The Engagement Deficit

RANKING AUTO-ENROLMENT PENSION PROVIDERS ON RESPONSIBLE INVESTMENT AND MEMBER COMMUNICATIONS & ENGAGEMENT

ShareAction»

Authors

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About Friends Provident Foundation

Friends Provident Foundation is an independent charity that makes grants and uses its endowment towards a fair, resilient, and sustainable economic system that serves people and planet. They connect, fund, support and invest in new thinking to shape a future economy that works for all.

Since 2004, they've pioneered the creation of a fair economy for a better world. Already, they've helped improve access to financial services for people who were once excluded, and supported the development of resilient economic communities across the UK.

They're a catalyst for wider change, making an impact through continuous experimentation and shared learning. And they do all they can to embody the change they want to see. They invest in great social enterprises, and use their money in line with their values.

Tomorrow, they'll continue to fund more new thinking, connect new ideas, invest their capital in line with their aims and values and create better systems so that in the future, the economy will serve both people and planet.

Friends Provident Foundation

About ShareAction

ShareAction is a UK registered charity working globally to lay the tracks for responsible investment across the investment system. Its vision is a world where ordinary savers and institutional investors work together to ensure our communities and environment are safe and sustainable for all.

In particular, ShareAction encourages institutional investors to be active owners and responsible providers of financial capital to investee companies, while engaging meaningfully with the individual savers whose money they manage. Since 2005, ShareAction has ranked the largest UK asset owners and asset managers on their responsible investment performance. In 2017, they expanded to ranking European banks on their management of climate risk. In 2018, they will also rank global insurers and pension funds.

ShareAction works with players across the investment chain to create a movement for responsible investment. This movement includes savers who all too often feel excluded from the investment system, to the institutional investors that operate within it and the policy-makers that regulate it.

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Savers show their questions for providers at the April 2018 Pension Power meeting focused on ShareAction's *Pensions for the Next Generation* (2018) report on member engagement

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The Rt Hon Frank Field MP
Chair, House of Commons Select
Committee on Work and Pensions

Anthony Raymond
Acting Executive Director,
The Pensions Regulator

The Rt Hon Frank Field MP
Chair, House of Commons Select
Committee on Work and Pensions

> It is against this backdrop that ShareAction has produced this significant piece of research into areas that took a back seat during the first stage of automatic enrolment. The research uncovers particularly disappointing trends in communications and engagement.

Automatic enrolment has been a runaway success, bringing millions of people on board in saving for their retirement. The next stage in this rolling programme of reform will necessarily involve keeping those savers enrolled as minimum contributions rise. But reformers must take care not to lose sight of the crucial importance of engaging people with the broader issues around saving and planning for retirement. Indeed, it will be vital in keeping those savers saving, and hopefully encouraging them to save even more.

It is against this backdrop that ShareAction has produced this significant piece of research into areas that took a back seat during the first stage of automatic enrolment. The research uncovers particularly disappointing trends in communications and engagement.

Setting nine million people on the path to saving for their retirement has been a huge feat of engagement in itself, and pension providers should be capitalising on the opportunities brought about by this new generation of savers.

In our recent report on pension freedoms and choice, the Select Committee argued that the pension industry needs to build on the concept and success of automatic enrolment and introduce a system of default decumulation pathways – including through NEST – that will protect consumers who do not engage with their pension saving.

But the real prize will be a properly functioning pension freedom market, and that will only be achieved with informed, engaged savers. There is a balance to be struck between the comfort or “inertia” of the rollout of automatic enrolment, and actively engaging what is a new cadre of predominantly younger savers whose retirement income will depend on the amount they put away. They are many years from retirement in an increasingly uncertain financial world and are fully exposed to investment risk along the way.

This is also an important opportunity to focus on the incorporation of responsible investment – especially in the default fund where the vast majority of these new savers are – ensuring that even the most disengaged savers still benefit from the proper consideration of environmental, social and governance risk. This new generation of savers is especially well placed to take the long view and realise the benefits of a retirement plan that is truly sustainable for them personally, but also for their fellow citizens and the planet.

Frank Field has been the Labour Member of Parliament for Birkenhead since 1979. He has served as Chair of the House of Commons Select Committee on Work and Pensions since 2015. Under his chairmanship, it has led a number of high profile inquiries into the collapse of BHS and Carillion, the status of self-employed workers in the ‘gig’ economy, and the roll-out of the Government’s welfare reforms. The committee also scrutinises policy developments in the pensions sector more broadly; most recently, proposals to enhance The Pension Regulator’s powers to safeguard defined benefit scheme members, and the introduction of collective defined contribution pension schemes.

Anthony Raymond
Acting Executive Director,
The Pensions Regulator

"This report is important in highlighting some good practice and showing where more work needs to be done. As we move through authorisation and into supervision of master trusts TPR expects standards of governance to improve and to see these improvements reflected in future research reports."

The pensions landscape has changed dramatically in recent years and is still evolving. Automatic enrolment is bringing millions of new savers into pensions each year, many into master trust schemes. As the regulator of trust-based schemes, our attention is drawn to the master trust schemes in the report.

The master trust market has grown rapidly– from 270,000 members in 2010 to over 9 million people today – 59% of those automatically enrolled were enrolled in to a DC trust-based scheme and of those 94% used a master trust. This huge influx of members means the need for effective governance is increasingly important. As the master trust market has grown, TPR called for much stricter regulatory controls on master trust schemes and voiced concerns over the very low barriers to market entry. The government responded, and from October 2018 master trusts need to apply to TPR for authorisation to operate. We consider this the lynchpin in the development of a sustainable and safe DC trust-based market.

As well as meeting master trust authorisation criteria, TPR are clear we expect master trusts to meet all other relevant duties and requirements including on investment governance and member engagement. For example, TPR's investment governance guidance is clear that most DC scheme investments are long-term and therefore exposed to the longer-term financial risks, including climate change and corporate governance, that can impact over the short and longer-term. Further, in our work on 21st century trustee where TPR are looking to raise standards of governance across all schemes, we focused on having an and diverse board led by an effective chair earlier in 2017.

"As well as meeting master trust authorisation criteria, TPR are clear we expect master trusts to meet all other relevant duties and requirements including on investment governance and member engagement."

Automatic enrolment, and the existence of default funds and a default strategy, are a direct response to member inertia. We provide guidance for trustees on knowing their members and seeking their views, setting out practical ways trustees can understand their members particularly when setting investment strategies and assessing value for members. These providers are all in the market for automatic enrolment business, so it is disappointing that their member communication and engagement strategies seem built on the presumption that those who join a scheme through automatic enrolment then suddenly become proactive and engaged and come looking for information.

As a final point, the fact that one provider in particular has broken away from the "pack" in responsible investment shows what can be achieved in these important areas and it is for the other providers to now make a concerted effort to do better and to catch the leader.

This report is important in highlighting some good practice and showing where more work needs to be done. As we move through authorisation and into supervision of master trusts TPR expects standards of governance to improve and to see these improvements reflected in future research reports.

Anthony is the Acting Executive Director of Regulatory Policy, Analysis and Advice and General Counsel at The Pensions Regulator (TPR). Anthony qualified as a solicitor 16 years ago and has worked at TPR for the last nine years, initially as a litigation lawyer and subsequently in policy, management and leadership roles. Anthony has extensive experience of regulatory, pensions, and public law and practice.

Executive Summary

Introduction

This report is ShareAction's second survey assessing the UK's largest auto-enrolment pension providers, and follows recent research by ShareAction into pensions communications for the next generation of savers[i], and the transparency and accountability of independent governance committees (IGCs)[ii] at 16 large UK contract-based pension schemes.

This survey has two purposes: firstly, to rank auto-enrolment pension providers on responsible investment with a focus on their default funds, and secondly, to rank the content and quality of communications and engagement with the millions of new savers. The scores from both responsible investment and communications and engagement are combined to give an overall ranking. These areas were selected as they have so far received little focus during the roll-out of auto-enrolment. The report provides a series of suggestions and recommendations for the pensions industry, policymakers, and regulators.

The survey was developed following a review of industry best practice and consultation with a range of stakeholders. The survey questions are available in the appendix. The 10 largest auto-enrolment pension providers (by members) completed the survey between January and April 2018. After initially agreeing to participate, Smart Pension withdrew. Questions relating to governance reflect the differences between contract-based and master trust schemes. As Legal & General and Standard Life offer both master trust and contract-based schemes, scores are listed for both product types.

Survey Findings

The report comes to a number of different findings that cover both:

1. responsible investment (227 points available) and
2. quality and content of member communications and engagement (125 points available).

The section on responsible investment is divided into five themes: responsible investment policy and process, engagement with portfolio holdings, climate change, workforce, and ethics. As this area covered a broader range of issues, the responsible investment theme had a greater weighting in the overall score. The findings are summarised in the following pages.

Total Scores

Figure 1: *Aggregated scores and section breakdown across responsible investment and communications and engagement. CB = contract-based scheme. MT = master trust.*

Findings

Finding 1: NEST came first overall, achieving 74 per cent (page 27). The middle group of providers is highly clustered- second to ninth place are spread over 11 per cent. NOW: Pensions' master trust and Aegon UK's contract-based scheme received the lowest scores, while Smart Pension withdrew from the survey.

Finding 2: NEST gained the highest score on responsible investment - 30 per cent above second placed Aviva's contract-based product (page 30). NEST's approach to climate-related financial risks and environmental, social, and governance (ESG) engagement within its default funds was particularly commendable.

Finding 3: There is little to differentiate the performance of auto-enrolment pension providers across communications and member engagement (page 35). There is only a 13 per cent difference between the leading provider (The People's Pension) and the two worst performing providers. The findings show:

1. There is, on the whole, little to separate providers in how they communicate and engage with members;
2. There are pockets of good practice and innovation;
3. There is a lack of evidence pension providers are actively reaching out to savers to engage on important issues that really matter to them.

Finding 4: Default fund portfolios represent a climate risk lottery (page 41). NEST was the clear leader in addressing climate-related financial risks in the default fund, scoring 86 per cent in the climate change theme. NEST is the only provider that incorporates climate-related financial risks when setting the default funds' investment managers' performance objectives and requirements for reporting, and the only provider to have a measurable and time-bound target to reduce the portfolio's exposure to climate-related financial risks. No other auto-enrolment pension provider scored above 32 per cent, a finding which would provide strong evidence that climate-related financial risks are not addressed sufficiently by auto-enrolment default funds.

Finding 5: Despite saver and societal concerns, auto-enrolment pension providers are lax on engaging with investee companies on aggressive tax policies (page 44). Only NEST and Royal London (through their asset management arm Royal London Asset Management - which manages 100 per cent of the default fund) have specific policies relating to responsible tax conduct in investee companies. The remaining providers had no specific policies in place to engage investee companies on this matter.

Finding 6: Controversial weapons exclusions do not go far enough (page 45). Six of the nine auto-enrolment pension providers have specific policies to address controversial weapons that apply to all fund options offered. However, these policies differ in their approach: all six exclude companies linked to cluster munitions and anti-personnel landmines, while only three exclude those with links to chemical and biological weapons.

Finding 7: Eight of the 11 boards of trustees and IGCs are made up of less than 30 per cent women (page 49). NOW: Pensions has the highest proportion of women at 60 per cent, while Royal London's IGC contains the fewest women, with 17 per cent.

