NatWest Group Retirement Savings Plan
Annual Report and Financial Statements

for the year ended
30 September 2024

Registration number 10276594

TRUSTEE, ADMINISTRATION AND ADVISERS 2

REPORT OF THE TRUSTEE 4

INDEPENDENT AUDITOR'S REPORT 9

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS 12

SUMMARY OF CONTRIBUTIONS 13

FUND ACCOUNT 14

STATEMENT OF NET ASSETS 15

NOTES TO THE FINANCIAL STATEMENTS 16

CHAIR'S DC GOVERNANCE STATEMENT 25

APPENDIX A – STATEMENT OF INVESTMENT PRINCIPLES 37

APPENDIX B – IMPLEMENTATION STATEMENT 61

Trustee, Administration and Advisers

Trustee, Administration and Advisers (continued)

Banker	National Westminster Bank plc City of London Office PO Box 12258 1 Princes Street London EC2R 8PA
Legal Advisers	Carey Olson Jersey LLP 47 Esplanade St Helier Jersey JE1 0BD
	Hassans International Law Firm Limited PO Box 199 Madison Building Midtown Queensway Gibraltar GX11 1AA
	Keystone Law Limited Athol Street Douglas Isle of Man IM1 1JD
	Pinsent Masons LLP 30 Crown Place Earl Street London EC2A 4ES
Investment Consultant	Lane Clark & Peacock LLP 95 Wigmore Street London W1U 1DQ
Asset Manager	RBS Investment Executive Limited (RIEL) (Appointed under an Investment Advisory and Management Agreement (IAMA)) RBS Gogarburn 175 Glasgow Road Edinburgh Scotland EH12 1HQ
Investment Platform Provider	Legal & General Assurance Society (Legal & General) One Coleman Street London EC2R 5AA
	Funds held on the investment platform are managed by Legal & General Investment Management Limited.
Legacy AVC Provider	Standard Life Assurance Limited Standard Life House 30 Lothian Road Edinburgh EH1 2DH

Introduction

The Directors of NatWest Group Retirement Savings Trustee Limited have pleasure in submitting this report which covers the year ended 30 September 2024. The purpose of the report is to describe how the NatWest Group Retirement Savings Plan, ("the Plan") has been managed during the year, and to advise members of any significant changes that have been introduced during the year.

Constitution and Management of the Plan

The Plan is a Defined Contribution Plan set up under trust to provide benefits for eligible employees of the NatWest Group. It is governed by the Trust Deed dated 1 October 2006 and the new consolidated Rules at 21 December 2023.

Subject to the requirements of the Pensions Act 2004 in relation to member-nominated directors, the power to appoint or remove the Trustee of the Plan rests with NatWest Markets plc. The power of appointing and removing Trustee Directors is contained in the Articles of Association of NatWest Group Retirement Savings Trustee Limited. Three directors are appointed by NatWest Markets plc and two directors are selected from the membership of the Plan. NatWest Markets plc have also appointed an independent Trustee Director in order to take advantage of the broad experience offered by an independent trustee and further enhance the good governance of the Plan. The Trustee Board met regularly during the year under review to discuss the ongoing management of the Plan.

The Trustee has appointed professional organisations to support them in delivering the Plan's objectives. These organisations are listed on pages 2 and 3. The Trustee has written agreements in place with each of them.

Financial Review

The Financial Statements set out on pages 14 to 24, provide an overview of the income, expenditure and investments of the Plan and, have been prepared and audited in accordance with the regulations made under sections 41(1) and (6) of the Pensions Act 1995.

During the year under review, the net assets of the Plan increased by £512,918k from £1,909,537k to £2,422,455k. Contributions, transfers in and other income were £262,247k (2023: £200,630k). Benefits payable, transfers out, payments to leavers and other expenses were £113,373k (2023: £83,271k). Net returns on investments led to an increase in funds of £364,044k (2023: £127,947k).

Investment strategy and principles

The Trustee is responsible for the Plan's investment arrangements and aims to provide a range of investments that are suitable for meeting both the long and short term investment objectives of members.

There is an agreed Statement of Investment Principles (SIP) which has been drawn up by the Trustee in accordance with, and which complies with, Section 35 of the Pensions Act 1995. A copy of the latest SIP can be found in Appendix A.

Management and custody of investments

The Trustee offers a number of unit-linked investment options (the investment 'funds') through the Legal & General platform. Each investment fund is linked to one or more underlying investment vehicles chosen by the Trustee; these underlying investment vehicles include both active and passive management strategies. As the investments are held in pooled funds the Trustee does not separately appoint a custodian, the manager makes its own arrangements for custody of the underlying investments.

Management and custody of investments (continued)

The following changes were made to funds during the year:

- In the Diversified Growth Fund further capital was allocated to the L&G NTR Clean Energy Fund, which invests in renewable energy assets, which represents 2.3% of the Diversified Growth Fund.
- In July 2024 the Trustee introduced the NatWest Sustainable Equity Fund as a new self-select option. This fund comprises two underlying funds: WHEB Sustainability Fund and Schroders Global Sustainable Value Fund in equal proportions.

There were no other changes to any of the other funds during the year.

The Asset Manager, RBS Investment Executive Limited (RIEL), manages the underlying funds offered to members under delegated authority as set out in the Investment Advisory and Management Agreement (IAMA). The Asset Manager supports the Trustee in accordance with the terms of the IAMA to provide investment advisory and management services.

The Asset Manager regularly reviews the strategic asset allocation (SAA) of the Diversified Growth Fund and Lump Sum Fund. The Investment Adviser regularly reviews the SAA of the primary default investment strategy (the Drawdown Lifestyle Option) and the continuing appropriateness of the de-risking strategy underpinning the Drawdown Lifestyle Option.

In addition to the Drawdown Lifestyle Option, which is designed for members who intend to take a flexible retirement income, the Plan offers a Lump Sum Lifestyle Option for those targeting a cash lump sum at retirement and an Annuity Lifestyle Option for those members targeting a fixed income annuity in retirement. Further, the Plan has a range of Self-Select funds so that members are able to self-select their own strategic asset allocation.

Two of the Self-Select funds, the UK Equity Tracker Fund and the Cash Fund, are treated as additional defaults of the Plan. In each case, this is due to some members' assets being invested in these funds following the closure or suspension of another fund. These funds are not used as a default investment arrangement for new joiners to the Plan.

The Trustee's policies in relation to financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments are set out in the SIP included in Appendix A, 'Financially material considerations' section.

The Trustee's policies in relation to the extent to which non-financial matters are taken into account in the selection, retention and realisation of investments are set out in the SIP included in Appendix A, 'Non-financially material considerations' section.

The Trustee's policies in relation to the exercise of the rights attaching to the investments and undertaking engagement activities in respect of the investments are set out in the SIP included in Appendix A, 'Stewardship & Voting rights' section.

The Trustee's policies in relation to their arrangement with any asset manager are set out in the SIP included in Appendix A, 'Asset manager arrangements' section.

Implementation statement

The Trustee has produced an annual Implementation Statement which covers the Plan year. The Implementation Statement sets out how, and the extent to which, the Trustee has followed its SIP during the year, as well as details of any review of the SIP during the year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. The Implementation Statement also includes a description of the voting behaviour by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on their behalf) during the year and states any use of the services of a proxy voter during that year. The full Implementation Statement, which forms part of this report, is included in Appendix B.

Fund performance

Performance against the benchmark for the funds available for investment by members at the year end is set out below.

Fund	12 months to 30 September 2024			3 years to 30 September 2024			5 years to 30 September 2024		
	Fund % p.a.	Bench mark % p.a.	Relative % p.a.	Fund % p.a.	Bench mark % p.a.	Relativ e % p.a.	Fund % p.a.	Bench mark % p.a.	Relativ e % p.a.
Diversified Growth	19.6	14.2	5.4	6.0	5.8	0.2	8.1	7.6	0.5
UK Equity Tracker	12.8	12.9	(0.1)	7.4	7.4	-	5.8	5.8	-
International Equity Tracker	21.4	21.4	-	9.1	9.3	(0.2)	11.8	11.9	(0.1)
Emerging Markets Equity Tracker	14.4	15.8	(1.4)	1.0	1.5	(0.5)	4.0	4.5	(0.5)
Property	7.2	6.8	0.4	0.5	0.3	0.2	1.6	1.6	-
UK Gilts Over 15 Year Tracker	10.4	10.4	-	(15.0)	(15.0)	-	(10.4)	(10.4)	-
Index-Linked Gilts Tracker	7.3	7.3	-	(14.3)	(14.3)	-	(8.7)	(8.7)	-
Corporate Bond	13.7	13.0	0.7	(7.7)	(8.2)	0.5	(3.6)	(4.3)	0.7
Annuity Pre-retirement	11.0	10.6	0.4	(8.1)	(9.7)	1.6	(4.8)	(5.8)	1.0
Cash	5.3	5.3	-	3.3	3.3	-	2.0	2.0	-
Lump Sum	7.4	6.2	1.2	3.7	4.3	(0.6)	3.1	3.0	0.1
Income Drawdown	12.9	8.9	4.0	2.4	6.9	(4.5)	3.5	5.7	(2.2)
International Sharia Equity*	26.7	26.9	(0.2)	N/A	N/A	N/A	N/A	N/A	N/A
NatWest Sustainable Equity**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

All fund performance is shown net of fees.
Source: Legal and General
**The International Sharia Equity fund was introduced in August 2023 therefore 3 and 5 year performance data is unavailable.*
***The NatWest Sustainable Equity fund was introduced in July 2024 therefore as the fund has been in existence for less than one calendar year, there is insufficient data to provide performance.*

Individual members' units are held either in the default investment arrangement or in self-select funds. Therefore, the performance of each fund has more relevance for members than an overall Plan return.

All asset markets produced positive returns for the one year period to 30 September 2024. Equity markets benefited from continued strong corporate earnings and falls in inflation from the elevated levels in the previous year. This benefited bond markets as well as it meant that policy makers would not have to raise interest rates as much as had been previously expected. Bond yields fell from the higher levels of the previous year so funds invested in bonds generated strong returns, reversing some of the losses in 2023.

Credit markets continue to remain sanguine on the creditworthiness of borrowers so the additional yield for owning corporate bonds versus government bonds remained low. This generated some additional positive performance for corporate bond and annuity funds versus government bond funds. However, there were signs that some borrowers who relied on short-term debt were having difficulties in servicing their debt.

Property markets recovered a little from the negative performance of previous years which resulted in lower valuations for the sector. This better starting point for valuations and a less pessimistic inflation and interest rate environment resulted in positive returns, albeit returns less than that of bonds and equities. The issue of borrowers relying on short-term debt was a catalyst for this. Leadenhall, the fund manager of these assets, is pursuing a civil case in the US courts to seek recover losses that have arisen due to the borrowers' contractual breaches.

The Trustee has considered the nature, disposition, marketability, security and valuation of the Plan's investments and considers them to be appropriate relative to the reasons for holding each fund. More details about investments are given in the notes to the Financial Statements.

World events

The Trustee, in conjunction with their advisers, monitors the impact of national and global events and the effects they have on the operation and financial position of the Plan. There has been no material disruption to the operation of the Plan, and no interruption to receipt of contributions or payment of benefits. The Trustee is confident that it is appropriate to prepare the Financial Statements on the going concern basis.

The Trustee notes market movements post year end. Most assets are managed on a passive basis and the change in value of assets reflects the movements in markets generally and members' self-select options. The Trustee does not use leverage in the management of its assets.

Employer-related investments

Details of any employer-related investments are disclosed in note 21 to the Financial Statements.

Task Force on Climate-related Financial Disclosures (TCFD)

The Taskforce on Climate-related Financial Disclosure (TCFD) is an initiative that developed some best practice guidance for climate-risk reporting. Regulations require the Trustee to meet climate governance requirements and publish an annual TCFD-aligned report on the Plan's climate-related risks. The Plan's TCFD report is available in the Trustee documents section of the Plan website: https://www.legalandgeneral.com/workplace/n/natwest-group/helpful-resources/document-library/

Membership Statistics

The following table shows the changes in the membership of the Plan during the year ended 30 September 2024:

	At 30 September 2023	Changes in year	At 30 September 2024
Active Members	32,399	(323)	32,076
Deferred Members	45,835	1,216	47,051
Total members	**78,234**	**893**	**79,127**

Registration

All the relevant details of the Plan and the Trustee Directors have been passed to the Pension Tracing Service which may be able to help anyone trying to trace pension rights.
Telephone: 0800 731 0175
Website: www.gov.uk/find-pension-contact-details

Transfer Values

Members leaving service can transfer the value of their Plan savings to another retirement savings arrangement. The transfer values paid during the year were calculated and verified in accordance with regulations under Section 97 of the Pensions Act 1993. Discretionary benefits may be included in the calculation of transfer values at the direction of the Sponsoring Employer. No discretionary benefits were included in the calculation of transfer values paid during the year.

Tax Status

The Plan is registered under the Finance Act 2004 and is therefore exempt from UK Income and Capital Gains Tax.

General Code of Practice

The Pensions Regulator's General Code of Practice sets out the standards of conduct and practice that the Regulator expects trustee boards of occupational schemes to meet in order to comply with their legal duties.

Statement of the Trustee’s Responsibilities

The Financial Statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102), are the responsibility of the Trustee. Pension Scheme regulations require, and the Trustee is responsible for ensuring, that those Financial Statements:

- show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of that year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year; and
- contain the information specified in the Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the Financial Statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparing of the Financial Statements on a going concern basis unless it is inappropriate to presume that the Plan will not be wound up.

The Trustee is also responsible for making available certain other information about the Plan in the form of an Annual Report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is responsible for the maintenance and integrity of the corporate and financial information included on the Plan’s website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Trustee Responsibilities in Respect of Contributions

The Trustee is responsible under pensions legislation for securing that a Payment Schedule is prepared, maintained and from time to time revised, showing the rates of contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Plan and for adopting risk-based processes to monitor whether contributions are made to the Plan by the Employer in accordance with the Payment Schedule. Where breaches of the Payment Schedule occur, the Trustee is required by the Pensions Act 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Approval of the Trustee Report

Approved by the Directors of NatWest Group Retirement Savings Trustee Limited and signed on their behalf by a NatWest Group Retirement Savings Trustee Limited director, and Andrew Cox, duly authorised by Church End Independent Services Limited, director, to sign on its behalf:

Name:
NatWest Group Retirement Savings Trustee Limited director

Name:
Andrew Cox, authorised signatory of Church End Independent Services Limited, director

Date: 28 April 2025

Independent Auditor's Report to the Trustee of the NatWest Group Retirement Savings Plan

Report on the audit of the Financial Statements

Opinion

In our opinion the financial statements of NatWest Group Retirement Savings Plan (the 'Plan'):

- show a true and fair view of the financial transactions of the Plan during the year ended 30 September 2024 and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

We have audited the financial statements which comprise:

- the fund account;
- the statement of net assets (available for benefits); and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Plan's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

Other information (continued)

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Trustee

As explained more fully in the Statement of Trustee's Responsibilities, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Plan's industry and its control environment, and reviewed the Plan's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of the Trustees about their own identification and assessment of the risks of irregularities including those that are specific to the Plan's business sector.

We obtained an understanding of the legal and regulatory framework that the Plan operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Pension Act 1995, the Pensions Act 2004 and the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996; and

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Plan's ability to operate or to avoid a material penalty. These included Plan's regulatory requirements.

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the misappropriation of investment assets due to the significant size of investment transactions and balances. In response we have: obtained an understanding of the relevant controls over investment holdings and transactions; agreed investment holdings to independent confirmations; and agreed investment and cash reconciliations to independent sales and purchase reports and bank statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of the Trustee concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of Trustee meetings and reviewing correspondence with the Pensions Regulator.

Use of our report

This report is made solely to the Plan's Trustee, as a body, in accordance with Regulation 3 of the Occupational Pension Plans (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
Statutory Auditor
Reading, United Kingdom
Date: 28 April 2025

Independent Auditor’s Statement about Contributions to the Trustee of the NatWest Group Retirement Savings Plan

We have examined the summary of contributions to the NatWest Group Retirement Savings Plan (‘the Plan’) for the Plan year ended 30 September 2024 to which this statement is attached.

In our opinion contributions for the Plan year ended 30 September 2024 as reported in the summary of contributions and payable under the Payment Schedule have in all material respects been paid at least in accordance with the Payment Schedule effective from 1 October 2006.

