



ZEDRA

DO MORE. ACHIEVE MORE.

Chair's annual report

OneFamily Workplace Personal Pension Plan

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

September
2022



Executive summary

This report on the workplace personal pension plans provided by OneFamily, has been prepared by the Chair of the Zedra Governance Advisory Arrangement ('the GAA') and sets out our assessment of the value delivered to policyholders and our view of the adequacy and quality of OneFamily'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 OneFamily the latest version of which is dated 4th April 2022 and are publicly available (see Appendix D).

This is our 7th annual report.

As Chair of the GAA, I am pleased to deliver this value assessment of the OneFamily workplace personal pension plans. The GAA has conducted a rigorous assessment of the Value for Money delivered to policyholders over the period 1 January 2021 to 31 December 2021. The GAA has developed a Framework to assess Value for Money which balances the quality of services and investment performance provided to policyholders against what they pay for those services and investment performance. Further details are set out on page 6.

A COLOUR CODED SUMMARY OF THE GAA ASSESSMENT

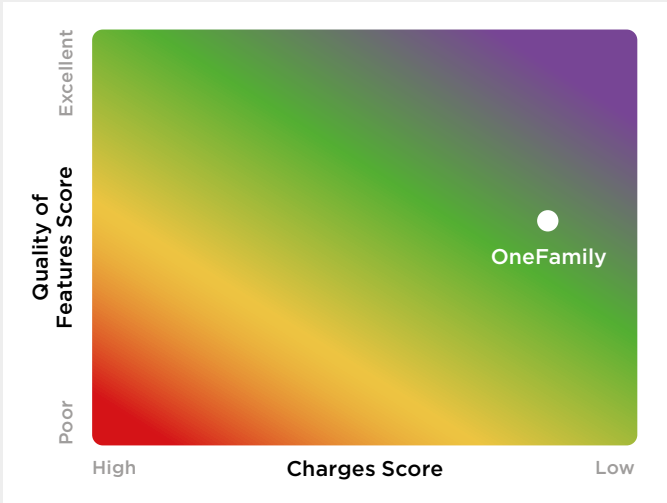
	Weighting toward VFM assessment*	OneFamily Workplace Personal Pension Plans
1. Product strategy design and investment objectives	7%	●
2. Investment performance and risk	20%	●
3. Communication	13%	●
4. Firm governance	5%	●
5. Financial security	7%	●
6. Administration and operations	13%	●
7. Engagement and innovation	3%	●
8. Cost and charge levels	33%	●
Overall value for money assessment	100%	●

* May not add to 100% due to rounding

<p>Quality and investment features (1-7)</p> <p>● Excellent ● Good ● Satisfactory ● Poor</p>	<p>Cost and charge levels (8)</p> <p>● Low ● Moderately Low ● Moderately High ● High</p>
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The Overall Value for Money rating is determined on a rating scale based on the product of the overall scores for the individual Features and the weightings shown in the above table, the Investment and Quality Features combined representing two-thirds of the overall score and the Cost and Charge Level representing one-third of the overall score. It is visually represented by the heatmap below.

VALUE FOR MONEY SCORING



The overall conclusion is that the OneFamily workplace personal pension plans provide **good** value for money.

There are no specific areas identified this year where the GAA has challenged OneFamily to make improvements, however, the GAA observes that some areas are still evolving and the GAA would expect to see ongoing developments in these areas, either in line with OneFamily's plans as outlined to the GAA, or to reflect future developments in the wider marketplace. These areas include:

- | The fund range is narrow, with little alternative to equity investments. The GAA note the constraints of what is a small closed book of business and the need to be proportionate in approach, and are encouraged by OneFamily's developing communication materials to educate policyholders that the current range of funds may not be suitable in all instances.
- | A greater level of discussion with, and challenge of, EdenTree is expected to be evidenced if investment returns were to fall behind their benchmarks in future periods.
- | Development of the OneFamily online offerings is in progress although the roll out for the workplace personal pension plan policyholders is not until 2023 at the earliest.

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

We also concluded that the Firm's policies in relation to Environmental, Social and Governance (ESG) risks, non-financial considerations and stewardship were adequate but this will be an evolving area in terms of how explicitly the non-financial factors are incorporated into all of the funds under the scope of this review.

Further work could also be undertaken to create a more standalone and distinct OneFamily policy in this regard, rather than relying fully on the investment managers' policies.

