ROYAL MAIL DEFINED CONTRIBUTION PLAN

The Royal Mail Defined Contribution Plan

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

PSR 12000324

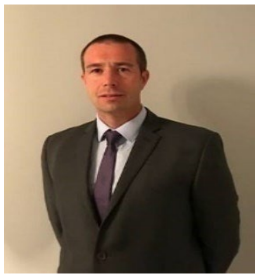
ROYAL MAIL DEFINED CONTRIBUTION PLAN

CONTENTS

Trustees and their Advisers – year ended 31 March 2024

Trustees	The Law Debenture Pension Trust Corporation p.l.c. – Chair (represented by Venetia Trayhurn) Capital Cranfield Pension Trustees Limited – Independent Trustee (represented by Allan Course) Matthew Brooks – Employer Nominated George Hiscocks – CWU Member Nominated Tom Lambert – CMA Unite Member Nominated Jackie Ruddy – Employer Nominated (appointed 28 June 2023) Anthony Woods – CWU Member Nominated
Secretary	Christopher Hay Pegasus Pensions Plc 8th Floor, 100 Bishopsgate Street London EC2N 4AG
Plan Administrator	Scottish Widows Ltd Royal Mail Services Team PO Box 24174, 69 Morrison Street Edinburgh EH3 1HQ royalmailserviceteam@scottishwidows.co.uk 0800 092 8263 or +44 113 208 3867
Auditor	KPMG LLP
Banker	Lloyds TSB Bank plc
Investment Consultant	Lane Clark & Peacock LLP ("LCP")
Insurer	Unum Limited
Investment Managers (Accessed via an Insurance policy with Scottish Widows Ltd)	Bailie Gifford & Co BlackRock Investment Management (UK) Ltd HSBC (UK) Investment Limited Kames Capital Plc Lazard Asset Management Ltd Legal & General Investment Management M&G Limited MFS Investment Management Newton Investment Management Ltd Robeco Institutional Investment Management BV Ruffer Investment Company Limited
Governance Consultant	Muse Advisory Limited
Legal Adviser	Hogan Lovells International LLP
Communications Consultants	Concert Consulting (UK) Ltd ITM Ltd
At Retirement Consultants	HUB Financial Solutions Ltd

Trustee details

Venetia Trayhurn MA PGDL – Chair Venetia Trayhurn is an Accredited Professional Trustee and joined the Board as Chair of the Trustees in July 2019. She represents and is a director of Law Debenture Pension Trust Corporation. Venetia is a pensions lawyer by background, and provided advice to trustees and employers with large occupational pension schemes (including Royal Mail and its trustee boards). Prior to joining Law Debenture in 2016 she worked for a number of years as a Pensions and Investments Ombudsman at the Financial Ombudsman Service. She is now an independent trustee on several pension fund boards.	
Allan Course BSc AKC Allan Course provides professional independent trustee services to occupational pension schemes on behalf of Capital Cranfield Pension Trustees. Capital Cranfield was appointed as a Trustee in April 2009. Allan Course was an actuary and has worked in pensions for over 30 years. Prior to joining Capital Cranfield, he was a partner at Watson Wyatt, a worldwide firm of actuaries and consultants.	
George Hiscocks EngTech TMIET George Hiscocks joined the Trustees as a CWU administered member nominated trustee in November 2018. He joined Royal Mail from school in 1971 as an engineering apprentice and has had a range of roles within engineering. George is now retired but previously worked as the Maintenance Team Leader in Birmingham mail centre, supporting the engineering team. George has also previously taught plumbing and heating at a local night school.	
Tom Lambert ACMA CGMA Tom joined the Trustees as a CMA administered member nominated trustee on 1 January 2020. Tom is a qualified accountant currently working as Finance Business Partner (Field Ops. Finance North).	
Anthony Woods BSc and Business Administration (MBA) Anthony joined the Trustees as a CWU administered member nominated trustee on 26 March 2020. Anthony is now retired but previously worked as a machine operator (OPG) at South Midlands Mail Centre. He is the independent chair of the Audit and Risk Sub Committee of Commsave Credit Union, one of the largest Credit Unions in Britain. He has the background as a research, development and design engineer with degrees in both Electrical Engineering and in Business Administration.	

Matthew Brooks Matt was appointed as an Employer Nominated trustee on 30th September 2021. He joined the business in 2006 on the finance graduate scheme, and has since undertaken a number of finance roles in the business, including senior roles responsible for budgeting and planning of revenue and cost, Governance and Treasury, and Business Partnering. His current role is the Field Operations Finance Director.	
Jackie Ruddy Jackie was appointed as an Employer Nominated trustee on 28 June 2023. She joined the business in 2021 as Director of Financial Control, and leads the external reporting, financial control and finance shared services teams. Jackie is a qualified accountant and tax advisor and has performed a number of senior finance roles in other large organisations.	

Trustees' Report – year ended 31 March 2024

Introduction

This is the Annual Report of the Royal Mail Defined Contribution Plan (the Plan) for the year ended 31 March 2024. The Plan was established on 1 April 2008.

The Plan provides retirement and death-in-service benefits for eligible employees of Royal Mail Group Limited (the principal employer) (RMG). The assets of the Plan are held in trust and are managed independently from the finances of RMG by the Trustees. The Plan is a defined contribution plan and is administered by Scottish Widows in accordance with the Trust Deed and Rules, solely for the benefit of its members and other beneficiaries. The Plan is registered with HMRC as a tax-exempt pension scheme and is the employer's auto enrolment compliant vehicle.

Key Events during 2023-24

During the year the Trustees:

- Made changes to investments following market volatility to improve diversification of active funds and reactivity of passive funds. Due to the Ardevora Global Long Only Equity Fund ceasing to operate, the MFS Meridian Global Equity Fund replaced Ardevora as the underlying fund in the Active Global Equity self-select option. An Active ESG Equity Fund was also introduced to the self-select options, using the Baillie Gifford Positive Change Fund as the underlying fund..
- Continued to evolve their crisis response plans and initiated detailed cyber security assessment review.
- Continued to assess the gaps in General code policies and create or prepare documents as appropriate.
- Delegated the review of administration performance to the ARA, including Scottish Widows attendance at these meetings going forward.
- Continued to prepare for the connection to Dashboards by regular meetings of the Dashboard working group, increasing administrator engagement and progressing a data cleansing exercise.
- Prepared their second Task Force on Climate-Related Financial Disclosures ("TCFD") Report using feedback from the previous year. The report can be accessed at https://adviser.scottishwidows.co.uk/assets/literature/docs/rm-tcfd.pdf

Management of the Plan

Four of the Trustees have been nominated by RMG, including the independent Chair, and three were nominated by members. All Trustees are appointed by RMG. No matter who nominates them, each Trustee is responsible for protecting the benefits of all members. Each Trustee contributes his or her own blend of business knowledge and experience when making decisions relating to the Plan. The Trustees have introduced an annual strategy day to separately assess and evaluate the strategic and business plans and structure of the Board to ensure the continued appropriateness of the running of the Plan.

The Trustees are supported by the Secretary to the Trustees, the RMPTL Executive and other appropriate advisers who advise the Trustees on their responsibilities and ensure the Trustees' decisions are fully implemented.

Trustees' Meetings

Individual Trustees	Trustee meetings attended	Trustee meetings in the year
Ms V Trayhurn	4	4
Mr A Course	4	4
Mr M Brooks	4	4
Mr G Hiscocks	3	4
Mr T Lambert	4	4
Mr A Woods	4	4
Ms J Ruddy	4	4

The business matters addressed included:

- Annual Business Plan review and review of Board structure;
- Investment Monitoring and review of the fund performance;
- Trustee training and review of Trustee Board effectiveness;
- Risk Management including review of the Risk Register and internal controls;
- Delegating ownership and management of the relevant sections of the Risk Register to the Trustee Sub Groups;
- Renewal of the Trustees' liability insurance;
- Regular review of the Administration, Governance and Compliance reports;
- Scheme return for The Pensions Regulator;
- Review of the Plan against the Regulator's DC Code of Practice 13;
- Assessment of data quality reports;
- Assessment of Advisers and Service Providers, Hogan Lovells were assessed in September 2023;
- Agreement of the budget; and
- Audit of the Plan and its financial statements.

Discretions Committee

The Trustees have established a Discretions Committee. It has delegated authority to take appropriate decisions regarding discretionary benefits, such as death in service lump sum and ill-health benefits, on behalf of the Trustees in accordance with its Terms of Reference. The Committee conducts business by email correspondence and by meeting as and when required.

Communications and CPP (Collective Pension Plan) Sub Group

The Trustees have established a Communications and CPP Sub Group. It has delegated authority to take appropriate decisions regarding the Plan's communication materials and its overall communications strategy, on behalf of the Trustees in accordance with its Terms of Reference. The Sub Group will also consider how the new Collective Pension Plan which RMG wishes to implement affects the Plan. The Sub Group conducts its business by email correspondence and by meeting as and when required.

Audit, Risk and Administration Sub Group

The Trustees have established an Audit, Risk and Administration Sub Group. It has delegated authority to take appropriate decisions regarding the completion of the Plan's annual Report and Financial Statements and audit as well as developing the risk management practices and ensuring that any administration and other governance projects are completed. During the period, the ARA took on the Risk Management Function role in accordance with the regulators new General Code of Practice. The Sub Group conducts its business by meeting, usually quarterly.

Investment Sub Group
The Trustees have established an Investment Sub Group. It has delegated authority to take appropriate decisions regarding the Plan's investment strategy on behalf of the Trustees in accordance with its Terms of Reference. The Sub Group also monitors the investment strategy and options and assessing these on a regular basis to ensure they remain appropriate for the members of the Plan. The Sub Group conducts its business by meeting, usually ad-hoc when required.

Trustee Training
The Trustees follow the Trustee Knowledge and Understanding Code of Practice which was introduced by the Pensions Act 2004. All Trustees are required to complete the Pensions Regulator's training course, the "Trustee Toolkit". During the year, the Trustees received Plan specific training on environmental, social and governance issues including climate change; business continuity; investment strategies; Trustees' knowledge and understanding; Value for Members assessment; Stewardship; and industry updates. There is a formal policy for the training of newly appointed Trustees and on-going Trustee training requirements and new Trustees undertook a dedicated training session run by the Executive in addition to completing their TKU toolkit.

Plan Administration
The Trustees have delegated member and accounting administration to Scottish Widows under contractual arrangements. These arrangements specify service levels against which the Trustees monitor performance.

Contributions
Contributions to the Plan received from members and RMG were in accordance with the Payment Schedule dated 29th November 2022, as shown in the Trustees' Summary of Contributions, totalled £216.3m during the year (2023: £207.6m).

Transfer Values
Members leaving service with more than 30 days qualifying service can normally transfer the value of their benefits under the Plan to another pension arrangement. The Trustees have asked Scottish Widows to be alert to potential scams and either refuse or refer to the Trustees transfers which look suspicious. The Trustees regularly communicate to members warning on scams noting they can be identified as such when members are contacted directly with unsolicited offers.

Risk Management and Internal Controls
The Trustees have established a risk management framework which enables them to review on a regular basis the risks faced by the Plan. Internal controls systems are reviewed as part of every meeting by the Trustees. The Audit, Risk and Administration Sub Group reviews the Risk Register at least annually and the relevant sections of the Register are now owned and monitored by the Trustee Sub Groups and presented at each of their meetings. The Board meetings still consider the highest risks before and after controls for each required decision by the Trustees. The ARA has been appointed by the Trustee Board as the Plan's Risk Management Function in accordance with the General Code of Practice guidance.

Voluntary Contributions
There is provision for members to pay additional voluntary contributions in order to increase their benefits under the Plan. Members can start making voluntary contributions or increase their contributions at any time. Full details are available on request from the Plan Administrator, Scottish Widows at the address shown on page 3 or on the Plan website: scottishwidows.co.uk/save/royalmaildcplan.

Expression of Wish Forms
Lump sums payable in the event of a member's death are paid under "discretionary trust" and generally they will not be liable to Inheritance Tax.

Members can indicate to the Trustees the persons to whom they wish any benefits to be paid in the event of their death. The Trustees will then be able to take members' wishes into account, although they are not obliged to follow them if there is good reason not to. Members are also urged to review their Expression of Wish Form from time to time, especially if their circumstances change.

Expression of Wish Forms are available on request from the Plan Administrator, Scottish Widows, at the address shown on page 3, by phone on 0800 092 8263, or from the Plan website scottishwidows.co.uk/save/royalmaildcplan.

Internal Dispute Resolution Procedures
Disputes are dealt with in a two stage process. Initially any matter of dispute should be referred to the Secretary. If the complainant is not satisfied with the decision made by the Secretary, the member may ask the Trustees to reconsider the decision.

The procedures described above are in addition to members' rights to contact the Pensions Ombudsman if not satisfied with the answer given to the complaint. Further information about the procedures and contact details are provided in the Plan Guide, which is available on request from the Plan Administrator, Scottish Widows, at the address shown on page 3 or can be downloaded from the Plan website scottishwidows.co.uk/save/royalmaildcplan.

Further Information
Individual benefit statements are provided to active and deferred members annually. They were redesigned to help members see their key information more clearly. In addition to the information shown on these statements members can request details of their Member Account by contacting the Plan Administrator, Scottish Widows, or by logging on to the Member Access website scottishwidows.co.uk/save/royalmaildcplan.

If members have any queries or complaints concerning the Plan in general or their own position, or wish to obtain further information, they should contact the Plan Administrator, Scottish Widows.

Codes of Practice
The Pensions Regulator's Code of Practice 13 underpins the previously published quality features to help deliver good member outcomes and represents the standards expected of trustees to attain and help demonstrate that the Trustees are complying with the legal requirements.

The Trustees have reviewed and assessed the Plan's administration on the administration Platform. The systems, processes and controls across key governance functions are consistent with those set out in the regulator's Code of Practice 13 and regulatory guidance for DC schemes.

Plan Membership

Changes to the membership of the Plan during the year are set out below:

Membership as at 1 April 2023	
Active members	56,137
Deferred members	38,139
Total membership as at 1 April 2023	**94,276**
Movements during the year	
Retrospective adjustments	(1)
New entrants	10,173
Refunds	(382)
Opt outs	(392)
Retirements	(114)
Transfers out	(1,138)
Deaths	(126)
UFPLS/small pots	(1,579)
Total Membership as at 31 March 2024	**100,717**
Active members	57,042
Deferred members	43,675
Membership as at 31 March 2024	**100,717**

An additional 5,997 members were covered for life assurance only benefits under the Plan as at 31 March 2024 (2023: 955).

During the year ended 31 March 2024, 78 members of the Plan retired and purchased annuities with external insurance companies (2023: 48).

HM Revenue & Customs registration

The Plan is a ‘registered pension scheme’ in accordance with the Finance Act 2004. This means that the contributions paid by both the Company and the members qualify for full tax relief, and enables income earned from investments by the Trustees to receive preferential tax treatment.

Other Information

The Trustees are required to provide certain information about the Plan to the Pension Tracing Service. This has been forwarded to:

The Pension Tracing Service
The Pension Service
Tyneview Park
Whitley Road
Newcastle Upon Tyne
NE98 1BA

The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in relation to an Occupational Pension Scheme. Any such complaints should have gone through the internal disputes resolution procedure before being referred to the Ombudsman. Enquiries should be addressed to:

The Pensions Ombudsman
10 South Colonnade
London
E14 4PU

The Money and Pensions Service is available at any time to assist members and beneficiaries in making improved decisions. The Money and Pensions Service may be contacted at:

The Money and Pensions Service
120 Holborn
London
EC1N 2TD

The Pensions Regulator (TPR) was established with effect from 6 April 2005 to regulate occupational pension schemes.

TPR's role is to act to protect the interests of pension plan members and to enforce the law as it applies to occupational pensions.

The regulations set out clearly the areas that TPR covers and the powers that are vested in it. For example, TPR can prohibit or disqualify trustees for acting unlawfully, and can impose fines on wrongdoers. TPR can be contacted at:

The Pensions Regulator
Telecom House
125 – 135 Preston Road
Brighton, BN1 6AF

The Trust Deed and Rules, the Plan details and a copy of the payment schedule are available for inspection free of charge by contacting the Secretary to the Trustees at the address shown on page 3.

Any information relating to the members' own pension position should be requested from the Plan Administrator, Scottish Widows at the address detailed on page 3 of this report or on the Plan website scottishwidows.co.uk/save/royalmaildcplan.

Investment Report

Background

The Trustees are responsible for the investment of the Plan's assets and have prepared a Statement of Investment Principles (SIP) in accordance with Section 35 of the Pensions Act 1995. The SIP outlines the investment objectives and strategy for the assets of the Plan and is available at the end of this document and also on the Plan website (www.rmdcp.uk/home)

The Trustees have delegated the day-to-day investment management to professional external investment managers. The Trustees set the investment strategy for the Plan after taking advice from the Plan's investment consultant. The Trustees have arranged administration and investment services through an insurance policy with Scottish Widows. Under this arrangement contributions are invested in a range of pooled pension funds managed by a number of underlying managers.

