



The Royal Mail Defined Contribution Plan

IMPLEMENTATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2022 [Pages 2-16]

AND

CHAIR'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2022 [Pages 17-27]

ROYAL MAIL DEFINED CONTRIBUTION PLAN

Implementation Statement covering the Plan Year from 1 April 2021 to 31 March 2022 (forming part of the Trustees' Report)

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 2-11 below.

The Statement is also required to include a description of the voting behaviour during the Plan Year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 12 below.

This Statement is based on, and uses the same headings as, the Plan's SIP dated 24 June 2021 (in effect between 24 June 2021 and 31 March 2022) and the SIP dated 18 September 2019 (in effect between 1 April 2021 and 23 June 2021). 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.

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1. Introduction

The SIP was reviewed and updated during the Plan Year on 24 June 2021 to reflect the date of the last investment strategy review. In conjunction with this update, the Investment Policy Implementation Document ("IPID") was updated to reflect changes made to the investment strategy as a result of this review, namely

- the changes made to the underlying funds of the RMDCP Blended Equity Fund;
- the changes made to the underlying fund of the RMDCP Passive Global Equity Fund; and
- the introduction of a new lifecycle strategy, the 10 Year Royal Mail Flexible Retirement Lifecycle.

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 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

As part of the performance and strategy review of the default arrangement, which began in September 2020, the Trustees considered the Plan's membership demographics and the variety of ways that members may draw their benefits in retirement from the Plan.

Based on the outcome of this analysis, the Trustee concluded that whilst the default option has been designed to be in the best interests of the majority of the members, there were some enhancements that could be made. These changes were made in the Plan year ended 31 March 2021.

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 these options are suitable for this 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, details of which are set out in sections 3 and 5 of the IPID. The Trustees monitor the take up of these funds and noted that c4% of members used these options as at 31 March 2022. The

Trustees have reminded members through communications of the time horizon of their investment holdings as well as the importance of reviewing this 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

The Trustees did not conduct a triennial strategy review over the Plan Year.

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However, a change that was agreed as part of the last triennial investment strategy review, which began in September 2020, was implemented over the Plan Year. The underlying fund in the RMDCP Passive Global Equity Fund available to members in the self-select fund range was replaced in May 2021 with a fund designed to reduce the carbon footprint of the investments. This change reflected the Trustees' desire to invest members' assets in a climate aware manner and reflects similar changes made to the default investment strategy in the Plan year ended 31 March 2021.

The Trustees review the investment strategy regularly in light of changes to market conditions. Over the Plan Year, the Trustees began a review of the de-risking phase and at-retirement allocation of the default lifecycle, in the context of rising inflationary concerns.

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, beginning in September 2020, they considered the investment risks set out in Appendix 2 of the SIP. 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 recently reviewed their investment beliefs, in March 2022. As part of this, the investment adviser, Lane, Clark & Peacock LLP, ("LCP"), held a beliefs session which focussed on climate-related beliefs and gathered the opinions of the Trustees.

As a result, the Trustees updated the investment beliefs in the SIP following the Plan Year end, on 30 June 2022. They added three new investment beliefs to the SIP, and modified one current belief, as follows:

- 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.
- 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.
- Environmental, Social and Governance ("ESG") factors are sources of risk to the Plan's investments, some of which could be financially material, over both the short and longer term. These potentially include risks relating to factors such as climate change, unsustainable business practices, and unsound corporate governance. Climate change is also deemed a financially material risk for the Plan.

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The Trustees reviewed their investment manager mandates from an ESG perspective in December 2021, through the use of their adviser's ESG dashboards. The ESG dashboards covered the funds used in the Plan's default lifecycle strategy that have equity and corporate bond holdings, and provided insights to each funds' high-level ESG risk exposures, climate risk, as well as providing context on holdings MSCI deem to have 'severe controversies'. As a result, the Trustees engaged with Legal & General Investment Management ("LGIM") to better understand the rationale for including within the LGIM Multi-Factor Equity Fund a number of holdings. The Trustees and their investment adviser were satisfied with LGIM's response, and deemed no further action needed to be taken.

The Trustees also reviewed their investment manager mandates with their investment adviser in March 2022, using results from their investment adviser's biannual responsible investment ("RI") survey, and their advisers ongoing manager research. As a result, the Trustees engaged with one of the Plan's managers, Ardevora, to understand why it was not yet a signatory of the UK Stewardship Code. The Trustees and their investment adviser were comfortable with Ardevora's rationale for not yet being a signatory and Ardevora subsequently applied to become a signatory to the UK Stewardship Code following the Plan Year end in April 2022.