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

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

The GAA has not raised any concerns with OneFamily during the year. In our previous report we identified that further improvements could be made in the areas of undertaking a survey with the workplace policyholders, and in the development of case studies to highlight the various options and considerations for policyholders to assist with their retirement planning. We are pleased to be able to report that the Firm has undertaken activity on both of these during 2021.

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



Clare James

Chair of the ZEDRA Governance Advisory Arrangement

September 2022

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

The Customer Services Annuities and Pensions Team Manager
OneFamily
16-17 West Street, Brighton, BN1 2RL

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	12
4. Firm governance	14
5. Financial security	15
6. Administration and operations	17
7. Engagement and innovation	19
8. Cost and charge level	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
F. Summary of Workplace Pension Plan data as at 31 December 2021	33



Overview of the value assessment

The GAA has assessed the Value for Money delivered by OneFamily in relation to its workplace personal pension plans by looking at costs versus investment and service benefits. More detail about how we have done this is set out below. Throughout the rest of this report, OneFamily is referred to as ‘the Firm’.

Regulatory changes

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

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

was selected and a consolidated view of the comparison outcomes are included in Appendix B.

Our approach

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

What is clear is that it is always a balance of cost versus investment and service benefits. Our fundamental approach has therefore been to compare all the costs paid by policyholders against the investment performance and quality of services provided to policyholders.

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

- | Issuing a comprehensive data request to the Firm, requesting information and evidence across a wide range of quality features, including net investment performance, as well as full information on all costs and charges, including transaction costs.
- | Attending 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 eight different Features covering Quality of Service, Investment Performance and Strategy, and the Costs and Charges borne by the Policyholders. This assessment is undertaken of the Firm's product(s) relative to the GAAs view of good practice.

The Quality of Service Features and Investment Features have been determined based directly on the FCA requirements for assessing ongoing Value for Money set out in COBS 19.5.5, in particular services relating to communications with policyholders and processing of core financial transactions. The Quality of Service features considered has been expanded to include other aspects the GAA considers important based on the GAA's experience of conducting Value for Money assessments over the past several years, such as the Firm's governance structure, the financial security for policyholders, the Firm's approach to engagement and innovation, and a wider overview of the administration quality and processes.

Within each of the Quality of Service Features and in the assessment of Investment Features are several sub-features. These sub-features are each scored using a numerical scoring system of 0 to 4, where 4 is 'excellent', 3 is 'good', 2 is 'satisfactory', 1 is 'poor' and 0 is 'non-compliant or insufficient information has been provided'. Scoring is aided by means of score descriptors, developed for each sub-feature, ensuring the GAA adopts a consistent approach to scoring across clients. Each set of score descriptors outline what the GAA would expect to see in order to achieve each numerical score. The scores for each sub-feature are then aggregated to the Feature level based on the GAAs view of the relative value of the sub-feature to the policyholders.

The GAA then went on to consider the value represented by the Cost and Charge Levels which policyholders 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.

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 GAAs views of the relative importance to the policyholders of each Feature. The weightings are tilted towards the Features and sub-features which have been identified in the regulations relevant to forming this assessment of value. Where possible, the GAA has 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

Policyholders of the OneFamily workplace personal pension plans have a choice of four equity funds, a mixed asset fund (the Higher Income fund), plus a deposit fund. These are each managed by EdenTree Investment Management, who have always had environmental and social considerations at the heart of their investment strategies.

The funds are actively managed, rather than tracking an index, so that an ESG approach can be followed.

There is no default investment fund into which contributions are invested if a policyholder does not make an active investment choice. This means that policyholders had to choose which fund(s) to invest in at the time they first took out their policy. There was no legal requirement to have a default fund at the time the policies were originally sold and, as no new workplace personal pension plans are being sold, there remains no requirement for a default fund.

There is no facility for lifestyling, which is the process whereby funds are automatically switched into less volatile or risky investments as a policyholder gets closer to retirement age. Again, this is not unusual in older pension products. The onus is therefore broadly on the policyholders to ensure that they remain invested in suitable funds as they approach retirement age. To assist with this, there is an annual reminder, via benefit statements, to policyholders to check that their investment strategy remains suitable for their requirements.

The Executive Investment Committee meets at least quarterly and is responsible for reviewing the investment strategy, including consideration of Environmental, Social and Governance (ESG) factors, ensuring the approved strategy is implemented, setting and reviewing investment guidelines and objectives, and reviewing regularly performance relative to benchmarks.

