



ZEDRA

DO MORE. ACHIEVE MORE.

Chair's annual report

Generali

- | Year ended 31 December 2023
- | The ZEDRA Governance Advisory Arrangement (GAA)

September
2024



Executive summary

This report on the workplace accumulation pension product provided by Generali (“the Firm”), has been prepared by the Chair of the ZEDRA Governance Advisory Arrangement (“the GAA”) for pension policyholders. It sets out our independent assessment of the value delivered to policyholders and our view of the adequacy and quality of the Firm’s policies in relation to Environmental, Social and Governance (ESG) risks, non-financial considerations and stewardship.

Further background on the activity of the GAA and details of the credentials of the GAA can be found in Appendices C and D respectively. The GAA works under an agreed Terms of Reference, the latest version of which is dated 18 March 2024 and is publicly available (see Appendix D).

This report covers the workplace accumulation product, Generali Personal Pension Plan. The product does not have a designated default and was closed to new contributions in 2005. This is the first such assessment made by the GAA. There are also a few individuals who invest in the personal pension plan within this product. These individuals invest in the same funds but have a different charging structure, which is explained further in section 8. This report does not explicitly cover these individuals, but comments about the value for money are done so at the product level.

As Chair of the GAA for this Firm, I am pleased to deliver this value assessment of the Generali Personal Pension Plan. The GAA has conducted a rigorous assessment of the Value for Money (“VfM”) delivered to policyholders over the period 1 January 2023 to 31 December 2023. The GAA has developed a Framework to assess Value for Money which balances the quality of services and investment performance provided to policyholders against what they pay for those services and investment performance. Further details are set out on page 7.

A COLOUR CODED SUMMARY OF THE GAA ASSESSMENT

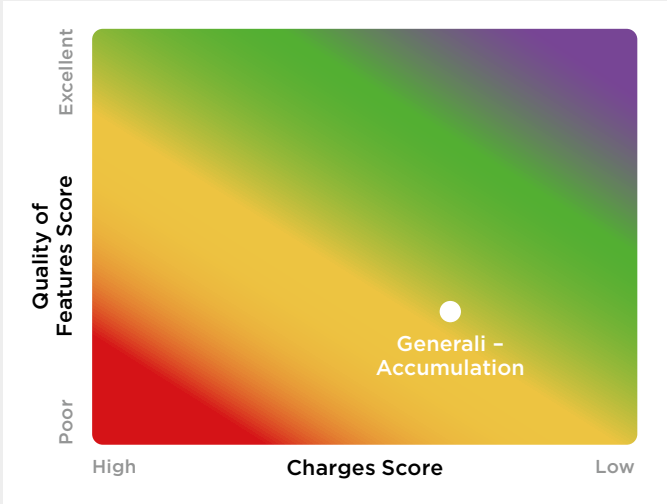
	Weighting toward VfM assessment*	Investment Pathways
1. Product strategy design and investment objectives	13%	Red
2. Investment performance and risk	10%	Yellow
3. Communication	17%	Yellow
4. Firm governance	7%	Yellow
5. Security of policyholder benefits	7%	Green
6. Administration and operations	10%	Green
7. Engagement, innovation and improvements for policyholder experience	3%	Red
8. Cost and charge levels	33%	Green
Overall Value for Money assessment	100%	Yellow

* May not add to 100% due to rounding

<p>Quality of service and investment features (1-7)</p> <p> ● Excellent ● Good ● Satisfactory ● Poor </p>	<p>Cost and charge levels (8)</p> <p> ● Low ● Moderately Low ● Moderately High ● High </p>
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How we determine our Value for Money rating is set out on page 7 of this report. The overall Value for Money is visually represented by the heatmap below.

VALUE FOR MONEY SCORING



Our conclusion is that Generali workplace accumulation pension plan provide **satisfactory** value for money.

There are specific areas identified where the GAA has challenged Generali to provide more information as follows. The GAA has challenged the Firm on the following:

- | Generali are challenged to have a more robust framework in place for how the ongoing suitability of the pension products is tested. This framework needs to be well-documented and reviewed regularly, as well as discussed within the relevant pensions committee in Generali.
- | Whilst there is a Product Committee in place to review the suitability of the pension products, the GAA notes that there were no formal discussions recorded during 2023 concerning the pension products. With the framework in place, we expect the Firm to be well placed to hold informative discussions about the ongoing suitability of the pension products and be able to evidence their conclusions via meeting minutes and where relevant, assigned actions.
- | The GAA identified that the information made available to investors (currently via the annual bulletin) could be more useful. The information provided meets the legislative requirements but specifics on the underlying investments is difficult to find and potentially confusing. We suggest Generali review the annual investment communication and make improvements to both the quantity and quality of fund details provided, including expectations around future returns and risk ratings.

The Firm is challenged to have a robust framework in place for assessing performance, with plans in place for how underperformance would be addressed. Although the UK Investment Committee has been meeting quarterly for over 10 years, it only recently started to review the performance of the funds allocated to the Generali Personal Pension Plan. Prior to this, only aggregated figures and other products were shared in these meetings.

As part of this new review framework, the GAA expects to see greater focus on risk and volatility.

- | We expect there to be greater awareness of and information provided to policyholders to protect themselves against scams. With financial scams becoming more prevalent, we expect greater efforts to be made to protect customers. This involves more education and information shared with policyholders, as well as thorough checks continue to be done on any transfer requests.
- | We identified that there is a small core UK team that administer these policies, which represents key person risk for the Firm.
- | We expect the Firm to have greater level of detail on the **transaction costs** incurred by the underlying asset managers, with checks in place to ensure appropriateness. This should include requesting for MiFID II cost disclosures from the asset managers for each calendar year.

