

Chair's Annual Report

Year ended 31 December 2020

The PTL Governance Advisory
Arrangement (GAA)

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

Sanlam UK
Workplace
Personal Pension
Plans

July
2021

Introduction and Executive Summary

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

Further background and details of the credentials of the GAA can be found in Appendix 3. The GAA works under Terms of Reference, agreed with Sanlam, the latest version of which was fully signed on 20 November 2020 and is publicly available (see Appendix 3). This is our first annual report.

This report covers the four products that the Firm use to provide workplace personal pension plan arrangements which are known as Portal, OneSIPP, Programme, and Portfolio.

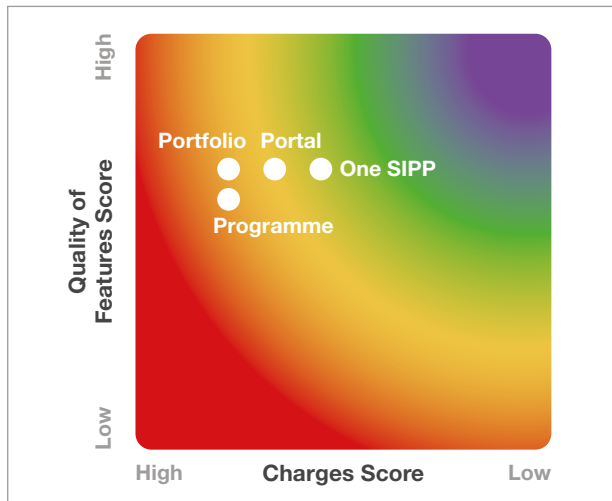
As Chair of the GAA, I am pleased to deliver this value assessment of the Sanlam UK workplace pension plans. The GAA has conducted a rigorous assessment of the Value for Money delivered to policyholders over the period 1 January 2020 to 31 December 2020. The GAA has developed a Framework to assess Value for Money and further details are set out on page 6.

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



	Weighting toward VfM assessment	Portal	OneSIPP	Programme	Portfolio
Strategy Design and Investment Objectives	10%	●	●	●	●
Investment Performance and Risk	10%	●	●	●	●
Communication	30%	●	●	●	●
Firm Governance	10%	●	●	●	●
Financial Security	10%	●	●	●	●
Administration and Operations	25%	●	●	●	●
Engagement and Innovation	5%	●	●	●	●
Overall Quality of Features	100%	●	●	●	●
Overall Cost and Charge Levels	100%	●	●	●	●
Overall Value for Money Assessment		●	●	●	●

Value for Money Scoring



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

The overall conclusion is that the Firm’s offerings provide satisfactory value for money.

The GAA considers that there is a high level of non-advised customers (referred to as ‘orphans’ by the Firm) within the Programme product. The GAA has challenged the Firm to try and reduce the level of orphans within this product, either by encouraging customers to put a financial advisor in place or by moving out of the product. The Firm could also increase the level of support it provides to this product to reflect the fact that the majority of policyholders are unadvised. Where there are non-advised customers in the other products the Firm should also consider taking equivalent action.

The GAA has challenged the Firm to include clear qualitative and quantitative objectives on all fund factsheets.

The final area of challenge identified by the GAA was that the Firm should ensure [transaction costs](#) can be provided on the DC workplace methodology basis, in order to be able to meet the FCA disclosure requirements which will apply next year.

The GAA also notes that some areas, such as [ESG](#), are still evolving and the GAA would expect to see ongoing developments in this area.

Details of the numbers of policyholders and their funds were supplied to PTL for the assessment and a summary is shown in Appendix 1.

Whilst the FCA has introduced a new requirement this year for the disclosure of costs and charges, this does not apply to the products under consideration for this report as there are no default funds offered within the policies.

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

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

Clare James

Chair of the PTL Governance Advisory Arrangement

July 2021



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

clientservices@sanlam.co.uk

Alternatively, you can contact the GAA directly at:

gaacontact@ptluk.com

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Overview of the Value Assessment

The GAA has assessed the Value for Money delivered by the Sanlam UK GPP to its workplace personal pension policyholders by looking at cost versus benefits. More detail about how we have done this is set out below.

