

Aviva Independent Governance Committee

A person with long brown hair, wearing a dark blazer, is seated at a wooden desk. They are holding a silver pen and writing in a small, open notebook. To their left is a laptop on a black stand. A white computer mouse is on the desk to the right of the notebook. The background is blurred, showing an office environment with a window and some indoor plants.

Annual Report 2021



**A message
from the Chair**

A message from the Chair

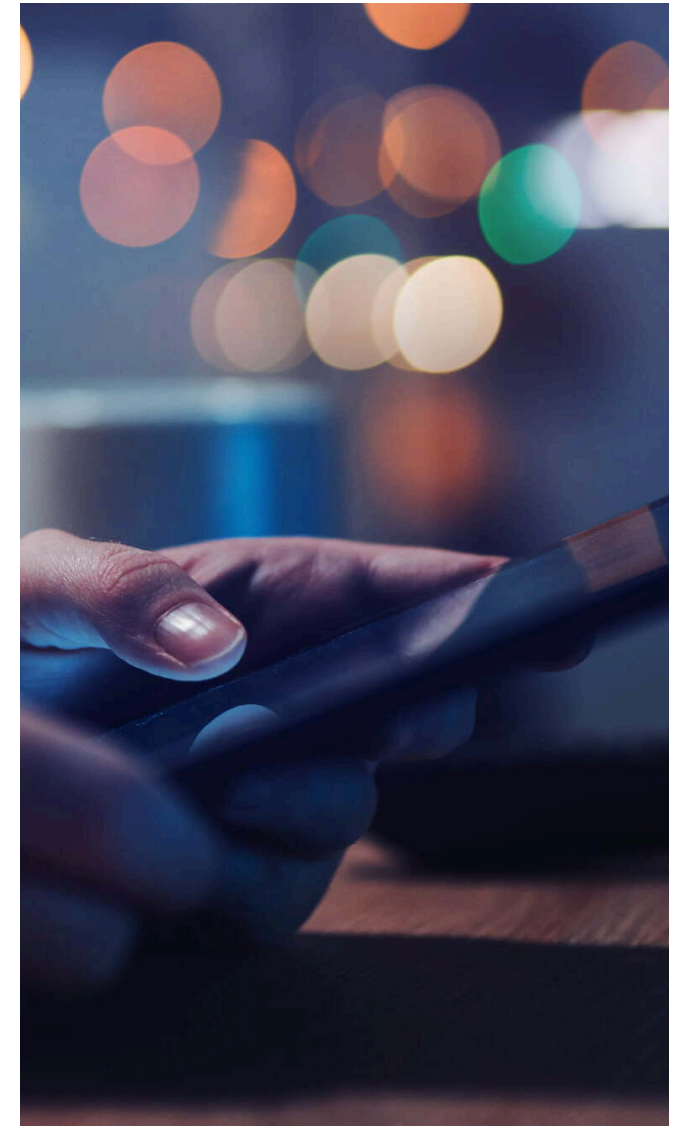
Welcome to our report which covers matters to 31st December 2020 but also looks forward to the work we'll undertake in the future following changes announced by the Financial Conduct Authority (FCA).

At the time of writing, we are all still living through the pandemic. The period covered by our report has been extraordinarily challenging for all, including pension providers, but nonetheless there are positive developments and experiences to report. The pandemic neither lessens our scrutiny on “value for money” nor Aviva’s efforts to provide it. In some areas there inevitably has been some impact which we cover further in the following pages.

I am pleased to note that Aviva has made great efforts since our last report to keep your workplace pensions running as smoothly as possible. Investment fund values have held up very well to this point through the volatility caused by the pandemic and other external events. Whilst everyone has had much to deal with in life over the last 16 months it is important to know that your pension with Aviva is being well invested and managed and that the Company is there in support.

Aviva has been strong in this regard.

Our sections on “**value for money**” and “**service and administration**” highlight the continuity and support Aviva has provided and the strength of their teams during the pandemic. The investment sections highlight how the funds have fared with generally positive performance in 2020. Many investment markets, but not all (such as the UK equity market), showed overall positive performance in 2020. We note that the Aviva main default funds achieved results which compare well with other similar funds.



We have seen further integration of Environmental, Social and Governance (ESG) factors into Aviva's default funds and market leading ESG developments in other areas. The IGC and Aviva both consider this to be of major importance to manage financial risk from climate change, and to enhance investment performance through the ESG credentials of the underlying investments in the funds. Aviva's commitments in this area are ambitious and we will continue to monitor their progress and actions.

All of our meetings over the last 16 months have been virtual. This has not interrupted our schedule, the subject matters we cover or our interaction with Aviva. In fact, we have had substantially more discussions with Aviva to ensure we have been kept fully updated on the impact of the pandemic on their business activities. We have assessed all areas contained in our Business Plan using a Value for Money framework which this year has been adapted to include a stronger ESG assessment and includes our initial assessment of Investment Pathways both of which are detailed later in this report.

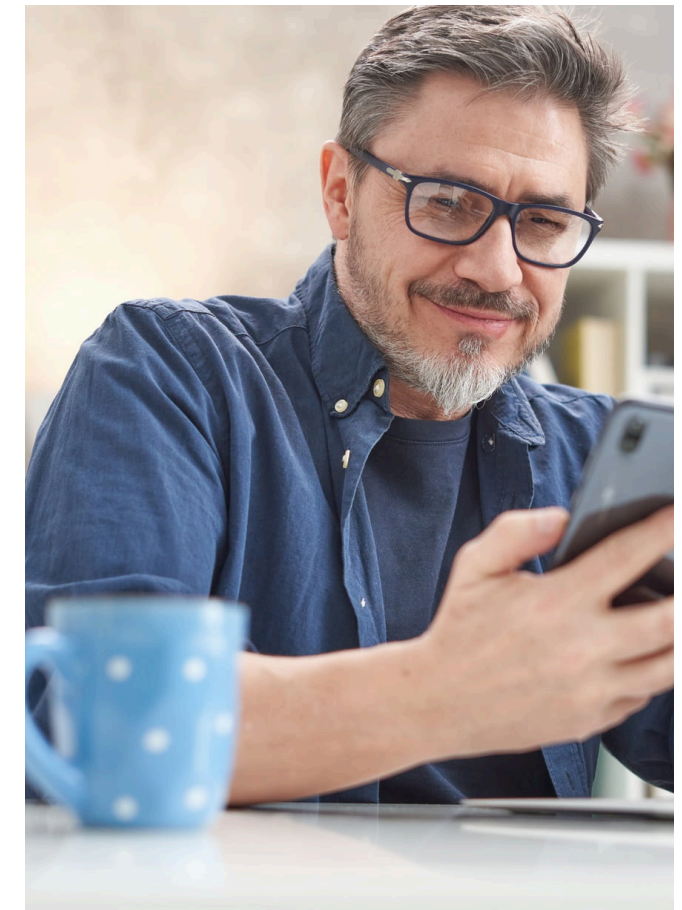
There has been further progress on reductions for the relatively small number of you with what may be

viewed as high charges. We remain in debate with Aviva about the potential for any further reductions and await further guidance or requirements from the FCA on Value for Money.

There have been material developments in the engagement options available to you when you wish to review your pension or consider any pension decisions. More of you can access pension projection tools and the information and facilities on-line are more substantial. Some planned additional features were delayed slightly due to prioritisation of resources towards ongoing services through the pandemic, but the more important elements still progressed.

We encourage you to use the facilities provided by Aviva such as "MyAviva" where you can log in, manage your pension and assess the retirement benefits you may receive. There is also a wealth of useful information on MyAviva and the MyAviva app can also be downloaded. If you provide Aviva with your email address, it makes it easier for Aviva to contact you to provide further helpful pension information and ideas. This has been particularly useful during the pandemic as they have used email campaigns to update you with important news and guidance. Aviva also run seminars

on topics relevant to you at specific points in your journey to retirement. If you have questions relating to your pension do not hesitate to use these communication channels to ask them!



Our main message in this report is that most of you receive good or very good value for money. Rightly, Aviva prioritised support to you with largely unbroken service and telephone support and appropriate supporting communications during the pandemic. They continued to develop the default investment funds which are the bedrock of future pension savings for most of you.

Everyone hopes we move closer to more normal times. In the meantime, we will continue to assess improvements to the value you receive in the next year. Should you wish to get in touch with us, you can do so by emailing IGC@Aviva.com – we welcome any feedback or questions you might have.

I hope all readers stay safe and well, and let's hope for a positive end to 2021 and next year.

Colin Richardson

Independent Chair – Aviva IGC





Our Value for Money assessment

Our Value for Money Assessment

We assess the value for money you receive from your workplace pension by looking at a number of key areas. Each of these is covered in more detail on the following pages.

Although of vital importance, we do not believe that the charges you pay for your workplace pension are the only factor in driving value for money.

Other areas we consider are:

- the performance and risk involved in your investments
- the service you receive
- the facilities available to allow you to interact with your pension
- the clarity of Aviva's communications
- how they engage with you
- how their products are designed to provide you with the best possible outcome at retirement

This year the policies and implementation of Environmental, Social and Governance factors (“ESG”) within your investments is required by regulation to be part of our assessment – although we have included an assessment of this in previous reports. Now, a specific section is included.

Nonetheless, the charges you pay have an impact on your retirement income. The higher the charge, the more it erodes the value of your pension pot. The IGC has challenged Aviva on charges and you can read more about the challenges we have made in the “Costs and Charges” section of our report. We are pleased to see that more progress has been made over the year, particularly for those of you where your employer pension scheme commenced prior to 2000.

In what has been a very difficult year for everyone, we were impressed by the way Aviva mobilised their customer services teams and maintained support to all policyholders, across all platforms and via all communication channels including telephony. This support was maintained without interruption throughout the Covid-19 pandemic. This involved immediate provision of laptops for hundreds of staff, and prioritising network access for customer support teams while increasing server capacity to enable all staff to work from home safely. While there was undoubtedly a deterioration in service levels at certain times, in the context of the pandemic these were minor. The support teams in India found it harder at times with many staff unable to work from home but these issues were overcome. You can read more about how Aviva have supported staff and customers in the “**Service & Administration**” section of this report.

2020 saw turbulent investment market conditions, particularly for UK Equity markets, with significant market value falls in the first part of the year although a strong recovery took place in the second half of the year. We have seen positive returns for Aviva's flagship default funds overall for 2020. Ultimately, the investments you hold and how they perform will determine the size of your pension pot. More detail on the returns achieved by the larger investments in Aviva's portfolio can be found in the "**Investment Choices & Returns**" section.

Despite the pandemic, Aviva have been able to engage directly with more of you. Their Financial Education Team has held numerous sessions with large numbers of members able to join webinars – far more than could have attended an on-site presentation. They have also issued Covid-19 specific communications to members and employers. We see engagement as vital to keep you in touch with your pension and to learn more about the actions you can take during the build-up of your pension, but also to help you consider the options open to you at retirement.

The FCA is currently considering changes to the way IGCs are required to assess value for money in future years. They believe that there should be three primary considerations:

- the charges you pay
- the performance of your investments
- the service you receive, including the quality of communications you are sent

While final rules have not yet been published, it is likely that IGCs will still be able to consider other areas in their assessment of value which we already do.

IGC Conclusion

Considering the various components of "value for money" we believe that nearly all of you are receiving good value for money and for many of you very good value for money.

While some of you in older products pay slightly higher charges value has been improved again this year by the removal of some charging features. We'll tell you more about this later in the report.





Service and administration

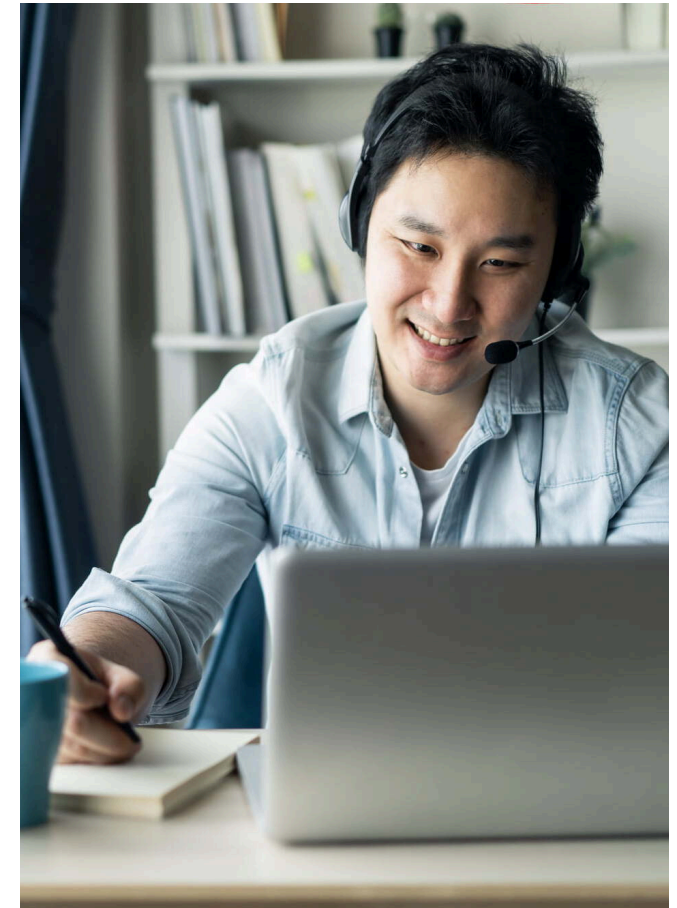
Service and administration

Covid-19 update

At the start of the pandemic in 2020, most people would not have expected to still be in its grip nearly 18 months later. It has led to significant changes in the way Aviva's customer service teams operate.

In March last year, there were only 100 operational staff with an Aviva laptop and so to mobilise the operations teams for homeworking was a significant task. In total, Aviva very quickly built and installed almost 4,000 laptops – 1,600 of those were for customer service staff. The number of telephone ports for staff to take customer calls while working from home was also increased from 340 to 4,000 and call centres remained open from the very start of the pandemic. This mobilisation had to be undertaken urgently and securely and was successful.

In the early stages of lockdown, Aviva staff not in customer-facing roles were asked not to access the Aviva IT servers during normal working hours to ensure that priority access was given to customer service teams. This was a customer-focused prioritisation of IT capacity which allowed them to maintain a high level of customer service during the early stages of lockdown. Increased capacity to servers was delivered so all staff could return to normal working by 30th March within 3 weeks of the guidance to work from home.



It is not realistic to expect service levels to have been unaffected by the pandemic especially in the early period as, like many of you, staff were working from home and juggling schooling, childcare and other needs with their jobs. As a result, telephone waiting times were longer and responding to requests for information also took longer than normal.

We have also seen evidence that the average length of calls increased significantly with customers spending 50% longer speaking to an Aviva call handler than in 2019. That could be due to an increase in complexity of the call but could equally be that people were just happy to have somebody to talk to.



Source – Aviva

Aviva did, however, prioritise their laptop rollout and support for staff dealing with payments out, such as death claims, retirement claims or transfers out. Clearly, as the period of the pandemic has lengthened, Aviva staff have adjusted to the new working environment allowing service levels to recover and they are now closer to pre pandemic levels.

We have looked at a direct comparison between the key servicing tasks and financial transactions at the end of 2020 with those at the end of 2019. While there was an impact, we do not believe it was significant in the circumstances. You can see the comparison of pre- and post-pandemic servicing levels in the charts shown.