Charges for administering the Plan and for providing investment and communication services depend on the fund(s) selected by the member. All charges are calculated on a daily basis as a percentage of the underlying assets. Further details of the charges are detailed in the Guide to Fund Charges which can be obtained from the Plan Administrator, Scottish Widows, at the address shown on page 3 or can be downloaded from the Plan website www.scottishwidows.co.uk/save/royalmaildcplan.

The Trustees' objective is to make available to members of the Plan an appropriate range of investment options designed to generate income and capital growth, which together with new contributions from members and their employer, will provide a Member Account at retirement with which members can make their retirement choices.

Members can choose from the following investment funds:

- Active Emerging Market Equity
- Active Global Equity
- Annuity Bonds
- Blended Equity
- Cash
- Diversified Assets
- Diversified Bonds
- Ethical
- ESG
- Inflation Linked Bonds
- Passive Global Equity
- Shariah

In addition to the range of funds listed above, the Trustees also provide four "Lifecycle" options to members. Most members are invested in the Default Lifecycle but they can also choose from a Flexible Income Lifecycle, an Annuity Lifecycle and a 5 Year Lifecycle. These Lifecycle strategies are outlined in the SIP.

The Trustees formalised their investment beliefs, including those on ESG (Environmental, Social and Governance) considerations, and have updated the SIP to reflect the September 2018 Regulations on Responsible investment which came into force on 1 October 2019. The Trustees seek to appoint investment managers who will manage these risks appropriately on their behalf and from time to time review how these risks are being managed in practice. In addition, the Trustees annually assess their managers and the respective investment funds for responsible investment practices and policies and are satisfied with them. The Trustees are supportive of the Financial Reporting Council's UK Stewardship Code and are mindful that the Plan's investments are managed in accordance with it.

A table detailing the investment performance of all funds is provided on page 38.

Implementation Statement

The Trustees have prepared an Implementation Statement which discloses significant proxy voting activity and behaviours throughout the Plan year. This Statement is included on page 14.

For and on behalf of the Trustees,
Venetia Trayhurn, Chair of Trustees:
Date:

Implementation Statement, covering the Plan Year from 1 April 2023 to 31 March 2024

The Trustees of the Royal Mail Defined Contribution Plan (the "Plan") are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed their Statement of Investment Principles ("SIP") during the Plan Year, as well as details of any review of the SIP during the Plan Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-8 below.

The Statement is also required to include a description of the voting behaviour during the Plan Year by, and on behalf of, the Trustees (including the most significant votes cast by the Trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 9 below.

In preparing the Statement, the Trustees haves had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

This Statement is based on and uses the same headings as the Plan's SIP dated 30 June 2022, which was in force over the start of the Plan Year (1 April 2023 to 28 June 2023), and the SIP dated 29 June 2023 which was in force for the remainder of the Plan Year (29 June 2023 to 31 March 2024). This Statement should be read in conjunction with these SIPs, which can be found online, and which will be appended to the Plan's Report and Accounts.

1. Introduction

The SIP was reviewed and updated during the Plan Year on 29 June 2023 to reflect the stewardship priorities that the Trustees have selected. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes. The Trustees have, in their opinion, followed all of the policies in the Plan's SIP during the Plan Year. The following Sections provide detail and commentary about how and the extent to which they have done so.

2. Investment objectives

Following the performance and strategy review of the default arrangement, which began in September 2023 and considered the Plan's membership demographics and the variety of ways that members may draw their benefits in retirement from the Plan, the Trustees concluded that the default option, and its target of cash withdrawal at retirement, remains appropriate for the majority of members. The next review of the default strategy is scheduled to begin in September 2026.

The Trustees also provide members with access to a range of "self-select" investment options which allow members to adopt a different investment approach, if they wish to do so. The Trustees believe the self-select options are suitable for their purpose and enable appropriate diversification. The self-select fund range covers all major asset classes and a number of alternative lifecycle strategies, targeting the three different retirement outcomes, which are set out in sections 3 and 5 of the Investment Policy Implementation Document. The Trustees monitor the take up of these funds and noted that c5.4% of members used these options as at 31 March 2024. The Trustees have reminded members through communications of the time horizon of their investment holdings as well as the importance of reviewing their investment options and investment time horizon regularly.

The Trustees review changes in member choices, behaviour and trends each year using administration reports. Over the Plan Year there were no material changes.

3. Investment strategy

As part of the strategy review that started in September 2023, the Trustees reviewed the underlying funds of the default arrangement and concluded that they remain comfortable with the strategy.
As part of the review of the self-select arrangements that took place during the strategy review, the Trustees decided to make an additional self-select fund available to members, the Active ESG Equity Fund, to further diversify the self-select fund range and enable members who want to invest in a manner that explicitly incorporates ESG factors to do so. This Fund was made available to members following the end of the Plan Year in April 2024.

During the Plan Year, but outside of the regular triennial strategy review process, the Trustees replaced the underlying mandate within the RMDCP Active Global Equity Fund, the Ardevora Global Long Only Equity Fund, with the MFS Meridian Global Equity Fund. This change was a result of the closure of the Ardevora Fund. This change was completed in February 2024.

The Trustees monitor retirement data in respect of how members are taking their benefits on an ongoing basis and no specific actions have been taken during this Plan Year as the retirement support and communication offered by the Plan’s appointed platform provider remains, in the Trustees’ opinion, appropriate for members.

4. Considerations in setting the investment arrangements

When the Trustees undertook a performance and strategy review of the DC default arrangement in September 2023, they considered the investment risks set out in Section 4.1 of this Statement. They also considered a wide range of asset classes for investment, taking into account the expected returns and risks associated with those asset classes as well as how these risks can be mitigated.

The Trustees formally reviewed their investment beliefs in March 2022. As part of this, the investment adviser, Lane, Clark & Peacock LLP, (“LCP”), facilitated an investment beliefs session, which focussed on, amongst other things, climate-related beliefs and gathered the opinions of the Trustees. LCP also facilitated a light touch review of the Trustees’ investment beliefs in January 2024, which identified the priorities of the Trustees on a range of investment-related matters.

The Trustees invest for the long term, to provide for the Plan’s members and beneficiaries. To achieve good outcomes for members and beneficiaries over this investment horizon, the Trustees therefore seek to appoint managers whose stewardship activities are aligned to the creation of long-term value and the management of long-run systemic risks.

The Plan's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. The investment adviser monitors any developments at managers and informs the Trustees promptly about any significant updates or events they become aware of regarding the Plan's investment managers that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Plan invests in, or any material change in the level of diversification in the fund.

The Trustees monitor the performance of the Plan's investment managers on a quarterly basis, using a monitoring report prepared by the investment adviser. The report shows the performance of each fund over the quarter, one year, three years and 5 years. Performance is considered in the context of the manager's benchmark and objectives. The Trustees also monitor the managers' responsible investment capabilities using scores provided by its investment adviser, on a quarterly basis as part of the standard monitoring reports.

4.1 Policy towards risk

Risks are monitored on an ongoing basis with the help of the investment adviser. The Trustees maintain a risk register and this is discussed at quarterly meetings.

The Trustees' policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Plan's investment adviser or information provided to the Trustees by the Plan's investment managers. These include credit risk and currency risk.

With regard to the risk of inadequate returns, the Trustees make use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These are used in the early phase of the default lifecycle and are also made available within the self-select options. These funds are expected to produce adequate real returns over the longer term, but are expected to be volatile in the shorter term.

The following risks are covered in this Statement as follows: excessive charges in Section 5, illiquidity/marketability risk in Section 6 and ESG risks in Section 7.

The quarterly reports reviewed during the year showed that the investment managers have produced performance broadly in line with expectations over the long-term.

5. Implementation of the investment arrangements

The Trustees agreed to appoint two new funds over the Plan Year:

1. Within the RMDCP Active Global Equity Fund the decision was taken to change the underlying mandate from the Ardevora Global Long Only Equity Fund and to instead appoint the MFS Meridian Global Equity Fund. This change was implemented within the Plan year.
2. A new fund was created, the RMDCP Active ESG Equity Fund. It was decided to appoint the Baillie Gifford Positive Change Fund as the sole underlying manager in this new fund. This fund was not available to members until after the end of the Plan Year.

Before appointing the managers, the Trustees received information on the investment process and philosophy, the investment team and past performance. The Trustees also considered the managers' approach to responsible investment and stewardship, including the Trustees' stewardship priorities (as set out in Section 8 of this Statement). The Trustees obtained formal written advice from their investment adviser, LCP, before investing in the funds and made sure the investment portfolio of each chosen fund was adequately and appropriately diversified. The Trustees rely on their investment adviser's research to understand managers' investment approaches, and ensure they are consistent with the Trustees' policies prior to any new appointment.

The Trustees evaluate manager performance over both shorter and longer periods, encourage managers to improve practices and consider alternative arrangements where managers are not meeting performance objectives.

The Trustees undertook a "value for members" assessment for the Plan Year to 31 March 2024 which assessed a range of factors, including the fees payable to managers in respect of the Plan, which were found to be reasonable when compared against schemes with similar sized mandates.

During the Plan Year, the Trustees assessed the member fees for each of the available funds, based on fee benchmarking analysis produced by LCP. This analysis compares the total member fees and underlying manager fees for similar size schemes and is considered as part of the Trustees' value for members ("VFM") assessment. Overall, the Trustees believe the investment managers provide good value for money.

6. Realisation of investments

It is the Trustees' policy to invest in funds that offer daily dealing to enable members to readily realise and change their investments. All of the funds which the Trustees offered during the Plan Year are daily priced.

7. Financially material considerations, non-financial matters

As part of its advice on the selection and ongoing review of the investment managers, the Plan's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations).

In March 2022, the Trustees reviewed LCP's RI scores for the Plan's existing managers and funds, along with LCP's qualitative RI assessments for each fund and red flags for any managers of concern. These scores cover the manager's approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP's ongoing manager research programme, and it is these that directly affect LCP's manager and fund recommendations. The manager scores and red flags are based on LCP's RI Survey 2022. The Trustees also review LCP's RI scores for the Plan's existing managers and funds on a quarterly basis as part of the performance reports, with LCP providing more detailed explanations if there were any changes to the RI scores over the quarter.

Further to this, in March 2024 the Trustees reviewed their approach to stewardship. They concluded that they could take further steps to enhance their stewardship understanding and monitoring of how the Plan manager's take account for their beliefs when voting on underlying Company corporate actions. As a result, they agreed to implement enhanced quarterly reporting. As part of this, LCP adds a stewardship example to quarterly performance reports to help the Trustees understand how their stewardship priorities are being accounted for by investment managers.

One of the Plan's investment managers, Robeco, attended the Trustee meeting in June 2023. Robeco presented on their Emerging Stars Equities Fund, including how ESG factors are integrated into the investment process to consider sustainability risk. Another of the Plan's investment managers, Lazard, attended the Trustee meeting in September 2023. Lazard provided detail on their Developing Markets Fund and the responsible investment processes in use.

The Trustees recognise that some members may wish for ethical matters to be taken into account in their investments and therefore they continue to make available the Legal & General Ethical Global Equity Index Fund as an investment option to members. The Trustees have also made available the Baillie Gifford Positive Change Fund, an actively managed ESG focused equity fund, since the end of the Plan Year. The Trustees also recognise that some members may wish to invest in a way which is consistent with the principles of Islamic investment and therefore have made available the HSBC Islamic Global Equity Index Fund as a self-select investment option.

8. Voting and engagement

The Trustees have delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. These policies are:

- BlackRock Voting Policy
- Lazard Voting Policy
- LGIM Voting Policy
- Robeco Voting Policy
- Ruffer Voting Policy

However, the Trustees take ownership of the Plan's stewardship by monitoring and engaging with managers as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Plan's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

Following the introduction of the DWP's guidance, the Trustees agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. At the Q4 2022 Trustee Board meeting, the Trustees discussed and agreed stewardship priorities for the Plan which are: Climate change, Diversity, Equity & Inclusion ("DE&I") and Corporate Transparency. The Trustees communicated these priorities to their managers in March 2023.

The Trustees are conscious that Responsible Investment ("RI"), including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustees aim to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

9. Description of voting behaviour during the Plan Year

All of the Trustees' holdings in listed equities are within pooled funds and the Trustees have delegated to their investment managers the exercise of voting rights. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the Plan Year. However, the Trustees monitor managers' voting and engagement behaviour on a regular basis and will do so going forward with even more scrutiny after adding voting and engagement examples to each of their quarterly reports.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association ("PLSA") guidance, PLSA Vote Reporting template and the DWP's guidance, on the Plan's funds within the default investment strategy that hold equities as follows:

- BlackRock ACS Climate Transition World Equity Fund
- Lazard Developing Markets Fund
- LGIM Diversified Multi-Factor Equity Fund
- Robeco Emerging Stars Equities Fund
- LGIM Diversified Fund
- Ruffer DC Absolute Return Fund

We have included only the funds with equity holdings used in the default strategy over the Plan Year and not any self-select funds. Given that the majority of members (c.94.6% as at 31 March 2024) have at least part of their retirement pot invested in the default option, the Trustees believe this approach is reasonable and reflects content most appropriate to their membership. Furthermore, within the self-select investments which make up the remaining investments of the Plan, 39% of assets are invested in the above funds through alternative investment options (ie. alternative lifecycles and self-select fund range).

9.1 Description of the voting processes

For assets with voting rights, the Trustees rely on the voting policies which their managers have in place. Descriptions of these voting policies provided by managers are set out below, including, for the first time, Ruffer's voting policy.

BlackRock

Each year, the BlackRock Investment Stewardship ("BIS") team reviews and updates BlackRock's Global Principles ("Principles") and custom market-level voting guidelines to ensure that its policies are aligned with its commitment to pursuing long-term financial returns for its clients as shareholders. These high-level Principles are the framework for BlackRock's more detailed, market-specific voting guidelines, all of which are published on the BlackRock website. The Principles describe BlackRock's philosophy on stewardship (including how it monitors and engages with companies), its policy on voting, its integrated approach to stewardship matters and how it deals with conflicts of interest. These apply across relevant asset classes and products as permitted by investment strategies. The Principles are reviewed annually and updated as necessary, to reflect in market standards, evolving governance practice, and insights gained from engagement over the prior year.

BlackRock's proxy voting process is led by the BIS team, which consists of three regional teams – Americas, Asia-Pacific, and Europe, Middle East and Africa – located in seven offices around the world. Voting decisions are made by members of the BIS team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

While BlackRock subscribes to research from the proxy advisory firms Institutional Shareholder Services ("ISS") and Glass Lewis & Co ("Glass Lewis"), this is just one among many inputs into BlackRock's vote analysis process. BlackRock primarily uses proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that BIS analysts can readily identify and prioritise those companies where its own additional research and engagement would be beneficial. Other sources of information BlackRock uses include the company's own reporting (such as the proxy statement and the website), its engagement and voting history with the company, the views of its active investors, public information and ESG research.

BlackRock ordinarily refrains from abstaining from both management and shareholder proposals, unless abstaining is the valid vote option (in accordance with company by-laws) for voting against management, there is a lack of disclosure regarding the proposal to be voted, or an abstention is the only way to implement our voting intention. In all situations, the economic interests of BlackRock's clients will be paramount.

BlackRock publishes "voting bulletins" explaining key votes relating to governance, strategic, and sustainability issues that it considers material to a company's sustainable long-term financial performance. These bulletins are intended to explain its vote decision, including the analysis underpinning it and relevant engagement history when applicable, where the issues involved are likely to be high-profile and therefore of interest to its clients and other stakeholders, and potentially represent a material risk to the investments it undertakes on behalf of its clients. BlackRock makes this information public shortly after the shareholder meeting, so clients and others can be aware of its vote determination when it is most relevant to them.

The team and its voting and engagement work continuously evolves in response to changing governance-related developments and expectations. BlackRock's voting guidelines are market-specific to ensure it considers a company's unique circumstances by market, where relevant. BlackRock's engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. BlackRock may also update its regional engagement priorities based on issues that it believes could impact the long-term sustainable financial performance of companies in those markets.

BlackRock determines which companies to engage directly based on its assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of its engagement being productive. BlackRock's voting guidelines are intended to help clients and companies understand its thinking on key governance matters. They are the benchmark against which BlackRock assesses a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock informs its vote decisions through research and engages as necessary.

LGIM

All decisions are made by LGIM's Investment Stewardship team in accordance with its Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each team member is allocated a specific sector so that voting is undertaken by the same individuals who engage with the company. This ensures LGIM's stewardship approach flows smoothly throughout the engagement and voting process and that it is fully integrated into the vote decision process, sending a consistent message to companies.
Every year, LGIM holds a stakeholder roundtable where clients and other stakeholders are invited to express their views directly to the members of LGIM's Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continues to develop its voting and engagement policies and define strategic priorities in the years ahead. LGIM's voting and

engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for its clients. LGIM's voting policies are reviewed annually, considering feedback from its clients.

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment its own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services to supplement the research reports that it receives from ISS for UK companies when making specific voting decisions. To ensure LGIM's proxy provider votes in accordance with LGIM's position, it has put in place a custom voting policy with specific voting instructions. LGIM retains the ability in all markets to override any vote decisions. LGIM has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies. It is vital that the proxy voting service is regularly monitored and LGIM does this through quarterly due diligence meetings with ISS.