Scope of work on statement about contributions

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

Respective responsibilities of the Trustee and auditor

As explained more fully in the Statement of Trustee’s Responsibilities, the Plan’s Trustee is responsible for securing that a Payment Schedule is prepared, maintained and from time to time revised, and for monitoring whether contributions are made to the Plan by the Employer in accordance with the Payment Schedule.

It is our responsibility to provide a statement about contributions paid under the Payment Schedule and to report our opinion to you.

Use of our report

This statement is made solely to the Trustee, as a body, in accordance with Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an auditor’s Statement about Contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body for our work, for this statement, or for the opinion we have formed.

Deloitte LLP
Statutory Auditor
Reading, United Kingdom

Date: 28 April 2025

Summary of Contributions

During the year ended 30 September 2024 the contributions payable to the Plan by the Employer under the Payment Schedule were as follows:

	2024 £'000
Employer normal contributions	203,676
Total contributions payable under the Payment Schedule (as reported on by the Plan Auditor)	
In addition, further employer contributions were payable:	
Augmentations (redundancy pay waivers)	7,696
Bonus waivers	16,880
Total employer contributions	228,252
Employee additional voluntary contributions	871
Total contributions reported in the Financial Statements	229,123

Approved by the Directors of NatWest Group Retirement Savings Trustee Limited and signed on their behalf by a NatWest Group Retirement Savings Trustee Limited director, and Andrew Cox, duly authorised by Church End Independent Services Limited, director, to sign on its behalf:

Name:
NatWest Group Retirement Savings Trustee Limited director

Name:
Andrew Cox, authorised signatory of Church End Independent Services Limited, director

Date: 28 April 2025

Fund Account for the year ended 30 September 2024

	Notes	2024 £’000	2023 £’000
Contributions and benefits			
Employer contributions	5	228,252	185,652
Employee contributions	5	871	521
Total contributions		229,123	186,173
Transfers in	6	26,256	9,443
Other income	7	6,868	5,014
		262,247	200,630
Benefits paid or payable	8	(21,353)	(11,204)
Payments to and on account of leavers	9	(89,282)	(69,403)
Administrative expenses	10	(2,738)	(2,664)
		(113,373)	(83,271)
Net additions from dealings with members		148,874	117,359
Returns on investments			
Change in market value of investments	12	364,159	128,086
Investment management fees		(115)	(139)
Net returns on investments		364,044	127,947
Net increase in the Plan during the year		512,918	245,306
Net assets of the Plan at the beginning of the year		1,909,537	1,664,231
Net assets of the Plan at the end of the year		2,422,455	1,909,537

The accompanying notes on pages 16 to 24 are an integral part of these Financial Statements.

Statement of Net Assets (available for benefits) as at 30 September 2024

	Notes	2024 £'000	2023 £'000
Investment assets			
Pooled investment vehicles	13	2,421,491	1,893,313
Legacy AVC investments	14	1,569	1,484
Unsettled transactions		747	72
		2,423,807	1,894,869
Investment liabilities			
Unsettled transactions		-	(261)
Total net investments	12	2,423,807	1,894,608
Current assets	18	2,906	17,662
Current liabilities	19	(4,258)	(2,733)
Net assets of the Plan at the end of the year		2,422,455	1,909,537

The Financial Statements summarise the transactions of the Plan and deal with the net assets at the disposal of NatWest Group Retirement Savings Trustee Limited. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year.

The accompanying notes on pages 16 to 24 are an integral part of these Financial Statements.

These Financial Statements were approved and signed on behalf of NatWest Group Retirement Savings Trustee Limited by a NatWest Group Retirement Savings Trustee Limited director, and Andrew Cox, duly authorised by Church End Independent Services Limited, director, to sign on its behalf:

Name:
NatWest Group Retirement Savings Trustee Limited director

Name:
Andrew Cox, authorised signatory of Church End Independent Services Limited, director

Date: 28 April 2025

1 Basis of preparation

The Financial Statements have been prepared on a going concern basis and in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the UK & Republic of Ireland issued by the Financial Reporting Council (FRS 102), and the guidance set out in the Statement of Recommended Practice; “Financial Reports of Pension Schemes” (Revised 2018) (“the SORP”).

2 Identification of the Financial Statements

The Plan is established as a trust under English law. The address for enquiries to the Plan is included on page 2.

3 Accounting Policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Currency

The Plan’s functional currency and presentational currency is Pounds Sterling (GBP).

3.2 Contributions

Normal contributions from the Employer have been made in accordance with the Payment Schedule in force for the Plan year and have been accounted for on an accruals basis in the payroll period to which they relate. Contributions paid under salary sacrifice arrangements are classified as employer contributions.

Employer augmentations and bonus waivers, and members’ additional voluntary contributions, have been accounted for in the period to which they relate.

3.3 Transfers to and from the Plan

Individual transfer values are accounted for on the date the trustees of the receiving scheme accept the liability. This is normally when the payment of the transfer value is made.

3.4 Benefits and payments to and on account of leavers

Where members have a choice over the benefits they take, such benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised. Other benefits are accounted for on an accruals basis on the date of retirement or death as appropriate.

Opt-outs are accounted for when the Trustee is notified of the member’s decision to leave the Plan.

Lifetime or annual allowance tax liabilities settled on behalf of a member are accounted for on the same basis as the event giving rise to the tax liability and shown separately within benefits.

3.5 Administrative, investment management and other expenses

Administrative expenses disclosed in note 10 are borne by the Plan from the Trustee Reserve and are accounted for on an accruals basis, with the exception of Legal & General’s administration charge (Annual Management Charge), also disclosed in note 10, which is met by the deduction of units from member funds. Legal & General’s Fund Management Charge is reflected in the unit price of funds. All other costs of administration are borne by NatWest Markets plc.

3 Accounting Policies (continued)

3.6 Investment income

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

Income from pooled investment vehicles is accumulated within the assets of the investment holding and is reflected in the unit price of the investment vehicle.

3.7 Valuation of investments

Investments in pooled investment vehicles are stated at the bid price determined by the investment manager.

Legacy AVC investments are reported at the policy value provided by the insurer. With-profits funds are based on the value of guaranteed benefits. Unit-linked funds are based on bid price.

4 Taxation

The Plan is an exempt approved scheme under Chapter 1 of Part XIV of the Income and Corporation Taxes Act 1988. As such its assets are allowed to accumulate free of income and capital gains tax.

5 Contributions

	2024 £'000	2023 £'000
Employer:		
Normal	203,676	169,624
Augmentations	7,696	3,114
Bonus waivers	16,880	12,914
	228,252	185,652
Employee:		
Additional Voluntary Contributions (AVCs)	871	521
	229,123	186,173

Employer normal contributions include contributions in respect of salary sacrifice arrangements made available to members by the Employer.

Augmentations are paid into the Plan by the Employer in relation to members who have elected to use part or all of an ex gratia redundancy payment they have been granted to enhance their benefits.

Bonus waivers relate to members who have elected to pay part or all of a bonus payment into the Plan to enhance their benefits.

AVCs relate to one-off payments made by members directly into the Plan.

6 Transfers in

	2024 £'000	2023 £'000
Individual transfers in from other schemes	26,256	9,443

7 Other income

	2024 £'000	2023 £'000
Claims on term insurance policies	6,868	5,014

8 Benefits paid or payable

	2024 £'000	2023 £'000
Lump sum retirement benefits	7,292	3,043
Purchase of annuities	1,322	1,091
Lump sum death benefits	12,484	7,051
Taxation where lifetime or annual allowance exceeded	255	19
	21,353	11,204

9 Payments to and on account of leavers

	2024 £'000	2023 £'000
Individual transfers out to other schemes	89,209	69,369
Refund of contributions in respect of members opting out	73	34
	89,282	69,403

10 Administrative expenses

	2024 £'000	2023 £'000
Professional fees	318	444
Communications fees	147	133
Legal fees	400	315
Secretarial & administrative fees	183	173
Legal & General's Annual Management Charge	1,283	1,219
Trustee fees	63	54
Audit fees	36	43
Accountancy fees	55	53
Bank charges	3	2
TPR/FRC Levy	240	224
Facilitated adviser charge	10	4
	2,738	2,664

The administrative expenses above have been borne by the Plan and have been paid utilising assets of the Plan that are not attributable to members, with the exception of Legal & General's Annual Management Charge and facilitated adviser charges, which are met by the deduction of units from member funds.

11 Transaction costs

No direct transaction costs (which include fees, commissions, stamp duty and other duties) are paid by the Plan. Indirect transaction costs are incurred on investments within the pooled investment vehicles. It is not practical to quantify the indirect transaction costs paid by the Plan during the year. However, an indication of the level of transactions costs borne by members is provided in the Chairman's annual governance statement.

12 Reconciliation of investments

	Value at 1 October 2023 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in Market Value £'000	Value at 30 September 2024 £'000
Pooled investment vehicles	1,893,313	370,975	(206,840)	364,043	2,421,491
Legacy AVC investments	1,484	-	(31)	116	1,569
	1,894,797	370,975	(206,871)	364,159	2,423,060
Unsettled transactions	(189)				747
	1,894,608				2,423,807

Unsettled transactions at 30 September 2024 include £20k of contributions which have been received by the Plan pre year end but not matched to member policies until post year end, transfer values totalling £705k which have an effective date pre year end but have not been reflected in unit movements until post year end, and £22k relates to disinvestments paid by Legal & General pre year end, but not received into the Plan's bank account until post year end. At 30 September 2023, £3k related to contributions received by the Plan which were not matched to member policies until post year end, and the remainder related to transfer values which had an effective date pre year end but had not been reflected in unit movements until post year end.

Investments purchased by the Plan are allocated to provide benefits to the individuals on whose behalf the corresponding contributions were paid. Legal & General holds the investment units and allocates them to members.

The Trustee holds investment units not allocated to members, which represent the value of employer contributions that have been retained by the Plan relating to members leaving the Plan prior to vesting. The value of units not allocated to members was £4,473k as at 30 September 2024 (2023: £5,723k).

13 Pooled investment vehicles

	2024 £'000	2023 £'000
Multi asset	1,770,596	1,354,412
Equity	531,283	430,214
Bonds	40,147	36,129
Cash	60,564	54,225
Property	18,901	18,333
	2,421,491	1,893,313

14 Legacy AVC investments

	2024 £'000	2023 £'000
Standard Life Assurance Limited	1,569	1,484

The Trustee holds assets in with profits and unit linked funds, securing additional benefits on a money purchase basis. Members participating in this arrangement each receive an annual statement confirming the amounts held to their account and the change in market value during the year. These funds are closed to ongoing additional voluntary contributions.

Members can make additional voluntary contributions through the NatWest Group Benefits Hub which are invested with their normal contributions in pooled investment vehicles.

15 Investment fair value hierarchy

The fair value of investments has been determined using valuation techniques that utilised various inputs and these inputs have been categorised as set out below:

Level 1 – the unadjusted quoted price in an active market for identical assets.

Level 2 – inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data).

Level 3 – inputs are unobservable (i.e. for which market data is unavailable).

The Plan's investments assets and liabilities have been fair valued using the above hierarchy categories as follows:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2024 Total £'000
Pooled investment vehicles	-	2,421,491	-	2,421,491
Legacy AVC policies	-	20	1,549	1,569
Unsettled transactions	747	-	-	747
	747	2,421,511	1,549	2,423,807

Analysis for the prior year is as follows:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2023 Total £'000
Pooled investment vehicles	-	1,893,313	-	1,893,313
Legacy AVC policies	-	19	1,465	1,484
Unsettled transactions	(189)	-	-	(189)
	(189)	1,893,332	1,465	1,894,608

16 Investment risks

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

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

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

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.

- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

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

The Plan has exposure to these risks because of the investments it makes available to members in pooled investment vehicles.

The Trustee's objective is to make available to members of the Plan an appropriate range of investment options that will generate income and capital growth which, together with new contributions in respect of these members if applicable, will provide an appropriate fund at retirement. The range of investment options is designed to be wide enough to allow members to manage changes in investment risk throughout their working life.

The Plan is structured as a number of white-labelled investment funds from which members can select investment options. Legal & General provides the unit linked investment options and each investment fund is linked to one or more underlying investment vehicles chosen by the Trustee. Each investment fund and its underlying investment vehicle(s) has a specific set of performance objectives.

The risks disclosed here relate to the Plan's investments as a whole. Members are able to choose their own investments from the range of funds offered by the Plan and therefore may face a different profile of risks from their individual choices compared to the Plan as a whole.

The Trustee monitors the underlying risks by quarterly investment reviews.

Further information of the Plan's exposures to credit and market risks are set out below.

16.1 Direct credit risk

The Plan is subject to direct credit risk in relation to its holdings in pooled funds provided by Legal & General, the legal structure of which is unit linked insurance policies.

Legal & General is authorised and regulated by the FCA. In the event of a default by Legal & General the Plan may be able to claim compensation from the Financial Services Compensation Scheme.

16.2 Indirect credit risk and market risk

The Plan is also subject to indirect credit and market risk arising from the underlying investments held in the pooled investment vehicles.

16.2 Indirect credit risk and market risk (continued)

The funds (excluding the Legacy AVC policies) which have exposure to these indirect risks are set out below:

Fund	Value at 30 September 2024 £'000	Value at 30 September 2023 £'000	Currency risk	Interest rate risk	Credit risk	Other price risk
Diversified Growth	1,644,728	1,255,690	✓	✓	✓	✓
UK Equity Tracker	141,683	130,771	-	-	-	✓
International Equity Tracker	351,488	268,190	✓	-	-	✓
Emerging Markets Equity Tracker	34,339	30,586	✓	-	-	✓
Property	18,901	18,333	✓	-	-	✓
UK Gilts Over 15 year Tracker	7,530	5,626	-	✓	✓	-
Index-Linked Gilts Tracker	13,033	12,627	-	✓	✓	-
Corporate Bond	9,112	8,166	-	✓	✓	-
Annuity Pre-retirement	6,695	6,383	-	✓	✓	-
Cash	60,565	54,225	-	-	✓	-
Lump Sum	3,776	3,326	✓	✓	✓	-
Income Drawdown	125,867	98,722	✓	✓	✓	✓
International Equity Sharia	3,449	668	✓	-	-	✓
NatWest Sustainable Equity	325	-	✓	-	-	✓
	2,421,491	1,893,313				

The Trustee recognises the risk involved in the investment of the assets of the Plan and manages these risks as follows:

- Diversification: The investment strategy is designed to ensure that the Plan's investments are adequately diversified and to avoid undue concentration at a stock selection level.

- Monitoring the actual deviation of returns relative to benchmarks and by offering index tracking options.

- Taking advice from the investment consultant to ensure that the underlying investment vehicles are suitable unit linked investments.

17 Concentration of investment

The following investments represent more than 5% of the net asset value of the Plan as at the current or prior year end.

Fund	2024 Market Value £'000	% of Net Assets	2023 Market Value £'000	% of Net Assets
Diversified Growth	1,644,728	67.90	1,255,690	65.76
International Equity Tracker	351,488	14.51	268,190	14.04
UK Equity Tracker	141,683	5.85	130,771	6.85
Income Drawdown Fund	125,867	5.20	98,722	5.17

18 Current assets

	2024 £'000	2023 £'000
Cash balance	2,446	1,923
Contributions due from employer	459	15,739
Prepayments	1	-
	2,906	17,662

All of the cash balance is allocated to members.

Employer contributions due at the year end have been paid into the Plan in accordance with the timescales set out on the Payment Schedule.

19 Current liabilities

	2024 £'000	2023 £'000
Unpaid benefits	3,537	2,351
Accrued expenses	721	382
	4,258	2,733

20 Related party transactions

The following information is provided in accordance with Financial Reporting Standard 102, Section 33, "Related Party Disclosures":

a) During the year the Plan collected contributions in respect of certain Trustee Directors, these are in accordance with the Plan Rules.

b) Remuneration paid to Trustee Directors for their services to the Plan is disclosed in note 10.

c) During the year, some of the costs of administering the Plan were borne directly by NatWest Markets plc, with the exception of the costs disclosed in note 10.

d) The Plan operates a bank account held with National Westminster Bank plc. At 30 September 2024 this balance amounted to £2,446k (2023: £1,923k).

e) On 1 December 2008, the UK Government through HM Treasury became the ultimate controlling party of NatWest Markets plc. The UK Government's shareholding is managed by UK Financial Investments Limited, a company wholly owned by the UK Government. As a result, the UK Government and UK Government controlled bodies became related parties of the Plan. In the ordinary course of business, the Plan had transactions with UK Government bodies on an arms' length basis and investments in government securities (held as part of a pooled fund) during the current and prior year, and are included in notes 12 and 13. The volume and diversity of such transactions in the Plan is such that disclosure of their amounts in the year ended 30 September 2024 is impractical.