5. Implementation of the investment arrangements

The Trustees appointed BlackRock (the BlackRock ACS Climate Transition World Equity Fund) as the sole underlying manager within the RMDCP Passive Global Equity Fund and implemented changes over two tranches in April 2021 and May 2021. The Trustees obtained formal written advice from their investment adviser, LCP, before investing in the fund and made sure the investment portfolio of the fund chosen was adequately and appropriately diversified. The Trustees received information on the investment process and philosophy, the investment team and past performance. The Trustees also considered the manager's approach to responsible investment and stewardship as part of the selection.

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 with regard to 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 invite the Plan's investment managers to present at Trustee meetings on an ad-hoc basis. However, over this Plan Year, the Trustees did not meet with any investment managers.

The Trustees were comfortable with all of the other investment manager arrangements over the Plan Year.

The Trustees monitor the performance of the Plan's investment managers on a quarterly basis, using the performance monitoring report. The report also shows the performance of each fund over the one year and three years. Performance is considered in the context of the manager's benchmark and objectives. A more detailed report as at the Plan Year end (31 March) is produced annually and presented to the Trustees in the second quarter of each calendar year.

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The most recent quarterly report shows that all managers have produced performance broadly in line with expectations over the long-term, in the context of difficult market conditions over recent years (due to global events such as the Covid-19 pandemic, the conflict in Russia and Ukraine, and rising inflation). The most significant long-term underperformance has come from the RMDCP Active Global Equity Fund, however, this performance takes into account performance of the former underlying manager (Dodge & Cox) which was subsequently replaced in September 2020 with Ardevora. The Trustees reviewed the performance delivered by Ardevora since the fund was included in the Active Global Equity fund and are happy with the performance and the reasons behind this performance.

The Trustees undertook a value for members' assessment for the Plan Year to 31 March 2022 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 sizes mandates.

During the Plan Year the Trustees assessed the investment managers' fees in light of LCP's fee survey. Overall the Trustees believe the investment managers provide reasonable value for money.

6. Realisation of investments

It is the Trustees' policy is 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 and 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), voting and engagement.

Throughout the Plan Year, the Trustees have received training on ESG and Stewardship related matters. As mentioned in section 4, in December 2021 the Trustees also received training on the ESG characteristics of the Plan's assets through an ESG dashboard provided by their investment adviser. This provided insight on each funds' high-level ESG risk exposures, including climate risk, as well as providing context on holdings MSCI deem to have 'severe' controversies.

In January 2022, the Trustees received training on new Task Force on Climate-Related Financial Disclosures requirements, to understand their responsibilities and key milestones for the Plan. The Trustees also received training at the same meeting on other pension scheme structures, in order to remain comfortable with the suitability of the offering made available to Plan members.

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 Responsible Investment Survey 2022. As mentioned in section 4, the Trustees engaged with Ardevora to understand why it was not yet a signatory of the UK Stewardship Code. The Trustees and their investment adviser were comfortable with Ardevora's rationale for not yet being a signatory and Ardevora applied to become a signatory to the UK Stewardship Code following the Plan Year end in April 2022.

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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 ongoing appropriateness of this Fund was reviewed as part of the wider review of investment arrangements to members, undertaken in September 2020, and is reviewed as part of the regular monitoring conducted by the Trustees.

The Trustees also reviewed reports from their managers on voting and engagement activities undertaken on their behalf in April and May 2021.

8. Voting and engagement

This is covered in Section 7 above.

9. Investment governance, responsibilities, decision-making and fees (Appendix 1 of SIP)

As mentioned in Section 5, the Trustees assess the performance of the Plan's investments on an ongoing basis as part of the quarterly monitoring reports they receive and a more detailed report is produced annually.

The performance of the professional advisers is considered on an ongoing basis by the Trustees.

The Trustees have put in place formal objectives for their investment adviser and will review the adviser's performance against these objectives on a regular basis and at least annually. The Trustees submit their review in line with regulation, by 7 January each year.

At their Strategy Day on 28 January 2021, The Trustees agreed that the new investment sub-group, implemented at the start of the previous Plan Year, had allowed the Trustees to be more dynamic and responsive when reviewing and implementing changes to the investment strategy and more generally had improved the governance resources. The Trustees were satisfied in their decision making and governance processes over the Plan Year and no further changes have been made.

10. Policy towards risk (Appendix 2 of SIP)

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 growth phase of the default option 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.

