

**Assessing  
your Fidelity  
Workplace  
Pension**

The Independent  
Governance  
Committee's  
2020 report

Acting in your best interests





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## Executive summary

Dear pension plan member,

Welcome to your Independent Governance Committee's annual report for 2020.

It's been a full and busy year for us, and there has been progress in many of the areas we raised with Fidelity in our previous reports.

We're here to work in your best interests, and those of all members of Fidelity's workplace pension schemes, and to assess whether you receive value for money from your pension plan. We do this using the criteria set out in our Value for Money framework ([see separate Value for Money booklet](#)).

### The Value for Money framework

We are working hard on your behalf to assess in detail the value for money you get from Fidelity. As we explained in our 2019 report, this year we have focused on monitoring the changes made to Fidelity's systems and the developing digital experience, reviewing how costs and charges are presented, looking at the communications you receive from Fidelity and getting members' views on sustainable investment.

When we assess for Value for Money, we use the following criteria:

- The suitability of your pension plan's **investment strategy**
- The **costs and charges** you pay
- The level and quality of service that you receive – your **customer experience**
- The level and quality of benefits that you receive, compared with the contributions you make (**improving inputs for better outcomes**)
- The **security** of your investments

You can find out more about each of these criteria in the summaries at the start of the following sections.

After reviewing these areas, and comparing them with the charges you pay, we have concluded that, overall, Fidelity has met our expectations and continues to offer you value for money.

There are some areas where Fidelity has met or exceeded our expectations:

- There is a robust procedure and controls framework in place to ensure your funds are closely monitored and your personal data is secure
- The process for monitoring and reviewing default investment strategies is working well
- Members are at the heart of Fidelity's offering and significant progress has been made in improving service levels and process automation over the year

There are also some areas where we feel Fidelity has only partly met our expectations. We will be working with Fidelity in the coming year to enhance and improve your experiences. These areas are:

- Clear communications sent to you at relevant times, so you can make informed decisions about your retirement plans, with a particular focus on digital communications
- The availability of income drawdown in retirement
- Current contribution levels and how easy they are to change
- Communicating about costs and charges in pounds and pence

The Financial Conduct Authority (FCA) announced in 2019 that our remit would be expanded from 6 April 2020. This means that in 2020 we will be taking a close look at:

- Fidelity's policies on environmental, social, and governance (ESG) issues within investment choices and default strategies, member concerns, and stewardship
- The introduction of investment pathways in retirement and how they will link to Fidelity's default investment strategy, FutureWise

### Where can I find out more?

We have made a short video that explores the results of our value for money assessment. You can watch it [here](#).

In addition, you can also view last year's report, together with profiles of the IGC members [here](#).

### Changes to the board

Two of our independent members left the board during the year; Rachel Brougham in October 2019 and David Felder at the end of March 2020. On behalf of the rest of the board, Fidelity, and all our members, I'd like to extend our grateful thanks to Rachel and David for their tireless efforts on your behalf.

To fill the spaces on the board, we ran an open recruitment process in conjunction with Fidelity during the last three months of 2019 and have appointed Dianne Day and Gerald Wellesley. They bring a wealth of experience and expertise to the board, and their appointments will allow us to continue to put your best interests at the heart of everything we do. Welcome, Dianne and Gerald!

There was also a change to the Fidelity representation on the board, as Paul Mason resigned from the company. Paul is replaced by James Carter, Head of Pension Products and Policy in UK Workplace Investing. James has many years' experience in the pensions field and we have already benefited from his contributions. Thank you to Paul, for all your support in the creation of the IGC, and welcome to James.

### How can I get in touch with the IGC?

We are always delighted to hear from members, and we will use any feedback you give us to inform our conversations and proposed activities with Fidelity.

If you would like to get in touch with us, there are a couple of ways you can do this:

**By email:** [FidelityIGCchair@ptluk.com](mailto:FidelityIGCchair@ptluk.com)

**By post:** Fidelity IGC Chair, PTL, Park House, Park Square East, Leeds, LS1 2PW

We look forward to hearing from you.



**Kim Nash**  
Chair, Independent Governance Committee

April 2020

# Value for money

## Introduction

As Chair of Fidelity's Independent Governance Committee (IGC), I am delighted to present our annual report for 2020.

We were set up in 2015, after the Financial Conduct Authority made this a requirement for every insurance company providing workplace personal pension plans. We must have a majority that is independent of the pension provider, so of our five members, three are independent (including the Chair) and two are representatives from Fidelity.

Our job is to:

- Act independently of Fidelity
- Always act in members' best interests
- Scrutinise Fidelity's Group Personal Pension and stakeholder plans, to see if they provide members with Value for Money

This report gives you our assessment of Value for Money, along with an update on the improvements to your pension plan that we have been working on with Fidelity.

At the end of 2019, the IGC was looking across 185 Group Personal Pension and Stakeholder plans, representing the best interests of 276,000 members with £8.3 billion of retirement savings.

Each pension plan has been established by its sponsoring employer to meet its own requirements. This means there are different contribution levels and often different investment strategies being used, aiming for different types of retirement provision.

To assess whether you are receiving Value for Money from your pension plan, we monitor the performance of Fidelity and the companies managing the funds your pension savings are invested with. This is done against the criteria described in this report. We then use this information to challenge Fidelity when we identify ways to improve its service or products.

As we finalise this report in late March 2020, the coronavirus outbreak is having an impact on every aspect of our daily lives, including our finances. We have checked with Fidelity that your pension continues to be well managed during this challenging time. This includes answering your calls as quickly as possible and providing you with the up-to-date online information you need about your pension investments.

We can report that the restrictions we are all having to deal with as a result of the pandemic have not affected the administration of your pension. As an international organisation, Fidelity has benefited from the experience of its offices in China, Hong Kong and Japan, which were affected by the pandemic several weeks prior to the UK. We do not yet know the long term effects of the coronavirus on the economy and investment markets, but will continue to carefully monitor your Fidelity pension on your behalf throughout 2020 and beyond.

If you would like more information after reading this report, or have questions or feedback for us, please get in touch.

## Value for money

To be considered good value for money, we expect a pension plan to achieve certain standards. These standards are set out in our Value for Money framework (explained [here](#)), which was created with help from member feedback. This enabled us to take your interests into account.

We regularly check these standards to ensure they are still relevant and are stringent enough to make certain you are getting the best from Fidelity. We also review the features of Fidelity's pension plans against these standards, so we can see where Fidelity is performing well and where it needs to do more.

In determining value for money, we assess:

- The suitability of your pension plan's **investment strategy**
- The **costs and charges** you pay
- The level and quality of service that you receive – your **customer experience**
- The level and quality of benefits that you receive, compared with the contributions you make (**improving inputs for better outcomes**)
- The **security** of your investments

Following our assessment this year, and after examining each of these criteria, we have concluded that **Fidelity has met our expectations and continues to offer you value for money.**

The following pages explain how we have reached our conclusions. When assessing each section, we have looked to provide a view of how Fidelity has done against the expectations we had at the beginning of this review period:

- **Not met** – Where Fidelity has failed to meet our expectations
- **Partly met** – Where Fidelity has met some of our expectations, but we would like to see greater progress
- **Met** – We are happy that Fidelity has achieved the standard we expect
- **Exceeded** – Fidelity has out-performed our expectations



## Investment strategy

We expect you to have access to a good quality default fund, which is where your money will be invested if you do not make an investment choice.