LGIM has its own internal Risk Management System ("RMS") to provide effective oversight of key processes. Annually, as part of LGIM's formal RMS processes the Director of Investment Stewardship confirms that a formal review of LGIM's proxy provider has been conducted and that it has the capacity and competency to analyse proxy issues and make impartial recommendations.

Lazard

Lazard manages assets for a variety of clients worldwide, including institutions, financial intermediaries, sovereign wealth funds, and private clients. To the extent that proxy voting authority is delegated to Lazard, Lazard's general policy is to vote proxies on a given issue in the same manner for all of its clients. As part of this, Lazard does not typically consult with clients before voting. This policy is based on the view that Lazard, in its role as investment adviser, must vote proxies based on what it believes:

- will maximize sustainable shareholder value as a long-term investor;
- is in the best interest of its clients; and
- the votes that it casts are intended in good faith to accomplish those objectives.

As an active manager, Lazard is committed to fully exercising its role as a steward of capital.
With full proxy authority, Lazard attempts to vote on 100% of the portfolio on a best-effort basis. This is subject to market restrictions due to share-blocking, custodial support, and the availability of timely research on agenda items. Lazard has approved specific proxy voting guidelines regarding various common proxy proposals. These guidelines set out whether Lazard professionals should vote for or against a specific agenda item in every instance or whether an issue should be voted for or against or considered on a case-by-case basis.

If an investment professional seeks to vote in a manner that contradicts the guidelines, which is rare, Lazard's Proxy Committee must approve the vote. The investment professional must provide the committee with a detailed rationale for their recommendation, and the Proxy Committee will then determine whether or not to accept and apply that vote recommendation to the specific meeting's agenda. Case-by-case agenda items are evaluated by Lazard's investment professionals based on their research of the company and evaluation of the specific proposal.

Lazard currently subscribes to advisory and other proxy voting services provided by ISS and Glass Lewis. These proxy advisory services provide independent analysis and recommendations regarding various companies' proxy proposals. While this research serves to help improve Lazard's understanding of the issues surrounding a company's proxy proposals, Lazard's Portfolio Manager/Analysts and Research Analysts (collectively, "Portfolio Management") are responsible for providing the vote recommendation for a given proposal except when the Conflicts of Interest policy applies. ISS provides additional proxy-related administrative services to Lazard. ISS also provides Lazard with vote execution, recordkeeping and reporting support services. ISS receives on Lazard's behalf all proxy information sent by custodians that hold securities on behalf of Lazard's clients and sponsored funds. ISS posts all relevant information regarding the proxy on its password-protected website for Lazard to review, including meeting dates, all agendas and ISS' analysis.

Robeco

The Robeco Stewardship Policy includes its Proxy Voting Policy. The document outlines Robeco's decision-making criteria as well as practical considerations. Robeco are convinced that companies with sustainable business practices have a competitive advantage and are more successful in the long-term. Actively exercising its stewardship responsibilities, beyond the integration of sustainability criteria into its investment processes, is an integral part of Robeco's Sustainable Investing ("SI") approach. The Stewardship Policy outlines the processes and guidelines it follows when putting these responsibilities into practice, including its engagement, voting and exclusion approach. The Stewardship Policy, including the Engagement Policy and Proxy Voting Policy, is updated annually or more frequently if required. Policy updates reflect changes in processes or guidelines, which result from regular reviews of the effectiveness of Robeco's stewardship approach. All changes to policies are approved by the Sustainability Impact and Strategy Committee.

The Active Ownership team is responsible for voting and engagement activities. The team votes the equity positions for Robeco's equity funds and the equities of its clients. The Active Ownership team also carries out proxy voting at Robeco. The Active Ownership team consults with different investment teams to make a well informed decision on investment-related agenda items and takes the lead on Robeco's engagement program. Many engagements are done in collaboration with the different investment teams and on an annual basis, the Active Ownership team collects the input from all stakeholders (including investment teams and clients) to prioritize engagement efforts and reports on progress made. Robeco's Active Ownership team monitors all votes to determine if they are significant along the dimensions of news flow, receipt of client questions, salience and relevance to societal trends, and significant dissent against management (ex-post). These monitoring criteria allows it to define the most significant votes in line with the PLSA's suggested principles.

Robeco uses a proxy voting platform and proxy voting recommendations for all of the meetings that it votes. Glass Lewis provides voting recommendations based upon Robeco's custom voting policy, which is the leading document for instructing proxy votes on corporate governance related topics. The Robeco policy on corporate governance relies on the internationally accepted International Corporate Governance Network Global Governance Principles. A team of dedicated voting analysts then analyse the merit of each agenda item. This analysis, based upon Robeco's voting policy, takes precedence over the recommendations of the proxy voting adviser. This means Robeco's instructions often deviate from the recommendations of both management and the proxy adviser. On an annual basis, Robeco evaluates its proxy voting agent, on the quality of governance research and the alignment of (customised) voting recommendations and Robeco's voting policy. This review is part of Robeco's control framework and is externally assured.

Robeco actively uses its ownership rights to engage with companies on behalf of its clients in a constructive manner. Robeco believes improvements in sustainable corporate behaviour can result in an improved risk return profile of its investments. Robeco engages with companies worldwide, in both its equity and credit portfolios. The outcomes of Robeco's engagement efforts are communicated to analysts, portfolio managers, and clients, enabling them to incorporate this information into their investment decisions as part of Robeco's integrated Sustainable Investing framework.

Ruffer

Ruffer aims to instruct a vote on its total shareholding of the companies held within its flagship funds, and on other material holdings above a certain threshold. These securities are added to a mandatory list. Voting on companies not held within these funds is subject to materiality considerations. Ruffer will instruct a vote on AGM and EGM resolutions, including shareholder resolutions and corporate actions. This is applied to both domestic and international shares. Ruffer exercises voting rights on holdings in funds and client portfolios in line with its voting guidelines unless it is explicitly instructed to take alternative action.

Ruffer has internal voting guidelines that apply when it instructs a vote unless a client has specified their own voting preferences or we do not have the authority to vote. The guidelines apply across all regions on a 'comply or explain' basis. They include criteria for determining whether a remuneration policy should be supported, determining independence and overboarding of directors and the composition of board sub-committees, commitments to support resolutions requesting disclosures aligned with the Task Force on Climate-related Financial Disclosures (TCFD) and political, lobbying or trade association payments or donations. In certain company-specific circumstances, Ruffer may deviate from its voting guidelines. Ruffer's voting guidelines are reviewed periodically and adapted to reflect best governance practices.

To ensure that it acts in the best interests of its clients and investors, Ruffer reviews local best practices and corporate governance codes. Where companies do not comply with best practice, Ruffer considers their explanations before voting. Ruffer has developed an integrated voting platform linked to proxy voting research, currently provided by ISS, to assist in the assessment of resolutions and the identification of contentious issues. Although it acknowledges proxy advisers' voting recommendations, Ruffer generally does not delegate or outsource its voting decisions. Research Analysts are responsible for reviewing the relevant issues case-by-case and exercising their judgement, based on their in-depth knowledge of the company. They are supported by Ruffer's RI team. Before a significant vote is cast, a quorum is convened with senior investment staff so that the analyst can provide a rationale for their decision. The RI team oversees this process. If an agreement cannot be reached, Ruffer may escalate the decision according to the governance framework. Ruffer looks to discuss with companies any relevant or material issue that could impact their investment. It asks for additional information or an explanation to inform its voting decisions.

9.2 Summary of voting behaviour over the Plan Year

A summary of voting behaviour over the Plan Year is provided in the table below. We have included voting data for the previous Plan Year in square brackets for comparative purposes.

	Blackrock ACS Climate Transition World Equity Fund	**LGIM Diversified Multi-Factor Equity Fund**	**Lazard Developing Markets Fund**	**Robeco Emerging Stars Equities Fund**	**LGIM Diversified Fund[1]**	**Ruffer DC Absolute Return Fund**
Total size of fund at end of the Plan Year	£11.9bn	£4.6bn	£76.0m	£1.6bn	£11.9bn	£2.7bn
Value of Plan assets at end of the Plan Year (£ / % of total assets)	£679.1m / 36.4%	£665.2m / 35.6%	£74.7m / 4.0%	£74.7m / 4.0%	£84.7m / 4.5%	£84.7m / 4.5%
Number of equity holdings at end of the Plan Year	457 [540]	1,135 [1,167]	65 [61]	51 [52]	7,569 [6,396]	61 [65]
Number of meetings eligible to vote	535 [638]	1,544 [1,587]	88 [72]	60 [74]	8,997 [9,541]	64 [77]
Number of resolutions eligible to vote	8,240 [9,667]	18,192 [19,925]	775 [722]	523 [660]	93,090 [99,252]	1,020 [1,305]
% of resolutions voted	97.1% [93.5%]	99.9% [99.9%]	100.0% [100.0%]	100.0% [97.0%]	99.8% [99.8]	100.0% [100.0%]
Of the resolutions on which voted, % voted with management[2]	96.6% [95.8%]	79.9% [79.3%]	81.9% [85.5%]	79.0% [85.7%]	76.6% [77.4%]	94.9% [94.2%]
Of the resolutions on which voted, % voted against management[2]	3.4% [4.2%]	19.9% [19.2%]	13.7% [12.9%]	15.3% [13.8%]	23.1% [21.9%]	3.1% [5.7%]
Of the resolutions on which voted, % abstained from voting[2]	0.3% [0.5%]	0.3% [1.5%]	4.4% [1.7%]	0.4% [0.6%]	0.3% [0.7%]	2.0% [0.1%]
Of the meetings in which the manager voted, % with at least one vote against management	21.7% [25.9%]	66.8% [71.3%]	47.7% [48.6%]	45.0% [56.2%]	73.6% [72.8%]	26.6% [41.6%]
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0.3% [0.2%]	14.4% [13.4%]	1.4% [1.3%]	7.1% [4.4%]	14.5% [12.5%]	9.6% [7.1%]

[1]These funds were added to the RMDCP Diversified Assets Fund on 5 May 2023, replacing the previous underlying fund, the BlackRock Aquila Life Market Advantage Fund.
[2]Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

9.3 Most significant votes

The Plan's asset managers in the default strategy who hold listed equities have provided commentary on examples of votes they considered to be the most significant over the period which is included below. The Trustees' criteria for what is a significant vote will develop over time with input from its investment adviser and underlying investment managers. Due to the number of votes provided by the managers, the Trustees have chosen a subset of votes to report on in the Statement. The Trustees have interpreted "significant votes" to mean those that:

- align with the Trustees' stewardship priorities;
- might have a material impact on future company performance;
- the investment manager believes to represent a significant escalation in engagement;
- impact a material fund holding, although this would not be considered the only determinant of significance, rather it is an additional factor;
- have a high media profile or are seen as being controversial;
- the Plan or the sponsoring company may have a particular interest in.

<u>BlackRock ACS Climate Transition World Equity Fund</u>

1. Restaurant Brands International Inc., May 2023

Relevant stewardship priority: Climate Change
Vote cast: Against resolution
Outcome of the vote: Not passed
Management recommendation: Against resolution
Summary of resolution: Shareholder Proposal to Report on the Reduction of Plastic Use

Rationale for the voting decision: BlackRock did not support this proposal because, in its view, RBI's existing disclosures on plastics use are comprehensive and provide sufficient information to allow investors to understand the company's approach to managing the risks and opportunities of plastics use.

Approximate size of the Fund's holding at the date of the vote: 0.22%

The reason the Trustees considered this vote to be "most significant": This vote relates to a stewardship priority selected by the Trustees.

Was the vote communicated to the company ahead of the vote: No, because the vote was in line with management**.**

Outcome and next steps: The outcome of the vote was in line with BlackRock's vote.

2. Exxon Mobil Corporation, May 2023

Relevant stewardship priority: Climate Change
Vote cast: Against resolution
Outcome of the vote: Not passed

Management recommendation: Against resolution
Summary of resolution: Adopt Medium-Term Scope 3 Greenhouse Gas Reduction Target

Rationale for the voting decision: BIS did not support this shareholder proposal because, in their view, the methodology for setting scope 3 targets in carbon intensive industries is still under development. Until there is a common framework for managing the related uncertainty and complexity, they look to company management to determine the appropriate disclosures to help investors understand their approach. Further, complying with the specific ask of the shareholder proposal may be unduly constraining on management and the board's ability to set the company's long-term business strategy.

Approximate size of the Fund's holding at the date of the vote: 0.62%

The reason the Trustees considered this vote to be "most significant": This vote relates to a stewardship priority selected by the Trustees.

Was the vote communicated to the company ahead of the vote: No, because the vote was in line with management**.**

Outcome and next steps: The outcome of the vote was in line with BlackRock's vote.

<u>LGIM Diversified Multi-Factor Equity Fund</u>

1. Toyota Motor Corp, June 2023

Relevant stewardship priority: Climate Change
Vote cast: For resolution
Outcome of the vote: Not passed
Management recommendation: Against resolution
Summary of resolution: Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement

Rationale for the voting decision: LGIM acknowledges the progress that Toyota Motor Corp has made in relation to its climate lobbying disclosure in recent years, and welcome the planned improvements to expand the number of trade associations in scope of assessment and intentions to seek third-party alignment reviews. However, LGIM believes that additional transparency is necessary with regards to the process used by the company to assess how its direct and indirect lobbying activity aligns with its own climate ambitions, and what actions are taken when misalignment is identified. Furthermore, LGIM expects Toyota Motor Corp to improve its governance structure to oversee this climate lobbying review. LGIM believes the company must also explain more clearly how its multi-pathway electrification strategy translates into meeting its decarbonisation targets, and how its climate lobbying practices are in keeping with this.

Approximate size of the Fund's holding at the date of the vote: 0.02%

The reason the Trustees considered this vote to be "most significant": This vote relates to a stewardship priority selected by the Trustees.

Was the vote communicated to the company ahead of the vote: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as LGIM's engagement is not limited to shareholder meeting topics.

Outcome and next steps: The outcome of the vote was not in line with the LGIM's vote as only 15% of votes supported the resolution. LGIM will continue to engage with the company on the alignment of its climate lobbying practices with its climate ambitions, and on governance.

2. Spirax-Sarco Engineering Plc, May 2023 2023

Relevant stewardship priority: Diversity, Equity & Inclusion
Vote cast: Against resolution
Outcome of the vote: Pass
Management recommendation: For resolution
Summary of resolution: Re-elect Jamie Pike as Director

Rationale for the voting decision: LGIM voted against this resolution due to the lack of gender diversity at executive officer level. LGIM expects executive officers to include at least 1 female.

Approximate size of the Fund's holding at the date of the vote: 0.28%

The reason the Trustees considered this vote to be "most significant": This vote relates to a stewardship priority selected by the Trustees.

Was the vote communicated to the company ahead of the vote: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as LGIM's engagement is not limited to shareholder meeting topics.

Outcome and next steps: The outcome of the vote was not in line with the LGIM's vote. LGIM will continue to engage with investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

<u>Lazard Developing Markets Fund</u>

1. Tencent Holdings Ltd, May 2023

Relevant stewardship priority: Corporate Transparency
Vote cast: Against resolution
Outcome of the vote: Pass
Management recommendation: For resolution
Summary of resolution: Approve Issuance of Equity or Equity-Linked Securities without Pre-emptive Rights 14

Rationale for the voting decision: Lazard reviewed this proposal on a case-by-case basis. In this case, the authority complies with Stock Exchange of Hong Kong ("SEHK") regulations governing such plans. However, Lazard believes a vote against the issuance of shares without pre-emptive rights is warranted unless the company provides specific language and terms that there will be adequate restrictions on discounts and no authority to refresh the issuance amounts without prior shareholder approval. This is in light of abuses made by a number of Hong Kong companies that have issued shares at steep discounts to related parties and renewed the share issuance amount under this authority without shareholder approval, both of which are permissible under current law.

Approximate size of the Fund's holding at the date of the vote: 4.7%

The reason the Trustees considered this vote to be "most significant": This vote relates to a stewardship priority selected by the Trustees.

Was the vote communicated to the company ahead of the vote: It is not routine policy for Lazard to communicate its decision to vote against management ahead of the vote, but as it meets regularly with companies owned in fundamental portfolios it is typically the case that it would have expressed any material concerns to management during these meetings.

Outcome and next steps: The outcome of the vote was not in line with the manager's vote. Lazard engages with companies on a regular basis and in this case where Lazard have voted against management it would typically follow up.

2. Chemical Works of Gedeon Richter Plc, April 2023

Relevant stewardship priority: Corporate Transparency
Vote cast: Against resolution
Outcome of the vote: Pass
Management recommendation: For resolution
Summary of resolution: Approve Terms of Remuneration of Management Board Members

Rationale for the voting decision: Lazard believes a vote against is warranted because the equity-based remuneration proposed is considered a short-term plan, and the disclosure makes it impossible to determine whether the volume of shares to be transferred will be excessive. Additionally, the vesting seems to occur in the same year as the grant and the awards seem to be granted freely.

Approximate size of the Fund's holding at the date of the vote: 2.2%

The reason the Trustees considered this vote to be "most significant": This vote relates to a stewardship priority selected by the Trustees.