Commentary on diversification risk is provided in Sections 3 and 5; on investment manager risk and excessive charges in Section 5; on illiquidity/marketability risk in Section 6; and on ESG risks in Section 7 of this Statement

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11. Investment manager arrangements (“IPID”)

There are no specific policies in the Plan’s IPID; the IPID outlines the investment offering made available to members; the SIP outlines the Trustees’ policies and governance framework. The IPID was revised in the Plan Year to account for the changes to the investment strategy in March 2021 and May 2021

12. Policy towards risk (Appendix 2 of SIP)

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.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (“PLSA”) guidance, on the Plan’s funds that hold equities as at the Plan Year end as follows:

- BlackRock ACS Climate Transition World Equity Fund
- LGIM Diversified Multi-Factor Equity Fund
- Lazard Developing Markets Fund
- Robeco Emerging Stars Equities Fund
- BlackRock Aquila Life Market Advantage Fund (a Diversified Growth Fund with an allocation to equities)

We have included only the funds with equity holdings used in the default strategy for the majority of the Plan Year and not any self-select funds. Given that the majority of members (c97% as at 31 March 2022) have at least part of their retirement pot invested in 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 (ie alternative lifecycles and self-select fund range), 46% of assets are invested in the above funds through alternative investment options (ie alternative lifecycles and self-select fund range). All of the relevant voting data for Sections 12.2 and 12.3 has come from the Plan’s investment managers.

The Trustees believe that the Plan’s other asset managers that don’t hold listed equities had limited, if any, voting opportunities over the period.

12.1 Description of the voting processes

The Plan’s asset managers have provided the following information to describe their voting processes.

LGIM

All decisions are made by LGIM’s Investment Stewardship team and in accordance with LGIM’s relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually by LGIM. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures the stewardship approach flows smoothly throughout the

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engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continue to develop its voting and engagement policies and define strategic priorities in the years ahead. LGIM also take into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.

LGIM's Investment Stewardship team uses Institutional Shareholder Services' ("ISS") '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. To ensure the proxy provider votes in accordance with LGIM's position on ESG, it has put in place a custom voting policy with specific voting instructions. LGIM retain the ability in all markets to override any vote decisions, which are based on its custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to its voting judgement. LGIM have strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by its service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform it of rejected votes which require further action.

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 maximise 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 stewards 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 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

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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 & Company. 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 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. This Stewardship Policy is updated annually or more frequently as required. The Stewardship Policy states that sustainable investing is a key pillar of Robeco's corporate strategy. Robeco believes that companies with sustainable business practices have a competitive advantage and are more successful in the long-term. Robeco also believe that integrating ESG factors results in better-informed investment decisions. Actively exercising its stewardship responsibilities is an integral part of Robeco's sustainable investment approach.

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 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 uses a proxy voting platform and proxy voting recommendations for all of the meetings which it votes. Glass, Lewis & Company 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 at least 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.

BlackRock

Each year, the BlackRock Investment Stewardship ("BIS") team reviews and updates BlackRock's Global Principles ("Principles") and market-level voting guidelines to ensure that its policies are

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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, which consists of three regional teams – Americas, Asia-Pacific, and Europe, Middle East and Africa – located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. 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 Principles and custom market-specific voting guidelines. While BlackRock subscribes to research from the proxy advisory firms ISS and Glass, Lewis & Company, it is just one among many inputs into its vote analysis process, and BlackRock does not blindly follow their recommendations on how to vote. BlackRock primarily uses proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that its investment stewardship analysts can readily identify and prioritise those companies where BlackRock's own additional research and engagement would be beneficial. Other sources of information BlackRock uses includes the company's own reporting (such as the proxy statement and the website), BlackRock's engagement and voting history with the company, and the views of BlackRock's active investors, public information and ESG research.

BlackRock ordinarily refrain 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 periodically publish "vote bulletins" setting out detailed explanations of votes it deems significant, which relate to governance, strategic and sustainability issues that it considers, based on its Global Principles and Engagement Priorities, material to a company's sustainable long-term financial performance.

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12.2 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. The BlackRock ACS Climate Transition World Equity Fund was added to the Plan at the end of the last Plan Year and so no data on this Fund was included previously.

