



ZEDRA

DO MORE. ACHIEVE MORE.

Chair's annual report

Collegia Workplace Personal Pension Plan

- | Year ended 31 December 2022
- | The ZEDRA Governance Advisory Arrangement (GAA)

September
2023



Executive summary

This report on the workplace personal pension plan provided by Collegia Partners Limited ('the Firm'), has been prepared by the Chair of the ZEDRA Governance Advisory Arrangement ('the GAA') for the Firm 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 Terms of Reference, agreed with the Firm, the latest version of which is dated 25 February 2022 and are publicly available (see Appendix D).

This report covers the Firm's workplace personal pension plan. The Firm provides a combined auto enrolment and personal pension plan, with multiple employers being able to contribute simultaneously for the same individual. The product was launched in September 2021, and this is our second annual report.

As Chair of the GAA for this Firm, I am pleased to deliver this value assessment of the Firm's workplace personal pension plan. The GAA has conducted a rigorous assessment of the Value for Money ('VfM') delivered to policyholders over the period 1 January 2022 to 31 December 2022. 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 6.

A COLOUR CODED SUMMARY OF THE GAA ASSESSMENT

	Weighting toward VFM assessment*	Collegia workplace personal pension plan
1. Product strategy design and investment objectives	7%	●
2. Investment performance and risk	20%	●
3. Communication	13%	●
4. Firm governance	3%	●
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 (1-7)

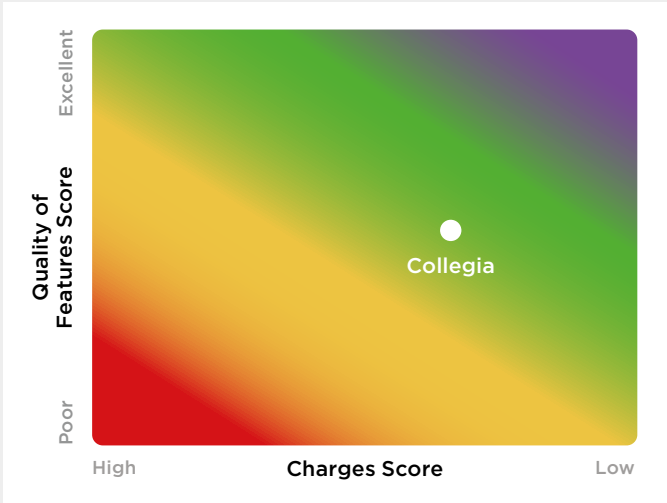
● Excellent ● Good ● Satisfactory ● Poor

Cost and charge levels (8)

● 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 Quality of Service and Investment Features combined (i.e. 1 to 7 in the table above) representing two-thirds of the overall score and the Cost and Charge Level (i.e. 8 in the table above) representing one-third of the overall score. It is visually represented by the heatmap below.

VALUE FOR MONEY SCORING



The overall conclusion is that the Collegia workplace personal pension plan provides **good** value for money.

There is one specific area identified where the GAA has challenged the Firm which is to reconsider the application of additional charges for processing death benefits, ill-health benefits and serious ill-health benefits.

More details about this challenge and the GAA observations are provided in the relevant sections of this report.

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

We also concluded that the Firm's policies in relation to Environmental, Social and Governance (ESG) risks, non-financial considerations and stewardship were well implemented.

The FCA introduced new requirements last year requiring 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 that 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.

A consultation was launched in early 2023 between the FCA, the Department for Work and Pensions (DWP) and The Pensions Regulator (TPR). This consultation set out a transformative framework of metrics and standards to assess value for money across Defined Contribution (DC) pension schemes including the workplace pensions reviewed by the GAA. The consultation seeks to improve retirement outcomes and encourage greater transparency and standardisation across the entire market offering DC pensions. This should result in a more consistent Value for Money review for policyholders irrespective of where their DC pension originated. This consultation does not affect this year's review but may mean a change in the way that Value for Money is assessed for policyholders in the future, if the consultation prescribes a standard way of measuring Value for Money which differs from the approach used by the GAA.