April 2018 Pension Power meeting

Recommendations

The findings in each section lead to a series of recommendations for the 10 auto-enrolment pension providers, the FCA, the Pensions Regulator, and the Department for Work & Pensions.

Recommendations for auto-enrolment pension providers

Responsible Investment

Recommendation 1. Each auto-enrolment pension provider should produce a statement of responsible investment principles
This document would explicitly state their responsible investment expectations for all asset managers, in-house or external, active or passive, ensuring savers' best interests are met. This statement might include:

- A commitment to engage with underlining investments to promote better practice on material responsible investment issues, such as climate change and tax policies.
- Recognise that these policies should apply to default funds as well as alternative fund choices.
- Clarification of which (if any) ethical concerns are considered, for example, controversial weapons exclusions.

Recommendation 2. Incorporate targets and products that address climate-related financial risks into default fund investment management
All default funds should address climate-related financial risks as standard, in both the active and passive portfolios and across all asset classes. Auto-enrolment pension providers should also introduce measurable and time-bound targets to reduce the default fund portfolios' exposure to climate-related financial risks.

Recommendation 3. Improve board and IGC diversity
To improve governance and representation, trustee boards and IGCs should outline a strategy to increase board diversity with clear time bound targets.

Communications & Engagement

Recommendation 4. Promote member engagement
Auto-enrolment pension providers should report annually on policies and programmes that seek to engage members, and share knowledge within the industry on best practice.

Recommendation 5. Commit to an annual member meeting
These member meetings should aim to discuss and identify key issues of concern among members.

Recommendation 6. Third party audit of communication and engagement
Auto-enrolment pension providers should ensure information provided to each member is short, simple, relevant to individuals, and accessible through a range of technologies and media. This should be assessed by an independent third party and benchmarked against leading practice.

Recommendations for the Department for Work and Pensions, the FCA, and The Pensions Regulator

Recommendation 1. Encouraging climate risk assessments in default funds
To reduce the climate risk lottery that currently exists among auto-enrolment default funds, the regulators should set a timeframe for auto-enrolment pension providers to incorporate the Task Force on Climate-related Financial Disclosures core recommendations.

Recommendation 2. Strengthening governance frameworks
To improve diversity across the governance committees the regulators ought to encourage auto-enrolment pension providers to set targets to improve diversity on governance boards.

Recommendation 3. Promoting member engagement
To have formal mechanisms to understand members' views and incorporate them into fund policy, the regulators ought to encourage auto-enrolment pension providers to commit to annual member meetings. Additionally, the regulators should require providers to annually report on their strategies to increase both member engagement in general and each individual's contributions.

Introduction & Methodology

Introduction

Since the introduction of automatic-enrolment in 2012, approximately 9.3 million additional workers are now in workplace pension schemes[iii]. This report details the findings of ShareAction's second survey of the UK's largest auto-enrolment pension providers. The 2018 survey built upon the 2015 survey and our recent survey of the transparency and accountability of independent governance committees (IGCs) to focus on responsible investment practices in default fund portfolios, as well as communications and engagement with the millions of new savers.

Through the publication of this report we have a single purpose: to improve these schemes for the members' benefit. This survey has two objectives: to assess responsible investment (with a focus on default funds) and member communications and engagement across the 10 largest auto-enrolment pension providers.

Through this report, ShareAction hopes to produce a resource for savers, employers, regulators, policymakers, boards of trustees and IGCs, and auto-enrolment pension providers. ShareAction also hopes to promote competition between auto-enrolment pension providers - improving standards of responsible investment and member communications and engagement. ShareAction aims to improve retirement outcomes for millions of workers, understanding that the quality of retirement will be judged through not only retirement incomes, but also the state of the world into which people will retire.

Survey Design

The survey is divided into two sections:

1. responsible investment and
2. communications and engagement.

These topics were selected as they are two areas that have so far received little focus during the roll-out of auto-enrolment.

The responsible investment section addresses actions taken within the default funds, where the vast majority of savers' assets are held[iv]. There are five themes within the responsible investment section:

Responsible investment policies and process: assessed the provider's governance of, and policies for, responsible investment.

Engagement with portfolio holdings: assessed how, as asset owners, pension funds approached engagement on ESG issues – especially in quoted equities.

Climate change: assessed the incorporation of climate-related financial risks into investment decisions for default fund holdings.

Workforce: assessed the incorporation of workforce-related financial risks into investment decisions.

Ethics: assessed how providers addressed ethical concerns in investment decisions.

38 questions and corresponding answer options emerged from these themes, guided by industry best practice and international standards such as the UN's Sustainable Development Goals. The survey had a number of iterations following internal reviews and external consultation, for example with experts from The Pensions Regulator (TPR) and the Department for Work & Pensions (DWP).

Due to governance differences between contract-based and master trust schemes, two versions of the questions for responsible investment policies and process were created. As Legal & General and Standard Life offer both contract-based and master trust auto-enrolment products, they were required to answer both forms, each generating two scores for the theme. All other questions are common to both governance types.

A maximum score of 352 was available in the survey. The scoring was split between responsible investment (64 per cent) and communications and engagement (36 per cent). As this area covered a broader range of issues, the responsible investment theme had a greater weighting in the overall score. The full breakdown can be viewed in Figure 2. It was recognised that not all questions were applicable to each auto-enrolment pension provider, for example, because they did not use investment consultants. This was taken into account during the scoring process. The full list of questions and corresponding weighting can be found under Appendix 1.

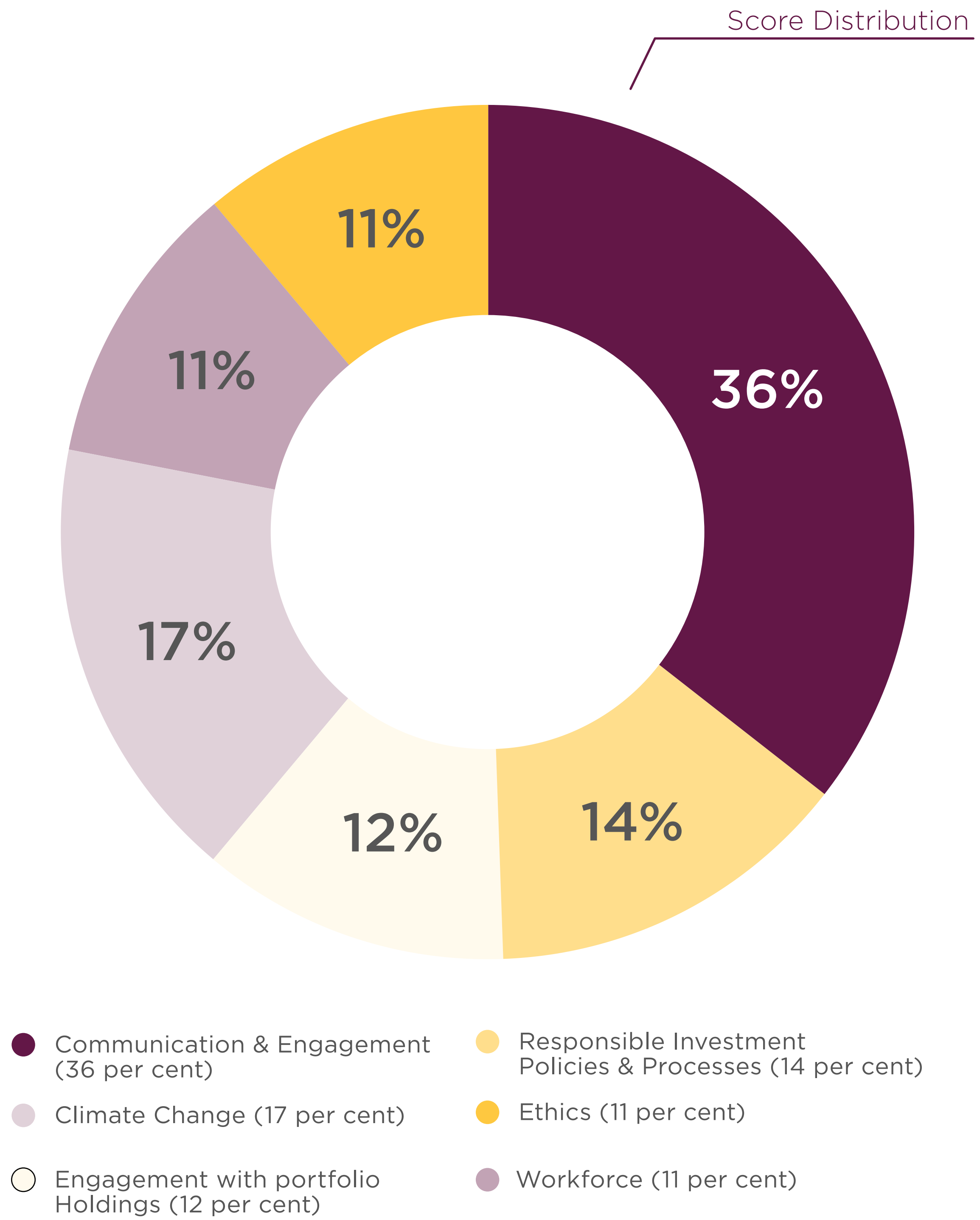


Figure 2: *Full breakdown of survey score distribution. Score breakdown sums to 101% due to rounding.*

Selection of Providers

The 10 largest auto-enrolment pension providers based on membership numbers, including both contract-based schemes and master trusts, were selected to be assessed in the 2018 survey. As there is no official list of the largest auto-enrolment pension providers, numerous sources were used to determine who to survey. This included publicly available documents and webpages from the pension providers such as IGC reports, previous ShareAction work, industry research such as the 2017 Defined Contribution Investment Forum UK master trust report[v], and consultation with industry experts.

Research Process

In January 2018, ShareAction invited the selected auto-enrolment pension providers to take part in the survey through letters to each of the CEOs and emails to contacts within each organisation. All 10 auto-enrolment pension providers initially agreed to take part, however, Smart Pension subsequently withdrew leaving nine providers that responded to the survey. In February 2018, questionnaires were distributed by email to designated contacts at each organisation with a deadline of submission in March. Once preliminary data analysis had taken place, the scored surveys were returned to each provider for additional clarification and comment with a deadline of April. Clarifications and comments were reviewed and integrated, with final sign-off being retained by ShareAction, and the final scores were generated.

April 2018 Pension Power meeting

Key Findings

Introduction

This section explores the key themes that emerged from the survey responses following analysis.

Finding 1: Overall rankings

Background

This finding details the aggregated performance across both the responsible investment and communications and engagement sections. Of the 352 points available, 64 per cent are allocated to responsible investment questions, and 34 per cent are allocated to communications and engagement. As the responsible investment section covered a broader range of issues, it had a greater weighting in the overall score.

Findings

Figure 3: *Aggregated scores and section breakdown across responsible investment and communication and engagement. CB = contract-based scheme. MT = master trust.*

1. NEST have come first overall, achieving 74 per cent. This is a result of their very strong performance across the responsible investment themes, in particular, climate change, engagement with portfolio holdings and responsible investment policies and process.
2. Other providers are clustered with little differentiation. Second place The People's Pension out-performed ninth placed Royal London by 11 per cent. Whereas, there is a gap of 19 per cent between The People's Pension and NEST.
3. Auto-enrolment product offerings from NOW: Pensions and Aegon UK received the lowest scores.
4. Smart Pension withdrew from the survey process, and have received zero points as a result.
5. There is no significant trend of master trust against contract-based scheme performance.