	BlackRock ACS Climate Transition World Equity Fund	LGIM Diversified Multi-Factor Equity Fund	Lazard Developing Markets Fund	Robeco Emerging Stars Equities Fund	BlackRock Aquila Life Market Advantage Fund
Manager name	BlackRock	LGIM	Lazard	Robeco	BlackRock
Fund name	ACS Climate Transition World Equity Fund	Diversified Multi-Factor Equity Fund	Developing Markets Fund	Emerging Stars Equities Fund	Aquila Life Market Advantage Fund
Total size of fund at end of reporting period	£9.0bn	£2.6bn	£43.5m	£1.4bn	£1.4bn
Value of Plan assets at end of reporting period (£)	£490.5m	£478.8m	£53.9m	£53.9m	£118.4m
Number of holdings at end of reporting period	616	1,172 [1,172]	61 [68]	54 [53]	3,224 [3,110]
Number of meetings eligible to vote	724	1,476 [1,846]	89 [87]	77 [71]	5,305 [2,979]
Number of resolutions eligible to vote	10,148	18,490 [22,827]	707 [742]	742 [774]	52,301 [28,532]
% of resolutions voted	99.6%	99.9% [99.9%]	100.0% [100.0%]	94.9% [100%]	99.8% [94.3%]
Of the resolutions on which voted, % voted with management	94.2% ¹	80.4% [83.1%]	84.4% [87.3%]	80.2% [83%]	91.7% ¹ [91.1%]
Of the resolutions on which voted, % voted against management	5.8% ¹	18.2% [16.5%]	10.9% [11.3%]	19.8% [13%]	8.3% ¹ [8.9%]
Of the resolutions on which voted, % abstained from voting	0.4% ¹	1.5% [0.4%]	4.7% [1.4%]	0.0% [4%]	1.9% ¹ [2.4%]
Of the meetings in which the manager voted, % with at least one vote against management	32.6%	69.8% [5.6%]	43.8% [46.0%]	45.5% [52%]	34.1% [Not available ²]
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy adviser	0.1%	12.7% [0.4%]	5.9% [2.7%]	8.4% [6%]	0.8% [Not available ²]

¹Figures 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.

²BlackRock was unable to provide this data item for the last Pan Year.

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12.3 Most significant votes over the Plan Year

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. These votes are broadly aligned with the Trustees' view for what is significant (see section 8 of the SIP for more details on the Trustees policy on voting). 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.

BlackRock ACS Climate Transition World Equity Fund

1. Pfizer Inc., United States, April 2021

Summary of resolution: Report on Access to Covid-19 Products

Vote: Against

Outcome of vote: Fail

Rationale: BIS believes that the company already provides sufficient disclosure and reporting regarding this issue, including publicly stating that it has not received public financial support for its development. Due to the ongoing nature of the Covid-19 crisis, BIS has confidence the company will continue to update its disclosures as the situation evolves.

Criteria against which this vote has been assessed as "most significant": This resolution is regarding governance transparency and actions which BIS believes to have an impact on sustainable long-term financial performance and is therefore deemed a significant vote.

2. Johnson & Johnson, United States, April 2021

Summary of resolution: Report on Civil Rights Audit

Vote: For

Outcome of the vote: Fail

Rationale: The shareholder proposal requests the company "conduct and publish a third-party audit (within a reasonable time, at a reasonable cost, and excluding confidential/proprietary information) to review its corporate policies, practices, products, and services, above and beyond legal and regulatory matters; to assess the racial impact of the company's policies, practices, products and services; and to provide recommendations for improving the company's racial impact". BIS agrees with the intent of advancing diversity, equity and inclusion and supports the company's existing efforts to recruit, retain, support, and develop a diverse set of employees. While BIS recognizes and supports the considerable efforts Johnson & Johnson has made to date on diversity, equity and inclusion and racial equity, it supported the proposal as it believes that an audit would complement the company's current programs to advance racial equity and might yield further insights to accelerate its progress, therefore considers this vote significant. BIS also believes that the audit is not overly prescriptive or unduly constraining for management.

Criteria against which this has been assessed as "most significant": BIS believes that corporate governance issues drive long-term shareholder value and has engaged with the company for several years to discuss these issues, therefore deems this to be a significant vote.

LGIM Diversified Multi Factor Equity Fund

1. Industrial & Commercial Bank of China Limited, China, June 2021

Summary of resolution: Approve Work Report of the Board of Directors.

Vote: Against.

Outcome of the vote: Pass.

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Rationale: LGIM believe the company does not meet minimum standards with regards to climate risk management and disclosure, therefore LGIM voted against this proposal. This company was also divested by LGIM across its Future World range of funds.

Criteria against which this vote has been assessed as “most significant”: LGIM considers this vote to be significant as it applies under the Climate Impact Pledge, LGIM’s flagship engagement programme targeting some of the world’s largest companies on their strategic management of climate change.

2. Trane Technologies Plc, Ireland, June 2021

Summary of resolution: Elect Director Michael W. Lamach

Vote: Against

Outcome of the vote: Pass

Rationale: LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 it has supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 it is voting against all combined board chair/CEO roles. Furthermore, it has published a guide for boards on the separation of the roles of chair and CEO and it has reinforced its position on leadership structures across its stewardship activities, for example via individual corporate engagements and director conferences.

Criteria against which this vote has been assessed as “most significant”: LGIM considers this vote to be significant as it is an application its voting policy on the topic of the combination of board chair and CEO.

