ROYAL MAIL DEFINED CONTRIBUTION PLAN

The Royal Mail Defined Contribution Plan

CHAIR'S STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

PSR 12000324

Royal Mail Defined Contribution Plan Chair's Statement

Welcome to the 2023 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 2023. It is produced pursuant to Regulation 23 of the Occupational Pension Schemes (Administration) Regulations 1996 (the "Scheme Administration Regulations").

Default arrangements

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 for default investment strategies (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 and cash) in 2018. The Trustees considered new investment ideas during the previous Plan year, 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 to be 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 Default Arrangement investment strategy was not formally reviewed during the period covered by this Chair's Statement. The last formal review was carried out on 15 September. The next formal review will take place in September 2023. With that said, the Trustees do continually monitor the performance of the Default Arrangement and the ongoing suitability of the underlying components. During the year, the Trustees reviewed the RMDCP Diversified Asset Fund, which is used in the default strategy, as well as being available as a self-select option. This review was again progressed by the Investment Subgroup and the outcome was that the Trustees agreed to replace BlackRock Aquila Life Market Advantage Fund with the LGIM Diversified Fund and the Ruffer DC Absolute Return Fund in equal proportions. The changes to the RMDCP Diversified Asset Fund were completed in the second quarter of 2023.

The Trustees established the Investment Subgroup in 2020 to undertake the detailed and specialist work required for strategic investment review. 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 not considered as part of these reviews given the current constraints of the provider's platform and the system's requirement for daily dealing across all underlying funds. The Trustees note with interest the recent 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 will help improve diversification and returns. While the inclusion of illiquid assets will be voluntary to begin with, the Trustees are supportive of engaging with providers to facilitate this when possible.

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 can be found at the end of this Report and Financial Statements.

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 2023.

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 their 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. As a Board, we strive to look beyond the service statistics and 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 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. 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, 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 Arrangement, the maximum fee occurs around three years before retirement and peaks at 0.65% p.a. 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 a smoother investment return journey and 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 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 lifecycle strategy and shows 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. However, 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.

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. We realised that it is hard to determine 'value' in isolation and that this assessment goes beyond considering the ongoing charges, so we 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 offers value for money for members given the high level of tailoring of the service provided to members. The Trustees are committed to ensuring that members receive value for money from the Plan.

Return on Investments

The Trustees have considered statutory guidance when preparing this section of the statement. The table below details the one year and three-year return on investments, after deduction of any charges or transaction costs relating to those investments. The one- and three-year performance accounts for any underlying fund changes made over these periods. Those funds shown in bold are components of the default investment lifecycle. All funds shown below are available on a self-select basis.

Fund name	1 year return to 31 March 2023		3-year return pa to 31 March 2023	
	Fund (%)	Benchmark (%)[1]	Fund (%)	Benchmark (%)[1]
Blended Equity	-0.9	-1.6	15.9	15.0
Diversified Assets	-9.0	5.7	2.1	4.2
Diversified Bonds	-0.4	4.7	2.1	3.1
Cash	2.2	2.2	0.8	0.7
Active Global Equity	-3.7	-1.4	10.4	15.4
Passive Global Equity	-4.9	-1.0	16.5	17.7
Active Emerging Market Equity	-1.7	-4.9	9.5	7.9
Inflation Linked Bonds	-29.4	-29.4	-10.3	-10.3
Annuity Bonds	-20.2	-19.2	-8.4	-10.1
Ethical	-1.6	-1.6	16.9	17.0
Shariah	-2.9	-2.9	16.7	17.1

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 our powers in practice, we are aided by our Trustee portal which holds key Plan documents (such as the Trust Deed and Rules, the SIP and Plan Policies) 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 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 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.

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 (Environmental, Social and Governance factors) and climate change investment strategies; their stewardship responsibilities; the Plan's absolute return fund; 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 acts effectively and helps identify ways to make the running of the Plan more effective.

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, including the new Pension Scams unit. New Trustees are also given introductory training, 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 us, we consider that we are properly enabled to exercise our functions as Trustees of the Plan.

Other Plan Matters
The Trustees are pleased report that the impact of the Coronavirus has receded such that operating practices have now 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.

Following the departure of the previous Plan Secretary, the Trustees reviewed the executive functions provided to them and appointed 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.

The Trustees recognise the risks associated with cyber security and began conducting a review of their cyber resilience during the Plan year. This review highlighted the need for expert advice and the Trustees are now seeking to introduce a dedicated cyber security oversight function and to strengthen their ongoing cyber threat monitoring.

