

Chair's DC Governance Statement, covering 1 April 2022 to 31 March 2023

1. Introduction and members' summary

The **RNIB Retirement Benefits Scheme** (the "Scheme") is an occupational pension scheme providing defined contribution ("DC") benefits (a DC pension scheme is where employee and employer contributions are paid into it, the member can choose their investments, and the value of the member's benefits is affected by investment returns, positively or negatively).

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

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

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

- We regularly monitor the investment arrangements, and we are satisfied that the default and other investment options remain suitable for the membership.
- The administrator has processed core financial transactions promptly and accurately to an acceptable level during the Scheme year, and we remain comfortable with the administrator's performance.
- Fees can have a material impact on the value of your pension savings and the fee impact is greater the more time passes, since fees reduce the amount of money which can grow with future investment returns.
- Fees for the investment options are set out in this Statement. We believe that members receive good value from the Scheme overall.
- Please rest assured that we are looking after your best interests as members, and we undertake training and receive advice as appropriate so that we have sufficient knowledge and understanding to do so effectively.

2. Default arrangement

The Scheme is used as a Qualifying Scheme for automatic enrolment purposes. This means that it is used as a pension savings scheme for employees who are eligible for automatic enrolment into a pension scheme.

We have made available a range of investment options for members. Members who join the Scheme and who do not choose an investment option are placed into the default investment arrangement, which is the Lump Sum Targeting Strategy (the “Default”). We recognise that most members do not make active investment decisions and instead invest in the Default. After taking advice, we decided to make the Default a “lifestyle strategy”, which means that members’ assets are automatically moved between different investment funds as they approach their target retirement date.

We are responsible for investment governance, which includes setting and monitoring the investment strategy for the default arrangement.

Details of the objectives and our policies regarding the default arrangement can be found in a document called the ‘Statement of Investment Principles’ (“SIP”). The Scheme’s SIP covering the default arrangement is attached to this document.

The aims and objectives of the Default, as stated in the SIP, are as follows:

- Generate returns above inflation whilst members are some distance from retirement.
- Switch automatically and gradually to lower risk investments as members near retirement.
- The asset allocation of the default strategy should be reflective of the form in which the Trustees expect most members to take their assets.

The Default was not reviewed during the period covered by this Statement. The last review commenced in August 2021. Following this review, we concluded that it remained appropriate for the Default to target a cash lump sum. To help address the risks posed by climate change, we decided to switch the global equity fund in the Default to one that has much lower exposure to greenhouse gas emissions, the L&G Low Carbon Transition Global Equity Index Fund. This change was implemented during the Scheme year effective from 4 August 2022.

We regularly monitor the performance of the Default and will formally review the strategy at least every three years. The next review is intended to take place in August 2024 or immediately following any significant change in investment policy or the Scheme’s member profile.

In addition to the triennial strategy review we also review the performance of the Default against its objectives on a quarterly basis. This review includes performance analysis to check that the risk and return levels meet expectations. Our reviews over the Scheme year concluded that the Default was performing broadly as expected, and consistently with the aims and objectives as stated in the SIP.

3. Requirements for processing core financial transactions

The processing of core financial transactions is carried out by the administrator of the Scheme, Legal & General (“L&G”). Core financial transactions include (but are not limited to): the investment of contributions, processing of transfers in and out of the Scheme, transfers of assets between different investments within the Scheme, and payments to members and beneficiaries.

We recognise that delay and error can cause significant issues for members. We have received assurance from L&G that there are adequate internal controls to support prompt and accurate processing of core financial transactions.

The Scheme has a service level agreement (“SLA”) in place with the administrator which covers the accuracy and timeliness of all core financial transactions. The SLA details the target processing times for 28 administration processes which include contribution allocation, investment switches, pre-retirement processes, transfers of members’ funds into and out of the Scheme, retirement and ill health as well as death processes. The SLAs form part of the quarterly Governance Report issued by L&G to the Trustees. The key processes adopted by the administrator to help it meet the SLA are as follows:

- Day to day administration is managed through work management systems with built in controls to ensure a high level of quality through checking processes. These are also subject to quality sampling.
- The administration systems have data restrictions in place. The L&G systems have a data specification to restrict acceptance of incorrect data at source.
- A “Record Keeping Report” is available to the Trustees which checks the Scheme’s records for all common and conditional data items.
- L&G complete internal audit processes to ensure processing controls are in place and adhered to.