Lauren Peacock, ShareAction, discussing default pension funds at the October 2017 Pension Power meeting

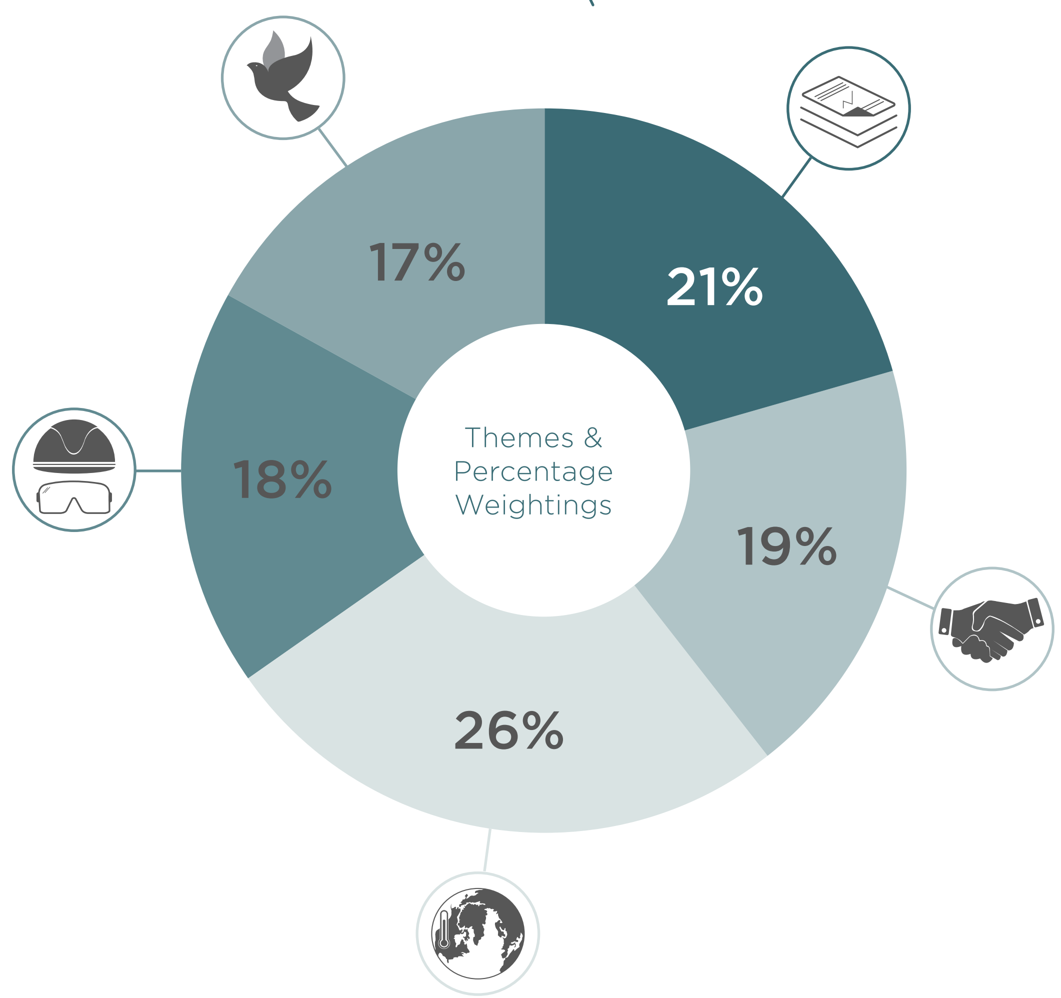
Finding 2: Responsible investment: NEST and the rest

Background

This finding details the aggregated performance across the five themes. Questions broadly focused on the incorporation of responsible investment practices into the default funds of each provider's auto-enrolment product offering, as this is where the vast majority of members remain once enrolled[vi]. The themes and percentage weighting[1] of the responsible investment sections are:

- Responsible investment policies and processes (21 per cent)
- Engagement with portfolio holdings (19 per cent)
- Climate change (26 per cent)
- Workforce (18 per cent)
- Ethics (17 per cent)

Responsible Investment Score Distribution



1. Percentages sum to greater than 100 per cent due to rounding

Findings

Responsible Investment Aggregate Score (out of 227)

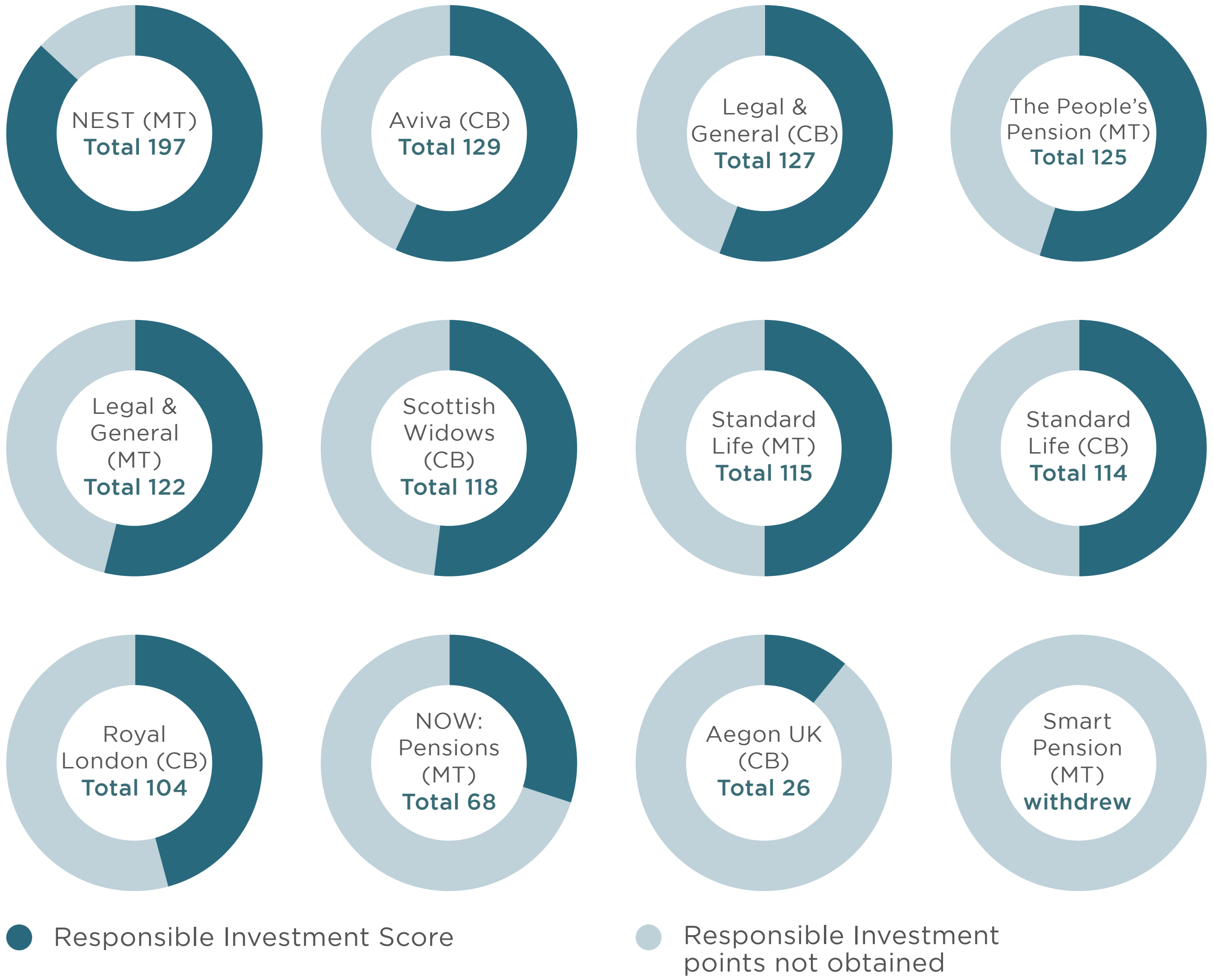


Figure 4: *Aggregated performance across responsible investment themes*

1. NEST is the stand-out leader, scoring 87 per cent, 30 per cent above second placed Aviva's auto-enrolment product. Pension providers placing second to ninth fall within 11 per cent of each other. NOW: Pensions and Aegon UK place 10th and 11th, with 30 per cent and 11 per cent respectively.

2. NEST's leading performance can be attributed to the emphasis placed on responsible investment in the default funds, from asset allocation to engagement, with policies covering a wide range of ESG issues.

3. Default fund offerings in the auto-enrolment products from NOW: Pensions and Aegon UK received the lowest responsible investment scores. Neither provider utilises holdings to take action on material workforce risks such as supply chain issues or gender diversity. Moreover, both providers score zero on engaging with portfolio holdings. Aegon UK reported that it did not receive information on the results of engagement through the default fund portfolio holdings, while NOW: Pensions hold no voting rights over their investments due to the derivative contracts through which they are held.

4. Contract-based providers are delegating virtually all oversight for responsible investment to their in-house asset managers, evidenced by the fact responsible investment policies provided were in their asset management arms' names. Standard Life are on track to buck this trend, and will release their own ESG policy in 2018, outlining their expectations for their investment partners, allowing them to monitor and manage responsible investment activities.

5. Only two of the six contract-based schemes' IGCs stated they consider ESG factors as a part of the Value for Money assessment.

6. The aggregated responsible investment performance allows for a comparison with the standings from the 2015 survey, as the 2015 survey did not assess communications and engagement. This highlights the improvement of NEST and The People's Pension as responsible investors, as well as highlighting Aviva's consistent performance. **It should be noted the change in rating is indicative only, as the questions in the 2015 and 2018 surveys cover slightly different responsible investment topics.**

Movement since ShareAction's 2015 ranking of auto-enrolment pension providers

2018 Position	2015 ShareAction survey	2018 Position	2015 ShareAction survey
1. Nest (MT)	↑	7. Standard Life (MT)	↓
2. Aviva (CB)	↓	8. Standard Life (CB)	↓
3. Legal & General (CB)	↑	9. Royal London (CB)	↔
4. The People's Pension (MT)	↑	10. NOW: Pensions (MT)	↓
5. Legal & General (MT)	↑	11. Aegon UK (CB)	↓
6. Scottish Widows (CB)	↑		

Table 1: *Movement since the 2015 ShareAction auto-enrolment survey*

> Pensions Minister, Guy Opperman, has stated that the Government believes instances where no social or environmental considerations are financially material in the selection, retention, and realisation of investments "…will be rare if they exist at all"[vii]

Pensions Minister, Guy Opperman, has stated that the Government believes instances where no social or environmental considerations are financially material in the selection, retention and realisation of investments "…will be rare if they exist at all"[vii]. While it is undoubtedly positive that the majority of auto-enrolment pension providers offer default funds that integrate some ESG factors into investment practices, there is definite room for improvement, given the potential impact of strong responsible investment practices on retirement income.