Some of the delays experienced throughout the year could be attributed to external factors such as delays being experienced by other providers who were being impacted by the pandemic.

E2E times are based on the number of days a task takes to complete from the date the request is received from the customer to the date the work is completed.

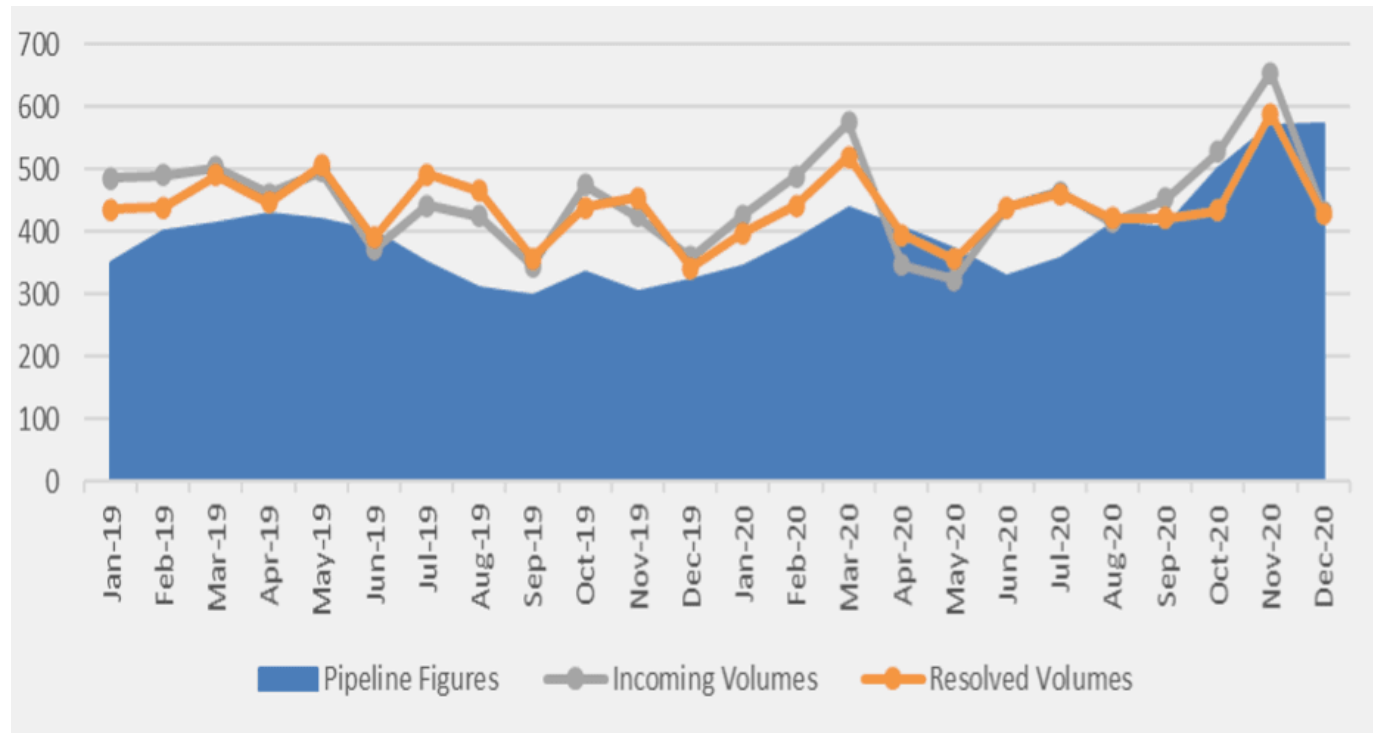
Source – Aviva

Customer Demand	E2E Times 2019 (days)	E2E Times 2020 (days)
Death Claims	8	9
Transfer In	31	25
Transfer Out	6	7
Information Request	6	7
Change Details	2	2
Retirement Settlements	11	14

Complaints

In the early stages of the pandemic, Aviva saw the number of complaints reduce from normal levels. As customers felt the impact on service levels and investment performance the volume of complaints increased and reached a peak in November. Complaint volumes increased above the numbers received in 2019, the root cause of which could be attributed to the effects of the pandemic and so we do understand the reason for the increase.

During the pandemic, where complaint volumes did increase, Aviva allocated sufficient resource to resolve them in a timely manner as can be seen in the graph.



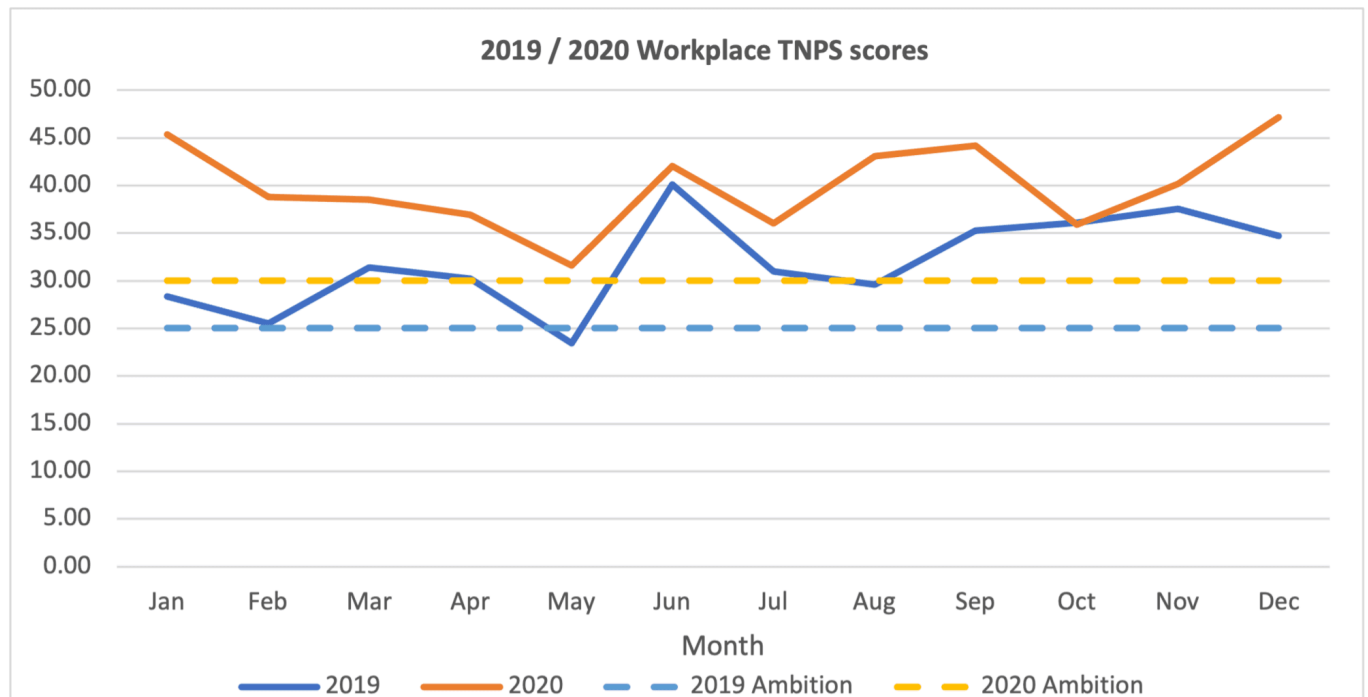
Source – Aviva

“Pipeline” refers to the number of unresolved complaints.

Despite the dip in service levels, Aviva has seen customer satisfaction scores increase except in some areas serviced by third parties where the deterioration in service was more severe. In 2020 “Net Promoter Scores”, which is a way of measuring customer satisfaction, were on average 8 points higher than in 2019 reflecting the improvements in customer service. Aviva has now introduced “Always Available” which means call handlers can drop administrative tasks and always be ready to take a call, which will lead to a reduction in calls being abandoned. We expect call waiting times to improve further in 2021.

During the last year the Aviva operations leaders updated us on their measures to deal with both the working arrangements and increased administration demands. At times there was a marked increase in contact from members beyond normal levels and, like many organisations, Aviva focused on the well-being of staff through these strains.

For those of you in older products, your pension is serviced by third party outsourcers who were not able to mobilise their teams as quickly as Aviva would have liked. As a result, there was a deterioration in service levels and call handling for much of 2020. We are



pleased to note that this has now returned to acceptable standards.

Source – Aviva

Service improvements

Aviva has continued their programme of automation to make things easier for you. They have delivered a number of improvements to speed up your experience in certain key areas including transferring money out, retirement claims, and replacing BACS payments with CHAPS to speed up payments.

Other developments include the use of DocuSign which allows you to complete forms electronically and Aviva has been moving significant amounts of communications online to make around 80% of these paperless. They now operate Live Chat across their online platforms, so you don't need to pick up the telephone to get in touch. They also use speech analytics to help direct customers to the right person by recognising key words and phrases and the tone of the customer's voice.



Further developments are planned throughout 2021, all aimed at helping to improve your dealings with Aviva and we will report further on these in our next

annual report.

Supporting vulnerable customers

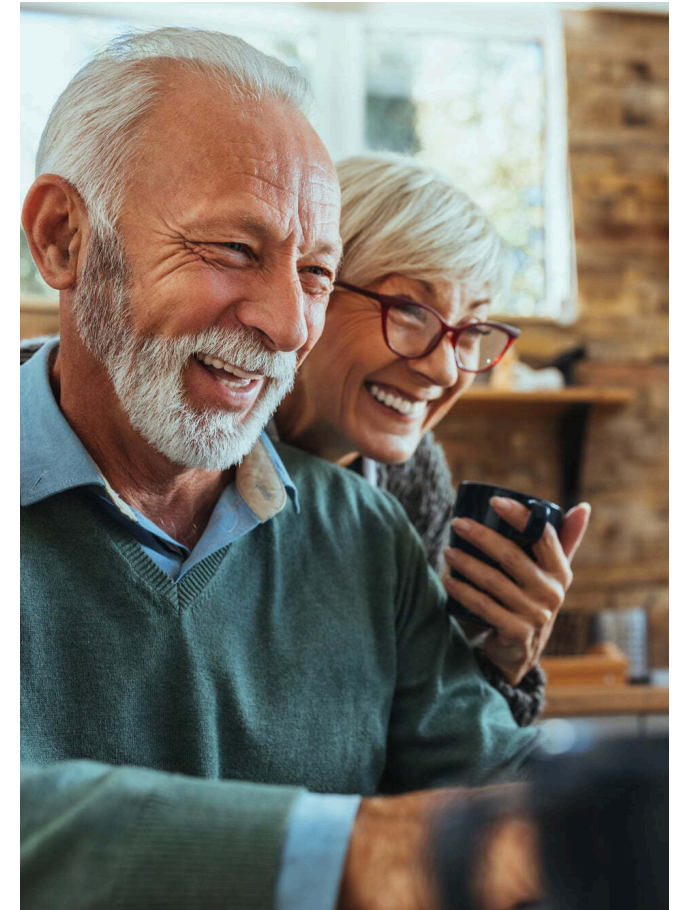
Defining Vulnerability

In our previous reports, we have highlighted the valuable work which Aviva does to support their vulnerable customers. During the pandemic, Aviva has seen a significant increase in the number of customers identified as possibly being vulnerable. Staff have received specific training on Covid-19, domestic abuse and mental health awareness. Over 4,000 customer-facing staff have completed vulnerable customer training. In the early days of the pandemic, relevant communications were designed which included a dedicated website providing guidance and support.

The FCA published a consultation paper in 2020 setting out their expectations of how firms protect vulnerable customers. As a result, Aviva mobilised a team

dedicated to ensuring that there were no gaps in their processes. They also created a tool to monitor and record instances of vulnerability and are updating systems to ensure that, where a customer has more than one policy or product with Aviva, that indicators are set on all policies to highlight any potential vulnerability.

The FCA published further guidance early in 2021 which further extend the requirements on providers to consider vulnerable customers in their product design. We will continue to monitor how Aviva adapts to these new rules but are confident that their current approach is strong.



“Someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care”

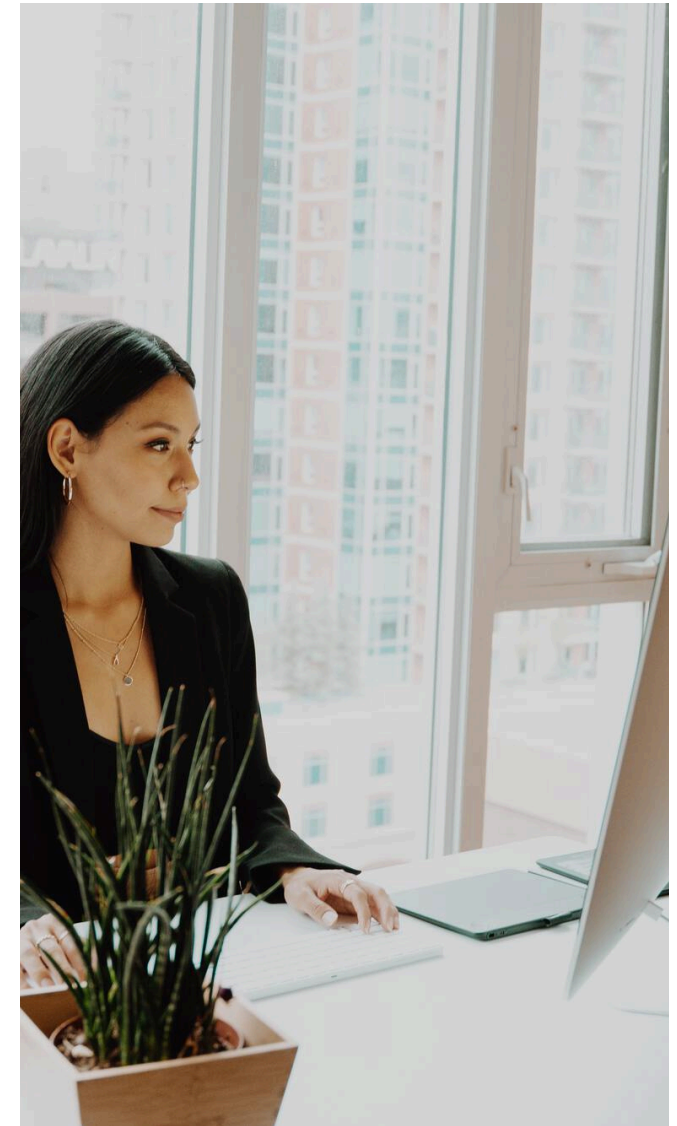
Audit and Assurance Faculty Reporting [AAF]

We are pleased that Aviva undertakes annual AAF reporting which tests the robustness of their controls around how they administer their workplace pensions. Last year, we were unable to report on the findings for 2019 as the report hadn't been issued before our annual report was issued.

We have now been given access to both the 2019 and 2020 reports covering the period to 31st December 2020. The 2019 report noted a failure in one of the controls relating to unit reconciliations – the process for ensuring that the correct number of units were held on Aviva's systems to balance with the assets held under management. The error was due to a gap in the process following a handover of responsibilities from an external supplier to Aviva's finance team. We are pleased to note that Aviva immediately undertook a full reconciliation to cover the period and all

reconciliations balanced.

The report for last year identified a few minor exceptions which Aviva has addressed by further strengthening their controls within the impacted areas. We do not believe that the exceptions give rise to any major concerns, and the report overall demonstrates that the operations and IT teams have adequate controls in place to ensure that financial transactions are undertaken in a timely manner with the correct level of authorisation for all payments.