21 Employer-related investments

The Plan had no material employer-related investments in the current or preceding year.

22 Subsequent events

The Trustee notes market movements post year end. Most assets are managed on a passive basis and the change in value of assets reflects the movements in markets generally and members’ self-select options. The Trustee does not use leverage in the management of its assets.

Chair's DC Governance Statement, covering 1 October 2023 to 30 September 2024

1. Introduction and members' summary

The **NatWest Group Retirement Savings Plan** (the "Plan") is an occupational pension scheme providing defined contribution ("DC") benefits (a DC pension scheme is where employee and employer contributions are paid into it, and the member chooses their investments, which may include use of a default investment, but bears the investment risk).

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

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

A copy of this Statement can be found at www.natwestgrouprsp.co.uk/library.

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 a very good level during the Plan year, and we are positive about the administrator's strong 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 that can grow with future investment returns.
- Fees for the investment options are set out in this Statement, and we remain comfortable that these fees are very competitive given the circumstances of the Plan and represent very good value for the benefits members obtain.
- Please rest assured that we are looking after your 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 Arrangements

The Plan 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 Plan and who do not choose an investment option are placed into the Drawdown Lifestyle, (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. The default arrangement does not have any performance-based fees associated with it.

A number of other funds are also classified as defaults for some members following past investment changes where members’ funds have been transferred without the members expressing a choice. These are:

- the RSP UK Equity Tracker Fund (the “UK Equity Default”).

- the RSP Cash Fund (the “Cash Default”).

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

Details of the objectives and our policies regarding the default arrangements are set out in a document called the ‘Statement of Investment Principles’ (“SIP”). The Plan’s SIP covering the default arrangements is attached to this Statement as an Appendix.

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

- to provide a default investment option that the Trustee believes to be reasonable for those members that do not wish to make their own investment decisions; and

- to generate returns of CPI + 3 – 5% per annum whilst members are more than 7 years from retirement, but then to switch automatically and gradually to lower risk investments as members near retirement.

The UK Equity Default has the aim and objective of providing a return in line with a broad UK equity index.

The Cash Default has the aim and objective of providing a stable return whilst preserving capital.

A strategy review of the default arrangements must be undertaken at least every three years which covers the strategy (aims, objectives and SIP policies) and performance of the default arrangement(s). The default arrangements were not reviewed during the period covered by this statement. The last review was carried out by way of a process that completed on 14 February 2023.

In addition to triennial strategy reviews, we also review the performance of the default arrangements against their objectives on a quarterly basis. This review includes performance analysis to check that both the historical and expected risk and return levels meet expectations. Our reviews over the Plan year concluded that the UK Equity Default and the Cash default performed in line with their objectives. The Default growth phase outperformed its CPI comparator over the Plan Year. Therefore, we were happy all default strategies met their objectives.

Asset allocation breakdown

We are required to show the asset allocation of the default arrangements. In line with DWP's guidance we have also shown this asset allocation for different ages as at the scheme year end.

Drawdown Lifestyle

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation at retirement %
Cash	4.4%	4.4%	4.4%	35.5%
Corporate bonds (UK and overseas)	9.0%	9.0%	9.0%	32.3%
UK government bonds	3.1%	3.1%	3.1%	7.5%
Overseas government bonds	0.0%	0.0%	0.0%	0.0%
Listed equities	69.8%	69.8%	69.8%	24.8%
Private equity	0.0%	0.0%	0.0%	0.0%
Infrastructure	0.0%	0.0%	0.0%	0.0%
Property	5.6%	5.6%	5.6%	0.0%
Private debt	0.0%	0.0%	0.0%	0.0%
Emerging market debt	4.0%	4.0%	4.0%	0.0%
Other	4.1%	4.1%	4.1%	0.0%

RSP UK Equity Tracker Fund (the "UK Equity Default")

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation at retirement %
Listed equities	100.0	100.0	100.0	100.0

RSP Cash Fund (the "Cash Default")

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation at retirement %
Cash	100.0	100.0	100.0	100.0

3. Requirements for processing core financial transactions

The processing of core financial transactions is carried out by the administrator of the Plan, 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 Plan, switches of assets between different investments within the Plan, and payments to members/beneficiaries.

We recognise that delay and error can cause significant issues for members. They can also cause members to lose faith in the Plan, which may in turn reduce their propensity to save and impair future outcomes. We have received assurance from L&G that there are adequate internal controls to support prompt and accurate processing of core financial transactions. We are satisfied that this is the case based on our monitoring and review process.

L&G operates a formal governance structure that includes delegated authorities, decision making protocols and oversight Committees. This generally helps to ensure no issues arise. Processes in place include daily monitoring of bank accounts and two individuals checking all contribution, investment, and banking transactions to monitor when the Company's contributions are received and ensure timely investment for the members.

A third-party review of the core financial transactions for the Plan is presented to the Trustee each quarter, at the board meeting, by the Plan's external management accountants. A representative from L&G attends monthly Trustee Board meetings and provides administration updates.

The Plan has a Service Level Agreement (“SLA”) in place with L&G, which covers the accuracy and timeliness of all core financial transactions. L&G’s standard target is to aim for 95% of all requests to be completed within the defined SLAs.

The SLA performance for the year, by quarter, is set out in the table below. Where there is a dash, that activity was not undertaken during the quarter in question.

Process	SLA	Average last Plan Year	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Joiner Files	24 hours	100%	100%	100%	100%	100%
Death Payment	5 days	100%	100%	100%	100%	100%
Death Quote	5 days	94%	100%	77%	100%	100%
Divorce Payment	5 days	100%	100%	-	-	100%
Divorce Quote	5 days	100%	100%	100%	100%	100%
Ill Health Payment	5 days	100%	100%	-	-	-
Ill Health Quote	5 days	-	-	100%	-	-
Lump Sum Payment	5 days	99%	100%	100%	94%	100%
Lump Sum Quote	5 days	99%	100%	100%	100%	97%
Maturity Pack	5 days	100%	100%	100%	99%	98%
Retirement Payment	5 days	100%	100%	100%	0%	100%
Retirement Quote	5 days	-	-	-	-	-
Serious Ill Health Payment	5 days	-	-	-	-	-
Serious Ill Health Quote	5 days	-	-	-	-	-
Surrender	5 days	100%	100%	100%	100%	100%
Transfer Payment	5 days	96%	88%	92%	99%	99%
Transfer Quote	5 days	98%	100%	92%	100%	100%
Drawdown Quote	9 days	91%	85%	88%	92%	80%
Drawdown Payment	10 days	89%	-	-	-	-
Customer updates & enquiries	5 days	98%	96%	97%	99%	95%
Statements	5 days	98%	100%	100%	100%	100%
Cash allocation	24 hours	100%	100%	100%	100%	100%
Investment switches	24 hours	99%	99%	100%	100%	100%
Contribution files	24 hours	100%	100%	100%	100%	100%
Leaver Options	5 days	100%	100%	100%	-	-
Transfer In	5 days	99%	100%	100%	100%	100%

SLA performance for individual tasks in each quarter of the Plan Year was generally above L&G’s target of 95%. However, service levels in some areas fell below L&G’s target in individual quarters (e.g. death quotes, Lump Sum payments, Transfer payments, Transfer quotes and Drawdown quotes.), though there does not appear to be a pattern of underperformance in any of these areas.

To help us monitor whether service levels are being met, we receive monthly reports about the administrator’s performance and compliance with the SLA. At board meetings, representatives from L&G and the RSP Trustee support team examine these reports and provide updates on the related activities to improve service. 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. L&G confirmed there were no administration issues over the Plan Year.

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

- L&G was operating appropriate procedures, checks and controls, and operating within the agreed SLA.
- there have been no material administration issues in relation to processing core financial transactions.
- core financial transactions have been processed promptly and accurately to an acceptable level during the Plan Year.

L&G provided an AAF 01/20 Assurance Report on Internal Controls Pension Administration Services for the period covering 1 January 2023 to 31 December 2023. This report gives a description of its investment management services, suitability of design and operating effectiveness of controls and the report of independent service auditors therein. The report confirmed that the controls were operating effectively. An accompanying letter was also provided stating that there was no change to the position as at 30 November 2024.

L&G measures Net Promotor Scores ("NPS"), which is a member satisfaction benchmark that measures how likely members are to recommend the service provider to a friend. It is used as a proxy for gauging the member's overall satisfaction. NPS has generally improved over the Plan Year, with L&G achieving more consistent Net Promoter Scores. was relatively stable over the Plan Year. We use NPS as one of a number of measures with which to monitor member satisfaction. We will continue to monitor the results closely to make sure feedback remains positive and consistent in future quarters.

4. Member borne charges and transaction costs

We are required to set out the ongoing 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 ongoing charges figure ("OCF"). The OCF is paid by the members and is reflected in the unit price of the funds. None of the funds offered by the Plan feature performance related fees. The OCF also includes a 0.06% pa administration cost applied to each fund since members incur these costs. However, as Plan fund charges can fluctuate due to other factors, such as the underlying fund charge, some are higher than last year and others are lower. Over the Plan Year there were no other member borne charges. Members can also pay to receive retirement advice through the Plan if they choose but these costs are not in scope for this Statement. In preparing this section of the Statement, we had regard to the relevant statutory guidance.

We are also required to disclose transaction cost figures. In the context of this Statement, the transaction costs shown are those incurred when the Plan'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. The transaction costs shown may not account for all costs incurred when transacting but the figures are calculated using the slippage cost methodology prescribed under regulation. Transaction costs are borne by members.

The charges and transaction costs have been supplied by L&G. All relevant information has been obtained. 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 (i.e. we would not expect transaction costs to be negative over the long term).

Default arrangements

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. The UK Equity Default and the Cash Default are standalone funds and members invested in these pay the same charges no matter their proximity to their target retirement age.

For the period covered by this Statement, annualised charges and transaction costs are set out in the following table.

The Default (Drawdown Lifestyle) charges and transaction costs (% per annum)

Years to target retirement date	OCF (% pa)	Transaction costs (% pa)
7 or more years to retirement	0.40	0.03
4 years to retirement	0.38	0.02
At retirement	0.31	0.00

Additional Defaults charges and transaction costs

Default fund	OCF (% pa)	Transaction costs (% pa)
UK Equity Default	0.11	0.00
Cash Default	0.12	0.00

Self-select options

In addition to the default arrangement, members also have the option to invest in two other lifestyles, targeting annuity purchase and cash withdrawal and several other self-select funds. The annual charges for these lifestyles during the period covered by this Statement are set out in the tables below.

Annuity Lifestyle charges and transaction costs

Years to target retirement date	OCF (% pa)	Transaction costs (% pa)
7 or more years to retirement	0.40	0.03
4 years to retirement	0.30	0.05
At retirement	0.16	0.05

Lump Sum Lifestyle charges and transaction costs

Years to target retirement date	OCF (% pa)	Transaction costs (% pa)
7 or more years to retirement	0.40	0.03
4 years to retirement	0.31	0.02
At retirement	0.18	0.00

The level of charges 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**.

Self-select fund charges and transaction costs (% per annum)

Fund name	OCF	Transaction costs
UK Equity Tracker Fund	0.11	0.00
International Equity Tracker Fund	0.12	0.00
Emerging Markets Equity Tracker Fund	0.38	0.00
Income Drawdown Fund	**0.37**	**0.00**
Diversified Growth Fund	**0.40**	**0.03**
Lump Sum Fund	0.20	0.00
Annuity Pre-Retirement Fund	0.17	0.07
Index-Linked Gilts Tracker Fund	0.10	0.00
Corporate Bond Fund	0.28	0.00
UK Gilts Over 15 Year Tracker Fund	0.10	0.00
Cash Fund	**0.12**	**0.00**
Property Fund	1.05	0.16

Fund name	OCF	Transaction costs
International Equity Sharia Fund	0.40	0.06
Sustainable Equity Fund	0.88	0.00

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 seven 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 seven years as this is the longest period over which figures were available, and should be more indicative of longer-term costs compared to only using figures over the Plan year.
- The illustration is shown for the Default (the Drawdown lifestyle), as well as the Cash Default and the UK Equity Default and two funds from the Plan'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 Plan Year transaction costs) – **RSP Property Fund.**
  - the fund with lowest annual member borne costs – **RSP UK Gilts Over 15 Year Tracker Fund.**

Projected pension pot in today's money

	Default option		RSP Cash Fund (Cash Default)		RSP UK Equity Tracker Fund (UK Equity Default)		RSP Property Fund		RSP UK Gilts Over 15 Year Tracker Fund	
Years invested	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£2,800	£2,700	£2,700	£2,700	£2,800	£2,800	£2,800	£2,700	£2,800	£2,800
3	£8,600	£8,500	£8,100	£8,000	£8,600	£8,500	£8,600	£8,400	£8,700	£8,700
5	£14,800	£14,600	£13,400	£13,300	£14,800	£14,700	£14,800	£14,400	£15,100	£15,100
10	£32,300	£31,600	£26,400	£26,200	£32,300	£32,100	£32,300	£30,600	£34,000	£33,700
15	£53,100	£51,400	£39,100	£38,800	£53,100	£52,700	£53,100	£49,000	£57,500	£56,800
20	£77,900	£74,400	£51,500	£50,900	£77,900	£77,000	£77,900	£69,600	£86,800	£85,400
25	£107,300	£101,100	£63,600	£62,600	£107,300	£105,700	£107,300	£93,000	£123,300	£120,700
30	£142,200	£132,200	£75,400	£74,000	£142,200	£139,600	£142,200	£119,300	£168,800	£164,400
35	£182,000	£166,900	£86,900	£85,000	£183,600	£179,600	£183,600	£149,100	£225,500	£218,400
40	£213,000	£193,000	£98,100	£95,700	£232,900	£226,900	£232,900	£182,700	£296,200	£285,200

The illustration above shows the impact of charges and investment performance for a new joiner who remains in the Plan until retirement at age 65. It assumes that the new joiner is 25 and starts with a pot size of £0. However, members in differing circumstances can still use the illustration to get a sense of how pension savings grow over a longer period.

For example, if you have a pot size of around £13,000 to £15,000, the table shows how this might grow if you refer to the rows from 5 years invested. Similarly, if you have a pot size of around £40,000 to £50,000, the table shows how this might grow in the rows from 15 years invested. This is different to the approach taken in a sample DWP illustration, but we consider it to be more helpful to the Plan's members. Do please note, however, that these are just illustrations and should not be relied upon to determine a particular outcome. In particular, your personal outcome could be quite different, especially if your salary and contributions are higher or lower than the assumptions noted below.

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. The long-term annual inflation assumption used is 2.5%.

- Annual salary growth is assumed to be 2.5%. 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 £0 as this is representative of a new joiner with 40 years until the Plan's Normal Retirement Age ("NRA").
- The projection is for 40 years, being the approximate duration that the youngest scheme member has until they reach the scheme's NRA.
- The starting salary is assumed to be £28,800 as this is representative of the Value Account (i.e. members' salary plus allowance to spend on employee benefits – total amount can be used to make pension contributions) for younger members (i.e. those under 25 years of age) in the Plan.
- Total contributions (employee plus employer) are assumed to be 9.4% of salary per year as this is in line with the average younger member of the Plan.
- The projected annual returns used are as follows and are consistent with the SMPI assumptions used for members' benefit statements:
  - Default: 3.5% above inflation for the initial years, gradually reducing to 1.0% above inflation at the ending point of the lifestyle.
  - RSP UK Gilts Over 15 Year Tracker Fund: 4.5% above inflation
  - RSP Cash Fund (Cash Default): 0.5% below inflation
  - RSP Property Fund: 3.5% above inflation
  - RSP UK Equity Tracker Fund (UK Equity Default): 3.5% above inflation
- No allowance for active management outperformance has been made.
- These notes describe a slightly different basis to the illustration that is used in the statutory guidance - because this is considered more representative for members of the Plan.

5. Investment returns

This section shows the annual absolute return, after the deduction of member borne charges and transaction costs, for all investment options in which member assets were invested during the Plan Year. We have taken account of statutory guidance when preparing this.