Was the vote communicated to the company ahead of the vote: It is not routine policy for Lazard to communicate its decision to vote against management ahead of the vote, but as it meets regularly with companies owned in fundamental portfolios it is typically the case that it would have expressed any material concerns to management during these meetings.

Outcome and next steps: The outcome of the vote was not in line with the manager's vote. Lazard engages with companies on a regular basis and in this case where Lazard has voted against management it would typically follow up.

Robeco Emerging Stars Equities Fund

1. Kunlun Energy Company Limited, May 2023

Relevant stewardship priority: Diversity, Equity & Inclusion
Vote cast: Against resolution
Outcome of the vote: Pass
Management recommendation: For resolution
Summary of resolution: Election of Directors

Rationale for the voting decision: Robeco applied a vote against the election of directors, as it believes that the Board of Kunlun Energy Company Limited has failed to incorporate basic considerations for gender diversity. Robeco believes that gender diversity on the board is significant due to the potential impact on financial outcomes and on stewardship outcomes that increased diversity brings.

Approximate size of the Fund's holding at the date of the vote: 1.47%

The reason the Trustees considered this vote to be "most significant": This vote relates to a stewardship priority selected by the Trustees.

Was the vote communicated to the company ahead of the vote: Robeco does not usually disclose its voting intent ahead of time. There would only be an exception to this in a few cases, for example if Robeco were engaging with the company on a particular topic.

Outcome and next steps: The outcome of the vote was not in line with the manager's vote. Robeco are not currently engaging with Kunlun Energy.

2. OTP Bank Plc., April 2023

Relevant stewardship priority: Corporate Transparency
Vote cast: Against resolution
Outcome of the vote: Pass
Management recommendation: For resolution
Summary of resolution: Appointment of Auditor

Rationale for the voting decision: Robeco applied a vote against the approval of the auditor due to concerns that the tenure, fees, and independence of the audit are not in line with market best practise. Robeco believes that this may have an impact on financial outcomes.

Approximate size of the Fund's holding at the date of the vote: 1.58%

The reason the Trustees considered this vote to be "most significant": This vote relates to a stewardship priority selected by the Trustees.

Was the vote communicated to the company ahead of the vote: Robeco does not usually disclose its voting intent ahead of time. There would only be an exception to this in a few cases, for example if Robeco were engaging with the company on a particular topic.

Outcome and next steps: The outcome of the vote was not in line with the manager's vote. Robeco continue to engage with the company on a range of issues.

<u>**LGIM Diversified Fund**</u>

1. Apple Inc., February 2024

Relevant stewardship priority: Corporate Transparency
Vote cast: For resolution
Outcome of the vote: Not passed
Management recommendation: Against resolution
Summary of resolution: Report on use of AI

Rationale for the voting decision: LGIM met with the company to discuss these topics; Apple did not commit to increasing transparency and disclosures around AI at this time. Apple is among several companies that have outsized influence on the integration of AI into our economy. LGIM's rationale for the vote decision was that a vote in favour of the proposal was warranted, as it believes investors would benefit from further disclosure and transparency on the company's use of and internal governance over artificial intelligence.

Approximate size of the Fund's holding at the date of the vote: 0.39%

The reason the Trustees considered this vote to be "most significant": This vote relates to a stewardship priority selected by the Trustees.

Was the vote communicated to the company ahead of the vote: LGIM pre-declared its vote intention on its 2024 pre-declaration blog.

Outcome and next steps: The outcome of the vote was not in line with the manager's vote. LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

2. Shell Plc, May 2023

Relevant stewardship priority: Climate Change
Vote cast: Against resolution
Outcome of the vote: Passed
Management recommendation: For resolution
Summary of resolution: Approve the Shell Energy Transition Progress

Rationale for the voting decision: LGIM voted against this proposal, though not without reservations. LGIM acknowledges the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, LGIM remains concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.

Approximate size of the Fund's holding at the date of the vote: 0.30%

The reason the Trustees considered this vote to be "most significant": This vote relates to a stewardship priority selected by the Trustees.

Was the vote communicated to the company ahead of the vote: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as LGIM's engagement is not limited to shareholder meeting topics.

Outcome and next steps: The outcome of the vote was not in line with the manager's vote. LGIM continues to undertake extensive engagement with Shell on its climate transition plans.

<u>**Ruffer DC Absolute Return Fund**</u>

1. BP Plc, April 2023

Relevant stewardship priority: Climate Change
Vote cast: Against resolution
Outcome of the vote: Not passed
Management recommendation: Against resolution
Summary of resolution: Approve Shareholder Resolution on Climate Change Targets

Rationale for the voting decision: BP has, in Ruffer's opinion, outlined a credible transition strategy with appropriate decarbonisation targets, that reflects demand for oil & gas energy whilst allocating capital to the 'transition growth engines'. Whilst BP has tightened & reduced its 2025 and 2030 aims, it has retained its 2050 net zero target. Further, it has committed additional capital to the transition which BP argues is uncertain and therefore, locking into one, fixed strategy (through investing or divesting the wrong asset) is not in the best interests of generating shareholder value. This resolution asks for "BP to align its 2030 Scope 3 aims with Paris". Firstly, this would require a wholesale shift in strategy, which Ruffer believe is unnecessary given the Board has opined on net zero and published a strategy. Secondly, BP in isolation has no control over what global scope 3 emissions should be under Paris, given the world continues to emit carbon and one would expect the Scope 3 reduction will have to be steeper the nearer society gets to 2030. This burden is unfair, particularly in the context of BP making long-cycle investment decisions.

Approximate size of the Fund's holding at the date of the vote: 0.48%

The reason the Trustees considered this vote to be "most significant": This vote relates to a stewardship priority selected by the Trustees.

Was the vote communicated to the company ahead of the vote: No because the vote was in line with management**.**

Outcome and next steps: The outcome of the vote was in line with the manager's vote. Ruffer will monitor how the company progresses and improves over time, and continue to support credible energy transition strategies and initiatives which are currently in place, and will vote against shareholder resolutions which are deemed unnecessary.

2. Swire Pacific, May 2023

Relevant stewardship priority: Corporate Transparency 18
Vote cast: Against resolution
Outcome of the vote: Passed
Management recommendation: For resolution
Summary of resolution: Approve Issuance of Equity or Equity-Linked Securities without Pre-emptive Rights

Rationale for the voting decision: Ruffer voted in line with the view of ISS. Hong Kong listing rules allow for 20% equity issuance without pre-emptive rights. ISS's global view is that 10% should be the limit. While the majority shareholders of Swire have behaved well over time, Ruffer believes there is always risk that given their control over the business that they could dilute the minority shareholders. As a result, Ruffer believes that limiting this to 10% without pre-emptive rights is in its clients' best interests.

Approximate size of the Fund's holding at the date of the vote: 0.28%

The reason the Trustees considered this vote to be "most significant": This vote relates to a stewardship priority selected by the Trustees.

Was the vote communicated to the company ahead of the vote: No.

Outcome and next steps: The outcome of the vote was not in line with the manager's vote. Ruffer will continue to engage with the company on governance issues and vote on equity issuance proposals where we deem it to have material impact to the company

Royal Mail Defined Contribution Plan Chair's Statement

Welcome to the 2024 Chair's Statement for the Royal Mail Defined Contribution Plan. This statement explains how my fellow Trustees and I met the governance standards that apply to occupational pension schemes that provide money purchase benefits, such as the Royal Mail Defined Contribution Plan, for the year ended 31 March 2024. It is produced pursuant to Regulation 23 of the Occupational Pension Schemes (Administration) Regulations 1996 (the "Scheme Administration Regulations").

Governance requirements apply to money purchase pension arrangements, to help members achieve a good outcome from their pension savings. We, the Trustees of the Plan, are required to produce a yearly statement, signed by the Chair of Trustees, covering:

- the design and oversight of the default investment option (ie where contributions are invested for members that do not wish to choose their own investments);
- processing of core financial transactions (ie administration of the Plan, such as investment of contributions);
- the charges and transaction costs borne by members for the default option and any other investment option members can select or have assets in;
- an illustration of the cumulative effect of these costs and charges;
- net returns of the investment options;
- how the value members obtain from the Plan is assessed; and
- Trustee knowledge and understanding.

The key points that we would like members reading this Statement to take away are as follows:

- We regularly monitor the investment arrangements, and we are satisfied that the default and other investment options remain suitable for the membership.
- The administrator has processed core financial transactions promptly and accurately to an acceptable level during the Plan year, and we remain comfortable with the administrator's performance.
- Fees for the investment options are set out in this Statement, and we remain comfortable that these fees are reasonable given the circumstances of the Plan and represent value for the benefits members obtain. During the Plan year, the Trustees negotiated fee reductions with the administrator and one of the underlying fund managers.
- Please rest assured that we are looking after your best interests as members, and we undertake training and receive advice as appropriate so that we have sufficient knowledge and understanding to do so effectively.

Default arrangements

The Plan is used as a Qualifying Scheme for auto-enrolment. Members who don't make a choice regarding the investment of their contributions are invested in the default strategy arrangement (the "Default Arrangement"). The objectives of the Default Arrangement are to cater for most members and be a class leading investment strategy with excellent risk adjusted returns given the constraints of the charge cap (this is a cap of 0.75% p.a. on the level of charges borne by the members in relation to funds under management).

The Trustees implemented a three-stage lifecycle investment strategy (early-stage growth, to stable growth, to bonds) in 2018. This strategy has been regularly reviewed by the Trustees since this date, including during the Plan year. The Trustees considered new, which led to a more detailed review of the at-retirement allocation of the Default Arrangement. This review was progressed by the Investment Subgroup, the outcome of which was an adjustment of the bond component of the at-retirement Default Arrangement to address the impact of rising inflation for those members who take their benefits as cash at, or within a few years of, retirement. The table below shows the percentage of Plan assets allocated to different asset classes in the Default arrangement.

Asset allocation breakdown

We are required to show the asset allocation of the default arrangements. In line with DWP's (the Department for Work and Pensions) guidance we have also shown this asset allocation for members at different ages, as at the Plan year end.

10 Year Royal Mail Default Lifecycle strategy (the Default Arrangement)

Asset class	Allocation percentage at 25Years old	Allocation percentage at 45 years old	Allocation percentage at 55 years old	Allocation percentage at retirement
Cash	0	0	1.5	36.3
Corporate bonds (UK and overseas)	0	0	14.6	38.5
UK government bonds	0	0	2.2	1.8
Overseas government bonds	0	0	0.7	21.0
Listed equities	100	100	70.5	0.0
Infrastructure*	0	0	1.1	0.0
Property*	0	0	2.1	0.0
Private debt	0	0	2.0	0.0
Other	0	0	5.1	2.4

*The infrastructure and property allocations are in respect of investments in pooled funds that give indirect exposure to those types of investment, via investment in equities / listed investments. For example the property allocation is in respect of the LGIM Diversified Fund which invests primarily in Real Estate Investment Trusts ("REITs").

The Plan's investment strategy, including the Default Arrangement, was formally reviewed during the period covered by this Statement, at the 26 September 2023 Trustees' Board meeting. The next formal review will take place in September 2026. The review advised no fundamental change to the investment structure of the Plan, particularly given the anticipated transition of most contributing members to the Company's new Collective Defined Contribution ("CDC") Plan during 2024 (called the "Royal Mail Collective Pension Plan", or "RMCPP"). Although no major changes were proposed to the investment strategy, the review did suggest the inclusion of currency hedging within the lifestyle structure, which was not taken forward at this time in expectation of the RMCPP launch, and the addition of an active ESG fund within the self-select offering, which was implemented in the following Plan year. The review also assessed the performance of the arrangement and concluded that the strategy was still consistent with the aims and objectives of the Plan's Statement of Investment Principles (the "SIP").

Over the year the following notable Plan events occurred:

- The Plan's Investment Policy Implementation Document ("IPID") was updated to reflect recent investment changes.
- The Plan's first Task Force on Climate Related Disclosures ("TCFD") report was produced, in line with regulatory requirements.

- Lazard Asset Management presented on their Developing Markets Fund at the Q3 Board meeting, a fee reduction of 10bps was agreed by the Trustees, which was implemented from Q4.
- The Trustees agreed to add the RMDCP Active ESG Equity Fund to the self-select range of investment options, using the Baillie Gifford Positive Change Fund as the underlying fund.
- The Trustees selected a new underlying fund for the RMDCP Active Global Equity Fund, following Ardevora Asset Management's closure.
- A 4 basis point (i.e. 0.04%) administration fee reduction proposal from Scottish Widows was approved following a material period of benchmarking member fees with other similar pension schemes.
- An annual Trustees' strategy day was held which covered training on the Taskforce for Nature-related Financial Disclosures ("TNFD"), the Master Trust selection process, identification of the Trustees' priorities, and reporting on targets for TCFD metrics.

The Trustees established the Investment Subgroup in 2020 to undertake the detailed and specialist work required for strategic investment reviews. This delegation allows for a more concentrated assessment of the Plan's investments, although material decisions are still considered at the Trustee Board level. Illiquid assets are being considered as part of these reviews following the Mansion House speech in which the Chancellor announced the Government's intention for DC pension arrangements to include 5% of illiquid assets in the default fund. The Trustees believe this has the potential to help improve diversification and returns. While the inclusion of illiquid assets will be voluntary to begin with, we hope to engage with providers to facilitate this within the default investment offering, with further consideration on this topic being agreed for the next Strategy Review, subject to the status of the Plan following the launch of the Royal Mail Collective Pension Plan.

A copy of the Trustees' Statement of Investment Principles ("SIP") and Investment Policy Implementation Document ("IPID") are attached to the Report and Accounts and are also available on the website at www.rmdcp.uk. A copy of the SIP for the Default Arrangement can be found at the end of this statement.

The SIP is reviewed at least every three years or as soon as any significant developments in investment policy or member demographics take place and was last updated on 29 June 2023 to include the three stewardship priorities selected by the Trustees; Climate Change, Diversity, Equity and Inclusion, and Corporate transparency.

Processing Financial Transactions

Trustees have a specific duty to secure that core financial transactions (including the investment of contributions, transfer of member assets into and out of the Plan, transfers between different investments within the Plan and payments to and in respect of members) are processed promptly and accurately.

These transactions are undertaken on the Trustees' behalf by the Plan administrator, Scottish Widows Ltd. We have reviewed the processes and controls implemented by them and have concluded that they are suitably designed to achieve these objectives. We have also agreed service levels including timeliness and accuracy and reporting of performance against those service levels, which are set out in the Trustees' services agreement with Scottish Widows. These include a range of member requests. The Trustees pay attention to tasks which are time critical, but also monitor non-time critical and manual administration type requests.

Time critical member processes include transfers in, investment switch requests, retirement claims and transfer out claims. All service levels are in line with industry requirements and in many cases, much faster. The Trustees received a detailed assessment of the quarterly governance reports from its administrator which break down: the service delivery activity; movements in membership such as transfers out; opt outs; payment increases and decreases; and analysis of the membership with changes over time to help spot changes in the profile of the Plan. During the period, oversight of administration performance was delegated to the Audit, Risk & Administration Sub-group (the ARA). This allowed for greater scrutiny to be applied to administration performance and freed up the Trustee Board to consider more strategic matters. The ARA continue to look beyond the service statistics and ensure they understand what will help improve the processes, making changes whenever appropriate to improve the member experience.

Reporting on member complaints and whether they were upheld by the administrator continues to show an extremely low level of dissatisfaction. The complaints are considered in detail to understand if there is a recurring theme or if part of the operations and processes of the administrator are not in line with the general expectations of the membership. To date, most complaints have not been upheld and we are comfortable that there are no underlying issues with the member experience. If a complaint is upheld, members are routinely compensated as appropriate.

No significant issues have been reported in the Plan year under review. Considering the above, the Trustees and I consider that the requirements for processing core financial transactions specified in the Scheme Administration Regulations have been met. In particular, we consider that core financial transactions such as the investment of contributions, the transfer of members' assets to and from the Plan, and payments out of the Plan to members were processed promptly and accurately during this Plan year.

Calculation of Charges and Transaction Costs Requirements

The law requires the Trustees to disclose the charges and transactions costs borne by DC scheme members and to assess the extent to which those charges and costs represent good value for money for members. In preparing this statement, including the illustrative examples in Annex A, the Trustees have considered statutory guidance, including the guidance published by the Department for Work and Pensions entitled "*Reporting of costs, charges and other information: guidance for trustees and managers of relevant occupational schemes*".

Within the Default Arrangement, the maximum fee occurs around three years before retirement and peaks at 0.62% p.a. The accumulation fund, the RMDCP Blended Equity Fund, which most members are invested in, has a fee of 0.40% p.a. This is below the charge cap of 0.75% p.a. We accept that this is not the cheapest strategy available but have analysed the potential to add value and improve member outcomes and believe the strategy, which includes a smoother investment return journey and the bundled administration charge, offers members good value. However, with effect from 1 May 2024 and following negotiations with Scottish Widows, a 4 basis point (0.04%) reduction in administration fees has been applied, so that the administration fees going forward would be 0.22%p.a. (down from 0.26% p.a.), which will also reduce the overall fees paid by members for the Default Arrangement. There are no performance-based fees incurred in relation to the Default Arrangement.