Our approach

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

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

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

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

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

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

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

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

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

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

For Group SIPP providers like the Firm, the vast bulk of policyholders are either advised by an FCA authorised IFA or are "sophisticated investors" as defined by the FCA (see below). Therefore, for these providers, such as the Firm, the investment aspects of the framework become an assessment of the process by which the provider ascertains that members are advised or are "sophisticated investors." It becomes a wider assessment if there are policyholders who are neither.

The provider also has a duty to operate certain filters or screening of investments; for example that the funds are bona fide investment funds.

The assessment of the benefits as a whole is then balanced against the provider charges borne by members, to reach an overall conclusion on value for money.

Value for money assessment framework for Group SIPPs

The FCA has prescribed several specific features that the GAA must assess, and these have been built into the framework described above. However, some of these do not directly apply in the SIPP environment for individual SIPPS and are only relevant to the GAA due to the classification of Group SIPPS as workplace pensions. In isolation, the SIPP regulations do not require that providers consider these aspects and we explain this below.

The FCA requires the GAA to assess:

- » whether default investment strategies are designed and executed in the interests of [relevant policyholders](#);
- » whether default investment strategies have clear statements of aims and objectives; and
- » whether the characteristics and net performance of investment strategies are regularly reviewed by the firm to ensure alignment with the interests of [relevant policyholders](#) and that the firm takes action to make any necessary changes.

Under the rules of a SIPP, the policyholder directs the investment strategy, guided by their FCA authorised IFA. The SIPP provider does not have a role in designing or managing investment strategies, nor in setting their aims and objectives,

In the case of the products under consideration in this report, Portal and OneSIPP are both advised products, although OneSIPP permits policyholders to make execution-only changes on an exception basis. Programme and Portfolio are legacy products where many members would have been advised at the outset, but there is recognised to now be a high number of orphan clients. However, Sanlam UK do not have default funds in operation because each policyholder chooses their own investments, removing the first two areas of assessment referred to above.

Accordingly, the GAA has not assessed the Firm in relation to the first two areas in the table because there are no default funds.

All advised policyholders, guided by their IFA, are expected to keep their investment strategies under regular review and take action to make any necessary changes. Therefore, in relation to the third area of assessment referred to above the GAA has focused on seeking evidence that an FCA authorised IFA remains in place for all advised policyholders.

In the case of the Programme product, where 88% of customers are now unadvised (the majority were advised at outset) the GAA has conducted a wider assessment under which it has considered the support provided by the Firm to assist policyholders with reviewing their investment strategies to ensure they remain appropriate.

In the sections on the following pages we have described each of the Firm's 7 quality features, the rating the GAA has awarded, together with any areas for improvement we have identified. There is also a separate section on Costs and Charges and 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.



Where we have used technical pensions terms or jargon, these are explained in the [Glossary](#) in Appendix 4.

Strategy Design and Investment Objectives

Value score: Good



The Firm's approach

Operating within the SIPP framework, the Firm does not generally have a role in designing or managing investment strategies nor in setting their aims and objectives. Rather, this is deemed to be carried out by a policyholder's IFA. There are no default offerings.

The Firm requires all new policyholders to receive advice at the point of joining the Portal platform, which was launched in 2012. They may choose between the Managed Portfolio Service ('MPS', managed by Sanlam Investments) or the Select Fund Service ('SFS', with a wide choice of funds). There are only 4 policyholders in SFS who are not receiving ongoing advice. We are treating MPS policyholders as receiving investment design and ongoing review from Sanlam, as these flagship portfolios are actively managed and governed by the Firm.

OneSIPP, which was launched in 2008, is also an adviser-led product and hence the majority of customers were advised at outset, with only 24 out of 224 being execution-only sales. They may choose from the Pinnacle range of mirror funds operated by Sanlam or from a wider self-invested range. The wider range has recently been reduced and simplified.

There are also two legacy products, Personal Retirement Programme & Pension Portfolio ("Programme" and "Portfolio"), which are closed to new entrants but do accept contributions from existing policyholders. Many were advised at outset but now have a larger number of non-advised customers (38 out of 43 for Programme and 18 out of 80 for Portfolio). Both offer the Pinnacle range of mirror funds. Portfolio also offers a choice of permitted fund links to insured funds and allows property purchase.

