs of the Default Strategy need to be within the Charge Cap of 0.75%.

For the Year, the charges for the investment funds offered by SPS have been as shown below, highlighted in blue. The charges are comparable to the average charges for each fund sector, but higher than comparable workplace personal pension plans.

The charges for the funds, when compared with each fund's IA Sector Median, are set out as below:

Return-Seeking Funds

Fund	Ongoing Charges Figure (OCF)
WS Global Multi Index Pension Fund	0.75 %
IA Sector Median	1.02%
WS Global Developed Index Pension Fund	0.72%
IA Sector Median	1.60%
WS Global Emerging Markets Index Pns. Fund	0.73%
IA Sector Median	1.71%

De-Seeking Funds

Fund	Ongoing Charges Figure (OCF)
WS Cash Pension Fund	0.17%
IA Sector Median	0.15%
WS Sterling Cop. Bond Index Pension Fund	0.64%
IA Sector Median	1.01%
WS UK Gilt Pension Fund	0.43%
IA Sector Median	0.58%

The ongoing charges for the funds are based upon the VFM assessment for the funds to 31st December 2023.

Ongoing Charges Figure ("OCF") includes the annual management charge (AMC), the operating costs, administrative costs, and transaction charges as a result of buying and selling the funds.

The IGC noted that the charges for Workplace Pensions generally continue to fall.

Other potential charges

All administration costs are included within each fund's annual management charge. The Provider currently makes no charges for the following core financial transactions:

- Buying and selling units in the funds
- Transfers-in
- Transfers-out
- Fund Switches
- Implementing Pension Sharing Orders on Divorce
- Small pot lump sum payments

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- Account closure
- Payment of death benefits
- Annual Statements
- Duplicate copies of correspondence

All investment switches made by members take place on a "bid-to-bid" basis, i.e. they will be made free of charge. Whilst the Provider does not currently charge for any of the above, it reserves the right to do so in the future. The processing of Pension Sharing Orders, for example, can be particularly complex and specialist technical input may be required.

Liquidity

All funds available continue to provide daily liquidity to you and there are no reports of members being unable to buy or sell funds during the period covered by this report.

Transactional costs

Transaction costs are incurred when a fund manager buys or sells assets on behalf of a fund, e.g. equities or bonds. Transaction costs represent the average charge over prescribed periods and include both Explicit costs (such as brokers' fees, exchange costs, stamp duty and other taxes), and Implicit costs which is an assessment of the cost of entering or exiting the market (in simple terms the difference between the price of the instrument at the time the order was placed and the actual price at which it was executed). Where a fund invests in other funds, the average transaction costs of those other funds are included as indirect transaction costs (look-through costs).

Comparing portfolio transaction costs for a range of funds may give a false impression of the relative costs of investing in them for the following reasons:

- Transaction costs do not necessarily reduce returns. The net impact of dealing is the combination of the effectiveness of the manager's investment decisions in improving returns and the associated costs of investment.
- Historic transaction costs are not an effective indicator of the future impact on performance.
- Transaction costs vary from country to country.
- Transaction costs vary depending on the types of investment in which a fund invests.
- As the fund manager's investment decisions are not predictable, transaction costs are also not predictable.
- There can be inconsistency in the calculation method used by different Providers. (the Provider uses the full PRIIPS "Arrival" method to calculate costs).

The transaction costs for the underlying funds to the 31st December 2023 are as below:

Fund Name	Cost (%)
WS Cash Fund	-0.2023
WS UK Gilt Index Pension Fund	-0.0567
WS Sterling Corporate Bond Index Fund	-0.0491
WS Global Multi-Index Fund	0.1043
WS Global Equity Index Fund	0.0205
WS Global Emerging Market Equity Index Fund	0.0530

Over the reporting period, the transaction costs for the WS Cash, WS UK Gilt Index and the WS Sterling Corporate Bond Index funds were negative because the funds were bought at a discounted price.

Details of the long-term investment performance are contained in Appendix 2.

The IGC are required to include in this report an illustration of the compounding effect of the administration charges and the transaction costs for a representative range of funds/investment strategies, but the Provider has not given us the necessary information to be able to deliver this.

Risk Management

Risk register

The Provider maintains a risk register covering potential operational risks, management risks and investment risks for all products. During the period covered in this report there were red-rated risks relating to the SPS, details of which are included below:

Operational risks

The operational risks should have reduced with the move to EQ, but a number of concerns regarding operational issues have come to light.

At the start of the Year, EQ discovered that some 1,400 open case files, had not been given to EQ by Capita. Once the files were discovered, the Provider and EQ immediately created a task force to close the open files, as well as keeping the IGC informed of the issues and how the files were to be closed.

The Provider identified how the two teams administering the policies had received insufficient training. Those two teams were located in two different locations. The adopted processes created by EQ resulted in a higher number of errors than were acceptable to the Provider and the IGC. Since the discovery of the issues, the Provider has undertaken a number of site visits during the Year, reinforced by weekly catch-up meetings between EQ and the Provider to agree the next steps.

Since the end of the reporting year, the Provider has identified a number of issues around the processing of the Direct Debit Mandates and the transfers-out of the benefits relating to a small number of members. These findings are disappointing for the IGC, as it illustrates that the Provider's oversight processes and systems failed to pick up the errors.

EQ did not meet some of their key performance criteria and these were discussed with the IGC regularly throughout 2023. The IGC recognises the commitment made by the Provider to mitigate the operational risks during this difficult period. At the time of writing, there is no information on why these errors were not picked up by the Provider in its standard reporting framework in place throughout 2023. The IGC has requested that the controls are improved.

Management risks

For some time, the IGC has been concerned about the level of resources allocated to the management and administration of the SPS. The IGC recognises the commitment of the Provider with the allocation of a number of senior staff and the continuity of those staff members. Over the Year, two further members of staff have been given responsibility for the oversight and liaison with EQ.

Despite all of the input from the Provider, seemingly there have been a number of management risks at EQ, which have arisen from the poor oversight within the teams themselves and lack of controls. With the contract between the Provider and EQ being reviewed in 2025, there are a wide number of challenges for the Provider to contend with over the coming period.

Investment risks

The membership of the SPS is diverse, with members having joined the scheme in the past through a large number of conduits. Some of the members took regulated advice when they joined in relation to their investment choices, but the majority did not take any advice.

With the merger of the SPS and the PPT, the number of members with lifestyle investment strategies is increasing.

Period to	Number of Lifestyle members	Total number of Members	% of members Lifestyled
31-Dec-19	21,317	27,546	77.4%
31-Mar-21	20,479	26,440	77.5%
31-Dec-21	19,506	25,394	76.8%
31-Dec-22	18,949	23,577	80.4%
31-Dec-23	17,885	21,573	82.9%

The latest data brings the number of members with a Lifestyle investment strategy into line with the average numbers for other workplace pension schemes, where typically the level is 80% + of the members. While the headline numbers look attractive, the majority of these members have a Lifestyle investment strategy targeting an outcome where all of the benefits are taken as a cash lump sum at their normal retirement age, which the IGC remains concerned about.

There is still a substantial number of members who the Provider has classified as "Self-Select" where members have chosen their own investment strategy. The IGC has raised a question whether these "Self-Select" members were suitably informed when making decisions on the investment of their pension fund. The IGC notes that there has been limited engagement by these members in relation to their investments and a significant number where we would have expected investment switches to have taken place.

The IGC has encouraged the Provider to ensure that you are given sufficient information to make informed decisions in relation to your pension. The objective of the increased focus on education on financial matters is to reduce the risk to you of experiencing inappropriate and/or excessive volatility in the value of your pension funds as you approach the time you are taking your benefits.

Areas Requiring Attention

The further areas that the IGC has identified during 2023 that require attention are set out below.

Administration

As noted earlier in this report, there have been a significant number of problems over the Year with the administration of the SPS following the transfer to EQ. These have been reported to the FCA and subsequently to the Pensions Regulator. The Provider has been working very closely with EQ to rectify these problems and this focus needs to continue during 2024 to ensure that you receive a satisfactory service.

Value for Money

The rating of the Value for Money for the SPS is rated red when compared to the main workplace personal pension plans. The IGC will discuss with the Provider during 2024 what actions can be taken to improve VFM for you.

Investment Options

During the preparation of this report, the IGC identified potential anomalies in relation to investment options under the SPS and has raised associated questions with the Provider. The IGC continues to discuss these questions with the Provider at the time of publication of this report.