For arrangements where returns vary with age, such as for the default strategy, returns are shown over the various periods for a member aged 25, 45 and 55 at the start of the period the returns are shown over. As all three lifestyles de-risk from 7 years to target retirement age, returns are the same for all but the 5 year period from 55 years old.

Drawdown Lifestyle strategy net returns over periods to Plan year end

Age of member at the start of the period	1 year (%)	5 years[1] (% pa)
25	19.5	8.1
45	19.5	8.1
55	19.5	7.6

Annuity Lifestyle strategy net returns over periods to Plan year end

Age of member at the start of the period	1 year (%)	5 years[1] (% pa)
25	19.5	8.1
45	19.5	8.1
55	19.5	7.4

Lump Sum Lifestyle strategy net returns over periods to Plan year end

Age of member at the start of the period	1 year (%)	5 years[1] (% pa)
25	19.5	8.1
45	19.5	8.1
55	19.5	7.4

[1] **NB:** Calculations are based on member age at the start of the period, rolling forward five years. For example, the five year return for a member aged 55 at the start of the period covers the lifestyle strategy that applies for five years from age 55 onwards.

Self-select fund net returns over periods to Plan year end

Fund name	1 year (%)	5 years (% pa)
UK Equity Tracker Fund	12.7	5.8
International Equity Tracker Fund	21.4	11.7
Emerging Markets Equity Tracker Fund	14.3	3.9
Income Drawdown Fund	12.8	3.4
Diversified Growth Fund	19.5	8.1
Lump Sum Fund	7.3	3.1
Annuity Pre-Retirement Fund	11.0	-4.9
Index-Linked Gilts Tracker Fund	7.2	-8.7
Corporate Bond Fund	13.7	-3.7
UK Gilts Over 15 Year Tracker Fund	10.4	-10.5
Cash Fund	5.3	2.0
Property Fund	7.2	1.5
International Equity Sharia Fund[1]	26.7	N/A
Sustainable Equity Fund[2]	N/A	N/A

[1]The Fund was added to the Plan in August 2022; therefore, a 5-year return is not yet available.
[2]The Fund was added in July 2024; there, 1- and 5-year returns are not available.

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 Plan. The date of the last review was 15 January 2025 (covering the Plan year 1 October 2023 to 30 September 2024). 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. Our investment advisers have confirmed that the fund charges are competitive for the types of fund available to members. None of the fund options offered by the Plan feature performance-related fees.

Our assessment included a review of the performance of the Plan'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. The benchmarks of some of the investment funds available to members (e.g. the Diversified Growth Fund) are linked to inflation, so we note that performance may not always meet these objectives over the shorter term, for example in periods of falling markets where inflation is positive.

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

- our oversight and governance, including ensuring the Plan is compliant with relevant legislation, and holding regular meetings to monitor the Plan and address any material issues that may impact members.
- the design of the default arrangements 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 Plan website where members can access fund information online.

- the efficiency of administration processes and the extent to which the administrator met or exceeded its service level standards.

The summary below sets out the Trustee's rating and the high-level rationale behind it. The Trustee has chosen a rating system ranging across poor, fair, good and very good.

Assessment area	Rating	Comments
Costs and charges	Very good	The costs and charges for the default investment strategy range from 0.31% pa to 0.40% pa depending on where a member is in the strategy. Costs and charges of the self-select fund range have been compared with other schemes where administration charges are included. The fees offered on most funds are highly competitive and represent very good value for money for members.
Default strategy	Very good	The Trustee believes the current Strategic Asset Allocation of the default investment and life-styling provides an appropriate level of expected return while protecting, to a sufficient degree, the interests of different cohorts of members. It provides a de-risking strategy in line with how the Trustee believes the majority of members will take benefits. The growth phase of the default achieved a positive return during the Plan Year and outperformed its CPI comparator. Performance in the growth phase was helped in part by the inclusion of a c.18% allocation to illiquid assets. The Trustee has compared the risk adjusted investment return of the default against appropriate comparators and concluded that returns relative to risk compare favourably to the market.
Alternative investment options	Very good	Other de-risking strategies and a carefully selected range of individual investment options are available for members to select as an alternative to the default arrangement if they wish. The Trustee has compared the individual mandates and individual fund options against appropriate benchmarks and concluded that returns of the alternative investment options are broadly in line with their objectives. The Trustee introduced a new self-select fund in July 2024, the NatWest Sustainable Equity Fund, which has a strong sustainability focus and invests in companies with high ESG standards.
Administration	Very good	Administration services are generally of a good standard. Call waiting times and abandonment rates remained within SLA targets over the Plan Year, while customer satisfaction scores increased, supporting a better administration experience for members. SLA performance was above the 95% target on average during the Plan Year, although some tasks were completed outside SLAs.
Communications	Very good	The Trustee has a communications plan which covers all the key activities for the coming year. A wide range of communications are undertaken, in conjunction with the Bank and L&G. The breadth of approach caters for different types of members (eg those accumulating pots and those looking to access their benefits) and there have been ongoing developments, including a bi-monthly member newsletter which provides members with relevant and timely information as well as a new member website. Effectiveness and engagement levels of member communications are also regularly monitored. Members receive significant support and encouragement to take ownership of their retirement savings and make the key decisions to get good outcomes.
Governance	Very good	The Board has an appropriate number of Trustee Directors for the size and complexity of the Plan, and its make-up is broadly comparable to that of other larger defined contribution schemes such as master trusts. The effectiveness of the Board is regularly reviewed to ensure Trustee Directors are appropriately skilled and suitably diverse. The Trustee has a risk management process in place to satisfy themselves that the Plan is being well-managed in accordance with the law and the Plan's Trust Deed and Rules.

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.

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 Plan are receiving very good value for money for the charges and cost that they incur, for the reasons set out in this section.

7. Trustee knowledge and understanding

We are required to maintain appropriate levels of knowledge and understanding to run the Plan 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 are material. During the period covered by this Statement, we received training on the following topics: Master Trusts; retirement and financial planning; Equity, Diversity and Inclusion.

We have also maintained appropriate levels of knowledge and understanding over the Plan Year by testing our understanding with advisers at monthly Trustee meetings and taking advice accordingly and receiving briefings on regulatory updates and changes in the Defined Contribution market from advisers.

Each year, we attend a strategy day (which itself includes topical external training sessions) to review and agree current and future business plans. The business plan included the following for the next Plan Year:

- Trustee training plan in place
- Continued work on the Plan’s Own Risk Assessment
- Annual Plan audit
- Skills matrix and RACI matrix maintained
- Risk register reviewed annually and deep dive sessions quarterly
- Board and Adviser evaluation exercise
- Long-term strategy planning, including monitoring budget and spend, and forecasting budget and future projects

We are familiar with and have access to copies of the Plan’s governing documentation and documentation setting out our policies, including the Trust Deed & Rules and SIP (which sets out the policies on investment matters) through regular use, review, and comment from our advisers. In particular, we refer to the Trust Deed and Rules as part of considering and deciding to make any changes to the Plan, and the SIP is formally reviewed annually and as part of making any change to the Plan’s investments. Furthermore, through discussion, questioning, and adviser support at regular meetings (and outside of the meeting cycle) 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. All the Trustee Directors 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). Regular training is provided on aspects of the Trustee Knowledge and Understanding requirements. Other training relates to topical items or specific issues under consideration and during the Plan year.

A training log is maintained in line with best practice and the training programme is reviewed annually to ensure it is up to date. Additionally, the Plan has in place a structured induction process for new trustee Directors, which includes meeting all of the Plan's advisers and service providers; this introduces new Trustee Directors to the Plan's governing documentation and policies, SIP and investment options together with pension and trust law. They are expected to complete the Pensions Regulator online Trustee Toolkit within six months of appointment, as part of the thorough induction process for new Trustee Directors.

Typically, a questionnaire is used to conduct an annual evaluation of our knowledge and to help to identify training needs. We also typically conduct an annual evaluation of the performance and effectiveness of the Trustee Board as a whole is measured against the objectives of the Plan's business plan. As a result of a change in meeting scheduling, these activities took place outside the Plan year to 30 September 2024. The Trustee concluded that it has sufficient knowledge and understanding to manage the Plan.

Moreover, we have put in place arrangements to ensure that we take personal responsibility for keeping ourselves up to date with relevant developments and carry out self-assessment of training needs. In this way, knowledge gaps are identified and addressed as reviewed as part of the training log review annually. The Trustee's investment and legal advisers provide updates at monthly board meetings to ensure the Trustee remains up to date with relevant developments.

The Trustee Directors typically undertake an annual evaluation of the performance and effectiveness of the board as a whole, measured against the objectives of the Plan's business plan. This happened after the Plan Year-end; and the outcome of this review will be reported in next year's report.

Our combined knowledge and understanding, together with available advice, enables us to exercise our functions in the following ways:

- to manage the affairs of the Trustee and its service providers in an effective manner.
- to meet compliance requirements in relation to administration and reporting.
- to invest the Plan's assets effectively and in line with legal and regulatory standards.
- to make decisions on the correct legal footing.
- generally, to support good outcomes through engagement and communications exercises.

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 Trustee Directors of the Plan properly and effectively.

____ Date: __________________

Signed by the Chair of Trustees of the NatWest Group Retirement Savings Plan

The NatWest Group Retirement Savings Plan (the Plan)
Statement of Investment Principles as at 15 May 2024

BACKGROUND

Introduction

1. Under Section 35 of the Pensions Act 1995, subsequently amended by the Pensions Act 2004, the Occupational Pension Schemes (Investment) Regulations 2005 (the "**Investment Regulations**") and the Occupational Pension Schemes (Charges and Governance) Regulations 2015, trustees are required to prepare a statement of principles governing decisions about investments for their pension funds. This document contains that statement and describes the investment policy pursued by NatWest Group Retirement Savings Trustee Limited) in its capacity as the trustee (the '**Trustee**') of The NatWest Group Retirement Savings Plan (the '**Plan**').

2. The Trustee has given consideration to the principles of investment for defined contribution schemes, as contained in the Myners Review of Institutional Investment in the United Kingdom and is committed to adopting them where desirable and appropriate.

3. In preparing the Statement of Investment Principles (the '**SIP**'), the Trustee has consulted National Westminster Bank plc (company number **00929027**) (the '**employer**'), and the Trustee will consult the employer before revising this document. However, the ultimate power and responsibility for deciding investment policy lies solely with the Trustee.

4. The Trustee takes written investment advice from appointed investment advisers ("**Investment Advisers**") which considers the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The Trustee has satisfied itself that its Investment Advisers are qualified in, and have appropriate knowledge and experience of, the management of the investments of schemes such as the Plan. Advice is taken in relation to the choosing and (at appropriate intervals) retention of investments.

5. The responsibilities under the remit of Trustee and other stakeholders are set out in **Appendix C: Roles & Responsibilities** and (particularly in relation to the RBS Investment Executive) the investment management and advisory agreement ("IAMA").

6. The Trustee will review the SIP, in consultation with its Investment Advisers, at least every three years; and without delay after any significant change in investment policy or the circumstances of the Plan (as described more particularly in the relevant legislation). In preparing the SIP the Trustee has had regard to the requirements of the Pensions Act 1995 (the "**1995 Act**") and any subsequent amendments / relevant statutory instruments and will consider those requirements on any review of this document or any change in its investment policy. The Trustee will refer to the SIP where necessary to ensure that it exercises its powers of investment so as to give effect to the principles set out in it as far as is practicable.

7. In accordance with the Financial Services and Markets Act 2000, the Trustee will set a general investment policy, but will delegate the responsibility for selection of specific investments either directly to an appointed investment manager or managers. The investment managers shall provide the skill and expertise necessary to manage the investments of the Plan competently and in accordance with the principles of this SIP. The Trustee has appointed RBS Investment Executive, an asset manager ("**Asset Manager**"), to manage the underlying funds offered to members under delegated authority as set out in the **IAMA**.

8. For completeness and to support the operation of the IAMA, **Appendix D: Investment Strategy** is appended to this SIP

9. When choosing investments, the Trustee and the Asset Manager (to the extent delegated) is required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005, the Occupational Pension Scheme (Charges and Governance) Regulations 2015 and the principles contained in this statement.

10. In determining the investment arrangements, the Trustee also took into account the best interests of members and beneficiaries by considering;

    i. the profile of the membership and what this was likely to mean for the choices members might make upon reaching retirement;

    ii. the risks and rewards of a number of different lifestyle strategies; and

    iii. the need for appropriate diversification within the default strategy and between other investment options offered to members.

Structure of the Plan's Investment Arrangements

11. The Trustee decided to offer a number of unit-linked investment options (the investment '**Funds**'), in which members' contributions will be invested. Each investment fund is linked to one or more underlying investment vehicle chosen by or under the authority of the Trustee; these underlying investment vehicles include both active and passive management strategies.

12. Each investment fund and its underlying investment vehicle(s) has a specific set of performance objectives, which are consistent with the overall objectives of the Plan, the level of skill and risk being exhibited by the managers and the overall risk tolerance of the Trustee. The SIP sets out the range of investment funds, their specific performance objectives and the current underlying investment(s).

13. The Trustee has entered into a contract with a platform provider, which makes available the range of investment options to members. There is no direct relationship between the Plan and the underlying investment managers of the investment funds. The Trustee has signed an agreement with a platform provider in respect of the Plan, setting out in detail the terms on which the platform

operates. The Trustee also has a limited amount of Plan assets held outside of the platform, including a policy in place with Standard Life in relation to a with-profits policy, as a legacy of a transfer into the Plan.

14. Upon joining, members have the opportunity to self-select a Fund. Those that do not are allocated to the default investment arrangement ("**Default**") known as the "Drawdown Lifestyle Option". For technical reasons, the Plan has further defaults.

15. The UK Equity Tracker Fund (the "**UK Equity Default**") which only applies to small group of members historically and is not used as the default investment arrangement for new joiners to the Plan. The Cash Fund (the "Cash Default"), which received contributions intended for the Property Fund while the Property Fund was gated as a consequence of the COVID-19 pandemic. Given the structure of the Plan's investments, this SIP relates to the Drawdown Lifestyle Option except where specific reference is made to the UK Equity Default, the Cash Default and the self-select options or otherwise.

16. The day-to-day selection of investments in the Default is delegated to the Asset Manager, RBS Investment Executive and Legal & General. The Asset Manager is authorised and regulated by the Financial Conduct Authority.

17. Information which supplements the content of **GOVERNANCE: POLICIES** and **GOVERNANCE: DEFAULT INVESTMENT ARRANGEMENTS** is set out in **Appendix A**: **INVESTMENT OPTIONS**.

18. In this SIP the aims and objectives of the Default and the policies together comprise "**the Default strategy**". Similar principles apply in relation to the strategy for the UK Equity Default and Cash Default.

GOVERNANCE: POLICIES

19. Under the Investment Regulations, the SIP is required to include policies relating to various aspects of investment. The following considerations, taken into account by the Trustee, form part of the policies in each case as appropriate:

   i. the profile of the membership and what this was likely to mean for the choices members might make upon reaching retirement;

   ii. the risks and rewards of a number of possible asset classes and different lifestyle strategies and whether the return expected for taking any given investment risk is considered sufficient given the risk being taken;

   iii. the need for appropriate diversification within the Default, UK Equity Default, Cash Default and between the other investment options offered to members to ensure that, for each such option, both the overall level of investment risk and the balance of individual asset class risks are appropriate;

   iv. the need for appropriate diversification within the other investment options offered to members;

v. any other considerations which the Trustee considers financially material over the periods until members' retirement, or any other timeframe which the Trustee believes to be appropriate; and

vi. the Trustee's investment beliefs about how investment markets work and which factors are most likely to impact investment outcomes.

20. The UK Equity Default is designed to provide a return in line with a broad UK Equity index. It is a default only on a technicality on the basis that it received assets from a closed actively managed UK equity where there was no alternative member investment instruction.

21. The Cash Default is designed to provide stability and capital preservation. It is a default only on a technicality and is intended, outside of a prior member instruction, only to have contributions allocated to it as a temporary measure during Property Fund gating. As the gating has now lifted, contributions allocated to the Cash Default in the meantime have been allocated to the Property Fund in accordance with member instructions. The Cash Default remains a default arrangement despite the movement of funds allocated to it moving back to the Property Fund.

Choosing investments

22. As required by Regulation 2(3)(a) of the Investment Regulations, the Trustee's policy for securing compliance with the requirements of section 36 of the 1995 Act (choosing investments) is set out in this section.