Lazard Developing Markets Fund

1. Tencent Holdings Limited, China, May 2021

Summary of resolution: Approve Issuance of Equity or Equity-Linked Securities without Pre-emptive Rights

Vote: Against

Outcome of the vote: Pass

Rationale: Lazard voted against this resolution as the aggregate share issuance limit is greater than 10% of the relevant class of shares; and the company has not specified the discount limit.

Criteria against which this vote has been assessed as “most significant”: Lazard considers most significant votes in the following order: firstly all shareholder proposals, secondly any non-salary compensation or remuneration related proposals and thirdly any votes against management (excluding routine items) not included in the first two criteria. Given this resolution is regarding a shareholder proposal, Lazard deems it a significant vote.

2. Capitec Bank Holdings Ltd., South Africa, May 2021

Summary of resolution: Approve Implementation Report on Remuneration Policy

Vote: Against

Outcome of the vote: Fail

Rationale: For some awards, the Remuneration Committee exercised discretion following a re-assessment in September 2020, replacing headline EPS targets with Group annual headline earnings. For other awards, the Remuneration Committee only took into consideration the performance periods preceding Covid-19. Therefore, Lazard voted against the resolution.

Criteria against which this vote has been assessed as “most significant”: Lazard considers most significant votes in the following order: firstly all shareholder proposals, secondly any non-salary compensation or remuneration related proposals and thirdly any votes against management (excluding routine items) not included in the first two criteria. Given this resolution is regarding a remuneration related proposal, Lazard deems it a significant vote.

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Robeco Emerging Stars Equities Fund

1. Hyundai Mobis, South Korea, March 2022

Summary of resolution: Approve Audit of Financial Statements

Vote: Against

Outcome of the vote: Pass

Rationale: Robeco voted against the approval of accounts as it has concerns regarding the reliability of the accounts and/or followed procedures for two consecutive years.

Criteria against which this vote has been assessed as “most significant”: Robeco deemed the vote to be significant due to the size of the holding in the fund and the potential impact on financial outcomes.

2. CJ Cheiljedang Corp, Ltd., 16 March 2022

Summary of resolution: Approval of Directors’ Fees

Vote: Against

Outcome of the vote: Pass

Rationale: Robeco voted against this resolution as it believes the fees constitute excessive compensation.

Criteria against which this vote has been assessed as “most significant”: Robeco’s Responsible Remuneration and Corporate Governance Standards in Asia engagement themes seek to improve good corporate governance and remuneration practices, therefore this vote was deemed significant.

BlackRock Aquila Life Advantage Fund

1. General Electric Company, May 2021

Summary of resolution: Advisory Vote to Ratify Named Executive Officers' Compensation

Vote: Against

Outcome of the vote: Fail

Rationale: BIS believes that pay is not aligned with performance and peers. Although the corporate financial thresholds in the annual incentive program were met, the committee used its discretion to fund the bonus pool at 80% of target. Where a Compensation Committee has used its discretion in determining the outcome of any compensation structure, BIS expects transparency with respect to how and why discretion was used, which it felt was lacking in this instance.

Criteria against which this vote has been assessed as “most significant”: This resolution is regarding a compensation proposal where BIS voted against and therefore it is deemed significant.

2. Rio Tinto Limited, May 2021

Summary of resolution: Item 19 – Approve Emissions Target, Item 20 – Approve Climate-Related Lobbying.

Vote: For.

Outcome of the vote: Pass.

Rationale: Item 19 requested the company to disclose short, medium, and long-term targets for its scope 1 and 2 GHG emissions and performance against those targets. All targets should be independently verified as aligned with the climate goals of the Paris Agreement. BIS supported this proposal as it is consistent with its expectation that companies to disclose scope 1 and 2 emissions and accompanying GHG emissions reduction targets. Item 20 requested that the company enhance its annual review of industry associations to ensure that areas of inconsistency with the Paris Agreement are identified, and that if identified those memberships be subsequently suspended for a period deemed suitable by the Board. The proposal would not limit the Board’s discretion to make decisions it deems are in the best interests of the company. In line with management’s recommendation, BIS

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supported this proposal to signal the importance of the opportunity for Rio Tinto to engage its trade associations to further advance their policy positions in support of the global energy transition.

Criteria against which this has been assessed as “most significant”: As stewards of its clients’ assets, BIS has a responsibility to make sure companies are adequately managing and disclosing ESG risks and opportunities that can impact their ability to generate long-term financial performance – and to hold them accountable if they are not. BIS believes that improved disclosures regarding the company’s ability to influence its industry associations would help investors understand and assess the possible misalignment in public positions on key strategic policy issues with those of certain associations of which it is a member. Therefore, BIS considers this vote significant.