To help demonstrate this, a table of illustrative examples of the cumulative effect on a member's savings of costs and charges incurred over time is provided in Annex A to this statement. It provides examples of members at different ages showing what their savings could have been before those charges and costs are deducted. The figures are shown in today's terms and so consider the effects of inflation. For example, it highlights that your purchasing power is eroded when investing in Cash.

The first and second tables highlight the Default Arrangement (referred to as the Default lifecycle strategy) and show how the charges change, as the investment strategy changes, as members approach retirement, both with and without contributions. Given the use of Absolute Return Bond strategies in the run up to reaching retirement age, the charges increase during this phase, as they are managed actively, not passively. These bond strategies offer greater protection for members who take cash at retirement but still provide some potential for growth and help keep pace with inflation. The third and fourth tables shows the effect of charges on potential growth for the self-select funds which have the highest and lowest charges as well as the highest and lowest returns. Illustrations have been provided both with and without contributions.

Members are offered a range of self-select funds which may be chosen as an alternative to the Default Arrangement. The details of all the current fund charges are available within the table in Annex B of this document and are split by bundled administration charge; investment annual management charge; and investment fund additional expenses, showing a total member borne charge per fund. Members can see the fund charges on factsheets via the Plan infosite provided by the administrator.

There is a separate table in Annex C to this statement which shows the transaction costs for each of the Plan's funds, which is split by implicit and explicit costs, and includes any anti-dilution levies. This is where a fund manager has made a price adjustment to protect existing investors in the fund. This analysis gives us a clear idea of the costs of buying and selling in each of the funds and helps provide information for decision making. This can be used when changing or implementing any of the Plan's investment strategies to determine if the manager has added value for the transaction costs incurred. The Trustees find the transaction costs (by asset class) of the Plan's funds to be reasonable.

Following various member research initiatives over several years, we have a good understanding of the membership demographics of the Plan and as such have a view as to what good member outcomes should look like for the Plan's members in aggregate. Having assessed the fees disclosed above we are satisfied that the charges for the Plan's funds represent good value for money in the context of the outcomes targeted. As we noted last year, the evolution of the DC market and master trust options, means that other options that could be considered are getting closer to offering similar, or potentially better, value for money.

As a result of last year's feedback, the Trustees engaged with Scottish Widows, as the provider of the RMDCP, and during the scheme year were able to negotiate a reduction in the administration fee for all members. Whilst the reduction of 0.04% (the TER, or Total Expense Ratio, for the default growth fund has reduced from 0.44% down to 0.40%) was agreed in the year covered by this document, the change was implemented in May 2024, after the Plan year ended.

In line with the Scheme Administration Regulations, the Trustees carried out an assessment of the Plan operations and whether, and to what extent, it offers value for money for members. The Trustees recognise that it is hard to determine 'value' in isolation and that this assessment goes beyond considering the ongoing charges, so decided to go beyond the statutory requirements. In particular, the Trustees decided to focus their assessment and engaged Muse Advisory to analyse the Plan's investments and consider the costs of the following areas:

- Governance and Plan Management
- Administration
- Communication

The full results of the assessment can be obtained from the Plan Secretary, but in summary the results showed that the Plan continues to offers value for money for members given the high level of tailoring of the service provided to members. With the Trustees having negotiated the reduction in the fees charged by Scottish Widows, the Trustees are demonstrating their ongoing commitment to ensuring that members receive value for money from the Plan

Return on Investments

The table below shows 1 year and 3 year performance, after fees, of each of the Plan's fund options to 31 March 2024. The 1 and 3 year performance accounts for any underlying fund changes made over these periods. Those funds shown in bold are components of the Default Arrangement. All funds shown below are available on a self-select basis.

In preparing this section, the Trustees have considered statutory guidance, including paragraphs 55 to 63 of the guidance published by the Department for Work and Pensions entitled "*Reporting of costs, charges and other information: guidance for trustees and managers of relevant occupational schemes*".

Fund name	1-year return to 31 March 2024		3-year return pa to 31 March 2024	
	Fund (%)	Benchmark (%)[1]	Fund (%)	Benchmark (%)[1]
Blended Equity	**17.3**	**19.2**	**8.5**	**8.7**
Diversified Assets	**2.6**	**8.6**	**-1.5**	**5.2**
Diversified Bonds	**7.9**	**7.4**	**2.0**	**4.9**
Cash	**5.1**	**4.9**	**2.4**	**2.4**
Active Global Equity	15.9	20.6	4.1	10.2
Passive Global Equity	22.5	22.4	11.2	12.3
Active Emerging Market Equity	9.5	5.9	-1.9	-2.2
Inflation Linked Bonds	-7.8	-8.3	-12.2	-12.4
Annuity Bonds	4.2	-2.0	-8.1	-9.4
Ethical	23.9	24.0	13.1	13.2
Shariah	30.2	30.4	14.7	15.0

Source: Scottish Widows and LCP. All performance figures are shown after the deduction of fees in relation to managing the Fund.
1All Funds are measured against the underlying fund(s') benchmark, with the exception of the Diversified Bonds Fund, which is measured against a composite of the underlying funds' cash-plus targets.

Trustees' Knowledge and Understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to be conversant with their scheme's trust deed and rules and SIP, have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of Plan assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's General Code of Practice. In exercising their powers in practice, the Trustees are aided by their secure online Trustee portal which holds key Plan documents and is always available to the Trustees. We use this resource to, for example, confirm the powers by which decisions can be made, and refer to delegated authorities, specific documents and definitions within the Trust Deed and Rules. We regularly refer to the Plan's Risk Register to identify and manage risks and each section is owned and managed by the relevant Trustee Subgroup. All of the Plan's key documents (including the Trust Deed and Rules and SIP) are available to the Trustees at the touch of a button within the portal.

Each Trustee ensures that they take personal responsibility for keeping up to date with relevant developments. The Secretary to the Trustees reviews self-assessments annually and arranges for training to be made available as appropriate at the quarterly Trustees' meetings or separate training sessions. In addition, we receive support from professional advisors. Advisors present to the Trustees or provide training as dictated by the agenda, set according to the Business Matters and Key Developments arising over the Plan year as proposed by the Plan Secretary and agreed by the Chair.

The Board also receives an industry update at each quarterly meeting to keep abreast of developments and to make sure we are aware of and can act on any regulatory changes as and when they arise. During the year, the Trustees received Plan specific training on matters such as Collective Defined Contribution arrangements and principles; Master Trust arrangements and transitions; TNFD; the Regulator's new General Code of practice and industry updates. A full list of all the professional development items is attached in a table in Annex D.

Alongside the Trustee training, an annual Trustee Effectiveness questionnaire helps assess how we put our knowledge and understanding into practice and highlights if the Board acts effectively and helps identify ways to make the running of the Plan more efficient.

All the current Trustees have completed the Pensions Regulator's Trustee Toolkit and new Trustees are required to complete this within six months of taking up office. New Trustees are also given introductory training (which is reviewed regularly), including bespoke sessions run by the Plan's advisors.

Taking account of actions taken individually and as a Trustee Board, and the professional advice available to them, we consider that we are properly enabled to exercise our functions as Trustees of the Plan.

Other Plan Matters

The Trustees are pleased to report that the impact of the Coronavirus has fully receded such that operating practices have returned to normal. The effectiveness of the risk mitigation and controls put in place during the pandemic should provide a solid basis from which to deal with any future unforeseen challenges. To further strengthen the Plan's crisis resilience, the Trustees have conducted a review of their Crisis Management Policies and developed a robust crisis action plan.

The Trustees also recognise the risks associated with cyber security and continued their review of their cyber resilience during the year. This review highlighted the need for expert advice and the Trustees have now partnered with Aon to provide a dedicated cyber security oversight function and to strengthen their ongoing cyber threat monitoring.

The Trustees continue to use Pegasus Pensions to provide outsourced secretarial functions. The Trustees believe that the appointment of a firm specialising in pension scheme governance will help ensure dependable, effective governance and delivery of pension strategy.

Governance Statement

As Trustees of the Plan, we have reviewed and assessed our systems, processes, and controls across key governance functions, and we are satisfied that these are consistent with those set out in The Pensions Regulator's:

- General Code of Practice; and
- Regulatory guidance for defined contribution schemes.

Based on our assessment we believe that we have adopted the standards of practice set out in the General Code and DC Regulatory guidance. This helps demonstrate the presence of DC quality features, which we believe will help deliver better outcomes for members in retirement.

For and on behalf of the Trustees,

Venetia Trayhurn, Chair of Trustees:
Date:

Royal Mail Defined Contribution Plan Chair's Statement – Annex A Costs and Charges Over Time

Default Lifecycle Strategy. With Contributions.

Projected pension pot in today's money: Starting Fund £12,000. Starting Contributions £350pm. Invested in the Default Lifecycle strategy.
This table shows the development of the projected pot size over time for a sample of ages assuming the pension pot is invested in the Default Lifecycle Strategy.
For the Default Lifecycle Strategy, the development of the projected pension pot depends on the member's current age because the funds change as the member approaches retirement.
For non-Lifecycle investments the projected pension pot does not depend on the starting age and develops as shown in the first table.

Years	Age Now 60		Age Now 55		Age Now 45		Age Now 35	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	**17,700**	**17,500**	**17,900**	**17,800**	**18,100**	**18,000**	**18,100**	**18,000**
3	**25,100**	**24,500**	**26,000**	**25,500**	**26,600**	**26,300**	**26,700**	**26,400**
5	**32,200**	**31,200**	**34,000**	**33,000**	**35,700**	**34,900**	**36,000**	**35,200**
10			**52,800**	**49,900**	**60,500**	**57,800**	**62,300**	**59,900**
15					**85,500**	**79,700**	**92,800**	**87,500**
20					**105,000**	**95,800**	**126,000**	**116,000**
25							**158,000**	**142,000**
30							**180,000**	**157,000**

NOTES

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65.
3. The starting pot size is assumed to be £14,000.
4. The assumptions used in this illustration follow the financial reporting council's AS TM1 guidance. Inflation is assumed to be 2.5% each year.
5. Gross contributions of £300 per month are assumed from the start of the projection to retirement and are assumed to increase in line with inflation at 2.5% per year.
6. Values shown are estimates and are not guaranteed.
7. For the default Lifecycle strategy, the projected growth rate varies over time as the funds invested in change.
   The table below shows the average projected growth rates for the Lifecycle strategy for a sample of terms to retirement: Lifecycle approaches aim to provide a balance of growth opportunities in the early years and a degree of de-risking as you approach retirement. The actual return will depend on the funds chosen for each stage and the actual timing of any changes. When comparing possible returns from different funds, it is noted that higher risk funds will provide higher illustrative returns.

Years to retirement	Projected growth rate (average)	Years to retirement	Projected growth rate (average)
1	2.20% below inflation	20	1.80% above inflation
3	0.10% above inflation	25	2.10% above inflation
5	0.40% above inflation	30	2.30% above inflation
10	1.00% above inflation	35	2.40% above inflation
15	1.40% above inflation	47	2.70% above inflation

8. The charges assumed for each fund are the current charges as shown in the Chairs Statement.

Default Lifecycle Strategy Without Contributions

Projected pension pot in today's money: Starting Fund £14,000. No further contributions. Invested in the Default Lifecycle strategy.
This table shows the development of the projected pot size over time for a sample of ages assuming the pension pot is invested in the Default Lifecycle Strategy.
For the Default Lifecycle Strategy, the development of the projected pension pot depends on the member's current age because the funds change as the member approaches retirement.
For non-Lifecycle investments the projected pension pot does not depend on the starting age and develops as shown in the first table.

Years	Age Now 60		Age Now 55		Age Now 45		Age Now 35	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	**14,100**	**14,000**	**14,300**	**14,200**	**14,400**	**14,400**	**14,400**	**14,400**
3	**14,300**	**13,900**	**15,000**	**14,600**	**15,400**	**15,200**	**15,500**	**15,200**
5	**14,300**	**13,700**	**15,400**	**14,800**	**16,500**	**16,000**	**16,600**	**16,100**
10			**15,900**	**14,600**	**19,100**	**17,900**	**19,800**	**18,700**
15					**21,100**	**19,000**	**23,400**	**21,400**
20					**21,700**	**18,700**	**27,100**	**23,900**
25							**30,000**	**25,400**
30							**30,800**	**25,000**

NOTES

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65.
3. The starting pot size is assumed to be £14,000.
4. The assumptions used in this illustration follow the financial reporting council's AS TM1 guidance. Inflation is assumed to be 2.5% each year.
5. It is assumed that no further contributions are made.
6. Values shown are estimates and are not guaranteed.
7. For the default Lifecycle strategy, the projected growth rate varies over time as the funds invested in change.
   The table below shows the average projected growth rates for the Lifecycle strategy for a sample of terms to retirement: Lifecycle approaches aim to provide a balance of growth opportunities in the early years and a degree of de-risking as you approach retirement. The actual return will depend on the funds chosen for each stage and the actual timing of any changes. When comparing possible returns from different funds, it is noted that higher risk funds will provide higher illustrative returns.

Years to retirement	Projected growth rate (average)	Years to retirement	Projected growth rate (average)
1	0.20% below inflation	20	2.20% above inflation
3	0.20% above inflation	25	2.40% above inflation
5	0.50% above inflation	30	2.60% above inflation
10	1.20% above inflation	35	2.70% above inflation
15	1.80% above inflation	47	3.00% above inflation

8. The charges assumed for each fund are the current charges as shown in the Chairs Statement

Self-select Funds – With Contributions

Projected pension pot in today's money: Starting Fund £12,000. Starting Contributions £350pm.

The table shows the development of the projected pension pot over time before and after charges for members of any age assuming the pension pot is invested fully in the fund shown.

The illustrations shown below are for a representative selection of the funds members may invest in. They were selected to reflect the range of projected returns and charges for the available funds. Note that these are not necessarily the funds that make up the default Lifecycle strategy. The funds are chosen as follows:

1. Lowest charges
2. Highest net return
3. Lowest return
4. Highest charges

In cases where one fund meets two criteria, another fund will also be included so that there are always four funds in the illustration. For the Default Lifecycle Strategy, the development of the projected pension pot depends on the member's current age because the mix of funds changes as the member approaches retirement. Given this, we have also provided a second table showing illustrations of the development of the projected pot size over time for a sample of ages assuming the pension pot is invested in the Default Lifecycle Strategy.

Fund choice

Years	Annuity Bonds		Inflation Linked Bonds		Diversified Bond		Active Global Equity	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	18,000	18,000	18,200	18,100	17,500	17,300	18,200	18,000
3	26,600	26,500	27,300	27,100	24,500	23,900	27,300	26,600
5	35,800	35,500	37,100	36,800	31,500	30,400	37,100	35,800
10	61,700	60,700	66,000	64,700	48,900	45,900	66,000	61,700
15	92,300	90,100	101,000	98,900	66,200	60,500	101,000	92,300
20	128,000	124,000	146,000	140,000	83,300	74,300	146,000	128,000
25	171,000	164,000	201,000	192,000	100,000	87,200	201,000	171,000
30	221,000	211,000	270,000	255,000	117,000	99,500	270,000	222,000
35	281,000	266,000	355,000	332,000	133,000	111,000	355,000	281,000

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65.
3. The starting pot size is assumed to be £12,000.
4. The assumptions used in this illustration follow the financial reporting council's AS TM1 guidance. Inflation is assumed to be 2.5% each year.
5. Gross contributions of £350 per month are assumed from the start of the projection to retirement and are assumed to increase in line with inflation at 2.5% per year.
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates for each fund are:
    a. .Annuity Bonds: 1.4% above inflation
    b. Ethical: 2.4% above inflation
    c. Inflation-linked Bonds: 0.0% above inflation
    d. Active Global Equity: 2.4% above inflation
8. The charges assumed for each fund are the current charges as shown in the Chairs Statement

Self-Select Funds - Without Contributions.

Projected pension pot in today's money: Starting Fund £12,000.

The table shows the development of the projected pension pot over time before and after charges for members of any age assuming the pension pot is invested fully in the fund shown.

The illustrations shown below are for a representative selection of the funds members may invest in. They were selected to reflect the range of projected returns and charges for the available funds. Note that these are not necessarily the funds that make up the default Lifecycle strategy. The funds are chosen as follows:

1. Lowest charges
2. Highest net return
3. Lowest return
4. Highest charges

In cases where one fund meets two criteria, another fund will also be included so that there are always four funds in the illustration. For the Default Lifecycle Strategy, the development of the projected pension pot depends on the member's current age because the mix of funds changes as the member approaches retirement. Given this, we have also provided a second table showing illustrations of the development of the projected pot size over time for a sample of ages assuming the pension pot is invested in the Default Lifecycle Strategy

Years	Annuity Bonds		Inflation Linked Bonds		Diversified Bond		Active Global Equity	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	14,400	14,400	14,600	14,500	13,900	13,800	14,600	14,400
3	15,400	15,300	15,900	15,800	13,900	13,500	15,900	15,400
5	16,500	16,300	17,300	17,100	13,800	13,100	17,300	16,500
10	19,500	19,100	21,600	21,000	13,700	12,400	21,600	19,500
15	23,100	22,300	26,800	25,700	13,600	11,700	26,800	23,100
20	27,400	26,100	33,300	31,500	13,500	11,000	33,300	27,400
25	32,400	30,500	41,400	38,600	13,300	10,400	41,400	32,400
30	38,300	35,600	51,500	47,200	13,200	9,800	51,500	38,300
35	45,300	41,600	64,000	57,900	13,100	9,240	64,000	45,300

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65.
3. The starting pot size is assumed to be £12,000.
4. The assumptions used in this illustration follow the financial reporting council's AS TM1 guidance. Inflation is assumed to be 2.5% each year.
5. It is assumed that no further contributions are made.
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates for each fund are:
   Annuity Bonds: 1.4% above inflation
   Ethical: 2.4% above inflation
   Inflation Linked Bonds: 0.0% above inflation
   Active Global Equity: 2.4% above inflation
8. The charges assumed for each fund are the current charges as shown in the Chair's Statement.

