

**TERMS OF REFERENCE:**

**The PTL Governance Advisory Arrangement ("GAA")**

**1. Duties and Responsibilities**

The GAA shall act solely in the interests of Relevant Policyholders in assessing and raising concerns about the value for money in the Relevant Schemes of the appointing Firms.

The GAA will be independent of the Firms.

The GAA chair will be independent of the Firms.

The GAA shall:

- 1.1. assess whether the Firms' Relevant Schemes default investment strategies are designed and executed in the interests of Relevant Policyholders and have clear statements of aims and objectives;
- 1.2. assess whether the characteristics and net performance of investment strategies are regularly reviewed by the Firms to ensure alignment with the interests of Relevant Policyholders and that the Firms takes action to make any necessary changes;
- 1.3. assess whether core Relevant Schemes' financial transactions are processed promptly and accurately;
- 1.4. assess the level of charges borne by the Relevant Policyholders;
- 1.5. assess the direct and indirect costs incurred as a result of managing and investing, and activities in connection with the managing and investing of, the pension savings of the Relevant Policyholders, including transaction costs;
- 1.6. raise with the Firm's governing body any concerns it may have in relation to the value for money for Relevant Policyholders delivered by the Relevant Schemes;
- 1.7. escalate concerns as appropriate, to the FCA and/or to Relevant Policyholders, their employers and/or make its concerns public, where a Firm has not, in the GAA's opinion, addressed those concerns satisfactorily or at all;
- 1.8. where a Firm has been part of the Independent Project Board assessment, review the actions that the Firm's board has decided to take to implement the recommendations of the Independent Project Board;
- 1.9. where the GAA is unable to obtain from the Firm, and ultimately from any other person providing relevant services, the information it requires to assess the matters stated in 1.1 to 1.5 above, explain in the annual report why it has been unable to obtain the information and how it will take steps to be granted access to that information in the future.

The Firm shall:

- 1.10. take reasonable steps to ensure that the GAA acts and continues to act in accordance with its terms of reference;
- 1.11. take reasonable steps to provide the GAA with all information reasonably requested by the GAA for the purposes of carrying out its role;
- 1.12. provide the GAA with sufficient resources as are reasonably necessary to allow it to carry out its role independently;
- 1.13. have arrangements to ensure that the views of the Relevant Policyholders can be directly represented to the GAA;
- 1.14. take reasonable steps to address any concerns raised by the GAA under its terms of reference;
- 1.15. provide written reasons to the GAA as to why it has decided to depart in any material way from any advice or recommendations made by the GAA to address any concerns it has raised (the GAA having given the Firm reasonable time to discuss and consider the concerns and any recommendations raised);
- 1.16. take all necessary steps to facilitate the escalation of concerns by the GAA;
- 1.17. consider allocating responsibility for the management of the relationship between the Firm and its GAA to a person at the Firm holding an FCA Significant-Influence Function;
- 1.18. fund independent advice for the GAA if the GAA consider it necessary and proportionate with the GAA providing reasonable explanation to the Firm of the reasons for the scope of independent advice;
- 1.19. not unreasonably withhold from the GAA information that would enable the GAA to carry out a comprehensive assessment of value for money;
- 1.20. have arrangements for sharing confidential and commercially sensitive information with the GAA;
- 1.21. use best endeavours to obtain, and shall provide the GAA with, information on the costs incurred as a result of managing and investing, and activities in connection with the managing and investing of, the assets of Relevant Schemes, including transaction costs and information about costs and charges more broadly;
- 1.22. provide additional resources and support to the GAA where the Firm asks the GAA to take on responsibilities in addition to those listed above, such that its ability to act within its terms of reference is not compromised;
- 1.23. make the terms of reference for the GAA and the annual report of the GAA publicly available and providing them on request to Relevant Policyholders and their employers.

## **2. Conflicts of Interest**

- 2.1. The GAA will act in the interests of members both individually and collectively. Where there is the potential for conflict between the individual and collective interests, the GAA should manage this conflict effectively. The GAA is not required to deal directly with complaints from individual policyholders.
- 2.2. Should the Firm ask the GAA to consider the interests of members who are not members of a Relevant Scheme, the Firm should provide additional resources and support to the GAA such that the GAA's ability to act in the interests of Relevant Policyholders are not compromised.

## **3. Membership**

- 3.1. Members of the GAA shall be appointed and removed by the board of PTL entirely at its discretion provided that the Firm should be notified of any appointment and/or removal of members .
- 3.2. One member of the GAA will always be independent of PTL and Firms.
- 3.3. The board of PTL will take reasonable steps to ensure that the GAA has sufficient collective expertise and experience to be able to make judgements on the value for money of Relevant Schemes.

## **4. Quorum**

- 4.1. The quorum necessary for meetings shall be three members.
- 4.2. The quorum necessary for the GAA to make decisions to discharge its duties shall be three members.
- 4.3. All decisions relating to the discharge of its duties shall be made by the GAA, whether at meetings or by other instrument, will be made by majority.

