

# Phoenix Independent Governance Committee

## Interim Update – January 2021

The Phoenix Independent Governance Committee (“IGC”) acts solely in the interests of customers who hold a pension plan through any of the workplace pension schemes that are run by Phoenix Life Limited or Phoenix Life Assurance Limited (together, “Phoenix”). If you are unsure of which pension plan you have with Phoenix (and therefore the extent to which this update applies to you), please refer to your plan documentation or the Customer Centre on the Phoenix Life website.

Normally at this time of year, the IGC is busy drafting the annual report that tells you what we have done on your behalf and what we think of the value for money that Phoenix is providing for you. However, from this year onwards, there is a change in the IGC reporting timetable. One of the industry’s regulators, the Financial Conduct Authority (“FCA”), has changed some of the rules that apply to IGCs, including the content and time period to be covered by IGC annual reports.

As a consequence, our next full annual report will be available in the summer. However, there are some things we would like to tell you about now and so we have prepared this interim update covering:

1. Customer service during the Covid-19 pandemic
2. Security of members’ funds
3. Some positive benchmarking results
4. Changes to the membership of the IGC

### **1. Customer service during the Covid-19 pandemic**

The IGC continues to monitor the impact of the pandemic on pension customers within our scope. In the second half of 2020, with the working from home environment embedded within Phoenix, service levels were stable and the majority of service measures were met.

There are some challenges in the processing of bereavement claims. Sadly, the number of claims remains higher than normal as a result of the pandemic. However, Phoenix has taken a number of actions to simplify processes and reduce the average time taken to make payments.

Action has also been taken to improve complaints handling. Some complaints are taking longer to resolve in the current environment. The improvement actions will continue in 2021.

Phoenix continues to support customers in vulnerable circumstances through greater flexibility and additional guidance for customer service colleagues. Phoenix has undertaken research with vulnerable customers and it is now considering what further actions it will take. The results of this work are a key focus for the IGC.

## **2. Security of members' funds**

In our 2020 report, we commented on the financial strength of the Phoenix Group as at 31 December 2019, based on information that it publishes on its website. This gave us assurance that members' funds remain secure. We are pleased to note that, despite the impact of the Covid-19 pandemic and market volatility, information published by Phoenix Group in December 2020 showed that the position remained strong during 2020.

## **3. Some positive benchmarking results**

In our 2020 report, we mentioned that we were hoping that Phoenix would participate in an industry benchmarking study in order that we could make meaningful comparisons of Phoenix's performance with that of other providers. We are pleased to confirm that this did indeed happen. At the time of writing, we are awaiting the results with great interest and will report on them in our next annual report.

In the meantime, however, we are pleased to be able to share with you some of the results of another comparative study that we commissioned to inform our work on a new obligation that has applied to IGCs since April 2020. We are now required to assess the adequacy and quality of Phoenix's approach to Responsible Investment and, in particular, how it takes Environmental, Social and Governance ("ESG") considerations into account when investing your pension pots. This is one of the areas that we had assessed less favourably in our annual report last year and we were keen to get an external perspective on how far Phoenix has progressed since then.

We commissioned a respected external consultancy to assess Phoenix's performance against what they see elsewhere in the market, particularly amongst other providers that offer contract-based workplace pensions. The assessment was carried out across all of Phoenix Group's investment activity (i.e. including what is done for Standard Life-branded pensions as well as Phoenix-branded), reflecting the combined "one business" management approach that is followed by Phoenix Group.

The consultants' view was that Phoenix Group has made good progress in this area. Their assessment highlighted that governance was a particular area of strength and the commitment demonstrated both by becoming a signatory to the Principles for Responsible Investment and embedding those principles in the firm's policy was positive. The recent launch by Standard Life of the new ESG integrated default fund was also noted as an encouraging development.

There remain areas for improvement and the assessment particularly noted that, although basic engagement with customers on Responsible Investment issues was well developed, this could be deepened to demonstrate clearer outcomes from Phoenix Group's activities. Improved reporting and the greater use of case studies as communication tools were both suggested as actions.

The IGC has been closely monitoring Phoenix Group's progress since we published our criticisms last spring. We feel good progress has been made, and so it is particularly helpful to see this external assessment, which confirms this, and gives comfort that Phoenix are keen to play their part in ensuring that UK pensions savings are invested responsibly. The IGC does recognise, however, that some of the funds highlighted in the external assessment are not yet available on Phoenix-branded pension plans. We will continue pushing Phoenix to address this.

#### **4. Changes to the membership of the IGC**

During 2020, the Phoenix Group completed its acquisition of ReAssure Limited. ReAssure had its own IGC, but, from February 2021, the membership of the ReAssure IGC will be aligned with that of the Phoenix IGC.

As part of this process, we welcome a new independent member to the Phoenix IGC, Venetia Trayhurn. Venetia is an experienced pensions professional, with a real passion for increasing member engagement with their pension pots by improving communication to them. Venetia has been a member of the ReAssure IGC for several years and is replacing Mike Christophers, who is retiring. Mike was a member of the Abbey Life IGC and joined the Phoenix IGC following Phoenix's purchase of Abbey Life. He leaves the IGC with our grateful thanks and best wishes for the future.

#### **In conclusion**

We hope you have found this interim update of interest. More detail on the work of the IGC can be found on our website and in the annual reports available there. If you have any questions or comments on the material there or in this update, please get in touch with us. You can email us at [igc@thephoenixgroup.com](mailto:igc@thephoenixgroup.com). We are always pleased to hear from the customers whose interests we are here to focus on.