We also concluded that the Firm's policies in relation to **Environmental, Social and Governance** (ESG) risks, non-financial considerations and stewardship were adequate.

The FCA requires a comparison of your pension product with other similar options available in the market. If an alternative scheme appears to offer better value, we must inform the pension provider. Our view on each feature that we are required to make a comparison on is included in the relevant section of the report. Details of how we selected the comparator group is set out in Appendix B. As can be seen later in the report, the Generali Personal Pension Plan is broadly in line with competitors in a many areas, but was behind the peer group average for Communications because of the lack of online facilities available to policyholders.

A joint consultation was launched in early 2023 by the Financial Conduct Authority (FCA), the Department for Work and Pensions (DWP) and The Pensions Regulator (TPR) on the framework for assessing Value for Money. This consultation set out a transformative framework of metrics and standards to assess value for money across all Defined Contribution (DC) pension arrangements including the workplace pensions reviewed by the GAA.

The regulators' overarching aim is to improve the value savers get from their DC pension by increasing comparability, transparency, and competition across defined contribution (DC) pension schemes, regardless of whether regulated by the FCA or TPR. The consultation does not affect this year's review but may mean a change in the way that Value for Money is assessed in the future.

Where we have used technical pensions terms or jargon, these are explained in the glossary in Appendix E.

I hope you find this value assessment interesting, informative and constructive.

Alan Greenlees

Chair of the ZEDRA Governance Advisory Arrangement
for Generali Workplace Pension Plan

September 2024



If you are a policyholder and have any questions, require any further information, or wish to make any representation to the GAA you should contact:

Sue Oliver, Assicurazioni Generali S.p.A. 55 Mark Lane, London, EC3R 7NE

ebteachsupport@generali.co.uk

www.generali.co.uk

Alternatively, you can contact the GAA directly at ZGL.gaacontact@zedra.com



Contents

Overview of the value assessment	7
1. Product strategy design and investment objectives	9
2. Investment performance and risk	11
3. Communication	13
4. Firm governance	15
5. Security of policyholder benefits	17
6. Administration and operations	19
7. Engagement, innovation and improvements for policyholder experience	21
8. Cost and charge levels	22
ESG financial considerations, non-financial matters and stewardship	24
Appendices	
A: Administration charge and transaction cost disclosures	25
B: Approach to comparisons	26
C: GAA activity and regulatory matters	28
D: ZEDRA GAA credentials	30
E: Glossary	31



Overview of the value assessment

The GAA has assessed the Value for Money delivered by Generali to its workplace accumulation pension policyholders by looking at costs versus investment and service benefits. More detail about how we have done this is set out below.

Our approach

The GAA believes that value for money is subjective and will mean different things to different people over time, depending on what they consider important at that time.

What is clear is that it is always a balance of cost versus investment and service benefits. Our fundamental approach has therefore been to compare all the costs paid by policyholders against the investment performance and quality of services provided to policyholders.

The key steps for the GAA in carrying out the Value for Money assessment are:

- | Issuing a comprehensive data request to the Firm, requesting information and evidence across a wide range of quality features, including [net investment performance](#), as well as full information on all costs and charges, including [transaction costs](#).
- | Attending a number of formal meetings with representatives of the Firm to interrogate the data provided and to enable the GAA to question or challenge on any areas of concern. All such meetings have been documented by formal minutes and a log is also maintained containing details of any challenges raised,

whether informally or through formal escalation.

- | Once the Firm has provided the information and evidence requested, the GAA has met to discuss and agree provisional Value for Money scoring using the Framework developed by the GAA and to undertake comparisons of the Firm's product against a suitable comparator group of providers for certain Quality of Service and Investment Features and Cost and Charges.
- | The provisional Value for Money score, including a full breakdown, has then been shared and discussed with the Firm.

The Framework developed by the GAA to assess overall Value for Money for policyholders involves rating the Firm against eight different features covering Quality of Service, Investment Performance and Strategy (the "Quality of Service and Investment Features"), and the Costs and Charges borne by the Policyholders. This assessment is undertaken relative to the GAAs view of good practice.

The Quality of Service and Investment Features have been determined based directly on the FCA requirements for assessing ongoing Value for Money set out in [COBS 19.5.5](#), including services relating to communications with policyholders and processing of [core financial transactions](#). The assessment also includes other aspects the GAA considers important based on our experience of conducting Value for Money assessments over many years, such as the Firm's governance structure, the financial security for policyholders, the Firm's approach to engagement, innovation and service improvement, and a wider overview of the administration quality and processes.

Within each of the Quality of Service and Investment Features are several sub-features. These sub-features are each scored using a numeric scoring system. Scoring is aided by means of score descriptors, developed for each sub-feature, ensuring the GAA adopts a consistent approach to scoring across clients, each outlining what the GAA would expect to see to achieve the relevant numeric score. The scores for each sub-feature are then aggregated to the feature level based on our view of the relative value of the sub-feature to the policyholders ranging from Poor to Excellent.

The GAA will then consider the value represented by the costs and charges which policyholders bear. The assessment of cost and charge is primarily driven by the level of ongoing charges for investment management, administration, and any platform fees. The GAA also considers the underlying transaction costs incurred by the funds invested in and how they are controlled, and any additional costs the policyholders have to pay in managing their policies. The costs and charges are also rated on a scale from Low to High. This rating takes into account information available to the GAA on general levels of costs and charges for pension providers in the marketplace.