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Royal Mail Defined Contribution Plan Chair's Statement

Welcome to the 2022 Chair's Statement. 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 2022. It is produced pursuant to Regulation 23 of the Occupational Pension Schemes (Administration) Regulations 1996.

Default arrangements

Members who don't make a choice regarding the investment of their contributions are invested in the Default strategy arrangement. The objectives of the Default strategy arrangement are to cater for the majority of members and be a class leading investment strategy with excellent risk adjusted returns given the constraints of the charge cap.

The Trustees implemented a three-stage lifecycle investment strategy (early stage growth, to stable growth, to bonds and cash) in 2018. Following a triennial strategic investment review, changes to the equity component were made in the previous Plan year by replacing the LGIM 30:70 Global equity Index fund with the BlackRock ACS Climate Transition World Equity Fund which considered climate related risks and the transition to a low carbon economy by rewarding low CO2 companies and also those which had a plan to transition to the low carbon economy.

This year, the Trustees reviewed 'ESG' (Environmental, Social and Governance criteria) dashboards for funds used in the Plan's default that have equity and corporate bond holdings. These dashboards considered high-level ESG risk exposure, including climate risk, as well as providing context on holdings that MSCI deem to have "severe controversies". As a result of this, the Trustees engaged with LGIM (Legal & General Investment Management) to better understand their ESG integration process.

The Trustees considered new investment ideas at the end of the Plan year, which this led to a more detailed review of the at-retirement allocation of the default. This review was progressed by the Investment Sub Group, the outcome of which will be an adjustment of the bond component of the at-retirement default arrangement, seeking 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 Trustees established the Investment Sub Group in 2020 to undertake the detailed and specialist work required for strategic investment review. This allows for a more concentrated assessment of the Plan's investments although material decisions are still considered at the Board level. Illiquid assets are not considered as part of these reviews given the constraints of the provider's platform, and the system's requirement for daily dealing across all underlying funds, and the expectation that the Plan will be closed to accrual in a relatively short period, subject to the successful launch of the Royal Mail Collective Pension Plan.

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A copy of the Trustee's 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 royalmailserviceteam@scottishwidows.co.uk.

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 in June 2022.

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. As the Covid-19 pandemic broke, weekly updates were provided to the Trustees. Whilst non time critical processes were below service levels during the height of the pandemic, these service levels have now returned to normal. We are pleased to report that time critical processes continue to be prioritised and members remain unaffected by the disruption caused.

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 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. As a Board, we continue to look beyond the sterile service statistics and understand what will help improve the processes, making changes whenever appropriate to improve the member experience. A recent example was the reaffirmation that members of the Plan, like all other Defined Contribution arrangements, need assistance at retirement regarding how they use their 'pot'. Members can now use the latest products provided by HUB Financial Solutions:

- Pension Buddy (for the start of their retirement journey)
- Destination Retirement (to understand and plan and finance retirement)
- Guided Annuity Service (if you decide that an annuity is right for you).

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For further details, please see:

<https://rmdcp.uk/taking-money-out/who-can-help-you-decide-how-to-take-your-money>

Reporting on all complaints made and whether or not 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 year under review. In light of the above, the Trustees and I consider that the requirements for processing core financial transactions specified in the Administration Regulations (The Occupational Pension Schemes (Scheme Administration) Regulations 1996) have been met.

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, the Trustees have considered statutory guidance, including the guidance published by the Department for Work & Pensions entitled "*Reporting of costs, charges and other information: guidance for trustees and managers of relevant occupational schemes*".

Within the Default strategy, the maximum fee occurs around three years before retirement and peaks at 0.62% pa. The accumulation fund, the RMDCP Blended Equity Fund, which most members are invested in, has a fee of 0.45% pa. This is below the charge cap of 0.75% pa. 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 the bundled administration charge, offers members good value.

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 take into account the effects of inflation. For example, it highlights that your purchasing power is eroded when investing in Cash.

The first table highlights the Default lifecycle strategy and shows how the charges change, as the investment strategy changes, as members approach retirement. 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

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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 second table shows the effect of charges on potential growth for the more commonly used self-select funds.

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.

In line with the 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. In terms of value, we realised that it is hard to determine in isolation and goes beyond ongoing charges so the Trustees decided to go beyond the statutory requirements. To avoid a proliferation in inputs from a range of providers, the Trustees decided to focus their assessment this year and engaged with Muse Advisory to look in further detail at 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 (details are on page 3). The results were that the findings showed that the Plan offers value for money for members. The Trustees are committed to ensuring that members receive value for money from the Plan.

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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 Codes of Practice 07 and 13. In exercising their powers in practice, we are aided by our Trustee portal which holds key Plan documents and is available to the Trustees at all times. 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 Sub Group. All the Plan documents 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 Trustee 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.