Portal Access

Most product providers in the marketplace offer their members online servicing to their accounts via a dedicated member portal. However, while there has been further uptake in 2023 by the membership, the IGC feels the overall take-up of the member portal is very low, and we have asked the Provider to put in place measures to ensure that all members are aware of this feature.

Communications

In 2020, the IGC implemented a strategy to review the communications issued to you to ensure that they were clear and concise, and they could be easily understood by you. Regrettably, the suggested changes highlighted by the IGC are still yet to be implemented in full.

There is a current project in place to implement these changes and we hope that member communications will be updated during the remainder of 2024.

The IGC continue to encourage the Provider to update all documents on the website available to you.

Vulnerable Member Assessment

One of the most significant risks facing the Provider is the increasing number of members, who could be classified as vulnerable following the FCA research on vulnerability particularly as the UK faces a "cost of living" crisis. At present the administrator has only identified a small number of members who would be classified as vulnerable which is not in line with the expectations of the IGC members.

Ongoing analysis of how members are taking their benefits

Over the last three reports, the IGC advised that it had asked for ongoing analysis of those members taking benefits and the funds sold to help inform the IGC whether the investment strategies are suitable. The IGC has asked the Provider to provide this data regularly, ideally quarterly, to allow for more in-depth analysis and to identify trends so issues do not become problems. This data is just becoming available at the time of preparing this report, so an in-depth analysis needs to be carried out during 2024. The IGC strongly encourages the Provider to have continued focus on the risks of Pension Scams for members transferring out of the SPS.

Provision of information

Over the Year, whilst there has been an improvement in the IGC receiving management information from the Provider there are still too many delays. This created a challenge for the IGC to provide the effective governance required for the SPS. The IGC and the Provider continue to discuss a framework for the provision of information going forward.

Lifestyle Investment Solutions

Following the implementation of the Optimisation Plan in 2022, there are now four lifestyle options available to you (including the Default). These are available to those members who wish to target cash at retirement, an annuity at retirement and also those who wish to transfer to a drawdown arrangement. Last year the IGC requested that the Provider implement a targeted and concerted communication campaign to ensure that you are adopting the right lifestyle flightpath for your individual circumstances. This is still to be implemented.

Provision of Advice

As in previous years, the IGC would like to see an increasing number of members seeking advice or guidance, either through services such as MoneyHelper, or directly through regulated advice, to reduce the risks that you make poor decisions in relation to your pension funds. The goal is that 100% of the members seek advice or guidance when taking their pension scheme benefits.

At each of the quarterly meetings, the IGC has sought information on the behaviour of the members when taking their benefits or transferring them to third parties. For the IGC the provision of support is of vital importance for you. The number of members taking advice is still very low.

Cost and Charge Illustrations

The IGC are required to include in this report an illustration of the compounding effect of the administration charges and the transaction costs for a representative range of funds/investment strategies, but the Provider has not responded to requests to provide these illustrations. The IGC will engage with the Provider to rectify this omission.

Appendix 1: Constitution of the IGC

The IGC is comprised of four independent members and one member appointed by the Provider. FCA guidance was observed over selection of the Provider-appointed member.

During the course of the reporting period, Nigel Boyling was replaced by Andrew Berry as the Provider Representative member of the IGC.

Under the FCA's Conduct of Business Sourcebook (COBS 19.5.12(g)) the IGC's four other members are deemed to be independent by the fact that they are not an employee of the Provider, they were not an employee of any company within the Provider's group in the last five years and they do not have a serious business relationship with the Provider.

The IGC has been constructed to have knowledge and experience in the actuarial, legal, investment and pensions arenas. IGC members during the Year were:



Sarah Farrant (Chair)

Ms Farrant has been a qualified actuary for over 30 years. She has been Scheme Actuary to many schemes, including a number of FTSE 100 and FTSE 250 companies and has enjoyed senior roles with national employee benefit consultancies and a "Big four" firm of Chartered Accountants.



Naomi L'Estrange

Co-Chief Executive of Vidett

Vidett is an independent IGC member. During the period under review Naomi represented Vidett on the Committee.

Professional qualifications

- Solicitor (current practising certificate)
- Qualified Executive Coach
- Certificate in Advanced Business Management from Ashridge

Ms L'Estrange has 25 years' experience as a pension lawyer and a director of the Pension Protection Fund. She advised the Institute of Actuaries and many individual pension schemes and was seconded to Government to advise on Pensions Act 2004.

She is a professional trustee to a number of pension schemes of all types and is a member of the Financial Reporting Council's Advisory Board.



Mark Garnett

Director of Advisory Investment Services Limited

Professional qualifications

- Fellow of the Chartered Institute for Securities & Investment
- Fellow of the Chartered Insurance Institute

Mr Garnett provides investment management and advice for pension schemes and is a former Partner of Smith & Williamson Investment Management LLP.

He advises employers and boards of trustees, and regularly presents on the economy and investment markets.



Nigel Boyling

Director, Investment Management Supervision Team, WMUK

Nigel and his team are responsible for the overall supervision of Investment Managers.

Prior to joining Link, Nigel was Compliance Director with Prudential and M&G.

Nigel led the business through various significant regulatory changes including the implementation of Financial Services and Markets Act 2000 (FSMA) and Markets in Financial Instruments Directive (MiFID).

Prior to this Nigel was a member of the Executive Engagement Team at Manulife Financial, where he was IMRO Compliance Officer and Head of UK Internal Audit. Subsequent to moving into financial services Nigel worked in utilities and local authorities, including London Boroughs and district councils.

**Andrew Berry**

Director, Investment Management Supervision Team, WMUK

Andrew heads the UK ACD business within the London operation. Andrew is responsible for overseeing all aspects of the UK ACD business and its day-to-day client service delivery across UCITS and non-UCITS funds in the UK. He is responsible for the management of the risk, valuation, due diligence and audits for the UK ACD and its funds and appointed delegates.

Andrew has over 29 years of experience in accounting and financial services, working in retail funds, fund platforms, fund accounting, administration, and investment oversight. Prior to joining Host Capital, Andrew was Associate Director at DST Systems (formerly IFDS), the UK's largest transfer agent. Andrew has also held positions at Bank of New York Mellon and Cofunds Ltd.

Andrew is IAQ qualified, and his previous roles have involved the set up and operation of UK ACD Companies. Andrew also has extensive experience of fund launches, onboarding and migration projects.

**Gareth Sawyer**

Director, Evelyn Partners Trust Corporation Ltd, Evelyn Partners Financial Services Ltd

Evelyn Partners Financial Services Ltd is an independent member of the IGC.

Gareth is Evelyn Partners Financial Services Ltd's representative on the IGC. He is a financial services and fintech solutions specialist with over 40 years industry experience. A Chartered Practitioner, Fellow of the Chartered Insurance Institute, and Associate of the Pensions Management Institute.

Having worked at major product providers and advisory firms, and established/owned/managed fintech, financial services and trustee businesses, he brings to the IGC over 35-years' experience of advising and supporting employers, trustees, and pension scheme members on all aspects of pensions and retirement, and over 20 years establishing and advising personal pension governance IGCs, and acting as professional trustee to defined benefit and defined contribution pension schemes, as well as establishing and managing personal pensions products and a master pension trust.

Appendix 2: Investment

This appendix sets out the performance of the funds available in the SPS as at 31 December 2023.

Fund Details

The available fund range is shown below:

- WS Global Multi-Index Pension Fund
- WS Global Developed Index Pension Fund
- WS Global Emerging Markets Index Pension Fund
- WS Sterling Corporate Bond Index Pension Fund
- WS Cash Pension Fund
- WS UK Gilt Index Pension Fund

There are two elements to the recording of the investment performance. Appendix 2 reports on the percentage returns of the funds, both the current and the previous funds, which existed prior to the merger of the Personal Pension Trust and the Stakeholder Pension Scheme, in October 2022.

Appendix 3 illustrates the actual outcomes for you.

Return-Seeking Assets

Fund Objectives

The WS Global Multi-Index Pension fund is invested in the L&G Future World Multi Index 4 fund, whose objectives are “The Fund’s objective is to provide a combination of growth and income within a pre-determined risk profile. The Fund’s potential gains and losses are likely to be constrained by the aim to stay within the risk profile. The Fund also aims to incorporate environmental, social and governance considerations into the investment strategy”.