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

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

Anne Sander

Chair of the ZEDRA Governance Advisory Arrangement for the Collegia Workplace Personal Pension Plan

September 2023



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

Collegia

Telephone **01865 416076**

hello@collegia.co.uk

www.collegia.co.uk

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



Contents

Executive summary	2
Overview of the value assessment	6
1. Product strategy design and investment objectives	8
2. Investment performance and risk	10
3. Communication	13
4. Firm governance	15
5. Financial security	16
6. Administration and operations	18
7. Engagement and innovation	20
8. Cost and charge levels	21
ESG financial considerations, non-financial matters and stewardship	23
Appendices	
A. Cost and charge disclosures	25
B. Comparison report	26
C. GAA activity and regulatory matters	28
D. ZEDRA GAA credentials	30
E. Glossary	31



Overview of the value assessment

The GAA has assessed the Value for Money delivered to the Firm's 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.

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 a number of formal meetings with representatives of the Firm to interrogate the data provided and to enable the GAA to question or challenge on any areas of concern. All such meetings have been documented by formal minutes and a log is also maintained containing details of any challenges raised, whether informally or through formal escalation.

- | Once the Firm has provided all information and evidence requested, the GAA has met to discuss and agree provisional Value for Money scoring using the Framework developed by the GAA and to undertake comparisons of the Firm's product against a suitable comparator group of providers for certain Quality of Service and Investment Features and Cost and Charges.
- | 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 (the 'Quality of Service and Investment Features'), 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 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 and Investment Features considered have 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 and 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 GAA's view of the relative value of the sub-feature to the policyholders.

The GAA will then consider the value represented by the Cost and Charge Levels which policyholders have to bear. The assessment of Cost and Charge Levels is primarily driven by the level of ongoing charges for investment management, administration, and any 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 takes into account 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 GAA's views of the relative importance to the policyholders of each feature. The weightings are tilted towards the features which have been identified in the regulations relevant to forming this assessment of value. Where possible, the GAA has taken into account 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 is 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 is set out in Appendix B.

1. Product strategy design and investment objectives

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

We are also looking for evidence of a robust ongoing review process for all investment options, 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 23, we expect to see evidence of how these matters are taken into account in the design of the investment strategy and in investment decision making.

The Firm's approach

The Firm has taken a view that most policyholders want a simple approach to investing their pensions and so have designed a tool which forms part of the policyholder application process and automatically allocates policyholders to a Target Date Fund (TDF) based on their chosen retirement age and declared preference for or against Environmental, Social and Governance (ESG) investment principles. Policyholders are also able to choose to invest in a single Sharia principle driven fund. Where policyholders do not declare any view on sustainable investment principles the default is to allocate their investments to the Sustainable TDF range.

The Firm has worked with Alliance Bernstein to develop the TDFs. The TDFs have an inflation (CPI) plus return target with age-linked de-risking automatically in place. The TDF approach enables policyholders to select their preferred retirement date and have their investment strategy linked to that, automatically reducing investment risk without the need for individuals to actively switch investment funds.

There are 47 funds available, of which 46 are TDFs managed by Alliance Bernstein, and the Sharia principle driven fund - the HSBC Islamic Global Equity Index Fund. All the funds are made available to policyholders via the Mobius Life investment platform. The Firm has an investment

committee that regularly reviews the ongoing suitability of the funds and platform.

All the TDFs (both sustainable and standard) have embedded ESG considerations in the investment approach. In the Sustainable TDFs the Firm exclude or minimise investments in controversial industries. On top of that, funds actively finance companies that are aligned with the UN Sustainable Development Goals.

All the funds are made available to policyholders via the Mobius Life investment platform. The Firm has an investment committee that regularly reviews the ongoing suitability of the funds and platform.

The Firm's strengths

Half of the Firm's TDFs (23 out of 46) are designated as 'sustainable', meaning they incorporate specific environmental targets, such as carbon reduction. Both the Sustainable and standard TDF ranges incorporate ESG integration throughout, although aiming to achieve different levels of ESG impact. Alliance Bernstein are well regarded for their ESG credentials.

The Firm has used the member analytics service with Alliance Bernstein in the construction of their TDFs in order to reflect the policyholders' likely risk-profile characteristics and are bespoke for the Firm's anticipated customers. The Firm continue to review relevant research in relation to behavioural finance and consider its implications for the design of their product offering.

The Firm has an Investment Committee and Sustainability and Product Committee which review the suitability of the default funds for members.

Key discussions by the committees during 2022 included the asset allocation strategy for the funds (including the default funds) and the Strategic Asset Allocation (SAA) construction, which has been designed to maximise returns subject to the risk budget at each point over a TDF vintages' life. The Committee also analysed how clients are distributed among the different funds of the default range, which represents over 95% of funds invested through the Firm.