The Firm reminds policyholders in their annual and half yearly statements that investment choices should be reviewed on a regular basis and the policyholder should consult a financial adviser.

Automatic [lifestyling](#) options are not available to policyholders.

The Firm has begun to integrate Environmental, Social, and Governance ([ESG](#)) factors into their offerings. During 2020 the general group policy was relied on, and there is an intention to put in place a more holistic policy during 2021. [ESG](#) is therefore not yet fully integrated in the offering, but instead remains.

What are we looking for?

Given the limited involvement of the Firm in designing investment strategies we have sought confirmation that all SIPPs can be considered as fully advised.

Our assessment has also considered how policyholders are supported when exploring their investment options. Funds should 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.

We are also looking for evidence of a robust review process for all investment options entering the platform.

Policies on [ESG](#) financial considerations and non-financial matters are considered separately on page 22.

The Firm's strengths

All funds have risk targets displayed clearly on their factsheets, although the GAA noted that there were no clearly articulated performance targets.

Sanlam make available a full fund listing online, and fund factsheets are also available, setting out fund performance and asset allocations, as well as Key Investor Information documents.

When a new fund is requested the Firm completes appropriate due diligence before making the new fund available on their platform.

There is a strong process for reviewing the investment performance of funds, and a review of the funds offered was conducted in 2020 resulting in a reduction in available funds in the Pinnacle mirror fund range from 279 to 88. Underperformance was a factor in identifying the funds to be removed from the platform. The Investment Performance Oversight Committee is responsible for monitoring and reviewing Sanlam UK investment offerings and it meets quarterly to review fund/model performance.

The GAA has seen copies of the Terms of Reference for the IPOC and copies of relevant meeting minutes which provide evidence of regular reviews taking place as described above.

Areas of improvement – GAA challenge

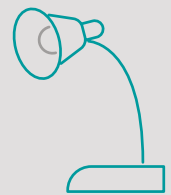


The GAA has observed that each product contains non-advised or 'orphan' policyholders, and there is a particularly high level of orphans within the Programme product. The GAA has challenged the Firm to try and reduce the level of orphans, either by encouraging customers to put a financial advisor in place or by moving out of the product. The Firm could also increase the level of support it provides to these product to reflect the fact that the majority of policyholders are unadvised.

Whilst there are clear risk targets for each investment option, the GAA has challenged the Firm to include clear qualitative and quantitative objectives on all fund factsheets.

Investment Performance and Risk

Value score: Satisfactory



The Firm's approach

Sanlam UK has a comprehensive governance framework in place for regularly monitoring fund performance. The Investment Performance Oversight Committee (IPOC) has responsibility for monitoring all Sanlam UK investment offerings, including those made available to its workplace personal pension plans.

However, it should be noted that generally these products are considered to be adviser-led, i.e. all funds are chosen in conjunction with an adviser who is expected to take into consideration the policyholders needs and interests.

The IPOC meets on a quarterly basis and conducts formal monitoring of investment performance of the full fund range made available through the Firm. Any concerns are discussed with investment managers to understand the reason behind any deviation in performance, what action is being taken and what additional action may be necessary.

What are we looking for?

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

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

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

The Firm's strengths

Sanlam UK have described the governance framework in place and have provided clear evidence, in the form of minutes from the Investment Performance Oversight Committee, of the monitoring undertaken during the year. Whilst the products under consideration are adviser-led, they have benefitted from the Firm's review process. In particular the range of funds offered by the Firm have been rationalised during 2020, with a reduction in available funds from 279 to 88. Underperformance was a factor in identifying the funds to be removed from the platform.

The GAA saw evidence of the Firm's implementing changes by the streamlining of available funds during October 2020, and was also supplied with clear evidence of investment performance being reviewed in the form of minutes, which included a Q&A session with one of their Investment Managers.

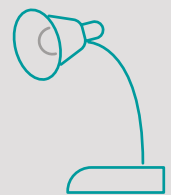
Areas of improvement



The GAA did not identify any specific areas for improvement.

Communication

Value score: Good



The Firm's approach

Sanlam UK has a combined approach of paper-based and online communications with Policyholders. Telephone support is also made available.

Policyholders receive annual statements which include a reminder to review investment choices.