L&G reported performance of 99% against SLAs over the Scheme year, surpassing its target of 95%.

To help us monitor whether service levels are being met, we receive quarterly reports about the administrator’s performance and compliance with the SLA and any complaints that have been raised by members. Any issues identified as part of our review processes would be raised with the administrators immediately, and steps would be taken to resolve the issues.

Based on its review processes, we are satisfied that over the period covered by this Statement:

- the administrator was operating appropriate procedures, checks and controls, and operating within the agreed SLA;
- there have been no material administration issues at the administrator in relation to processing core financial transactions; and
- core financial transactions have been processed promptly by the administrator and accurately to an acceptable level during the Scheme year.

We recently became aware of some calculation errors by the payroll team at RNIB with regard to member contributions for a small proportion of Scheme members. These contribution shortfalls have been rigorously investigated by us and are being swiftly rectified for the affected members. The adjustments have been made subsequent to the end of the Scheme year. We are carefully monitoring the steps which have been taken by RNIB to ensure that no further issues arise.

4. Member-borne charges and transaction costs

We are required to set out the on-going charges incurred by members over the period covered by this Statement, which are annual fund management charges plus additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio (TER). The TER is paid by the members and is reflected in the unit price of the funds.

The stated charges also include administration and investment costs since members incur these costs. The TER for the funds available on L&G's platform includes the "administration charge" for active members (ie employees of RNIB) of 0.03% pa. Deferred members pay a higher administration charge of 0.36% pa as RNIB pays a contribution towards administration costs for active members but not deferred members.

We are also required to disclose transaction cost figures. In the context of this Statement, the transaction costs shown are those incurred when the Scheme's fund managers buy and sell assets within investment funds but are exclusive of any costs incurred when members invest in and switch between funds. Transaction costs are borne by members.

The charges and transaction costs have been supplied by L&G who are the Scheme's platform provider. When preparing this section of the Statement we have taken account of the relevant statutory guidance. Under the prescribed way in which transaction costs have been calculated it is possible for figures to be negative, where market movements are favourable between the time a trade is placed and it is executed. We have shown any negative figures in the tables for the year as provided, but for the costs and charges illustrations we have used zero where a transaction cost is negative to give a more realistic projection (ie we would not expect transaction costs to be negative over the long term).

Default arrangement

The Default arrangement is the Lump Sum Targeting Strategy. The Default has been set up as a lifestyle approach, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date. This means that the level of charges and transaction costs will vary depending on how close members are to their target retirement age and in which funds they are invested.

For the period covered by this Statement, annualised charges and transaction costs are set out in the following table. The TER for the Default is significantly lower than the charge cap of 0.75% pa set by legislation.

Default charges and transaction costs

The following table has four columns and five rows. The first row contains headings.

Years to target retirement date	TER (Active members)	TER (Deferred members)	Transaction costs
15 or more years to retirement	0.10%	0.43%	0.04%
10 years to retirement	0.13%	0.46%	0.04%
5 years to retirement	0.16%	0.49%	0.04%
At retirement	0.13%	0.46%	0.01%

Self-select and AVC options

In addition to the Default, members also have the option to invest in one other lifestyle, the Ex-Tobacco lifestyle which targets cash withdrawal, and several other self-select funds.

The annual charges and transaction costs for the Ex-Tobacco lifestyle during the period covered by this Statement is set out in the table below. This lifestyle was made available to members during the Scheme year on 1 June 2022.

Ex-Tobacco lifestyle charges and transaction costs

The following table has four columns and five rows. The first row contains headings:

Years to target retirement date	TER (Active members)	TER (Deferred members)	Transaction costs
15 or more years to retirement	0.20%	0.53%	0.03%
10 years to retirement	0.20%	0.53%	0.03%
5 years to retirement	0.16%	0.49%	0.01%
At retirement	0.12%	0.45%	-0.01%

The TER for each self-select fund (including those used in the Default) and the transaction costs over the period covered by this Statement are set out in the following table. The underlying funds used within the Default are shown in **bold**. LGIM stands for Legal & General Investment Management.