The Firm's strengths

All fund factsheets are provided and easily accessible on the OneFamily website. All funds have a statement of objectives on the factsheet which is set against a specified timeframe of over five years or more. There is no clear quantitative investment target incorporated within the objectives for the four equity funds, merely stating that the objective is to achieve long term capital growth and an income (whereas the managed income fund does have a specific measurable target). The objectives for the four equity funds could be made more externally measurable by reference to an index or other quantifiable target return relative to a published interest rate or inflation measure (noting that while there is a clearly defined index used as a benchmark for the funds in question, it is not built into the objective).

All factsheets have been reviewed recently and evidence of regular reviews undertaken has been provided.

The Executive Investment Committee met four times in 2021, including once with EdenTree. Extracts of minutes have been provided evidencing key areas of focus and discussion.

OneFamily has not recently undertaken a robust review of whether the fund range remains appropriate for policyholder needs.

The GAA has discussed with OneFamily whether it may be appropriate for a more mixed investment

option to be added into the fund range to provide a credible lower risk option for policyholders (say should they wish to de-risk as they approach retirement age, and noting that the managed income fund maintains a bias towards equities of between 60% and 85% of the fund holdings). Whilst OneFamily confirm they have considered this suggestion, this may not be progressed as a proposal, in part due to the apparent lack of policyholder demand for a lower risk option (no queries have been raised in this regard).

OneFamily undertook a policyholder survey in late 2021 which included questions around awareness of policyholders to the level of investment risk within their fund and awareness of retirement options in the absence of automated lifestyling. Following on from the survey feedback (and as part of a more general desire to increase customer engagement and education), OneFamily continue to give consideration as to how best to educate policyholders to build their understanding on the funds they hold, and whether they remain fit for purpose.

OneFamily do not have a published ESG policy or strategy, but adoption of ESG thinking can be seen in the Executive Investment Committee's terms of reference, on the OneFamily website and in the annual report and accounts. OneFamily continue to build their partnership with EdenTree, recognising the strong ESG credentials of EdenTree. Three of the equity funds on offer for the workplace personal pension plan policyholders have explicit fund descriptions setting out that they seek to invest in companies which make a positive contribution to society and the environment through sustainable and socially responsible practices. OneFamily has commented that adoption of ESG filtering will be a phased process for their closed books of business, with funds being brought into alignment over time, through a strategy of organic sale and replace.

Areas for improvement

GAA observation

The fund range is narrow, with little alternative to equity investments. The GAA note the constraints of what is a small, closed book of business and the need to be proportionate in approach, and are encouraged by OneFamily's desire to educate policyholders that the current range of funds may not be suitable in all instances.

Along related lines, the lack of any automated lifestyling is noted by the GAA, and while it is not ideal, the GAA recognises that this is not unusual for this generation of policies.

Notwithstanding the above, the GAA expects to see evidence of OneFamily keeping the fund range under review.



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 performance of the fund range is reviewed every quarter by OneFamily's Executive Investment Committee. The remit as set out in the terms of reference for the committee includes reviewing historical performance figures relative to benchmarks, appointing and terminating investment managers and reporting any material departure or failing of an investment manager, including concerns regarding investment risk to the Board.

The Firm's strengths

The GAA has been provided with evidence that the Executive Investment Committee meetings were held quarterly, and extracts from the minutes of these meetings were provided, including an extract from the minutes from February 2022 where the performance for 2021 was discussed.

The short-term weaker performance of the funds in the fourth quarter of 2021 was noted, although evidence of detailed discussions was not provided. The fourth quarter results followed a longer-term period of strong performance, with most funds outperforming their benchmarks for the full year of 2021. The one exception to this being the Responsible and Sustainable UK Equity fund, which ended the year over 2.5% behind its benchmark.

Net investment performance

The [net investment performance](#) over 2021 of the funds available to policy holders (with the exception of the deposit fund), and the performance of the benchmarks against which those funds are measured are set out in the following table.

Fund Name	Net Investment Performance	Benchmark
Responsible and Sustainable UK Equity opportunities Fund	21.94%	17.14%
Responsible and Sustainable UK Equity Fund	14.55%	17.14%
Responsible and Sustainable European Equity Fund	16.91%	15.63%
Responsible and Sustainable Global Equity Fund	18.66%	17.57%
Responsible and Sustainable Income Fund	16.73%	11.10%

Note that the net performance is prior to allowance for the loyalty bonus which is applied annually, and therefore returns for most policyholders will be c.0.75% higher than the figures shown.