Royal Mail Defined Contribution Plan Chair's Statement – Annex B Fund Charges

Fund Name	Admin FBC	AMC	Fund Expenses	Expenses Ratio	Total Member Charge %
Active Emerging Market Equity	0.27	0.540	0.039	0.579	0.849
Active Global Equity	0.27	0.600	0.070	0.670	0.940
Annuity Bonds	0.24	0.00	0.000	0.00	0.240
Blended Equity	0.26	0.167	0.009	0.176	0.436
Cash	0.17	0.10	0.000	0.100	0.270
Diversified Assets	0.27	0.475	0.015	0.490	0.760
Diversified Bond	0.26	0.413	0.024	0.437	0.697
Ethical	0.29	0.00	0.000	0.00	0.290
Inflation Linked Bonds	0.24	0.00	0.000	0.00	0.240
Passive Global Equity	0.24	0.05	0.010	0.060	0.300
Shariah	0.22	0.18	0.120	0.300	0.520

* There will be additional fees associated with the Diversified Assets Fund and Blended Equity Fund which relate to trading fees, legal fees, auditor fees and other operational expenses. These will be deducted on a daily basis from the investment fund before the daily price of units is calculated and can vary.

Royal Mail Defined Contribution Plan Chair's Statement – Annex C Fund Transaction Costs

		Transaction Costs							% Assets Reported		
Fund Name	**Fund Code**	**Total (bps)[5]**	**Transaction Taxes (bps)**	**Fees & Charges (bps)**	**Implicit Costs (bps)**	**Indirect Costs (bps)[2]**	**Anti Dilution Offset (bps)[3]**	**Lending & Borrowing (bps)[4]**	**Total % Reported**	**Fund Manager(s)***	**Guidance Notes**
Blended Equity	FFPP	**14.7**	0.7	0.8	10.5	7.3	5.6	0.6	**100.0%**	FM3, FM7, FM8, FM11	*1, 2, 3, 4, 5, 6, 7, 9*
Active Emerging Market Equity	FFPQ	**12.2**	2.4	2.6	6.0	0.0	2.4	0.0	**100.0%**	FM7, FM11	*1, 3, 5, 6, 7, 9*
Active Global Equity	FFPR	**4.5**	0.0	0.0	0.0	0.0	0.0	0.0	**100.0%**	FM10	*5, 6, 7, 9*
Annuity Bonds	FFPS	**0.0**	0.0	0.0	2.2	0.0	8.5	0.0	**100.0%**	FM8	*3, 5, 6, 7*
Cash	FFPT	**1.5**	0.0	0.0	1.5	0.0	0.0	0.0	**100.0%**	FM4	*5, 6, 7*
Diversified Assets	FFPU	**21.1**	7.4	6.5	12.4	5.9	11.8	0.3	**100.0%**	FM8, FM12	*1, 2, 3, 4, 5, 6, 7*
Diversified Bond	FFPV	**31.3**	0.0	0.2	22.0	7.4	3.2	0.1	**100.0%**	FM1, FM5, FM9	*1, 2, 3, 4, 5, 6, 7, 9*
Ethical	FFPW	**0.1**	0.0	0.1	1.0	0.8	2.0	0.1	**100.0%**	FM8	*2, 3, 4, 5, 6, 7*
Passive Global Equity	FFPX	**18.6**	1.1	1.0	16.8	0.0	0.6	0.3	**100.0%**	FM3	*3, 4, 5, 6, 7*
Inflation Linked Bonds	FFPZ	**4.5**	0.0	0.0	4.1	0.0	0.0	0.4	**100.0%**	FM8	*4, 5, 6, 7*
Shariah	FFQA	**0.4**	0.0	0.2	0.2	0.0	0.0	0.0	**100.0%**	FM6	*5, 6, 7*

* Reference to the External Fund Manager Data table

External Fund Manager Data

Fund Manager[8,7]	**Period Start**	**Period End**	**Ref.**	**Notes**
Aegon Investment Management	01/04/2023	31/03/2024	FM1	
Ardevora Asset Management	01/04/2023	31/03/2024	FM2	
BlackRock Inv Mgt (Dublin) Ltd	01/04/2023	31/03/2024	FM3	
BlackRock Pensions Mgmt Ltd	01/04/2023	31/03/2024	FM4	
BNY Mellon Inv Mgt	01/04/2023	31/03/2024	FM5	
HSBC Investments	01/04/2023	31/03/2024	FM6	
Lazard Asset Management	01/04/2023	31/03/2024	FM7	
Legal and General Investment Management	01/04/2023	31/03/2024	FM8	
M&G Investments	01/04/2023	31/03/2024	FM9	
MFS Investment Management	01/04/2023	31/03/2024	FM10	
Robeco Investments	01/04/2023	31/03/2024	FM11	
Ruffer LLP	01/04/2023	31/03/2024	FM12	

Guidance Notes

1 For funds with more than one component, transaction cost calculations are based on blended fund-level holdings at the report date given.
2 Indirect Costs relate to transaction costs incurred within an underlying investment vehicle within the fund manager's fund.
3 Anti Dilution Offset (where provided) reflects the price adjustments the fund manager has made to protect existing investors from dilution effects resulting from investors buying or selling units. This reduces the total transaction cost incurred by existing investors and so is deducted from the costs incurred.
4 Lending & Borrowing (where provided) reflects transaction costs associated with short term loans of securities that the fund manager may undertake to increase investment returns.
5 Transaction cost totals represent annualised transaction costs incurred by the fund manager within the underlying fund. Figures do not currently contain impacts of dilution adjustments incurred at the Scottish Widows fund level when Scottish Widows deals in the underlying funds.
6 **Reporting cycles may differ between fund managers, and so data provided may not align completely with the overall report date. The latest available annualised information has been used in each case.**
7 Fund managers may use different methodologies to calculate their transaction costs; therefore overall transaction cost figures may not be directly comparable, or may exclude some elements or breakdowns of the total cost.
8 Transaction costs have not been provided by the fund manager(s) for some components of the fund. The percentage of assets reported on has been stated above. If no data on percentage coverage was provided by the fund manager, it is assumed that 100% coverage was achieved for these funds/fund components.
9 Transaction cost data has been obtained via the latest European Mifid Template (EMT) available from the external fund manager. As such, the EMT does not provide the full breakdown of individual costs.

Royal Mail Defined Contribution Plan Chair's Statement – Annex D Trustee Professional Development

Date	Subject	Sub-group / Board	Time	Provider
29/06/2023	Emerging Markets	Board	0.5	Robeco
29/06/2023	DC Developments	Board	0.3	LCP
29/06/2023	Legislative update	Board	0.3	Hogan Lovells
26/09/2023	Emerging Markets	Board	0.5	Lazard
26/09/2023	Legislative update	Board	0.2	Hogan Lovells
26/09/2023	General Code	Board	0.3	Pegasus
25/01/2024	TKU & Board Effectiveness review	Board	0.5	Pension Executive
25/01/2024	TNFD & Master Trusts	Board	2.0	LCP
29/01/2024	Global Dynamic Bond Strategy	ISG	0.7	BNY Mellon
28/03/2024	Beneficial Stewardship	Board	0.3	LCP
28/03/2024	General Code	Board	0.5	Pegasus
28/03/2024	Trustee documents	Board	0.3	Pegasus
		Total 2023/24	**6.4**	

Royal Mail Defined Contribution Plan
DC Statement of Investment Principles

1. Introduction

This Statement of Investment Principles ("SIP") sets out the policy of the Trustees of the Royal Mail Defined Contribution Plan (the "Trustees") on various matters governing decisions about the investments of the Royal Mail Defined Contribution ("DC") Plan (the "Plan"). This SIP replaces the previous SIP dated 29 June 2023.

The SIP is designed to meet the requirements of Section 35 (as amended) of the Pensions Act 1995 ("the Act"), the Occupational Pension Schemes (Investment) Regulations 2005, and the Occupational Pension Schemes (Charges and Governance) Regulations 2015. The SIP also reflects the Trustees' response to the Myners' voluntary code of investment principles.

This SIP has been prepared after obtaining and considering written professional advice from LCP, the Plan's investment consultant, whom the Trustees believe to be suitably qualified and experienced to provide such advice. The advice considers the suitability of investments and the need for diversification, given the circumstances of the Plan and the principles contained in this SIP. The Trustees have consulted with the relevant employer in producing this SIP.

The Trustees will review this SIP from time to time and, with the help of their advisers, will amend it as appropriate. These reviews will take place as soon as practicable after any significant change in investment policy, and at least once every three years.

Appendix 1 contains brief details of the respective responsibilities of the Trustees, investment advisers and investment managers. It also contains a description of the basis of remuneration of the investment adviser and the investment managers. Appendix 2 sets out the Trustees' policy towards risk appetite, capacity, measurement and management.

2. Investment objectives

The Trustees' primary objectives are to provide members with access to:

- an appropriate choice of assets for investment, reflecting the membership profile and the range of ways that members can draw their benefits in retirement; and
- a default investment option that the Trustees believe to be reasonable for those members that do not wish to make their own investment decisions. The objective of the default option is to generate returns significantly above inflation whilst members are some distance from retirement, but then to switch automatically and gradually to lower risk investments as members near retirement.

3. Investment strategy

The Trustees, with the help of their advisers and in consultation with the employer, last undertook a review of investment strategy in September 2023, taking into account the objectives described in Section 2 above.

The Trustees offer members a range of investment funds. Each member is responsible for specifying one or more funds for the investment of their account, having regard to their attitude to the risks involved. If a member does not choose an investment option, their account will be invested into the default option, which is managed as a "lifecycle" strategy (ie. it automatically combines investments in proportions that vary according to the proximity to retirement age).

The default option was designed in the best interests of the majority of the members based on the demographics of the Plan's membership, and allocates assets to provide benefits to the individuals on whose behalf the contributions were paid. The default option targets cash withdrawals at retirement, since the Trustees believe that most members will wish take their benefits in this form. Therefore, the default option is initially invested in assets that have a relatively high expected return aiming for growth (equities), and then in the 10 years before retirement, it gradually switches into less risky assets, with the asset allocation at retirement being designed to be appropriate for members taking cash withdrawal.

To help manage the volatility that members' assets experience in the growth phase of the default strategy, the Trustees have included an allocation to "diversified growth", which over the long term is expected to generate equity like returns but with lower volatility than equities.

The objective for the default option is to provide a long term return in excess of inflation in the growth phase, and reducing volatility for members approaching retirement age.

The Trustees will review the default strategy and investment options at least every three years and as soon as practicable after any significant change in investment policy, or the demographic profile of relevant members. The Trustees will also monitor the relevant members' behaviour to check whether assumptions made about how members will access their benefits are borne out in practice.

4. Considerations made in determining the investment arrangements

When deciding how to invest the Plan's assets, the Trustees consider a number of risks, including, but not limited to, those set out in Appendix 2. Some of these risks are more quantifiable than others, but the Trustees have tried to allow for the relative importance and magnitude of each risk.

The Trustees considered a wide range of asset classes for investment, and the expected returns and risks associated with those asset classes as well as how these risks can be mitigated where appropriate.

In determining the investment arrangements, the Trustees also considered:

- the best interests of members and beneficiaries as a whole;
- the profile of the membership and what this implies for the choices members might make upon reaching retirement;
- the risks and rewards of a number of different lifecycle strategies and whether the return expected for taking any given investment risk is considered sufficient given the risk being taken;
- the need for appropriate diversification within the default strategy and other lifecycle options to ensure that, for each such option, both the overall level of investment risk and the balance of individual asset risks are appropriate;
- the need for appropriate diversification within the other investment options offered to members;

- any other considerations which the Trustees consider financially material over the periods until members' retirement, or any other timeframe which the Trustees believe to be appropriate; and
- the Trustees' investment beliefs about how investment markets work and which factors are most likely to impact investment outcomes.

The Trustees' key investment beliefs, which influenced the setting of the investment arrangements, are as follows:

- asset allocation is the primary driver of long-term returns;
- risk-taking is necessary to achieve return, but not all investment risks are rewarded with a risk premium;
- equity risk, credit risk and illiquidity are the primary sources of rewarded investment risk and hence the primary sources of long-term investment returns;
- risks that do not have an expected reward (ie a risk premium) should generally be avoided, hedged or diversified away;
- investment markets are not always efficient and there may be opportunities for good active managers to add value;
- the trustees consider environmental, social and governance ("ESG") factors when making investment decisions and the trustees believe that they could be one area of market inefficiency where managers may be able to improve risk-adjusted returns by taking account of ESG factors;
- the transition to a low carbon economy presents risks and opportunities for the Plan's investment returns. Mitigating the risks and seeking out the opportunities offers the potential to enhance the Plan's investment returns;
- however, investment managers who can consistently spot and profitably exploit market inefficiencies and opportunities are difficult to find and have higher fees and therefore passive management, where available, is usually better value for Members; and
- investment management costs and trading costs have a significant impact on long-term performance and therefore obtaining value for money from the investments is important.
- long-term net risk-adjusted investment returns may be improved by investing in illiquid assets. In line with this belief, we have previously tried to add an illiquid allocation to the default strategy, though were unable to do so due to operational constraints at the time. As a result, investments in the DC default arrangement do not currently include illiquid assets. However, with the support of our investment adviser, we intend to consider investment in illiquid assets when we next review the default strategy.

The Trustees' key investment beliefs and understanding of the Plan's membership are reflected in the design of the default and other lifecycle options, and in the range of other funds made available to members.

5. Implementation of the investment arrangements

Before investing in any manner, the Trustees obtain and consider proper written advice from their investment consultant on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investment.

Details of the investment managers, their objectives, investment guidelines, and custody arrangements are set out in the separate Investment Policy Implementation Document ("IPID").

The Trustees have an agreement with an investment platform provider, which sets out in detail the terms on which the investments are managed. This gives access to a range of funds managed by a variety of investment managers. The investment managers' primary role is the day-to-day investment management of the Plan's investments.

The Trustees and investment managers to whom discretion has been delegated exercise their powers to give effect to the principles in this Statement of Investment Principles, so far as is reasonably practicable.

The Trustees have limited influence over managers' investment practices because all the Plan's assets are held in pooled funds, but they encourage their managers to improve their practices where possible and where appropriate.

The Trustees' view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high-quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustees' responsibility to ensure that the managers' investment approaches are consistent with the Trustees' policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustees expect investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. They assess this when selecting and monitoring managers.

The Trustees evaluate investment manager performance by considering performance over both shorter and longer-term periods as available. Except in closed-ended funds where the duration of the investment is determined by the fund's terms, the duration of a manager's appointment will depend on strategic considerations and the outlook for future performance. Generally, the Trustees would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustees' policy is to evaluate each of their investment managers by reference to the manager's individual performance as well the role the Trustees play in helping the Plan meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustees recognise that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustees expect their investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Plan's investment mandates.

6. Realisation of investments

The investment managers have discretion over the timing of realisation of investments of the Plan within the portfolios that they manage, and in considerations relating to the liquidity of investments. The Trustees' policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments. With this in mind, the Trustees are open to exploring the addition of

illiquid assets to the default investment strategy at the next strategy review, but a key focus will be in ensuring that the fund remains able to offer daily liquidity for members.

7. Financially material considerations and non-financial matters

The Trustees have considered how social, environmental and ethical factors should be taken into account in the selection, retention and realisation of investments given the time horizon of the Plan and its members.

The Trustees expect their investment managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustees seek to appoint managers that have appropriate skills and processes to do this, and from time to time review how their managers are taking account of these issues in practice.

The Trustees have limited influence over managers' investment practices where assets are held in pooled funds, but they encourage their managers to improve their practices where appropriate.

Assessing and managing climate-related risks and opportunities is entirely consistent with protecting the long term returns of the Plan and is therefore acting in the best long-term interests of the Plan's members.

Appointing managers that are committed to an efficient and effective transition to a low-carbon economy is an important means of facilitating good member outcomes.

The Trustees do not take into account any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments for the default investment option. However, the Trustees recognise that some members may wish for ethical matters to be taken into account in their investments and therefore has made available the Ethical Fund as an investment option to members.

8. Voting and engagement

The Trustees recognise their responsibilities as owners of capital, and believe that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments and is in the best interest of members.

The Trustees have delegated to their investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG factors.

As all of the Plan's investments are held through managers or pooled funds, the Trustees do not monitor or engage directly with issuers or other holders of debt or equity. They expect the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustees from time to time, considering the long-term financial interests of the beneficiaries. The Trustees seek to appoint managers that can evidence strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time the Trustees review how these are implemented in practice.