Improvements since last year

Since our last report the Firm has made fund factsheets available to policyholders.

Areas for improvement

GAA Observation

The GAA notes that the Firm's product offering is still relatively new and there is limited information available on policyholder behaviour as a result. As the number of policyholders and the length of policyholder experience increases, the GAA would expect the Firm to incorporate Firm-specific policyholder behaviour analysis into their product reviews.

2. Investment performance and risk

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 take into account the policyholders' attitudes to risk.

The Firm's approach

The Investment Committee are responsible for assessing performance net of fees of all the investment strategies available to the Firm's members. They are also responsible for the assessment of performance net of fees versus a suitable benchmark.

The Firm has a partnership with Alliance Bernstein and HSBC Asset Management, which provide the Firm's Target Date Funds (TDFs) and the HSBC Sharia Equity Index Fund. Information is received

every quarter from Alliance Bernstein and HSBC for the Investment Committee to carry out their assessment.

Following the GAA challenge last year, the Investment Committee have now put in place an investment oversight policy which sets out the formal process for reviewing the net performance every quarter and more frequently on an ad-hoc basis if required. This stand-alone policy also sets out how the Firm's independent oversight of its asset managers will operate.

The long term benchmark for the sustainable TDFs is based on UK CPI plus a range between 0.5% and 4% depending on the vintage of the TDF. The same benchmark is used for the standard TDFs but the range is between 1% and 4%. However, as CPI cannot be directly invested in, the Firm has also defined investible benchmarks against which it can assess the short and medium term investment performance of the TDFs.

The benchmark for the HSBC Sharia Equity Index Fund is the 100% Dow Jones Islamic Market Titans 100 Index.

The funds' performance targets are gross of fees.

The Firm has also set a risk budget for each TDF, which is defined as the maximum loss over a year that the fund could incur in a very bad market.

Net Investment Performance

The [net investment performance](#) of the funds in which policyholders have invested and, the performance of the short-term investible benchmarks against which those funds are assessed are set out in the following table. The performance and benchmark results are based on the period 1 January 2022 to 31 December 2022.

Fund Name	Net Investment Performance	Benchmark
Sustainable TDF 2020-2022	-10.74%	-9.15%
Sustainable TDF 2023-2025	-12.18%	-9.96%
Sustainable TDF 2026-2028	-14.04%	-11.04%
Sustainable TDF 2029-2031	-15.62%	-13.52%
Sustainable TDF 2032-2034	-17.06%	-15.19%
Sustainable TDF 2035-2037	-18.11%	-15.78%
Sustainable TDF 2038-2040	-17.57%	-14.52%
Sustainable TDF 2041-2043	-16.63%	-12.65%
Sustainable TDF 2044-2046	-16.19%	-12.72%
Sustainable TDF 2047-2049	-15.93%	-12.71%
Sustainable TDF 2050-2052	-15.99%	-12.71%
Sustainable TDF 2053-2055	-16.05%	-12.71%
Sustainable TDF 2056-2058	-15.93%	-12.71%
Sustainable TDF 2059-2061	-15.96%	-12.71%
Sustainable TDF 2062-2064	-15.98%	-12.71%
Sustainable TDF 2065-2067	-15.95%	-12.71%
Sustainable TDF 2068-2070	-15.99%	-12.71%
Sustainable TDF 2074-2076	-16.01%	-12.71%
Sustainable TDF 2077-2079	-15.94%	-12.71%
Collegia TDF 2026-2028	-10.72%	-11.04%
Collegia TDF 2029-2031	-11.75%	-13.52%
Collegia TDF 2032-2034	-11.88%	-15.19%
Collegia TDF 2035-2037	-11.03%	-15.78%
Collegia TDF 2038-2040	-10.38%	-14.52%
Collegia TDF 2041-2043	-11.17%	-12.65%
Collegia TDF 2044-2046	-11.89%	-12.72%
Collegia TDF 2047-2049	-11.86%	-12.71%
Collegia TDF 2050-2052	-11.89%	-12.71%
Collegia TDF 2053-2055	-11.87%	-12.71%
Collegia TDF 2059-2061	-11.87%	-12.71%
Collegia TDF 2062-2064	-11.90%	-12.71%
Collegia TDF 2065-2067	-11.88%	-12.71%

Improvements since last year

The Firm now has a stand-alone policy setting out how the Firm's independent oversight of its asset managers will operate. Last year the policy had been drafted but this was contained within Investment Committee meeting minutes and so could not readily be referred to, reviewed or updated. The GAA has seen evidence of this policy operating.