This could be the Fidelity standard default called FutureWise or it might be one designed by your employer. We also want you to have a good range of other funds to choose from.

| What we look for:      |  |            |
|------------------------|--|------------|
| Investment strategy    | Standard fund that needs no decisions and is designed with the needs of members in mind  | Exceeded   |
|                        | Investment objectives are set, reviewed regularly and met  | Met        |
|                        | Option to choose higher-risk, higher-cost funds  | Met        |
|                        | Access to a range of funds   | Met        |
| Responsible investment | Environmental, social and governance factors (ESG)   | Partly met |
| Overall conclusion     | <p>We believe that Fidelity provides access to a wide range of good quality funds. FutureWise is performing well, and we are satisfied with the robust governance that surrounds it and the other (advised) bespoke default arrangements. We recognise the work that Fidelity has undertaken around ESG and we are particularly pleased with the response rate from our recent member survey. However, there is clearly more to do in this space and we will be focusing on that in 2020/21.</p> <p><b>We believe that Fidelity has met our expectations in this area.</b></p> |            |

## A good-quality default fund

### FutureWise changes

FutureWise is a default investment strategy that puts a member's pension pot into a range of appropriate funds during their working life.

Last year, we highlighted that Fidelity had made some changes to FutureWise. These were applied in the first half of 2019 to all pension plans that were established before 1 July 2018 and were using FutureWise.

In the same report, we spoke about older-style and bespoke default strategies. Where an employer had established a bespoke default strategy and was not receiving regular investment advice, we said Fidelity would move members using this default strategy into FutureWise. This allows Fidelity to ensure that all members are offered a default investment strategy that is governed and monitored on an ongoing basis to ensure it remains suitable and in line with regulations.

This project is underway and is due to be completed later in 2020. If you are affected by the transition, you will receive a letter explaining the changes and the points you need to consider, so you can decide if it is right for you.

Members who have chosen their own funds and don't have any assets in default investment strategies are not affected by this move but will have the option to choose FutureWise if they feel it is suitable for their retirement goals.

## Objectives are being set and met

### FutureWise

While we regularly review the performance and suitability of FutureWise with Fidelity as part of our governance, we also sought an additional assessment last year from an independent investment consultant, Redington. Our aim was to see if there were any aspects of FutureWise that required further consideration.

The investment consultant reviewed how the strategy had performed in the past and evaluated whether the strategy may deliver a good outcome in the years ahead based on their in-house investment assumptions. The analysis reviewed four stages in the glidepath of FutureWise against independently deemed criteria.

- FutureWise scored well on the forward-looking assessment, as well as across all parts of the glidepath.
- FutureWise also passed the backward-looking assessment. This also involved assessing the underlying funds within FutureWise against their benchmarks

This independent analysis has helped us conclude that FutureWise is meeting expectations. However, we will continue to monitor the strategy on an ongoing basis taking account of regulatory, market and economic developments.

### FutureWise performance

Although we're not responsible for setting the strategy that members invest in, we monitor default funds and wider fund ranges to ensure they are appropriate and perform well against their objectives. This covers employer-designed default strategies, FutureWise and all self-select funds. Overall, we believe Fidelity's approach to investment governance has exceeded our expectations

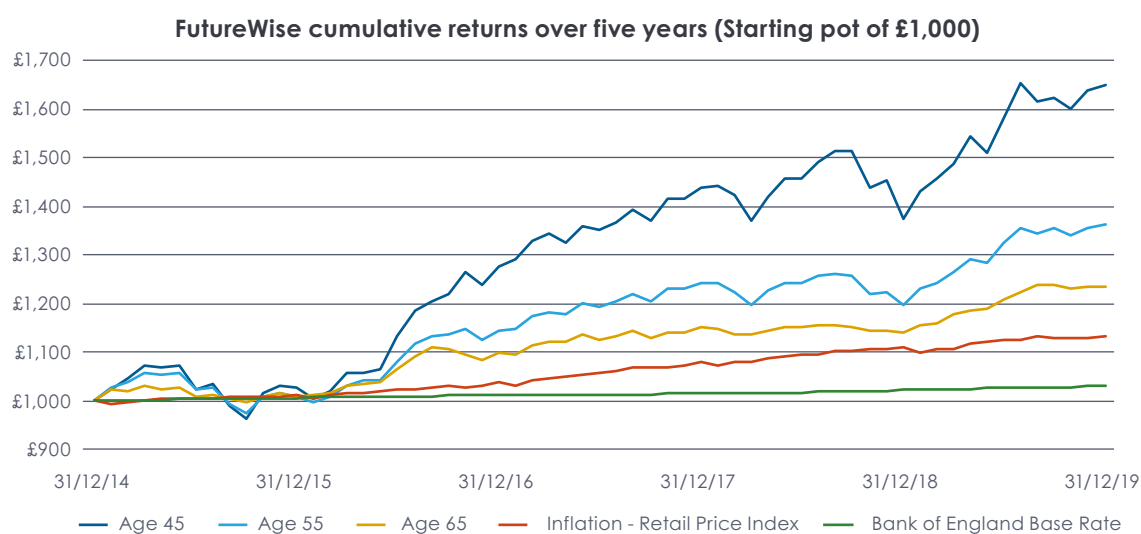


Over your working life, FutureWise takes what is known as a 'lifestyle' approach. In other words, during the early years of your working life, Fidelity invests your money in a way that has the potential for long-term growth. When you're closer to retirement, it aims to protect the value of your savings by gradually moving your money into more cautious investments. With FutureWise, this changeover starts to happen 18 years from your retirement date.

The table and graph show the performance of the FutureWise strategy over the last five years for different age groups. As the strategy was revised in 2018, some of these figures are based on underlying fund performance and back-tests, which we have highlighted below.

| FutureWise strategy – Returns to 31 December 2019, gross of fees |          |                              |                             |
|--|----------|------------------------------|-----------------------------|
| Age  | One year | Three years<br>(% per annum) | Five years<br>(% per annum) |
| 25   | 20.0%    | 8.9%                         | 10.5%                       |
| 35   | 20.0%    | 8.9%                         | 10.5%                       |
| 45   | 20.0%    | 8.9%                         | 10.5%                       |
| 55   | 13.8%    | 6.0%                         | 6.4%                        |
| 65   | 8.4%     | 4.0%                         | 4.3%                        |
| Inflation – Retail Price Index (RPI) *                           | 2.2%     | 3.0%                         | 2.5%                        |

\* Included for comparison purposes only



Source: Fidelity International December 2019. Performance is gross of fees. Performance is based on an assumed retirement age of 65. Three-year return figures for ages 45 and 55 are based on the strategy's underlying fund performance. Five-year return figures for ages 45, 55 and 65 are based on back-tests of the strategy's underlying funds and investments. These figures do not include the impact of contributions. Past performance is not a reliable indicator of future results. The value of investments may go up as well as down and investors may get back less than they invest.

### Bespoke sections

We regularly review the investment strategies of bespoke sections to ensure they have been designed and executed in members' interests and have clear statements of aims and objectives.

This includes assessing the performance of the strategies on a quarterly basis to ensure the funds are performing in line with their objectives and the design remains suitable.

We also challenge advice from the relevant investment advisers for the schemes where strategies are not designed as we would have expected (such as targeting an annuity at retirement) and we ensure advice is provided to the schemes on an ongoing basis.

### Access to a range of funds and the option to choose different funds

While it is important to ensure the default investment strategy is suitable, we believe it is also essential to have a broad range of investment options for people who wish to self-select. We have reviewed Fidelity's fund range and believe it offers:

- A wide range of cheaper passive funds that look to track the market
- More expensive options where fund managers are looking to beat the market
- A range of specialist asset classes, such as ethical or socially responsible funds

In addition, we will be working with Fidelity to ensure new funds are offered to all members of a pension plan, together with adequate choice in key areas, such as ethical and responsible investing including Environmental, social and governance factors (ESG).

We will continue to review the performance of all the funds available to members on a quarterly basis to ensure they are meeting their stated objectives and providing value on a net-of-fees basis. Any concerns will be picked up with Fidelity for further review.

We also want Fidelity to write to all self-select members every three years to remind them of their investment choices and explain how important it is to keep the funds under review. Fidelity has committed to doing this through the member engagement program, but due to the slow roll out of the initiative, we want Fidelity to issue letters to members until a greater number of email addresses have been collected.