- Each auto-enrolment pension provider should produce statements of responsible investment principles. This document would explicitly state their responsible investment expectations for all investment managers, be them in-house or external, active or passive, ensuring savers' best interests are met. This statement might include:
  - A commitment to engage with underlining investments to promote better practice on material ESG issues, such as climate change and responsible tax policies.
  - Auto-enrolment pension providers should have measurable targets to assess the results of engagement, or ensure their investment managers do.
  - Recognise that these policies should apply to default funds as well as alternative fund choices.

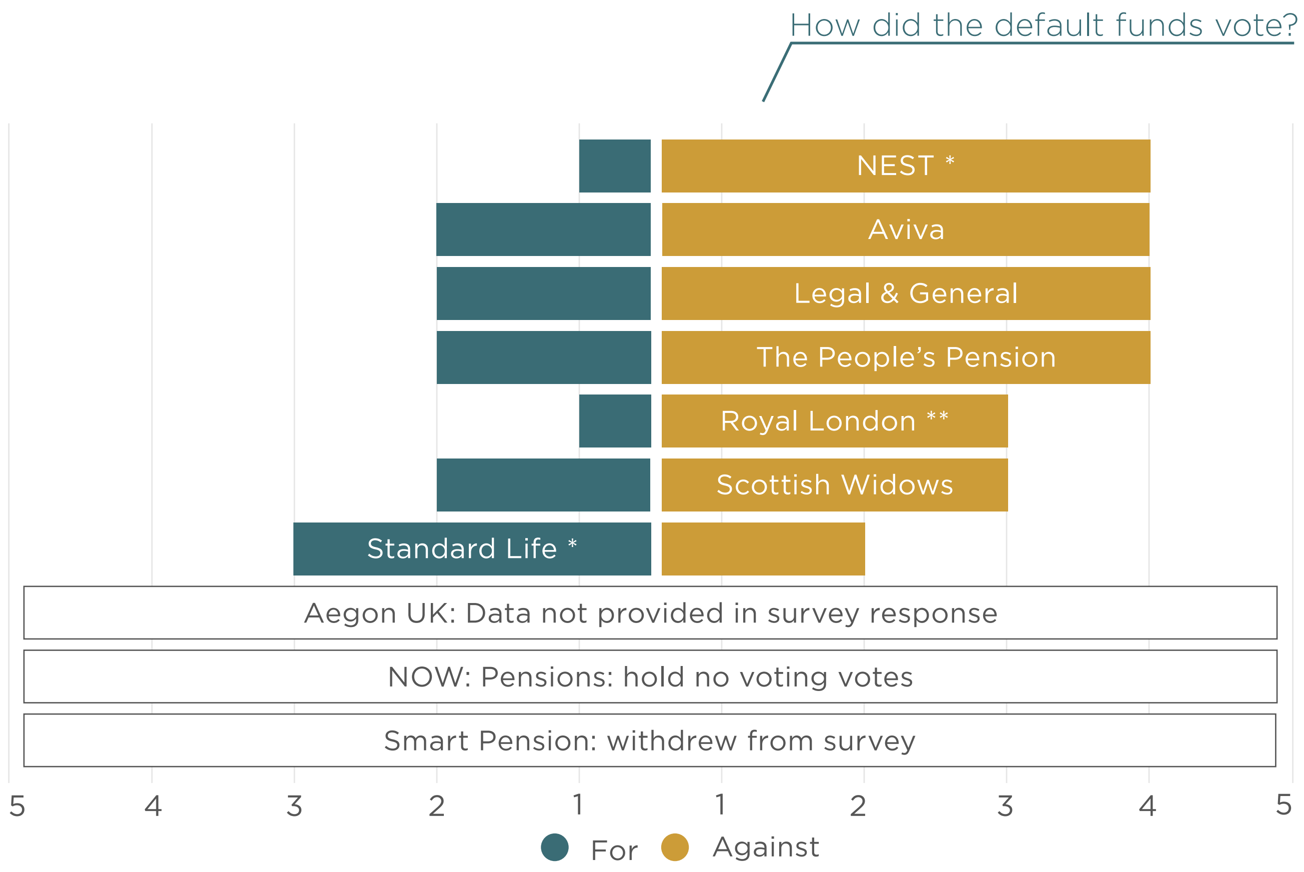


Figure 5: *Ratios of "for" and "against" votes across auto-enrolment pension providers' default fund holdings at six controversial resolutions. Data from survey responses.*

** NEST and Standard Life do not hold one of the assessed equity, meaning their total is out of five.*
*** Royal London abstained on two votes*

The Survey also reviewed how auto-enrolment pension providers voted on six 'controversial' resolutions during the 2017 AGM season in their default funds. These resolutions were selected as they took place at large, high profile businesses and each generated >20 per cent vote against management as recorded by the Investment Association Public Register.
The resolutions related to:

- Executive pay policy (Pearson PLC, AstraZeneca PLC, and Informa PLC).
- Re-appointment of the auditors (BT Group plc)
- Election of executive board members due to governance concerns or over-boarding (Sports Direct PLC and HSBC Group PLC).

ShareAction undertook this analysis as it provides a broad indication of how governance policies are implemented on behalf of default fund members. While this is a small sample of votes, the findings are on the whole encouraging as they show voting rights are being mobilised to affect change in the face of controversial practices. For example, all providers that held equity in Sports Direct voted against the re-election of the Chair. NOW: Pensions gain exposure to equity investments through derivative contracts, meaning they hold no voting rights. There may be strong financial and business reasons for this structure, however it limits their ability to influence board governance. Aegon UK did not submit data for this question.

Finding 3: Member communications and engagement - work still to be done

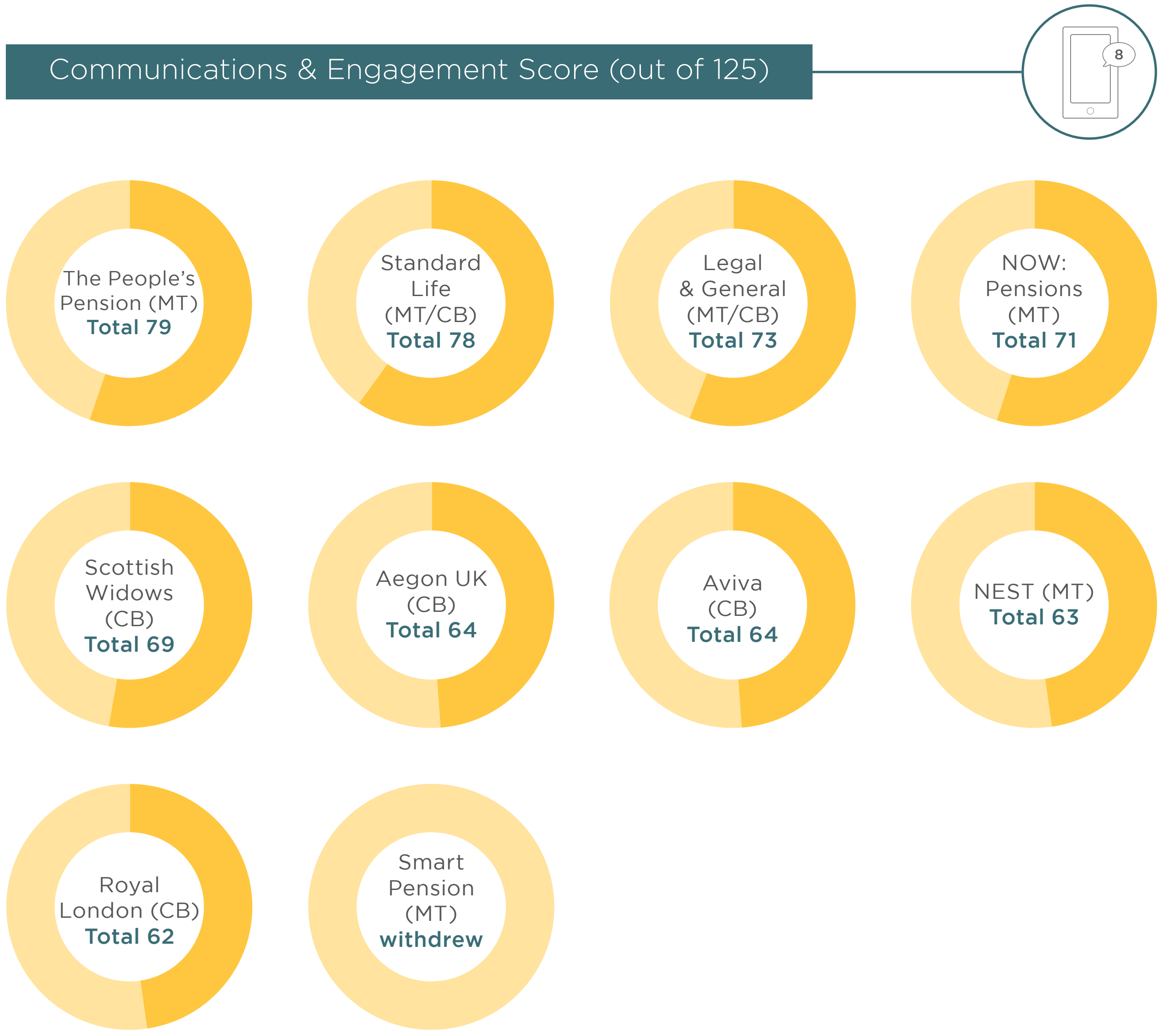
Background

The communications and engagement section is scored out of 125, and assessed:

- The content of communications with members, for example, determining which topics were covered in each providers' policies and programmes.
- The quality of communications with members, for example, the simplicity, relevance, and length of annual benefits statements.
- Whether auto-enrolment pension providers take a proactive approach when engaging members.
- The measures in place to capture member insight and input.

Findings

Communications & Engagement Score (out of 125)



Communications & Engagement Score | Communications & Engagement points not obtained

Figure 6: *Auto-enrolment pension provider's scores in the communication and engagement section. Note: there are not separate entries for Legal & General and Standard Life because the questions were common to both master trust and contract-based schemes.*

1. The People's Pension and Standard Life lead, scoring 63 per cent and 62 per cent respectively. NEST and Royal London performed worst, scoring 50 per cent.

2. The small range of 13 per cent between the best and worst performing providers reflects the lack of a stand-out leader. Many of the actions occurring are commonplace. For example, the use of mobile-optimised webpages to disseminate information such as future changes to auto-enrolment minimum contribution rates.

3. Auto-enrolment pension providers are frequently relying on members being proactive to find out pertinent information. Five out of eight providers (Scottish Widows do not monitor this data) found that less than 20 per cent of members have recently[2] logged into their online pensions platform. Only Aviva, Royal London, and Standard Life made strong references to a member's retirement goals in their annual benefits statements.

4. Five out of nine auto-enrolment pension providers consider their member facing communications against independent standards, for example the Pensions Quality Mark Good Communication Guide toolkit and the Association of British Insurers' Plain English Campaign. The People's Pension aim to ensure all their member facing communications have a reading age of less than 10.