Self-select fund charges and transaction costs

The following table has four columns and thirteen rows. The first row contains headings:

Fund name	TER (Active members)	TER (Deferred members)	Transaction costs
LGIM Low Carbon Transition Global Equity Index Fund¹	0.10%	0.43%	0.04%
LGIM FTSE World Developed (ex-Tobacco) Equity Index Fund GBP Currency	0.23%	0.56%	0.10%
LGIM Global Equity Market Weights (30:70) Index Fund - GBP 75% Currency Hedged	0.17%	0.50%	0.08%

Fund name	TER (Active members)	TER (Deferred members)	Transaction costs
LGIM World Emerging Markets Equity Index Fund	0.28%	0.61%	0.04%
LGIM HSBC Islamic Global Equity Index Fund	0.38%	0.71%	-0.03%
LGIM Ethical Global Equity Index Fund	0.33%	0.66%	0.00%
LGIM Multi-Asset Fund	0.16%	0.49%	0.04%
LGIM Managed Property Fund ²	1.44%	1.77%	-0.49%
LGIM Global Real Estate Equity Index Fund ¹	0.22%	0.55%	0.05%
LGIM Corporate Bond All Stocks Index Fund	0.15%	0.48%	-0.03%
LGIM Over 15 Years Fixed Interest Gilts Index Fund	0.11%	0.44%	0.19%
LGIM Over 5 Year Index Linked Gilts Index Fund	0.11%	0.44%	0.21%
LGIM Cash Fund	0.12%	0.45%	-0.01%

¹The LGIM Low Carbon Transition Global Equity Index Fund and LGIM Global Real Estate Equity Index Fund were added to the Scheme's self-select range on 1 June 2022. Please note that the figures quoted in the table represent the full period covered by this Statement.

²The LGIM Managed Property Fund was closed to new members on 1 June 2022.

Illustration of charges and transaction costs

The following table sets out an illustration of the impact of charges and transaction costs on the projection of an example member's pension savings. In preparing this illustration, we had regard to the relevant statutory guidance.

- The "before costs" figures represent the savings projection assuming an investment return with no deduction of member borne charges or transaction costs. The "after costs" figures represent the savings projection using the same assumed investment return but after deducting member borne charges and an allowance for transaction costs.
- The transaction cost figures used in the illustration are those provided by the managers over the past five years, subject to a floor of zero (so the illustration does not assume a negative cost over the long term). We have used the average annualised transaction costs over the past five years as this should be more indicative of longer-term costs compared to only using figures over the Scheme year. For the investment funds used within the illustration that were incepted less than five years ago, we have used average annualised transaction costs since inception.
- The illustration is shown for the Default (the Lump Sum Targeting Strategy) since this is the arrangement with the most members invested in it as well as two funds from the Scheme's self-select fund range. The two self-select funds shown in the illustration are:

- the fund with highest annual member borne costs (TER plus Scheme year transaction costs) – this is the LGIM Managed Property Fund.
- the fund with lowest annual member borne costs – this is the LGIM Cash Fund.

Costs and charges illustration

The following table has seven columns and twelve rows. The two rows contain headings:

Years invested	Default option		LGIM Managed Property Fund		LGIM Cash Fund	
	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£7,200	£7,200	£7,200	£7,100	£7,000	£7,000
3	£14,200	£14,100	£13,900	£13,600	£13,100	£13,000
5	£21,800	£21,700	£21,300	£20,400	£19,200	£19,100
10	£44,300	£43,900	£42,300	£38,900	£34,800	£34,600
15	£72,700	£71,900	£67,800	£60,000	£50,900	£50,400
20	£108,600	£106,900	£98,900	£83,900	£67,500	£66,600
25	£154,000	£151,000	£136,700	£111,000	£84,600	£83,200
30	£208,500	£203,400	£182,700	£141,800	£102,200	£100,200
35	£270,000	£261,600	£238,700	£176,700	£120,300	£117,600
40	£318,900	£307,100	£306,800	£216,300	£138,900	£135,400

Notes

- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- Annual salary growth and inflation is assumed to be 2.5% since this is what is required to be used for Statutory Money Purchase Illustrations. Salaries could be expected to increase above inflation to reflect members becoming more experienced and being promoted. However, the projections assume salaries increase in line with inflation to allow for prudence in the projected values.
- The starting pot size used is £4,000 This is the approximate average (median) pot size for active members aged 30 years and younger (rather than using a whole membership average, we have taken this approach to give a more realistic 40-year projection).