## Responsible investment

### FutureWise ESG analysis

ESG stands for environmental, social and governance. It is a way of looking at how businesses work to see if they are socially responsible. Last year, we explained how we were working with Fidelity and a third party to assess how FutureWise looks from an ESG perspective; in other words, how well FutureWise scores for the companies and funds it invests in. The analysis showed that it has an average ESG rating.

We've now evaluated this analysis and have asked Fidelity to look at ways to improve ESG integration across the strategy. It is currently considering how to make a meaningful difference without detracting from the strategy's overall risk and return expectations. Fidelity will provide us with regular updates and is currently working with fund managers and others within the market to see how an improved ESG outcome can be achieved for members.

### Current approach to ESG and stewardship

As a fund platform, Fidelity delegates voting decisions and engagement to the underlying fund managers. This means that both Fidelity and the IGC expect managers to explain how they engage with companies about ESG – and carry out monitoring and engagement in line with their stewardship policies. We want to know how they measure the effectiveness of the strategy while considering the long-term financial interests of members.

In addition, we regularly speak with key fund managers about their current position and future plans for ESG policies. This includes managers from BlackRock and Fidelity, as they offer the funds used by many members, including those within the FutureWise strategy.

These meetings aren't just an opportunity to understand the managers' policies, we can challenge them too – and explore the ways they measure success. We have found that both Fidelity and BlackRock are taking steps to integrate sustainability and improve transparency. This includes:

- Both are signatories to the UN Principles for Responsible Investment and have A+ ratings for ESG strategy and governance
- Both have a dedicated team that integrates ESG into their core investment process and provides us with regular information about day-to-day fund management
- Both are actively encouraging companies to disclose climate-related risks in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. This includes operational plans in the event that the Paris Agreement's goal of limiting global warming to less than two degrees is fully realised

Fidelity will also be collating reports on its voting and engagement policies to ensure managers are staying true to their sustainability objectives – and it is working on providing the full sustainable investment policies of all fund managers on the platform.

While we are keen to ensure more transparency around company engagement, we also want enough funds on the platform with an ESG focus, so we can meet a wide variety of member views. There are currently nine and Fidelity is looking to add more. In addition, it is exploring the idea of an ESG tool that could help you see how effectively individual funds are integrating ESG and compare different elements of ESG consistently.

### Member ESG survey

We understand that many people have strong views about sustainable investing and ESG. In January 2020, we sent out a survey with Fidelity to learn more about the aspects of sustainable investing our members care about and how much the topic matters to them. We received over 4,000 responses across 109 pension plans administered by Fidelity. These told us that:

- 69% of members agreed that organisations have a wider social responsibility than simply making a profit
- 33% of members would increase their contributions if they knew their pension was being invested sustainably
- 14% of members would be willing to pay more for a fund that invested in a socially responsible way. A further 32% were undecided

We are currently evaluating the results of the survey and will use this feedback to guide our engagement with Fidelity on the development of ESG in the investment proposition.

We see this as an area of improvement for Fidelity and will ensure there is more focus on including ESG options within the default and self-select range.

### Extension of IGC remit

As a final point, in December 2019 the FCA (our regulator) confirmed the formal extension of our remit for oversight of Fidelity's ESG policies, so we can aim to ensure your investments are exposed to suitable ESG risks and opportunities.

This will require us to consider and report on the adequacy and implementation of ESG policies (including climate change), member concerns and stewardship. We will include our views on how Fidelity and the underlying managers have responded on these issues in our 2021 report.

# Costs and charges

The costs you pay will affect your retirement savings over the years, so we want to make certain that all charges are appropriate. This is why we check that Fidelity's charges are in line with the market and are reasonable when compared with similar funds.

| What we look for:   |  |     |
|---------------------|--|-----|
| Reasonability       | Charges in line with the market  | Met |
|                     | Level of transaction costs   | Met |
| Overall conclusion: | <p>We believe Fidelity's charges are reasonable. Indeed, in a recent independent benchmarking exercise, Fidelity had one of the lowest charges for their default investment option. There is a simple and clear Annual Management Charge structure in place and there are no exit charges, so you can transfer your funds away from Fidelity without incurring any penalty if you wish to do so.</p> <p>We would like to see costs and charges expressed as £ and pence, as we believe this will help members understand them and we are working with Fidelity to achieve this.</p> <p>We did challenge Fidelity's methodology for calculating transaction costs and it has reviewed its processes in response to bring them in line with other managers'.</p> <p><b>We believe that Fidelity has met our expectations in this area.</b></p> |     |

## Charges in line with market

We thought it would be helpful to start with a definition of the charges that you pay:

**Total expense ratio:** The main charge you pay to invest in a fund is the total expense ratio (TER), which is applied to the value of your investment. For example, a TER of 0.20% means a charge of 20p a year for every £100 invested. The total expense ratio combines the annual management charges and other expenses.

**Transaction costs:** Highlighted in the table on the right.

| Included within the total expense ratio (TER) | Transaction costs – Not included in the total expense ratio (TER) |
|---|---|
| Annual management charge                      | Broker fees   |
| Legal fees                                    | Commission costs  |
| Trading fees                                  | Stamp duty  |
|   | 'Slippage' or 'swing pricing'                                     |

As summarised above, we believe Fidelity's charges are reasonable. Indeed, in a recent independent benchmarking exercise, Fidelity had one of the lowest charges for their default investment option. There is a simple and clear Annual Management Charge structure in place and there are no exit charges, so you can transfer your funds away from Fidelity without incurring any penalty if you wish to do so.

### Charges in pounds and pence – update

We believe it is important that you can understand the costs and charges you pay and the impact they have on your pension savings. That's why we are disappointed that Fidelity has not made more progress towards showing costs and charges as monetary amounts in their annual benefit statements and other key communications.

The Government and Regulators are also concerned about the transparency of costs and charges and they want annual benefit statements to be more consistent, shorter and simpler in style. An industry-standard approach is likely to be published soon, which is something we welcome. From 2021, we will also provide more information about the impact of costs and charges in this statement – and we will continue to work with Fidelity to ensure these developments are prioritised.

### Level of transaction costs

Although it's relatively easy for you to invest in a fund, there is a lot going on behind the scenes for a manager to meet the fund's objectives. Shares are bought and sold, for example, and this is where transaction costs come in. They can be made up of several elements.

Costs such as broker fees, commission costs and stamp duty are specific and easy to identify. 'Slippage' or 'swing pricing' refers to any change in price that may happen between placing a trade and actually carrying it out. This can be much harder to quantify.

As we indicated in last year's report, the Financial Conduct Authority (FCA) now demands far more transparency around these costs. It requires all investment managers to provide the detail of these costs to trustees, plan managers and IGCs, so they can share the information with you.

Despite the FCA's requirements, some managers have struggled to provide the information in a consistent and comparable format. However, further progress has been made since last year and Fidelity continues to work with its external fund manager partners to obtain this information.

### Transaction costs in Fidelity's FutureWise strategy

All costs and charges have a bearing on the returns a member can achieve from their pension investments. These costs have been calculated for the year to 31st December 2019 and assume you retire at age 65.

Fidelity's FutureWise default strategy is made up of four underlying funds, with the investments in each fund managed by either Fidelity or BlackRock. These funds incur different levels of transaction costs. The proportion of a member's investments that is invested in each fund will change as they approach retirement, so the amount they pay in transaction costs will also change over the course of their working life.

In our analysis undertaken during the year, our review highlighted that one of the four underlying FutureWise funds, managed by Fidelity, was quoting higher average transaction costs than the other three when comparing the level of costs to that quoted by other pension providers. As an IGC, we wanted to know why this was the case.

There are different ways in which transaction costs can be measured, and consensus has been reached across the industry on an approach that should be used. Among other things, this approach includes measuring 'slippage cost', which is the implicit cost resulting from the difference between the market price when an order is placed and the eventual execution price.