## **5. Meetings**

- 5.1. The GAA shall meet as necessary, and normally no less than four times a year, on dates to be determined in advance. Additional meetings may be convened if necessary, with 14 days' notice.
- 5.2. Only members shall have the right to attend meetings.
- 5.3. Non-members are able to attend meetings by invitation only.
- 5.4. In absence of the Chair, the GAA has the power to appoint a meeting chair.
- 5.5. The GAA will appoint a secretary.
- 5.6. The secretary shall minute the proceedings and resolutions of all meetings of the GAA.

- 5.7. Minutes of each GAA meeting shall be circulated as soon as practicable to all members of the GAA. They shall be approved (with updates on previously agreed actions provided) within three weeks of the meeting and relevant extracts sent to Firms.
- 5.8. Meetings of the GAA shall be summoned by the secretary at the request of any of its members, in each case with the agreement of the Chair.
- 5.9. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the GAA and any other person required to attend.
- 5.10. Meetings of the GAA may take place in person or by telephone or video conference.

## 6. Chair

- 6.1. The board of PTL will appoint the Chair of the GAA.
- 6.2. The Chair of the GAA will be responsible for the production of an annual report for each Firm which will set out:
- 6.2.1. the GAA's opinion on the value for money delivered by the Relevant Schemes;
  - 6.2.2. how the GAA has considered the Relevant Policyholders' interests;
  - 6.2.3. any concerns raised by the GAA with the Firm's governing body and the response received to those concerns;
  - 6.2.4. how the GAA has sufficient expertise, experience and independence to act in Relevant Policyholders' interests;
  - 6.2.5. the arrangements put in place by the Firm, to ensure that the views of members are directly represented to the GAA.
- 6.3. The annual report detailed in Clause 6.2 shall be sent to the Firm allowing reasonable time for review and comment before it is finalised. However, the GAA shall not be obliged to follow these comments, and upon request confirm the reasons why.
- 6.4. If, having raised concerns with the Firm's governing body about the value for money offered to Relevant Policyholders by a Relevant Scheme, the GAA is not satisfied with the response of the Firm's governing body, the GAA Chair may escalate concerns to the FCA if the GAA thinks that would be appropriate. The GAA may also make its concerns public.
- 6.5. The Chair will raise with the Firm's governing body in a timely manner any concerns that the GAA has about the information or resources that the Firm provides, or arrangements that the Firm puts in place to ensure that the views of Relevant Policyholders are directly represented to the GAA. If the GAA is not satisfied with the Firm's governing body, the Chair may escalate its concerns to the FCA if appropriate, and may make its concerns public.



## 7. Power to Appoint

7.1. The GAA shall have the power to appoint their own advisers, as It deems appropriate in relation to the execution of its functions.

## 8. Policies

8.1. The GAA shall develop policies on:

- 8.1.1. assessing value for money;
- 8.1.2. escalating issues to the Firm, the FCA and beyond;
- 8.1.3. managing conflicts of Interest;
- 8.1.4. interaction with Relevant Policyholders; and
- 8.1.5. information sharing with the Firm.

## 9. Review of Performance

- 9.1. The GAA shall prepare a regular report for the Firm containing management information and identifying any issues or concerns that the GAA wishes to raise with the Firm.
- 9.2. The GAA members will regularly review their performance and their Terms of Reference.
- 9.3. The GAA shall produce a business plan and report on its progress to the Firms on a regular basis.

## 10. Amendment

The GAA may decide to amend their Terms of Reference at any time provided:

- 10.1. such change shall not at any time render the Terms of Reference inconsistent with FCA rules relating to GAAs;
- 10.2. three months' notice is given to Firms unless it is urgent or there has been or will otherwise be a breach of law.

## 11. Definitions

In this document, the following terms have the following meanings:

"FCA" means the Financial Conduct Authority

"Firm(s)" means a/the Relevant Scheme provider(s) who has/have joined the PTL GAA

"PTL" means Pitmans Trustees Ltd

"Relevant Policyholder" means a member of a Relevant Scheme who is or has been a worker entitled to have contributions paid by or on behalf of his employer in respect of that Relevant Scheme

"Relevant Scheme" means a personal pension scheme or stakeholder pension scheme for which direct payment arrangements are, or have been, in place, and under which contributions have been paid for two or more employees of the same employer

The GAA and the Firm agree to observe and adhere to these Terms of Reference:

GAA

Signature:  
Name:  
Position:  
Date:

*C.D. Richards*  
C.D. RICHARDS  
CHAIR - GAA  
25.7.2015

[Name of Firm]

X CAREY PENSIONS UK LLP

Signature:  
Name:  
Position:  
Date:

X *Christine Hallett*  
CHRISTINE HALLETT  
CEO  
24.7.2015

April 2015