- The projection is for 40 years, being the approximate duration that the youngest scheme member has until they reach the Scheme's Normal Pension Age.
- The starting salary is assumed to be £28,000. This is the approximate median salary for active members aged 30 or younger.
- Total contributions (employee plus employer) are assumed to be 10.6% of salary per year. This is the approximate median total contribution for active members.
- The projected annual returns used are as follows:
 - Default option: 4.8% above inflation for the initial years, gradually reducing to a return of 1.4% above inflation at the ending point of the lifestyle.
 - LGIM Managed Property Fund: 4.0% above inflation
 - LGIM Cash Fund: 0.6% pa above inflation

5. Investment returns

This section shows the annual return, after the deduction of investment fund member borne charges (excluding the L&G's administration charge) and transaction costs, for all investment options in which member assets were invested during the Scheme year. As noted in Section 4 of this Statement, the annual L&G administration charge differs for active members (0.03% pa) and deferred members (0.36% pa); since the active member administration charge is so low, the figures shown would not be materially impacted by this (ie depending on rounding they may be 0.1% lower at the most). The deferred member returns net of administration charges will be 0.3% pa to 0.4% pa lower than the figures shown below depending on rounding.

For the Default, returns are shown over the Scheme year for a member aged 25, 45 and 55 at the start of the period the returns are shown over. The Default was inceptioned in April 2019 and therefore we have not been able to show 5 year return figures.

The following table has three columns and four rows. The first two rows contain headings:

Lump Sum Targeting Strategy net returns

Age of member at the start of the period	1 year (%)	2 years (% pa)
25	-6.4%	2.3%
45	-6.4%	2.3%
55	-5.8%	0.6%

The following table has two columns and five rows. The first two rows contain headings:

Ex-Tobacco Lifestyle net returns

Age of member at the start of the period	1 year (%) ¹
25	-4.2%
45	-4.2%
55	-3.5%

¹ The Ex-Tobacco lifestyle was made available to members on 1 June 2022 and therefore any members invested in this lifestyle will not have experienced a full year of performance as at 31 March 2023.

The following table has three columns and fifteen rows. The first two rows contain headings:

Self-select fund net returns

Fund name	1 year (%)	5 years (% pa)
LGIM Low Carbon Transition Global Equity Index Fund^{1,2}	-4.7%	-
LGIM FTSE World Developed (ex-Tobacco) Equity Index Fund GBP Currency	-8.5%	7.8%
LGIM Global Equity Market Weights (30:70) Index Fund - GBP 75% Currency Hedged	-4.4%	7.4%
LGIM World Emerging Markets Equity Index Fund	-4.9%	2.7%
LGIM HSBC Islamic Global Equity Index Fund	-5.9%	14.8%
LGIM Ethical Global Equity Index Fund	-1.9%	11.8%
LGIM Multi-Asset Fund	-5.5%	3.9%
LGIM Managed Property Fund	-8.5%	2.0%
LGIM Global Real Estate Equity Index Fund ^{1,3}	-18.0%	-
LGIM Corporate Bond All Stocks Index Fund	-10.1%	-1.1%
LGIM Over 15 Years Fixed Interest Gilts Index Fund	-29.9%	-6.5%
LGIM Over 5 Year Index Linked Gilts Index Fund	-29.5%	-4.0%
LGIM Cash Fund	2.2%	0.8%

¹The LGIM Low Carbon Transition Global Equity Index Fund and LGIM Global Real Estate Equity Index Fund were added to the Scheme's self-select range on 1 June 2022 and therefore any members invested in these funds will not have experienced a full year of performance as at 31 March 2023.

²The LGIM Low Carbon Transition Global Equity Index Fund was inceptioned in April 2021 and therefore does not have five years of performance data as at 31 March 2023.

³The LGIM Global Real Estate Equity Index Fund was inceptioned in November 2018 and therefore does not have five years of performance data as at 31 March 2023.

6. Value for members assessment

We are required to assess every year the extent to which member borne charges and transaction costs represent good value for members and to explain that assessment. There is no legal definition of 'good value' which means that determining this is subjective. Our general policy in relation to value for member considerations is set out below.