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 for the Firm's policyholders over 2021 was close to the median relative to the comparator group.

Policyholder representation to the GAA

After the end of the period under review, a policyholder contacted the GAA to raise their concerns with their fund's performance over the period to April 2022. As noted above, for 2021, the relevant period of this review, the majority of funds out-performed their benchmark and evidence of suitable oversight was provided. Where there is underperformance, we will seek evidence from OneFamily as to the reasons for the underperformance and the action they are taking to protect policyholders' interests.

Areas for improvement

GAA observations

The GAA were satisfied with the evidence of OneFamily's oversight of EdenTree and the funds' performance for 2021, bearing in mind the investment performance over that period. However, the GAA would expect to see greater evidence of discussion and challenge to EdenTree, if investment returns in future were to fall behind their benchmarks.



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

OneFamily communicate with policyholders predominantly by written communications. There is a dedicated telephone helpline (free of charge) and email address available to support policyholders with any administration queries. However, there is no online access for policyholders to view their own funds.

Regular communications with policyholders are through the annual benefit statement and policyholders are provided with five-yearly wake-up and options packs from age 50. The wake-up packs confirm the availability of free and impartial pensions guidance with signposting to Pensions Wise and the Money Helper guidance service and the Money Helper retirement adviser directory. Members can phone or write to switch funds, but instructions must be followed up with a completed switch form.

Policyholders need to transfer to another arrangement to take their benefits other than as a lump sum benefit, but OneFamily point policyholders towards the open market option to take advantage of other options.

The Firm's strengths

Improvements since last year

During 2021, OneFamily developed the supporting information on their website to provide policyholders with a greater awareness of the options they have in accessing and utilising their funds, and what things they should be considering as part of this. This includes a series of case studies created to provide examples of potential scenarios which may resonate with the membership, and there are also FAQs, including an explanation of lifestyling. The GAA is pleased to see this additional material made available to policyholders, and reflects one of the challenges that was raised in our report last year.

Comparator results

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

This assessment identified that the communication materials provided to the Firm's policyholders over 2021 are marginally below the median relative to the comparator group.

Areas for improvement

GAA observations

As highlighted in previous years, the GAA would like to see development of online options, particularly in relation to fund switches and policyholders being able to log on and view their fund value. Whilst this is in the pipeline, it will be 2023 at the earliest when this is rolled out to policyholders.



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 for appointing and monitoring service providers, with evidence of regular reviews being undertaken and active changes being made as required.

The Firm's approach

OneFamily has an internal audit process, which assesses different aspects of the business in turn, including the in-house administration systems and processes.

The performance of the OneFamily fund range is regularly reviewed by the Executive Investment Committee and the Executive Investment Committee has at least annual dialogue with EdenTree.

The Conduct Risk and Customer Committee oversees risks relating to the Group's strategy,

products, operations, and culture, and considers customer outcomes. It also assists the Group in complying with financial crime legislation, regulation and industry guidance.

The Firm's strengths

OneFamily has described to the GAA a robust governance framework in place to monitor the internal service providers. They have provided the terms of reference for the Executive Investment Committee and extracts of minutes of evidencing some degree of oversight of EdenTree, the external investment manager. We have also been provided with an extract from the December 2021 customer outcomes analysis as provided to the Conduct Risk and Customer Committee (CRCC) in December 2021. This specifically covered and considered the legacy book of business, in relation to claims service levels, complaint levels, and review of pre-retirement communications.

Areas for improvement

GAA observations

As mentioned previously, where there is a period of underperformance, we would expect to see evidence of a greater level of challenge provided to EdenTree. This may be through more detailed minutes provided to the GAA on this matter.



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

OneFamily prepare a Solvency and Financial Condition Report (SFCR) every year in accordance with the Solvency II directive. The financial strength of OneFamily is underpinned by management of over £7billion in assets. OneFamily updated their operational resilience policy in January 2021, which sets out the Firm's approach, governance arrangements and standards to be adhered to in relation to maintaining important business services in the face of disruptive or extreme events.

Protection of clients' assets, and management of financial crime risks falls under the responsibility of the Conduct Risk and Customer Committee, which meets monthly.

The Firm's strengths

The financial strength of OneFamily is underpinned by management of over £7 billion in assets, and the 2021 solvency report shows a strong and improving financial position with a Solvency Capital Requirement Ratio of 227% at the end of 2021 (compared to 202% at the end of 2020).