The Trustees monitor managers' activities in relation to ESG factors, voting and engagement on a regular basis. They seek to understand how they are implementing their stewardship policies in practice to check that their stewardship is effective and aligned with their expectations.

The Trustees have selected some priority ESG themes to provide a focus for their monitoring of investment managers' voting and engagement activities (see the Implementation Statement for Plan Years to 31 March 2023 onwards). The Trustees review the themes regularly and update them if appropriate. They communicate these stewardship priorities and their more general expectations in relation to ESG factors, voting and engagement to the managers periodically.

If the Trustees' monitoring identifies areas of concern, the Trustees will engage with the relevant manager to encourage improvements.

Appendix 1 - Investment governance, responsibilities, decision-making and fees

The Trustees have decided on the following division of responsibilities and decision-making for the Plan. This division is based upon the Trustees' understanding of the various legal requirements placed upon them, and their view that this division allows for efficient operation of the Plan overall, with access to an appropriate level of expert advice and service. The Trustees' investment powers are set out within the Plan's governing documentation.

1. Trustees

In broad terms, the Trustees are responsible in respect of investment matters for:

- developing a mutual understanding of investment and risk issues with the employer;
- setting the investment strategy, in consultation with the employer;
- formulating a policy in relation to financially material considerations, such as those relating to ESG considerations (including but not limited to climate change);
- formulating a policy on taking account of non-financial matters in the selection, retention and realisation of investments;
- reviewing the investment policy as part of any review of the investment strategy;
- setting the policy for rebalancing between asset classes;
- setting a policy on the exercise of rights (including voting rights) and undertaking engagement activities in respect of the investments;
- putting effective governance arrangements in place and documenting these arrangements in a suitable form;
- appointing, monitoring, reviewing and dismissing investment managers, custodians, investment consultants and other advisors;
- monitoring the exercise of the investment powers that they have delegated to the investment managers and monitoring compliance with Section 36 of the Act;
- communicating with members as appropriate on investment matters, such as the Trustees' assessment of its effectiveness as a decision-making body, the policies regarding responsible ownership and how such responsibilities have been discharged;
- reviewing the content of this SIP from time to time and modifying it if deemed appropriate; and
- consulting with the employer when reviewing the SIP.

2. Investment platform provider

The investment platform provider will be responsible for:

- providing access to a range of funds managed by various investment managers;
- providing the Trustees with regular information concerning the management and performance of the assets; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

3. Investment managers

In broad terms, the investment managers will be responsible for:

- managing the portfolios of assets according to their stated objectives, and within the guidelines and restrictions set out in their respective investment manager agreements and/or other relevant governing documentation;
- taking account of financially material considerations (including climate change and other ESG considerations) as appropriate when managing the portfolios of assets;
- exercising rights (including voting rights) attaching to investments and undertaking engagement activities in respect of investments;
- providing the Trustees and investment platform provider with regular information concerning the management and performance of their respective portfolios; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

The custodians of the portfolios (whether there is a direct relationship between the custodian and the Trustees or not) are responsible for safe keeping of the assets and facilitating all transactions within the portfolios.

4. Investment consultant

In broad terms, the investment consultant will be responsible, in respect of investment matters, as requested by the Trustees, for:

- advising on a suitable fund range and default strategy for the Plan, and how material changes to legislation or within the Plan's benefits and membership may impact this;
- advising on the selection, and review, of the investment managers, incorporating its assessment of the nature and effectiveness of the managers' approaches to financially material considerations (including climate change and other ESG considerations); and
- participating with the Trustees in reviews of this SIP.

5. Fee structures

The Trustees recognise that the provision of investment management and advisory services to the Plan results in a range of charges to be met, directly or indirectly, by deduction from the Plan's assets.

The Trustees have agreed Terms of Business with the Plan's investment advisers, under which work undertaken is charged for by an agreed fixed fee or on a "time-cost" basis.

The investment managers and platform provider receive fees calculated by reference to the market value of assets under management. The fee rates are believed to be consistent with the managers' general terms for institutional clients and are considered by the Trustees to be reasonable when compared with those of other similar providers. See also Section 5 of the SIP.

The fee structure used in each case has been selected with regard to existing custom and practice, and the Trustees' view as to the most appropriate arrangements for the Plan. However, the Trustees will consider revising any given structure if and when it is considered appropriate to do so.

6. Performance assessment

The Trustees are satisfied, taking into account the external expertise available, that there are sufficient resources to support their investment responsibilities. The Trustees believe that they have sufficient expertise and appropriate training to carry out their role effectively.

It is the Trustees' policy to assess the performance of the Plan's investments, investment providers and professional advisers from time to time. See Section 5 of the SIP. The Trustees will also carry out periodically an assessment of their own effectiveness as a decision-making body and will decide how this may then be reported to members.

7. Working with the Plan's employer

When reviewing matters regarding the Plan's investment arrangements, such as the SIP, the Trustees seek to give due consideration to the employers' perspective. While the requirement to consult does not mean that the Trustees need to reach agreement with the employer, the Trustees believe that better outcomes will generally be achieved if the Trustees and employer work together collaboratively.

Appendix 2 - Policy towards risk appetite, capacity, measurement and management

The Trustees consider that there are a number of different types of investment risk that are important for the Plan. These include, but are not limited to:

1. Risk of inadequate returns

As members' benefits are dependent on the investment returns achieved, it is important that investment options are available which can be expected to produce adequate real returns over the longer term. Accordingly, equity funds and equity-based funds, which are expected to provide positive returns above inflation over the long term, have been made available to members and feature in the growth phase of the default strategy. To reduce the chance of a sharp deterioration in members' benefits close to retirement, the Trustees have made the default option a "lifecycle" strategy.

2. Risk from lack of diversification

This is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the Plan's assets. The Trustees believe that the Plan's default strategy is adequately diversified between different asset classes and within each asset class, and the investment options provide a suitably diversified range for members to choose from. This was a key consideration when determining the Plan's investment arrangements and is monitored by the Trustees on a regular basis.

3. Investment manager risk

This is the risk that an investment manager fails to meet its investment objectives. Prior to appointing an investment manager, the Trustees receive written advice from a suitably qualified individual, and will typically undertake an investment manager selection exercise. The Trustees monitor the investment managers on a regular basis to ensure they remain appropriate for their selected mandate.

4. Illiquidity/marketability risk

This is the risk that core financial transactions, such as investing members' contributions, are not processed promptly due to lack of liquidity in the investments. The Trustees manage this risk by only using pooled funds with daily dealing within the default strategy and diversifying the default strategy across different types of investment.

5. ESG risks

ESG factors are sources of risk to the Plan's investments, which could be financially material, over both the short and longer term. These include risks relating to factors such as unsustainable business practices and unsound corporate governance. Climate change is also deemed a financially material risk for the Plan. The Trustees seek to appoint investment managers who will manage these risks appropriately on their behalf and from time to time review how these risks are being managed in practice.

6. Risk from excessive charges

If the investment management charges together with other charges levied on, for example, transfers or early retirement are excessive, then the value of a member's account will be reduced unnecessarily. The Trustees are comfortable that the charges applicable to the Plan are in line with market practice and they regularly assess whether these represent good value for members.

7. Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Plan is subject to credit risk because it invests in bonds via pooled funds. The Trustees manage their exposure to credit risk by only investing in pooled funds that have a diversified exposure to different credit issuers. The Plan invests in some funds which invest in bonds that are classified as both "investment grade" and "non-investment grade" which carry greater credit risk.

8. Currency risk

Whilst the majority of the currency exposure of the Plan's assets is to Sterling, the Plan is subject to currency risk because some of the Plan's investments are held in overseas markets.

The Trustees consider the overseas currency exposure in the context of the overall investment strategy and believe that the currency exposure that exists acts to increase the diversification of the strategy.

9. Interest rate and inflation risk

The Plan's assets are subject to interest rate and inflation risk because some of the Plan's assets are held in money market instruments and bonds invested via pooled funds.

10. Other non-investment risks

The Trustees recognise that there are other, non-investment, risks faced by the Plan, and takes these into consideration as far as practical in setting the Plan's investment arrangements.

Statement of Trustees' Responsibilities for the Financial Statements

The audited financial statements, which are required to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, are the responsibility of the Trustees. Pension scheme regulations require the Trustees to make available to Plan members, beneficiaries and certain other parties, audited financial statements for each Plan year which:

(i) show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year; and

(ii) contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice Financial Reports of Pension Schemes.

The Trustees have supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. They are also responsible for:

- assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to wind up the Plan, or have no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustees' annual report, information about the Plan prescribed by pensions legislation, which they should ensure is fair and impartial.

The Trustees also have certain responsibilities in respect of contributions which are set out in the statement of Trustees' responsibilities accompanying the Trustees' summary of contributions.

The Trustees are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the Plan and financial information included on the Plan's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

Fund account for the year ended 31 March 2024

	Notes	2024 £'000	2023 £'000
Employer contributions	2	213,808	200,677
Employee contributions	2	2,449	6,955
Total contributions		216,257	207,632
Transfers in from other plans	3	1,970	1,719
Other income	4	12,827	9,612
		14,797	11,331
Benefits	5	(46,912)	(31,427)
Leavers	6	(8)	(2)
Transfers out to other plans	7	(20,736)	(13,883)
Other Payments	8	(37)	(90)
Administration expenses	9	(1,646)	(1,314)
		(69,339)	(46,716)
Net additions from dealings with members		**161,715**	**172,247**
Returns on investments			
Investment income	10	156	-
Change in market value of investments	11	245,360	(41,509)
Investment management expenses	12	(4,138)	(3,513)
Net returns on investments		**241,378**	**(45,022)**
Net increase in fund during the year		**403,093**	**127,225**
Net assets of the Plan at 1 April		**1,478,761**	**1,351,536**
Net assets of the Plan at 31 March		**1,881,854**	**1,478,761**

The notes on pages 63 to 71 form part of these financial statements.

Statement of Net Assets (available for benefits) as at 31 March 2024

	Notes	2024 £'000	2023 £'000
Allocated to members			
Investment Assets			
Pooled Investment Vehicles	11	1,867,829	1,465,361
Cash	11	4,434	8,651
Net investment assets		**1,872,263**	**1,474,012**
Current Assets	13	15,089	9,118
Current Liabilities	14	(7,977)	(6,692)
		1,879,375	**1,476,438**
Not allocated to members			
Current Assets	13	2,901	2,633
Current Liabilities	14	(422)	(310)
		2,479	**2,323**
Net assets available for benefits		**1,881,854**	**1,478,761**

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustees. They do not take into account obligations to pay benefits which fall due after the Plan year end.

The notes on pages 63 to 71 form part of these financial statements.

The financial statements on pages 61 to 71 were approved by the Trustees and were signed on their behalf by:

Trustee: Venetia Trayhurn (Chair) …………………………………………………..

Trustee: Tony Woods ……………………………………………………

Date:

Notes on the Annual Financial Statements

Accounting policies

1.1 Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the guidance set out in the Statement of Recommended Practice (Revised 2018).

The Plan is established as a trust under English law. The address for enquiries to the Plan is included in the Trustees' Report.

The financial statements are prepared on a going concern basis, which the Trustee believes to be appropriate as they believe that the Plan has adequate resources to realise its assets and meet benefit obligations in the normal course of affairs (and continue to operate) for at least the next twelve months from the date of the approval of these financial statements. In reaching this conclusion, the Trustees have considered the impact of the employer, administrator, portfolio liquidity and cashflow requirements. This assessment gives the Trustees confidence to prepare the financial statements on a going concern basis.

1.2 Valuation of investments

The investment assets of the Plan comprise units allocated to accounts held in members' names under the insurance policy issued to the Trustees.

The unitised insurance policies are included in the financial statements at fair value. Fair value is stated at the prices provided by Scottish Widows.

1.3 Change in market value

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value of investments held at year end.

1.4 Contributions

Normal contributions from employers and employees are made in accordance with the rates set out in the Payment Schedule in force for the Plan year. Contributions, including voluntary contributions, are accounted for on an accruals basis when deducted from payroll.

1.5 Benefits

Single cash sums on retirement or death are accounted for on an accruals basis based on the date of retirement or death.

The purchase of annuities is the means by which the Trustees discharge their full liability to pay the pension of a retiring member of the Plan. The purchase of annuities is accounted for on an accruals basis.

1.6 Transfer values

Transfer values represent the capital sums either received in respect of members from previous pension arrangements or paid to new pension arrangements for members who have left service or opted out.

They take account of transfers where the receiving pension arrangement has agreed to accept the liabilities in respect of the transferring members.

1.7 Opt Outs

Refunds of contributions in relation to members who opt out are accounted for on an accruals basis when invoiced by Royal Mail.

1.8 Investment Income

Investment income arising from the underlying investments from the pooled investment vehicles is rolled up and reinvested within the pooled investment vehicles. This is reflected in the unit price and reported within the change in market values which are provided on a daily basis.

1.9 Expenses

The expenses of the Plan are accounted for on an accruals basis.

2 Contributions

	2024 £'000	2023 £'000
Employers		
Normal	213,808	200,677
Employees		
Normal	1,619	6,096
Additional voluntary contributions	830	859
	216,257	**207,632**

The total employers' contributions include Pension Salary Exchange contributions.

3 Transfers in

	2024 £'000	2023 £'000
Individual transfers	1,970	1,719
	1,970	**1,719**

4 Other income

	2024 £'000	2023 £'000
Claims on life insurance policies	12,382	9,216
Other income	445	396
	12,827	**9,612**

5 Benefits payable

	2024 £'000	2023 £'000
Purchase of annuities	2,936	1,098
Lump sum death benefits	13,392	10,363
Commutations and lumps sum retirements benefits	30,584	19,966
	46,912	**31,427**

The Trustees have an insurance policy which is held with Unum Limited at the year end to cover the Plan against the lump sum payment in the event of a member's death in service.

6 Leavers

	2024 £'000	2023 £'000
Refunds to members leaving service	8	2
	8	**2**

7 Transfers to other Pension Schemes

	2024 £'000	2023 £'000
Transfers to other schemes	20,736	13,883
	20,736	**13,883**

8 Other payments

	2024 £'000	2023 £'000
Opt outs - return of contributions	37	90
	37	**90**

9 Administration expenses

	2024 £'000	2023 £'000
Independent Trustee fees	158	148
Professional charges	993	829
Other payments	495	337
	1,646	**1,314**

The Trustees paid £nil (2023: £nil) from the Employer Reserves towards the Plan Life Assurance Premium for the year ended 2024. The remaining balance of the premium is paid by RMG.

As with the Life Assurance premium, some administration expenses are paid directly by RMG and some are paid from the Employer Reserve. The Trustees only include expenses paid from the Employer Reserve in these financial statements.

10 Investment income

	2024 £'000	2023 £'000
Interest on cash deposits	156	-
	156	**-**

11 Investments

	2024 £'000	2023 £'000
Pooled investment vehicles		
Insurance policy		
Market value at 1 April	1,465,361	1,341,985
Purchases at cost	284,232	261,736
Disposals	(127,124)	(96,851)
Change in market value	245,360	(41,509)
Market value at 31 March	**1,867,829**	**1,465,361**
Cash deposits	**4,434**	**8,651**
	1,872,263	**1,474,012**

The companies operating the pooled investment vehicles are all registered in the United Kingdom. Investments purchased by the Plan are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. The investment managers hold the investment units on a pooled basis for the Trustees through a policy of insurance with Scottish Widows Limited. The Plan Administrators allocate investment units to members. The Trustees may hold investment units representing the value of employer contributions that have been retained by the Plan that relate to members leaving the Plan prior to vesting.

The investments held as at 31 March were split as detailed below:

	Value at 31/03/2023	Purchases at cost	Sales proceeds	Change in market value	Value at 31/03/2024
	£'000	£'000	£'000	£'000	£'000
Active Emerging Market Equity	1,427	344	(377)	116	1,510
Active Global Equity	1,083	458	(202)	219	1,558
Annuity Bonds	2,102	346	(211)	98	2,335
Blended Equity	1,159,024	172,740	(76,005)	222,438	1,478,197
Cash	15,789	10,532	(7,558)	870	19,633
Diversified Assets	134,403	47,286	(16,822)	4,519	169,386
Diversified Bond	125,878	48,651	(23,468)	10,919	161,980
Ethical	5,757	899	(550)	1,422	7,528
Inflation Linked Bonds	1,759	135	(310)	(149)	1,435
Passive Global Equity	11,213	1,278	(1,070)	2,529	13,950
Shariah	6,926	1,563	(551)	2,379	10,317
Total	1,465,361	284,232	(127,124)	245,360	1,867,829

There were no direct or material indirect employer-related investments at the reporting date 31 March 2024 (2023: nil).

Members' additional voluntary contributions are invested along with normal contributions and are included in the values shown above.

Transaction Costs

Transaction costs are borne by the members in relation to the transactions in pooled investment vehicles. Such costs are taken into account in the calculating of the single priced units and are not separately reported.

Investment Fair Value Hierarchy

The fair value of financial instruments has been disclosed using the following hierarchy.