In addition, we also receive an industry update at each quarterly meeting to keep abreast of developments and 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 ESG and climate change investment strategies; Implementation Statements; retirement investment strategies; Value for Members and industry updates. A full list of all the professional development items is attached in a table in Annex D.

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

All the current Trustees have completed the Pension Regulator's Trustee Toolkit and new Trustees are required to complete this within six months of taking up office, including the new Pension Scams unit.

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.

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Other Plan Matters

The Trustees are pleased to see the impact of Coronavirus beginning to reduce. All functions and service providers continued to operate effectively throughout the pandemic and we are now seeing operating practices return to normal. The Trustees started meeting again in person again from June 2022.

The effectiveness of the risk mitigation and controls put in place during coronavirus proved robust throughout the period and continue to provide a solid basis from which to deal with any future unforeseen challenges that may present themselves.

The Trustees are fully supportive of regulations effective from 30 November 2021 which introduced conditions restricting the statutory right to transfer that enable Trustees to refuse a transfer where they suspect a member may become a victim of a pensions scam. Low risk transfers to certain authorised schemes can still go ahead with minimal extra due diligence. For all other transfers, the Trustees alongside their administrators must go through extra levels of due diligence and processes to decide whether red or amber flags are present. If there are no red or amber flags under the TPR regulation, then the member acquires a statutory right to transfer.

The Trustees conducted a review of the resourcing in the processing of discretionary death distribution benefits. An improved process has been introduced which delegates some of the decision making to Royal Mail's Pensions Service Centre and the Plan Secretary for simple non-contentious cases. This streamlined process has led to a better experience for bereaved beneficiaries as simple cases are resolved faster and the Discretions Committee is able to focus on resolving more complex matters.

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:

- Code of Practice 13: Governance and administration of occupational defined contribution trust-based schemes, underpinned by the DC quality features; 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 DC 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.

The Trustees would like to thank all those who have helped during this year's Plan operations.

[SIGNED]

For and on behalf of the Trustees,
Venetia Trayhurn, Chair of Trustees:
Date: 13 October 2022

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

Default Lifecycle Strategy. With Contributions.

This table shows the development of the projected pot size over time, after the effects of inflation, in today's terms, for a sample of ages assuming the pension pot is invested in the Default Lifecycle Strategy with: Starting Fund £11,000. Starting Contributions £325pm.

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 and the charges for those funds are different (they become more expensive closer to retirement as they are more actively managed than passively managed).

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	14,800	14,700	15,000	14,900	15,100	15,000	15,100	15,100
3	22,500	22,100	23,100	22,900	23,700	23,400	23,800	23,500
5	29,800	29,100	31,200	30,400	32,700	32,000	33,000	32,300
10			49,800	47,600	56,000	53,800	58,000	55,800
15					78,700	73,900	85,600	80,800
20					96,800	88,900	114,000	105,000
25							140,000	126,000
30							157,000	139,000

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Without Contributions. Self-Select Funds

This table shows the development of the projected pot size over time, after the effects of inflation, in today's terms, assuming the pension pot is invested fully in each of the self-select funds, for members of any age. Starting Fund £11,000. No further contributions are made.

The illustrations shown below are for a representative selection of the more common funds members may invest in. They were selected to reflect the range of projected returns for the available funds illustrating the effects of charges and costs on those returns.

Years	Annuity Bonds		Ethical		Cash		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	10,800	10,800	11,200	11,200	10,800	10,800	11,200	11,100
3	10,600	10,600	11,800	11,700	10,500	10,400	11,800	11,400
5	10,400	10,300	12,400	12,200	10,200	10,000	12,400	11,700
10	9,970	9,730	13,900	13,500	9,510	9,240	14,000	12,500
15	9,490	9,150	15,700	15,100	8,840	8,460	15,800	13,300
20	9,040	8,610	17,800	16,800	8,220	7,760	17,800	14,200
25	8,600	8,100	20,000	18,600	7,640	7,110	20,100	15,200
30	8,190	7,620	22,600	20,700	7,110	6,520	22,700	16,200
35	7,800	7,170	25,500	23,000	6,610	5,970	25,700	17,300

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 £11,000.
4. 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 change.
8. Projected Growth Rates assumptions are as follows:

Years to Retirement	Projected Growth Rate (Average)	
1	0.90%	Below inflation
3	0.60%	Below inflation
5	0.40%	Below inflation
10	0.10%	Above Inflation
15	0.50%	Above Inflation
20	0.80%	Above Inflation
25	1.10%	Above Inflation
30	1.30%	Above Inflation
35	1.40%	Above Inflation