As a ringfenced insurer, policyholders would be protected in the unlikely event of bankruptcy. As the accounts with asset managers are held in pooled funds OneFamily is relatively protected from fraud at the asset managers. OneFamily has appropriate fraud controls in place.

Standard risk warnings are included in policyholder communications along with due diligence being carried out prior to transfers, to protect policyholders against the risk of pension scams. Arguably, the lack of online capabilities could make it less likely that policyholders would be targeted by scammers, although clearly some risk remains.

OneFamily has established a clean list (for low risk schemes) in relation to potential receiving schemes for policyholders who do seek to transfer, and confirmed that the Principles of the Pension Scams Industry Group (PSIG) Code of Good Practice are considered. OneFamily confirmed that there were no suspicious transfer cases identified in 2021, but have a process to follow if such activity was identified.

Areas for improvement

The GAA did not identify any specific areas for improvement.



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 during the COVID-19 pandemic.

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

The Firm's approach

The administration is carried out in-house and with service standards of between one and five working days for a range of tasks, including a one day target for new premiums to be credited to an account. If the agreed service standards are met, core financial transactions will be processed promptly and accurately.

OneFamily consider all expressions of dissatisfaction about the service provided, where the customer has suffered (or may suffer) financial loss, material distress or material inconvenience to be a complaint. Complaints are recorded onto a central database managed by the Complaints Team, who are responsible for responding to all complaints which can't be resolved at first point of contact, as well as looking at complaint trend analysis, and both internal and external reporting.

All employees with the relevant management responsibilities have to complete Operational Resilience training annually. Risk management, including security of IT systems, is the responsibility of the Conduct Risk and Customer Committee, which meets on a monthly basis to discuss matters such as current, emerging, and potential risks to members and customers, explicitly including those relating to the protection of client assets, as well as management of financial crime risks. Annual testing of the business continuity and disaster recovery plans is carried out.

The Firm's strengths

Evidence has been provided of the achievement of service standards of 100% over 2021. This figure applies to the whole pension book (including individual policies) and there is no reason to suppose that the workplace personal pension plans would diverge in experience from the individual pension policies, since they are treated alike from an administrative perspective. This includes the crediting of new premiums to accounts within the one working day timescale.

There were no complaints in relation to the workplace book of business in 2021.

A comprehensive risk management framework has been described as being in place overseeing IT security, cyber security and data protection.

The Business Continuity Plan has been made available to the GAA, and was last reviewed in February 2022. The administration operations continued effectively without significant disruption throughout the Covid-19 pandemic and the move to home working, thereby demonstrating the effectiveness of the plan.

The Executive Operational Resilience Group review all matter related to IT security and evidence was provided by way of the Cyber security metrics which are assessed and reported into this committee on a bi-monthly basis.

Comparator results

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

This assessment identified that the administration services provided to the Firm's policyholders over 2021 were at the top end, relative to the comparator group.

Areas for improvement

The GAA did not identify any specific areas for improvement.



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

OneFamily is a mutual organisation, owned by, and run for the benefit of, their members. In general, because of this, there is a strong engagement with its entire membership focussing on the benefits of being mutual. OneFamily consider this to be a big area of focus. This means that the policyholders can benefit from the OneFamily Foundation and, for example, have been able to apply for grants.

The workplace personal pension plan policies are a historical and small book of business for OneFamily and as such there are very limited online capabilities for policyholders of the workplace personal pension plans. While this is in the pipeline it is not expected to be available for these policyholders until 2023 at the earliest. In general, there have been very limited new developments over 2021 specific to these policies or going back further over recent years.

In November 2021, OneFamily undertook a targeted questionnaire, specifically directed at the historic pension book of business. This included questions around awareness of policyholders to the level of investment risk within their fund and awareness of retirement options, as well as gauging policyholder attitudes towards [ESG](#) matters.

The Firm's strengths

There has not been a recent history of significant innovation or advancements for this group of policies, reflecting it being a small and largely legacy book of business. This is understandable and not unusual where considering a historical and small book of business, but it does mean that policyholders are not benefiting from the kinds of online offerings and web-based assistance that can be seen elsewhere.

Despite the constraints noted above, the targeted survey in 2021, along with the enhanced retirement support materials on the website (as mentioned on page 13), demonstrate an ongoing desire from OneFamily to ensure that policyholders are assisted as far as possible, while still taking a proportionate approach.