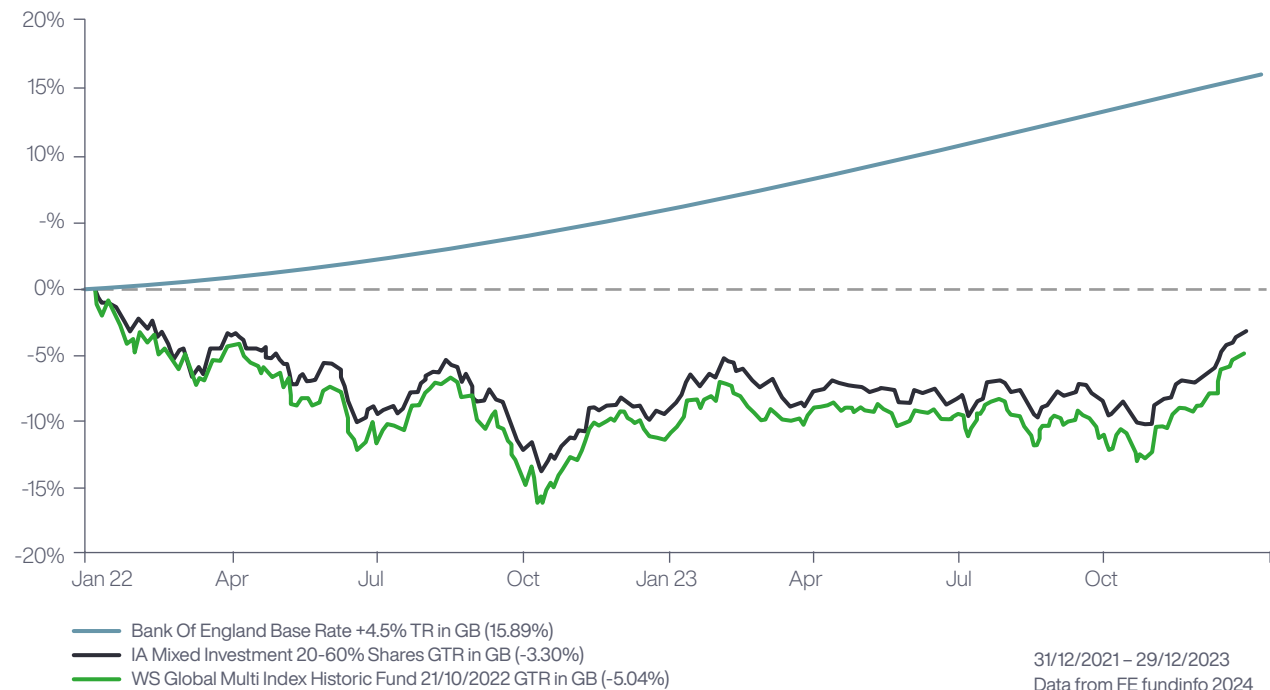
The WS Global Developed Index Pension Fund is invested in the L&G Future World ESG Developed Index fund whose objectives are “The objective of the Fund is to provide a combination of growth and income by tracking the performance of the Solactive L&G Enhanced ESG Developed Index NTR (the “Benchmark Index”):”.

The WS Global Emerging Markets Index Pension Fund is invested in the L&G Global Emerging Markets Index Fund whose objectives are “The objective of the Fund is to provide growth by tracking the performance of the FTSE Emerging Market Index. This objective is after the deduction of charges and taxation”.

Performance Commentary

WS Global Multi-Index Pension Fund

Prior to December 2021 abrdn was responsible for the management of the fund, so we have only shown the performance since L&G took over the management of the fund. The chart shows investment returns relative to the fund’s peers and the prime benchmark, cash plus 4.5% per annum, gross of charges.

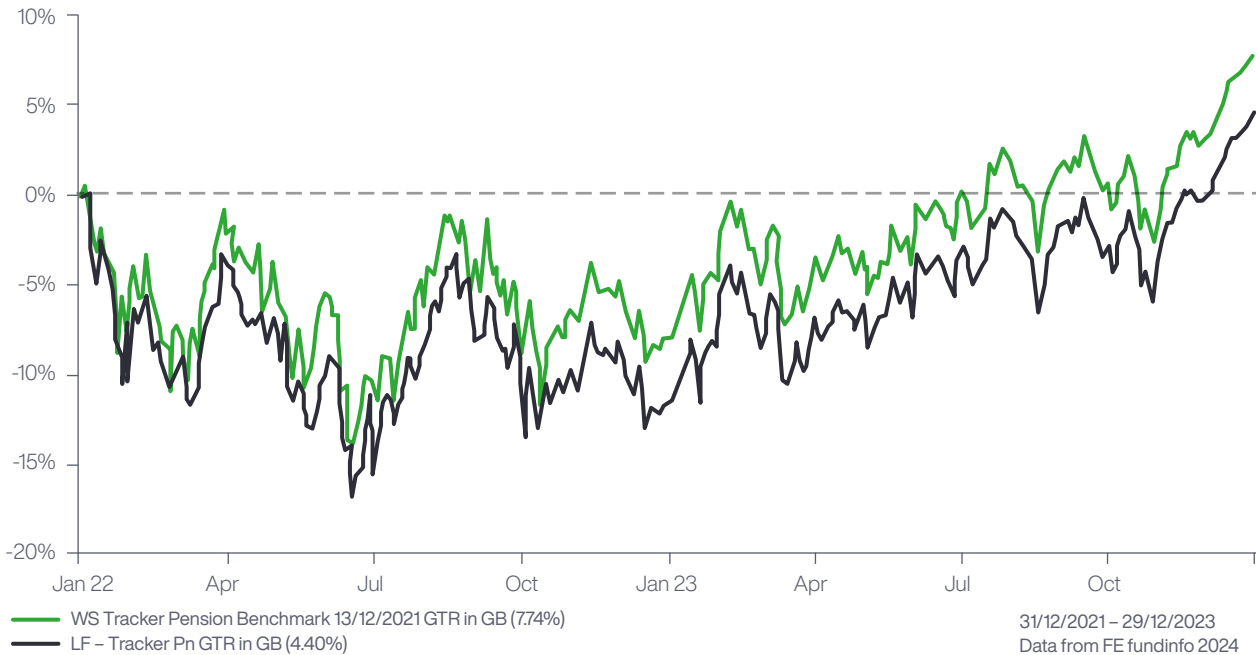


For the total population of the unit holders the average term until the nominated pension age is about 10 years, and when weighted for the value of the funds where the average age falls to 7.5 years. Therefore, for the average unit holder of this fund the new mandate remains appropriate.

Over the Year the application of the ESG filters added to the returns for this mandate, by some 0.35%, versus the traditional L&G Multi Index 4 fund.

WS Global Developed Index Pension Fund

The fund has performed in line with expectations. The mandate for this passive fund has changed over time. Until December 2021 the fund tracked the FTSE All Share Index, and then the mandate of the fund switched to tracking the FTSE Global Developed Solactive Index, which is a composite index created by LGIM and Solactive. There is no published data for this benchmark index, so we have used the FTSE Global Developed Index since the 14th December 2021.



Note: 1) Financial Express has not changed the name of the LF Tracker fund to the WS Global Developed Equity Index

In the chart below the report has used the FTSE Global Developed Index, which illustrates the impact of the ESG filters employed by Solactive and LGIM. The benchmark indices have been flatlined to show the relative returns more clearly.