The scores for each feature are then combined using the weightings set out in the table in the Executive Summary to determine an Overall Value for Money rating. The weightings used are based on the GAA's views of the relative importance to the policyholders of each feature. The weightings are tilted towards the features which have been identified in the regulations relevant to forming this assessment of value. Where possible, we have taken into account the likely needs and expectations of this group of policyholders.

In the sections on the following pages, we have described the Firm's approach to delivering each of the features, and the rating the GAA has awarded, together with any areas for improvement we have identified.

In addition, there is a section setting out the GAA's views on the adequacy and quality of the Firm's policies on [ESG](#) financial considerations, non-financial considerations, and stewardship. Whilst this is a largely qualitative assessment the GAA has considered the Firm's policies in comparison to others the GAA has knowledge of.

A comparative assessment of the Firm's pension product has also been made of the net investment performance, quality of communication and quality of the administration service including processing of core financial transactions, and costs and charges relative to a suitable comparator group of product providers. Comments on the outcome of these assessments is included in the sections for the relevant Features. We have also considered whether, overall, an alternative provider would offer better Value for Money so that we can inform the Firm if we believe this to be the case. Details of how the comparator providers and products were determined is set out in Appendix B.



1. Product strategy design and investment objectives

Value score: Excellent Good Satisfactory Poor

What are we looking for?

We want to see that all investment options have clear statements of aims and objectives – in particular that as well as qualitative objectives, there are quantitative objectives in place, that investment performance outcomes can objectively be measured against. Ideally, we would like to see evidence that these objectives link back to the needs of policyholders.

We are also looking for evidence of a robust ongoing review process for all investment options, including the default, and evidence that the Firm has taken steps to implement changes to investment options, where appropriate, to ensure alignment with policyholders' interests.

Whilst policies on **ESG** financial considerations and non-financial matters are considered separately on page 24, we expect to see evidence of how these matters are taken into account in the design of the investment strategy and in investment decision making.

The Firm's approach

The investment options are set and reviewed by the Product Committee, but responsibility for the underlying investment managers is delegated to the investment arm of Generali, Generali Asset Management S.p.A. SGR. The Firm appoints third party asset-managers. These are then held in white-labelled funds on the Generali pensions

platform. Some of the funds available to investors use more than one underlying manager.

The white-labelled investment options available to policyholders is as follows:

- | Generali UK Equities
- | Generali European Equities
- | Generali US Equities
- | Generali Japanese Equities
- | Generali Fixed Interest
- | Generali Money
- | Generali Balanced Managed (which invests via other Generali funds above).

There is no default option, meaning that policyholders are required to make a conscious decision at the outset, but have the option of changing their investment choices prior to retirement.

Investors receive an annual investment communication that shares performance figures, as well as a reminder about the investment mandate of each fund. This investment bulletin is also made publicly available on Generali's website.

The Firm has given appropriate considerations to **ESG** at a business level and several of the investment options available to investors do have an ESG-focused manager within their blended white-labelled fund.

Areas for improvement

GAA challenges

Generali are challenged to have a more robust framework in place for how the ongoing suitability of the pension products is tested. This framework needs to be well-documented and reviewed regularly, as well as discussed within the relevant Product Committee in Generali.

Furthermore, the GAA noted that the information made available to investors (currently via the annual bulletin) could be more useful. The information provided meets the legislative requirements but specifics on the underlying investments is difficult to find and potentially confusing. We think Generali should review the annual investment communication and make improvements to both the quantity and quality of fund details provided, including expectations around future returns and risk ratings.

GAA observations

It was noted that a number of the blended funds do have specific ESG and responsible investment aspects, which is to be commended. However, as referenced earlier, that is not necessarily clear to investors.

Ideally the GAA would like to see Generali capture investor behaviours and preferences, such that the pension products can be better aligned to these. However, we appreciate that this is difficult to assess with a small customer base and especially so for legacy products like these.

2. Investment performance and risk

Value score: Excellent Good Satisfactory Poor

What are we looking for?

We would expect to see a robust governance framework under which investment performance is monitored on a regular basis. Performance should be measured against investment objectives, including against a measurable and stated benchmark. Performance should be net of fees. In addition to the stated benchmark comparison risk adjusted returns should also be considered.

Where there are any concerns over investment performance, we expect to see evidence of appropriate action being taken, which may include engagement with investment managers and/or implementing changes to fund options. We also expect to see evidence that the strategies are effective and take into account the policyholders' attitudes to risk.

The Firm's approach

The Investment Committee are responsible for reviewing investment performance quarterly, based on information received from Generali Asset Management S.p.A. SGR.

There is no documented framework in place for how underlying asset managers are assessed, or the criteria for which underperformance is acted upon.

The UK pensions team perform separate checks on unit prices of the white-labelled funds as an added layer of operational robustness. Performance of the white-labelled funds is benchmarked against passive indices, which are comparable to the underlying funds.

Aside from the spot checks on unit prices, there are on further volatility or risk metrics in place.

Net investment performance

The [net investment performance](#) of the most significant funds available to policy holders over 12 months to 31 December 2023 and, where available, the performance of the benchmarks against which those funds are measured by the Asset Manager are set out in the following table.

Fund Name	Net Investment Performance	Benchmark
UK Equities Pen	6.9%	3.9%
European Equities	23.3%	10.4%
Japanese Equities	9.0%	10.3%
US Equities	15.6%	18.0%
Money	32.4%	5.0%
Fixed Interest	6.0%	4.1%
Balanced Managed	11.5%	11.3%

Note that the fund performance of the Money option was high over the 12 months. This was owing to the calculation of the unit price of the white-labelled fund, which was adjusted to account for unallocated cash funds being absorbed into the Money Fund.