Comparator results

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 relative to benchmark for the Firm's policyholders over 2022, weighted by the size of funds invested, was average relative to benchmark.

Areas for improvement

GAA Observation

2022 was a challenging year for asset managers with equities and fixed income assets performing poorly, particularly in the last quarter of the year. The GAA would like to see evidence that the Firm is engaging with Alliance Bernstein and taking action in future should poor investment performance relative to the investible benchmarks persist.

3. Communication

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 take into account policyholders' characteristics, needs and objectives.

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

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. In particular, 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

The Firm's communications are managed largely through the online website, mobile application and by email. Communication materials are reviewed by a specialist firm to ensure they are compliant with FCA requirements. The Firm has appointed a specialist communication adviser to help ensure that all communications are easy to understand and are fit for purpose.

The Firm provides a full suite of communications to their policyholders. This includes annual benefit statements, wake up letters, a transfer out pack and pre-retirement wake-up packs. Fund range booklets, outlining the investment options (sustainable range or standard range), are provided directly by Alliance Bernstein. Fund factsheets are also available for all funds offered.

Policyholders are directed to contact Pension Wise or an IFA for any additional retirement planning support.

The Firm's strengths

The online website and mobile application allow policyholders access to retirement calculators which produce projections based on their personal data. It utilises the PLSA Retirement Living Standards to help policyholders understand the relative value of their savings. It is possible for a policyholder to add details about other pension pots they may hold to improve the usefulness of the retirement calculator.

Policyholders can also see the impact on their benefits by changing their expected retirement age, contribution levels, and investment philosophy.

The functionality of the online website and mobile application was demonstrated to the GAA at the site visit.

Improvements since last year

The transfer out form has been updated to include additional information about potential scam activities and actions that can be taken to protect savings for policyholders.

Policyholders now receive a confirmation notification of any changes made to their investments, contribution rate or selected retirement age on the mobile application. In addition, fund factsheets for the target date funds are available to policyholders to help them make more informed decisions.

The Firm has also improved the information on potential pension scams and scam warnings in its communication materials.

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 2022 were average relative to the comparator group.

Areas for improvement

The GAA did not identify any specific areas for improvement.



4. Firm governance

Value score:

Excellent

Good

Satisfactory

Poor

What are we looking for?

We would expect to see a comprehensive governance structure in place where, for example, Terms of Reference are provided for key committees, reviewed on a regular basis, with clearly defined scope. We would expect to see evidence of the key committees operating during the year with minutes or meeting packs demonstrating that the key scope elements of the committee remit have been adequately covered.

There should be a transparent and documented process for appointing and monitoring service providers, with evidence of regular reviews being undertaken and changes being made as required.

The Firm's approach

The Firm has a formal governance structure in place, including several committees, to support the Board. The committees consist of an Investment Committee (responsible for reviewing the ongoing suitability of the default strategy, appointment of any new investment managers and assessment of fund performance), a Sustainability Committee (reviewing the Firm's [ESG](#) and stewardship policies and ESG integration in the decision-making processes and investment strategies), and a Product Committee (tasked with setting the product vision and strategy and defining

new product features which will benefit their policyholders). Terms of Reference were provided to the GAA for each of the different committees.

The Firm created a new vendor management policy in 2022 to help them better manage internal and external service providers by evaluating, maintaining, and monitoring relationships.

The non-executive Chairman of the Board is a former Managing Director at HSBC Bank Plc and former Director at Deutsche Bank AG and therefore has significant experience in the financial sector.

Improvements since last year

Last year the GAA noted that the investment oversight policy had been drafted but was contained within committee meeting minutes and so difficult to review and reference. A stand-alone investment oversight policy is now in place setting out how the Firm's independent oversight of its asset managers will operate.

The GAA saw evidence of the investment committee operating and exercising oversight of the arrangement with Alliance Bernstein.

The Firm has also appointed a highly experienced compliance officer during the year to assist the Board with its legal and compliance duties.

Areas for improvement

The GAA did not identify any specific areas for improvement.



5. Financial security

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

The Oxford University Innovation, the technology ventures arm of Oxford University, has invested in and supports the Firm. There are a range of other UK and global investors in the Firm, including the senior management and the Board Chairman.