IGC conclusion

Aviva worked extremely hard to maintain service levels throughout the last year. We believe that members received good service at a time of crisis and increased demands. This was helped by prioritising staff welfare and IT support. All organisations have changed and will adapt further to a “new normal” position for administration functions, and we will be looking for further improvements as matters become more stable in 2021 and this future vision takes shape.

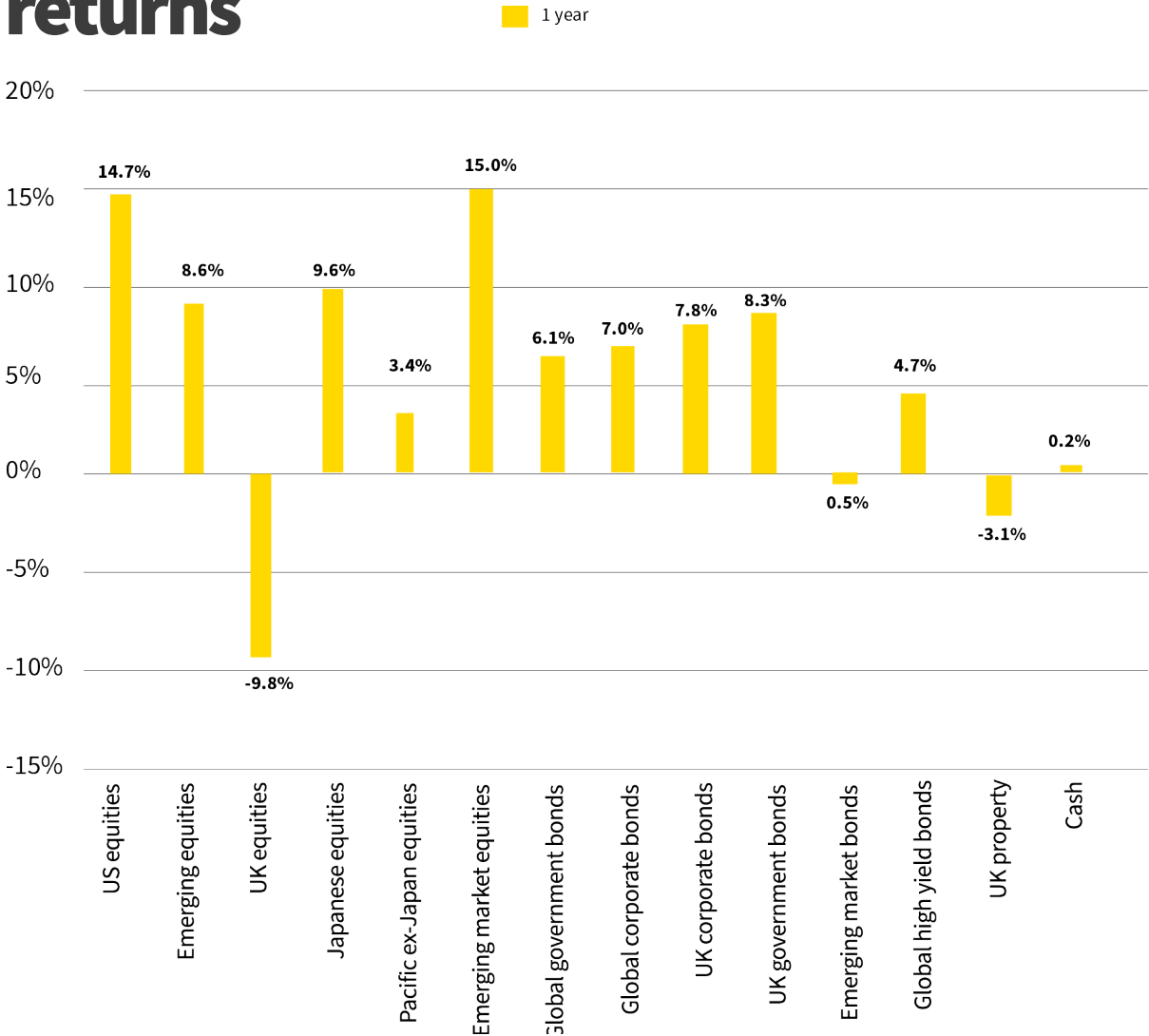




Investment choices and returns

Investment choices and returns

2020 was a turbulent year for global stock markets. We saw big falls in equities during the early months of the year at the start of the pandemic followed by a gradual recovery through the remainder of the year helped by the support provided to economies by Governments and Central Banks and latterly on positive news of vaccines against the virus. Some equity markets recovered better than others; upward progress was particularly strong in US equities and Emerging Markets equities but, coupled with the pandemic, the uncertainty around the ultimate Brexit deal caused UK equity markets to lag behind rises seen elsewhere.



These tables show the performance of the top multi-asset funds (which include those used by the default investment funds for almost all members) and the top equity funds as measured by assets under management. This shows how global equity funds have outperformed UK equity funds. Investments with high exposure to UK equities have significantly under-performed when compared to those with no exposure. Most members in default funds, apart from those close to retirement age, are invested in the My Future Growth or My Future Focus Growth funds.

Multi Asset Funds (measured by assets under management)

% returns to 31 December 2020	1 Year	3 Years (p.a.)	5 Years (p.a.)
Funds			
My Future Growth	10.8	7.9	10.7
My Future Focus Growth	4.2	6.0	9.1
Stewardship Managed	15.5	11.7	13.1
Aviva Managed	8.1	5.0	7.6
Multi-Asset Index Growth	10.1	7.1	9.9
Aviva Mixed Investment (40-85% Shares)	2.7	3.6	7.1
Indices and sector average against which fund performance can be compared			
ABI Mixed Investment 40-85% Shares sector average	4.8	4.4	7.3
FTSE World	13.1	10.5	14.5
UK Consumer Price Index (CPI) + 4%	4.7	5.4	5.8
Combination of a global equity market index and global market index	9.2	7.4	10.2

Source – Aviva

The recovery in global markets helped both of Aviva’s core default investment funds – “My Future” and “My Future Focus” - to return positive growth in 2020. These funds make up a very significant proportion of workplace pension default investments and many of you will be investing your monthly contributions into them. My Future returns outperformed My Future Focus due to having a higher proportion of assets in equities and also the latter fund’s greater exposure to UK equities and a lower exposure to US equities.

Despite the 2020 performance, we remain of the view that the wider diversity of assets within My Future Focus give the prospect of better risk-adjusted returns in the longer term. The fund also has a stronger emphasis upon Environmental, Social and Governance (ESG) considerations within the investment process and Aviva is seeing many employers and advisers placing a higher degree of importance to ESG factors. **You can read more about this in the ESG section of this report.**

% returns to 31 December 2020	1 Year	3 Years (p.a.)	5 Years (p.a.)
Funds			
My Future Consolidation	6.2	4.0	4.5
My Future Focus Consolidation	2.2	4.2	6.9
Aviva Mixed Investment (0-35% Shares)	5.0	3.8	5.7
Indices and sector average against which fund performance can be compared			
ABI Mixed Investment 0-35% Shares sector average	4.6	2.9	4.3
UK Consumer Price Index (CPI) + 2%	2.7	3.4	3.8
Combination of a global equity market index and global market index	3.3	2.6	3.6

Source – Aviva

These tables also show the importance of taking a long-term view of investments. The five-year performance figures show the average year-on-year returns achieved by the multi-asset funds which have delivered good above inflation returns to members. This is considered as a key performance indicator for the IGC alongside comparisons with similar funds in the market when evaluating the performance. It is important to note that past performance should not be used as a guide to future returns.

% returns to 31 December 2020	1 Year	3 Years (p.a.)	5 Years (p.a.)
Funds			
BlackRock (50:50) Global Equity Index Tracker	0.2	4.0	9.3
BlackRock (60:40) Global Equity Index Tracker	-1.7	3.0	8.4
BlackRock World ex UK Equity Index Tracker	14.4	10.9	15.1
Aviva Global Equity	5.9	6.2	10.6
BlackRock (50:50) Global Equity Index Tracker	0.2	4.0	9.3
BlackRock (60:40) Global Equity Index Tracker	-1.7	3.0	8.4
Indices and sector average against which fund performance can be compared			
FTSE World	13.1	10.5	14.5
ABI Global Equities sector average	9.6	7.4	11.5
UK Consumer Price Index (CPI) + 4%	4.7	5.4	5.8
% returns to 31 December 2020	1 Year	3 Years (p.a.)	5 Years (p.a.)
Funds			
BlackRock UK Equity Index Tracker	-8.9	-0.3	5.2
Aviva UK Equity	-8.5	0.1	4.7
Aviva Stewardship UK Equity	-5.5	4.3	6.4
Indices and sector average against which fund performance can be compared			
FTSE All Share	-9.8	-0.9	5.1
ABI UK All Companies sector average	-7.7	-0.5	4.0
UK Consumer Price Index (CPI) + 4%	4.7	5.4	5.8

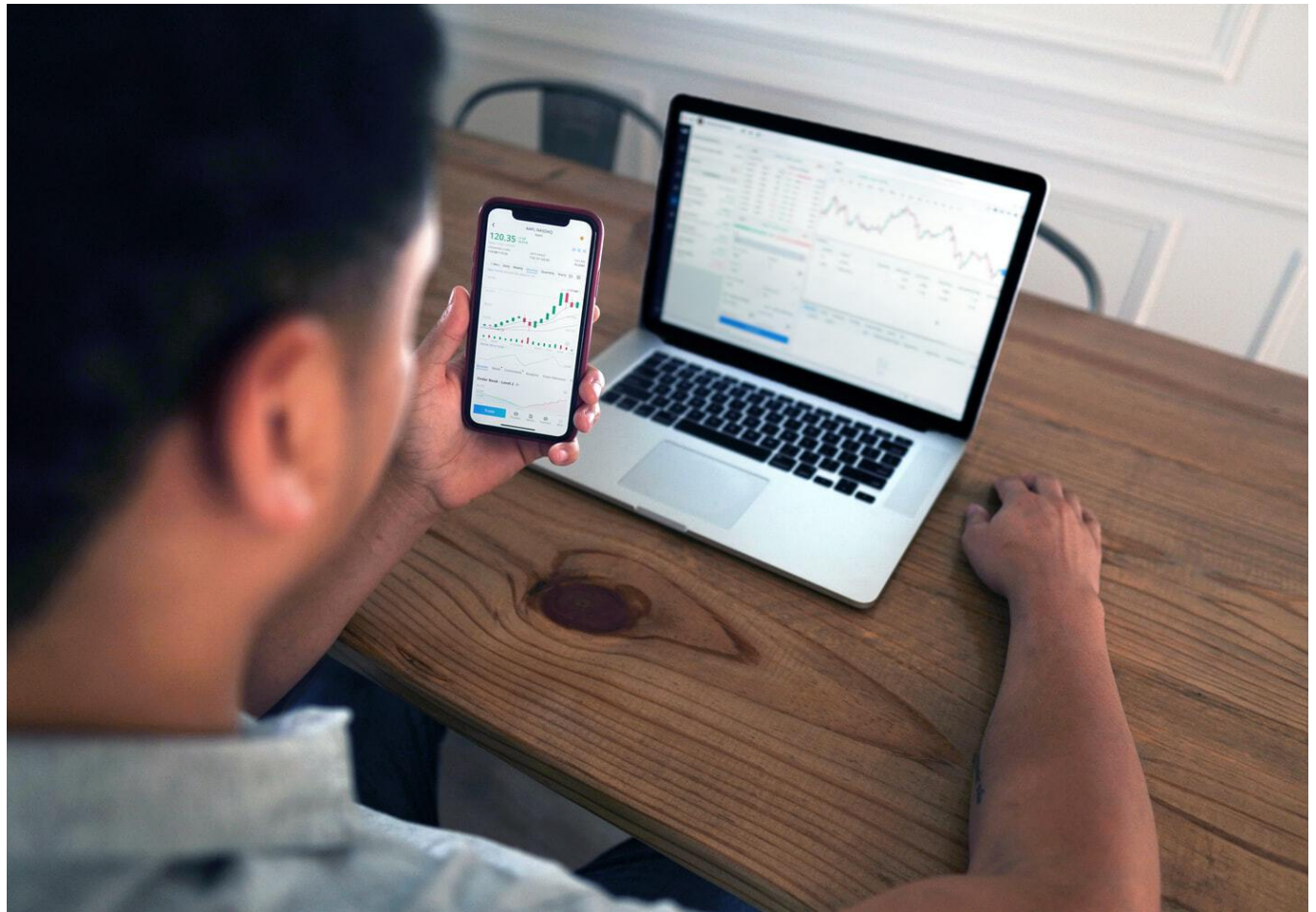
Source - Aviva

Aviva's default funds

Unless you make an active choice of an alternative fund, you will be invested in your employer's default investment fund. Over a million of you invest in Aviva's two core default funds – My Future and My Future Focus.

My Future invests in passively managed funds with BlackRock Investment Management Limited being responsible for deciding the allocation between the different types of investments within the funds.

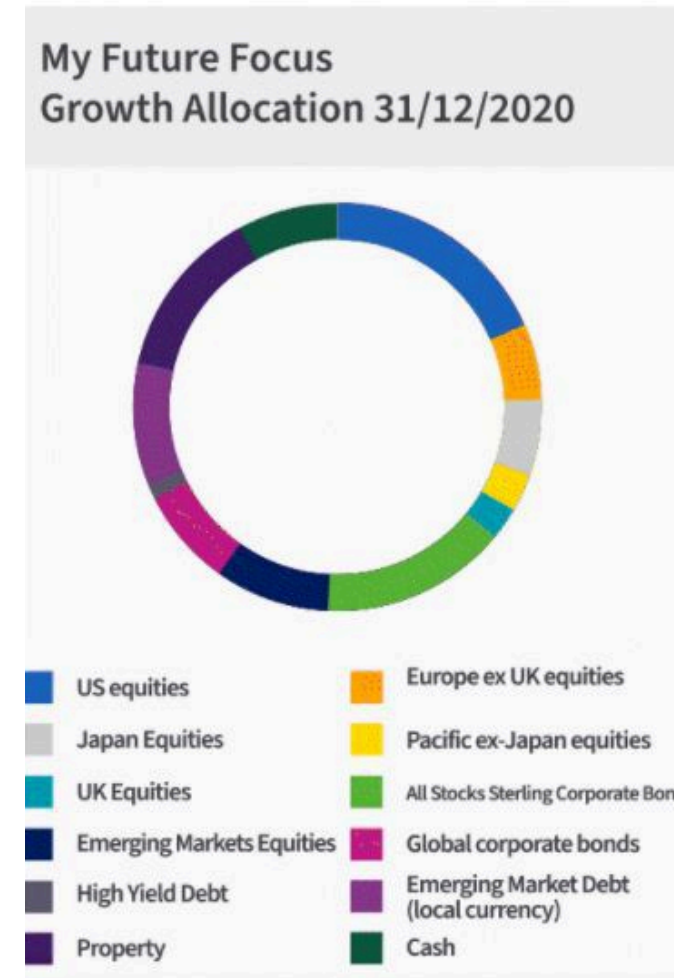
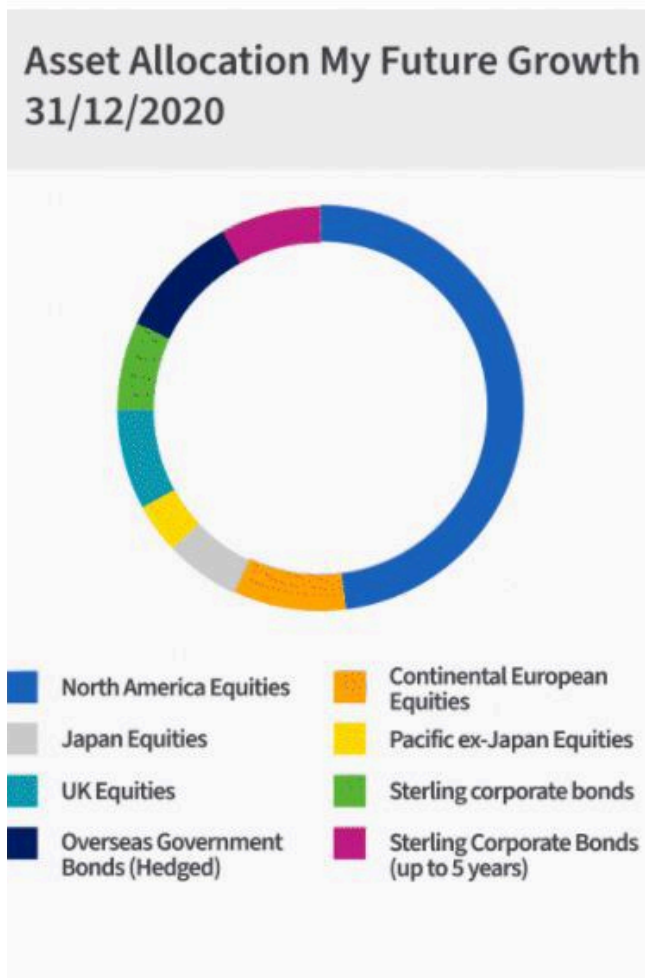
My Future Focus invests in both passively and actively managed funds but with Aviva Investors Multi-Asset investment team being responsible for deciding the allocation between the different types of investments.