23. The Trustee considered a wide range of asset classes for investment, and the expected returns and risks associated with those asset classes, as well as how these risks can be mitigated where appropriate. The key financial assumption made by the Trustee in determining the investment arrangements for the Default and the UK Equity Default is that equity-type investments, over the long-term, will outperform gilts. The Cash Default is chosen since it offers stability and is expected to provide a return in line with the UK money market.

Kinds of investments

24. As required by Regulation 2(3)(b)(i) of the Investment Regulations, the Trustee's policy for the kinds of investment to be held is set out in this section.

25. The Asset Manager may invest in a wide range of investment instruments including equities, bonds and property. The investments in each fund will depend on the nature of the fund, its objective and benchmark and the risk controls which operate.

Balance between different kinds of investments

26. As required by Regulation 2(3)(b)(ii) of the Investment Regulations, the Trustee's policy for the balance between different kinds of investment is set out in this section.

27. When choosing the type of investments, consideration will be given to the Trustee's policy to ensure there is an appropriate balance between the different kinds of investments, in the

Default, UK Equity Default, Cash Default and self-select Funds. General considerations set out in section 15 also apply.

Risks, including the ways in which risks are to be measured and managed

28. As required by Regulation 2(3)(b)(iii) of the Investment Regulations, the Trustee's policy for measurement and management of risk is set out in this section.

29. The Trustee recognises a number of risks involved in the investment of the assets of the Plan, and monitors these risks on a regular basis:

i. Diversification - The choice of benchmarks is designed to ensure that the Plan's investments are adequately diversified. In addition, the specific investment objectives for each Fund ensure that the Plan avoids undue concentration at a stock selection level. The Trustee believes that the Plan's Default is adequately diversified between different asset classes and within each asset class and the fund options offered provide a suitably diversified range for members to choose from. This was a key consideration when determining the Plan's investment arrangements and is monitored by the Trustee on a regular basis. In addition, the Trustee believes that the UK Equity Default is adequately diversified within the UK equity asset class.

ii. Underperformance and manager risk is managed by monitoring the actual deviation of returns relative to the benchmarks (taking into consideration factors that support the manager(s)' investment process) and by offering members index tracking options. As members' benefits are in part dependent on the investment returns achieved, it is important that investment options are available which can be expected to produce adequate real returns over the longer term. Accordingly, equity and equity-based funds, which are expected to provide positive returns above inflation over the long term, have been made available to members and feature in the growth phase of the Default strategy. To reduce the chance of a sharp deterioration in members' benefits close to retirement, the Trustee has made the Default a "lifestyle" strategy.

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

iv. Political risk is the risk of an adverse influence on investment values arising from political intervention and it is managed and monitored by regular reviews of the investment processes adopted by the Asset Manager.

v. Suitability - The Trustee has taken advice from its investment consultant to ensure that the underlying investment vehicles are suitable as linked investments for the Plan's investment funds.

vi. The risk of fraud and/or dishonesty is mitigated through a crime insurance policy, and internal and external audit.

vii. 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. The Trustee seeks investment options that address these risks and to appoint investment managers who will manage these risks appropriately on its behalf. From time to time it reviews how these risks are being managed in practice.

30. In addition to these risks the Trustee recognises that members face four specific investment risks in a defined contribution arrangement; inflation, capital, sequencing and pension conversion. These risks and the Trustee's objective for each risk are considered below:

i. Inflation risk is the risk that investments do not provide a return at least in line with inflation, such that the 'purchasing power' of the ultimate fund available to provide the benefits is not maintained. To mitigate this risk the Trustee provides investment options which are expected to provide long-term rates of return that match or exceed inflation.

ii. Capital risk is the risk that the monetary value of a member's account falls. To mitigate this risk the Trustee provides investment funds that offer different levels of capital protection, for example the Cash Fund. Early in the members' journey to retirement this risk is less significant and is managed in the Default strategy using diversification. As members in the Default strategy approach retirement, it becomes significantly more important and so the strategy de-risks over the 7 years prior to retirement to mitigate the risk of an expected loss close to retirement.

iii. Sequencing risk is the risk that a member is disadvantaged by the timing of their investments and disinvestments. For example, the member may contribute in times where market prices are high and withdraw benefits when prices are low. To mitigate this risk, the Default strategy uses a Diversified Growth Fund to reduce the amount of volatility compared to that of equity markets. This risk is also mitigated by member contributions being typically paid on a monthly basis.

iv. Pension conversion risk is the risk that assets held do not match fluctuations in annuity rates as a member approaches retirement. To manage this risk the Trustee provides two investment funds whose returns generally reflect changes in long term interest rates in the belief that the cost of many annuities will be based, at least in part, on these rates.

Expected return on investments

31. As required by Regulation 2(3)(b)(iv) of the Investment Regulations, the Trustee's policy expected return on investments is set out in this section.

32. The single most significant contributor to long term returns will be the strategic asset allocation. Within the Diversified Growth Fund ("**DGF**"), the Trustee should not seek to add value by making short term asset allocation changes. However, it can add value by making longer term asset allocation decisions, based on the appropriate advice.

33. Diversification is an important means of reducing risk to members and of reducing the disparity of outcomes between different cohorts of members. Within the DGF, this is achieved by investment in a wide range of asset classes and is monitored by sources of return, style, sector and geography as well as by asset type. Assets will be selected on the basis of a positive beta risk premium and the basis of their contribution to the total risk and expected return, not its expected risk and return in isolation. Within the UK Equity Default, diversification is achieved through investing in a wide range of companies from different geographical regions and different sectors of the market. The Cash Default is not chosen for expected returns, it is designed to offer stability.

34. The Trustee does not believe that leverage is appropriate within its strategic asset allocation or support the use of levered beta to achieve returns. The Trustee invests in some underlying funds which have leverage in order to seek to achieve their required returns or manage risk.

35. Asset classes exhibit a degree of mean reversion and, therefore, all other things being equal, rebalancing enhances returns. The Trustee seeks to use cash-flows to maintain alignment with the strategic benchmark in order to minimise transaction costs.

36. Whilst some active managers will outperform over long periods, the ability to spot these managers ex-ante is difficult and active fees make the net return for our members unlikely to exceed that of a passive alternative in the equity space.

37. The forward swap and gilt curves are the best estimates of the probability of the future course of inflation and interest rates.

38. Capitalisation weighted benchmarks are sub optimal and/or unnecessarily risky in the corporate bond space.

39. The Trustee does not seek to avoid owning assets that correlate with the employer / Bank in a stressed scenario as it believes that the majority of members of participating schemes may have more than one employer over their savings period.

40. Fees are a drag to performance and the Trustee should seek the lowest fee possible whilst taking into account the operational, business and investment risks of the underlying fund manager. Transaction costs are a drag on performance and all other things being equal should be minimised. The Trustee is comfortable with the vast majority of members investing in a lifestyle option. Investment outcomes are not necessarily improved by engagement with members. However, an accurate Target Retirement Date is an important influence in investment outcomes for members.

Realisation of investments

41. As required by Regulation 2(3) (b)(v) of the Investment Regulations, the Trustee's policy on realisation of investments is set out in this section.

42. The Trustee is aware of the importance of fund liquidity and the risk that core financial transactions, such as investing members' contributions, are not processed promptly due to lack of liquidity in the investments. The Trustee manages this risk by only using pooled funds within the Default, UK Equity Default and diversifying the strategy across different types of investments. The Cash Default is more easily realisable.

43. The Trustee's preference is for investments that are readily realisable but recognises that achieving a well-diversified portfolio may mean holding some investments that are less liquid (eg property). In general, the Trustee's policy is to allocate the majority of assets within the DGF in the Default to daily dealing funds with a small proportion of the DGF allocated to non-daily dealing funds. Cash flows are used to rebalance the DGF's assets towards the strategic asset allocation on a daily basis. This ensures that the DGF provides daily liquidity to members.

44. As such the investment funds all provide daily liquidity. The members' accounts are held in funds that can be realised to provide pension benefits on retirement, death, or earlier on to transfer to another pension arrangement. The liquidity of the underlying assets of each fund, and how it is managed, is monitored by the investment consultant, in conjunction with the RBS Investment Executive, as part of its responsibilities.

Illiquid Investments

45. As required by Regulation 2A (1) (aa) and 2A (1A) of the Investment Regulations, the Trustee's policy on illiquid assets is set out below.

46. The Trustee's preference is for investments that are readily realisable but recognises that achieving a well-diversified portfolio may mean holding some investments that are illiquid. In general, the Trustee's policy is to allocate the majority of assets within the Default to daily dealing funds with a small proportion of the Default allocated to illiquid non-daily dealing funds. Members aged between 18 and 65 (assuming a target retirement age of 65) will have investments in illiquid assets. The illiquid assets invested in by the Plan are accessed via collective investment schemes.

47. The illiquid asset investments in the Default are insurance-linked securities, UK property, renewable energy infrastructure and distressed credit. The Trustee's policy is to have exposure to illiquid assets within the Default because it believes that this offers members a greater level of diversification and hence better risk management in the overall asset allocation. The Trustee also believes that long-term net risk-adjusted investment returns of the Default may be improved by investing in illiquid assets. Although illiquid investment options in the market remain limited relative to more traditional asset classes, the Trustee believes that the expertise RIEL has developed in this area means it is well-placed to take advantage of available opportunities.

48. It is the Trustee's intention to remain invested in illiquid assets in the future. The Trustee may increase the size of investments in illiquid assets in future if it believes this to be in the best interest of members, taking into account the extent to which investments must be realisable in a timely manner for retirements and transfers.

Financially material considerations

49. As required by Regulation 2(3) (b)(vi) of the Investment Regulations, the Trustee's policy for financially material considerations is set out in this section. This is a requirement from 1 October 2019.

50. The Trustee has considered how financially material considerations (including ESG) and non-financially material considerations (e.g. ethical factors) should be taken into account in the selection, retention and realisation of investments, over short-, medium- and long-term time horizons of the Plan and its members. The Trustee considers the appropriate long-term time horizon to be over 40 years in the circumstances of a defined contribution scheme with a wide age range of members.

51. The Trustee recognises that it has an important influence on the Plan's approach to ESG and other financially material considerations through its investment strategy and manager selection decisions. The extent to which ESG considerations are taken account of in the selection, retention and realisation of investments can be seen below.

52. Given that most of the Default's risk asset exposure is to passive equity, the Trustee believes that engaging with managers (who will in turn engage with investee companies) to reduce the potentially negative impact of ESG risks is the most effective way of improving expected risk adjusted returns in the portfolio.

53. Climate risk represents both a threat and an opportunity to the Plan and the Trustee would welcome the development of investment strategies to exploit this opportunity particularly within illiquid assets.

54. These financially material considerations are assessed and monitored with manager input and policies, as detailed below. The relative importance of these factors compared to other factors will depend on the asset class being considered.

55. The financially material considerations are taken into account in the selection, retention and realisation of investments by the Asset Manager. The Asset Manager does this in different ways depending on the mandate and the asset class as follows:

    I. Equity managers – those which invest in line with market capitalisation are expected use stewardship to influence companies to take account of this risk.

    II. Bond managers – where actively managed, these managers are expected to integrate the financially material considerations into their investment process.

Where passively managed, the bond managers are expected use stewardship to influence companies to take account of these risks.

III. Alternative asset managers – these managers actively select investments based on their future risk and return potential and as such, consider the financially material risks as part of their investment process.

56. In general, the Trustee monitors and manages these financially material considerations by expecting all of its investment managers (including the Asset Manager and any underlying investment managers) to take account of financially material considerations (including climate change and other ESG considerations). The Trustee seeks to appoint managers that have appropriate skills and processes to do this, and regularly reviews how its managers are taking account of these issues in practice.

57. The Trustee has limited influence over managers' investment practices where assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate. It does this by writing to managers for further information and explanation when specific issues are highlighted by its Investment Advisers. If the Trustee does not receive a satisfactory response, the relevant investment manager will be invited to attend a Trustee Board meeting. Specific issues include: a poor voting record showing a lack of enforcement, a low number of engagements with companies or a lack of commitments to industry codes or organisations such as the UK Stewardship code.

Non-financially material considerations

58. As required by Regulation 2(3)(b)(vii) of the Investment Regulations, the Trustee's policy for non-financially material considerations is set out in this section. This is a requirement from 1 October 2019.

59. The Trustee notes empirical evidence from a number of sources that pension scheme members are likely to welcome the integration of ESG factors into portfolios. This includes evidence from a Deliberative Democracy exercise the Trustee carried out over the course of 2022, which involved a number of education and discussion sessions after which a small but representative group of members ranked sixteen beliefs around pension investment. The output of this exercise revealed a general preference from members to 'invest in a more resilient and positive future' and to 'engage actively, creating avenues for members to have more say in their pension and investments'.

60. The Trustee has decided not to take non-financial considerations into account in the selection, retention and realisation of investments, however the output of the Deliberative Democracy exercise has been taken into account in respect of stewardship and governance decisions. For this purpose, non-financial matters includes the views of the individual members and beneficiaries as the Trustee is of the view that there's still a lack of consensus of ethical views amongst the member base.

Stewardship & Voting rights

61. As required by Regulation 2(3)(c) of the Investment Regulations, the Trustee's policy in relation to stewardship & voting rights is set out in this section. This is a requirement from 1 October 2019 duly updated for further requirements applicable from 1 October 2020.

62. The Trustee expects the underlying fund managers to follow best practice Engagement, Stewardship and Governance practices.

63. The Trustee recognises its responsibilities as an owner of capital. It believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments and are the most effective way of mitigating systemic ESG risks. The Trustee has delegated to the Asset Manager the exercise of rights attaching to investments, including voting rights and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.

64. Where requested by its managers, the Trustee is prepared proportionately to engage directly with companies and other relevant parties, to improve the impact of engagement.

65. The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time the Trustee reviews how these are implemented in practice. It expects its investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustee from time to time, taking into account the long-term financial interests of the beneficiaries.

66. The Trustee has considered both engagement and exclusion as means of integrating ESG factors into the passive equity exposure within the Default fund. It is strongly supportive of engagement as a means of improving the behaviour of market participants, thereby improving the returns delivered by the market as a whole. The Trustee has a general preference for engagement over exclusion, however in certain cases it is supportive of exclusions where it believes that engagement is unlikely to be successful. These cases are also those where the Trustee believes holding such companies may result in risks to financial value. It is not supportive of exclusions that simply result in the ESG problem being moved to different ownership, where scrutiny and challenge may be less robust.

67. The Trustee notes members can benefit from a secondary effect by simply relying on the efforts of other market participants. However, as one of the largest UK DC schemes, the Trustee believes it has an obligation to support market leading behaviours by helping to set an example. It believes that our members are more likely to enjoy stable incomes in retirement in a world where rises in global temperatures are limited and other ESG risks are well managed.

68. The above policies also apply to the UK Equity Default as a pooled fund which makes up part of the self-select range. There is no meaningful application to the Cash Default.

Asset manager arrangements

69. As required by Regulation 2(3)(d) of the Investment Regulations, the Trustee's policy in relation to asset manager arrangements is set out in this section. This is a requirement from 1 October 2020.

70. The Asset Manager and the platform provider are appointed by way of contractual terms. These contractual terms, the associated fee structures and accountability measures (eg performance and other reporting) essentially constitute the "arrangements" with asset managers (since there is no direct relationship between the Plan and the underlying investment managers of the DC investment funds).

71. When considering new investment funds or selecting direct investment options the Trustee's selection and de-selection criteria for assessing investment managers will include considerations set out in **Appendix B: Manager Selection and De-Selection**.

72. The Asset Manager has full discretion for undertaking engagement activities in respect of the investments and the Trustee adopts a monitoring and engagement role:

   i. with relevant persons (which term includes (but is not limited to) an issuer of debt or equity, an investment manager, another stakeholder or another holder of debt or equity);

   ii. about relevant matters includes (but is not limited to) matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance.

73. Under the Investment Regulations the Trustee must document the methods by which and the circumstances under which the Trustee monitors and engages with the relevant persons about relevant matters.

74. The Trustee believes in the importance of monitoring the investment Funds and the underlying investment managers as a means of creating long term relationships which should increase the likelihood of meeting the performance objectives. The detailed monitoring responsibility is delegated to the Investment Advisers who meet with the underlying investment managers at regular intervals to review performance, investment policy and compliance.

75. Under the arrangement with the Asset Manager, the Trustee has limited influence over the underlying managers' investment practices because all the Plan's assets are held in pooled funds, but it encourages its underlying managers to improve their practices where appropriate. However the Trustee does have policies in relation to the underlying manager, as set out below.