5. There are pockets of innovation across saver communications and engagement:
   - All providers intend to supply the proposed Pensions Dashboard with data[3].
   - Legal & General have introduced video benefits statements for members, which illustrate the benefits to members of increasing their contributions. Legal & General also use age profiling to prompt members to review their contribution rates.
   - Only Legal & General host an annual member forum. The People's Pension host a member AGM as a webinar.
   - Standard Life have introduced an app that allows savers to make single payments into their pension pot.
   - Scottish Widows sends a "pensions bus" to workplaces and invites employees on board to discuss retirement savings.

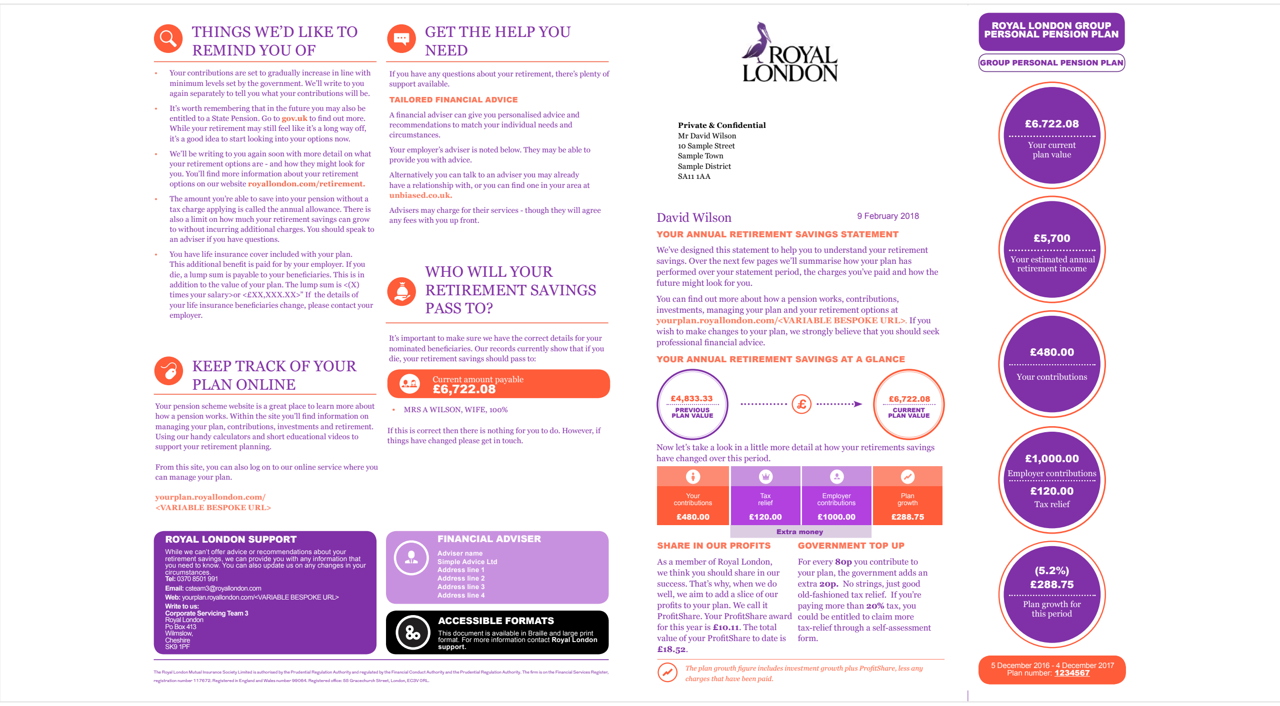
6. Only Aviva, NEST, and Legal & General seek to show members how the investment of their savings impact the real world.
   - Aviva have produced a video called "Can you protect the planet with your pension?" It is an accessible video, informing savers of the position of their pension in the global financial system, and the influence it, and by extension they, wield.
   - Aegon UK are planning on introducing ESG information to member communications, such as their welcome pack and journey.

2. The survey requested data for 2017, NEST only started measuring this data in November 2017
3. Subject to future details published

Annual benefits statement case study

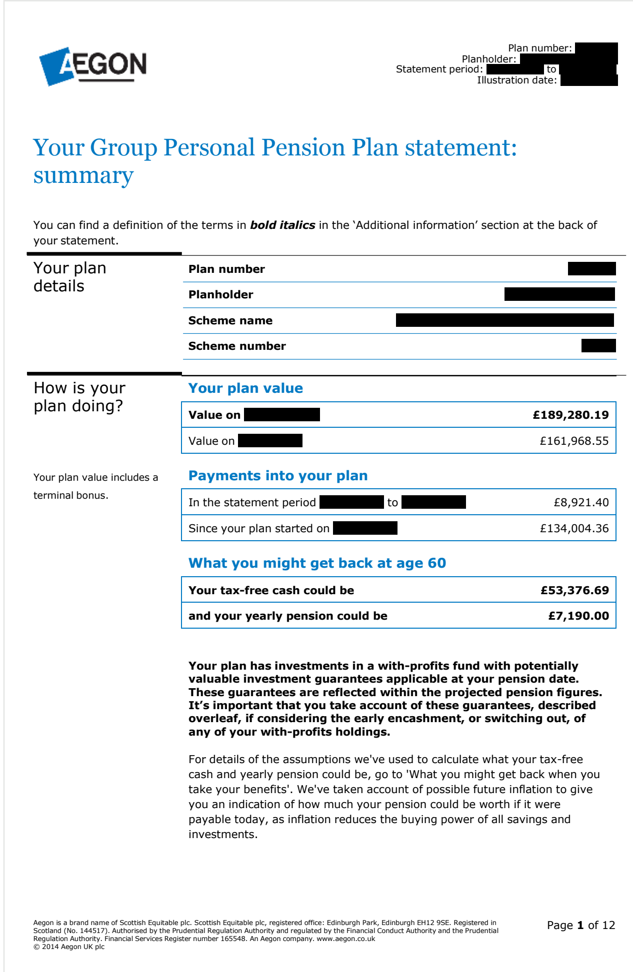
We assessed example annual benefit statements (ABSs) submitted in the survey making qualitative judgments on the content and clarity to a broad range of readers. This table highlights some examples of different practices.

Positive moves



- Royal London's ABS (above & right) is short and engaging, making good use of infographics.
- The vast majority of providers have made efforts to reduce the amount of jargon in their ABS.
- Standard Life translates the impact of employer contributions, tax relief and fund growth into simple infographics stating (for example) "you paid £3.74 for every £10 in your pension".

Room for improvement



AEGON

Plan number: [redacted]
Planholder: [redacted]
Statement period: [redacted] to [redacted]
Illustration date: [redacted]

Your Group Personal Pension Plan statement: summary

You can find a definition of the terms in ***bold italics*** in the 'Additional information' section at the back of your statement.

Your plan details	Plan number	[redacted]
	Planholder	[redacted]
	Scheme name	[redacted]
	Scheme number	[redacted]
How is your plan doing?	**Your plan value**	
	Value on [redacted]	£189,280.19
	Value on [redacted]	£161,968.55
Your plan value includes a terminal bonus.	**Payments into your plan**	
	In the statement period [redacted] to [redacted]	£8,921.40
	Since your plan started on [redacted]	£134,004.36
	What you might get back at age 60	
	Your tax-free cash could be	£53,376.69
	and your yearly pension could be	£7,190.00

Your plan has investments in a with-profits fund with potentially valuable investment guarantees applicable at your pension date. These guarantees are reflected within the projected pension figures. It's important that you take account of these guarantees, described overleaf, if considering the early encashment, or switching out, of any of your with-profits holdings.

For details of the assumptions we've used to calculate what your tax-free cash and yearly pension could be, go to 'What you might get back when you take your benefits'. We've taken account of possible future inflation to give you an indication of how much your pension could be worth if it were payable today, as inflation reduces the buying power of all savings and investments.

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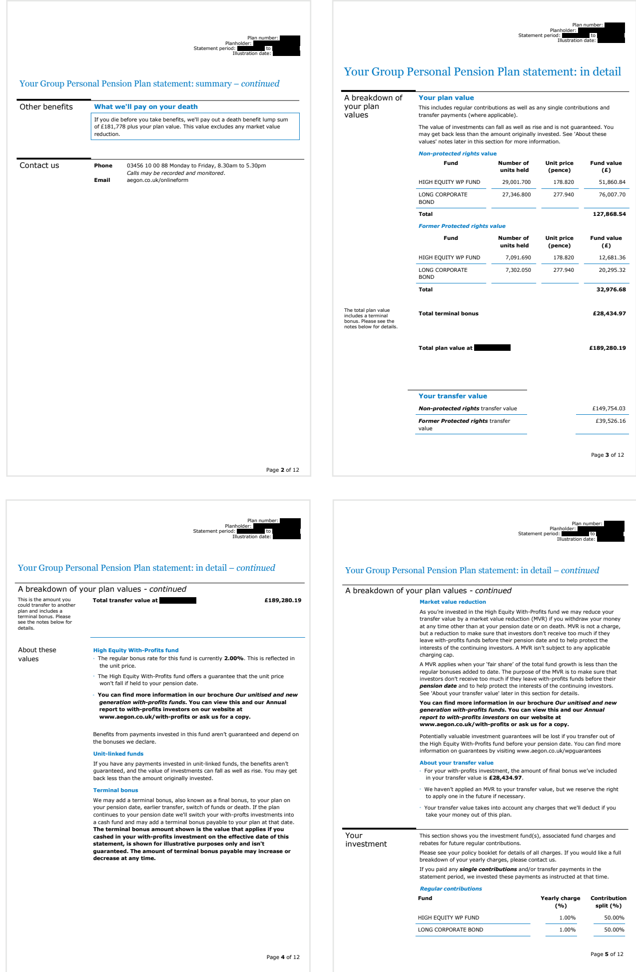
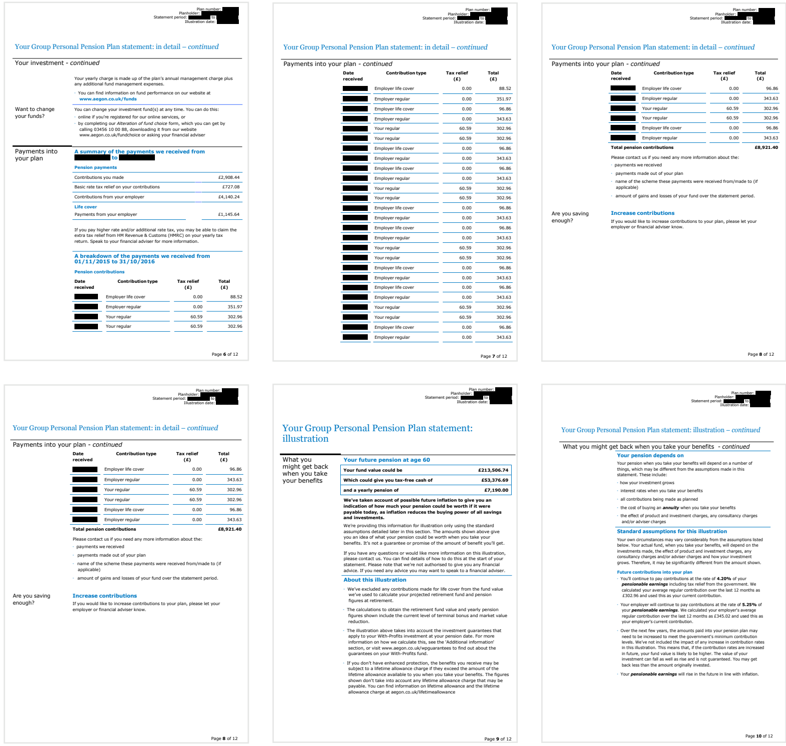




- Aegon UK's 12 page, text filled ABS may struggle to engage members.
- Six out of the nine submitted ABSs made no or weak references to achieving desired retirement incomes.
- Five of the nine submitted ABSs did not provide signposting to tax relief.
- Five of the nine submitted ABSs made no or weak references to where savers can access impartial financial advice.