In both cases, the allocations to the different types of investments will vary over time depending upon the investment managers' views on expected future risk and returns.

My Future has a 15-year glidepath, and so if you invest in this fund, Aviva will automatically start to **“de-risk”** your investments when you are 15 years from retirement. **For My Future Focus, the glidepath is 10 years.**

The difference between the two glidepaths arises from the managers' different views on the expected volatility and returns from the various asset classes. Before you reach your glidepath, you are invested in the “growth” element of the fund which aims to maximise the return on investments whilst minimising the level of investment risk (or volatility) to which your investments are exposed. The assets within the growth fund as at the end of 2020 is shown in the charts:



Source – Aviva

The table shows how Aviva’s default investment funds have fared against a selection of their peers over the last five years:

Name	5 year volatility to 31/12/2020 (annualised)	5 year return to 31/12/2020 (annualised)
My Future Growth	10.0	10.7
My Future Focus Growth	9.5	9.1
Aegon Default Equity and Bond Lifestyle	10.3	9.3
Aegon LifePath Flexi 2070-72	13.3	10.2
Fidelity Diversified Markets	8.3	5.4
+L&G Multi-Asset	8.5	9.3
Royal London Governed Portfolio 4	9.8	6.7
Scottish Widows Pension Portfolio Two Pension Series 2	12.4	9.1
Standard Life Passive Plus III	7.4	5.4



The IGC employed the services of a leading independent investment consultant to review Aviva's default funds this year. We have recently received their report and will consider the detailed findings as part of our business plan for 2021/22. Some of the key headlines from their report are summarised here:

My Future Default Fund

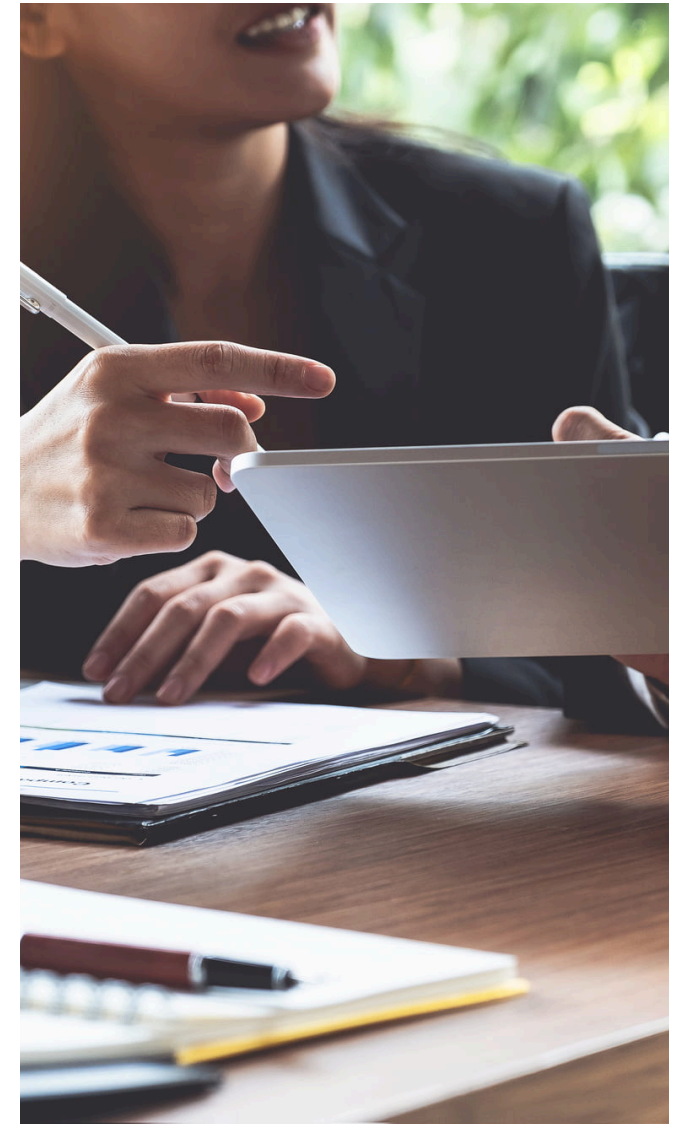
- The default fund is appropriate and suitable for its members in terms of its core objectives
 - Assessed against a number of criteria used by the investment consultant, the default fund is classed as either **"fit for purpose"** or **"best in class"**
 - It has performed well relative to its competitors being 3rd out of 13 providers for the growth phase and 8th out of 13 for the "At retirement" phase over the 3-year period to 31 December 2020.
- The growth and "At Retirement" phase could consider more diversification in asset classes which may improve members outcomes. However, one of the challenges for Aviva is that My Future is a low-cost solution and introducing other asset classes might increase charges.
 - The 15 year de-risking glidepath should be reviewed to see if member outcomes could be improved by shortening the glidepath or altering the level of investment risk with the growth phase.



We have included all the above areas in our business plan for discussion with Aviva over 2021/22. The consultant's comments on ESG within the fund are noted in the **ESG section of this report**.

My Future Focus Default Fund

- This default fund remains appropriate and suitable as a default strategy
- Assessed against various criteria used by the investment consultant, the default fund is classed as either “Fit for purpose” or “Best in Class”. Importantly, ESG integration was cited as “Best in Class” which is in line with the IGC views on ESG.
- This past year, whilst the fund was very diversified, its performance has been at the lower end compared to some of its peers in the market. This is because it holds less in equities compared to peers and equities performed very well over 2020.
- The asset allocation at retirement may be out of line with the market in terms of the allocation to cash and lower equity allocation. We will be discussing these points with Aviva.
- The 10-year glidepath is deemed to be appropriate taking account of the fund's risk and volatility objectives.



Investment governance

Aviva operate a robust investment governance process to assess all funds, both internal and external, to ensure that their aims and objectives are being met. Should they not be, they will be placed on a watch list and the fund manager will be asked to address any failings. Should these failings not be addressed, they are removed from Aviva's investment range. The IGC has attended Investment Governance Committee meetings to gain first-hand experience of how they operate, the processes followed, and the robustness of the decisions reached and will continue to attend future meetings periodically.

In 2020, a review of the range of funds available across Aviva was completed which had been underway for four years. The aim of this review was to identify those funds which had not accumulated significant assets since launch and so were sub-scale. Where possible, those funds with less than £10m of assets were reviewed and closed, although this was not done on a

blanket basis, with some being retained if it was felt they still had a particular part to play in the choice for members or if they were new funds. The review led to the closure of over 300 funds from a cost, governance and/or risk perspective.

The standard governance process was run alongside this activity. Members within the funds being closed were transferred to an appropriate equivalent fund if they had not made an alternative selection themselves. This has been a significant undertaking by Aviva and clearly demonstrates that their investment governance encompasses all investments and not just the default investment funds.

During 2020, Aviva launched 21 new funds, including 7 new employer or adviser designed funds. All these new funds were put through the investment governance process and 4 funds not felt to be suitable were rejected. For new default funds, Aviva will not accept any new default arrangements which specifically target an annuity.

Investment transaction costs

Transaction costs are not included in the charge cap of 0.75%. It is also not a charge that you pay directly, but rather has an impact on the investment returns you receive from your chosen investment.

Aviva provided us with details of transaction costs for all of the investments available to you. These showed a significant variance in transaction costs with a range varying from a negative cost to a charge of over 2%. The costs for Aviva's own default funds were at the much lower end of the scale as can be seen in the table:

Source – Aviva

Name	%
My Future Growth	0.15
My Future Consolidation	0.08
My Future Focus Growth	0.06
My Future Focus Consolidation	0.02
Top 10 funds by Assets Under Management	
Aviva Pension Multi-Asset Index Growth	0.12
Aviva Pension Managed	0.04
Aviva Pension BlackRock (60:40) Global Equity Index Tracker	0.09
Aviva Pension BlackRock (50:50) Global Equity Index Tracker	0.09
Aviva Pension BlackRock Consensus	0.10
Aviva Pension BlackRock World ex UK Equity Index Tracker	0.06
Aviva Pensions Mixed Investment (40-85% Shares)	0.05
Aviva Pension Stewardship Managed	0.14
Aviva Pension UK Equity	0.06
Aviva Mixed Investment (0-35% Shares)	0.07

We asked Aviva to explain why some funds were showing such high transaction costs when compared to others. They responded with the following:

“We have reviewed those funds with a high level of transaction costs (those with transaction costs above 1%) and are satisfied as to why the costs are the level they are. The funds that have generated these transaction costs can be grouped into the following categories:

1. The type of investments which the fund holds. This includes funds which exclusively invest in, or have a significant investment in, small and medium sized companies. Trading in these companies can incur higher costs compared to trading in large companies, reflecting the relative illiquidity of smaller company stocks which results in raised transaction costs.

2. The investment strategy employed by the fund manager. This includes those funds where the investment strategy results in a high turnover of portfolio holdings incurring a higher level of transaction costs and includes those funds with an ‘absolute return’ objective which conduct a greater degree of trading aligned to this objective.”

IGC Conclusion

We are satisfied that Aviva has a robust investment governance process in place and that this identifies those funds which do not perform as expected or are not a popular investment choice. Performance of their own default funds has been strong in relation to other providers (taking account of the level of risk/volatility associated with each fund) and has held up well against the backdrop of challenging investment conditions.

Independent advice supports the IGC's own view that both the My Future and My Future Focus default funds are appropriate and suitable for its members, but there are some areas where enhancements could be made – we will be discussing these with Aviva during 2021/22.

While transaction costs were high for a small number of funds we are satisfied with the overall explanations for Aviva controlled funds. Other funds will be reviewed by the Aviva investment governance process including taking any higher than expected transaction costs into consideration.

Aviva's own default investment funds provide a low-cost solution for members.





Environmental, Social & Governance factors (ESG)

Environmental, Social and Governance (ESG) factors

The IGC is of the view that investment managers should take account of both the financial projections but also issues relating to the ESG factors of your investments. While the financials of any investment are crucial, taking account of the ESG factors can help identify both the additional risks that a company faces but also highlight the potential for superior returns. A focus upon all factors should allow managers to build a rounded view of the attractiveness of individual investment opportunities.

Our previous annual reports have always referred to ESG matters. This year, the FCA has put in place new rules that require us to report on specific ESG criteria:

- We have to comment on the adequacy and quality of Aviva's policy in relation to both ESG financial and non-financial matters
- How these considerations are taken into account in Aviva's investment strategy and decision making
- The adequacy of Aviva's policy in relation to stewardship.

Last year, we wrote in our report that Aviva had committed to being net zero carbon by 2050. This year they have significantly stepped up their ambition and brought forward their plan to reach their net zero carbon goal by 2040. They are the first major insurer in the world to announce a 2040 target. This target includes being net zero in their policyholder investments (aggregated across all Group companies) which are the most significant contributor to Aviva's carbon footprint – and also their own shareholder investments and corporate operations. There are interim targets for investments between now and 2040:

- A 25% reduction in the carbon intensity of their investments by 2025
- A reduction of 60% in the carbon intensity of their investments by 2030

We met the Group CEO of Aviva plc, Amanda Blanc, specifically to discuss Aviva's ESG policies. Amanda's commitment to the net zero targets and ESG policies was very clear, and Aviva's Board has a clear appreciation of the challenges involved to deliver them. She noted that the Board understands that metrics and actions must be put in place quickly to track progress against plans. These already exist in some areas but are far more difficult in others. We look forward to meeting her again when we look at progress over the next year.

We explain more below about the work Aviva has done and is doing to help them achieve their ambitions.

Non-financial considerations

ESG is not simply about the investments which Aviva manages. It goes significantly wider than that and includes considerations such as Aviva's policies on diversity and inclusion, their involvement in local communities, their work with charitable organisations and their engagement with other global firms. To reach their climate ambition, however, their efforts need to be focussed on driving down their carbon footprint, reducing emissions and investing in greener infrastructure.

In 2010, Aviva set itself a target to reduce their own operational carbon emissions by 70% by 2030. **They have already achieved a reduction of 76% compared to 2010 levels in 2020 and have set a target of a further 5% reduction in 2021 to achieve net zero by 2030.** Many of the areas they measure have benefited from significant reductions in travel and office occupancy during the pandemic, however, Aviva are setting targets to maintain levels of business travel to reflect levels reached within 2020.



To put this into context, greenhouse gas emissions have reduced by:

- 17% in scope 1 (natural gas, fugitive emissions (leakage from air conditioning and refrigeration systems))
- 16% in scope 2 (electricity)
- 65% in scope 3 (business travel and private cars used for travel, waste and water).