The availability of the data that we need investment managers to send us so that we can calculate slippage costs has not been as good as it should be, but it is gradually improving.

When Fidelity investigated the issue, they found that the higher costs were largely due to the way slippage costs were being calculated for futures (Futures are financial contracts committing a buyer to purchase an asset or the seller to sell an asset and have a predetermined future date and price), which accounted for a relatively high proportion of the assets in this particular fund. In this case, slippage for futures was calculated by comparing execution price to the market price from the previous day. Given the significant difference in time, market movements had distorted the slippage values, which in reality, were minimal.

Fidelity also found that some investment managers were using different calculation methods for such assets. As a result, they have recalculated the transaction costs on FutureWise, and we are pleased that this has produced more comparable figures, making it easier for members to compare our costs and charges with those on other pension plans.

As an IGC, we are comfortable with the analysis that has been undertaken on this issue but recognise there is still more work to be done to assess value for money across all funds. We appreciate that fund managers are going through a period of establishing how they can provide accurate transaction costs for a range of assets, while complying with the FCA's regulations.

This is work in progress and we expect that over the coming year we will see further changes as a result of the FCA's recent clarification of its policies. We welcome these changes and believe they will help pave the way for a more meaningful comparison of funds' transaction costs.

Fidelity has now provided updated figures for FutureWise transaction costs, which are based on your age. This is because the asset allocation changes, through the use of different funds, as you progress through your working life and invest in FutureWise. These costs have been calculated as at December 2019 and assume you retire at 65.

| Age          | Transaction cost | In £ and pence       |
|--------------|------------------|----------------------|
| Up to age 47 | 0.03%            | 3p per £100 invested |
| 55           | 0.03%            | 3p per £100 invested |
| 65           | 0.03%            | 3p per £100 invested |

Source: Fidelity, February 2020

FutureWise is a default investment strategy that puts a member's pension pot into a range of appropriate funds during their working life. Fidelity has also provided figures for the transaction costs of the funds used in FutureWise. These are a mix of actively and passively managed funds.

| FutureWise fund                   | Asset class                        | Aggregate transaction cost | In £ and pence       |
|-----------------------------------|------------------------------------|----------------------------|----------------------|
| Fidelity FutureWise Equity Fund   | Passively managed equity funds     | 0.03%                      | 3p per £100 invested |
| Fidelity Diversified Markets Fund | Actively managed multi-asset funds | 0.02%                      | 2p per £100 invested |
| Fidelity UK Aggregate Bond Fund   | Actively managed bond funds        | 0.06%                      | 6p per £100 invested |
| Fidelity Cash Pensions Fund       | Cash funds                         | 0.00%                      | N/A                  |

Source: Fidelity, February 2020

All these aggregate transaction cost figures are either in line with or below the average for their asset class, with the exception of the Fidelity FutureWise Equity Fund which is marginally above the average transaction cost. Based on this analysis from a third-party review, we believe the transaction costs for the funds used in the FutureWise strategy are reasonable compared with their peer group in the wider market. We will be working with Fidelity on a framework for assessing transaction costs over the coming year.

#### Transaction costs for other funds

Although some fund managers are still struggling to provide usable transaction cost data, there are enough now doing it for us to carry out an initial analysis of the self-select funds offered on the platform. We have split the funds by asset class (such as equity, bonds and cash) as well as management style, so we can give you more detailed information. Just to note, in the table below, 0.01% is the same as 1p per £100 invested.

| Asset class                          | Coverage (number of funds) | Average aggregate transaction cost figures | Transaction cost range<br>0.01% is the same as 1p per £100 invested. |              |              |        |
|--------------------------------------|----------------------------|--|--|--------------|--------------|--------|
|                                      |                            |  | <0.1%  | 0.1% - 0.25% | 0.25% - 0.5% | > 0.5% |
| Actively managed equity funds        | 59                         | 0.26%                                      | 18   | 16           | 17           | 8      |
| Passively managed equity funds       | 51                         | 0.02%                                      | 48   | 3            | 0            | 0      |
| Actively managed fixed income funds  | 15                         | 0.07%                                      | 10   | 5            | 0            | 0      |
| Passively managed fixed income funds | 12                         | 0.02%                                      | 12   | 0            | 0            | 0      |
| Actively managed multi-asset funds   | 27                         | 0.17%                                      | 14   | 5            | 7            | 1      |
| Passive mixed asset                  | 6                          | 0.05%                                      | 5  | 1            | 0            | 0      |
| Property                             | 2                          | 0.05%                                      | 2  | 0            | 0            | 0      |
| Cash funds                           | 7                          | 0.00%                                      | 7  | 0            | 0            | 0      |

Source: Fidelity, February 2020

Our analysis covers 179 funds from 26 different managers on the platform. As you can see, there is a relatively large difference between different asset classes and management styles. We will be working with Fidelity to assess the value for money provided by transaction costs for 2020.

## Customer experience

We want you to be happy with your interactions with Fidelity, whether they are by letter, email or telephone. This builds trust, which can encourage you to continue saving with Fidelity – or maybe even increase your rate of savings. Remember, higher savings generally mean better retirement outcomes for you!

| What we look for:                                    |  |            |
|--|--|------------|
| Helping you make decisions and plan for retirement   | Clear and understandable communications  | Partly met |
| Administration quality, accuracy, and timeliness     | Ease of administration   | Met        |
|  | Accurate administration and reporting  | Met        |
|  | Net Promoter Score (NPS)   | Met        |
| Contact points for members and account accessibility | Online tools   | Partly met |
|  | Phone support  | Met        |
| Overall conclusion                                   | <p>We have observed that Fidelity has a strong customer focus. Service levels are generally good, with steady improvements in the areas that had previously been identified as somewhat weaker. That said, we do feel there is more it can do in the education and engagement area of communications, and Fidelity has several innovations under development to watch. Fidelity continues to work on improving its services, based on feedback from members, employers, pension professionals and the IGC.</p> <p><b>We believe that overall Fidelity has met our expectations in this area.</b></p> |            |



## Helping you make decisions and plan for retirement

We recognise there is still work to be done on developing communications that are timely, relevant to your needs and provided in a media that will engage you. Fidelity is working on a number of projects to improve communication and engagement tools, so it can make sure its communications are clear and engaging. We have highlighted some of these projects below.

### Timely and relevant communications

We expect Fidelity to provide you with clear, concise and relevant communications and support, when you need it. This year, we have been working with Fidelity to improve the information it provides around making an informed choice about how much you should be saving and how to manage your finances in a joined-up way.

Fidelity has a new initiative, Workplace Workout, which sends communications relevant to your personal situation, based on specific life events or decisions you have made. However, we are disappointed about how slowly this initiative has been rolled out and we have raised this with Fidelity. We will continue to monitor progress, as we believe it can really help you understand your options when you retire, as well as what you might need to do to make sure you have the kind of retirement you want. We will also keep an eye on the take-up of the programme and how quickly email addresses are collected for members.

### Technological change

With so many members working remotely or flexibly, Fidelity continues to innovate, so it can ensure all members receive the same level of information in a way that suits their circumstances. For example, the augmented reality function in the Your Plan Explained and Key Features documents provides a popular three-minute video – accessible by phone – that highlights the key elements of a member's pension booklet.

Fidelity is looking to use digital technology in other ways during 2020. In particular, it will be targeting members who rarely have access to PCs during their working day by using technology accessed from their smart phone. In another example, it successfully ran a virtual reality pilot last year which encouraged people to use Fidelity's Power of Small Amounts tool and it will be rolling this out more widely this year.

Fidelity is also looking at using QR codes in 2020, as these can offer an easy way to direct members to further information or educational materials. We will assess its success in future reports.