The Firm has provided some information through their website, with more information and resources available directly to financial advisors if a policyholder is advised.

Policyholders approaching retirement are signposted to Pension Wise, but can also choose to pay for financial advice accessed through Sanlam Wealth Planning if they do not have a financial adviser.

What are we looking for?

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

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

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

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

We would 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.

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.

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

The Firm's strengths

The GAA has been provided with a range of sample communications to review. Communications are clear, engaging and free of jargon, whilst also not being over simplified.

The Firm provides policyholders with some support to access retirement options, and can implement encashment, [annuity](#) purchase and flexible drawdown.

Areas of improvement – GAA observations



The GAA notes that there is limited online accessibility, with some features only available to financial advisers. Therefore, non-advised policyholders are less well served than advised policyholders. It is also not possible to complete investment switches online.

It was also noted that the Firm does not currently seek any direct engagement with all policyholders to obtain feedback. Sanlam UK should consider how to develop its proactive engagement with policyholders.

Firm Governance

Value score: Good



The Firm’s approach

Service providers for Sanlam UK are predominantly internal to the group. However where there are external appointments the Firm have put in place a governance framework for monitoring service levels, which includes a formal performance review annually. This process has been put in place for the provider of their online offering.

The Firm’s strengths

Sanlam UK has described its governance framework in place to monitor its external service provider for its online policyholder facilities. The GAA has seen evidence of monitoring conducted on internal service providers in the form of monthly management reports on administration services.

What are we looking for?

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

Areas of improvement



The GAA did not identify any specific areas for improvement.



Financial Security

Value score: Good



The Firm's approach

Sanlam UK is part of an international financial services group providing a broad range of services. The organisation has significant resources backing the business.

There is an annual independent assessment of the financial strength of the Firm completed by AKG Financial Analytics Ltd.

There are robust risk management systems, and the Firm maintains an externally audited ISO 27001 information security certification. This certification is also the subject of internal audit procedures.

Systems are protected to a high standard from cyber-attacks and are regularly monitored. Penetration testing is undertaken by cyber security consultants Stripe OLT annually (or earlier if required).

As policyholders of an insurer, Portal, Programme and Portfolio customers would be protected in the unlikely event of failure, although some of the OneSIPP policies are written under trust rather than being an insured product.

The Firm has an anti-fraud policy in place to protect policyholders from fraud and pension scams. This policy includes a Staff training and awareness session.

What are we looking for?

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

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

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

The Firm's strengths

The 2020 annual independent assessment of the financial strength of the Firm completed by AKG Financial Analytics Ltd showed an overall financial strength rating of B+ (Very Strong).

The Firm has provided evidence of a comprehensive compliance monitoring process in place overseeing IT security, cyber security and data protection, including regular penetrating testing.

Sanlam has an anti-fraud policy in place, and relies on lower level controls such as client and account checks, and completing due diligence on receiving schemes which are not well known.

Areas of improvement – GAA observations

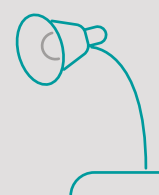


The GAA notes that for the OneSIPP product only insured funds are now being offered and where possible, the Firm looks to move existing clients from trust-based to insured based assets, improving security for policyholders.



Administration and Operations

Value score: Satisfactory



The Firm's approach

Sanlam UK's administration function is operated in-house, and principally managed across two key teams. The first is focussed on policyholder set-up and premium collection, and the second is responsible for maintaining records, and other operations such as switches and transfers. This function is shared with other parts of the business.

Both key teams are managed against a standard suite of Service Level Agreements with the Firm's workplace pension products incorporated within this reporting. This is with the exception of new business which is aligned to the Firm's payroll process.

What are we looking for?

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

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

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

The Firm's strengths

Sanlam UK provided evidence of service level monitoring in the form of management reports showing month-by-month performance. It was apparent that service standards over the year had been lower than desired. This could be attributed in part to the COVID-19 pandemic.