We review all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Scheme. The date of the last review was in June 2023, and it covered the Scheme year ending 31 March 2023.

We note that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment. We are confident that the administration service provided by L&G is of a good standard and

represents a significant improvement on quality of administration that members historically experienced, and communications are clear and informative. Our investment advisers have also confirmed that the fund charges are competitive for active members because of the contribution made by the Employer. However, fund charges for deferred members, who do not receive a subsidy from the Employer, were found to be less competitive. As such, as at the timing of writing this Statement we are currently in negotiations with L&G and the Employer with the aim of improving the competitiveness of fund charges for deferred members.

Our assessment included a review of the performance of the Scheme's investment funds (after all charges and transaction costs) in the context of their investment objectives. The returns on the investment funds members can choose during the period covered by this statement have been consistent with their stated investment objectives.

In carrying out the assessment, we also consider the other benefits members receive from the Scheme, which include:

- our oversight and governance, including ensuring the Scheme is compliant with relevant legislation, and holding regular meetings to monitor the Scheme and address any material issues that may impact members;
- the design of the Default and how this reflects the interests of the membership as a whole;
- the range of investment options and strategies;
- the quality of communications delivered to members;
- the quality of support services, such as the Scheme website where members can access fund information online; and
- the efficiency of administration processes and the extent to which the administrator met or exceeded its service level standards.

As detailed in the earlier section covering the processing of core financial transactions, we are comfortable with the quality and efficiency of the administration processes at L&G.

We believe that the transaction costs provide value for members as the ability to transact forms an integral part of the investment approaches and expect this to lead to greater investment returns net of costs over time.

Overall, we believe that members of the Scheme are receiving good value for money for the charges and cost that they incur, for the reasons set out in this section. We aim to improve value for members in future through taking the following steps:

- Identify any areas to improve the governance processes.
- Look towards ways to further support members in the lead up to retirement to include improvements on in-Scheme flexibilities, communications, guidance, advice, and post-retirement solutions.
- Provide members with more regular communications in the form of a regular newsletter.

7. Trustee knowledge and understanding

We are required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively. We have measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law. Details of how the knowledge and understanding requirements have been met during the period covered by this Statement are set out below.

With the help of our advisers, we regularly consider training requirements to identify any knowledge gaps. Our investment advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. Our advisers typically deliver training on such matters at Trustee meetings if they were material. During the period covered by this Statement, we received training on various matters including stewardship (voting and engagement in relation to the assets) and pension law. Additionally, we receive quarterly updates on topical pension issues from our investment advisers.

We are familiar with and have access to copies of the Scheme's governing documentation and documentation setting out our policies, including the Trust Deed & Rules and SIP (which sets out the policies on investment matters). In particular, we refer to the Trust Deed and Rules as part of considering and deciding to make any changes to the Scheme, and the SIP is formally reviewed annually and as part of making any change to the Scheme's investments. Further, we believe that we have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil our duties.

We are required to commit to completing the training, either at the relevant meetings or by personal study. Most of the Trustees have completed the Pensions Regulator's Trustee Toolkit (an online learning programme, designed to help trustees of pension schemes meet the minimum level of knowledge and understanding required by law). All the Trustees are committed to completing the Toolkit, most have either completed the Toolkit or are working towards it; one Trustee has only recently been appointed and will aim to complete the Toolkit training within the allowable time limit for completion.

Regular training is provided on aspects of the Trustee Knowledge and Understanding requirements. Other training relates to topical items or specific issues under consideration during the Scheme year.

A training log is maintained in line with best practice and the training programme is reviewed regularly to ensure it is up to date. The training programme was last updated in June 2023. Additionally, the Scheme has in place a structured induction process for new trustees.

The Chair of Trustees is an independent trustee with wide-ranging experience on multiple trustee boards. Other Trustees have wide experience of governance roles as well as one other Trustee who is a Trustee on another pension scheme. This experience and knowledge is a further indication that the Trustees have sufficient knowledge and understanding to appropriately oversee the Scheme.

Considering our knowledge and experience and the specialist advice received from the appointed professional advisors (eg investment consultants, legal advisors), we believe

that we are well placed to exercise our functions as Trustees of the Scheme properly and effectively.

Andrew Evans Date: 29 September 2023

Signed by the Chair of Trustees of the RNIB Retirement Benefits Scheme