### Accessibility

We raised the topic of information accessibility in last year's report. Documents are available in large print or braille versions on request, and all of Fidelity's videos produced in 2019 include subtitles. It is also adding subtitles to their existing video catalogue. Member feedback told us that some of Fidelity's letters to members were not easy to understand, so it has started a review of the communications it sends out when a member makes a change to their account or holdings, with the aim of improving the quality. This project will take some time and we will be keeping a close watch on it, so we can ensure it makes progress and delivers a better experience for members.

## Administration quality, accuracy and timeliness

We believe that you must receive timely and accurate information in order to make informed decisions about your pension. As a result, we have been keeping a close watch on service levels, particularly as there were some issues last year, and we are continuing to press Fidelity to agree to an external audit of administration processes. We have also reviewed complaints received throughout the year, so we can assess Fidelity's performance fully.

### Service levels

As we reported last year, Fidelity had been facing some challenges over the volume of work received, but it had generally improved its service levels during the preceding year. The exception was the provision of retirement quotations, where a further increase in demand was still causing some difficulty.

This general improvement in service levels continued in 2019 and, in particular, the delivery of retirement packs reached the expected service level in May 2019 and has broadly remained there since then. We will continue to monitor service levels closely and we welcome the further automation of processes to reduce risk and improve accuracy.

### External audit of administration processes

We asked Fidelity to consider an external audit of administration processes. While Fidelity is continuing its programme of investment in technology and automation, having reviewed our written request, it has deferred a decision until the end of 2020.

We have spoken at length with Fidelity about the work being undertaken and made clear that we do not want an indefinite deferral of the external audit. While we understand Fidelity's approach and position, we believe this is an important facet of good governance, so we will keep it on our agenda. We have asked for, and Fidelity has committed to providing us with, regular updates on the progress of the programme.

### Complaints update

Member issues or complaints must be dealt with quickly, proactively, professionally and empathetically. When this happens, it can improve people's confidence in Fidelity and their own pension plans.

Since the last report, Fidelity has moved its complaints on to an industry-leading complaints management system. This means it can track and monitor any complaints received and give feedback to the relevant teams. In turn, this is expected to lead to a better member experience, as the feedback is used to refine its processes.

Thanks to this work, the continued good service levels and a rise in automation that reduces risk and increases accuracy, we are pleased to report that the number of complaints has reduced from 0.7% in 2018 to 0.5% of total membership in 2019. We will continue to monitor the level of complaints and how quickly they are resolved in our ongoing assessment of Fidelity.

### Net Promoter Score (NPS)

Fidelity uses NPS, a globally recognised independent feedback methodology, to measure loyalty and use customer feedback. With NPS, Fidelity can gauge how members and employers rate their relationship – and the scores are regularly shared with us.

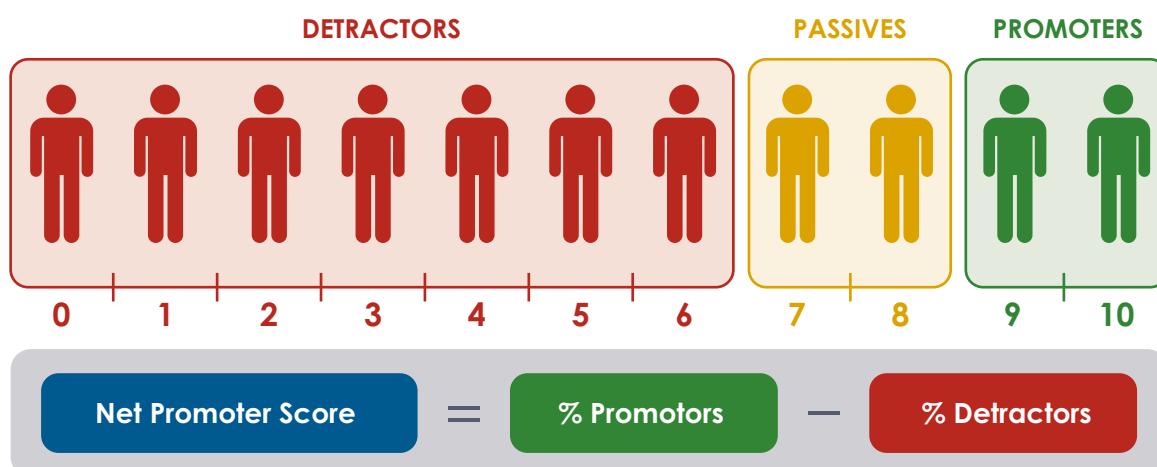
When getting employers' views, a number of contacts for each employer receive personal invitation emails with a link to the short online questionnaire. This makes it possible to gather a broad range of responses. For members' views, people are invited to contribute two weeks after they have contacted Fidelity's Service Centre.

All feedback is carefully reviewed by Fidelity and, where appropriate, acted on. This can range from individual action plans based on

employer feedback to comprehensive changes in products, services and delivery (based on the aggregate feedback from all responses).

The score relates to a member's or employer's overall experience with Fidelity. They are asked how likely they are to recommend Fidelity as a company on a 0 to 10 scale, where 0 is "not at all likely" and 10 is "extremely likely".

Responses are combined to calculate the Net Promoter Score, using the process below. People are also asked for wider feedback on the relationship, including their satisfaction with the service and the telephone representative. NPS plays a key role in Fidelity's future developments, such as improving customer documentation, simplifying member journeys and reducing the time it takes to process queries.



### Member NPS (real-time reporting)

| Year        | 2017 |     |     |     | 2018 |     |     |     | 2019 |     |     |     |
|-------------|------|-----|-----|-----|------|-----|-----|-----|------|-----|-----|-----|
| Quarter     | Q1   | Q2  | Q3  | Q4  | Q1   | Q2  | Q3  | Q4  | Q1   | Q2  | Q3  | Q4  |
| NPS         | +25  | +27 | +39 | +41 | +43  | +46 | +52 | +50 | +55  | +57 | +54 | +54 |
| Average NPS | +33  |     |     |     | +48  |     |     |     | +55  |     |     |     |

### Employer NPS (annual reporting)

| Year | 2017 | 2018 | 2019 |
|------|------|------|------|
| NPS  | +53  | +51  | +64  |

We recognise that Fidelity focuses on providing a positive experience for both members and employers, and we're pleased that the scores have been rising each year.

## Contact points for members and account accessibility

### Online tools

PlanViewer is Fidelity's online member portal. Members told us that they were finding it difficult to access PlanViewer, so Fidelity has upgraded the login process to make it simpler and more secure. PlanViewer now uses market-leading security, including two-factor authentication and one-time passcodes (OTP) that can be sent to email addresses or through text messages.

There were some teething problems when the new process was rolled out, but they were resolved quickly and Fidelity continues to develop the service. We believe this change has helped members, as PlanViewer access increased by over 20% in the last year. There are now around 40,000 people logging on each month. We are looking at other ways to encourage members to log into PlanViewer.

Another advantage to upgrading the PlanViewer login process is that the new security authentication process requires a personal email address, which means Fidelity can do more to communicate digitally. This isn't just good news from a sustainable, environmental perspective. It means Fidelity is more able to stay in touch with you if you move house, which is good from a retirement outcomes perspective.

Fidelity's next generation of PlanViewer includes better navigation, making it easier for you to find what you need, with responsive pages for mobile and tablet viewing, improved core journeys and new online transfer capabilities. Future phases will then add even more functionality. There is clearly more to do and we look forward to seeing these developments.

PlanViewer also contains a number of tools to help with retirement planning. It will soon include a real-time retirement projection tool that provides a potential retirement value based on current contribution levels and investment choices. This will be updated daily and automatically presented to you every time you log-on. The information is shown in today's terms, so you can see how it compares with current income and possible needs in retirement – and easily spot any income gap or excess. We will monitor member feedback and usage of these tools to review the impact they are having on the understanding of expected retirement outcomes.

There is now a PlanViewer app for your Apple or Android smart phone. The log-in area gives you personalised information, while retirement planning tools can help you see if your savings are on track for your retirement goals. An in-app browser then allows you to use the full PlanViewer suite, so you can do things such as changing your investments. Fidelity will be telling members about this app during 2020.