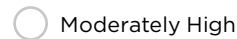
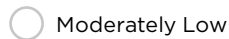
Areas for improvement

GAA observations

Development of the OneFamily online offerings is in progress although the roll out for the workplace personal pension plan policyholders is not until 2023 at the earliest. This may lead to improved policyholder engagement. The GAA will continue to monitor developments in this area.

8. Cost and charge levels

Value score:



What are we looking for?

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

- | The fund annual management charges, administration charges and [transaction costs](#) being borne by policyholders.
- | Any other charges being paid by policyholders to manage and administer their workplace pensions.
- | The process for collecting and monitoring overall member charges, including transaction costs.
- | How the firm monitors charges.
- | Whether the overall level of charges is reasonable, bearing in mind the nature of the investment, level of performance, and degree of risk management.
- | The distribution of charges across policyholders.

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

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

The Firm's approach

There are Annual Management Charges on the funds of between 1.0% and 1.25% per annum (except the deposit fund which has an [Annual Management Charge](#) of 0.25% per annum), but in all cases, this reduces to 0.5% after application of the loyalty discount which applies to all policyholders (the only instance when this would not be credited is in the year that a policyholder withdraws their funds).

In relation to new premiums paid, there is a contribution charge, although in many cases this is largely offset by higher allocation rates.

There are no exit charges when transferring funds elsewhere; nor switching charges when changing from one investment fund to another.

The GAA was provided with sufficient details of policyholder charges including transaction costs calculated on the DC workplace methodology and understands that OneFamily are well progressed with providing the necessary disclosures to meet this year's requirements (see Appendix A). The monitoring of transaction costs falls under the remit of the Executive Investment Committee who challenge EdenTree if any costs appear out of line with expectations.

Where small premiums are being paid, there is a risk of high charges, arising from the contribution charge, which is not fully offset by the allocation rates. We understand that this applies to a very small number of policyholders.

The Firm's strengths

The GAA's assessment of the costs and charges was Low, when considering an "in-practice" Annual Management Charge (AMC) of 0.5% for the main funds (i.e., assuming that the loyalty bonus applies in all cases), and noting that the funds are actively managed.

Comparator results

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

This assessment identified that the overall cost and charge level paid by the Firm's policyholders over 2021 were at the low end of charges paid, relative to the comparator group.

Areas for improvement

The GAA did not identify any specific areas for improvement.



ESG financial considerations, non-financial matters and stewardship

What are we looking for?

Where the Firm has an investment strategy or makes investment decisions which could have a material impact on policyholders' investment returns, the GAA will assess the adequacy and quality of the Firm's policy in relation to **ESG** financial considerations, non-financial matters, how these are 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

While OneFamily does not have an explicit standalone ESG policy, OneFamily has published its "Inspiring Better Futures" vision which underpins their commitment to doing the right thing at every level, sustainably and responsibly. OneFamily continues to work closely with EdenTree Investment Management, who have always had environmental and social considerations at the heart of their investment strategies.

The funds are actively managed, rather than tracking an index, so that an ESG approach can be followed. For example, three of the equity funds on offer for the workplace personal pension plan policyholders have explicit fund descriptions setting out that they seek to invest in companies which make a positive contribution to society and the environment through sustainable and socially responsible practices. OneFamily has commented that adoption of ESG filtering will be a phased process for their closed books of business, with funds being brought into alignment over time, through a strategy of organic sale and replace.

The Firm's strengths

The GAA considers OneFamily are actively engaged in ESG and are encouraged that OneFamily are continuing to explore how to develop this explicitly across all of their funds. This is clearly an area which is continuing to evolve and the GAA will continue to monitor developments in this area.

At present, OneFamily's policy on stewardship and non-financial matters is to delegate all activity to the underlying manager, EdenTree. OneFamily monitor the stewardship activities of EdenTree through their regular meetings.

Areas for improvement

GAA observations

OneFamily's policy in relation to ESG financial considerations, non-financial matters and stewardship is informally articulated within their Inspiring Better Futures vision. This is implemented through delegation to EdenTree. The GAA is of the view that, while it may be reasonable to rely heavily on the investment managers (for example for the screening and assessments of investable stocks, as well as for engagement with companies over their ESG credentials), it would nonetheless be of benefit to have a more explicitly stated OneFamily policy which is distinct to that of the investment managers.