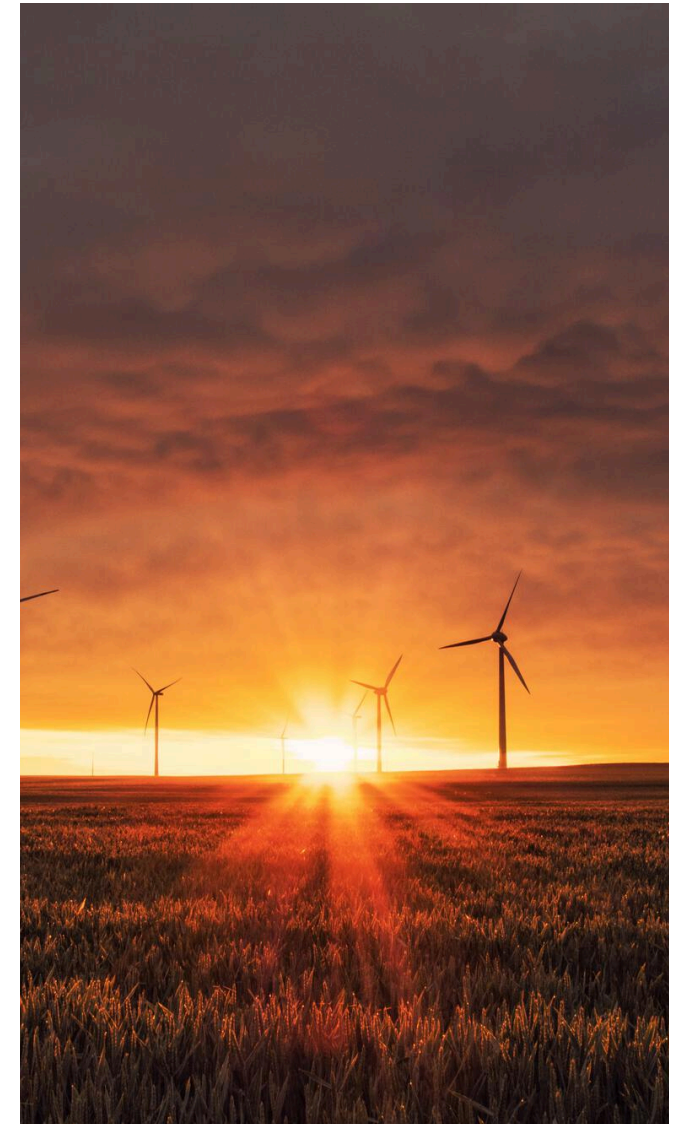
Aviva is aiming for all their offices to use 100% renewable energy by 2025 along with 100% electric or hybrid vehicles for their fleet of 1,500 strong fleet.

Initiatives we have seen implemented include the installation of a solar carport at the company's offices in Perth. It is one of the largest renewable installations of its kind and consists of over 3,000 solar panels and 50 car charging points. At its peak, it will take the office off the National Grid for five hours each day and save 400 tonnes of carbon emissions each year.

In 2020, Aviva invested £11.7bn in green assets; £7.2bn in low carbon infrastructure, £3.2bn in green and sustainable bonds, and £1.3bn in specific climate funds.

Financial considerations

Aviva has two main default investment funds available to your employer: My Future and My Future Focus.



My Future Focus default fund

Consideration of ESG factors is integrated into the design and management of My Future Focus. Part of this integration includes a “tilt” on the passively managed regional equity funds, such as the UK Equity Index Tracker fund, used within My Future Focus. This sees the fund’s investments tilted towards companies with higher ESG scores, based on an in-house scoring system developed by Aviva Investors’ global responsible investment team, by discarding those companies ranked in the lowest 10%. The funds also make extensive use of the Aviva Investors voting policies in support of such considerations. For the actively managed funds used within My Future Focus, such as the UK corporate bond fund, the consideration of ESG factors is taken into account alongside a range of financial metrics and research. This process uses the in-house ESG score complemented by research provided by the global responsible investment team. These are used by the portfolio managers as part of their investment decision making process and for ongoing risk management.



Aviva Investors has developed reporting metrics on carbon intensity and ESG factors and also report to us on engagement and voting activity. In 2020, a report published by ShareAction, a registered charity with a focus on responsible investment, placed Aviva Investors 5th out of 75 investment managers assessed for their responsible investment practices and “how they manage their ESG risks and opportunities”. Only the top five managers received an A rating from ShareAction, defined as “Strong management of risks and opportunities as well as impacts across multiple responsible investment themes” which include responsible investment governance, climate change, human rights and biodiversity. None, however, received a AAA or AA rating as none demonstrated leading practice across all assessment areas.

Rank	%	Rating	AuM (\$bn)
1	Robeco	A	193.25
2	BNP Paribas Asset Management	A	683.12
3	L&G Investment Management	A	1,329.05
4	APG Asset Management	A	568.32
5	Aviva Investors	A	477.45

Source: ShareAction

We will be working with Aviva and Aviva Investors to understand how they will act on the recommendations made in the ShareAction report. We have also invited them to a future meeting to discuss the findings of their report and how they believe their recommendations can be implemented.



My Future default fund

The My Future default fund is overseen by BlackRock rather than Aviva Investors and it has taken a little longer to integrate ESG considerations into the fund. Aviva has been working with BlackRock to design a new fund – the BlackRock World ESG Insights Equity fund. Within this fund BlackRock will seek to have a greater weighting to companies with a higher ESG score, based on BlackRock’s own methodology. This scores companies based on a broad range of ESG factors, and seek to deliver a 50% reduction in carbon intensity (a measure of the carbon emissions emitted by a company) compared to the FTSE Developed Index (which is made up of companies listed in developed markets and countries, such as the UK, US and Europe).

The IGC’s independent consultants noted this evolution as “fit for purpose” at the present time, but with this area developing rapidly across UK pensions more development would be needed to avoid falling behind in the future. This is an area we will be debating further with Aviva.



Aviva's Responsible Investment Policy

This policy sets out a number of principles and details of how these are integrated in practice. The policy states that ESG factors should be integrated within all active investment decision making processes. Via their investment managers, they will use voting rights to exert influence over the companies in which they invest to improve their environmental, social and governance performance. In addition, the assessment of how those managers who manage funds to an objective set by Aviva incorporate the consideration of ESG factors within their investment process is captured as part of Aviva's manager oversight process and is fully integrated into their fund manager assessment framework.



Stewardship

We have been provided with a copy of Aviva Investors Stewardship Policy which describes Aviva Investors' approach to stewardship and responsible investment including details of their policies and procedures. At its simplest, stewardship is the responsibility to take care of something in one's keeping. In this case, it involves the effort and activities undertaken by and on behalf of, institutional shareholders to monitor, engage and, where appropriate, intervene on matters that may affect the long-term value of investee companies and the capital invested in them. This can encompass issues on such things as strategy, performance, corporate governance, and environmental and social issues that may materially affect the future sustainability of companies and shareholder value.

Aviva Investors integrate ESG considerations into their investment decisions, working with fund managers and analysts across all asset classes, customising ESG integration for each investment process, to deliver improved investment outcomes for clients. Using engagement and their voting rights, they use their influence to promote good practice among those companies in which they invest, and to gain insight and

reduce investment risk on ESG issues for their clients. They advocate policy measures that support longer term, more sustainable capital markets, aiming to correct market failures such as a lack of corporate disclosure on ESG risks and climate change to improve long-term policy outcomes.

We have seen first-hand evidence of how their engagement drives change in some major organisations. Examples include challenges on racial equality policies, gender diversity, climate change, board composition, human rights and board governance and effectiveness. In 2020, Aviva investors held over 1,500 substantive ESG engagement meetings which is over 200 more than in the previous year. Over 2020, Aviva Investors achieved 90 engagement 'wins' where they saw changes in corporate behaviours in line with a prior Aviva Investors' engagement ask.



Aviva Investors manages a significant amount of Aviva’s assets under management (AUM) and therefore Aviva’s engagement and collaboration with Aviva Investors is particularly important. An example of an outcome as a result of the collaborative effort between the two entities has been the creation of Aviva Investors’ Climate Engagement Escalation Initiative.

Through this initiative a target list of 30 companies from the oil and gas, metals and mining, and utilities sectors was identified, based on their contribution to global carbon emissions. These companies alone are estimated to contribute towards approximately a third of all global emissions on an annual basis.

The companies have been further split into two risk categories based on the availability of the information they disclose and their ESG scores. The two risk categories are described as follows:

Risk Category 1 companies (7 companies)	Risk Category 2 companies (23 companies)
Progress against Aviva Investors’ climate asks will be assessed over 12 months	Progress against Aviva Investors’ climate asks will be assessed over 36 months
Non-responsive companies will be placed on the divestment (sell) list with a 6-month implementation period	Non-responsive companies will be placed on the divestment (sell) list with a 6-month implementation period

Engaging with their workplace members

Aviva is piloting an investor opinion tool with Tumelo and a selection of workplace pension members. Tumelo's platform helps pension members to see which companies their pension is invested in and to have a voice on the ESG issues these companies are facing. A selection of Aviva workplace members has the option to voice their opinion on issues such as climate change, gender equality, human rights, chemical pollution and political lobbying ahead of the companies' Annual General Meetings (AGMs). Their opinions are collected through the platform, anonymised, and sent back to the fund manager, which

incorporates them into its decision-making framework.

The real-world impact is then reported back to members once the AGM has passed. Through Aviva's partnership with Tumelo they are hoping to give their workplace members greater transparency over where their pensions are invested, while empowering them to play an active part in the engagement and voting approach to investing.

As well as helping to connect customers with their money, Tumelo helps connect Aviva's stewardship and fund management teams with insights into the priorities and values of Aviva's customers. This helps Aviva represent their voices in the way we manage their money.



IGC Conclusion



Aviva reviewed and renewed their ESG policies as an organisation in late 2020 and early 2021 and following this announced some specific and ambitious goals. We welcome the clear communication of this to us and recognise that the policies are leading amongst the financial sector. The ambitions of Aviva incorporate your pension funds and we believe this strong emphasis on ESG and climate change is in your interests in terms of your pension with Aviva.

There is good progress on reflecting ESG integration within the main default investment funds in which most of you are invested. The progress is slower with My Future than My Future Focus and we would like to see this accelerate to help achieve the next interim goals. We will be discussing the evolution of this fund with Aviva in the coming months. We also wish to look further into how these aims and ambitions will be met in the large number of self-select investment funds, where you are able to choose alternative investment funds to the default funds.

Nonetheless, the stated commitments of Aviva and translation into actions so far are welcomed and we will be looking to see this commitment lead to further evolution of the investment funds.

In our view, Aviva is amongst the leading pack of pension providers in adopting strong ESG policies and importantly in implementing those policies across their business and into members' investments.



Communication

Communications

As part of our duties, we are required to review communications sent to you by Aviva to ensure that they are fit for purpose and that they promote greater engagement. We also assess whether they assist understanding to support your decision-making with the choices you have. We have met with Aviva's head of communications for workplace pensions and discussed and reviewed the key literature items which the team has designed.

What have we reviewed?

Amongst the documents reviewed, the key communications are:

- A welcome pack which you receive when joining your employer's pension scheme
- The annual statement sent each year to update you on the value of your pension pot
- An example of a letter sent to you when you leave your employer setting out the options available to you
- The packs sent to you at various intervals before you take your retirement benefits (often referred to as a retirement wake up pack)



The communications we have reviewed

We have found these to be very clear, well set out and written in easy-to-understand language, avoiding what can often be confusing jargon. They provide good, clear messaging, clarity on the actions required by you and signposting to good sources of additional information.

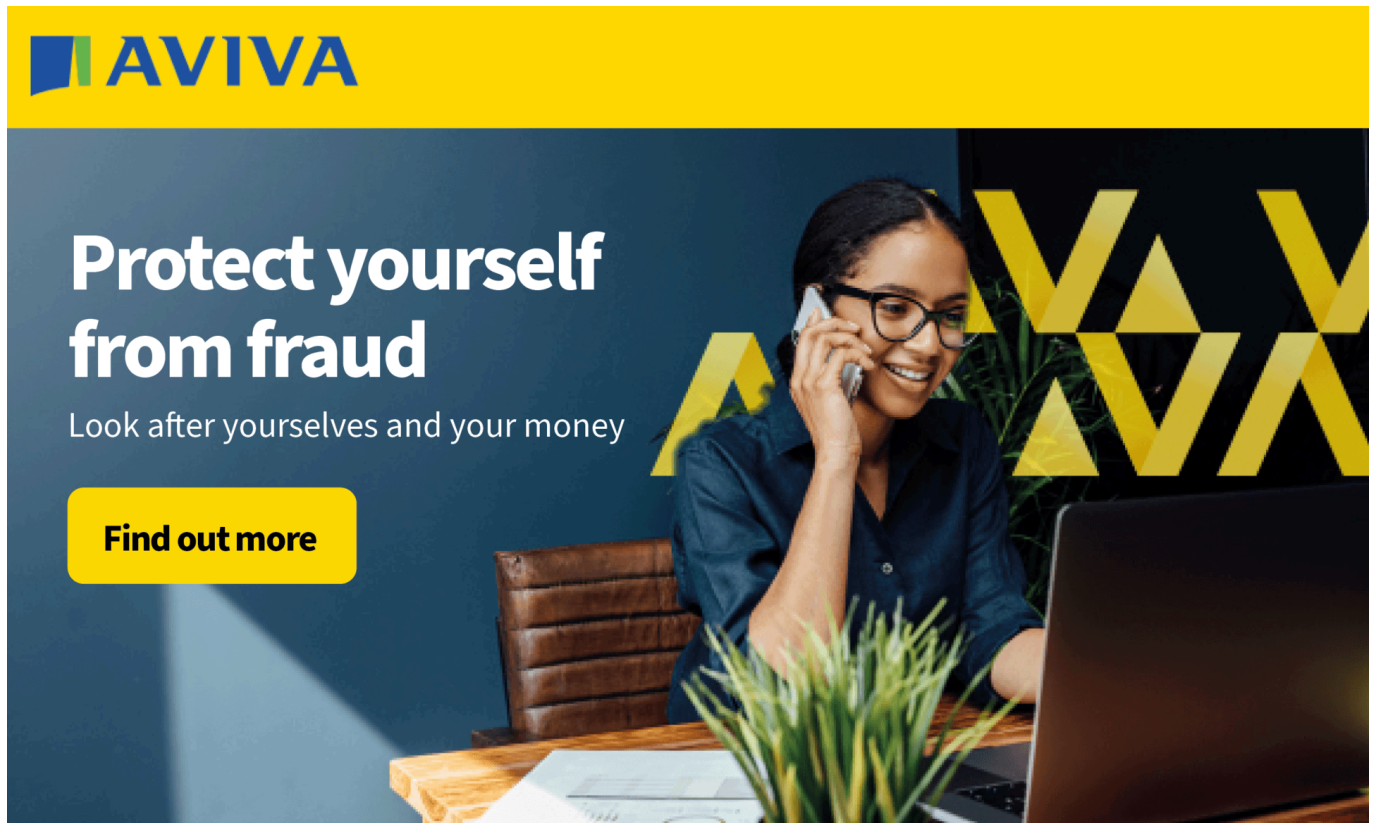
We have also seen the guides which Aviva issue to explain their default investment funds and their range of stewardship funds. Again, these are well set out and clearly illustrated.

Communication item	Our View
New member joining pack	✓
Annual Statement	✓
Leaver's letter	✓
Early retirement "wake up" package 50	✓
Early retirement "wake up" package 55	✓
Coronavirus keeping you informed communications	✓
My Future default investment guide	✓
My Future Focus default investment guide	✓
Stewardship investment guide	✓
Investment Pathways content – retirement wake up packs	✓
Investment Pathways – website content	✓
Investment Pathways – helpline scripts	✓
Investment Pathways – key features and terms and conditions*	✓

A new suite of literature will be rolled out throughout 2020. We have asked to see copies of some core documents such as joining packs, retirement wake up packs and transfer documentation and hope to be able to provide more commentary on the success of the project next year. We are content that Aviva is taking your feedback into account and any improvements to communications is a good thing.

Note that key features and terms and conditions are heavily regulated, and we do not feel that we can propose changes to these documents.

In 2020, over 1.3 million digital communications were issued to members in relation to the Covid-19 crisis. We reviewed these communications and found them to be clear and on topic. They were also rated as the best Covid-19 related communications for any FTSE 100 company by McKinsey.