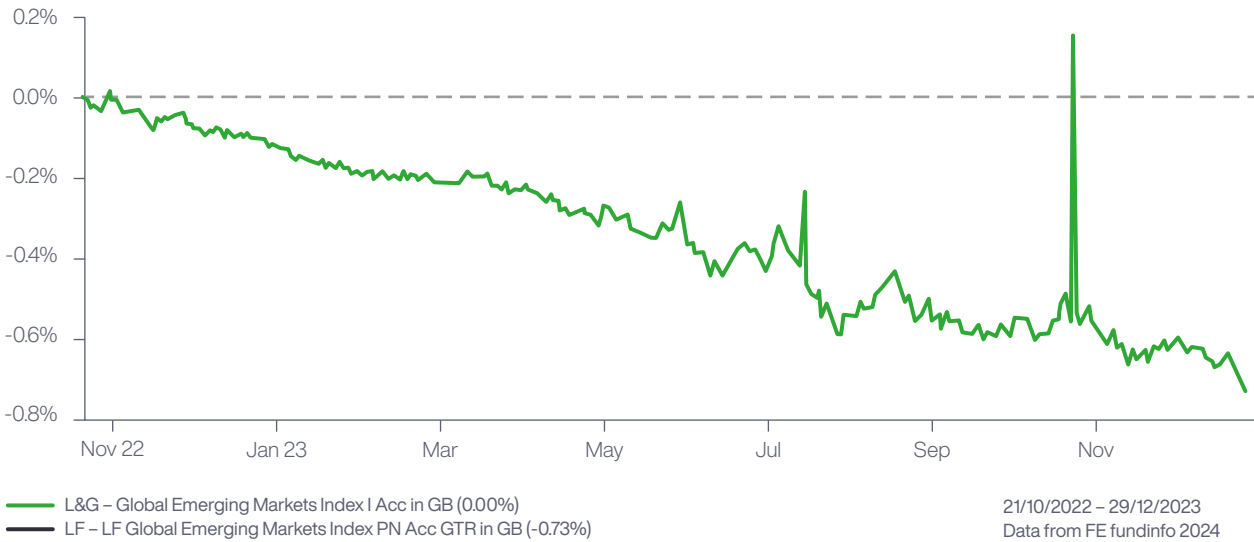
The underperformance of the Provider's fund against the FTSE Developed Index fund is down to the natural overweight positions in its "growth" sectors, which underperformed early in 2022. We would expect the ESG filter to have a positive impact on the long-term relative returns. For the reporting period the Provider's fund outperformed its benchmark by 0.80%. Therefore, the IGC remains comfortable with the financial performance of the fund.

WS Global Emerging Markets

The WS Global Emerging Markets Index Pension Fund is a new fund with a 15 month track record. The fund is invested in the L&G Global Emerging Markets Index, which has been in place since 2010. The Provider's fund has slightly underperformed the L&G fund, as expected, reflecting the costs of the pension fund.



Note: 1) Financial Express has not changed the name of the LF Global Emerging Markets Index fund to the WS Global Emerging Markets Index fund. The impact of the costs is illustrated in the chart below, and the short-term swings in the pricing of the funds is down to the different pricing points during the day.



De-Risking Funds

Fund Objectives

The de-risking funds are the WS Cash Fund, the WS UK Gilt Fund and the WS Sterling Corporate Bond Index Pension Fund.

The WS Cash Pension Fund is invested in the LGIM Sterling Liquidity Plus Fund, and its objectives are “the principal investment objective of the Sterling Liquidity Plus Fund is to provide capital stability, liquidity and diversification while providing a competitive level of return. The Fund invests in high quality short term fixed income and variable rate securities listed or traded on one or more Recognised Exchanges, across a range of financial institutions, sovereign, and corporate issuers.”

WS UK Gilts Pension Fund is invested in the L&G UK Gilts All Stocks Index, and the Fund objective is “to provide a combination of income and growth (if the income is reinvested) by tracking the performance of the FTSE Actuaries British Government All Stocks Index. The fund will invest in bonds (a type of loan which pays interest). The fund’s investments will closely match those that make up the Index. This Index consists of bonds which are issued by the UK Government (known as gilts). The gilts that the fund invests in will be investment grade bonds (rated as lower risk). Investment grade bonds are bonds that have achieved a higher credit rating from a rating agency. Credit ratings give an indication of how likely it is that the issuer of a bond will be able to pay back interest and the loan on time. 35% or more of the fund can be invested in bonds issued by the UK Government. The fund may use derivatives (contracts which have a value linked to the price of another asset) to: • reduce risk or cost; or • generate additional capital or income with no, or an acceptably low, level of risk. If you hold accumulation units, income from investments held by the fund (interest) will be reinvested into the value of your units. If you hold distribution units, income from investments held by the fund will be paid out to you every six months (as interest).”

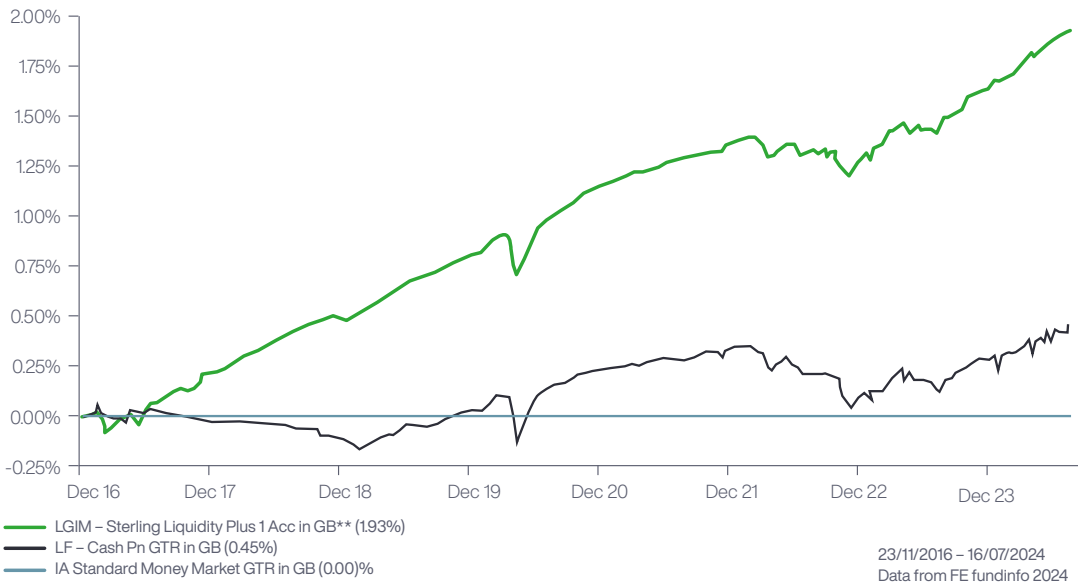
The WS Sterling Corporate Bond Index Personal Pension Fund is invested in the L&G Sterling Corporate Bond Index Fund, and the Fund objective “is to provide income by tracking the performance of the Markit iBoxx Sterling Non-Gilts ex BBB Index. The fund will invest between 70% and 100% in bonds (a type of loan which pays interest) included in the Index. The fund’s investments will closely match those that make up the Index. The Index consists of bonds which are issued in Sterling by UK or overseas companies. The bonds that the fund invests in will be almost entirely investment grade (rated as lower risk). Investment grade bonds are bonds that have achieved a higher credit rating from a rating agency. Credit ratings give an indication of how likely it is that the issuer of a bond will be able to pay back interest and the loan on time. The fund may use derivatives (contracts which have a value linked to the price of another asset) to reduce risk or cost; or generate additional capital or income with no, or an acceptably low, level of risk. The fund may also invest in deposits, money market instruments and cash. Money market instruments are a type of security where cash can be deposited for short periods of time. This fund may not be appropriate for members who plan to withdraw their money within five years.”

Performance

The absolute and relative returns, versus their benchmark indices in each IA peer group and the underlying L&G fund returns are set out in the charts below, over the maximum period over which there is data. As stated above, Financial Express has not changed the name of the funds, reflecting the sale of the business by LFSL to Waystone.

WS Cash Pension Fund



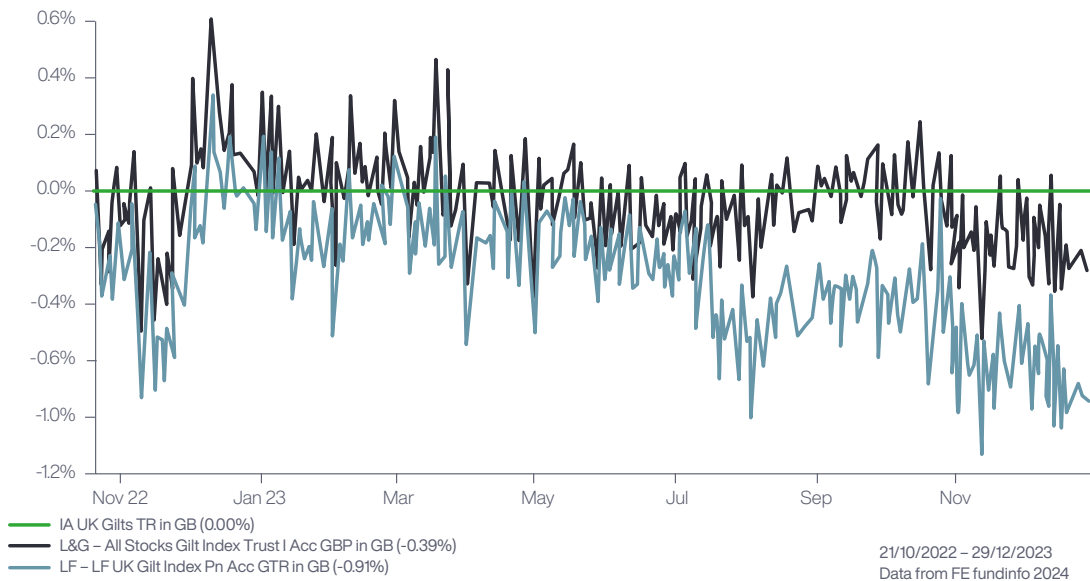


Since the instigation of the fund’s holding in the L&G Sterling Liquidity Plus fund in January 2019, the performance has been in line with expectations.