Comparator results

We have assessed how the [net investment performance](#) provided to the Firm's policyholders compares to other sufficiently similar employer pension arrangements. This takes account of both the nature of the provider and the performance of the investments being offered relative to an appropriate benchmark.

This assessment identified that the one year net investment performance relative to benchmark for the Firm's policyholders over 2023, weighted by the size of funds invested, was average relative to the comparator group.

Areas for improvement

GAA challenges

The Firm is challenged to have a robust framework in place for assessing performance, with plans in place for how underperformance would be addressed. Although the UK Investment Committee has been meeting quarterly for over 10 years, it only recently started to review the performance of the funds allocated to the Generali Personal Pension Plan. Prior to this, only aggregated figures and other products were shared in these meetings.

As part of this new review framework, the GAA expects to see greater focus on risk and volatility.

GAA observations

The GAA noted that performance of the funds is assessed relative to a comparative index. In many cases, the comparator is not exactly like-for-like and may be difficult for investors to draw meaningful conclusions about performance. This could be addressed by greater clarity about how the white-labelled funds are invested, their management approach and the geographical areas they invest in. Alternatively, Generali could review the performance comparators used and if they remain fit for purpose to be labelled as 'benchmarks'.

3. Communication

Value score:

Excellent

Good

Satisfactory

Poor

What are we looking for?

As a minimum we expect communications to be fit for purpose, clear and engaging and to be tailored to take into account policyholders' characteristics, needs and objectives.

We would expect to see a comprehensive suite of communications including annual benefit statements, pre-retirement wake-up letters and retirement option packs.

Information on administration charges and **transaction costs** should be made available to policyholders on a publicly available website annually, including illustrations of the compounding effect of the administration charges and transaction costs on an annual basis.

In a high quality communication service offering we would expect a substantial online offering, with a range of online support materials such as online calculators to enable personalised calculations with various selectable options. We would expect telephone support to be available, with good evidence of telephone scripts, call monitoring and staff training.

Additionally, we would expect policyholders to be able to switch investment options online and to have support available to help them make appropriate decisions. In particular, we would expect there to be appropriate risk warnings built into the process.

We would expect the provider to be able to offer a range of different retirement options for policyholders, as well as clear signposting to policyholders on where they can obtain guidance and advice on their retirement options.

The Firm's approach

Generali have a full suite of template written communications to meet policyholders' needs. These are clear and fit for purpose, but can be easily adapted to take into account individual circumstances.

Policyholders receive an annual information pack on their pension pot, as well as a reminder of their investment options. Retirement options are highlighted with further support signposted. Policyholders need to contact Generali directly if they require further information regarding their policy. Contact information can be found on correspondence.

A review of the communication documents was completed three years ago compliance and is next due for review during the summer of 2024. The full suite of documents is reviewed at least every five years.

All changes need to go through Generali as there is no online facilities to manage documentation or amendments. If members wish to switch investment these are done by writing (with signature witnessed).

Information on charges is shared online and is available on request.

Comparator results

We have assessed how the communication materials provided to the Firm's policyholders compare to other sufficiently similar employer pension arrangements. This takes account of the nature of the provider.

This assessment identified that the communication materials provided to the Firm's policyholders over 2023 were below average relative to the comparator group.

Areas for improvement

GAA observations

Generali has not provided details of the processes in place under which the communications are reviewed and approved.

It may be difficult to implement given the size of this book of business, but Generali could consider wider use of online functionality to better support members and make certain tasks more accessible.

As stated elsewhere, the content of the investment bulletin could be reviewed to better communicate details of the investment options and how they are expected to perform.

4. Firm governance

Value score:

Excellent

Good

Satisfactory

Poor

What are we looking for?

We would expect to see a comprehensive governance structure in place where, for example, Terms of Reference are provided for key committees, reviewed on a regular basis, with clearly defined scope. We would expect to see evidence of the key committees operating during the year with minutes or meeting packs demonstrating that the key scope elements of the committee remit have been adequately covered.

There should be a transparent and documented process for appointing and monitoring service providers, with evidence of regular reviews being undertaken and changes being made as required.

The Firm's approach

The Firm has a formal governance structure in place with clearly defined organisation chart and list of responsibilities. The Finance, Investment and Reserving Subcommittee ('FIR') is responsible for the investment oversight including of the pension products, working within the set Terms of Reference. A Sustainability Committee (ensuring the integration of [ESG](#) factors in the decision-making processes and investment strategies) is

also in operation. The Product Committee has overall responsibility for the suitability of the pension products. The governance structure is reviewed annually.

The Firm uses a third party, Generali Asset Management S.p.A. SGR), for asset management which is regulated in Italy. This company is responsible for the appointment and review of the underlying managers used within the white-labelled funds. There is a mandate in place with the asset manager which is reviewed by the FIR. Service levels are reviewed at Group level. The core UK pensions team is modest in size, reflecting the scale and nature of the business and that investments are managed elsewhere within the Group.

Areas for improvement

GAA challenges

Whilst there is a Product Committee in place to review the suitability of the pension products, the GAA notes that there were no formal discussions recorded during 2023 concerning the pension products. With the framework in place, we expect the Firm to be well placed to hold informative discussions about the ongoing suitability of the pension products and be able to evidence their conclusions through meeting minutes and if necessary, assigned actions.

We note that there is a small core UK team that administer these policies, which represents key person risk for the Firm.



