

- (a) schemes that are operated on multiple information technology systems;
- (b) schemes that have multiple charging structures;
- (c) schemes that offer a *with-profits fund*; and
- (d) the *firm* offers *relevant policyholders* access to investment funds it operates or which are operated by an entity with the same ownership.

Terms of reference for an IGC

- 19.5.5 R A *firm* must include, as a minimum, the following requirements in its terms of reference for an *IGC*:
- (1) the *IGC* will act solely in the interests of *relevant policyholders*;
 - (2) the *IGC* will assess the ongoing value for money for *relevant policyholders* delivered by *relevant schemes* particularly, though not exclusively, through assessing:
 - (a) whether default investment strategies within those schemes:
 - (i) are designed and executed in the interests of *relevant policyholders*;
 - (ii) have clear statements of aims and objectives;
 - (b) whether the characteristics and net performance of investment strategies are regularly reviewed by the *firm* to ensure alignment with the interests of *relevant policyholders* and that the *firm* takes action to make any necessary changes;
 - (c) whether core scheme financial transactions are processed promptly and accurately;
 - (d) the levels of charges borne by *relevant policyholders*; and
 - (e) 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 *relevant policyholders*, including transaction costs;
 - (3) the *IGC* will raise with the *firm's governing body* any concerns it may have in relation to the value for money for *relevant policyholders* delivered by a *relevant scheme*;
 - (4) the *IGC* will escalate concerns as appropriate where the *firm* has not, in the *IGC's* opinion, addressed those concerns satisfactorily or at all;

- (5) the *IGC* will meet, or otherwise make decisions to discharge its duties, using a quorum of at least three members, with the majority of the quorum being independent;
- (6) the Chair of the *IGC* will be responsible for the production of an annual report setting out:
 - (a) the *IGC's* opinion on the value for money delivered by *relevant schemes*, particularly against the matters listed under (2);
 - (b) how the *IGC* has considered *relevant policyholders'* interests;
 - (c) any concerns raised by the *IGC* with the *firm's governing body* and the response received to those concerns;
 - (d) how the *IGC* has sufficient expertise, experience and independence to act in *relevant policyholders'* interests;
 - (e) how each independent member of the *IGC*, together with confirmation that the *IGC* considers these members to be independent, has taken into account *COBS 19.5.12G*;
 - (f) the arrangements put in place by the *firm* to ensure that the views of *relevant policyholders* are directly represented to the *IGC*.

- 19.5.6 G (1) An *IGC* is expected to act in the interests of *relevant policyholders* both individually and collectively. Where there is the potential for conflict between individual and collective interests, the *IGC* should manage this conflict effectively. An *IGC* is not expected to deal directly with complaints from individual policyholders.
- (2) The primary focus of an *IGC* should be the interests of *relevant policyholders*. Should a *firm* ask an *IGC* to consider the interests of other members, the *firm* should provide additional resources and support to the *IGC* such that the *IGC's* ability to act in the interests of *relevant policyholders* is not compromised.
- (3) An *IGC* should assess whether all the investment choices available to *relevant policyholders*, including default options, are regularly reviewed to ensure alignment with the interests of *relevant policyholders*.
- (4) Where an *IGC* is unable to obtain from a *firm*, and ultimately from any other person providing relevant services, the information it requires to assess the matters in *COBS 19.5.5R(2)*, the *IGC* should 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.

than as an *IGC* member, including participating in the *firm's* share option or performance-related pay scheme;

- (b) the individual has been an *employee* of the *firm* or of another company within the *firm's group* within the five years preceding his appointment to the *IGC*;
 - (c) the individual has, or had within the three years preceding his appointment, a material business relationship of any description with the *firm* or with another company within the *firm's group*, either directly or indirectly.
- (2) A *firm* may appoint a *body corporate* to an *IGC*, including as Chair. The corporate member should notify the *firm* of the individual who will act as the member's representative on the *IGC*. A *firm* should consider the circumstances of a corporate *IGC* member and any representative of the corporate member with the objective of ensuring that any potential conflicts of interest are managed effectively so that they do not affect the corporate *IGC* member's ability to represent the interests of *relevant policyholders*.
- (3) Should the *firm*, or another company within the *firm's group*, operate a mastertrust, there may be benefits in a trustee of such a mastertrust also being an *IGC* member. If such circumstances exist, an individual or a corporate trustee may be suitable to be an independent *IGC* member, notwithstanding the relationship with the *firm*.
- (4) A *firm* should review on a regular basis whether its independent *IGC* members continue to be independent and take appropriate action if it considers that they are not.