Level (1): The unadjusted quote price in an active market for identical assets or liabilities which the entity can access at the measurement date;

Level (2): Inputs other than quoted prices included within Level 1 which are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly;

Level (3): Inputs which are unobservable (i.e. for which market data is unavailable) for the asset or liability.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

The Plan's investment assets and liabilities fall within the above hierarchy levels as follows:

	2024 £'000	2023 £'000
Pooled investment vehicles - Level 2	1,867,829	1,465,361
Cash – Level 1	4,434	8,651
	1,872,263	**1,474,012**

Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Plan has exposure to these risks because of the investments it makes to implement its investment strategy described in the Trustees' Report. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Plan's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Plan's investment managers and monitored by the Trustees by regular reviews of the investment portfolios.

Further information on the Trustees' approach to risk management and the Plan's exposures to credit and market risks are set out below. This does not include annuity insurance policies as these are registered and purchased by the individual members and not the Plan. The AVC investments are considered as part of the overall investments of the Plan.

i. Direct credit risk

The Plan invests in pooled investment vehicles and is therefore exposed to direct credit risk in relation to the instruments it holds in unit linked insurance funds provided by Scottish Widows Limited. The unitised insurance funds are unrated. Cash is held within financial institutions which are at least investment grade credit rated.

Scottish Widows Ltd is regulated by the Financial Conduct Authority and maintains separate funds for its policy holders. The Trustees monitor the creditworthiness of Scottish Widows Ltd by reviewing published credit ratings. Scottish Widows Ltd invests all the Plan's funds in its own investment unit linked funds and it does not use any other investment funds or reinsurance arrangements. In the event of default by Scottish Widows Ltd, the Plan is protected by the Financial Services Compensation Scheme.

ii. Indirect credit and market risks

The Plan is also subject to indirect credit and market risk arising from the underlying investments held in the Scottish Widows funds.

The follow table summarises the extent to which the underlying investments held in pooled investment vehicles are affected by financial risks:

	Direct Credit risk	Indirect Credit risk	Indirect market risk			2024 £'000	2023 £'000
			Currency	Interest rate	Other price		
Active Emerging Market Equity	Yes	No	Yes	No	Yes	1,510	1,427
Active Global Equity	Yes	No	Yes	No	Yes	1,558	1,083
Annuity Bonds	Yes	Yes	Yes	Yes	Yes	2,335	2,102
Blended Equity	Yes	No	Yes	No	Yes	1,478,197	1,159,024
Cash	Yes	Yes	No	Yes	No	19,633	15,789
Diversified Assets	Yes	Yes	Yes	Yes	Yes	169,386	134,403
Diversified Bond	Yes	Yes	Yes	Yes	Yes	161,980	125,878
Ethical	Yes	No	Yes	No	Yes	7,528	5,757
Inflation Linked Bonds	Yes	Yes	Yes	Yes	Yes	1,435	1,759
Passive Global Equity	Yes	Yes	Yes	No	Yes	13,950	11,213
Shariah	Yes	Yes	Yes	No	Yes	10,317	6,926
						1,867,829	1,465,361

iii. Concentration of investments

Plan investments include the following which represent more than 5% of the total value of the net assets of the Plan:

	2024 £'000	%	2023 £'000	%
Blended Equity	1,478,197	78.6	1,159,024	78.4
Diversified Assets	169,386	9.0	134,403	9.1
Diversified Bond	161,980	8.6	125,878	8.5

12 Investment management expenses

	2024 £'000	2023 £'000
Member fund based charges	4,138	3,513
	4,138	**3,513**

13 Current assets

	2024 £'000	2023 £'000
Allocated to members		
Contributions due from employer		
Employer	8,417	3,033
Employee	99	22
AVCs	32	13
	8,548	3,068
Cash at bank	5,312	6,050
Sundry debtors	1,229	-
	15,089	**9,118**
Not allocated to members		
Cash at bank	2,888	2,628
Sundry debtors	13	5
	2,901	**2,633**

Contributions due from the employers for the Plan year ended 31 March 2024 were received in accordance with the payment schedule.

14 Current liabilities

	2024 £'000	2023 £'000
Allocated to members		
Benefits payable	7,565	6,266
Unclaimed benefits	237	237
Sundry creditors	175	189
	7,977	**6,692**
Not allocated to members		
Tax payable	421	309
Sundry creditors	1	1
	422	**310**

15 Related party transactions

Disclosure is made below of the transactions with related parties who are part of the Royal Mail Group. In addition to contributions received from employees and payments made to the Plan members, the Plan undertook the following transactions.

a) Administrative expenses paid by the Plan are disclosed in note 9, all other expenses are borne by the employer.

b) Contributions received and benefits paid in respect of Trustees of the Royal Mail Defined Contribution Plan who are members of the Plan were in accordance with the Payment Schedule and Plan rules where appropriate.

c) The Plan remunerates two independent Trustees to ensure the Plan has the right level of experience to properly exercise its duties fees paid in the year are disclosed in note 9. Amounts due to the Independent Trustees as at 31 March 2024 is £73,000 (2023: £54,000).

d) During the year the remuneration in respect of key management personnel associated with the in-house team was £68,000 for the Plan year (2023: £114,510). Amounts due to Royal Mail Group as at 31 March 2024 is £4,000 (2023: £4,000).

e) There are no balances with subsidiary companies of the Royal Mail Group.

f) Other than those items disclosed above and elsewhere in the financial statements, there were no other related party transactions.

16 Self Investment

The Plan does not make any investments into International Distribution Services Plc, other than those made as part of the index investments with Legal & General. Those investments are not made actively and do not form more than 5% of the Plan's assets. There were no direct employer-related investments at the reporting date 31 March 2024 (2023: nil).

Independent auditor's report to the Trustees of the Royal Mail Defined Contribution Plan

We have audited the financial statements of Royal Mail Defined Contribution Plan ("the Plan") for the year ended 31 March 2024 which comprise the Fund Account, the Statement of Net Assets (available for benefits) and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Plan during the Plan year ended 31 March 2024 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Plan in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Trustees have prepared the financial statements on the going concern basis as they do not intend to wind up the Plan, and as they have concluded that the Plan's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Trustees' conclusions, we considered the inherent risks to the Plan and analysed how those risks might affect the Plan's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Plan's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Plan will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Trustees and inspection of policy documentation, including risk register, as to the Plan's high-level policies and procedures to prevent and detect fraud, as well as enquiring whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Trustees Board; Audit, Risk and Admin Sub-Group; Communications & CPP Sub-Group; Investment Sub-Group minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that the Trustees (or their delegates including Plan administrators) may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of investments. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedule or pre-determined by the Trustees; there are no subjective issues or judgements required.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Plan -wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted after the first draft of the financial statements have been prepared and unusual journals to cash.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustees and their delegates (as required by auditing standards), and discussed with the Trustees the policies and procedures regarding compliance with laws and regulations.

As the Plan is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment including the Plan's procedures for complying with regulatory requirements and reading the minutes of Trustees' meetings.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Plan is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related pensions legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Plan is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation, or the loss of the Plan's registration. We identified the following areas as those most likely to have such an effect: pensions legislation and data protection legislation, recognising the financial and regulated nature of the Plan's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on contributions payable under the Payment Schedule in our statement about contributions on page 76 of the annual report.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Trustees are responsible for the other information, which comprises the Trustees' Report, Investment Report, the Chair's Statement, and Statement of Trustees' Responsibilities in Respect of Contributions. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

Trustees' responsibilities

As explained more fully in their statement set out on page 75, the Plan Trustees are responsible for: supervising the preparation of financial statements which show a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to wind up the Plan, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Plan Trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Plan Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Gemma Broom
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
Date:

Statement of Trustees’ Responsibilities in Respect of Contributions

Trustees’ Summary of Contributions payable under the Schedule in respect of the Plan year ended 31 March 2024

The Plan’s Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a payment schedule showing the rates of contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan and the dates on or before which such contributions are to be paid. The Plan’s Trustees are also responsible for keeping records of contributions received in respect of any active member of the Plan and for monitoring that contributions are made to the Plan in accordance with the schedule.

This Summary of Contributions has been prepared by, or on behalf of the Trustees, and is the responsibility of the Trustees. It sets out the employer and member contributions payable to the Plan under the Payment Schedule dated 29 November 2022 in respect of the year ended 31 March 2024. The Trustees operate Pension Salary Exchange so the total employer contributions include, in essence, employee contributions. The Plan Auditor reports on contributions payable under the Schedule in the Auditor’s Statement about Contributions.

Contributions payable under the Schedule in respect of the Plan year	
Employer normal contributions	£213,808,651
Member normal contributions	£ 1,619,307
Contributions payable under the Schedule as reported on by the Plan auditor	**£215,427,958**

Reconciliation of Contributions

Reconciliation of contributions payable under the Payment Schedules reported in the financial statements in respect of the Plan year.

Contributions payable under the Schedule (as above)	£215,427,958
Member additional voluntary contributions	£ 830,252
Total contributions reported in the financial statements	**£216,258,210**

Signed for and on behalf of the Trustees

Trustee: Venetia Trayhurn (Chair)

Trustee: Tony Woods

Date:

Independent Auditor's Statement about Contributions to the Trustees of the Royal Mail Defined Contribution Plan

Statement about contributions

We have examined the summary of contributions payable under the payment schedule to the Royal Mail Defined Contribution Plan in respect of the Plan year ended 31 March 2024 which is set out on page 76.

In our opinion contributions for the Plan year ended 31 March 2024 as reported in the summary of contributions and payable under the payment schedule have in all material respects been paid at least in accordance with the payment schedule dated 29 November 2022.

Scope of work

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the payment schedule. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the payment schedule.

Respective responsibilities of Trustees and auditor

As explained more fully in the statement of Trustees' responsibilities set out on page 76, the Plan's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a Payment Schedule showing the rates and due dates of certain contributions payable towards the Plan by or on behalf of the Employers and the active members of the Plan. The Trustees are also responsible for keeping records in respect of contributions received in respect of active members of the Plan and for monitoring whether contributions are made to the Plan by the Employers in accordance with the Payment Schedule.

It is our responsibility to provide a statement about contributions paid under the payment schedule to the Plan and to report our opinion to you.

The purpose of our work and to whom we owe our responsibilities

This statement is made solely to the Plan's Trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Plan's Trustees those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustees, as a body, for our work, for this statement, or for the opinions we have formed.

Gemma Broom
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
Date:

Glossary of Terms

Accounting Standards Board (ASB): The Accounting Standards Board is responsible for producing Financial Reporting Standards.

Active Member: A member of the Plan who is currently working for Royal Mail Group or Post Office Limited and is making contributions into the Plan.

Additional Voluntary Contributions: These are additional contributions made by a member on top of their regular employee contributions to boost retirement benefits.

Annuity: This is the regular income that will be paid by an insurance company in return for a lump sum of money at retirement from the proceeds of a Member Account. The income from the insurance company is what people usually call their pension and the level of this pension will depend upon the age at which the member retires, their sex, health, the size of the lump sum being invested in the annuity and even where they live.

Asset Class: This is a category of assets, for example equities, bonds, property and cash.

Benchmark: A benchmark is a point of reference for measurement. With regards to an investment benchmark, this will often be an index, such as the FTSE All-Share Index, which can be compared against the performance of a particular fund.

Beneficiary: This is someone who may benefit from a will, trust, pension fund or a life assurance policy in the event of another person's death. A beneficiary under the Plan is a person to whom benefits may be paid when the member dies.

Bonds: Bonds are instruments issued by a company, government or other organisations, under which they borrow money for a fixed amount of time, in return for an agreed rate of interest. UK Government Bonds are called 'gilts'. The interest can either be fixed (for example 5% per year) or index-linked (which means that it varies in line with inflation).

Capital growth: Capital growth is an increase in the market price of an asset.

Cash: Cash funds invest in deposits and other cash based investments which earn interest over time.

Corporate bonds: Corporate bonds are issued by companies as a way of raising money to invest in their business. They have nominal value, which is the amount that will be returned to the investor on a stated future date (the redemption date). They also pay a stated interest rate each year – usually fixed. Corporate bonds are bought and sold on the stock market and their price can go up or down.

CPI: CPI is the consumer prices index. It is the measure adopted by the Government for its UK inflation target. The consumer price indices measure the change in the general level of prices charged for goods and services bought for the purpose of household consumption in the UK.

Default: The investment option, contribution rate or Selected Retirement Age that is selected for an Active Member of the Plan when he or she first joins the Plan and remains in place until he or she makes a choice.

Deferred Member: A person who has been, but is no longer, an Active Member and in respect of whom the Plan maintains a Member Account.

Diversification: Diversification means allocating exposures within a portfolio across asset classes to reduce risk and potentially enhance expected returns. This results in a reduction of specific risk related to individual asset classes.

Employer Contribution: The percentage of pay that Royal Mail Group contributes into its employees' pension fund. Typically, the employer contribution will match or be proportionate to the employee's contribution.

Equities: Another name for shares held in a company or companies.

Ethical investment: Ethical funds aim to invest in such a way that doesn't encourage unethical governance practices or industries or in such a way as to encourage positive business practices.

FTSE All-Share Index: An index of the share prices of more than 800 leading companies and investment trusts on the London Stock Exchange.

Fund Manager: An individual (or company) who is employed to manage money. Using their skill and experience a fund manager will buy (and sell) shares or other assets, such as property, equities or bonds, that they believe will increase in value in order to provide investment growth or to create a certain level of income.

Government bonds: Government bonds or Gilts are bonds issued by the government which pay a fixed rate of interest twice a year. They are considered safe investments as the government is unlikely to go bust or to default on the interest payments. However, you are not guaranteed to get all your capital back under all circumstances. Gilts are bought and sold on the stock market where their price can go up or down.

High yields bonds: Generally, a high yield bond will be ranked very low by a rating agency, because these are bonds which have a relatively high chance of default, and therefore have to offer higher returns.

Index: A device that measures changes in the overall price of a collection of shares. The purpose is to give investors an easy way to see the general direction and relative movement of shares in the index. Examples of stock market indices are the FTSE All-Share and Dow Jones.

Inflation: The increase in the price of commodities and/or services over time. The rate of inflation may be recorded in an index such as the Retail Prices Index (RPI) or Consumer Prices Index (CPI). Inflation will affect the buying power of investments or income over time.

Investment risk: In investment terms, the balance of potential loss versus potential gain as perceived by the investor.

Member: A person who has been admitted to membership of a pension scheme and who retains a benefit in the scheme.

Member Account: This is the individual account in which a member's contributions (plus any transfers in) and contributions from their employer are held.

Payment Schedule: The trustees of most types of scheme must draw up a schedule showing:

- the contributions that should be paid to the scheme; and
- the dates when contributions should be paid.

In a defined contribution scheme this is known as a 'payment schedule'.

Pension: A regular income paid to a person after they have retired or have taken their benefits

Pensionable Pay: If employed on a full time contract, Pensionable Pay means basic salary or wage but does not include overtime, bonuses or any other items. If contracted to work less than full time, Pensionable Pay means:

- Basic salary or wage for contractual hours, plus
  Salary or wage for non-contractual hours worked each pay period, so long as the member is not paid overtime for those hours.

Plan: The Plan is the term used to describe the Royal Mail Defined Contribution Plan.

Pooled Funds: These are vehicles in which a number of investors pool their assets so that they can be managed on a collective basis. Holdings in a pooled fund are denominated in units and are re-priced regularly to reflect changes in the value of the underlying assets.

Qualifying service: The sum of the period of active membership in the Plan plus every period of service under another pension arrangement that has been transferred into the Plan.

Registered Pension Scheme: a scheme which is a registered pension scheme in accordance with section 153 Finance Act.

Regular Employee Contributions: Payments deducted from pay currently at levels of 4%, 5% and 6% and credited to a Member Account are referred to as regular employee contributions.

Retail Prices Index (RPI): A monthly indication of the average price changes to a particular 'basket' of consumer goods, and used as a general indicator of price inflation.

Return: The profit or yield from an investment.

Royal Mail Group: Royal Mail and Parcelforce Worldwide.

Shariah investment: Shariah investment is a way of investing that complies with Islamic Shariah principles.

Sovereign debt: This is debt that is issued by a national government. It is theoretically considered to be risk-free, as the government can employ different measures to guarantee repayment, e.g. increase taxes or print money. In practice, there have been multiple cases in which governments could not serve their debt obligations and had to default. As a consequence, investors ask for different yields across countries.

Terms of Reference: Terms of reference describe the purpose and structure of a committee.

The Pensions Regulator: A statutory body which regulates pension schemes.

Transfers: Refers to the process by which the current value of a pension plan can be transferred from one registered pension scheme to another. The value (less any applicable charges) is transferred direct from one employer or pension provider to another. It is important that financial advice is taken with any kind of pension transfer.

Trust: An arrangement whereby one or more individuals (trustees) agree to take care of assets and to use those assets in particular ways (as detailed in a Trust Deed or Rules) for particular people (beneficiaries).

Trust Deed and Rules: These are the formal documents that govern the running of the Plan.

Trustee: A person appointed to manage and safeguard the assets of a trust.

Units: Contributions are normally used to buy units in an investment fund. The value of these units will fall or rise in line with the underlying investments. There is often a difference between the buying and selling price to reflect the charges applicable for investing in the particular fund.