5. Security of policyholder benefits

Value score:

Excellent

Good

Satisfactory

Poor

What are we looking for?

We expect to see that the Firm is in a sound financial position with sufficient capital backing to enable it to continue to operate for the foreseeable future.

We also look for information about how the assets are protected, for example in the event of fraud or bankruptcy, at both the Firm and investment manager level. For example, this could relate to FSCS or other regulatory protections, ringfencing or the structure of the underlying product.

We are looking for evidence that the Firm has processes in place for protecting policyholder assets against fraud and scams and for Firms to be actively monitoring for possible scamming activity.

The Firm's approach

The Firm, Generali UK Branch, is the UK representative office of Assicurazioni Generali S.p.A. which is regulated under EU Insurance regulation. The Firm has a very high solvency ratio (over 270%) and strong credit ratings (e.g. A+ from Fitch and A3 from Moodys). We have no concerns about the financial strength of the Firm.

The policyholders have financial protection in place via the Financial Services Compensation Scheme, which is uncapped. Investments are ring fenced to be separate from Generali, with BNP Paribas acting as custodian.

There were no material client money (CASS) breaches reported to the FCA during the year.

If policyholders wish to transfer their benefits elsewhere, then pensions can only be transferred to authorised pension providers with requests reviewed by the administration team on a case-by-case basis. Individuals must contact and speak with representatives at Generali for any such requests.

Checks are undertaken by the team on policyholders who wish to exit early. However, neither the transfer pack available to policyholders nor the annual investment bulletin include detailed scam warning information. Generali have training available for the team about how to identify and engage with vulnerable customers. The Firm have a draft accompanying vulnerable customer policy which is expected to be finalised during 2024.

Areas for improvement

GAA challenges

We expect there to be greater awareness of and information provided to policyholders on how to protect themselves against scams. With financial scams becoming more prevalent, we expect efforts to be made to protect customers. This involves more education and information shared with policyholders.

GAA observations

We note that a separate policy is being prepared to document how they will better service vulnerable customers and look forward to that being shared with the GAA during the year.



6. Administration and operations

Value score:

Excellent

Good

Satisfactory

Poor

What are we looking for?

We expect Firms to have robust administration processes in place with appropriate service standard agreements and regular monitoring and reporting around adherence to those service standards. In particular, we are seeking evidence that **core financial transactions** are processed promptly and accurately, such as processing contributions, transfers processing and death benefit payments.

We look for evidence of regular internal and external assurance audits on controls and administration processes. In particular, we are looking for a robust risk control framework around the security of IT systems, data protection and cyber-security. We would expect to see evidence that cyber-security is considered as a key risk by the Firm's relevant risk governance committee and that appropriate monitoring, staff training and penetration testing is put in place.

We expect Firms to have a comprehensive business continuity plan (BCP) and evidence of its effectiveness through appropriate testing.

We would expect to see a low level of substantive complaints and demonstration of a clear process for resolving complaints.

The Firm's approach

The administration team for these pension products are based in-house, in the UK, and work to a target Service Level Agreement of 5 working days for key tasks. These tasks include responding to correspondence and member queries, such as change of address and change of policy details.

The core financial transactions include transfers, change of investment options and surrender of policies.

Generali UK has a BCP in place which was reviewed in January 2024. The BCP includes details of key roles and responsibilities. The BCP is reviewed and updated at least annually, and the next review will align key features with new European regulation being introduced around data protection.

The Firm's IT infrastructure has achieved ISO accreditation and has an accompanying IT Security Policy, which is reviewed each year.. The Firm also conducts penetration testing via a company called Verizon to enhance IT robustness.

There is a well-documented complaint process in place, with guidance to the administration team on how to escalate cases, if appropriate.

The Firm's strengths

All core financial transactions and other administration tasks for managing the customers policies were completed within 1 working day during 2023, meaning a SLA of 100%. There were no complaints received in relation to the pension products. The Firm advised the GAA that it is not aware of any personal data breaches occurring during the year.

Comparator results

We have assessed how the quality and timeliness of the administration services, including the core financial transaction processing, provided to the Firm's policyholders compare to other sufficiently similar employer pension arrangements.

This assessment identified that the administration services provided to the Firm's policyholders over 2023 were average relative to the comparator group.

Areas for improvement

GAA challenge

We note that there is a small core UK team that administer these policies, which represents key person risk for the Firm.

GAA observations

The GAA would like to see further evidence provided of the penetration testing conducted, as well as any simulated cyber-attacks on the IT network. Furthermore, there should be a feedback loop in place following such testing to further improve IT resilience.

The GAA would also like to see evidence of testing against the BCP, including feedback loops or committee discussions.



7. Engagement, innovation and improvements for policyholder experience

Value score: Excellent Good Satisfactory Poor

What are we looking for?

We expect to see evidence that the product is reviewed on a regular cycle of not more than every three years, with new product features or service innovations being launched when appropriate and in line with relevant improvements being made to other similar products being offered by the Firm. We expect these changes to have been developed taking into account policyholders' characteristics, needs and objectives, including direct feedback from policyholders.

We are looking for evidence of regular, proactive engagement with policyholders to obtain feedback and for this feedback to be taken into account when reviewing the product offering.

The Firm's approach

The Firm welcome ongoing feedback from policyholders and there is opportunity for comments to be raised directly. However, the Firm has advised that, given the size of the pension business and the closed nature, the time and cost of innovating new pension products is likely to outweigh the benefits and as such they have no near term plans to make any changes to the pension products on its books.