An advertisement for Aviva featuring a woman with glasses talking on a mobile phone while sitting at a desk with a laptop and a potted plant. The background is dark blue with large, stylized yellow 'V' shapes. The Aviva logo is in the top left corner.

AVIVA

Protect yourself from fraud

Look after yourselves and your money

Find out more

Access to communications

Nearly 1.5 million of you are now registered on MyAviva, either online or via the App – that's around 40% of all workplace members. Of those, 53% used the online service over the year – that is a significant number and we believe this demonstrates a good degree of engagement. In total during 2020, Aviva recorded over 15 million logins online or via the App. Aviva is continuing to encourage members to sign up to the service as they digitise many of their communications making them easier to access.

Aviva uses technology to create segmented customer journeys which ensures that you receive communications relevant to you depending on whether you are at the start, mid-point or end of your retirement journey. For example, as you move closer to retirement, you can access videos aimed at members aged over 55 and which help to explain pension freedoms.

Vulnerable customers are now carefully considered during the design of communications. Areas such as ease of access to websites and the availability of certain material in Braille or large print are all now considered by the communications team.

Independent member research

Aviva has shared some independent research with us which gathered the views of over 5,000 customers in relation to communication and engagement. The headlines from this research show that:

- **54%** of respondents considered themselves knowledgeable or very knowledgeable about their workplace pension or pensions in general
- **47%** knew the exact level of their employer's pension contribution with a further 42% having an approximate idea
- **80%** read all, or some, of the communications Aviva sent them but one in five either didn't read it or don't recall receiving it
- **86%** of respondents prefer to receive communication by email

- **73%** of people said they view their pension account online at least once a year, with a quarter checking it at least monthly. 91% of those find the online information useful or very useful.
- **The key worries** members had about their pension savings were that they didn't know whether they were on track with their planned retirement income, didn't have sufficient pension savings for a comfortable retirement or didn't know how to invest their pension to get the best return
- **66%** of people felt that ESG is important or very important in relation to how their pension was invested. The top three ESG related priorities were addressing climate change, reducing pollution, and creating renewable energy.

Following the research, the following considerations were recommended for Aviva:

- 1.** There are strong levels of awareness of Aviva being the pension provider, possibly allied to the strong levels of MyAviva membership. Knowledge is at fairly good levels but there is scope for improvement, particularly among lower affluence groups
- 2.** Members generally believe they should be receiving more communications than they currently do. Aviva could be sending communications twice per year
- 3.** There is a real opportunity to target younger segments with communications that educate them about pensions more broadly and tying this to how to make the best pension investment choices and track the performance of their pension

4. Those with modest means represent a key segment in that they are approaching or have reached the 'at retirement' stage, but they feel least knowledgeable, despite hankering for more regular communications. Pension information needs to be more accessible for them

5. Aviva needs to better utilise its online provision. Members want to, and have engaged with, their pensions online, but the information via these portals could be more useful. Most segments want to keep track of their pension and this is a good vehicle

6. ESG is clearly not top of members' minds in relation to their pension. Most agree with the underlying aims/premises, with the environment being a key motivator. However, their drive to consider ESG for the pensions is not typically at the expense of returns.

We will be discussing the findings of the research in more detail with Aviva over the coming months to understand how they are taking these recommendations forward.



Member engagement

We see engagement as critical to ensuring that you keep up to date with your pension and understand how your choices and actions can potentially improve your retirement outcomes. This becomes even more important during uncertain times and we have seen a number of activities undertaken by Aviva to keep you updated with topical communications during the pandemic. They were quick to launch a coronavirus member and employer hub to keep you updated with news and provide answers to frequently asked questions. Over 6,500 of you attended a series of Covid-19 webinars.

Earlier this year, we met with members of Aviva's marketing team to look at their engagement campaigns throughout 2020. By targeting members at certain times during their retirement journey, they are able to tailor communications and digital content to make it appropriate to you when needed.

Campaigns during the year concentrated on the impact of Covid-19 and pension scams, making members aware of their options and the risks to their pensions savings by helping them to stay alert to scammers. Online communications also focussed on tax year end matters and pension consolidation. They used intelligent marketing technology to generate timely communications to new members and to those leaving their employer. Over the course of 2020, Aviva issued well in excess of a million engagement communications to you and we continued to see these numbers rising in the early part of 2021.

The number of you using MyAviva – Aviva's online tool for accessing all of your Aviva products – has increased significantly. This allows you to view and manage your pension online, update your details and gain access to a wide range of educational material and tools (including a retirement projection modeller) so as to better plan for retirement and this includes information on the funds you are invested in so you can change these if you wish. It is a valuable engagement tool and simple to activate.

In addition, more of you have access to MyAviva via an app than was the case a year ago and we are keen for Aviva to continue to roll this out to even larger numbers of policyholders and to increase the app functionality so that it fully replicates the on line experience. This will facilitate further engagement and allow Aviva to better tailor and segment communications so that you receive appropriate updates, suggested actions or “nudges” at the right time.

Financial education

Aviva's Financial Education Team runs a number of valuable engagement seminars to educate members in various areas of retirement planning. We have attended a number of these sessions and found them very rich in terms of content with simply explained terminology, good interaction with participants and very useful post-event communications providing links to additional material.

One of the benefits of running these sessions virtually is that the team can reach more people. In 2020, they saw a 21% increase in the number of attendees but with almost 30% fewer sessions being held. Many employers have fed back to Aviva that they very much prefer these online learning sessions to worksite presentations, and it will be interesting to see how new ways of working are adopted going forward.

Their core sessions are aimed at target audiences:

- Pre-retirement seminars open to all members aged 55 or over.
- Mid-life seminars aimed at the growing population of over 45's which includes a section on health and wellbeing.
- Seminars aimed at younger members promoting greater awareness of pension savings and the importance of saving for retirement on a regular basis and from the early years of your career.

They also offer a series of seminars covering generic matters such as pension basics, investments, managing your pension online, the pros & cons of consolidating pension plans and how to transfer a pension. Feedback from members attending these sessions has been consistently high throughout the year with 93% of attendees saying they would recommend to a colleague.

If you are unable to join these sessions, Aviva provides a targeted marketing campaign which gives you access to recordings of these sessions when they are relevant to you. **We would encourage you to consider viewing these sessions if you are able to do so.**

Aviva Financial Advisers

The Aviva Financial Advisers team has seen significant change this year, both in the areas which they advise on and the way they charge for this service. In previous years they have only advised on your pension savings in accumulation and at retirement. They now look at all of your savings and assets when giving advice to give you a more complete picture of the options open to you.

All advisers are salaried – they receive no incentive to provide advice which may generate additional income for them and so there is no risk of a “hard sell” to you.

We fully appreciate that many members will not have experience in seeking financial advice and may be put off doing so as it can appear expensive, but research has shown that members who take advice are generally better off in retirement with 20% more assets and nearly 18% more income. Aviva’s fee structure is now split between a percentage of the assets to which your advice applies and a fixed fee for the report the adviser will provide you with. That fixed fee is higher for defined benefit (DB) advice than it is for defined contribution (DC) advice. However, the DB advice fee includes any advice required for your DC pension assets. All DB advice is independently checked for suitability providing what we believe to be a suitable control.

The advisers are required to take into account any customer vulnerabilities and will need to evidence that these have been considered before advice is given. There is a focus here on whether any coercion or family related fraud is apparent, and all advisers are required to undertake financial crime high risk role training. All advice cases where vulnerable customers have been identified are pre-sale checked regardless of the experience of the adviser.

We are confident that the Aviva advice proposition offers good value and that the controls in place ensure that inappropriate advice is not given. We have been provided with a comparison of charges between Aviva and other providers and are happy that their charges are competitive and reasonable when compared to other providers. This is particularly true for larger pots.



Product Design and Suitability

Product design and suitability

To ensure that all products are performing as they should, deliver, as far as possible, the outcomes promised to customers and benefit from modernising developments, Aviva operate a product governance framework which identifies and fixes issues and ensures that customers are compensated for any loss. A regular review of all products is undertaken which aims to ensure that customers are receiving the best experience throughout the life of their product and at retirement.

Last year, we reported on a number of “risk events” which had the potential to cause customer detriment. When identified, Aviva carry out a root cause analysis and identifies all customers impacted by the risk event. We are pleased to note this year that the number of events has once again reduced, from 26 at the end of 2019 to 22 at the end of 2020, 18 of which already have resolution in progress.

During 2020, Aviva paid out over £4m in remediation to customers and so it is important for them to identify

risk events quickly, and to resolve any issues in a timely manner ensuring the amount of remediation does not continue to grow. Last year, we voiced our concern that the number of risk events which had not been resolved after 12 months was relatively high. That number has reduced in 2020 and Aviva have plans in place to reduce the number to zero in 2021. We will keep matters under review and expect to see further reductions in the number of open risk events throughout the year.

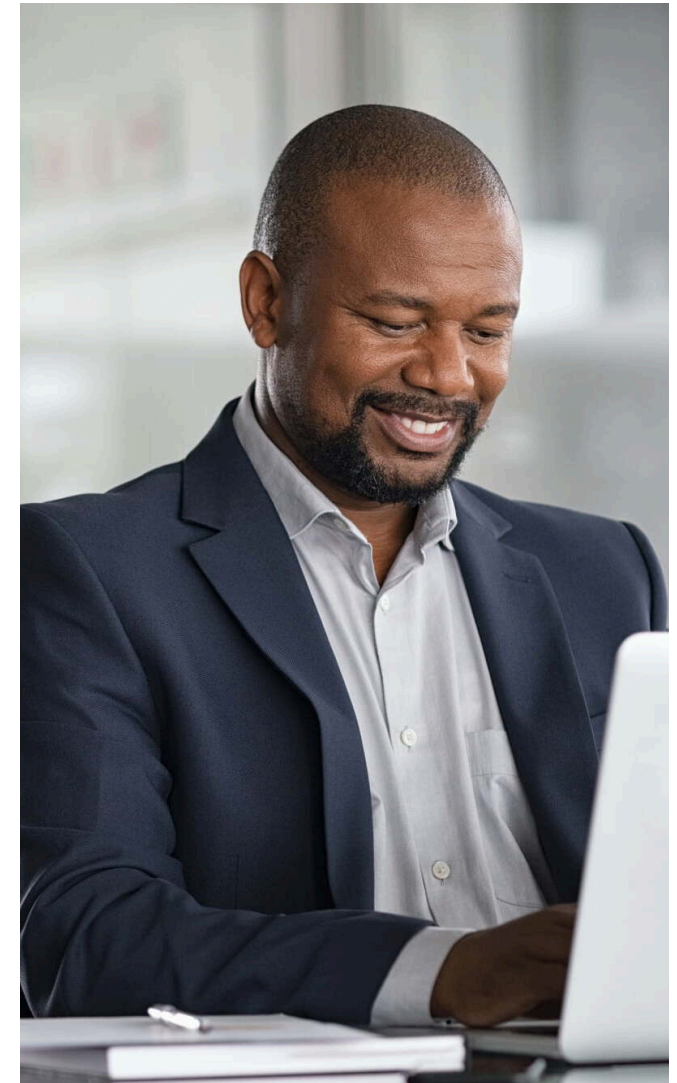
Product improvements

Aviva's workplace pension proposition is constantly evolving. That might be because of changes to regulations but also to take opportunities to enhance the customer experience.

In 2020, a number of improvements and enhancements were delivered. Due to the pandemic, the amount of change was less than Aviva set out to deliver at the start of the year. Whilst this was understandable as resources were diverted to support customers through difficult times, we were pleased that a number of product improvements were delivered, including:

- Improvements to automation to reduce end-to-end delivery times and first point resolution for members.
- Integration of enhanced digital functionality for more policyholders to improve the overall member experience.
- Increased support for members to helping them make improved investment decisions. This includes the ability to invest drawdown funds differently to their remaining accumulation funds.
- MyAviva single "sign on" allowing members to access their pension through a third party's platform, such as their employer's flexible benefits platform creating more opportunities for engagement.

As the financial and people impact of the pandemic is better understood, it will allow Aviva to accelerate their 2021 delivery of new features, and we will report further on this next year.





Investment Pathways

The FCA Retirement Outcomes Review (ROR) expressed concern at the large proportion of members who were not taking advice at the time of starting to withdraw pension funds and, in particular, those placing their money in cash when they took income using drawdown. The FCA introduced four Investment Pathways (“Pathways”) that these members (referred to as “non-advised members”) are able to select from once they have decided to commence drawdown.

In February 2021, Aviva launched a series of funds aligned to these Pathways. These are designed to provide customers with a choice of where to put their money when they take their retirement benefits and are broadly based around the pension options open to them. The FCA now require IGCs to undertake a Value for Money assessment of these new funds.

This report only covers the period to 31st December 2020, and so we will not be reporting on the launch itself, nor how many customers have chosen each of the four Pathway Funds until next year.

We spent a significant amount of time, as required, assessing the design of the Pathways from a Value for

Money perspective. This covered investment make-up, costs and charges and the communications issued to members to explain their options. Separately, if your employer is advised by Mercer you are likely to be invested in a Mercer Workplace Savings product, and so we were also required to undertake the same assessment for Mercer’s Investment Pathways.

What are the Pathways?

The aims of the four Pathways are broadly aligned to options available when people reach retirement. These options are common to all providers of Pathways and are not unique to Aviva, and so the Mercer Pathways also reflect these aims, albeit that the mix of assets may differ between Aviva and Mercer:

Pathway 1: I have no plans to touch my money in the next 5 years (Do nothing). It aims to provide an appropriate balance between growth and risk through exposure to a range of asset classes, that can include, but is not limited to, equities, fixed interest, cash and property.

Pathway 2: I plan to use my money to set up a guaranteed income within the next 5 years (Annuity). The fund will predominantly invest in UK Government and Corporate bonds.

Pathway 3: I plan to start taking my money as a long-term income within the next 5 years (Drawdown). It aims to provide an appropriate balance between growth and risk through an exposure to a range of asset classes that include, but is not limited to, equities, fixed interest, cash and property.

Pathway 4: I plan to take out all my money within the next 5 years (Cash). It seeks to achieve a positive return (before charges) by investing primarily in fixed interest and money market instruments.

Pathway Investment design

To meet the stated aims and objectives, Aviva and Mercer have designed Pathway solutions which uses their own underlying investment funds. These are broadly similar in their construction. The rationale for the investment solution and design was based on both the objective of the Pathway and the customer requirement. These were as follows:

	Pathway 'objective'	Customer requirement	Investment requirements
Pathway 1	I have no plans to touch my money in the next 5 years	Continue to grow the value of my savings while not exposing my savings to excessive risk (volatility)	Combination of growth & defensive assets. Volatility at appropriate level to minimise the impact of downside risk
Pathway 2	I plan to use my money to set up a guaranteed income (annuity) within the next 5 years	Focus on aligning my savings with purchasing an annuity	Assets that are broadly correlated with annuity prices
Pathway 3	I plan to start taking my money as a long-term income within the next 5 years	Continue to grow the value of my savings while not exposing my savings to excessive risk (volatility) to support likely income needs	Combination of growth, higher yielding & defensive assets. Volatility at appropriate level to minimise the impact of downside risk
Pathway 4	I plan to take out all my money within the next 5 years	Focus on preserving the value of my savings, reflecting the fact that I may decide to take all of my money out at any point during the next 5 years	Liquid, short-term money market instruments / bonds, short duration and low volatility
Pathway 1	I have no plans to touch my money in the next 5 years	Continue to grow the value of my savings while not exposing my savings to excessive risk (volatility)	Combination of growth & defensive assets. Volatility at appropriate level to minimise the impact of downside risk

Aviva Analysis

Aviva carried out some analysis of how members had been taking their benefits over the last few years in terms of type of options chosen, age that they took benefits and so on. They built the Pathways taking account of the different views that members might have towards risk and their desire to seek good investment returns. They carried out modelling around the possible outcomes that members might receive, and the level of risk involved with each Pathway to check that they were appropriate.