WS UK Gilt Index Pension Fund

The charts show the absolute returns of the funds since the current strategy has been in place, in this case 21st October 2022, as well as relative to the Investment Association benchmark, which has been flatlined in the second chart.

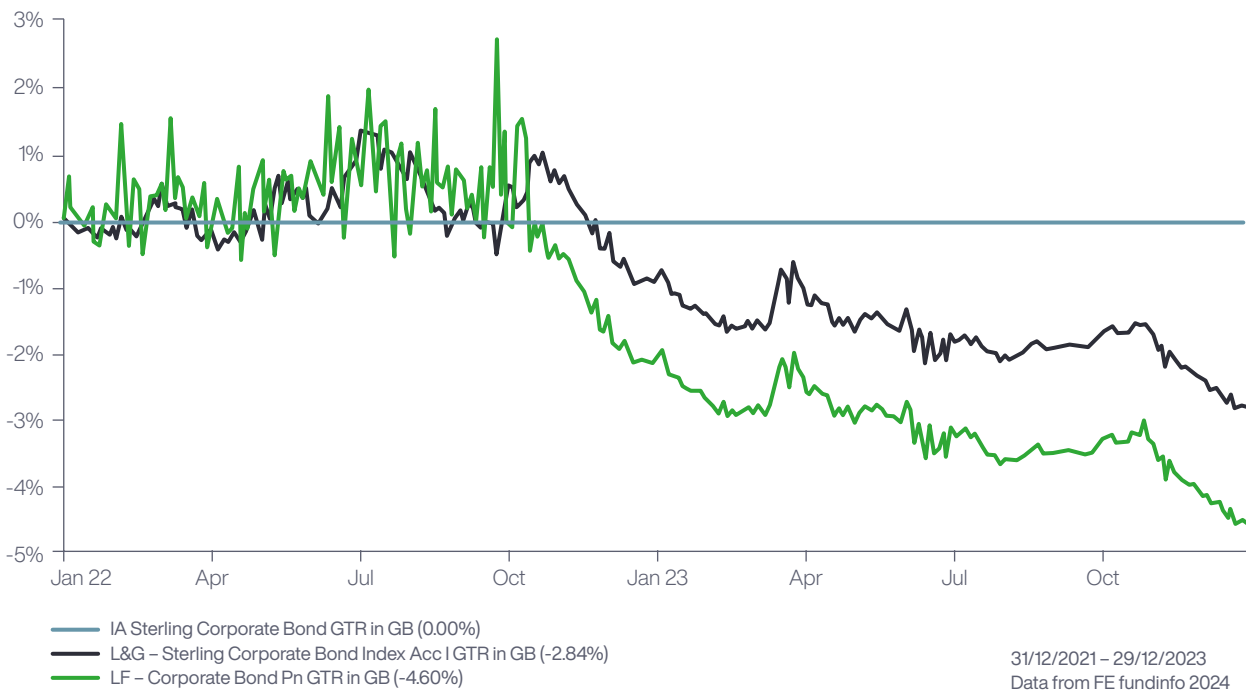
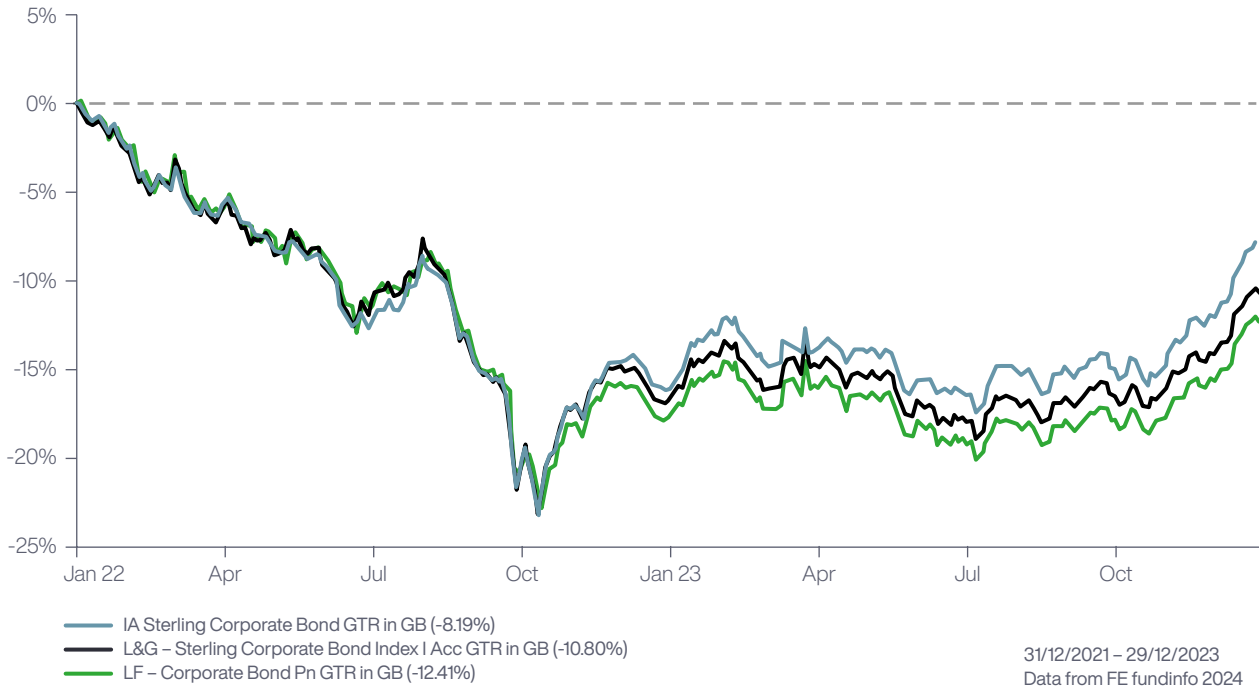




The volatility of the returns is down to the differential pricing points of the funds and the benchmark indices. The underperformance of the fund is down to the impact of the charges.

WS Sterling Corporate Bond Index Pension Fund

The charts show the absolute returns of the funds since the current strategy has been in place, in this case 1st January 2022, as well as relative to the Investment Association benchmark, which has been flatlined in the second chart.



The underperformance against IA universe was down to the ability of active managers, which represent the majority of the funds in this universe being able to take advantage of the chaos in the bond markets after Trussonomics. The Provider's fund is a passive fund.

Long Term Performance

Our report is designed to show the long-term outcomes for you. The IGC has selected three cohorts of members, which represent a significant proportion of the membership.

The analysis is based upon a single investment of £10,000, and a regular savings of £100 per month. In all cases we have benchmarked the outcome against inflation. We have used the Consumer Prices Index, CPI, as the inflation measure.

Cohort 1 – Legacy Jessops Members

The Legacy Jessops members were predominantly invested in the LF Multi Asset Personal Pension fund until October 2022, when the fund was merged with the LF Multi Index Personal Pension Fund under the Stakeholder Pension Scheme.