76. The Trustee's view is that the fees paid to the Asset Manager and underlying managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice, underlying managers cannot fully align their strategy and decisions to the (potentially

conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

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

78. The Trustee evaluates underlying manager performance by considering performance over both shorter (quarterly) and longer-term periods (5 years and more) as available. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

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

80. The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the underlying managers. The Trustee expects its Investment Advisers to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Plan's investment mandates. The Trustee then reviews these figures and monitors the level of the costs and turnover.

Regulation 2(3)(d)(i)

81. Asset managers are incentivised to align their investment strategies with the Trustee's policies mentioned in this SIP. There is no specific performance incentive. Instead, the Asset Manager is required to do this through the IAMA and in particular through the selection of the funds and associated reporting.

Regulation 2(3)(d)(ii)

82. The Trustee considers that performance in the medium to long term can be improved where asset managers (i) make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity; and (ii) engage with issuers of debt or equity. There is no specific incentive. Instead, the Asset Manager is required to do this through the IAMA and in particular through the selection of the funds and associated reporting.

Regulation 2(3)(d)(iii)

83. The performance of the Asset Managers is assessed and evaluated over the long-term (5 years or greater) by Investment Advisers through measurement of the DGF. The remuneration of asset managers is not based on performance fees but ad valorem. SIP policies (i.e. kinds of investment, balance of investment, risks, expected return, realisation and ESG (financial / non-financial factors) are taken into account in the measurement of the DGF and the ad valorem payment avoids the possibility of departing from the SIP policies to gain higher performance fees

Regulation 2(3)(d)(iv)

84. The Trustee monitors the costs incurred by the Asset Manager in the buying, selling, lending or borrowing of investments by way of the annual transaction cost report and value for money statement. The Trustee does not have a targeted portfolio turnover - being the frequency with which the assets are expected to be bought/sold. The Trustee does not, therefore, have cause to monitor whether this targeted portfolio turnover (or turnover range – being the minimum and maximum frequency within which the assets of the scheme are expected to be bought or sold) is met. Instead the Trustee continues to monitor such costs and take account of them for governance purposes.

Regulation 2(3)(d)(v)

85. The duration of the arrangements with the Asset Manager and underlying managers has no specified contract length but can be terminated subject to the terms of the contract.

GOVERNANCE: DEFAULT INVESTMENT ARRANGEMENTS

86. Under the Investment Regulations, the SIP is required to include content relating to default investment arrangements. To recap, the Plan has three such default investments arrangements, the latter two arising on a technicality due to circumstance:

    I. the " Drawdown Lifestyle Option", referred to throughout as the **Default** which is the investment into which members are auto-enrolled unless they self-select an alternative;

    II. the "UK Equity Default", which is a pooled fund generally offered as a self-select option; and

    III. the "Cash Default" which is, a cash option also generally offered as a self-select option.

Aims & Objectives

87. As required by Regulation 2A(1)(a) of the Investment Regulations, this section sets out the aims and objectives of the Trustee in respect of the default investment arrangements.

88. The Trustee's primary objective for the Default and self-select range is to provide members with access to a:

i. range of investment options that will generate income and capital growth which, together with new contributions from the members, will provide an appropriate fund at retirement. The range of investment options is designed to be wide enough to allow members to manage changes in investment risk tolerance throughout their working life; and

ii. default investment option that the Trustee believes to be reasonable for those members that do not wish to make their own investment decisions. The objective of the Default option is to generate returns of CPI + 3 – 5% whilst members are more than 7 years from retirement, but then to switch automatically and gradually to lower risk investments as members near retirement.

89. The UK Equity Default is a technical default (having arisen by way of circumstance) and the objective for is to provide a return in line with a broad UK equity index. The Cash Fund has the objective of providing a return in line with the UK money market. This objective forms part of the range described above.

Default policies

90. As required by Regulation 2A(1)(b) of the Investment Regulations, the policies for the Default, UK Equity Default and the Cash Default are set out in **GOVERNANCE: POLICIES** above.

91. The Trustee has made available a range of investment funds for members. Each member is responsible for specifying one or more funds for the investment of their account, having regard to their attitude to the risks involved. If a member does not choose an investment option, their account will be invested into the Default, which is managed as a "lifestyle" strategy (i.e. it automatically combines investments in proportions that vary according to the time to target retirement age).

Strategy & Member Best Interests

92. As required by Regulation 2A(1)(c) of the Investment Regulations, this section explains how the default strategy ensures that investment is in the best interests of members (and beneficiaries).

93. For these purposes, the Default strategy comprises the aims and objectives mentioned above and the policies mentioned in **GOVERNANCE: POLICIES** above.

94. The Default was designed to be in the best interests of the majority of the members. Members' best interests were established by reviewing the demographics of the Plan's membership and determining members' expected needs. It was found that members' investment needs change as they progress towards retirement age. Younger members and those with more than 7 years to retirement have a greater need for real growth to attempt to ensure their investment accounts keep pace with inflation and, if possible, salary escalation. Younger members will also, all other things being equal, have a greater tolerance for fluctuations in returns, as they have both a longer time horizon and potentially greater human capital (human capital is the income or salary that a person will earn during their future working life; the higher the human capital the greater the tolerance for fluctuations in the accumulated benefit as the member can compensate for current falls with

additional future contributions). On the other hand, members near to retirement need a greater level of stability in the value of their account.

95. The Default option targets drawdown at retirement, since the Trustee believes that most members will wish to take their benefits in this form and if they don't, there is relatively little downside from this approach compared to alternative strategies. In the initial growth phase the Default option is invested in risky assets to target a return of CPI + 3 – 5%, and then in the 7 years before retirement, it switches gradually into less risky assets, with the asset allocation at retirement being designed to be appropriate for members taking drawdown.

96. To help manage the volatility that members' assets experience in the growth phase of the Default, the Trustee has constructed the Diversified Growth Fund, which over the long term has an aim of generating returns of CPI + 3 – 5%, but with lower volatility than equities.

97. Regardless of age, different members also have different tolerances for the level of risk that is acceptable. Members should therefore have the facility to reflect their own preferences in this regard, whilst maintaining a suitable spread of investments.

98. The Trustee will monitor the relevant members' behaviour to check whether assumptions made about how members will access their benefits are borne out in practice.

99. The UK Equity Default was selected as a default for members who historically invested in the UK Equity – Active Fund and did not select an alternative investment choice when the fund was closed. The UK Equity Default has been selected to be in the best interest of members as it provides similar asset class exposure but is passively managed rather than actively managed. It is monitored in line with its objective regularly at Trustee Board meetings. The Cash Default was selected as the receiving fund for contributions intended for the Property Fund while it was subject to COVID-19 related gating. It was considered to be in the best interests of members to use the Cash Fund as a capital protection measure.

APPENDIX A: INVESTMENT OPTIONS

1. The Trustee's policy is to seek to achieve its objectives through providing a suitable range of investment options that meets individual member needs. It recognises that the returns on real assets, while expected to be greater over the long term than those on monetary assets, are likely to be more volatile. The range of options provided allows members to diversify across asset classes, if they wish, which should provide the level of returns required by individual members at an acceptable level of risk.

2. The Trustee encourages its Investment Advisers to research and present proposals for investment in asset classes (or combinations of asset classes) that are not currently utilised within the Plan.

3. The Trustee offers white-labelled investment funds to members. Each investment Fund maintains a consistent objective whilst the underlying investment vehicles can be changed at the discretion of the RBS Investment Executive.

4. Whilst the Trustee is not involved in the funds' day to day method of operation and therefore cannot directly influence the performance target, it will assess performance and review the underlying investment vehicles on a quarterly basis.

5. The selected investment managers should achieve their principal objective in the majority of periods under consideration. It is not necessarily expected that the active managers will achieve their objective over every period. However, they should demonstrate that the skills they exercise on the funds are consistent with these targets, and that the level of risk is appropriate.

6. In addition to the individual white-labelled funds on offer to members, the Plan makes available three Lifestyle Options.

The Default Drawdown Lifestyle Option

7. The Default Drawdown Lifestyle Option uses Diversified Growth, Income Drawdown and Cash Funds to create an asset allocation strategy that changes during the member's working life. The current strategy involves a gradual switch from the DGF, when the member is more than 7 years from retirement, into the Income Drawdown and Cash Funds (split 75% Income Drawdown and 25% Cash) as retirement approaches. The aim of this strategy is to maintain exposure to growth assets at retirement to help members fund their drawdown income.

8. For each of the lifestyle options, when a member reaches their Target Retirement Age if they decide to continue to work and contribute into the Plan, their Plan savings will stay invested in the same allocations as they were at the point of their Target Retirement Age and will no longer be adjusted so the allocation percentages may drift over time.

9. The Drawdown Lifestyle Option was made the Default option following the transition of administration to L&G and following a full review of the Default Lifestyle including consideration of the capabilities of the administrator, membership behaviours generally and within the Plan post Freedom & Choice.

Years	RSP DGF	RSP Income Drawdown	RSP Cash
10+	100.00	0.00	0.00
9	100.00	0.00	0.00
8	100.00	0.00	0.00
7	100.00	0.00	0.00
6	84.00	16.00	0.00
5	70.00	30.00	0.00
4	56.00	43.00	1.00
3	42.00	51.00	7.00
2	28.00	59.00	13.00
1	14.00	67.00	19.00
0	0.00	75.00	25.00

The Annuity Lifestyle Option

10. The Annuity Lifestyle Option uses Diversified Growth, Annuity Pre-Retirement and Cash Funds to create an asset allocation strategy that changes during the member's working life. The current strategy involves a gradual switch from the DGF, when the member is more than 7 years from retirement, into the Annuity Pre-Retirement and Cash Funds (split 75% Annuity Pre-Retirement and 25% Cash) as retirement approaches. The aim of this strategy is to broadly match changes in the value of a member's Plan savings with annuity prices and reduce conversion risk at retirement

Years	RSP DGF	RSP Pre-Retirement	RSP Cash
10+	100.00	0.00	0.00
9	100.00	0.00	0.00
8	100.00	0.00	0.00
7	100.00	0.00	0.00
6	84.00	16.00	0.00
5	70.00	30.00	0.00
4	56.00	43.00	1.00
3	42.00	51.00	7.00
2	28.00	59.00	13.00
1	14.00	67.00	19.00
0	0.00	75.00	25.00

The Lump Sum Lifestyle Option

11. The Lump Sum Lifestyle Option uses Diversified Growth, Lump Sum and Cash Funds to create an asset allocation strategy that changes during the member's working life. The strategy involves a gradual switch from the DGF, when the member is more than 7 years from retirement, into the Lump Sum and Cash Funds (split 75% Lump Sum and 25% Cash) as retirement approaches. The aim of this strategy is increasing capital preservation for a member's Plan savings as retirement approaches.

Years	RSP DGF	RSP Lump Sum	RSP Cash
10+	100.00	0.00	0.00
9	100.00	0.00	0.00
8	100.00	0.00	0.00
7	100.00	0.00	0.00
6	84.00	16.00	0.00
5	70.00	30.00	0.00
4	56.00	43.00	1.00
3	42.00	51.00	7.00
2	28.00	59.00	13.00
1	14.00	67.00	19.00
0	0.00	75.00	25.00

APPENDIX B: MANAGER SELECTION & DE-SELECTION

Pursuant to section 70 of the SIP, criteria considerations include:

Investment Manager Selection Criteria

Business

- supportive ownership from a parent committed to investment management
- evidence of clear strategic direction

People

- high calibre, experienced professionals
- relatively low staff turnover
- evidence of clear commitment to culture
- strong recruitment/training plans

Process

- effective approach to accessing/interpreting research
- robust, repeatable process
- process consistent with the stated philosophy

Performance

- acceptable variability in relation to manager's style
- takes account of financially material considerations (including climate change and other ESG considerations) as appropriate
- whilst past performance is a consideration in investment manager selection, it does not rank as importantly as the above criteria.

Investment Manager De-selection Criteria

Investment funds may be removed or managers may be replaced if:

- the Trustee believes that the investment manager is not capable of achieving the performance objectives (both return and volatility) in the future; and/or
- the Trustee considers that it is desirable in the interest of the Plan.

APPENDIX C: ROLES & RESPONSIBILITIES

This appendix sets out the roles and responsibilities of the various stakeholders in relation to the Plan's investments.

Division of Responsibilities

Specifically the Trustee is responsible for:

- setting the overall investment strategy of the Plan;
- determining the default lifestyle strategy for Plan members;
- determining the lifestyle options to offer to Plan members;
- selecting the range of investment options to offer to Plan members;
- determining the appointment and removal of the Investment Adviser(s);
- determining the appointment of the investment platform provider;
- determining the provider agreements including appropriate fee scales; and
- setting the overall investment objectives and benchmarks for the investment funds.
- deciding the asset allocation for the Default;
- setting objectives for the RBS Investment Executive to meet in relation to the performance of the RSP Diversified Growth Fund and the RSP Lump Sum Fund.
- reviewing the performance of the Plan via the regular performance reports provided by the RBS Investment Executive. The Trustee will take into consideration: whether the sub-funds or Default have outperformed their strategic benchmarks (annually); whether the Default remains appropriate and remains within the acceptable risk parameters; and whether RBS Investment Executive has met its objectives over the year.

The RBS Investment Executive will support the Trustee in accordance with the terms of the IAMA. In particular, the RBS Investment Executive will provide:

- advisory services: including without limitation self-select options, permitted assets and asset allocation ranges for the RSP DGF and the RSP Lump Sum Fund.
- assistance services: including without limitation reviews of investment objectives and asset allocation policy for the funds, monitoring the performance of any third party manager or platform provider and reporting the performance (and other relevant issues) of investment funds and underlying investment vehicles to the Trustee.
- management services: including without limitation manage the Investments on a discretionary basis.
- assistance with the review of the SIP least every three years and following any significant change in investment strategy and reporting requirements associated with the Plan's investments.

An investment consultant (LCP) will provide advisory services including (without limitation) written advice on DC compliance & regulation, investment beliefs, investment objectives and lifestyling.

The investment platform provider is responsible for:

- providing access to a range of funds managed by various investment managers; and
- providing the Trustee with regular information concerning the management and performance of the assets.

The investment managers of the underlying investment vehicles are responsible for:

- making tactical asset allocation decisions relative to their prescribed benchmarks within stated guidelines;
- making security selection decisions within each asset class;
- ensuring appropriate diversification of investments within their vehicles; and
- providing the RBS Investment Executive with a quarterly report on actions and future intentions, and any changes to the processes applied to the investment vehicles.

The Trustee considers that this division of responsibility has the following advantages for the proper management of the Plan's assets:

- the Trustee maintains control (either directly for key decisions or through the support of the RBS Investment Executive) of the major Plan strategies;
- clear accountability for investment performance;
- provides a focus on investment objectives and on the provision of investment options that allow members to manage their investment risk in an appropriate way;
- encourages the identification of potential new asset classes for investment; and
- the policy is in compliance with s36 of the Pensions Act 1995 on the selecting of investments.

Fee Structure

The investment managers, the RBS Investment Executive and the fund platform provider selected by the Trustee are remunerated by a fee related to the value of the assets under management.

Any party appointed solely as Investment Advisers is remunerated by a mix of time-based fees and fixed fees for specific projects.

These fee structures are considered by the Trustee to be in line with best market practice and are reviewed from time to time to ensure they continue to be appropriate.

APPENDIX D: INVESTMENT STRATEGY

Background

Clause 3.7.5 of the Amended and Restated Investment Advisory and Management Agreement (**IAMA**) between the NatWest Group Retirement Savings Trustee Limited (the **Trustee**) and RBS Investment Executive Limited (**RIEL**) dated 1 June 2020 requires RIEL to manage investments in accordance with (amongst other things) the Investment Strategy as determined by the Trustee from time to time and confirmed in writing to RIEL.

This document sets out the Trustee's current Investment Strategy for these purposes.