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 on 20 September 2023]

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 self-select 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	**16,300**	**16,200**	**16,400**	**16,300**	**16,400**	**16,300**	**16,400**	**16,400**
3	**25,300**	**24,800**	**25,500**	**25,000**	**25,700**	**25,300**	**25,700**	**25,400**
5	**34,400**	**33,400**	**34,800**	**33,900**	**35,400**	**34,600**	**35,500**	**34,800**
10			**59,000**	**56,000**	**61,100**	**58,600**	**62,000**	**59,800**
15					**88,900**	**83,000**	**91,600**	**86,700**
20					**117,000**	**106,000**	**123,000**	**114,000**
25							**157,000**	**142,000**
30							**191,000**	**167,000**

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. 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	1.20% above inflation	20	1.80% above inflation
3	1.40% above inflation	25	1.90% above inflation
5	1.40% above inflation	30	2.00% above inflation
10	1.60% above inflation	35	2.00% above inflation
15	1.70% above inflation	47	2.10% above inflation

8. The charges assumed for each fund are the current charges as shown in the Chair's Statement.

Default Lifecycle Strategy (Without Contributions)

Projected pension pot in today's money: Starting Fund £12,000. 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	**16,300**	**16,200**	**16,400**	**16,300**	**16,400**	**16,300**	**16,400**	**16,400**
3	**25,300**	**24,800**	**25,500**	**25,000**	**25,700**	**25,300**	**25,700**	**25,400**
5	**34,400**	**33,400**	**34,800**	**33,900**	**35,400**	**34,600**	**35,500**	**34,800**
10			**59,000**	**56,000**	**61,100**	**58,600**	**62,000**	**59,800**
15					**88,900**	**83,000**	**91,600**	**86,700**
20					**117,000**	**106,000**	**123,000**	**114,000**
25							**157,000**	**142,000**
30							**191,000**	**167,000**

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. 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	1.20% above inflation	20	1.80% above inflation
3	1.40% above inflation	25	1.90% above inflation
5	1.40% above inflation	30	2.00% above inflation
10	1.60% above inflation	35	2.00% above inflation
15	1.70% above inflation	47	2.10% 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..

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.

Years	Annuity Bonds		Ethical		Inflation Linked Bonds		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	16,300	16,300	16,400	16,400	16,100	16,100	16,400	16,200
3	25,200	25,100	25,700	25,600	24,400	24,200	25,700	24,700
5	34,300	34,100	35,500	35,100	32,700	32,400	35,500	33,300
10	58,400	57,500	62,000	60,900	53,400	52,600	62,000	55,200
15	84,300	82,500	92,000	89,600	74,100	72,500	92,000	77,800
20	112,000	109,000	125,000	121,000	94,800	92,200	125,000	100,000
25	142,000	137,000	163,000	156,000	115,000	111,000	163,000	124,000
30	174,000	167,000	206,000	196,000	136,000	130,000	206,000	149,000
35	208,000	198,000	255,000	240,000	157,000	149,000	255,000	174,000

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 Chair's 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.

Notes

9. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.

Fund choice

Years	Annuity Bonds		Ethical		Inflation Linked Bonds		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	12,100	12,100	12,200	12,200	12,000	11,900	12,200	12,000
3	12,500	12,400	12,800	12,700	12,000	11,900	12,800	12,100
5	12,900	12,700	13,500	13,300	11,900	11,800	13,500	12,300
10	13,800	13,500	15,200	14,800	11,900	11,600	15,200	12,600
15	14,900	14,300	17,200	16,400	11,900	11,500	17,200	13,000
20	16,000	15,200	19,400	18,300	11,900	11,400	19,400	13,300
25	17,200	16,200	21,900	20,300	11,900	11,200	21,900	13,700
30	18,500	17,200	24,700	22,600	11,900	11,100	24,700	14,100
35	19,900	18,300	27,800	25,100	11,900	10,900	27,800	14,500

10. Retirement is assumed to be at age 65.
11. The starting pot size is assumed to be £12,000.
12. The assumptions used in this illustration follow the financial reporting council's AS TM1 guidance. Inflation is assumed to be 2.5% each year.
13. It is assumed that no further contributions are made.
14. Values shown are estimates and are not guaranteed.
15. 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
16. 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	0.590	0.080	0.670	0.940
Active Global Equity	0.27	0.750	0.090	0.840	1.110
Annuity Bonds	0.24	0.00	0.000	0.00	0.240
Blended Equity*	0.26	0.172	0.013	0.185	0.445
Cash	0.17	0.10	0.000	0.100	0.270
Diversified Assets*	0.27	0.475	0.024	0.499	0.769
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