Recommendations

> “Increasing engagement can help people better understand their pensions and maximise their savings for retirement; developing a sense of personal ownership and building trust in the system”[viii]
>
> *- Guy Opperman, Pensions Minister, December 2017*

Pensions Minister, Guy Opperman, stated in December 2017:
“Increasing engagement can help people better understand their pensions and maximise their savings for retirement; developing a sense of personal ownership and building trust in the system”[viii].

Auto-enrolment has been a great success in bringing more people into the pension savings system. So far opt-out rates of approximately 10 per cent have been lower than predicted. However, as minimum contributions increase from 2018 and beyond, there is a risk that this opt-out rate will increase. Indeed, the Government’s review of auto-enrolment suggests opt-out rates may increase to 27 per cent from March 2019 onwards[ix]. Auto-enrolment pension providers are one of the key players that can help counter increasing opt-out rates. Through increased innovation and improved outreach, they can help foster and develop a savings culture. To improve saver engagement, our survey points to a range of actions providers might take to increase member engagement. Auto-enrolment pension providers should:

- Promote member engagement - report annually on policies and programmes that seek to engage members, and share knowledge within the industry on best practice.
- Commit to an annual member meeting – these member meetings should aim to discuss and identify key issues of concern among savers and members.
- Third party audit of communication and engagement - providers should ensure information provided to each member is short, simple, and relevant to individuals, and accessible through a range of technologies and media. This should be assessed by an independent third party and benchmarked against leading practice.
    - Relevant information could include personalised retirement goals, or the communication of investment impacts that they know to be of interest to their members.

The FCA, and The Pensions Regulator should also promote member engagement:

- To have formal mechanisms to understand savers’ views and incorporate them into fund policy, the regulators ought to encourage auto-enrolment pension providers to commit to annual public member meetings and require providers to annually report on their strategies to increase both saver engagement in general and member contributions.

Savers show their questions for providers at the April 2018 Pension Power meeting focused on ShareAction’s *Pensions for the Next Generation* (2018) report on member engagement

Finding 4: Default funds represent a climate risk lottery

Background

Climate change and its implications pose potentially significant risks to the global economy. Rapid technological and regulatory change as a result of the transition to a low carbon economy could reduce the value of investment portfolios considerably if no actions are taken to mitigate against them[x]. Pension funds are particularly at risk, due to long-term investment horizons and the allocation of passive funds into low cost index tracker funds, which offer no climate protection against ownership of high carbon companies. Moreover, climate change poses risks to the quality of savers' lives in retirement- what good is a small increase in a pension pot's value in a world massively altered by climate change?

The climate change section scored a maximum of 59 points, and focused specifically on the approach to climate-related financial risks within default funds. Questions covered:

- The auto-enrolment pension provider's oversight of climate-related financial risks in the default funds.
- Investment managers' actions to address climate-related financial risks and pension providers' expectations of them.

Laurence Watson, Carbon Tracker, discussing climate risk at the October 2017 Pension Power meeting

Findings

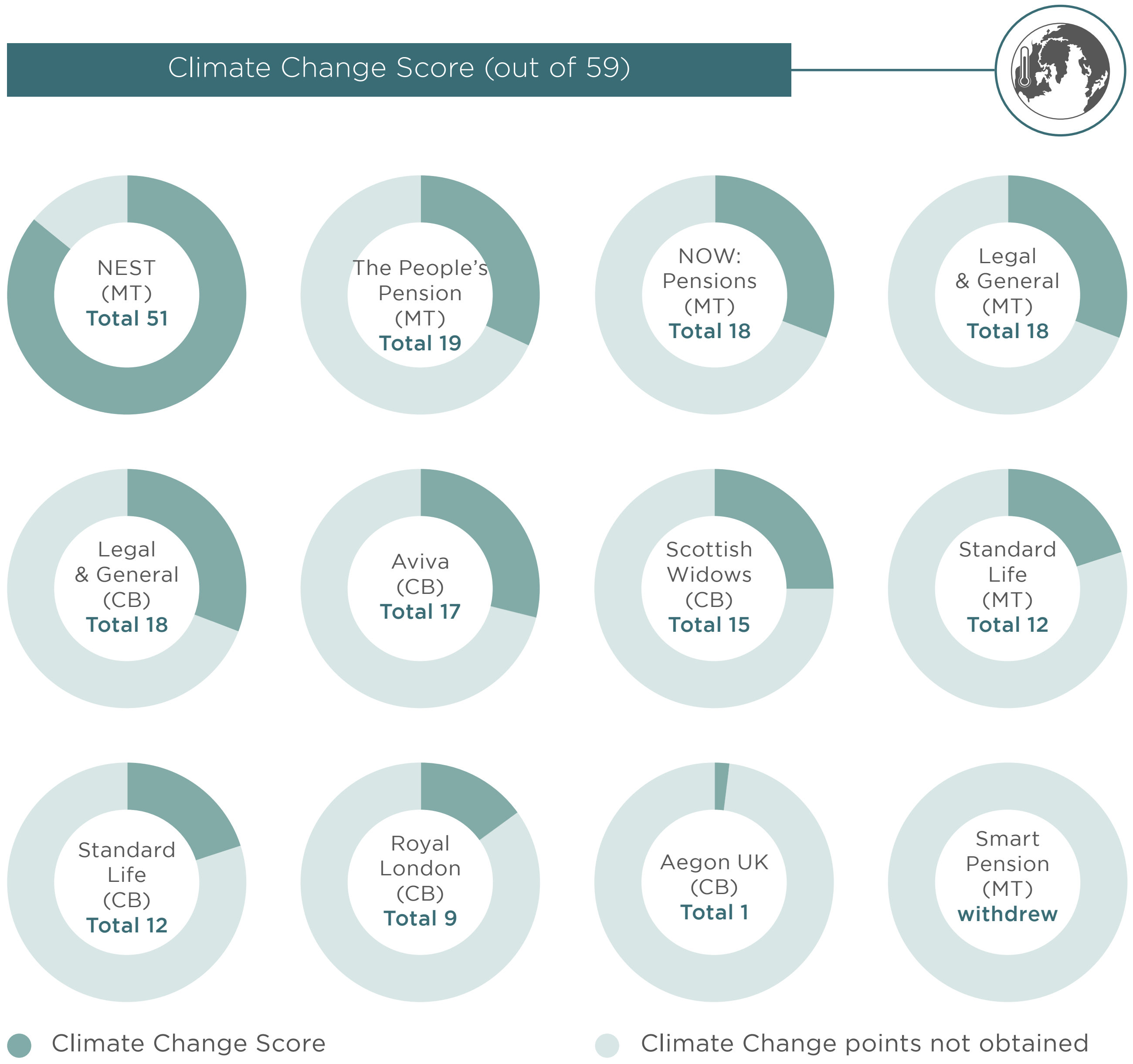


Figure 7: *Scores achieved in the climate change section.*

1. NEST scored 86 per cent, while no other provider scored more than 32 per cent, giving strong evidence that climate-related financial risks are not consistently addressed across default fund options.

2. NEST's high score reflects their leading practice across a number of areas:
    - NEST is the only provider that incorporates climate-related financial risks when setting the default funds' investment managers' performance objectives and reporting requirements.
    - NEST is the only provider to have a measureable and time-bound target to reduce the portfolio's exposure to climate-related financial risks.
    - NEST and NOW: Pensions are the only providers to have products in the default funds that have allocated assets to specifically deal with climate-related financial risks, through the Climate Aware World Equity Fund and green bonds, respectively. The Climate Aware World Equity Fund accounts for 14 per cent of NEST's default fund, while NOW: Pensions' green bonds account for 13 per cent of the total holdings.
    - NEST's youngest savers' default fund holdings are tilted more highly towards climate-friendly stocks.

3. Aegon UK's default fund portfolio have performed notably poorly, scoring just two per cent. This is a result of having no specific climate policy in asset allocation and engagement.

4. Only Royal London, Scottish Widows, and NOW: Pensions have analysed the carbon intensity of their default fund portfolios, while NEST have conducted analysis around carbon intensity in their default fund strategy. Additionally, the default holdings of only Aviva, NEST, and Royal London have specific policies to address the most carbon-intensive industries, for example, coal and tar sands, or the utilities sector.

5. Only Aviva and NEST are intending to disclose publicly according to the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations.

Recommendations

While pockets of climate leadership exist, it is clear auto-enrolment pension providers need to do more to address climate-related financial risks in default funds. Our findings point to a number of recommendations that could be adopted by auto-enrolment pension providers, the FCA, and The Pensions Regulator:

- Incorporate products and approaches that address climate-related financial risks into default fund investment management - climate change should no longer be considered an ethical problem to be addressed by alternative fund choices. All default funds should address climate-related financial risks as standard, in both the active and passive portions.
- Auto-enrolment pension providers should follow NEST's leading practice by introducing a measurable and time-bound target to reduce the default fund portfolios' exposure to climate-related financial risks.
- The regulators should set a timeframe for auto-enrolment pension providers to incorporate the TCFD core recommendations.

Finding 5: Lax on tax - an engagement case study

Background

Engagement between asset owners and managers with investee businesses is becoming increasingly widespread. In this finding, auto-enrolment pension providers' response to aggressive tax policies in investee companies is highlighted as an example of this process. Aggressive corporate tax practices in investee companies pose material risk to savers' retirement income through reputational risks[xi] and greater regulatory scrutiny[xii]. Savers are concerned too: a Principles for Responsible Investment (PRI) survey found that in some countries, over 75 per cent of pensions savers thought it very/fairly important that companies in which their pension is invested do not exploit tax loopholes[xiii].

Auto-enrolment pension providers responded to the question: "Please provide the pension provider's specific policy on how it encourages responsible tax conduct by investee companies?"

Findings

Only NEST and Royal London (through their asset management arm Royal London Asset Management-which manages 100 per cent of the default fund) have specific policies relating to responsible tax conduct in investee companies. Both recognise that an aggressive tax policy is a reputational and regulatory risk, and expect transparency with regards to tax policy. They will engage with companies on this matter. The remaining seven auto-enrolment pension providers had no specific policy in place.

Recommendations

Aggressive tax practices expose companies to valuation risk for regulatory and reputational reasons. Engagement on topics such as tax policy is increasingly viewed as good practice and in line with trustee's fiduciary duty[xiv]. Our findings would seem also to point to the fact auto-enrolment pension providers need to accept the principle that acting in savers' 'best interests' means seeing that the quality of life in retirement goes beyond income. Investee companies' tax policies highlight this: small increases in pension pots will be insignificant if people retire into a society with poor public and health services due to government underinvestment. As part of this section on engagement we have suggested a number of recommendations:

- Tax policy - Recognise the materiality of tax policies in investee companies and state their expectations of investee companies with regards to their responsible tax conduct in a publicly available document.
- Engagement policy - Promote, or influence their investment managers to promote, best practice by engaging with portfolio holdings, taking public positions, and identifying the escalation process.