Appendix A: Cost and charge disclosures

The FCA has introduced requirements that the administration charges and transactions costs information, in relation to each relevant scheme must be published by 30 September, in respect of the previous calendar year. These disclosures must include the costs and charges for each default arrangement and each alternative fund option that a member is able to select. They should also include an illustration of the compounding effect of the administration charges and [transaction costs](#), on a prescribed basis and for a representative range of fund options that a policyholder is able to select.

OneFamily has completed the required disclosures in respect of the period 1 January 2021 to 31 December 2021 and these are provided on a publicly accessible website at www.onefamily.com/governance-advisory-arrangement-report



Appendix B: Comparison report

Commencing with the 2021 year assessments the FCA introduced a requirement that a comparative assessment be made of certain sub-features of the Value for Money assessment. The GAA is required to compare the Firm's offering against a selected group 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.

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

How the comparators were selected

The GAA has selected 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 OneFamily workplace personal pension plans.

Comparison of net investment performance

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

This assessment identified that the one year net investment performance for the Firm's policyholders over 2021 was close to the median relative to the comparator group.

Comparison of communication provided to policyholders

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

This assessment identified that the communication materials provided to the Firm's policyholders over 2021 was marginally below the median relative to the comparator group.

Comparison of administration services

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

This assessment identified that the administration services provided to the Firm's policyholders over 2021 were at the top end, 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 & 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 2021 were at the low end of charges paid, relative to the comparator group.



Appendix C: GAA activity and regulatory matters

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

GAA engagement and actions this year

We prepared and issued a request for data on all the relevant workplace pension policies in late 2021.

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

Members of the GAA had a meeting with representatives of OneFamily to discuss the information that had been provided in response to the data request. This was an opportunity for members of the GAA to meet key personnel with responsibility in the various areas including investment strategy and how this has evolved, fund range including design of defaults, investment governance, approach to [ESG](#), non-financial matters and stewardship, administration and communications and risk management.

Members of the GAA had a meeting with representatives of OneFamily to discuss the GAA's provisional scoring of Value for Money of the in-scope OneFamily 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, OneFamily 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. Some of these changes were made in response to regulatory amendments relating to the Value for Money assessment criteria and what must be disclosed to workplace pension fund members.

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

Item	Date
Issue data request	11/01/2022
Kick off meeting	13/01/2022
Site visit	23/03/2022
Follow up to site visit meeting	04/04/2022
GAA panel review meeting	25/04/2022
Discuss provisional scoring	07/06/2022
Call to clarify points raised in policyholder representation	28/06/2022

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

The GAA has not raised any concerns with OneFamily 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.
- | OneFamily 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 OneFamily 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 zgl.gaacontact@zedra.com so that policyholders can make representation to the GAA direct. OneFamily will include details of this contact e-mail address on the online platform.



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 several prescribed matters.

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

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

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

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

The terms of reference agreed with the Firm can be found at: www.onefamily.com/downloads/documents/gaa-terms-of-reference.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 Conduct of Business Sourcebook prepared by the Financial Conduct Authority (FCA). In particular when we use COBS in this report, we are referring to Chapter 19 of the COBS which sets out the provisions relevant to the Value for Money Assessment of workplace pensions.

Core financial transactions

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

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

Decumulation

The process of converting pension savings to retirement income.

Environmental, social and governance (ESG)

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

Flexible access

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

Life-styling

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

Net investment performance

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

Pathway investor

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

Pathway investment

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

Relevant policyholder

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

Transaction costs

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

With profits

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



Appendix F: Summary of Workplace Pension Plan data as at 31 December 2021

Group Personal Pension Plans and Individual Personal Pension Plans ¹	
Number of employers:	
Non-qualifying for auto-enrolment ²	10
Total number of policyholders:	1,212
Contributing	87
Non-contributing	1,125
Total value of assets (market value)	£40.1m

Notes:

1. It is suspected that the vast majority (if not all) of the individual personal pension plans do not fall under the scope of this GAA report, however it is possible that there are some accidental workplace policies by virtue of two or more individual personal pension plan policyholders being employed by the same employer. For this reason, and as there are no material differences between the Group Personal Pension Plans and the Individual Personal Pension Plans, the GAA (in agreement with OneFamily) has kept all the Individual Personal Pension Plans in the scope of this report. This position might be reconsidered in future years if a review is carried out.
2. The workplace personal pension plans are not used for auto-enrolment purposes.



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