Aviva also sought external independent views on the appropriateness of the Pathways from a firm specialising in combining actuarial knowledge, asset modelling and risk management. They concluded that each of the Pathways was appropriate and efficiently reflected the aims and objectives of each Pathway. The IGC received all reports and discussed these with the external firm and agreed with the conclusions. We will continue to assess the suitability of the Pathway design as we learn more about member behaviours.

Analysis of member behaviours since 2016

Example member behaviour		2016	2017	2018	2019
No income	Pathway 1	49%	49%	54%	69%
Annuity	Pathway 2	1%	1%	1%	0%
Multiple taxable income	Pathway 3	17%	17%	13%	7%
Single taxable payment	Pathway 1 or 3	11%	12%	17%	16%
Full encashment	Pathway 4	16%	16%	12%	6%
Transfer out	Pathway 1, 2 or 4	7%	5%	4%	2%

Investment Pathways Costs & Charges

When Aviva first shared their proposals for Pathways with us, they explained that the costs and charges structure was broadly split into four different propositions:

- modern pension products, including workplace pensions
- older pension products
- Aviva's Online Investment Services (OIS)
- Aviva's Adviser platform

The OIS and Adviser platforms do not offer workplace pensions, but as they offer Investment Pathways, we need to include them in our assessment.

Charges are set at different levels for each of these areas for Investment Pathways due to the nature of the proposition and the cost of operating the platform and the investments.

When we were first presented with the proposed charging structures, we challenged Aviva to reduce these in areas where we felt they had not accounted for the suggestion by the FCA that firms should use the 0.75% per annum charge cap as a guide to what value for money might look like. Charges ranged from a low level up to 1.1% per annum, but for some products also included a monthly or fixed charge for members entering drawdown.

We asked Aviva to reconsider these charges in light of our challenge and they came back to us with a simpler and more appropriate charging structure. We have set out below the original and revised proposals for each of the four propositions outlined.

We are happy that Aviva took on board our challenge and made significant improvements to the charging structures. We view these positively, particularly as members in modern products, which represent the majority of members, will never pay more in a Pathway than they are paying in their workplace pension.

At the time these charging levels were agreed, there was little or no evidence of how they compared with competitors. Now that Pathways have been launched, we will let you know how they compare with charges being made by other providers in our report next year.

Proposition	Original charging proposal	Final proposal
Modern	An average charge to members of 0.6% but could exceed 1%	A range of charges capped at a maximum of 0.75%
Older	A range between 0.55% to 1.1%. Additional fees ranging from £4.12 per month to £205 per annum	A range between 0.5% capped at a maximum of 0.75%. All additional fees removed.
OIS	A maximum of 0.6% for all customers	A maximum of 0.55% for all customers
Adviser	A maximum of 0.6% for all clients	A maximum of 0.50% for all clients

Investment Pathway Communications

Aviva has issued new communication material, or updated existing documents, to ensure members are aware of Investment Pathways, what their aims and objectives are and what they can do if they wish to enter a Pathway. We reviewed a number of documents and communication materials and made suggested changes to Aviva which they have adopted.

We found the documents to be clearly written and illustrated. The website Aviva has designed for the OIS and Adviser platforms is simple to navigate with clear instructions and the appropriate risk warnings are in place.

At relevant points in the journey, Aviva remind members that they do not have to remain in the same Pathway. If their circumstances change, they are able to switch to a more appropriate Pathway. There are reminders that financial advice should be taken for key decisions, and we are happy with the telephone triage service they have implemented which clearly explains options, risks and the investments designs themselves. We are happy to say that Aviva's Investment Pathways communications are fit for purpose and that they take your interests into account in their design.



IGC Conclusion

We have assessed Aviva's Investment Pathways and feel that, based on what we know so far, they offer Value for Money and that the designs are appropriate for the objectives of each Pathway solution. We will make a more thorough assessment next year when we have evidence of how the costs and charges compare with other providers. There has been a significant change to member behaviour over the past few years. We will continue to monitor member behaviour patterns around the choice of Pathways and the extent to which members change their decisions. We will seek feedback and management information from Aviva so that we can look to ensure that the investment design of the Pathways remains appropriate.





Product Costs and Charges

Modern products

For the 95% of you invested in a modern product, you continue to benefit from lower charges.

Anyone who has been auto enrolled into their employer's pension scheme will benefit from the regulatory charge cap of 0.75% per annum which applies to your employers chosen default investment fund. In reality, the majority of you pay less than this, and you can see the distribution of the levels of charges members pay in the next section of our report.

Around 3.5 million of you will pay less than 0.75% per annum in charges each year. However, Aviva brought to our attention this year that there are some members, around 14,000, who were invested in a workplace pension before this charge cap was introduced and retain charges higher than 1% per annum. It's disappointing that we have only recently been made aware of these cases and have ensured Aviva will take swift action to reduce charges for these members to a maximum of 1% per annum.

We have examined how Aviva monitors the charge cap to ensure that changes to fund expenses do not take the cost of the default investment solution above the cap. For Aviva's own default funds, this is monitored automatically and any charges in excess of 0.75% per annum are rebated back to the member. For bespoke defaults – those designed by your employer or their adviser – the levels of charge are set with a buffer of 0.05-0.1% per annum to reduce the likelihood of a breach. In some instances, this may require a fee to be paid by the employer to reduce the overall charge.

There are regular Management Information reports for all default funds to retrospectively check that the 0.75% per annum charge cap has not been breached. In the event that these bespoke funds breach the cap, excess charges will be rebated to members. We are satisfied that this process is working and that the risk is adequately managed.

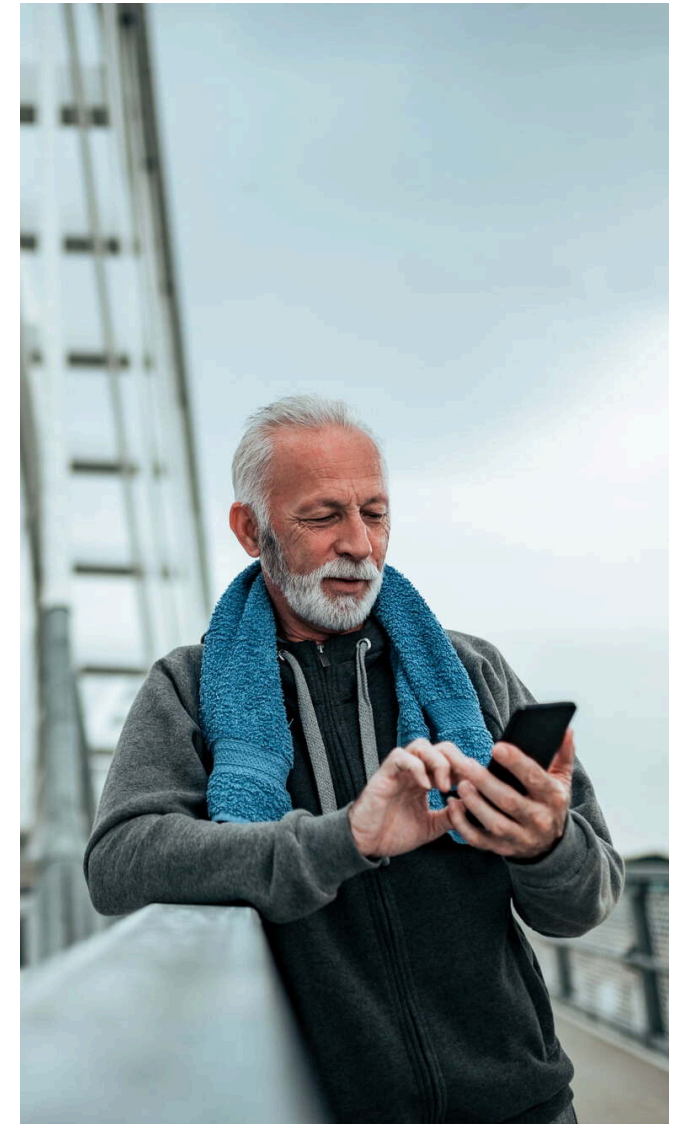


Members in older products

Aviva has a range of products that has evolved over time. Generally speaking, older products are those which are not used for auto-enrolment and were started before 2001. Older products have features and charges which do not exist in newer products and we have sought to understand and challenge the differences. In total there are around 5% of members in older products.

In our previous reports we have reported on complex and outdated charging features which apply to older products. Over the years we have seen significant progress in reducing these charges, largely based on our challenges to Aviva. This includes the removal of monthly policy fees for most members, the removal of penalties applied when members stop contributing, and the removal of higher charging units for older policies.

We are pleased to see that Aviva has finally completed the exercise to remove all the higher charging units and exit fees for all members. Over 190,000 customers have benefited from this change including members not in our remit. This means that nobody in an older product will pay more than 1% per annum in charges. The only exception to this is for a relatively small number of members who are invested in products which could not be fixed due to the complexity of the IT systems used. Where that is the case, when a member takes benefits or retires, Aviva will calculate the level of charges above 1% per annum paid since January 2017 and reimburse these costs before paying benefits. As at the end of May 2021, 1,600 policies have been reviewed on exit of which payments were made to 730 customers with an average of £100 being reimbursed.

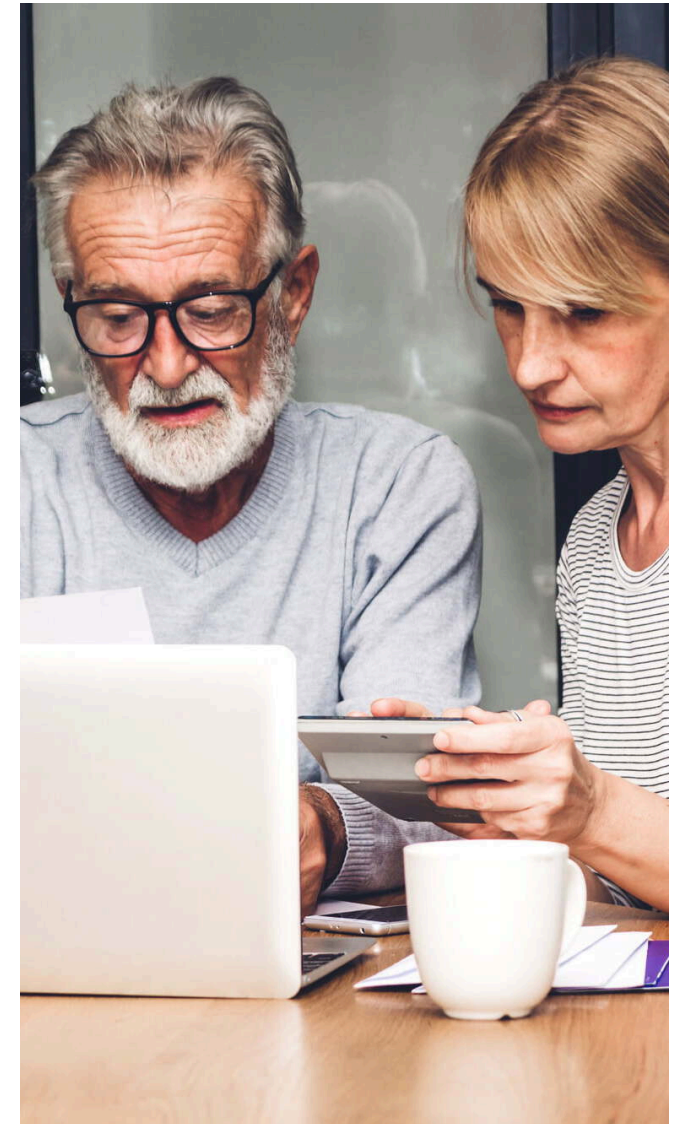


Customer Transfer Programme

In our last report, we put significant weight behind a programme which had just started to look at the feasibility of moving members in older products to more modern contracts with lower charges. We were looking for this exercise to be undertaken swiftly and are aware that Aviva dedicated significant resources to these early investigations.

The FCA has stated that they would not object to members being transferred without consent provided that three criteria are met. Aviva would have to:

- guarantee that customers would be no worse off following any transfer, and provide an extended “cooling-off” period for customers during which they can opt-out of the transfer and reinstate their original policy.
- extend telephony support for members in their new product so that they get the same level of service as they received in their older product after they have transferred.



Many members in these older products hold investments in With Profits funds (around 35%). These funds are generally not available in modern contracts, certainly not within Aviva. Historically, these funds have provided generous returns which have outperformed the balanced managed fund (the largest fund measured by assets under management available as an alternative investment choice). While future distribution of any With Profits bonuses cannot be guaranteed, it would be extremely difficult to guarantee that these members would be better off by moving to a modern contract from an investment point of view.

10% of members have the potential to receive a loyalty bonus by continuing to invest in their existing policy. Any move to a new policy would mean that this bonus would be lost. There are also around 10% of members who hold guarantees such as a guaranteed annuity rate which provides a promised minimum rate at which the member will be able to convert their pension pot into income.

Overall, Aviva has identified 68% of members holding at least one of these features in addition to telephony support which makes a transfer without consent difficult to justify as guaranteed to be “no worse off” following transfer. Of the remainder, Aviva is actively engaged in an exercise to look at “small pots” and establish if there is anything that can be achieved for almost 300,000 customers. Aviva defines a small pot as a total investment of £3,500 or less for the purpose of this exercise, although this amount is flexible and may be increased in the future.

At the time of writing, the results of these investigations have not been completed but we hope to be able to report further in next year’s report. That leaves around 23% of customers (around 40,000 members within our remit) not holding a valuable feature, and not within the small pots exercise. We may ask Aviva to look at this portion of the membership although we appreciate that the same legal barriers and contractual considerations may still apply. As an alternative, Aviva wrote to 1,500 members identified as suitable for a transfer offering them a move to a new product but only if they provided positive consent.

Only 5% responded and took up this offer.

So, in summary, the proposed customer transfer programme has proved challenging and efforts to encourage members to move to a new product have generated very low success rates. This is also reflected in the retirement journey where Aviva writes to members approaching age 55 making them aware of the availability of alternative products. The response to these campaigns generates only a 2% uptake where there is no assistance from a financial adviser, or 170 of the 8,000 members who reach their retirement date each month.

We will continue to monitor engagement in this area and challenge Aviva to continue to do as much as they can to encourage members to review their policy themselves and take advice.

IGC Conclusion

The removal of exit fees means that any barrier you may have had to moving to a product with lower charges and additional features has also been removed. This could help you assess whether to consolidate your pension pots into one policy, particularly where you have a number of small pots. This is something we consider good practice, although care should be taken that you are not giving up valuable benefits like loyalty bonuses or With Profits investments which you may not be able to replace in a more modern product. Should you be considering consolidation you should seek financial advice.

We would like to see charges in older products reduce further but accept that this is both commercially and technically challenging. For the time being we have accepted the Aviva position that a maximum level of 1% per annum is acceptable and provides value for money but we will keep this under review because this has remained the maximum level deemed acceptable for some time now.