Funds in bold are components of the default

* 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	**13.5**	0.6	0.4	5.5	11.7	6.1	0.0	**100.0%**	FM2, FM7, FM8, FM10	*1, 2, 3, 5, 6, 7, 9*
Active Emerging Market Equity	FFPQ	**14.9**	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	**75.1**	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	0.0	3.8	14.0	18.9	0.0	**100.0%**	FM8	*2, 3, 5, 6, 7*
Cash	FFPT	**1.5**	0.0	0.0	1.5	0.0	0.0	0.0	**100.0%**	FM3	*5, 6, 7*
Diversified Assets	FFPU	**24.7**	0.0	0.0	0.0	26.9	2.7	0.6	**100.0%**	FM3	*2, 3, 4, 5, 6, 7*
Diversified Bond	FFPV	**25.7**	0.0	0.5	19.6	3.4	1.8	0.1	**100.0%**	FM4, FM6, FM9	*1, 2, 3, 4, 5, 6, 7, 9*
Ethical	FFPW	**0.1**	0.0	0.0	2.2	1.7	3.8	0.0	**100.0%**	FM8	*2, 3, 5, 6, 7*
Passive Global Equity	FFPX	**6.2**	1.3	0.9	6.5	-1.0	1.5	0.1	**100.0%**	FM2	*2, 3, 4, 5, 6, 7*
ZZ CLOSED Growth	FFPY	**15.9**	0.5	0.3	4.2	14.8	5.0	0.2	**100.0%**	FM2, FM3, FM7, FM8, FM10	*1, 2, 3, 4, 5, 6, 7, 9*
Inflation Linked Bonds	FFPZ	**1.6**	0.0	0.0	1.5	0.0	0.0	0.0	**100.0%**	FM8	*5, 6, 7*
Shariah	FFQA	**1.7**	N/A	N/A	N/A	N/A	N/A	N/A	**100.0%**	FM5	*5, 6, 7, 9*

* Reference to the External Fund Manager Data table

External Fund Manager Data

Fund Manager[6,7]	Period Start	Period End	Ref.	Notes
Ardevora Asset Management	01/04/2022	31/03/2023	FM1	
BlackRock Inv Mgt (Dublin) Ltd	01/04/2022	31/03/2023	FM2	
BlackRock Pensions Mgmt Ltd	01/04/2022	31/03/2023	FM3	
BNY Mellon Inv Mgt	01/04/2022	31/03/2023	FM4	
HSBC Investments	01/04/2022	31/03/2023	FM5	
Kames Asset Management	01/04/2022	31/03/2023	FM6	
Lazard Asset Management	01/04/2022	31/03/2023	FM7	
Legal and General Investment Management	01/04/2022	31/03/2023	FM8	
M&G Investments	01/04/2022	31/03/2023	FM9	
Robeco Investments	01/04/2022	31/03/2023	FM10	

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
30/06/2022	Multi-asset credit funds	Board	1	M&G
22/08/2022	Value for money assessments	Audit, Risk & Admin	0.3	Muse
29/09/2022	TCFD – Climate scenario analysis	Board	0.5	LCP
29/09/2022	TCFD – Managers climate approach	Board	0.5	LCP
29/09/2022	Legislative update	Board	0.3	Hogan Lovells
15/12/2022	TCFD – Selecting TCFD metrics	Board	0.5	LCP
15/12/2022	DWP Stewardship guidance	Board	0.5	LCP
15/12/2022	Legislative update	Board	0.2	Hogan Lovells
26/01/2023	TKU & Board Effectiveness review	Board	1	Pension Executive
26/01/2023	Absolute return funds	Board	1	Ruffer & Fulcrum
26/01/2023	TCFD - Targets	Board	1	LCP
26/01/2023	Stewardship	Board	0.3	LCP
27/02/2023	New Trustee Training	Jackie Ruddy	2	Hogan Lovells
30/03/2023	TCFD – compliance & next steps	Board	1	LCP
30/03/2023	Legislative update	Board	0.3	Hogan Lovells
		Total 2022/23	**10.4**	