### Phone support

We have received positive feedback on the support provided by Fidelity's pension service centre which receives queries from members. We believe that providing strong phone support remains important alongside other engagement tools.

### Vulnerable customers

We believe the way Fidelity treats all its customers is really important, but this is particularly key for those who are vulnerable. Fidelity has an established vulnerable customer policy, but it continues to enhance its approach in line with developments in this area. For example, it recently explored how the policy is working in reality and is now planning ways to strengthen its approach. Developments will be shared with us in 2020, which we will evaluate and then tell you about in our 2021 report.

### Your broader financial picture

In our [2019 Report](#), we looked at how Fidelity has been developing its financial wellness capabilities through initiatives such as its [Personal Money Check Up](#) and [Retirement Savings rules of thumb and tools](#).

Fidelity is now working on the next generation of financial wellness guidance, which will introduce the Fidelity Financial Wellness Score. This will cover all four areas of financial wellness – planning; budgeting, debt and spending; saving and investing; and protecting.

The score will help you benchmark your financial wellness, so you can see if you need to take action. It will also help you explore the effect that a change you make now could have on your retirement savings. We recognise that pension saving is part of your wider financial planning and hope you will find this tool valuable, as it can help you understand topics across the financial spectrum.

## Improving inputs for better retirement outcomes

The money you receive from your pension pot in retirement will reflect your contributions and the decisions you make. We expect Fidelity to provide you with the tools you need to plan and manage your retirement savings effectively. It must also have systems and processes that are not just robust, but easy for you to use and follow.

| What we look for: |   |            |
|-------------------|---|------------|
| Education         | Likelihood that members will get back on retirement at least as much as they put in   | Met        |
|                   | Tax relief on contributions   | Partly met |
| Engaged employers | Employer pays in as much as members do  | Met        |
|                   | Easy to change the amount paid in   | Partly met |
| Systems           | Easy to transfer old pensions into the current pension pot  | Met        |
|                   | Flexible options for how to take pension income   | Partly met |
| Overall           | <p>We are satisfied that Fidelity has adequate protections in place against the risk of the value of your investments falling, and while there are never any guarantees, FutureWise is structured to reduce risk as members get older. Its performance is covered in more detail in the Investment Strategy section, but it is performing in line with expectations.</p> <p>That said, Fidelity has more to do around education, as we want it to ensure members understand how tax relief contributes to their pension pot. We would also like it to do more in updating the functionality and ease of use of its systems, including progress in the ease of changing contribution levels.</p> <p><b>We believe Fidelity has partly met our expectations in this area.</b></p> |            |

## Education

In last year's report, we explained that we were working with Fidelity to improve the educational information available to members. We expected there to be a mix of new media content to help you understand the value of tax relief in pension contributions and the security of your pension during uncertain market conditions.

Fidelity has advised us that these pieces will be available in the middle of this year, but we are disappointed progress has not been faster. We will continue to discuss it with Fidelity and ask that delivery is brought forward as much as possible.

## Engaged employers

The level of contributions made to your retirement savings is a key part of the retirement income you could receive.

### Employer contributions

The level of contributions both employers and members make helps members to fund their future retirement. Fidelity can provide employers with benchmarking which may indicate whether their employees' average contribution rates are below those of their peers. Fidelity then works with the employer to assist with solutions such as targeted member communication.

### Ease of changing contribution rates

Currently, Fidelity's PlanViewer can allow you to adjust your contribution rates, if your employer's internal systems don't offer this. However, many employers decide not to use this functionality, because they manage their benefit structures via other platforms. We believe this functionality should be available to all members via PlanViewer so we are asking Fidelity to talk to all employers about this, as we believe that being unable to increase contributions via PlanViewer, or having to do so via another external tool, could be a barrier to members making positive changes to their contributions. We will keep these developments under review and report back on progress in 2021.

## Systems

### Ease of bringing in other pension pots

In the past, if you wanted to transfer an old pension pot into your current employer's pension plan, you had to complete a suite of application forms and supply various other pieces of documentation. We received feedback that this process was frustrating for members.

Fidelity has worked to improve and streamline this process, as it observed that almost half of members began their transfer process by visiting PlanViewer to download a form or calling the service centre to request this form. It has now upgraded its systems to move the transfer process online, which includes automated communication with other pension providers. This makes it much faster, with many transfers finishing in around five days.

We think it's important that you, and all members, can bring together pension pots with ease, as it can help everyone manage and access their retirement savings. It's very helpful that this process has been reviewed, strengthened and made easier to follow.

### Flexible options for how to take pension income

The Financial Conduct Authority (FCA) has been taking a close look at retirement outcomes since 2015 and it has made new rules requiring non-advised members to be offered four 'Investment Pathways' when starting income drawdown. These pathways must be in place by August 2020.

We want to ensure that members are supported at this crucial time. As a result, we will be working with Fidelity to offer simple, objective-based investment options when entering drawdown or taking cash, so you can make better investment choices. This will be integrated into Fidelity's retirement journeys.

In addition, Fidelity is developing the capability to allow members to take a regular income in retirement from an existing account through income drawdown (from September 2020) without having to transfer to a new arrangement. We are monitoring progress on investment pathways and the retirement support provided around them. It will then form part of our Value-for-Money assessment in 2021.



# Security

We review the controls and safeguards that Fidelity has in place to monitor the security of your investments and manage any operational risk. As a reputable and financially strong pension provider, Fidelity must also demonstrate how it keeps your personal information secure.

| What we look for:  |   |     |
|--------------------|---|-----|
| Asset security     | Controls and safeguards   | Met |
|                    | Liquidity   | Met |
| Data security      | Data security   | Met |
| Reputation         | A reputable, financially strong pension provider  | Met |
| Overall conclusion | <p>We believe Fidelity has robust procedures in place to understand and manage operational risks, and we are updated on the current strategic direction every year by Fidelity.</p> <p>We have also visited Fidelity's cyber security team and been reassured by the work they undertake.</p> <p>We have no concerns around Fidelity's strength, and are convinced that its continued investment in the business means it will be a long-term player in the pensions provider market.</p> <p><b>We believe that Fidelity has met our expectations in this area.</b></p> |     |

## Asset security

Many things in life involve risk of some kind and this includes saving for a pension. There is the risk you may not save enough by retirement to take care of your needs, or that the funds you choose don't perform as you hope they will.

There is also the risk of exceptional events, such as losing money because of the bankruptcy or negligence of a fund provider. While the chances of this happening are very low, and regulatory bodies have protections in place to reduce the risk even further, you do still need to understand it and what Fidelity does to help protect your savings against it.

Fidelity and the fund providers available in your pension plan are regulated in the UK by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). These organisations set out the rules that Fidelity must operate under and the ways it must manage the investments of pension plans. To protect our members' money, there are strict rules that govern Fidelity's financial soundness, and the systems and controls used to protect your investments.

These regulatory bodies have many powers, including the ability to inspect Fidelity's operations and risk controls. Fidelity also has to report regularly to the PRA on their financial strength.

There are different types of underlying investment funds, so they operate, and are regulated, in different ways. For example, if the manager of some funds became insolvent, the assets would be protected, because regulations require them to be held by an independent custodian separate from the fund provider.

We have observed that FIL Life appoints and monitors fund providers with care. For all fund providers, Fidelity assesses:

- how they meet the regulations that exist to protect you
- their governance procedures
- the internal controls they have in place
- their financial strength
- the performance of their funds in comparison to benchmarks and similar funds

This assessment happens before Fidelity decides to appoint a fund provider and then continues on an ongoing basis. Fund providers must sign agreements to stick to specific investment criteria and supply Fidelity with ongoing information and support. Fidelity monitors their operational effectiveness and if it identifies areas for improvement, it has a clear process in place to raise it with them and work towards making those improvements.