Areas for improvement

GAA observations

The GAA anticipates that policyholder engagement and development of new pensions-specific products will be very limited going forward. However, the wider group may continue to innovate in customer services or online functionality, and the GAA encourages the Firm to consider if such developments would be positive to adopt for pensions policyholders.

8. Cost and charge levels

Value score: Low Moderately Low Moderately High High

What are we looking for?

The GAA has considered the overall level of charges borne by policyholders over the year. This included assessing:

- | the annual fund management and administration charges being borne by policyholders;
- | the transactions costs incurred by the underlying investment funds which reduce the investment return experienced by policyholders
- | any other charges being paid by policyholders to manage and administer their workplace pensions
- | the Firm’s process for collecting and monitoring overall member charges, including [transaction costs](#).

We expect fund management charges to be comparable to charges for similar investment products in the wider pensions market after considering the active or passive nature of the investment and the type of assets involved. We take into account where the majority of [relevant policyholder](#) assets are invested.

In looking at transaction costs we also consider the overall level of volatility in the markets, recognising that in highly volatile markets transaction costs may increase.

We assess whether the overall level of administration charges are reasonable, bearing in mind the types of services provided to policyholders.

Finally for products which are used for providing auto enrolment pensions we consider the government required charge cap.

Whilst we have considered the average total costs and charges payable by policyholders we have also noted where there may be significant outliers such as high charges for small pots.

Further information on the required disclosures relating to costs and charges payable by the Firms policyholders can be found in Appendix A.

The Firm’s approach

The pension products carry a single flat fee for policyholders which covers both administration of the policies and the costs of the underlying investments. The fees vary, subject to the investment option selected. Fees shown below are at the end of the assessment period:

Pension Product	Annual Charges Payable by Members
Generali UK Equities	0.60%
Generali European Equities	0.45%
Generali Japanese Equities	0.25%
Generali US Equities	0.45%
Generali Fixed Interest	0.75%
Generali Money	0.04%
Generali Balanced Managed	0.54%

Note: the Generali Balanced Managed Fund invests in underlying white-labelled funds. There is no additional charge for this Fund and is instead a function of the average weighted by fund holdings.

Charges are disclosed online. The level of charges are reviewed periodically by the Product Committee for their ongoing suitability.

Transaction costs incurred by the underlying asset managers are not passed on to policyholders by way of additional charges. They are accounted for within the unit price of the white-labelled funds, and therefore act as a modest drag on performance, meaning that the only direct charges that members pay are those disclosed in the table. Transaction costs are suitably controlled but active manager mandates or with tilts towards more **ESG** focused funds may lead to elevated costs. The Firm were unable to provide several of the transaction costs incurred by the underlying fund managers, and these were estimated by the GAA based on assessment of comparable funds. In future, we expect that Generali Asset Management S.p.A. SGR. will obtain these costs and share with the GAA.

This report is focused on the Generali Personal Pension Policies. However, there are also a small number of personal pensions that invest in these products and were taken out prior to 1988. These legacy non-workplace policies incur the same charges as noted above but some with additional fees.

These additional fees include an annual fee (3% of the initial units allocated to the policy which are those allocated from premiums received in the first two years) and an administration fee (£1.00 per month deducted from the accumulation units allocated to the policy i.e. units allocated from premiums received following the second anniversary of the policy. If we were to rate the fee levels paid by this small group of policyholders we would consider them to be moderately high, noting that these policyholders do not receive any additional benefits or services for these additional fees.

Comparator results

We have assessed the overall cost and charge levels payable by the Firm's policyholders in comparison to policyholders of other sufficiently similar employer pension arrangements. This takes account of the nature of the provider.

This assessment identified that the overall cost and charge level paid by the Firm's policyholders over 2023 were average relative to the comparator group.

Areas for improvement

GAA challenges

We expect the Firm to have greater detail on the transaction costs incurred by the underlying asset managers, with checks in place to ensure appropriateness. Such transaction costs incurred should be shared with the GAA upon request.



ESG financial considerations, non-financial matters and stewardship

What are we looking for?

Where the Firm has an investment strategy or makes investment decisions which could have a material impact on policyholders' investment returns, the GAA will assess the adequacy and quality of the Firm's policy in relation to **ESG** financial considerations, non-financial matters and stewardship. The GAA will consider how these are taken into account in the Firm's investment strategy and investment decision making. We will also form a view on the adequacy and quality of the Firm's policy in relation to stewardship.

We expect the Firm's policy in relation to these considerations:

- (a) sufficiently characterises the relevant risks or opportunities;
- (b) seeks to appropriately mitigate those risks and take advantage of those opportunities;
- (c) is appropriate in the context of the expected duration of the investment; and
- (d) is appropriate in the context of the main characteristics of the actual or expected **relevant policyholders**.

We also expect that the Firm's processes have been designed to properly take into account the risks and opportunities presented.

Where ESG considerations have been delegated to external investment managers we expect the Firm to have a suitable oversight and stewardship process in place.

Whilst this formal requirement falls outside the overall Value for Money assessment, the GAA's Value for Money framework does take into account, where relevant, when scoring the area of Product Strategy Design and Investment Objectives on page 9, how the Firm has integrated ESG financial considerations and non-financial matters in the Firm's investment strategy and investment decision making.

The Firm's approach

Generali take ESG considerations seriously and have a holistic annual integrated report that sets out their business commitments.

ESG and stewardship criteria is considered by Generali Investments in their asset manager selection process. A number of the underlying asset managers used within the white-labelled funds having a specific ESG or a responsible investing focus. Further efforts to integrate ESG or stewardship into the Generali Personal Pension Plan is likely to be difficult owing to the size of the portfolio and when these policies were initially launched.