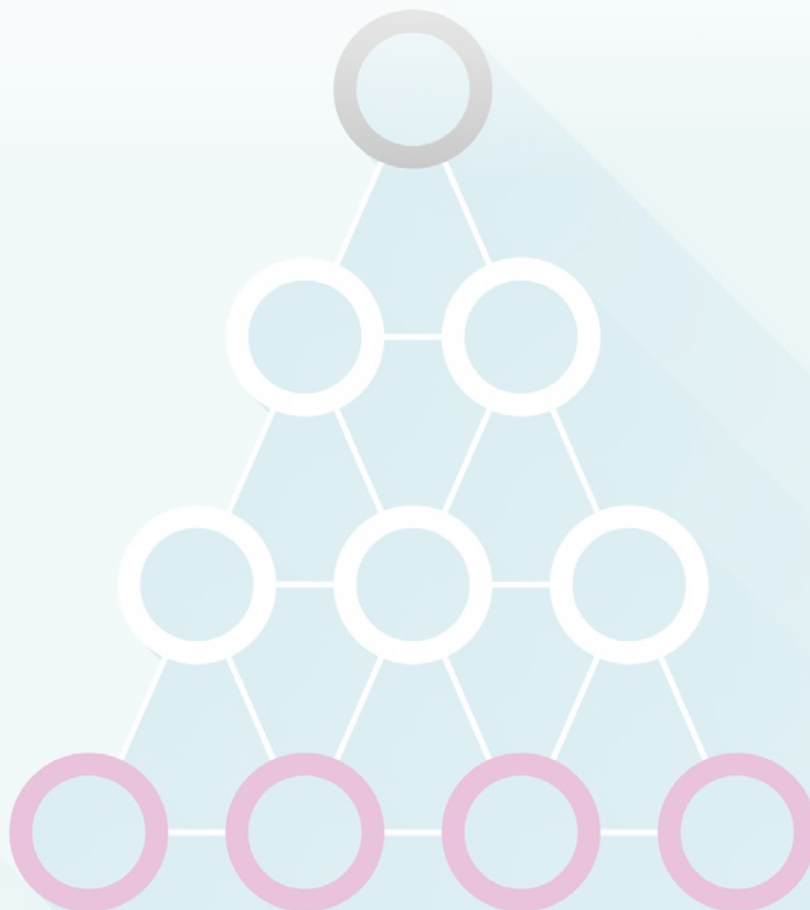
The Firm has a comprehensive business continuity plan in place and business continuity was maintained throughout the year, albeit at slightly lower service levels than targeted.

A small number of complaints were raised during 2020, with an even split between being upheld and rejected. The Firm provided a copy of its complaints policy which the GAA considered to be clear and comprehensive, with evidence of the policy continuing to be updated during 2020.

Areas of improvement – GAA observations



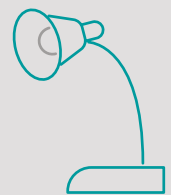
The GAA would expect service levels to improve over 2021, and the Firm demonstrated action taking place in this area already e.g. through new hires to support administration functions.



Engagement and Innovation

Value score: Satisfactory

Excellent
 Good
 Satisfactory
 Poor



The Firm's approach

The Sanlam UK Proposition & Client Interest Executive Committee oversees and approves product offerings. This Committee meets monthly to discuss and review new propositions that have been proposed by business units.

The main purpose of this Committee is to help ensure that Sanlam UK's propositions are profitable, fit within agreed risk appetite and deliver fair customer outcomes.

What are we looking for?

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

The Firm's strengths

Sanlam UK conducted a review of the available funds over the year, and this review led to a reduction in available funds which should offer policyholders clearer choice with the removal of underperforming funds.

The Firm engages with policyholders in legacy products to move them onto newer offerings where possible, e.g. moving from trust-based to insurer-based wrappers for new assets. Drawdown is offered through Portal and OneSIPP, the more modern products.

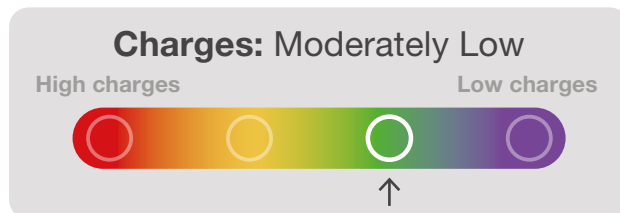
Areas of improvement – GAA observations



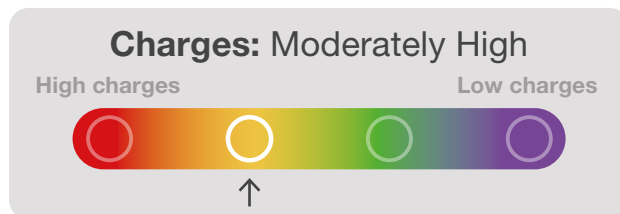
Sanlam UK should consider how to develop its proactive engagement with policy holders in order to obtain broader feedback, for example through the use of policyholder surveys.