Finding 6: Controversial weapons - exclusions do not go far enough

Background

For the purpose of this survey, we have identified controversial weapons as weapons that have been outlawed by international treaties (such as the 2008 Convention on Cluster Munitions) or considered controversial due to their indiscriminate effects and disproportionate harm they cause[xv]. The weapons considered are shown in Table 2.

The survey included a two-part question:

- Does the pension provider have a publicly available policy on investing in companies involved in the development, production, maintenance, and trade of controversial weapons?
- The controversial weapons policy [referred to in part one] results in the exclusion of investee companies involved in the development, production, maintenance, and trade of which of the following controversial weapons?

Findings

	Cluster Munitions	Anti-Personnel Landmines	Biological Weapons	Chemical Weapons	Ammunitions containing depleted uranium	Nuclear weapons outside of P5 nuclear states	Incendiary Weapons
Aviva (CB)	✓	✓	X	X	X	X	X
Aegon UK (CB)	X	X	X	X	X	X	X
Legal & General (MT/CB)	✓	✓	✓	✓	X	X	✓
NEST (MT)	✓	✓	✓	✓	X	X	X
NOW:Pensions (MT)[4]	✓	✓	✓	✓	✓	✓	✓
The People's Pension (MT)	!	!	!	!	!	!	!
Royal London (CB)	✓	✓	X	X	X	X	X
Scottish Widows (CB)	!	!	!	!	!	!	!
Standard Life (MT/CB)	✓	✓	X	X	X	X	X

✓ Exclusion policy in place for all fund options

! Exclusion policy in place for alternative fund options only

X No exclusion policy in place

Table 2: *Illustrates the controversial weapons exclusion policy for each auto-enrolment pension provider. Data sourced from questionnaire responses.*

4. NOW:Pensions only have one fund option available

1. Six of the nine auto-enrolment pension providers had specific policies to address certain categories of controversial weapons that applied to all fund options. Scottish Widows and The People's Pension had specific policies that only applied to alternative fund options. Aegon UK had no specific policy in place that addresses controversial weapons holdings.

2. NOW: Pensions' policy was the broadest, applying to all fund options[4] and excluding all controversial weapons listed.

3. Where the specific policies applied to all fund options, all six auto-enrolment pension providers excluded companies linked to cluster munitions and anti-personnel landmines. However, only Legal & General, NEST, and NOW: Pensions addressed chemical and biological weapons. Moreover, only NOW: Pensions addressed ammunitions containing depleted uranium (although Legal & General will apply additional exclusions to funds located in jurisdictions where the financing of ammunition containing depleted uranium is prohibited).

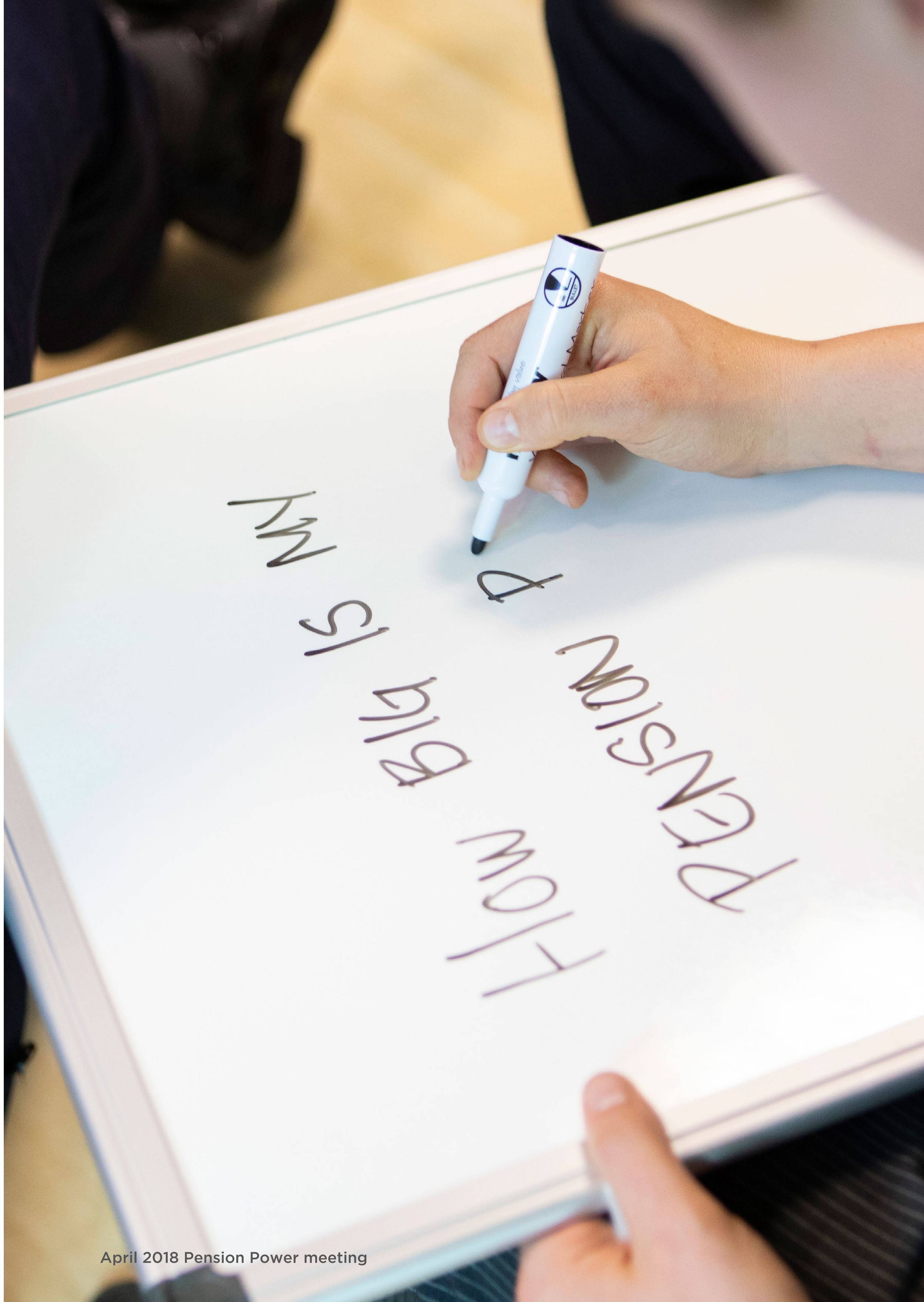
Recommendations

The exclusions of businesses linked to the manufacture and sale of cluster munitions and anti-personnel landmines by the majority of auto-enrolment pension providers across all fund options is to be congratulated. However, the exclusions should at least extend in line with the
following international treaties:

- The 1972 Biological and Toxin Weapons Convention
- The 1981 Convention on Certain Nuclear Weapons (covers incendiary weapons)
- The 1997 Chemical Weapons Convention

Additionally, the scope of exclusions should extend to all fund options (i.e. to include the default fund). Auto-enrolment pension providers hesitant to introduce an "ethical" angle to their default funds are encouraged to survey members on the inclusion of controversial weapons as standard.

4. NOW:Pensions only have one fund option available



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Finding 7: Trustee boards and IGCs need to encourage greater diversity

Background

Trustee boards and IGCs play critical roles in the governance of pension schemes, ensuring that the scheme is meeting the members' best interests. Diversity of experience is a valuable addition to both boards and committees[xvi]. The Pensions Regulator also recommends that trustee board composition should be diverse and well-balanced, across the type of trustees, the experience of trustees, and societal demographics[xvii].

The survey asked auto-enrolment pension providers:

- How does the master trust/IGC seek to ensure a diversity of viewpoints in the governance structure of the scheme?

Findings

1. Of the five master trusts schemes, NEST, NOW: Pensions, and the Legal & General master trust answered that they follow The Pensions Regulator best practice in seeking the representation of diverse societal demographics on the board of trustees, for example, across age and gender.
2. Of the six contract-based schemes, Aviva, Legal & General, and Standard Life answered that their IGC seeks the representation of diverse societal demographics on the committee.

An evaluation of board of trustees/IGC composition is detailed in Table 3

NOW: Pensions have the highest proportion of women at 60 per cent. Royal London's IGC contains the fewest women, with 17 per cent. Eight of the 11 boards of trustees and IGCs are made up of fewer than 30 per cent women. A preliminary evaluation would also suggest that there is very little diversity across age groups, with younger voices not represented.

Recommendations

It is a positive sign that over half of the surveyed schemes responded stating they are seeking to represent the diverse societal demographics in the governance structure of the auto-enrolment schemes. However, the evaluation of board and committee composition shows there is still much work to be done.

- Boards of trustees and IGCs should outline how they will increase the diversity of their composition with measurable and time bound targets.

Aviva (CB)	1/5
Legal & General (CB)	1/5
Standard Life (CB)	1/5
NEST (MT)	5/11
NOW: Pensions (MT)	3/5
Legal & General (MT)	1/5
Standard Life (MT)	1/5
Royal London (CB)	1/6
The People's Pension (MT)	1/4
Scottish Widows (CB)	2/6
Aegon UK (CB)	1/5

Table 3: *Proportion of each board of trustees/IGC that are women. CB = contract-based scheme (which have IGCs). MT = master trust (which have boards of trustees). All data was collected from auto-envirnomment pension provider websites, and the most recent master trust and IGC reports as of April 2018. Compositions may have changed since the completion of research.*

Conclusions & Recommendations

Savers and regulators should be encouraged by the fact that NEST and The People's Pension, the two largest schemes with over nine million members combined, hold first and second place respectively. NEST's comprehensive approach to responsible investment means it is the clear leader among the auto-enrolment pension providers. Additionally, there are promising signs of innovation in member communications and engagement, for example, Legal & General's use of annual member meetings and a video benefits statement that also shows members the benefits to increasing their contribution.

However, there is much room for improvement. It should concern the regulators that trustee boards and investment managers responsible for default funds do not know the carbon intensity of their portfolios, and that just two providers are intending to disclose consistently and transparently according to the widely accepted TCFD recommendations. Specific policies applying to default funds reflecting social concerns also need reviewing and developing, for example, engagement with investee companies on tax policies, and controversial weapons exclusions in the default funds.

Recommendations

The findings in each section lead to a series of recommendations for the 10 auto-enrolment pension providers, the FCA, The Pensions Regulator, and the Department for Work & Pensions.

Recommendations for auto-enrolment pension providers

Responsible Investment

Recommendation 1. Each auto-enrolment pension provider should produce a statement of responsible investment principles.
This document would explicitly state their responsible investment expectations for all asset managers, in-house or external, active or passive, ensuring savers' best interests are met. This statement might include:

- A commitment to engage with underlining investments to promote better practice on material responsible investment issues, such as climate change and tax policies.
- Recognise that these policies should apply to default funds as well as alternative fund choices.
- Clarification of which (if any) ethical concerns are considered, for example, controversial weapons exclusions.