If one of these fund providers or Fidelity lost part or all of the money invested in one or more of their funds because of an exceptional event, and your pension account was invested in the affected Fidelity fund(s), the value of your investment in that fund would fall. The value of your pension account would be adjusted to take account of any losses. If the exceptional event was severe enough, you could lose some or all of the money you had invested in that fund.

Once again, while the chances of this happening are very low, and regulatory bodies have protections in place to reduce the risk even further, Fidelity would pursue the fund provider or appointed receiver (the person responsible when a company becomes insolvent) for the full amount owed. However, Fidelity cannot guarantee the amount you received back.

The UK Financial Services Compensation Scheme (FSCS) is an independent body set up by the Government and funded by the financial services industry. It pays compensation when it's satisfied that an insolvent fund provider can't pay the claims against it. In certain circumstances, you may be entitled to compensation from the FSCS.



For example:

### 1. If an exceptional event happened to Fidelity

You would generally be able to claim compensation from the FSCS. It aims to ensure you get back 100% of any loss with no upper limit.

**You would be eligible for compensation because you are one of Fidelity's policyholders.**

### 2. If an exceptional event happened to a fund provider

You wouldn't be able to claim compensation from the FSCS. **This is because Fidelity is the client of the fund provider** (including other Fidelity companies acting as the fund provider). Your pension account would be adjusted to take account of any losses and Fidelity would pursue the fund provider or the appointed receiver.

These are the current rules. Visit [fscs.org.uk](https://www.fscs.org.uk) for further details.

## Liquidity

As part of Fidelity's governance process, it regularly reviews the liquidity levels of the funds on the platform and engages with fund managers where any concerns are raised.

As part of Fidelity's governance process, it regularly reviews the liquidity levels of the funds on the platform and engages with fund managers where any concerns are raised. Fidelity has recently reviewed all the funds on the platform and has not identified any significant concerns.

## Data security

Fidelity ensures that information for employees and employers is held and managed in a responsible and professional way. It has a long-standing and experienced global information security team, and we are satisfied that they act in line with industry best practice.

We have met the team, as this is one of our top priorities, particularly when it comes to member accounts. We are reassured that PlanViewer maintains the utmost standards in information security, with Fidelity receiving internationally recognised accreditation under ISO/IEC 27001:2005.

We are also reassured that members are protected by the robustness of the systems Fidelity has in place for ensuring data security. These include:

- Practiced and dedicated audit (internal and external), compliance, security and data teams
- Regular training for all staff members to protect against errors and fraud
- Strong defence of business assets and client documents
- Protections for digital architecture
- Constant review and improvement of techniques and technology
- Automatic processes for ensuring online actions are secure
- Wide ranging processes and procedures for data management

In accordance with our expectations, Fidelity business units maintain a current, documented and regularly tested continuity plan. Each plan describes the sequence of events that will allow the affected departments to continue or recover critical business functions, computer resources, networks and facilities.

## Reputation

### Provider commitment

We feel that a provider's ongoing commitment to providing workplace pensions will ultimately be an indicator of continued investment that you will benefit from. To this end, we have focused on fully understanding Fidelity's strategy through a series of discussions with senior management and the Fidelity board:

- Fidelity sees workplace investing as a global strategy, offering services in multiple countries
- Fidelity UK is developing products and services that will provide more holistic financial wellness for members and it recognises that providing help to employees through the workplace is key
- Fidelity has shared details of a significant investment in technology and people to ensure that it remains successful in the UK workplace savings market

Our conclusion is workplace pensions in the UK are a key part of Fidelity's overall strategy, so we are satisfied that commitment levels are high, which will ultimately lead to a better experience for you.

### Provider awareness

Many people are automatically enrolled into a pension plan that their employer chooses, so awareness of their pension provider will vary from person to person, depending on experience. We think that making plan members aware of Fidelity is important to building trust. This can be done in two ways:

**Brand awareness:** Fidelity uses a combination of public relations, marketing and advertising to increase brand awareness.

**Customer experience:** Independent research by the Institute of Customer Service has shown that although Fidelity scores well for customer satisfaction (see page 16 for Net Promoter Scores over time), clients want more regular communications that are relevant to their needs and help them plan for retirement. We feel strongly that more regular, personalised and relevant communications will increase members' awareness of Fidelity, which will then increase trust and give people more confidence about planning for retirement. This is why we continue to press Fidelity and the employers to accelerate the roll-out of the member engagement programme (see page 17 for more details).

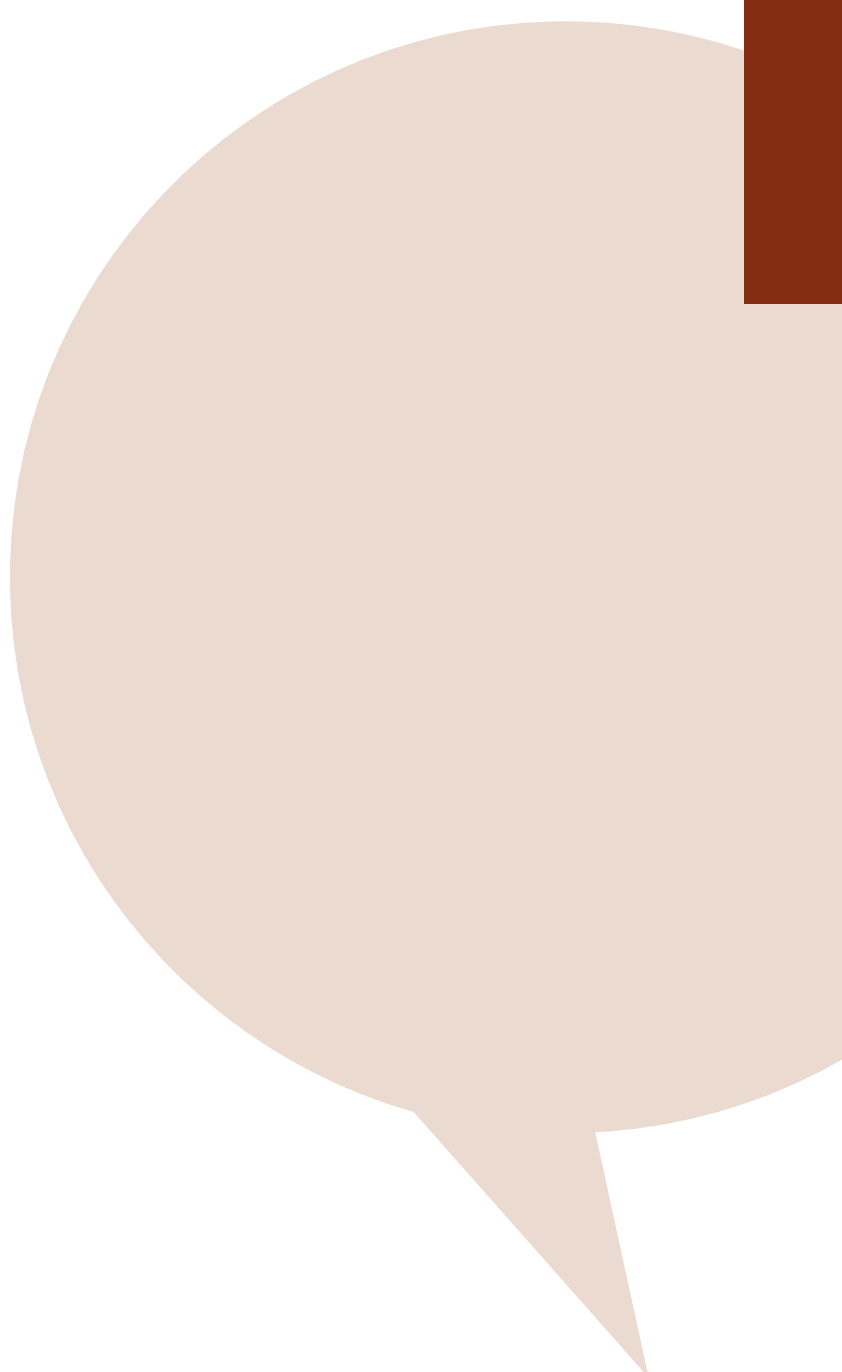


## Support for the IGC

In our last report, we explained that an internal management team – including senior representatives from each business area – had been established to ensure the information we receive is correct, thorough and timely.