It is acknowledged that the Firm has only been in operation for less than 2 years and therefore it is difficult to accurately gauge the long-term financial security of the Firm given it is still in an early growth stage. In addition, there is a lot of

uncertainty with capital raising to support the Firm over the next 3 to 5 years. It is noted that the Firm had secured some additional capital injections in the first quarter of 2023.

Investments are provided to policyholders through long-term investment linked insurance policies with Mobius Life.

The Firm's strengths

Due to the nature of the insurance policies provided by Mobius Life, policyholders are fully protected up to 100% of their pension savings by the Financial Services Compensation Scheme (FSCS) and gain protection through Mobius Life being subject to the Solvency II capital regime of the Prudential Regulation Authority.

Collegia Partners Trustees Limited (CPTL) is the Scheme's corporate bare trustee. Member assets are thus completely ringfenced from the Firm's assets and, in the event of the company going out of business, wind down procedures are triggered and a new Scheme Administrator could be selected.

Improvements since last year

The GAA challenged the Firm last year to put more robust controls in place to ensure policyholders are protected from any potential internal fraud. It is pleasing to see that the Firm has tightened up their controls so that only a limited number of staff can authorise transfer payments rather than all staff.

Last year the GAA also challenged the Firm regarding the quality of the scam warnings it provided to policyholders, particularly in the pre-retirement packs. More robust scam warnings are now provided to policyholder.

Areas for improvement

GAA observations

The GAA expects to see improved level of funding in place going forward and evidence of where further funding will come from as the Firm continues to grow.

6. Administration and operations

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.

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

The Firm's approach

The Firm uses their own administration systems, which they have fully developed in-house, to manage all the administrative processes. They are able to keep track of the number of employers, members, opt out rates, leavers, and contributions schedule from within the administration system. In addition, the Firm can generate reports detailing the history of contributions and the fund selected for each member.

The Firm has in place a fully automated for processing core financial transactions. Investment switches continue to be processed once a week and on a net change basis in order to minimise switching costs. The Firm have indicated that they have the flexibility to implement switches sooner if there are material market movements.

The Firm has a GDPR policy in place with no relevant data breaches during the year. The Firm uses Amazon Web Services' cloud systems for data storage with data stored in the EU West region and continues to receive IT and customer service support from contractors based in Portugal and Brazil.

The Firm has a Business Continuity Plan in place which is tested yearly. Evidence of the most recent test in December 2022 was provided to the GAA.

Policyholders can contact the administrators via the online website, mobile application, email or a designated phonenumber. The Firm aims to resolve 90% of queries from policyholders, employers and IFAs within two business days and 100% of queries within ten business days.

The Firm's strengths

The Firm continues to make use of a digital first approach for their pension offering and with a major strength in having a fully automated straight-through system for the processing of core transaction services being, this has meant that policyholders have received a fast and efficient administration service to date.

In practice queries from policyholders, employers and IFAs tend to be resolved well within the timeframe objectives the Firm has set out.

The Firm has a complaints policy which is available on their website. There were also no relevant data breaches during the period that required reporting under the Firm's GDPR policy.

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 2022 were marginally above average relative to the comparator group.

Areas for improvement

GAA observation

The GAA noted that the Firm continues to process fund switches for policyholders once a week. Whilst this may be deemed a proportionate approach, since policyholders should be taking a long-term view of their pension investment, this potential delay of up to a week may result in investment losses for policyholders if markets move.

The GAA would like to see the Firm review their approach to processing such switches and if they are in policyholders' best interests. We would expect the Firm to be able to demonstrate that savings from additional switching costs outweighs any losses to policyholder pots caused by the delay in switching.

Although the Firm has a complaints policy the operation of it could not be evidenced as there were no complaints received from policyholders during the year.



7. Engagement and innovation

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 taking into account 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 taken into account when reviewing the product offering.

The Firm's approach

The Product Committee is responsible for setting the product vision and strategy. It is also responsible for developing and creating product roadmaps and assessing the ongoing suitability of the Firm's pension offering for policyholders. The committee meets informally on a weekly basis to review the product and any issues raised by policyholders.

The Product Committee also meet more formally on an annual basis to assess how processes and procedures are being delivered by the internal teams. This includes a review of policyholder experience and areas for future innovation to enhance user experience. A copy of the committee's minutes for their November 2022

meeting was provided to the GAA.