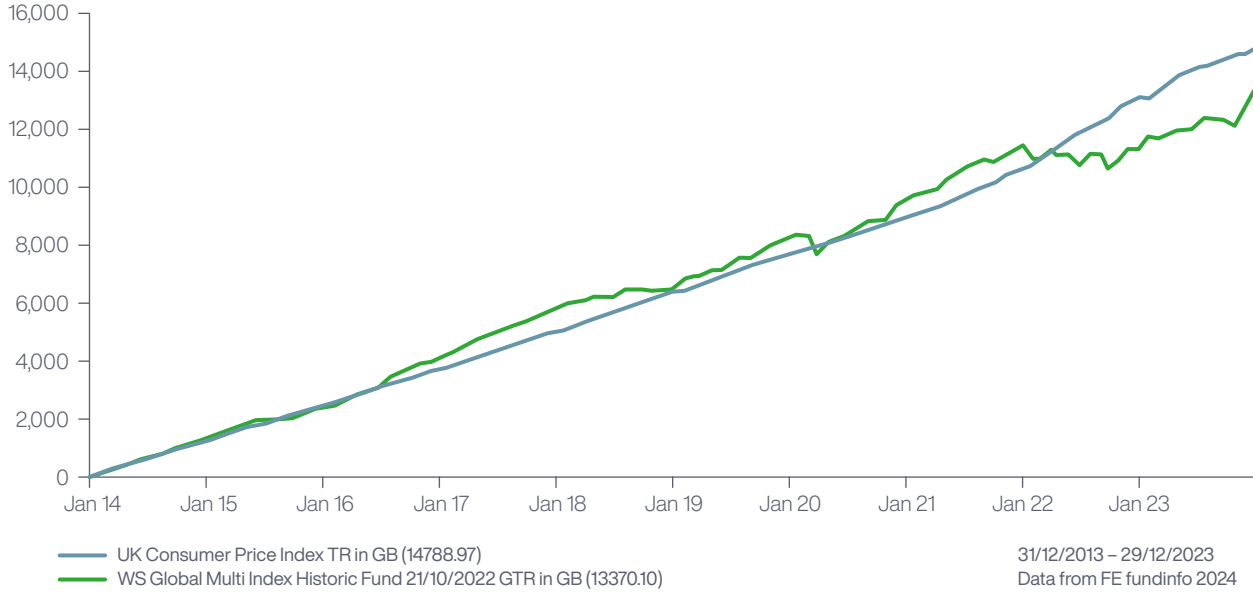
Lump Sum - £10,000 – 10 years



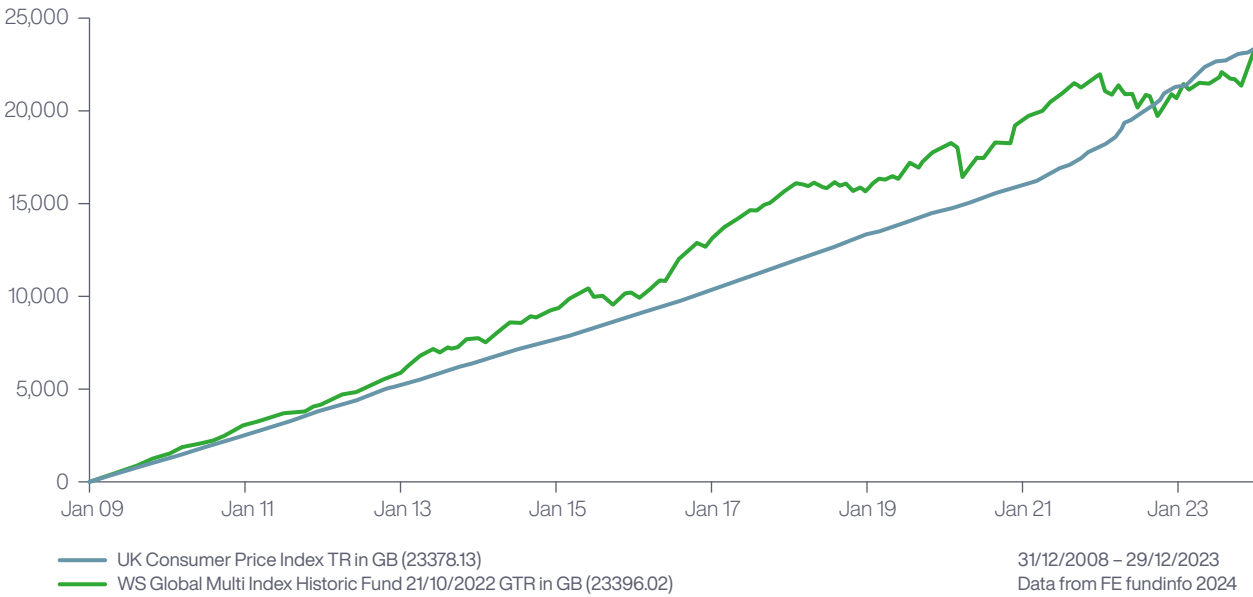
Lump Sum - £10,000 – 15 years



Regular Savings - £100 per month - 10 years



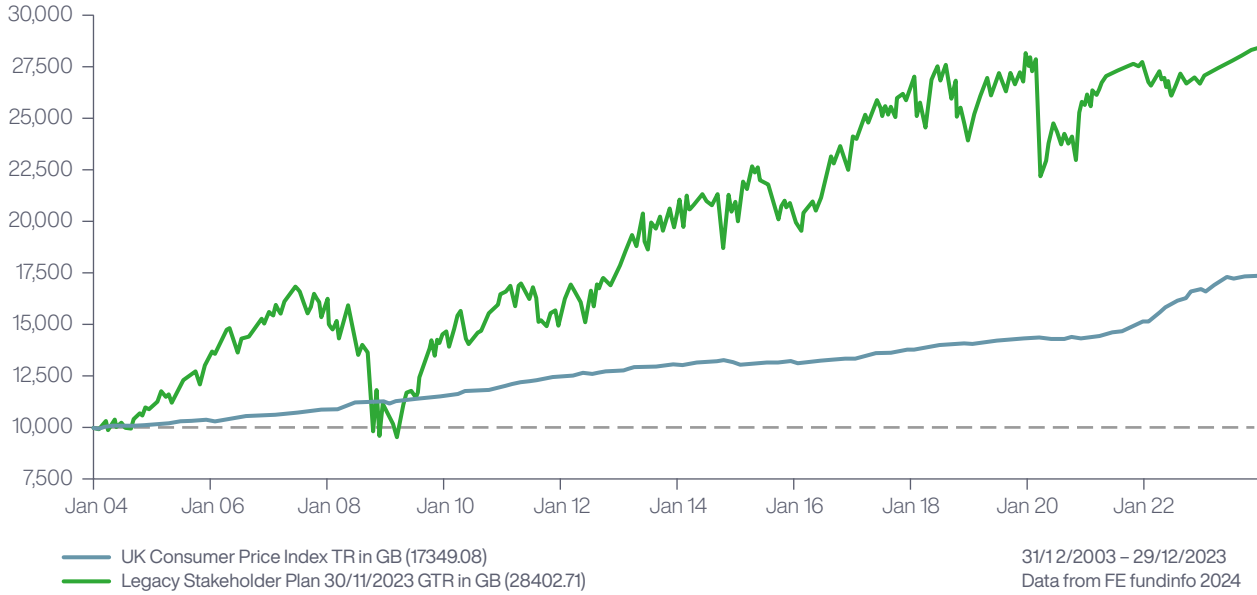
Regular Savings - £100 per month - 15 years



Cohort 2 Legacy Nationwide Members

The Legacy Nationwide members were predominantly invested in the LF Passive fund, which for the majority of its life was itself invested in the L&G UK Index fund, tracking the FTSE All Share Index. In December the underlying fund was switched to the L&G Future World Developed Index fund, which tracks a composite global equity market index designed by Solactive and Legal & General Investment Management.