Areas for improvement

The GAA considers the policies to be adequate.



Appendix A: Administration charge and transaction cost disclosures

The FCA requires that administration charges and transactions costs, in relation to each [Relevant Scheme](#) must be published by 30 September, in respect of the previous calendar year and be available for free on a publicly accessible website. These disclosures must include the costs and charges for each default arrangement and each alternative fund option that a member is able to select. They should also include an illustration of the compounding effect of the administration charges and [transaction costs](#), on a prescribed basis and for a representative range of fund options that a policyholder is able to select.

The Firm has compiled these disclosures and compounding illustrations, which are provided on a publicly accessible website at [Pensions and Investments - general.co.uk](https://pensionsandinvestments-general.co.uk)

Appendix B: Approach to comparisons

The FCA requires that a comparative assessment be made of certain sub-features of the Value for Money assessment. The GAA is required to compare the Firm's offering against a selected group of other similar product options available in the market based on publicly available information. If an alternative scheme(s) would offer better value, we must inform the pension provider.

ZEDRA's GAA operates for a number of Firms, all of whom have agreed that the GAA can make use of the data we have gathered on their offerings to carry out the required comparisons this year. This is done on an anonymised basis.

How the comparators were selected

The GAA has selected a number of comparator products that we determined are sufficiently similar products so as to be comparable to those provided by the Firm for this purpose. The selection was based on the following broad criteria:

- | Type of product i.e. whether accumulation or pathways, and within accumulation whether the product is a SIPP or workplace group personal pension.
- | Products where Firms provide similar services, for example whether the provider has responsibility for setting and monitoring the investment strategy.

Based on these criteria we believe that the comparator products chosen will provide a reasonable comparison for the policyholders of the Generali workplace accumulation pension.

Comparison of Net Investment Performance

We have assessed how the net of fees investment performance provided to the Firm's policyholders compares to other similar employer pension arrangements. This takes account the performance of the investments being offered. Where multiple investment funds are made available, we have taken into account the amount invested by [relevant policyholders](#) in each fund.

Comparison of Communication provided to policyholders

We have assessed how the full range of communication materials, including any websites and modelling tools, provided to the relevant policyholders compares to other sufficiently similar policyholder arrangements. This takes account of the type of pension product provided, and whether the communication materials are fit for purpose considering the age profile of the relevant policyholders.

Comparison of Administration Services

We have assessed how the quality and timeliness of the administration services, including the core financial transaction processing, provided to the Firms policyholders compares to other sufficiently similar employer pension arrangements.

Comparison of costs and charges

We have undertaken the comparison of cost and charge levels considering three categories of charges:

- | Annual administration and investment fund charges
- | [Transaction costs](#)
- | Other costs and charges

We have assessed the overall cost and charge levels payable by the Firm's policyholders in comparison to policyholders of other sufficiently similar employer pension arrangements. This takes account of the type of product provided. The costs of services that are provided directly to the policyholder and paid for separately by the policyholder (for example financial or investment advice) are not included.



Appendix C: GAA activities and regulatory matters

This section describes the work that the GAA has done over the year and also covers the other matters which we are required to include in our annual report.

GAA engagement and actions this year

We prepared and issued a request for data on all the relevant workplace pension policies in early 2024.

Members of the GAA met with representatives of the Firm to kick off the Value for Money assessment process for the 2023 calendar year and to discuss and agree timescales.

We subsequently had a meeting with representatives of the Firm to discuss the information that had been provided in response to the data request. This was an opportunity for members of the GAA to meet key personnel with responsibility in the various different areas including investment strategy and how this has evolved, fund range including design of defaults, investment governance, approach to [ESG](#), non-financial matters and stewardship, administration and communications and risk management. In some cases this meeting was virtual.

We discussed the GAA's provisional scoring of Value for Money of the Firm's in-scope workplace pensions and the approach for meeting the cost and charges disclosure requirements in [COBS](#) 19.5.13.

As part of the Value for Money assessment process, the Firm has provided the GAA with all the information that we requested, including evidence in the form of minutes and other documentation to support areas of discussion at the site visit. In particular, the GAA has seen evidence of ESG integration within the Firm's investments via the selection of several asset managers.

Over the last year the GAA reviewed our Value for Money assessment framework and scoring methodology to ensure this continued to be suitable and can be applied consistently. Whilst the Value for Money assessment framework itself remains largely unchanged from the previous year, work was undertaken to improve the data request to make the overall process more efficient.

The GAA documents all formal meetings with the Firm and maintains a log which captures any concerns raised by the GAA with the Firm, whether informally or as formal escalations.

The key dates are:

Item	Date
Kick-off meeting	14/11/2023
Issue data request	09/02/2024
Site visit	19/04/2024
GAA panel review meeting	02/05/2024
Discuss provisional scoring	11/06/2024

The arrangements put in place for pathway investors' representation

The following arrangements have been put in place to ensure that the views of policyholders can be directly represented to the GAA:

- | The role of the GAA and the opportunity for policyholders to make representations direct to the GAA has been and will continue to be communicated to policyholders via the Generali website and the annual investment bulletin.
- | The Firm will receive and filter all policyholder communications, to ensure that this channel is not being used for individual complaints and queries rather than more general representations which may be applicable to more than one policyholder or group of policyholders. Where the Firm determines that a communication from a policyholder is a representation to the GAA, it will be passed on in full and without editing or comment for the GAA to consider.