Meaning of Investment Strategy

Investment Strategy is a defined term in the IAMA, meaning:

I. in relation to any default arrangement, the default strategy as defined in the Investment Regs 2005;

II. the beliefs, policies, aims and objectives for any non-default arrangements as described in the Statement of Investment Principles;

III. benchmark and performance objective and fund investment and manager selection other than for the DGF and Lump Sum Fund as set out in the Investment Guidelines within the IAMA;

IV. the Member Life-Styling Strategy;

V. asset allocation ranges, volatility constraints and other constraints described in the Investment Guidelines within the IAMA (but excluding, for the avoidance of doubt, the asset allocation within the asset allocation ranges for each of the DGF and the Lump Sum Fund); and

VI. ad hoc policies adopted from time to time

Current Investment Strategy

The Trustee's current Investment Strategy for the purposes of the IAMA is as follows:

I. The scheme's standard default arrangement is the Drawdown Lifestyle option and default strategy (as defined in the Investment Regs 2005) is as per the SIP;

II. The policies, aims and objectives of non-default arrangements are as set out in the SIP;

III. The benchmark and performance objective and fund investment referred to in Part2, Schedule 2 (Investment Guidelines) of the IAMA and manager selection other than for the DGF and Lump Sum Fund, are all as referred to in Part2, Schedule 2 (Investment Guidelines) of the IAMA. For the avoidance of doubt these include the following benchmarks and performance objectives in relation to the DGF and Lump Sum Funds where RIEL has discretion

Fund Name	Benchmark and Performance Objective
RSP DGF	To produce an absolute return of CPI +3% - +5% over the long term (5 years or greater) with less risk than global developed equities
RSP Lump Sum Fund	To outperform cash by 1%pa over 5 -7 years but with some risk that there is a negative return over short periods

IV. In relation to Member Life-Styling Strategy, the design, switching periods and selection of underlying funds for the drawdown, annuity and lump sum lifestyle options are as described in the SIP.

V. The asset allocation ranges for the DGF and Lump Sum Fund as described in the Part 2 Schedule 2 (Investment Guidelines) of the IAMA. For the avoidance of doubt the strategy provides for, but does not at present include, volatility or other constraints.

VI. At this time there are no ad hoc policies which form part of the Investment Strategy

Please note that the asset allocation benchmark and rebalancing policy do not form a part of the Trustee’s Investment Strategy as they are superseded by the delegation to RIEL. However:

I. The asset allocation benchmarks for the DGF and Lump Sum Fund remain as one of the measures against which the Trustee’s wish to monitor the performance of the funds; and

II. RIEL are expected to establish and share with the Trustee rebalancing policies which are consistent with the asset allocation ranges

Implementation Statement, covering the Plan Year from 1 October 2023 to 30 September 2024

The Trustee of the NatWest Group Retirement Savings Plan (the "Plan") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed its 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 the remaining sections below.

The Statement is also required to include a description of the voting behaviour during the Plan Year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) and state any use of the services of a proxy voter during that year.

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

This Statement is based on the Plan's SIP dated 27 March 2023, in place between 1 October 2023 and 14 May 2024, and the SIP dated 15 May 2024, in place between 15 May 2024 and 30 September 2024. This Statement should be read in conjunction with the latest SIP which can be found online at https://www.natwestgrouprsp.co.uk/library

Introduction

1. A formal review of the SIP was undertaken during the Plan Year by the Trustee with advice taken from the Trustee's investment advisors, LCP, and the Trustee's legal advisors, Pinsent Masons and updated on 15 May 2024. The changes to the Plan's SIP included:

    a. The new requirement introduced by Regulation 2A (1) (aa) and 2A (1A) of the Investment Regulations, to detail the Trustee's policy on investment in illiquid assets;

    b. Amendments to the Trustee's policy on non-financial considerations with particular focus on the incorporation (or not) of members' ethical views and the output of the Deliberative Democracy project; and

    c. Amendments to the Trustee's policy on stewardship and voting rights, in particular focusing on the Trustee's preference for engagement over exclusion and the situations in which exclusions may be used.

   These changes were made to comply with regulations and better reflect the Trustee's policies.

2. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes. The Trustee has, in its opinion, followed the policies in the Plan's SIP, including voting and engagement policies, during the Plan Year. Further detail and commentary about how and the extent to which it has done so is covered below, focussing on those areas that were of most importance in the Plan Year.

Structure of the Plan's Investment Arrangements

3. Upon joining, members have the opportunity to self-select a fund. Those that do not are allocated to the default strategy ("Default") known as the "Drawdown Lifestyle". For technical reasons, the Plan has further defaults.

4. Given the structure of the Plan's investments, this Statement relates to the Drawdown Lifestyle except where specific reference is made to the UK Equity Default, the Cash Default, and the self-select options or otherwise.

5. There have been no major changes to the strategic asset allocation approach over the course of the year.

Choosing investments, Kinds of investments and Balance between different kinds of investment

6. The Trustee considered a wide range of asset classes for investment when last reviewing the Default strategy in February 2023, taking into account the expected returns and risks associated with those asset classes as well as how these risks can be mitigated. The Trustee also considered the balance of investments in the Default strategy, UK Equity Default, and self-select funds as part of this review and found this to be appropriate. The Trustee focused on the pre-retirement phase of the Default strategy and considered the impact of shortening the de-risking period. The Trustee also reviewed the level of cash held at-retirement in the default. The Trustee concluded that the de-risking period and the level of cash in the at-retirement phase of the default remains appropriate.

7. The Trustee's Asset Manager, RSP Investment Executive Limited ("RIEL"), manages investments in accordance with (amongst other things) the investment strategy as determined by the Trustee and confirmed in writing to the Asset Manager. The SIP sets out the Trustee's current investment strategy for these purposes in Appendix D. The terms of the Asset Manager's appointment are governed by an IAMA dated January 2023. The Asset Manager has been delegated responsibility to manage the investment funds made available to members in line with the IAMA.

8. As part of the agreed arrangements with the Trustee, the Asset Manager considers a wide range of asset classes including equities, bonds and property for investment when reviewing the underlying funds of the Default strategy, taking into account the nature of the fund, its objective and benchmark and the risk controls which operate whilst also considering the balance between investments. Over the Plan Year, the Asset Manager did not make any changes to the asset allocation of the Default strategy.

9. As part of the agreed arrangements with the Trustee, the Asset Manager regularly meets with the Plan's underlying investment managers, with each manager formally met with at least once every 12 months. The Asset Manager meets more regularly with Leadenhall, due to the more complex nature of the fund. At these meetings the approach to the choice, balance and kinds of investment used in the funds are discussed

10. The Trustee invests for the long term, to provide for the Plan's members. To achieve good outcomes for members over this investment horizon, the Trustee seeks to appoint managers whose stewardship activities are aligned to the creation of long-term value and the management of long-run systemic risks.

11. The Trustee is therefore comfortable that the SIP policies on the kind and balance of investments are being followed, as the asset allocation remains consistent with the SIP.

Risks, including the ways in which risks are to be measured and managed

12. The Trustee considered the investment risks set out in Sections 28-30 of the SIP when monitoring the performance of the Default and as part of the last strategy review of the Default. Risks are

monitored on an ongoing basis with the help of the investment advisor and the Asset Manager, to ensure compliance with the Trustee policy under the SIP.

a. Diversification – The Trustee and Asset Manager monitor diversification in the Default as part of the quarterly monitoring provided by the Asset Manager. This ensures the strategy retains investments across a wide range of asset classes.

b. Underperformance - The Trustee monitors the performance of the Plan's investment managers on a quarterly basis, using the quarterly performance monitoring report. The report shows the performance of each fund over the quarter, one year, and longer-term periods. Performance is considered in the context of the manager's benchmark and objectives. The most recent quarterly report shows that all managers have produced performance broadly in line with expectations over the long-term.

c. Risk from excessive charges – The Trustee undertook a value for members' assessment in January 2025 for the Plan Year to 30 September 2024 which assessed a range of factors, including the fees payable to the managers which were found to be reasonable when compared against schemes with similar sized mandates.

d. Inflation risk – Inflation eased over the Plan Year, alleviating the pressure on the purchasing power of members' investments. The Trustee monitors this through the use of inflation-linked benchmarks for the DGF which are reviewed on a quarterly basis.

e. Capital risk – Most of the Plan's funds increased in value over the Plan Year from contributions and positive returns from most asset classes. The Trustee offers investment funds that offer different levels of capital protection, such as the Cash Fund. This risk is also managed in the Default strategy early in the members' journey to retirement through diversification within the DGF, which includes exposure to less liquid assets that are less correlated to equities and bonds.

f. Sequencing risk – The diversified approach employed in the Default strategy provided smoother returns than equities over the Plan Year which reduced members' exposure to sequencing risk.

g. Pension conversion risk - The Trustee provides Annuity Pre-Retirement Fund whose returns generally reflect changes in annuity prices. The Trustee monitors the ability of the fund to do this on an annual basis. In the most recent review, the Trustee found the value of the Annuity Pre-Retirement Fund had remained in line with annuity prices over the year, protecting members' purchasing power.

13. The Trustee maintains a risk register, and this is reviewed on a regular basis with more in-depth reviews carried out on an annual basis. These reviews capture some of the risks set out in the SIP

including political risk, the risk of fraud, and suitability risk. Risks arising from environmental, social and governance (ESG) factors are covered in the "Financially material considerations" section below.

14. Work was carried out over the year to identify the key risks in relation to investment and the associated key risk indicators. The Trustee, with advice from its advisor, LCP, updated the risk register as part of its work to establish an Effective System of Governance. The results from this work are being implemented to enhance the Trustee's risk monitoring framework and ensure compliance with the Trustee policy under the SIP.

15. The Trustee is therefore comfortable that the SIP policy on risk is being followed as the identified risks continue to be monitored on a regular basis, in line with the SIP.

Expected return on investments

16. Over the Plan Year, the Asset Manager did not select any new investments. The Trustee remains satisfied that the existing investments continue to align with its policy on expected returns.

17. The Trustee added the Sustainable Equity Fund to the self-select range over the Plan Year, comprising the Schroders Global Sustainable Value Equity Fund and WHEB Sustainability Impact Fund. Before appointing the two managers, the Trustee received information on the investment process and philosophy, the investment firm and team, and past performance. The Trustee also considered the managers' approach to responsible investment and stewardship. The Trustee obtained formal written advice from its investment advisor, LCP, before investing in the funds and made sure the investment portfolio of the funds chosen were adequately and appropriately diversified. The Trustee relied on its investment advisor's research to understand the managers' investment approaches, and to ensure they were consistent with the Trustee's policies prior to the appointment.

18. The Trustee believes that on average, active equity managers are unlikely to perform after costs, and identifying those who will is challenging. However, the Trustee has deliberately chosen active management for the Sustainable Equity Fund as it wished to offer members a fund that invested in companies focussed on sustainability and positive impact – an approach not feasible through passive management. The underlying managers conduct detailed analysis to identify companies with strong ESG characteristics, which are delivering positive impact and which can benefit from sustainable investment opportunities. To mitigate the impact of cost on expected returns, the Trustee negotiated lower charges with the managers prior to their appointment.

19. As a result, the Trustee's policy on expected returns has broadly been followed.

Realisation of investments, Illiquid investments

20. It is the Trustee's policy to primarily invest in funds that offer daily dealing to enable members to readily realise and change their investments. The RSP DGF primarily invests in this way but also has a small allocation to illiquid assets, namely insurance-linked securities, UK property, renewable energy infrastructure and distressed credit. The Trustee believes the exposure to illiquid assets within the DGF offers members a greater level of diversification, better risk management and improved long-term expected returns.

21. The Trustee has put in place a policy to monitor the overall illiquidity of the DGF and has set limits on the amount and characteristics of illiquid investments in the DGF. The Trustee has instructed Legal & General ("L&G"), the Plan's platform provider and administrator, to put in place a mechanism to manage the purchase and sales of all components of the DGF, including the illiquid assets. The individual illiquid assets within the DGF may not be readily realisable; however, the Trustee has satisfied itself that the liquidity available in other components of the DGF and the process to manage the purchases and sales of the DGF components enables the overall DGF to provide daily dealing and enables members to change their investments.

22. All of funds which the Trustee offered to members during the Plan year are daily priced.

23. The Trustee is therefore of the view that the liquidity of investments is in line with the SIP policy in this area which states a preference for offering daily dealing funds.

Financially material considerations

24. As part of its advice on the selection and ongoing review of the investment managers, RIEL incorporates its assessment of the nature and effectiveness of investment managers' approaches to financially material considerations (including climate change and other ESG considerations) in line with the policy set out in the SIP. The Trustee believes that effective stewardship is the most important means of addressing financially material ESG considerations within passive funds, which are used extensively within the Default. When considering the selection, retention and realisation of investments the Trustee considers a manager's approach to stewardship to be a key consideration. Over the Plan year the Trustee received updates from RIEL and its investment advisor, LCP, on the quality of stewardship undertaken by the underlying managers used within the Default and self-select fund range. The Trustee engaged with Legal & General Investment Management ("LGIM"), the Plan's largest manager, over the year to improve specific areas of its stewardship.

25. In November 2024, the Trustee reviewed LCP's responsible investment (RI) scores for the Plan's existing managers, along with LCP's qualitative RI assessments for each fund. These scores cover the manager's approach to ESG foundations, Net Zero, systemic stewardship, voting and engagement. The fund 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 are based on LCP's Responsible Investment Survey 2024. The Trustee was satisfied with the results of the review as the Plan's largest managers rated highly in most Responsible Investment areas considered, and no further action was taken.

26. The Trustee has considered climate risks and opportunities over the Plan Year by:

    a. conducting a deep-dive into one of its manager's stewardship practices and considering recommended improvements;

    b. undertaking an annual review of the climate scenario analysis to determine whether it is appropriate to update the analysis;

    c. reviewing climate-related metrics to understand the climate exposure of the Plan's investment arrangements;

    d. updating the Plan's SIP and governance documents to reflect the Trustee's policy on stewardship and voting rights; and,

    e. introducing an ESG-focussed fund to the Plan's self-select range.

27. These activities will feed into the Trustee's second official Taskforce for Climate-related Financial Disclosures (TCFD) report.

28. The Trustee believes that climate risk represents both a threat and opportunity to the Plan and utilises investments that can benefit from the transition to a low carbon economy and mitigate risks arising from climate change. The default strategy invests in a clean energy fund that offers exposure to sustainable infrastructure assets, which contribute to Europe's decarbonisation.

29. In selecting Schroders and WHEB to manage the Sustainable Equity Fund, the Trustee reviewed LCP's RI assessments of the shortlisted managers. At the selection day, ESG factors, voting and engagement were discussed with each manager. In line with the policy set out in the SIP, the Trustee appointed managers which it believed have appropriate skills and processes to take account of financially material considerations.

30. The Trustee reviews LGIM's ESG Impact Report on a quarterly basis. The report comments on the effectiveness of its engagements and provides a thematic review of its wider engagement activities.

31. The Trustee has therefore kept under review the ESG analysis as per the Trustee's policy for financially material considerations.

Non-financially material considerations

32. The Trustee recognises that some members may wish for ethical matters to be taken into account in their investments but has to balance this against providing investment options it considers are appropriate for the majority of members and which only take account of material financial considerations. The Trustee makes available the International Equity Sharia Fund in the investment range to all members, in particular to enable members with a religious view in line with Sharia law to self-select an option that aligns with their views. To cater to members who wished to invest with a focus on sustainability, the Trustee introduced the Sustainable Equity Fund to the self-select range in July 2024. This fund provides exposure to a diverse range of companies with high ESG standards and invests equally in the Schroders Global Sustainable Value Fund and the WHEB Sustainability Impact Fund.

33. The Trustee's policy in the SIP is to not take non-financial considerations into account in the selection, retention and realisation of investments. Therefore, the Trustee is of the view that the SIP has been followed in this regard over the course of the Plan Year.

Stewardship & Voting rights

34. All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights and engagement. Therefore, the Trustee is not able to direct how votes are exercised, and the Trustee itself has not used proxy voting services over the Plan Year. The Asset Manager reviews the managers' voting policies as part of the selection and retention of the Plan's investment arrangements. As part of the annual investment manager compliance review, the Asset Manager discussed the Trustee's views on ESG with the managers and found there to be no material misalignment. However, the Trustee takes ownership of the Plan's stewardship by monitoring and engaging with managers, as detailed below. The Trustee is comfortable that over the Plan year, voting undertaken on its behalf by asset managers has been consistent with the Plan's voting policy.

35. Following the introduction of DWP's formal guidance on stewardship, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. At the April 2023 Board meeting, the Trustee discussed and agreed stewardship priorities for the Plan which were: Climate change, Human Rights and Biodiversity.

36. The Trustee selected these priorities as key market-wide risks and areas where the Trustee believes that good stewardship and engagement can improve long-term financial outcomes for Plan members. The Trustee communicated these priorities to its managers in July 2023. The Plan's managers acknowledged the Trustee's priorities and its expectations of the managers and confirmed that they were comfortable with these.