The FCA is currently considering new legislation aimed at non-workplace pensions and we will consider these new rules, expected later this year, and how they compare to the rules in relation to those products in our remit. Also, more information on charges for other pension providers should be available in July 2021 IGC reports to assist in comparisons in future years.



**How safe is
your money?**

How safe is your money?

Like all major organisations, Aviva is constantly under threat from cyber criminals whose sole purpose is to make money out of their illegal activities. You will all have seen in the news that several large organisations have failed in their attempts to deter and repel cyber-attacks and have had significant amounts of their customers' data stolen.

We met with members of Aviva's Chief Information Security Office (CISO) who have the ultimate responsibility to ensure that your data and your investments remain safe. They see the threat of cyber-crime as a constantly evolving risk as the criminals come up with new methods of disrupting businesses. CISO works with external experts to better understand the threat and these experts regularly test the resilience of Aviva's security controls. Independent assessment has rated Aviva in the top quartile when ranked against other insurers.

All Aviva staff are tested regularly to ensure they are alert to threats. They receive regular "phishing" emails from CISO and are required to recognise them as potentially dangerous and report them as such. Staff failing to recognise these emails are given additional coaching to remind them of how to recognise dangerous and fraudulent emails.

As a further precaution, members of staff who process financial transactions involving the payment of money out are not able to make payments without them being authorised by someone more senior and experienced. This process is tested under the AAF audit undertaken annually and has been found to be robust.

Aviva has been around for a long time. They have been operating in the UK for over 300 years and are the largest provider of workplace pensions with over 30,000 employer schemes, 3.5m members, and assets in excess of £70bn. They are regulated by the FCA and also by the Prudential Regulation Authority (PRA) who authorise them to conduct business in the UK.

The PRA requires Aviva to hold certain levels of reserves to enable them to pay out claims in the event of extreme emergency. Aviva currently holds 136% of the assets needs to meet this requirement and so are well placed to meet their regulatory obligations. While this level is lower than last year, it is still substantially in excess of the required cover ratio.

In conclusion, we are happy that your data and your assets are in safe hands and that Aviva is a well-established, strong provider who will safeguard your interests.



**Progress on
2020 priorities**

Progress on 2020 priorities

In our last report, we set out a number of priority areas where we expected to see progress in 2020. Many of these areas have progressed well but, for a variety of reasons, a number of initiatives have been difficult to deliver.

Aviva's ESG Policies

We have had substantial engagement with Aviva in relation to their recently published policies on ESG and Stewardship. They have set ambitious targets for both their policyholder and shareholder investments and for their operations to be net zero carbon by 2040. We are satisfied that Aviva has made significant progress to integrate ESG considerations within their default investments and that they have demonstrated active engagement with investment managers to influence their decision making. This is a continual process given rapid developments in investment management ESG integration.

Customer Transfer Programme

We wanted to see an increased pace in moving customers from older products to new contracts with lower charges and potentially improved facilities. As we have highlighted in our report, investigations by Aviva

into both the legal and practical issues surrounding the changes have concluded that the transfer programme cannot go ahead. While disappointing, further reductions in charges for members in older products alleviate some of our concerns. Aviva is now looking at other initiatives.

Higher Charging Units and Exit Charges

We are pleased to see that the exercise to remove higher charging units has now been completed. This has the added benefit of removing exit charges leaving members the option to find alternative without reducing the value of their pension pot. We encourage members to consolidate their pension pots should they be able to do this without giving up valuable benefits. We are grateful to Aviva's Conduct Committee for agreeing these changes and appreciate that this has come at a considerable financial cost.

Online Experience

We have seen an increase in the functionality provided to workplace pension members and a significant increase in those of you registered with MyAviva allowing you to better manage your pension online. We will continue to encourage you to register with MyAviva, either online or via the app, allowing greater engagement with your pension.

Member Research

We told you last year that Aviva had committed to a piece of member research to get the views of savers as to what they feel represents value for money. The planning for the survey was completed at the start of 2020 with an intention to mail c150,000 members. When the pandemic hit, it was decided, rightly in our view, to postpone the mailing. We will be engaging again with Aviva this year with a view to undertaking

this important research in the near future. This is very much a postponement and not a cancellation.

Member Engagement

We have seen an increase in engagement activity in the last year. More of you have attended webinars run by Aviva's Financial Education team, and there has been a significant increase in the number of you registered for online services. Aviva has engaged with over a million of you during the pandemic to keep you updated and informed, particularly on how to spot and avoid pension scams during the pandemic. We continue to believe that engagement is vital to improve your retirement experience and are encouraging Aviva to do more.

Communications

Under new FCA rules, we have given greater scrutiny to Aviva's communications, both at the outset of your relationship with them and pre- and post-retirement. We are satisfied that their communications are well written and aim to engage with you at critical stages during your retirement journey.

Investment Pathways

We have assessed the value for money of Aviva's recently launched Investment Pathways. This includes a review of the investments themselves, the costs you will pay and the communication material. We are satisfied that the Investment Pathways offer good value but will look more closely at this area in 2021/2022 when we have a better idea of how Aviva's Pathways compare with other providers and when we know more about how members access the Pathways to ensure they remain suitable.

Disclosure of Charges

To improve the transparency of the costs you pay for your pension, the FCA has asked us to disclose costs and charges relating to all of the schemes within our remit. This year we are required to disclose only those costs related to default investment funds, so if you have chosen to invest your pension savings in your own choice of funds you will not be able to see the specific charges relating to you – non-default investment costs don't need to be reported until next year. Aviva has shared all default investment charges with us this year, including transaction costs, and you can find further details within this report.

The Effectiveness of IGCs

We noted last year that the FCA had conducted a review into the effectiveness of IGCs. They issued a report on their findings last year which you can read on their website. They also wrote to all IGC Chairs and providers with specific feedback related to their findings. We are pleased to note that the specific and limited areas raised were noted and acted upon. More widely, the FCA raised concerns over the independence of some IGCs which does not apply to your IGC as we are the only fully independent IGC in the market. We feel that our effectiveness can be better judged by you. If you have any observations, feedback or comments, you can get in touch via our dedicated email at

[**IGC@aviva.com**](mailto:IGC@aviva.com).



**Priorities
for 2021**

Priorities for 2021

We have a number of further challenges this year which we would like to see progressed by Aviva. We will, once again, make allowances for the pandemic when assessing how successful Aviva has been in delivering their commitments. The following is not an exhaustive list of where we expect to see progress and will let you know how Aviva have performed in each of these areas.

Investment Pathways

Aviva only launched their Investment Pathways in February of this year and so we have no experience of how members have used the Pathways, and only limited information as to how they compare with other firms in terms of costs and charges. We will expect Aviva to provide suitable management information to enable us to make a full assessment of value for money. Should we believe that Aviva is out of step with other providers, we will make the necessary challenge to ask them to address any concerns we have.

ESG Matters

Aviva has undoubtedly committed to an ambitious plan to progress their ESG ambitions and become net zero carbon by 2040. That may seem a long time away but is ahead of most other firms' commitments and ten years earlier than originally committed to. While we praise

their commitments and ambition, we expect to see progress throughout the year and see the implementation of measures to assess the progress against their plans.

Servicing Improvements

As we come out of the pandemic, we will expect service levels to improve. We cannot criticise Aviva for how they have continued to support customers during the pandemic but as things start to return to normal, we will expect to see improvements across the board. We will monitor all areas throughout the year which will include key transactions, telephony, complaints and your feedback.

Costs and Charges Disclosure

The disclosure of costs and charges this year only includes default investment funds whether they be

Aviva's own defaults or those designed by your employer or their adviser. Next year brings a new requirement to disclose costs and charges for all funds which is a significant challenge for Aviva. We will be monitoring their progress in this area to ensure their delivery of these changes remains on track.

Independent investment advice

We will be discussing the findings contained within the independent consultant's report on Aviva's default investment funds in more detail throughout the year to understand more about how Aviva is considering their findings.

New FCA Guidance

We are soon expecting new rules from the FCA to tell us how to assess value for money. Their proposals are to make costs and charges, investment performance and service, which includes communications. We do not believe that this is a broad enough framework and will continue to assess other areas. The FCA has only recently extended our remit to include ESG and Investment Pathways and so to dilute our assessment now seems contrary to their proposed new rules.

Benchmarking

It is likely that new rules will require us to assess value against other providers using information that is publicly available. This is a challenge and will likely be a comparison between other IGC's reports. However, we are exploring also other sources of comparable information: to help facilitate this we have agreed to participate in a benchmarking exercise with Redington, an independent investment consultancy, which will allow us to compare Aviva's offering against other providers in a number of areas. The exercise is designed to compare certain groups of employers of similar size to understand if they could potentially receive better value elsewhere.



Along with other IGCs and providers, we have been in discussions with the FCA to talk about the practicality of delivering their proposed new rules. This relates to the disclosure of costs and charges which is likely to change significantly next year but could make IGC reports more complex. We await guidance from the FCA.



The Disclosure of Costs & Charges

The FCA published new rules in 2020 requiring IGCs to disclose the costs and charges paid by members invested in their workplace pension scheme default investment fund. From 2022, these rules will be expanded to all investment funds available to members in their scheme.

This year, the FCA is allowing IGCs to publish the range of costs and charges in one of two ways, rather than at individual employer level:

- disclose each set of costs and charges that they levy (and the number of employer schemes which have these costs and charges), or
- show the distribution of costs and charges by employer arrangement in some other way, for example by dividing the range of charges into deciles (i.e. without also disclosing the relevant employer or scheme details against the particular costs and charges)

We have chosen the latter approach for each Registered Pension Scheme which Aviva operates. You can find these at Appendix A.

If you are invested in your employer's default investment fund, you can see the specific charges you are paying by visiting the following website:

www.aviva.co.uk/retirement/schemecharges

You will need your policy number which can be found at the top of your Annual Benefit Statement or in other correspondence you received when joining your employer's arrangement.

The FCA will be providing clarification of their expectations for the publication of costs and charges next year and we will continue to work with Aviva to ensure that they provide up to date figures to us for our report next year.



Appendices

Appendix A - costs and charges at registered pension scheme level

The “Total Charge” in the table below includes the administration charge (the “Annual Management Charge, or AMC), the cost of your investment (the Fund Expense) and the transaction costs incurred by the default investment fund in 2020. Please note that the transaction costs are excluded from the regulatory charge cap of 0.75%.

Unisure – Group Personal Pension Plan (Aviva)

Total Charge	Number of employers	Number of active members
0.00-0.10%	0	0
0.11-0.20%	2	116
0.21-0.30%	72	6,416
0.31-0.40%	862	99,646
0.41-0.50%	1,506	130,991
0.51-0.60%	3,425	161,840
0.61-0.70%	3,010	96,694
Greater than 0.70%	13,450	228,308

BaNCS – Lamda Group Personal Pension Plan (previously AXA Sun Life)

Total Charge	Number of employers	Number of active members
0.00-0.10%	0	0
0.11-0.20%	1	61
0.21-0.30%	0	0
0.31-0.40%	1	70
0.41-0.50%	5	283
0.51-0.60%	5	279
0.61-0.70%	11	1,427
Greater than 0.70%	193	9,626

BaNCS – FL Group Personal Pension Plan (previously Friends Life)

Total Charge	Number of employers	Number of active members
0.00-0.10%	0	0
0.11-0.20%	0	0
0.21-0.30%	21	9,031
0.31-0.40%	110	63,538
0.41-0.50%	194	93,777
0.51-0.60%	270	142,377
0.61-0.70%	319	69,484
Greater than 0.70%	1,099	102,342

**MyMoney – Flexible Retirement
Account (previously Friends Life)**

Total Charge	Number of employers	Number of active members
0.00-0.10%	0	0
0.11-0.20%	1	30
0.21-0.30%	11	19,303
0.31-0.40%	40	40,764
0.41-0.50%	103	56,920
0.51-0.60%	122	35,956
0.61-0.70%	142	46,301
Greater than 0.70%	47	18,085



**About your
IGC members**

About your IGC members



Colin Richardson (Chair)

Colin joined the IGC (representing PTL Governance Limited) as Chair in July 2018 and has been one of the leading people in defined contribution (DC) pension governance in recent years. Colin has been on the Trustee Board of the Aviva Master Trust since 2014, chairing from 2015 to 2020, and has formerly been a member of other IGCs (Aegon and Blackrock) and other Master Trusts.

Colin also acts as trustee for several employer DC pension schemes and was Pensions Insight DC professional trustee of the year in 2017. He also acts as a trustee for defined benefit (DB) pension schemes and has helped construct new standards for professional trustees. Colin is an actuary who moved into pensions governance after 25 years in pensions actuarial work.

Colin has two children who now live away from home, and lives in Epping Forest although his work is based in many places. He enjoys reading, various sports, socialising and economics.



Robert Talbut (Independent Member)

Robert served as Executive Director and Chief Investment Officer for Royal London for 10 years between 2004 and 2014, developing an investment team which delivered outstanding investment performance during his time there.

He has worked in an executive capacity within the insurance and asset management industries for over 30 years and has directly managed various client portfolios both in stock selection and asset allocation together with overseeing the management of whole asset management businesses. Robert has a particular interest in how investment managers demonstrate added value over client benchmarks and how through good quality corporate governance processes they can hold corporate management to account. For the last few years he has developed a portfolio of non-executive and advisory roles covering asset management, insurance, pensions and charities.

Robert is married with four children, three of whom now live away from home with one still at university, allowing him more time to enjoy his interests which include travel, most sports and the theatre.



Marcia Campbell (Independent Member)

In all her roles, Marcia has pushed technology and simplicity to help employees understand and improve their pensions.

She is an independent non-executive director with over 30 years' experience in the financial services industry, with roles covering pensions administration, strategy, IT and operations. She is currently on a range of Financial Services company Boards in the UK and France, spanning banking, asset management and insurance. The main part of her executive career was with Standard Life plc, where she was a member of the Group Executive Committee.

Marcia lives in Edinburgh with her family and is actively involved in the local Women in Banking and Finance group, mentoring young executives and small businesses.



Ian Baines (Independent Member)

Ian is an experienced pension professional who has helped manage many workplace pensions plans for several large UK employers. He is currently head of pensions at Nationwide Building Society.

Ian and his team at Nationwide are passionate about providing a quality service to the trustee boards, stakeholders and pension plan members they support. At the heart of this is a desire to help pension members understand better and engage more with their pension savings so they can maximize their financial security at retirement.

Ian says, “the pension savings industry needs to be better at helping savers and for me this includes embracing technology to deliver regular, personalised and above all simple messages which nudge people to take action or which signpost sources of further information, help etc.”

Outside work Ian lives in the Essex countryside spending as much time with family & friends, walking his dogs and going to the odd football, cricket and rugby match.



Gurmukh Hayre (Independent Member)

Gurmukh has been in the pensions industry for over 35 years. He has worked with two leading pension providers and spent 28 years with KPMG advising employers and trustee boards on all areas of pensions including administration, risk management, investment and communications strategy.

He is now a professional independent trustee and governance advisor for both defined benefit and defined contribution schemes.

Gurmukh says he is “pleased to see that the pensions regulator is at last giving more focus and attention to defined contribution pension savings to ensure they deliver value and good outcomes for members”.

Gurmukh is a passionate cyclist in his spare time and enjoys coaching his sons to play decent Hockey.

Thank you for reading

Aviva Independent Governance Committee (IGC) 2021