In addition, the GAA has established a dedicated inbox at zgl.gaacontact@zedra.com so that policyholders can make representation to the GAA directly. The Firm has included details of this contact e-mail address on www.generali.co.uk/What-we-do/Employee-Benefits/Pensions-and-Investments.html



Appendix D: ZEDRA GAA credentials

In February 2015 the Financial Conduct Authority (FCA) set out new rules for providers operating workplace personal pension plans (called [relevant schemes](#)) to take effect from 6 April 2015. From that date, providers had to have set up an Independent Governance Committee or appointed a Governance Advisory Arrangement whose principal functions is to:

- | Act solely in the interests of the [relevant policyholders](#) of those pension plans; and to
- | Assess the “value for money” delivered by the pension plans to those relevant policyholders.

These requirements were then extended to Firms providing investment pathways from 1 February 2021.

The FCA rules require that the Chair of each Independent Governance Committee and Governance Advisory Arrangement produce an annual report setting out a number of prescribed matters.

The ZEDRA Governance Advisory Arrangement (“the GAA”) was established on 6 April 2015 and has been appointed by a number of workplace personal pension providers and investment pathways providers. ZEDRA is a specialist provider of independent governance services primarily to UK pension arrangements. Amongst other appointments we act as an independent trustee on several hundred trust-based pension schemes and we sit on a number of IGCs. More information on the ZEDRA GAA can be found at www.zedra.com/GAA/

The members of the ZEDRA GAA are appointed by the Board of ZEDRA Governance Ltd. The Board is satisfied that individually and collectively

the members of the GAA have sufficient expertise, experience, and independence to act in the interests of relevant policyholders and [pathway investors](#).

The Board of ZEDRA Governance Ltd has appointed ZEDRA Governance Ltd to the GAA. The majority of ZEDRA Governance Ltd’s Client Directors act as representatives of ZEDRA Governance Ltd on the GAA.

The Board of ZEDRA Governance Ltd has also appointed Dean Wetton, acting on behalf of Dean Wetton Advisory UK Ltd, to the GAA. Dean Wetton and Dean Wetton Advisory UK Ltd are independent of ZEDRA.

The Board of ZEDRA Governance Ltd has appointed either a specific named Client Director of ZEDRA Governance Ltd or Dean Wetton of Dean Wetton Advisory Ltd to act in the capacity of Chair of the GAA in respect of each Firm.

More information on each of ZEDRA’s Client Directors, their experience and qualifications can be found at www.zedra.com/people

Information on Dean’s experience and qualifications can be found at www.deanwettonadvisory.com

The GAA has put in place a conflicts of interest register and maintains a conflicts of interest policy with the objective of ensuring that any potential conflicts of interest are managed effectively so they do not affect the ability of ZEDRA Governance Ltd or Dean Wetton Advisory Ltd to represent the interests of relevant policyholders or pathway investors.

The terms of reference for the GAA agreed with the Firm can be found at: Pensions and Investments - generali.co.uk



Appendix E: Glossary

Please note that some of the terms referred to in this glossary may not be applicable to your product.

Active management

The investment of funds where the skill of the fund manager is used to select particular assets at particular times, with the aim of achieving higher than average growth for the assets in question.

Annual management charge (AMC)

A deduction made by the pension provider or investment manager from invested assets, normally as a percentage of the assets. The AMC is generally how the pension provider or investment manager is paid for their services.

Annuity

A series of payments, which may be subject to increases, made at stated intervals, usually for life. If the annuity is “joint life”, it will continue to a spouse (usually at a lower rate) after the death of the original person receiving the payments (“the annuitant”).

COBS

The Conduct of Business Sourcebook prepared by the Financial Conduct Authority (FCA). In particular when we use COBS in this report we are referring to Chapter 19 of the COBS which sets out the provisions relevant to the Value for Money Assessment of workplace pensions.

Core financial transactions

The essential processes of putting money into a pension policy or taking it out, namely:

- | Investment of contributions
- | Implementation of re-direction of future contributions to a different fund
- | Investment switches for existing funds, including life-styling processes
- | Settlement of benefits – whether arising from transfer out, death or retirement

Decumulation

The process of converting pension savings to retirement income.

Environmental, social and governance (ESG)

These are the three main factors looked at when assessing the sustainability (including the impact of climate change) and ethical impact of a company or business. ESG factors are expected to influence the future financial performance of the company and therefore have an impact on the expected risk and return of the pension fund investment in that company.

Flexible access

This refers to accessing pension savings in the form of income and/or lump sums. Pension savings that are not being accessed immediately will generally remain invested.

Life-styling

An automated process of switching investment strategy as a policyholder approaches retirement, in a way that is designed to reduce the risk of a policyholder's retirement income falling.

Net investment performance

The investment performance of the fund after deducting all asset management charges, administration charges, taxes and fees for managing the fund including any transaction costs.

Pathway investor

A retail client investing in a Firm's pathway investment offering.

Pathway investment

A drawdown fund which is either a capped drawdown pension fund or a flexi-access drawdown pension fund.

Relevant policyholder

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

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.

Transaction costs

A combination of explicit and implicit costs included within the price at which a transaction (i.e. buying or selling an asset) takes place.

With Profits

An insurance contract that participates in the profits of an insurance company. The insurance company aims to distribute part of its profits to with-profits policy holders in the form of bonuses.

Unit-Linked

A type of investment where the investments of a number of people are pooled together and divided into units of equal value. The value, or price, of each unit depends on the value of the assets of the unit linked fund. The unit price determines the number of units the policyholder receives when they invest money in the fund, and the sum they receive when they sell their units.



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