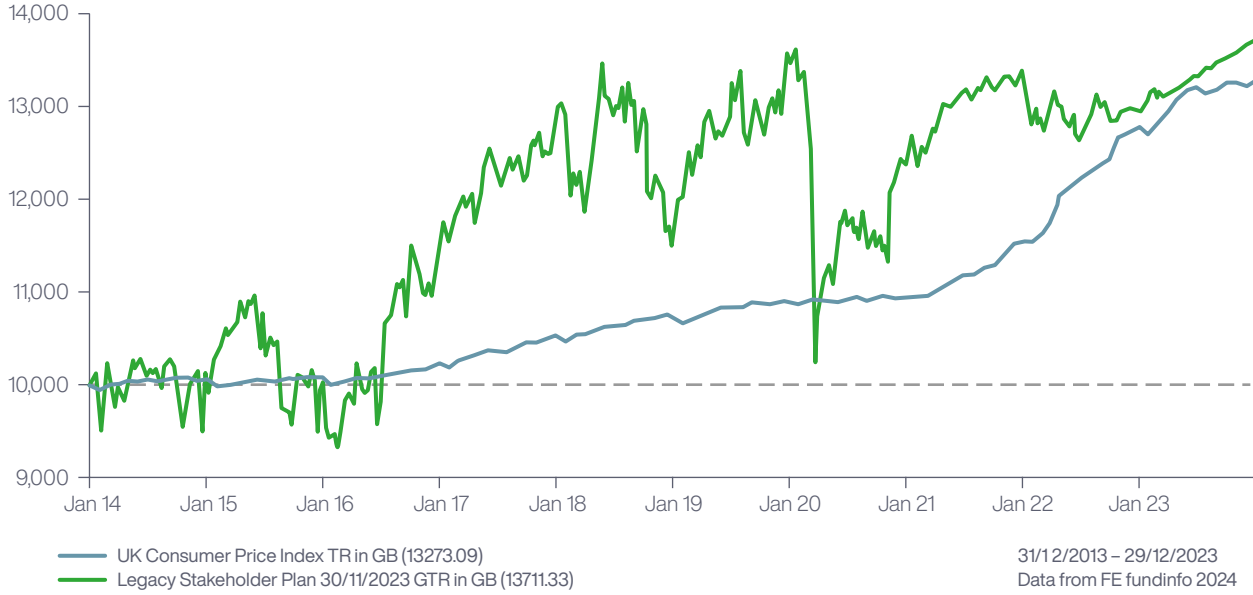
Lump Sum - £10,000 - 20 years



Lump Sum - £10,000 - 15 years



Lump Sum - £10,000 - 10 years



Regular Savings - £100 per month - 20 years



Regular Savings - £100 per month - 15 years



Regular Savings - £100 per month - 10 years



Cohort 3 – Legacy Profile PPT Members

Some of the Legacy PPT members took up a number of Lifestyle Pathways, with Profile 1 being the most popular. We have tracked the performance for an individual taking their benefits on the 31st December 2022, with the historic arrangements running until the 14th October 2022, when the performance data for the legacy PPT fund stopped. The assumption is that the assets are switched to the new flightpath from that date, using a combination of the LF funds and the underlying funds, until the 21st October 2022 when the new SPS funds were created.

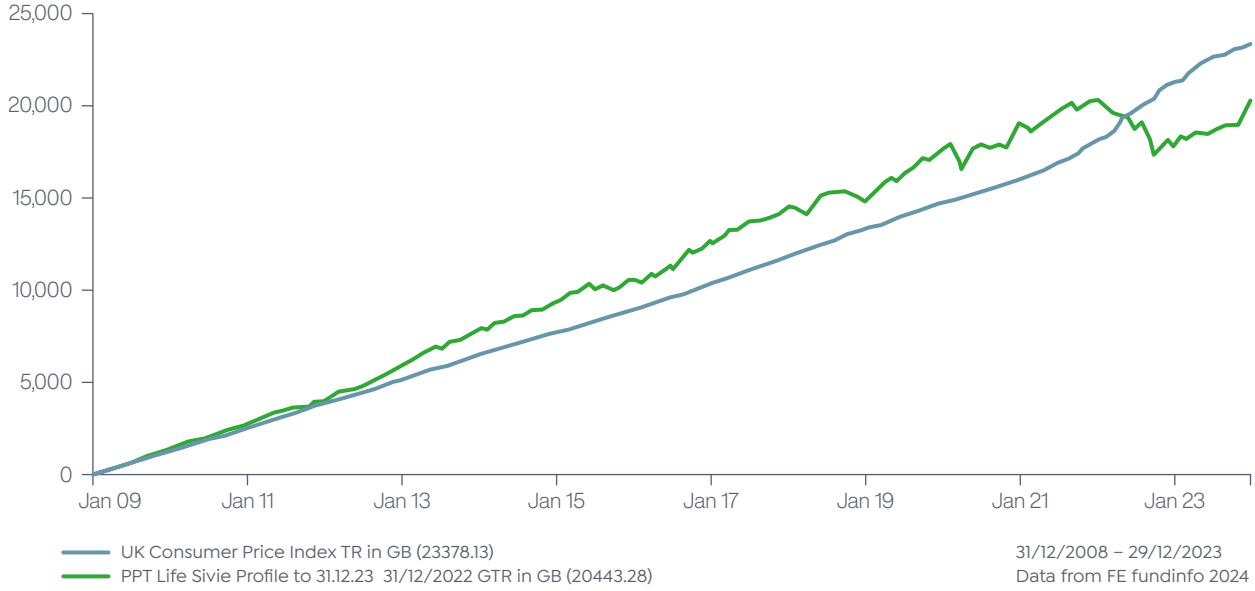
Lump Sum - £10,000 – 15 years



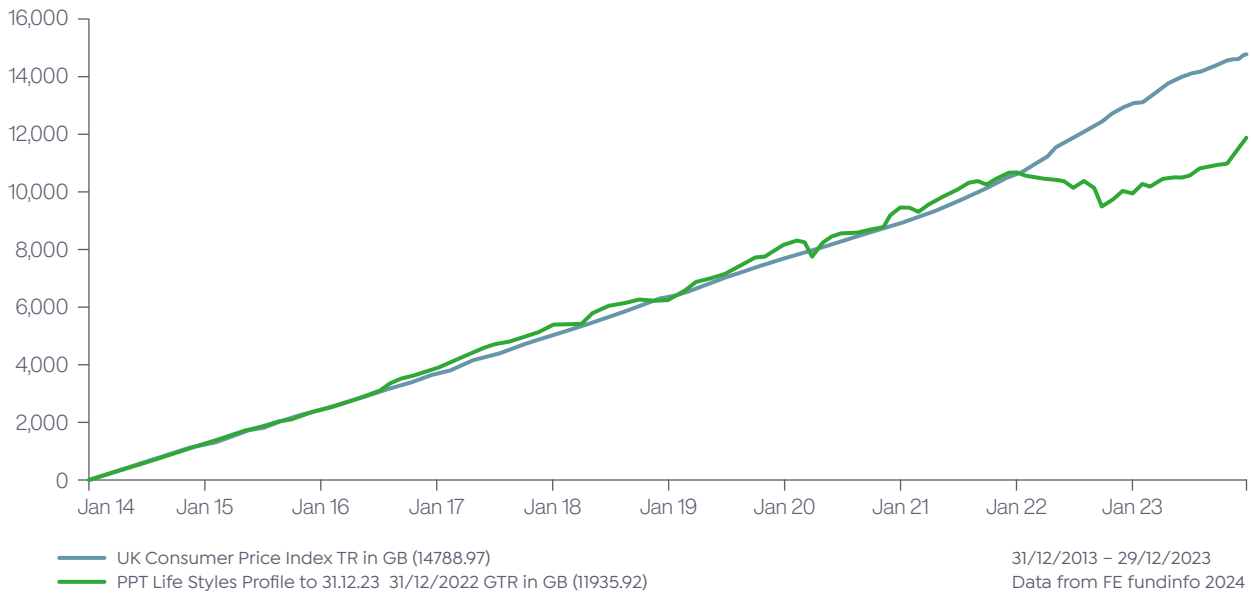
Lump Sum - £10,000 – 10 years



Regular Savings - £100 per month - 15 years



Regular Savings - £100 per month - 15 years



Appendix 3: Environmental Social and Governance Assessment

The ESG assessment is based upon the level of corporate engagement and the carbon footprint measures.

Corporate Engagement

All of the assets of the SPS are now managed by Legal & General Investment Management, LGIM. LGIM structures its corporate engagement around a number of themes, and the table illustrates how these themes are changing over time. Hopefully as we see data in the future, you will build up a picture of whether LGIM is maintaining its momentum around this important area.

Corporate engagement is executed by a team of about 100 investment professionals, which is too small considering the number of individual investments LGIM could engage on. It is more or less impossible to secure change on all the assets the funds own, so LGIM will target the largest entities to have the most impact on the world.

WS Global Multi-Index Pension Fund

The underlying fund for the WS Global Multi-Index fund has migrated over the recent years from the Aberdeen Diversified Core Growth Fund to the L&G Future World Multi Index 4 fund in 2021. Collating the data for 2021 was a challenge as a result of the switching date between the two funds. Therefore, the report will assume that the underlying fund was the L&G Future World Multi Index 4 fund for the Year to the 31st December 2021.