This structure has now been in place for just over a year and a plan manager has been recruited to provide us with more support. They joined Fidelity in October 2019 and have more than 20 years' experience in the corporate pensions arena, both in-house and with third-party administrators.

We are now comfortable with the level of support provided by Fidelity following these actions, but we will still keep it under review.



## Have your say

Your views, and those of your employer, matter to us. Over the year, we have collected and reviewed feedback in the following ways:

- Our independent members have met employers as part of the client forums held by Fidelity. This allows us to hear more about their experience of working with Fidelity and to discuss the feedback they were given by plan members
- Our independent members have also met directly with employers to hear their views and those of their employees
- We have taken into account the feedback that plan members provide in customer satisfaction surveys after dealing directly with Fidelity

Some plan members also took part in the recent ESG survey and we will be analysing this feedback over the coming year.

The feedback we receive helps us consider the interests of all members and we welcome anything you would like to tell us.

## Members of the IGC and independence criteria

### Members of the IGC

Our independent members are appointed for fixed terms of no longer than five years. They are eligible for re-appointment, subject to a maximum duration of ten years (in other words, two terms of service).

2020 marks our five-year anniversary, so we needed to look at the independent member appointments, starting with the Chair. In collaboration with Fidelity, an open and transparent recruitment programme was held during the last three months of 2019. Four applicants, including Kim Nash as the incumbent, were interviewed by a panel representing the IGC and Fidelity. The quality of applicants was high, but following a long debate, it was agreed that Kim Nash should be re-appointed for a second term as Chair of the IGC.

There have also been some changes to the other independent members of the board over the course of the year; earlier than set out by the fixed-term requirements. Rachel Brougham resigned from the board in October 2019 and David Felder retired at the end of March 2020. As with the Chair's appointment, an open and transparent recruitment programme was held. This was carried out in November and December 2019 – once the Chair appointment had been agreed.

Four applicants were interviewed by the Chair, alongside other representatives of the IGC and Fidelity. Again, the quality of applicants was very high and we are pleased to welcome Dianne Day and Gerald Wellesley to our ranks. Between them, they bring 65 years' experience and an additional depth of knowledge in investments and communications that will greatly assist us.

Finally, there was a change to one of the Fidelity representatives on the board, as Paul Mason has left Fidelity. Paul is replaced by James Carter, Head of Pension Products and Policy in UK Workplace Investing.

The board is considering how best to manage succession, particularly in the Chair role now that Kim has entered her final term.

## Who we are



**Kim Nash** – Independent  
Governance Committee Chair

Kim is a Director at PTL Governance Ltd (PTL), joining them in February 2012. Kim is a qualified actuary and previously worked for Willis Towers Watson as an actuarial benefits consultant. Kim is able to bring her significant DC experience both as a Trustee and a member of a governance committee to lead the IGC to develop the value-for-money framework and make comparisons on Fidelity's performance against the wider industry.

Kim has been reappointed as Chair of the IGC for a further five-year term, till the end of March 2025.



**Dianne Day** –  
Independent Member

Dianne is a Client Director at Independent Trustee Services Ltd (ITS). She joined ITS in 2015, specialising in defined contribution (DC) schemes. Dianne holds the PMI Certificate in DC Governance and is a Fellow of the Financial Services Institute of Australasia. She has worked for major investment firms in senior communications and management roles. Dianne applies her extensive DC governance and communications experience to help with the evaluation of Fidelity's member service, communications and engagement programmes.

Dianne was appointed with effect from January 2020 for an initial five-year term.



**David Felder** – Independent  
Member (retired 31 March 2020)

David is a Director at The Law Debenture Pension Trust Corporation plc and has over 30 years' experience working with pension funds in both the public and private sectors. He has worked for Morgan Grenfell (now Aberdeen Asset Management) and then Kleinwort Benson as Head of Fixed Income. More recently, David was Head of Investments in London for Daiwa SB Investments; a joint venture between two of Japan's largest financial organisations, Daiwa Securities and Sumitomo Bank. David is a Fellow of the Chartered Institute for Securities and Investment.



**Gerald Wellesley** –  
Independent Member  
(appointed from 1 April 2020)

Gerald is a Professional Trustee and Client Director of Punter Southall Governance Services Limited. He has over 35 years' experience in the finance industry, 15 years as pension trustee and 3 years in HR management. His current portfolio of trusteeships includes chair, sole trustee and subcommittee positions with DB and DC schemes and DC Master Trusts. He brings strengths in the investment and financial management disciplines, together with more broadly-based trustee skills. He was previously at BNY Mellon where he led the corporate strategy for the UK and European pensions industry.

Gerald is appointed with effect from April 2020 for an initial five-year term.



**Daniel Smith** –  
Fidelity Representative

Daniel is Head of UK Full Service – Workplace Investing, leading the overall strategic and corporate management of Fidelity's DC businesses in the UK. He joined Fidelity in 2002 and has more than 25 years' experience in the corporate pensions market. Daniel ensures that the Independent Members of the IGC are provided with all the necessary support and information to undertake their roles effectively. In addition, he ensures that the IGC members have full access to Fidelity resources and are consulted on business strategy and change projects.



**James Carter** –  
Fidelity Representative

James is Head of Pension Products and Policy with 19 years' experience in the workplace pensions market. He is responsible for the product implementation and management of Fidelity's workplace pension products. James also leads Fidelity's engagement with the government, regulators and industry bodies in the development of pension policy, and the business analysis of the impact and opportunities of new pensions regulations.

Prior to joining Fidelity, James was a Director in Willis Towers Watson's pension consulting business, having also worked for KPMG and Aon, advising trustees and employers operating large DC pension schemes.

## Independence

PTL, Law Debenture, ITS and Punter Southall Governance Services are independent of Fidelity and are satisfied that they continue to meet the independence criteria set by the Financial Conduct Authority (FCA):

- They or their representatives are not directors, managers, partners or employees of FIL Life (Fidelity), or any company within the groups, or paid by them for any role other than as members of the IGC, nor are they members of the share option or performance related pay schemes of FIL Life, nor have they been within the last five years
- They do not have a material business relationship of any description with FIL Life or any company within their group, and have not done so within the last three years (except as trustee of Fidelity's Master Trust)

We record any potential conflicts of interest in a log and consider them in accordance with our conflicts of interest policy.

## Performance assessment

In addition to assessing the value for money provided by Fidelity, we go through a performance assessment process with Fidelity every year to review our effectiveness. Part of this process is a skills assessment to ensure we have a wide range of complementary skills and experience across the IGC, as well as sufficient expertise and experience to act in members' interests.

This year, we recruited two new IGC members. Part of the recruitment process was to ensure that our new colleagues brought the skills and experience we needed to maintain our effectiveness.

Our assessment this year, coupled with the appointment of our two new colleagues, showed we have a broad mix of skills that are complementary. This, alongside our independence, allows us to act in members' interests. We are working on a succession plan to ensure this is maintained in future years, particularly as Kim has now entered her final term.

As IGCs have been in place for five years now, the FCA (the regulator that set them up) has been conducting a review of their effectiveness across the industry. We provided input into this review in late 2019 and look forward to the FCA publishing its conclusions and any recommendations later in 2020.





## Contact us

Thank you to everyone who has provided us with feedback this year.

If there is anything you would like to raise directly with us, we can be contacted on:

- [FidelityIGCchair@ptluk.com](mailto:FidelityIGCchair@ptluk.com)
- Fidelity IGC Chair  
PTL, Park House, Park Square East,  
Leeds, LS1 2PW