Policyholders who contact the administrators with an email or chat query are automatically sent an invitation to provide feedback on and rate their experience. The Firm have also developed a process to request the same feedback for enquiries received by phone. During 2022 10% of callers were asked for feedback about their overall experience with the Firm.

The Firm's strengths

Being a smaller, more nimble Fintech company, the Firm have managed to engage and innovate at pace during the year. They redeveloped their mobile and website application to optimise the end user experience and received positive feedback from members and employers.

The Firm also developed a new solution of unifying their payroll offering and pension contributions which eliminates the delay between receiving the payslip and the pension information. At the site visit, the Firm presented their solution to the GAA called Free Payroll which would be rolled out in 2023.

The level of innovation by the Firm has gained industry recognition with the Firm being shortlisted for two awards in the year for innovation, winning one of them.

Areas for improvement

The GAA did not identify any specific areas for improvement.

8. Cost and charge levels

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 Firms policyholders can be found in Appendix A.

The Firm’s approach

The Firm applies a total annual fee for all the Target Date Funds (TDFs) of 0.39% and 0.45% for the HSBC Islamic Global Equity Index Fund.

Policyholders are also charged a fee of 1.7% of each contribution made into their retirement savings.

These charges are clearly communicated to policyholders on the Firm’s website.

During the year the Firm also introduced a fixed fee of £15 for paper statements and of £250 for certain policyholder transactions (pension splitting on divorce, death benefit payments, ill-health benefit payments, and serious ill-health benefit payments) although during the year the Firm waived charges for the payment of death benefits and ill-health benefits.

Risk of high charges for legacy products

As this is a relatively new and evolving product, designed to be compliant with the charge cap for auto enrolment, there is no legacy of older policies with higher charges.

The Firm's strengths

The fees charged are well within the 0.75% fee cap, particularly for the TDFs which include an element of [active management](#).

Transaction costs which arise as a result of trading in the underlying stocks within a fund and changes to strategic and tactical asset class allocations for the Alliance Bernstein funds are effectively rebated back to the fund rather than being paid by policyholders. Transaction costs for the HSBC Sharia fund were low for 2022 (-0.2%).

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 2022 were average relative to the comparator group.

Areas for improvement

GAA Challenge

Whilst additional charges for pension splitting on divorce and for arranging of paper communication by post are not uncommon in the pensions industry, the GAA challenges the Firm to reconsider the application of additional charges for processing death benefits, ill-health benefits and serious ill-health benefits.



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 and stewardship. The GAA will consider how these are taken into account 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 take into account 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 take into account, where relevant, when scoring the area of Product Strategy

Design and Investment Objectives on page 8, how the Firm has integrated ESG financial considerations and non-financial matters in the Firm's investment strategy and investment decision making.

The Firm's approach

The Firm has a specific climate change strategy embedded into their investment philosophy and have established a Sustainability Committee to make an ongoing assessment of how sustainability and ESG matters are reflected in the customer experience.

Policyholders are able to advise the Firm of their preference regarding sustainable investing and this is then reflected in the funds they are then invested in. Where policyholders do not express a preference, the default is that they will be invested in the Sustainable TDF range of funds.

The Firm has worked closely with Alliance Bernstein in the development of the TDF strategies. Stewardship activities and ESG integration into the TDF funds has been delegated to Alliance Bernstein as investment manager. In managing the TDF funds, Alliance Bernstein are required to consider and address ESG risks. The Firm requires that the impact of these considerations must be balanced with a duty to deliver good investment outcomes and ensure value for money.

Alliance Bernstein have set an ambition of net zero exposure to greenhouse gas emissions by 2050 and, in progress to realising this ambition, achieve a 50% reduction in carbon intensities by 2030.

The TDF investment strategies also have an explicit Sustainable Opportunities allocation. To varying degrees, the TDF strategies make use of negative screens that seek to exclude investments with high ESG risks.

Whilst the above approach applies to both the Sustainable and standard TDF ranges the Sustainable TDF range comprise a strategy that makes use of active sustainable allocations managed by Alliance Bernstein and leverages Alliance Bernstein's proprietary framework for analysing the UN Sustainable Development Goals (SDGs), to find SDG-aligned investments across three sustainable investment themes: Climate, Health, and Empowerment.

The standard TDF range utilises more traditional, passive management approaches but with tilt of the strategy away from stocks that are directly and indirectly carbon intensive.