Recommendation 2. Incorporate targets and products that address climate-related financial risks into default fund investment management
All default funds should address climate-related financial risks as standard, in both the active and passive portfolios and across all asset classes. Auto-enrolment pension providers should also introduce measurable and time-bound targets to reduce the default fund portfolios' exposure to climate-related financial risks.

Recommendation 3. Improve board and IGC diversity
To improve governance and representation, trustee boards and IGCs should outline a strategy to increase board diversity with clear time bound targets.

Communications & Engagement

Recommendation 4. Promote member engagement
Auto-enrolment pension providers should report annually on policies and programmes that seek to engage members, and share knowledge within the industry on best practice.

Recommendation 5. Commit to an annual member meeting
These memeber meetings should aim to discuss and identify key issues of concern among members.

Recommendation 6. Third party audit of communication and engagement
Auto-enrolment pension providers should ensure information provided to each member is short, simple, relevant to individuals, and accessible through a range of technologies and media. This should be assessed by an independent third party, and benchmarked against leading practice.

Recommendations for the Department of Work and Pensions, the FCA and the Pensions Regulator

Recommendation 1. Encouraging climate risk assessments in default funds
To reduce the climate risk lottery that currently exists among auto-enrolment default funds, the regulators should set a timeframe for auto-enrolment pension providers to incorporate the TCFD core recommendations.

Recommendation 2. Strengthening governance frameworks
To improve diversity across the governance committees the regulators ought to encourage auto-enrolment pension providers to set targets to improve diversity on governance boards.

Recommendation 3. Promoting member engagement
To have formal mechanisms to understand members' views and incorporate them into fund policy, the regulators ought to encourage auto-enrolment pension providers to commit to annual member meetings. Additionally, the regulators should require providers to annually report on their strategies to increase both member engagement in general and each individual's contributions.

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Appendix

Appendix 1

Question list and maximum percentage scores available.

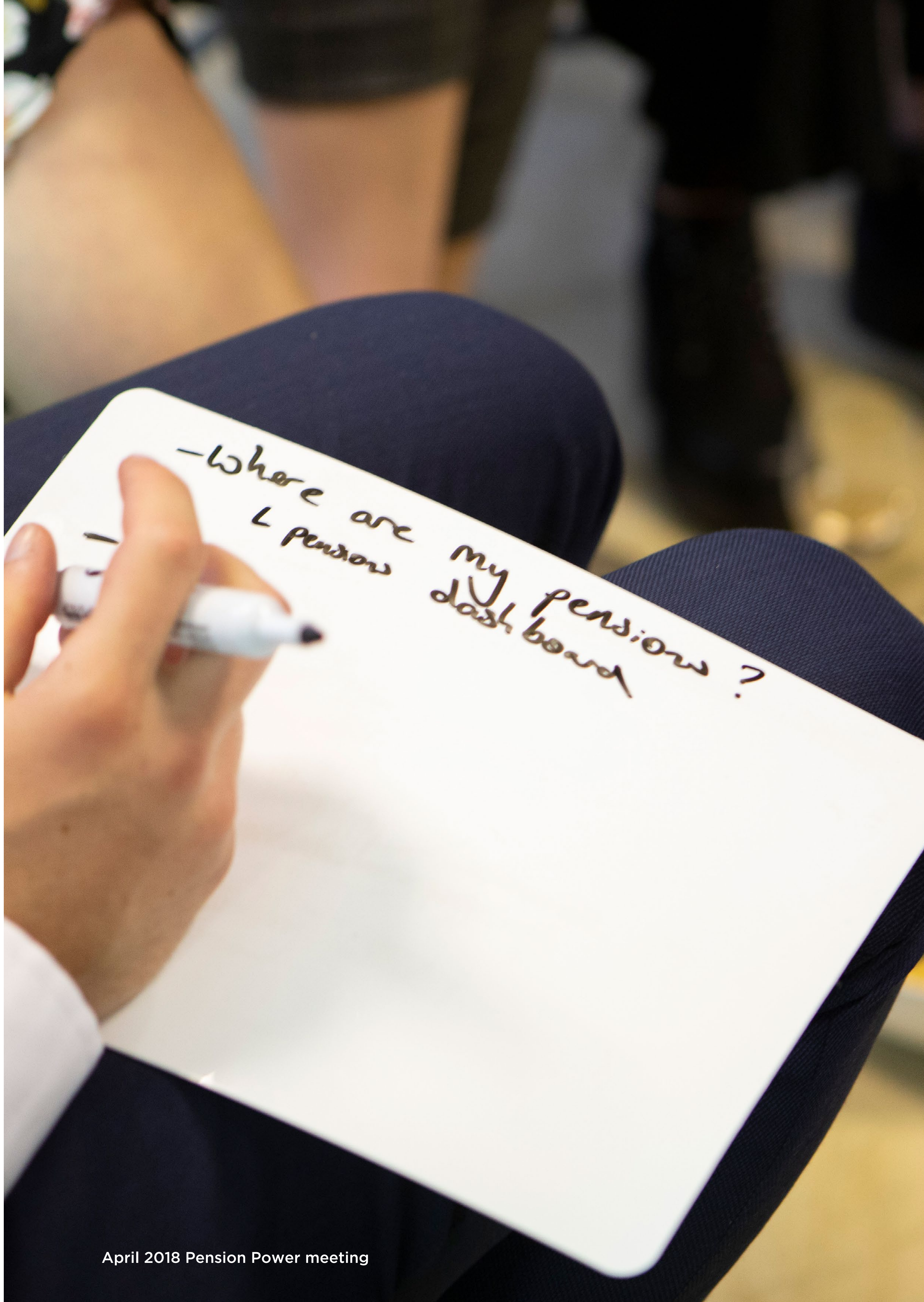
Theme	Question Number	Questions	Max % score
Responsible Investment Policy and Process (formerly Active Governance) 14% CB=contract based MT=Master trust	AG1a (MT/GB)	Please provide the master trust's/ pension provider's most recent responsible investment policy and statement of investment principles.	1%
	AG1b (MT)	Are the policy and principles reviewed regularly?	1%
	AG1b (CB)	Are the policy and principles reviewed regularly?	1%
	AG1c (MT/CB)	Which fund options do the policy and principles cover?	1%
	AG2 (MT)	How are environmental, social and governance (ESG) factors incorporated into the governance procedures of the pension fund?	4%
	AG2 (CB)	How are environmental, social, and governance (ESG) factors incorporated into the governance procedures of the pension fund?	4%
	AG3 (MT/CB)	When selecting an investment manager for the default funds, does the request for proposal (RFP) at the point of selection assess prospective investment manager's responsible investment policies and practices?	3%
	AG4 (MT)	How does the master trust seek to ensure a diversity of viewpoints in the governance structure of the scheme?	3%
	AG4 (CB)	How does the pension provider seek to ensure a diversity of viewpoints in the governance structure of the scheme?	3%

Theme	Question Number	Questions	Max % score
Engagement with Portfolio (formerly Active Ownership) 12%	AO1	Is an executive board member or equivalent responsible for compliance with the UK Stewardship Code?	3%
	AO2	Does the master trust/pension provider require its investment managers to publish their voting records for the default funds?	3%
	AO3	How did the holdings in the default funds vote in the following controversial shareholder resolutions?	3%
	AO4	How does the master trust/pension provider monitor the engagement undertaken by investment managers?	3%
Climate Change 17% Sustainable Development Goal 13: Climate Action	CC1	Which of the following describes the master trust's/pension provider's oversight of climate-related financial risks?	3%
	CC2a	Has the default fund portfolio been assessed for any of the potential systematic risks associated with the transition to a low-carbon economy?	4%
	CC2b	How have the investment managers integrated climate-related financial risks into the investment management of the default funds?	4%
	CC3a	Does the master trust/pension provider have a policy requiring the investment managers of the default funds to engage with investee companies on climate-related financial risks? If no, please explain why	1%
	CC3b	Which of the following do master trusts/pension providers expect to be covered by investment managers with companies within the default fund portfolio during the engagement process?	4%

Theme	Question Number	Questions	Max % score
Workforce 11% Sustainable Development Goal 8: Decent Work and Economic Growth	W1	For the default fund, and where material, does the master trust/pension provider require its investment managers to engage with investee companies on workforce and supply chain issues, such as those outlined in Sustainable Development Goal 8 (Decent Work and Economic Growth)? If yes, please provide details on the topics covered. If no, please explain why.	3%
	W2	Does the master trust/pension provider require the investment managers of the default funds to engage with investee companies on issues surrounding workforce diversity?	3%
	W3	Is the master trust/pension provider a Living Wage accredited employer?	3%
	W4	Is the master trust/pension provider a signatory to the Women In Finance Charter?	3%
Ethics 11% Sustainable Development Goal 16: Peace, Justice and Strong Institutions	E1a	Does the master trust/pension provider have a publicly available policy on investing in companies involved in the development, production, maintenance, and trade of controversial weapons?	2%
	E1b	The policy referred to in E1a results in the exclusion of investee companies involved in the development, production, maintenance, and trade of which of the following controversial weapons?	4%
	E2	Does the master trust/pension provider have an engagement policy, where material, that requires the investment managers of the default funds to promote the uptake of the United Nations Guiding Principles on Business and Human Rights (UNGPs)?	2%

Theme	Question Number	Questions	Max % score
Cont. Ethics 11% Sustainable Development Goal 16: Peace, Justice and Strong Institutions	E3	For the default funds, does the master trust/pension provider request investment managers promote anti-corruption policies in line with the OECD Guidelines for Multinational Enterprises, or the Transparency International Business Principles for Countering Bribery?	2%
	E4	Please provide the master trust's/pension provider's specific policy on how it encourages responsible tax conduct by investee companies.	2%
Communications & Engagement 34%	C&E 1a	Does the master trust/pension provider have a specific policy or programme to encourage greater understanding of pensions and savings amongst its members?	4%
	C&E 1b	How does the master trust/pension provider implement this policy or programme?	6%
	C&E 2	Does the master trust/pension provider have mechanisms to understand and incorporate members' views on how their savings are invested?	5%
	C&E 3	What percentage of members logged into their digital pension platform in 2017?	0%
	C&E 4	What percentage of members have opted-out in the most recent calendar/financial year for which you have data? Please state the time period.	0%
	C&E 5	In excess of the legal requirements, what information does the master trust/pension provider proactively send to members regarding their savings?	7%

Theme	Question Number	Questions	Max % score
Communications & Engagement 34%	C&E 6	Does the pension provider/master trust provide its members with information on the largest holdings in the default funds?	1%
	C&E 7	Has the master trust/pension provider assessed the readability of all their client facing communications?	3%
	C&E 8	Please provide examples of the following client facing literature: • Introduction pack • Annual Benefits Statement • Information approaching retirement • Default fund factsheets • Transfer requests	3%
	C&E 9	How does the master trust/pension provider ensure that savers can easily increase their regular contributions?	1%
	C&E 10a	What percentage of members are in the default funds?	0%
	C&E 10b	Do sharia and ethical fund options exist?	1%
	C&E 11	Does the pension provider/master trust intend to provide the UK Government's proposed Pensions Dashboard with data?	3%
	C&E 12	In the past 12 months, how long has it taken to transfer pensions out of the master trust's/pension provider's default funds?	1%



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The Small Print

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