Overview of Policyholder Charges

OneSIPP and Portal



Portfolio and Programme



The Firm's approach

The range of charges has been notified to us.

Risk of high charges for legacy products

Programme and Portfolio are both considered to be legacy products where significantly higher charges do apply and our assessment reflects this.

GAA comment and view



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

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

The GAA was provided with comprehensive details of policyholder charges including [transaction costs](#). The [transaction costs](#) were calculated using the European MiFID Template (slippage cost) methodology rather than the FCA's prescribed method for workplace pensions. This is acceptable for the purposes of our review and analysis but we have challenged the Firm to obtain [transaction costs](#) on the prescribed methodology to comply with reporting requirements in subsequent years.

PTL comment and view (continued)

Portal

There is an annual charge which ranges between 0.26% p.a. and 0.50% p.a. with a weighted average of 0.36% p.a. Therefore the GAA considers that charges for this product are Moderately Low.

OneSIPP

There is an annual charge which can be as low as 0% p.a. It is possible for Sanlam to levy no product charge because policyholders can have different products, outside of workplace pensions, held elsewhere with Sanlam and therefore the Firm is content to levy no charge on these policies. This has the effect of reducing the average charge substantially, and over 90% of policyholders have charges of less than 0.30% p.a. Therefore the GAA considers that charges for this product are Moderately Low.

Portfolio

There is a 0.75% p.a. product charge allowed for within the fund unit pricing. This charge is effectively reduced by bonus units that are paid into client accounts. The bonus units are 0.25% p.a. if clients hold £30k-£200k; and 0.50% p.a. if over £200k. There are eight policyholders (10% of the population) that receive the lowest product charge and we would consider their charges to be Moderately Low. However for the majority of policyholders in this product the GAA considers that charges for this product are High.

Programme



There is a 1.00% p.a. product charge allowed for within the fund unit pricing which is offset by the application of 0.008379 bonus units per month (which effectively offset the product charge). In addition a maintenance fee of £6.40 per product per month applied during 2020, which broadly equated to a 0.62% average charge for policyholders. However, as it is a minimum charge, policyholders with small pots are charged proportionately more.

On balance the GAA considers that charges for this product are Moderately High.

The FCA has introduced new requirements that the administration charges and transactions costs information, in relation to each relevant scheme must be published by 31 July each year, in respect of the previous calendar year: These disclosures must include the costs and charges for each default arrangement and each alternative fund option that a member is able to select. They should also include an illustration of the compounding effect of the administration charges and [transaction costs](#), on a prescribed basis and for a representative range of fund options that a policyholder is able to select. For this year, the requirement only applies to default funds but in subsequent years this is extended to all self-select fund options as well. Since since the OneSIPP, Programme, Portfolio and Portal products have no defaults there are no additional disclosures required this year.

ESG, Non-Financial Matters and Stewardship

What are we looking for?

The FCA requirements set out in COBS 19.5.5 state that where the Firm has an investment strategy or makes investment decisions which could have a material impact on policyholders' investment returns, the GAA should assess the adequacy and quality of the Firm's policy in relation to [ESG](#) financial considerations, non-financial matters, how these are taken into account in the Firm's investment strategy or investment decision making, and assess the adequacy and quality of the Firm's policy in relation to stewardship. Whilst this formal requirement falls outside the overall Value for Money assessment, the GAA's Value for Money framework does take into account, where relevant, when scoring the area of Investment Strategy and Objectives on page 9, how the Firm has integrated [ESG](#) financial considerations and non-financial matters in the Firm's investment strategy and investment decision making.

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

GAA comment and view



Largely, these considerations do not apply to a SIPP provider such as Sanlam UK, where the Firm is not making any investment decisions on behalf its policyholders.