For the Global Multi-Index fund the record of voting for the underlying shares held by the fund is as below:

	Year to 31-Dec-20	Year to 31-Dec-21	Year to 31-Dec-22	Year to 31-Dec-23
Underlying Manager	Aberdeen	Legal & General	Legal & General	LGIM
Number of votable meetings	343	5,314	5,142	5,293
Number of Resolutions	4,417	53,821	54,010	54,589
Number of votes where the manager could vote	98.91%	99.85%	99.86%	99.89%
% of votes with management	83.20%	81.80%	79.86%	79.95%
% of votes against the management	13.01%	17.00%	18.81%	19.71%

When the fund was managed by Aberdeen, the analysis of the votes against management is dominated by voting against remuneration in the case of 133 companies, which represents a significant proportion of the shares held by the underlying fund. There were relatively few votes around Social and Environmental issues, less than 10 each.

Shareholder voting is only part of the governance role LGIM performs with the underlying companies. LGIM will engage with the underlying companies across a range of issues. The table below summarises the main metrics, as well as identifying the areas where LGIM are engaging in. We are reporting the data for the Year to the 31st March 2022, as the data is not available for the Year to the 31st December 2021.

	Year to 31-Mar-22	Year to 31-Dec-22	Year to 31-Dec-23
Number of engagements	577	814	1,070
Number of companies engaged	388	561	750
Eligible Fund value engaged	33.00%	33.00%	39%
Number of engagements on:			
Environment	286	427	667
Social	190	192	237
Governance	281	354	293
Other topics	82	145	74
Engagement Topics			
Climate Change	167	129	135
Deforestation		164	85
Remuneration	167	188	184
Board composition	74	-	-
Company Disclosure & transparency		97	-
Ethnic Diversity			94
Climate Impact Pledge	72	112	429
Public health	67	-	-

WS Global Developed Index Pension Fund

The underlying fund for the WS Global Developed Index Pension fund migrated from the L&G Global Equity Index fund to the L&G Future World ESG Developed Index in December 2021. Collating the data in 2021 was a challenge as a result of the switching date between the two funds. Therefore, the data for the Year to 31.12.21 will assume that the underlying fund was the L&G Future World ESG Developed Index fund for the Year.

	Year to 31-Mar-21	Year to 31-Dec-21	Year to 31-Dec-22	Year to 31-Dec-23
Number of votable meetings	6,779	1,364	1,607	1,518
Number of Resolutions	70,672	17,971	22,240	21,632
Number of votes where LGIM could vote	99.85%	99.89%	99.67%	99.88%
% of votes with management	83.25%	79.96%	78.32%	78.08%
% of votes against the management	15.96%	19.85%	21.47%	21.83%

Shareholder voting is only part of the governance role LGIM performs with the underlying companies. LGIM will engage with the underlying companies across a range of issues. The table below summarises the main metrics, as well as identifying the areas in which LGIM are engaging in. We are reporting the data for the Year to the 31st of March 2022, as the data is not available for the Year to the 31st December 2021.

	Year to 31-Mar-22	Year to 31-Dec-22	Year to 31-Dec-23
Number of engagements	404	501	513
Number of companies engaged	254	307	312
Eligible Fund value engaged	37.00%	43.00%	49.00%
Number of engagements on:			
Environment	204	288	284
Social	147	134	135
Governance	203	221	191
Other topics	72	90	57
Engagement Topics			
Climate Change	123	109	107
Remuneration	105	120	112
Board composition	69	63	46
Climate Impact Pledge	49	74	126
Corporate Strategy			46
Deforestation		84	
Public health	41	41	

WS Global Emerging Markets Index Pension Fund

The WS Global Emerging Markets Index Pension fund was created in October 2022. Therefore, the data for the Year to 31.12.22 has been for the whole Year for the underlying fund, the L&G Global Emerging Markets Index fund.

	Year to 31-Dec-22	Year to 31-Dec-23
Number of votable meetings	2,869	3,000
Number of Resolutions	25,687	24,918
Number of votes where LGIM could vote	99.98%	99.96%
% of votes with management	78.53%	79.95%
% of votes against the management	19.55%	19.43%

	Year to 31-Dec-22	Year to 31-Dec-23
Number of engagements	278	201
Number of companies engaged	206	159
Eligible Fund value engaged	37.00%	22.00%
Number of engagements on:		
Environment	152	186
Social	60	9
Governance	91	27
Other topics	65	10
Engagement Topics		
Climate Change		26
Gender Diversity	42	
Company Disclosure and Transparency	58	
Climate Impact Pledge	43	115
Corporate Strategy		9
Deforestation	79	50
LGIM ESG Score	57	10

WS Sterling Corporate Bond

LGIM will vote at the shareholder meetings of the corporations who issue the bonds, the fund owns, but LGIM do not keep a separate record.

	Year to 31-Dec-22	Year to 31-Dec-23
Number of engagements	98	118
Number of companies engaged	49	50
Eligible Fund value engaged	23.00%	29.00%
Number of engagements on:		
Environment	58	72
Social	29	22
Governance	49	52
Other topics	15	26
Engagement Topics		
Climate Change	35	53
Remuneration	26	27
Board composition	15	
Corporate Strategy	11	23
Public Health	14	
Energy		13
Company Disclosure and Transparency		13

WS Sterling Liquidity Plus

LGIM will vote at the shareholder meetings of the banks who issue the cash deposits, the fund owns, but LGIM do not keep a separate record and report on it for this fund.

	Year to 31-Dec-21	Year to 31-Dec-22	Year to 31-Dec-23
Number of engagements	43	38	41
Number of companies engaged	18	18	17
Eligible Fund value engaged	33.00%	33.00%	32.00%
Number of engagements on:			
Environment	35	27	34
Social	10	4	5
Governance	21	21	15
Other topics	3	3	2
Engagement Topics			
Climate Change	29	24	31
Remuneration	9	12	8
Board composition	8	6	
Climate Impact Pledge	5		3
Gender Diversity	7		
Activism			6
Capital Management		6	
Nominations and Succession	4	5	4

Summary

Corporate engagement and stewardship are important long term returns to you. The reality is that not one single corporate engagement from one institution will effect change. It is the pressure from a wide range of members, which effects change in companies. Hence the need for members to identify themes which other members are working on to bring about change, hence the shift in the topics which we see in the reporting.

The final issue around this topic is benchmarking, identifying whether LGIM is effectual or not in their engagement. The industry is trying to identify a suitable measurement to categorise the fund managers in this area.

Carbon Footprint

One of the simplest measurements is around carbon, Scope 3 carbon, usage, and reserves (these are defined in WS TCFD guide and there is a link to this document on page 16). There are still some variances in the calculation around this across the world. As and when there is more useful data, we will report on it, until then the focus of the outcomes will be around carbon only.

The Provider has adopted a comprehensive methodology to calculate the amount of carbon released into the atmosphere as a result of the activities of the companies, whose cash deposits, bonds, equities, and other financial instruments holds in the funds. The bottom line for all these carbon measurements and any mitigating policies adopted is the implied temperature of each fund.

Apart from measuring carbon production, another target is the implied temperature rises allowed for in a company's planning. At COP 21 in Paris the goal was to remain under 1.5 °c above the Pre-Industrial Revolution levels. The current view is that the world will struggle to keep temperature rises below 2.0 °c, which will create challenges for humanity.

Hence the IGC has decided to track and report on the implied temperature rises. The IGC regularly meets the underlying fund manager to understand their corporate and governmental engagement, encouraging them to act in the interests of the members to reduce the implied temperature rise.

Fund Name	Implied Temperature Change (centigrade)		
	Year to 31-Dec-21	Year to 31-Dec-22	Year to 31-Dec-23
WS Global Developed Index	-	2.7	2.7
WS Global Emerging Markets Index	4.4	3.5	3.2
WS Global Multi Index	-	2.7	2.6
WS Sterling Corporate Bond Index	-	2.4	2.4
WS UK Gilt Index	-	1.9	1.9
WS Cash	2.7	2.4	2.6

Source: LGIM

The IGC will continue to engage with the provider to source appropriate funds with lower implied temperature changes. The majority of the assets for the SPS are held in funds where the Implied Temperature change is in excess of 2.5 degrees centigrade.

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