The Firm's strengths

The Firm offers a TDF range for policyholders to invest in, which incorporate strong levels of ESG integration and specific climate and environmental targets. They have partnered with Alliance Bernstein, which is well regarded for its approach to ESG, in designing and delivering the TDF ranges.

Alliance Bernstein undertake regular due diligence on the underlying fund managers of assets within the TDFs.

The GAA considers the Firm's approach to ESG and stewardship to be appropriate and of good quality.

Areas for improvement

The GAA did not identify any specific areas for improvement.



Appendix A: Cost and charge disclosures

The FCA requires that administration charges and transactions costs, 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.

The Firm has provided the GAA with disclosures covering the default arrangement and the HSBC Islamic Equity Fund. These disclosures are available to the public on the following website: <https://s3.eu-west-2.amazonaws.com/public.collegia/Website+documentation/Collegia+pre-sales+illustration.pdf>

Additional information on costs and charges is also available to the public and can be found at: www.collegia.co.uk/legal



Appendix B: Comparison report

The FCA requires 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 of 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.

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 to carry out the required comparisons this year. This is done on an anonymised basis.

How the comparators were selected

The GAA has selected a number of 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 Firm's workplace personal pension plan.

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 relative to benchmark for the Firm's policyholders over 2022, weighted by the size of funds invested, was average relative to benchmark.

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 2022 were average 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 2022 were above average 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 management charge](#)
- | [Transaction costs](#)
- | Other costs and charges

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 2022 were average 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 also covers the other matters which we are required to include in our annual report.

GAA engagement and actions this year

We prepared and issued a request for data on all the relevant workplace pension policies in early 2023.

Members of the GAA had a meeting with representatives of the Firm to kick off the Value for Money assessment process for the 2022 calendar year and to discuss and agree timescales.

Members of the GAA had a meeting with representatives of the Firm 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 different areas including investment strategy and how this has evolved, fund range including design of defaults, investment governance, approach to [ESG](#), non-financial matters and stewardship, administration and communications and risk management. In some cases, this meeting was virtual.

Members of the GAA had a meeting with representatives of the Firm to discuss the GAA's provisional scoring of Value for Money of the in-scope 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, the Firm 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 the Firm's investment decision process, and evidence of their stewardship approach.

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 our Value for Money assessment framework and scoring methodology to ensure this continued to be applied consistently. Whilst the Value for Money assessment framework itself remains largely unchanged from the previous year, significant work has taken place reviewing and developing the data request and the approach for Firms to provide information in response to the data request, to make the process more efficient.

The GAA documents all formal meetings with the Firm and maintains a log which captures any concerns raised by the GAA with the Firm, whether informally or as formal escalations. The key dates are:

Item	Date
Issue data request	08/02/2023
Kick off meeting	10/02/2023
Site visit	03/03/2022
GAA panel review meeting	25/05/2022
Discuss provisional scoring	13/06/2022

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

The GAA has not raised any formal concerns with the Firm 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 <https://s3.eu-west-2.amazonaws.com/public.collegia/Website+documentation/GAA-contact-details.pdf>
- | The Firm 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 the Firm 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. The Firm will include details of this contact e-mail address on <https://s3.eu-west-2.amazonaws.com/public.collegia/Website+documentation/GAA-contact-details.pdf>

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 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. More information on the ZEDRA GAA can be found at www.zedra.com/GAA/

The members of the ZEDRA 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. The majority of ZEDRA Governance Ltd's Client Directors act as representatives of ZEDRA Governance Ltd on the GAA.

The Board of ZEDRA Governance Ltd has also appointed Dean Wetton, acting on behalf of Dean Wetton Advisory UK Ltd, to the GAA. Dean Wetton and Dean Wetton Advisory UK Ltd are independent of ZEDRA.

The Board of ZEDRA Governance Ltd has appointed either a specific named Client Director of ZEDRA Governance Ltd or Dean Wetton of Dean Wetton Advisory Ltd to act in the capacity of Chair of the GAA in respect of each Firm.

More information on each of ZEDRA's Client Directors, their experience and qualifications can be found at www.zedra.com/people/

Information on Dean's experience and qualifications can be found at <https://deanwettonadvisory.com/our-team>

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 https://s3.eu-west-2.amazonaws.com/public.collegia/Website+documentation/GAA-+Terms+of+Reference_accumulation+version_UPDATED+FOR+NEW+COBS+FINAL+-+signed.pdf



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 Code 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.

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.



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