Sanlam Investments are responsible for managing funds under the Managed Portfolio Service. We have therefore reviewed the policies in place which relate to these assets only. The Firm has begun to integrate Environmental, Social, and Governance ([ESG](#)) factors into their offerings. During 2020 the general Sanlam group policy was relied on, and there is an intention to put in place a more holistic policy during 2021. [ESG](#) and stewardship is therefore not yet fully integrated in the offering, but instead remains the responsibility of each investment team. We understand that non-financial matters are not taken into account.

The GAA has seen a draft of Sanlam Investments' Responsible Investing Statement, which describes policies and processes for [ESG](#) integration and includes principles for engagement with company management and proxy voting. During the first half of 2021 this policy was finalised and published on the Firm's website. We expect to comment on this more fully next year when it has been integrated into the Firm's operations.

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

Appendix 1:

Summary of Workplace Personal Pension Data

This is the GAA's first annual report in respect of the workplace personal pension schemes provided by Sanlam UK, which are all Self Invested Personal Pensions ("SIPPs"). None of the arrangements are used for auto-enrolment purposes. We have been provided with data at the individual policyholder level. We understand that no schemes were marketed or sold as group workplace schemes and that we have been given data for all policyholders where two or more worked for the same organisation and contributions are or were deducted via payroll.

We have shown below the numbers and funds where Sanlam have no record of an adviser being linked to the policy. These could have been execution only sales (except in the case of Portal, where all sales were advised) or where an adviser has been subsequently removed).

	Portal	OneSIPP	Portfolio	Programme
Total policy count	232	224	80	43
Total value of plans	£16,161,906	£45,933,710	£5,658,854	£808,104
Number who are not receiving ongoing advice (funds)	6 (£335,749)	30 (£6,295,530)	18 (£1,522,361)	38 (£688,356)
Number of execution-only sales	0	24	11	4
Number where regular contributions are being received	128	57	9	9

In total there are 92 non-advised policyholders, out of a total of 579 (16%). In total, there were 39 policyholders (7%) who did not receive advice at outset.

Appendix 2:

GAA Activity and Regulatory Matters

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

GAA engagement and actions this year

We prepared and issued a request for data on all the relevant workplace pension policies on 11 September 2020.

Members of the GAA had meetings with representatives of Sanlam UK on 11 January 2021 and 11 March 2021 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 fund range, investment governance, approach to [ESG](#), non-financial matters and stewardship, administration and communications and risk management. Given government restrictions in light of COVID 19, these meetings were virtual.

On 10 May 2021, members of the GAA had a meeting with representatives of Sanlam UK to discuss the GAA's provisional scoring of Value for Money of the in-scope workplace pensions.

Additional formal meetings and engagement by email has taken place between the GAA and Sanlam UK on the pre-launch design of Investment Pathways but this falls outside the scope of this report.

As part of the Value for Money assessment process, Sanlam UK 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.

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

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

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

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

The arrangements put in place for policyholders' representation

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

- » The role of the GAA and the opportunity for policyholders to make representations direct to the GAA has been and will continue to be communicated to policyholders via the online platform.
- » Sanlam UK may receive policyholder communications. Where they 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 gaacontact@ptluk.com so that policyholders can make representation to the GAA direct. Sanlam UK will include details of this contact e-mail address on their website.

Appendix 3:

PTL GAA Credentials

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

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

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

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

The members of the GAA are appointed by the Board of PTL. The Board is satisfied that individually and collectively the members of the GAA have sufficient expertise, experience, and independence to act in the interests of [relevant policyholders](#) or pathway providers.

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

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

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

The terms of reference agreed with the Firm can be found at: www.sanlam.co.uk/document-repository/legal-documents/tor-sanlam-uk-gpp

Appendix 4:

Glossary

Active management

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

Annual Management Charge / AMC

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

Annuity

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

Core financial transactions

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

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

Environmental, Social and Governance (ESG)

These are the three main factors looked at when assessing the sustainability (including the impact of climate change) and ethical impact of a company or business. ESG factors are expected to influence the future financial performance of the company and therefore have an impact on the expected risk and return of the pension fund investment in that company.

Lifestyling

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

Relevant policyholder

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

Transaction costs

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

ptl

Personal
Pragmatic
Professional