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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	0.51	0.180	0.685	0.96
Active Global Equity	0.27	0.75	0.100	0.850	1.12
Annuity Bonds	0.24	0.00	0.000	0.000	0.24
Blended Equity	0.27	0.16	0.024	0.187	0.447*
Cash	0.17	0.10	0.000	0.100	0.27
Diversified Assets	0.27	0.22	0.070	0.290	0.51*
Diversified Bond	0.26	0.39	0.035	0.423	0.68
Ethical	0.29	0.00	0.000	0.000	0.29
Inflation Linked Bonds	0.24	0.00	0.000	0.000	0.24
Passive Global Equity	0.27	0.05	0.011	0.061	0.33
Shariah	0.22	0.30	0.300	0.600	0.82

* 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.

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

Fund Name	Fund Code	Transaction Costs							% Assets Reported		Guidance Notes
		Total (bps) ⁶	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) ⁵	
Blended Equity	FFPP	17.1	1.2	3.0	4.6	10.2	3.7	0.1	100.0%	FM2, FM7, FM8, FM10	1, 2, 3, 4, 5, 6, 7, 9
Active Emerging Market Equity	FFPQ	19.3	N/A	N/A	N/A	N/A	N/A	N/A	100.0%	FM7, FM10	1, 5, 6, 7, 9
Active Global Equity	FFPR	1.1	N/A	N/A	N/A	N/A	N/A	N/A	100.0%	FM1	5, 6, 7, 9
Annuity Bonds	FFPS	0.0	0.0	6.3	0.0	-3.4	5.0	0.1	100.0%	FM8	2, 3, 4, 5, 6, 7
Cash	FFPT	1.8	0.0	0.0	1.8	0.0	0.0	0.0	100.0%	FM3	5, 6, 7
Diversified Assets	FFPU	25.5	0.0	0.0	0.0	27.7	2.6	0.4	100.0%	FM3	2, 3, 4, 5, 6, 7
Diversified Bond	FFPV	18.9	0.0	0.5	11.8	0.1	1.5	0.1	100.0%	FM4, FM6, FM9	1, 2, 3, 4, 5, 6, 7
Ethical	FFPW	0.0	0.0	1.8	0.0	-0.5	1.6	0.2	100.0%	FM8	2, 3, 4, 5, 6, 7
Passive Global Equity	FFPX	9.2	2.6	2.1	9.6	-1.4	3.7	0.0	100.0%	FM2	2, 3, 5, 6, 7
Inflation Linked Bonds	FFPZ	4.0	0.0	0.0	2.8	0.2	0.0	1.0	100.0%	FM8	2, 4, 5, 6, 7
Shariah	FFQA	1.6	1.0	1.1	-0.5	0.0	0.0	0.0	100.0%	FM5	5, 6, 7

* Reference to the External Fund Manager Data table

Guidance Notes

- For funds with more than one component, transaction cost calculations are based on blended fund-level holdings at the report date given.
- Indirect Costs relate to transaction costs incurred within an underlying investment vehicle within the fund manager's fund.
- 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.
- Lending & Borrowing (where provided) reflects transaction costs associated with short term loans of securities that the fund manager may undertake to increase investment returns.
- Transaction cost totals represent annualised transaction costs incurred by the fund manager within the underlying fund.
- 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.**
- 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.
- Transaction costs have not been provided by the fund manager(s) for some components of the fund.

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

<u>Date</u>	<u>Subject</u>	<u>Sub-group / Board</u>	<u>Time</u>	<u>Provider</u>
24/06/2021	Industry legal update	Board	0.5	Hogan Lovells
30/09/2021	Climate impact & ESG discussion	Board	1	LCP
19/07/2021	Master Trust market and selection training	ISG	1	Dean Wetton Advisory
18/08/2021	VfM training	ARA	0.75	Muse
16/12/2021	Review of discretionary benefits & Process	Board	0.5	Cosan
16/12/2021	ESG investment characteristics	Board	0.5	LCP
31/03/2022	At retirement member profiling	Board	0.5	LCP
31/03/2022	Transfer pledge anti-scams	Board	0.5	SW
31/03/2022	TCFD & Trustees Climate related beliefs	Board	1	LCP
27/01/2022	Own Risk Assessment	Board	0.75	Communications Specialist
27/01/2022	TKU & Board Effectiveness review	Board	0.5	LCP
27/01/2022	Member journey	Board	1	SW
27/01/2022	TCFD Training	Board	0.75	LCP
27/01/2022	Master Trust training	Board	0.75	LCP
27/01/2022	Current investment trends	Board	0.5	LCP
		<u>Total</u>		
		<u>2021/22</u>	<u>10.5</u>	