37. The Trustee conducted a deep dive into LGIM's voting, engagement and stewardship practices in November 2023. The Trustee reviewed LGIM's strength and weaknesses in these areas compared to other passive managers. Following this review, the Trustee met and engaged with LGIM during the Plan Year on particular 'asks' to improve the manager's stewardship practices with respect to record keeping and safeguards, to ensure LGIM's voting practice matches its principles. In particular the Trustee engaged with LGIM's on its record-keeping in relation to voting which LCP had identified as an area of potential improvement as it would allow LGIM to provide more detailed information on how it had voted.

38. The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements. The Trustee intends to further develop its oversight of managers' voting and engagement activity by reviewing the extent to which the managers' policies relate to the Plans' stewardship priorities.

39. The Trustee is supportive of utilising exclusion as a means of removing companies with exceptionally poor ESG credentials in specific areas within the passive equity exposure within the Default fund. The Trustee adopts exclusions for the UK Equity Default and the Plan's remaining passive regional self-select equity funds by excluding holdings where reputational and legal risks

to financial value exist, including investment in controversial weapons systems like land mines and cluster munitions, investment in companies in perennial breach of UN Global Compact, and investment in thermal coal companies.

Asset manager arrangements

40. Clause 3.7.5 of the IAMA requires RIEL to manage investments in accordance with (amongst other things) the Investment Strategy as determined by the Trustee from time to time and confirmed in writing to RIEL.

41. The performance reviews are carried out quarterly at Trustee meetings by the Trustee's Asset Manager (i.e. RIEL). LCP also carries out an annual review of the performance of the Default and its component funds. RIEL also provides the Trustee with regular updates from its meetings with underlying managers and proactively raises any issues with the Trustee that might impact on the extent to which managers are aligned with the Trustee's policies as laid out in the SIP. Over the Plan Year RIEL advised the Trustee that it is comfortable that the Plan's underlying investment managers are well aligned with the policies in the SIP.

42. The Trustee reviewed RIEL's performance over the Plan Year in November 2024 by assessing the performance of the RSP DGF and RSP Lump Sum Fund against metrics agreed by the Trustee and RIEL. On the whole, metrics were met for the DGF and the Lump Sum Fund. The Trustee noted that both funds have recovered somewhat following a period of struggling against their targets under the higher inflationary and interest rate environment. The Trustee will continue to review the performance of both funds against the metrics on a regular basis.

43. The Trustee regularly reviews the performance of the Plan's investments over both the short and long term (quarterly to 5 years) at monthly Board meetings to ensure performance aligns with expectations. Member borne charges and transaction costs are assessed annually as part of the Trustee's Value for Members review.

GOVERNANCE: DEFAULT INVESTMENT ARRANGEMENTS

44. As part of the last triennial performance and strategy review, which concluded in February 2023, the Trustee considered the membership demographics and the variety of ways that members may draw their benefits in retirement from the Plan. The Trustee reviewed the pre-retirement phase of the Default Drawdown Lifestyle, including the suitability of the length of the de-risking period and the expected performance of the Default against comparable strategies.

45. Based on the outcome of this analysis, the Trustee concluded that the Default Drawdown Lifestyle has been designed to be in the best interests of members generally and reflects the demographics of the membership as a whole, so no changes were required.

46. As part of the last strategy review, the Trustee also reviewed the RSP UK Equity Tracker Fund and the RSP Cash Fund which are also default arrangements of the Plan. The Trustee was satisfied that both funds have performed in line with their objectives and was comfortable that they remained appropriate as default arrangements.

47. The Trustee also provides members with access to a range of self-select funds, which enable suitable diversification. The Trustee has made available alternative lifestyle strategies and a self-

select fund range to members covering all major assets classes. During the Plan Year, the Trustee made available an ESG focussed fund within the self-select fund range. The Trustee monitors the take up of these funds and it is limited but moderate in comparison to most other DC schemes. The Trustee has reminded members to review their investment holdings and check they are suitable for their risk tolerances and retirement planning.

48. The Trustee reviews changes in member choices, behaviour, and trends in the strategy reviews with the assistance of its investment advisor, LCP.

Details of voting behaviour over the Plan Year

49. All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Plan Year. However, the Trustee monitors managers' voting and engagement behaviour on a regular basis and challenges managers where their activity has not been in line with the Trustee's expectations.

50. In this section the Trustee has sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance on the Plan's funds that hold equities. We have included only the funds with equity holdings used in the Default lifestyle strategy given the high proportion of assets invested in these funds. We have also included the LGIM MSCI UK Equity Index ESG Exclusions Fund (underlying the RSP UK Equity Fund) since this is also a default arrangement of the Plan. In addition, we have also included the underlying funds of the NatWest Sustainable Equity Fund (a self-select fund), recognising that members choosing to invest in the fund may be interested in this information. We have not included any other self-select funds on materiality grounds.

    a. LGIM Future World Europe ex UK Equity Index Fund
    b. LGIM Future World Emerging Markets Equity Index Fund
    c. LGIM Future World UK Equity Index Fund
    d. LGIM Future World Japan Equity Index Fund
    e. LGIM Future World North America Equity Index Fund
    f. LGIM Future World Asia Pacific ex Japan Equity Index Fund
    g. LGIM MSCI UK Equity Index ESG Exclusions Fund
    h. LGIM MSCI ACWI Equity Index ESG Exclusions Fund
    i. LGIM MSCI World Small Cap ESG Exclusions Equity Index Fund
    j. LGIM Global Real Estate Equity Index Fund

k. LGIM Retirement Income Multi-Asset Fund

l. Janus Henderson Diversified Alternatives Fund

m. Schroder Life Global Sustainable Value Equity Fund

n. FP WHEB Sustainability Impact Fund

51. The Trustee is satisfied that for the period covered by this statement, there is no voting information missing. The Trustee is also comfortable that no manager conflicts have been identified that require action.

Description of the voting processes

52. For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. The Trustee has considered these policies and is comfortable that they broadly align with the Trustee's views. During the Plan year, the Trustee conducted a deep dive on the stewardship practices of LGIM, the Plan's largest asset manager, and engaged with LGIM to improve its voting practices related to record keeping and voting policy safeguards.

53. The voting processes for the Plan's managers are set out below.

LGIM

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

55. 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 continues to develop its voting and engagement policies and define strategic priorities in the years ahead. LGIM also takes into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.

56. LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment LGIM's own research and proprietary ESG assessment tools. To ensure the proxy provider votes in accordance with LGIM's position on ESG, LGIM has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM considers are minimum best practice standards which it believes all companies globally should observe, irrespective of local regulation or practice.

57. LGIM retains 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 has 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 LGIM of rejected votes which require further action.

58. In respect of the Plan's investments, LGIM's Investment Stewardship Team is in regular contact with the Trustee, typically attending one meeting per annum, whilst meeting RIEL more often as required. The subject matter can be focused on a particular area or be more general. A quarterly ESG Impact report is also available to the Trustee, providing insight into how LGIM has voted at all Annual General Meetings ("AGMs") across all regions.

59. Over recent years, LGIM has been working with the Tumelo platform, which enables individual members to see their holdings within components of the funds used within all the Plan's funds including the Default and presents members with upcoming votes at AGMs. Members can submit a preference on how they would like LGIM to vote, these preferences are then submitted by Tumelo to LGIM on a weekly basis, and LGIM's Investment Stewardship team reviews this data and consider it amongst all the other datasets, engagement information and policy that determine the vote. The data is also analysed in other ways, for example to understand the underlying topics of most interest to members. Once the LGIM Stewardship Team votes, the data is passed through to the Tumelo platform enabling members to see the outcomes on how LGIM voted and any rationale that is available.

Janus Henderson

60. Where Janus Henderson has been provided voting discretion, it has a responsibility to vote proxies in the best interest of each client. To meet this obligation, Janus Henderson has adopted Proxy Voting Policy and Procedures which set forth how proxy voting policy is developed, how proxy votes are cast, how conflicts of interest are addressed, and how the proxy voting process is overseen. The Proxy Voting Policy includes guidelines that outline how Janus Henderson generally votes proxies on securities held in accounts for which we have voting discretion, including situations as to which there is no house position. Pursuant to the Proxy Voting Policy, investment teams are ultimately responsible for determining how best to vote proxies for their respective accounts.

61. Janus Henderson recognises that corporate governance regimes vary significantly as a function of factors such as the relevant legal system, extent of shareholder rights, and level of dispersed ownership. Janus Henderson varies its voting and engagement activities according to the market and pays close attention to local market codes of best practice. However, Janus Henderson considers certain core principles to be universal, including disclosure and transparency, board responsibilities, shareholder rights and audit and internal controls. A key element of Janus Henderson's approach to proxy voting is to support these principles and to foster the long-term interests of its clients.

62. Janus Henderson has a Proxy Voting Committee, which is responsible for its positions on major voting issues and creating guidelines overseeing the voting process. The Committee comprises representatives of investment portfolio management, corporate governance, accounting, legal and compliance. Additionally, the Proxy Voting Committee is responsible for monitoring and resolving

possible conflicts of interest with respect to proxy voting. Janus Henderson uses Institutional Shareholder Services as its primary advisor. In the UK, Janus Henderson also receive Institutional Voting Information Service research.

63. Janus Henderson recognises that ESG issues present risks and opportunities that can have a material impact on the value of an investment. Janus Henderson therefore analyses and votes on ESG proposals accordingly. Janus Henderson does not have specific voting guidelines on climate change issues. Voting policy on climate related issues is decided on a case-by-case basis by its investment teams utilising independent research, guidance from its in-house governance and responsible investment team and company engagement activity where applicable.

64. Janus Henderson exercises the voting rights on behalf of clients at meetings of all companies in which it has a holding. The only exception to this is meetings where share blocking or other restrictions on voting are in place. As an active manager, Janus Henderson's preference is to engage with corporate management and boards to resolve issues of concern rather than to vote against shareholder meeting proposals. In its experience, this approach is more likely to be effective in influencing company behaviour. Janus Henderson therefore actively seeks to engage with companies throughout the year and in the build up to AGMs with shareholders to discuss any potentially controversial agenda items. However, Janus Henderson will vote against a board recommendation when it believes proposals are not in shareholder interests or where engagement proves unsuccessful. Janus Henderson's in-house Responsible Investment and Governance team works with its investment teams and provides input into voting decisions. Fund managers have ultimate voting authority.

Schroders

65. Schroders votes on all resolutions at all AGMs/EGMs globally unless it is restricted from doing so (e.g. as a result of share blocking).

66. The overriding principle governing Schroders' voting is to act in the best interests of clients. Where proposals are not consistent with the interests of shareholders and clients, Schroders will vote against resolutions. It may abstain where mitigating circumstances apply, for example where a company has taken steps to address shareholder issues.

67. Schroders evaluates voting resolutions arising at its investee companies and, where it has the authority to do so, votes on them in line with its fiduciary responsibilities in what Schroders deems to be the interests of its clients. Schroders' Corporate Governance specialists assess each proposal and consider a range of factors, including the circumstances of each company, long-term performance, governance, strategy and the local corporate governance code. Its specialists will draw on external research, such as that provided by Glass Lewis, the Investment Association's Institutional Voting Information Services and public reporting. Schroders' own research is also integral to the process; this will be conducted by both its financial and Sustainable Investment analysts. For contentious issues, Schroders' Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

68. Schroders also engages with companies throughout the year via regular face-to-face meetings, written correspondence, emails, phone calls and discussions with company advisors and stakeholders.

69. Glass Lewis acts as Schroders' one service provider for the processing of all proxy votes in all markets. Glass Lewis delivers vote processing through its Internet-based platform Viewpoint. Schroders receives standard research and recommendations from Glass Lewis in line with Schroders' bespoke guidelines. This is complemented with analysis by Schroders' in house ESG specialists and where appropriate, with reference to financial analysts and portfolio managers.

70. Glass Lewis automatically votes all Schroders' holdings of which it owns less than 0.5% (voting rights) excluding merger, acquisition and shareholder resolutions. This ensures consistency in Schroders' voting decisions as well as creating a more formalised approach to its voting process.

WHEB

71. WHEB endeavours to vote all its shares, following the guidelines set out in WHEB's Voting Policy, which are modelled on the AMNT's (Association of Member Nominated Trustees) 'Red Lines'. These are typically more demanding than the market standard and are designed primarily to guide voting on core governance and sustainability issues in relation to routine proposals.

72. To be effective, WHEB uses voting to complement its other stewardship strategies. WHEB's objective is not just to fulfil an obligation as part of a siloed process, but to use voting alongside wider engagement with company management to achieve a change in policy or performance.

73. For example, when voting against management's recommendations WHEB's policy is to explain to the company why it has done so which often leads to further dialogue with management. This way, even if the vote outcome is not what WHEB hoped for, its time has been well spent, as the activity has enabled a conversation with the company, which WHEB finds most effective for driving change. WHEB's Voting Policy is therefore primarily designed to guide voting on core governance and sustainability issues in relation to routine proposals, which occur more frequently for its investee companies that are often sustainability leaders.

74. WHEB has a proactive policy that enables opportunities for conversations with company management and to exercise good stewardship. Combined with the high standards it requires from its companies, this reinforces WHEB's impact-focused investment strategy. WHEB typically uses the services of specialist proxy voting agencies to advise on voting policy and facilitate voting shares listed on stock exchanges around the world. Whilst WHEB considers the recommendations of advisory services in how it votes its shares, the Investment Team assesses each individual company vote against WHEB's own internal policies before agreeing on how to vote.

75. When considering how to vote shares, WHEB appraises the governance standards of the relevant investee company and compares these with local market standards (such as the UK Corporate Governance Code for UK-listed companies). As the entire business is focused on sustainable and impact investing, the whole team and especially the three partners and the impact investment team, are responsible for implementing ESG and impact considerations, including through engagement and voting.

Summary of voting behaviour over the Plan Year

76. A summary of voting behaviour over the Plan Year is provided in the table below, with last year's voting data in parentheses for comparison.

	Fund 1	Fund 2	Fund 3	Fund 4	Fund 5	Fund 6	Fund 7
Manager name	LGIM	LGIM	LGIM	LGIM	LGIM	LGIM	LGIM
Fund name	Future World Europe ex UK Equity Index	Future World Emerging Markets Equity Index	Future World Japan Equity Index	Future World North America Equity Index	Future World Asia Pacific ex Japan Equity Index	Future World UK Equity Index	MSCI UK Equity Index ESG Exclusions
Total size of fund at end of the Plan Year	£3,669m (£3,068m)	£3,602m (£2,854m)	£2,182m (£1,898m)	£17,668m (£10,830m)	£1,240m (£1,091m)	£2,643m (£2,328m)	£295m (£424m)
Value of Plan assets at end of the Year	£1m	£1m	£0.6m	£7m	£0.3m	£0.3m	£143m
Number of equity holdings at end of the Plan Year	310 (330)	1,635 (1,479)	299 (322)	521 (554)	141 (148)	304 (321)	304 (329)
Number of meetings eligible to vote	407 (411)	3,641 (3,070)	301 (320)	533 (563)	158 (139)	384 (386)	393 (376)
Number of resolutions eligible to vote	7,348 (7,444)	29,305 (25,745)	3,734 (3,931)	7,383 (7,689)	1,182 (1,100)	6,210 (6,354)	6,400 (6,434)
% of resolutions voted	99.7 (99.9)	100 (100)	100 (100)	98.7 (99.8)	100 (100)	100 (99.8)	100 (100)
Of the resolutions on which voted, % voted with management	81.7 (81.1)	80.3 (80.9)	90.9 (89.0)	64.2 (65.2)	79.4 (73.2)	94.2 (93.7)	94.9 (94.5)
Of the resolutions on which voted, % voted against management	17.7 (18.5)	19.0 (18.2)	9.1 (11.0)	35.0 (34.8)	20.6 (26.8)	5.8 (6.3)	5.1 (5.5)
Of the resolutions on which voted, % abstained from voting	0.6 (0.5)	0.8 (0.9)	0.0 (0.0)	0.9 (0.0)	0.0 (0.0)	0.0 (0.0)	0.1 (0.0)
Of the meetings in which the manager voted, % with at least one vote against management	81.0 (82.5)	56.8 (56.1)	62.5 (68.4)	98.9 (98.1)	69.6 (74.8)	39.1 (44.4)	36.9 (43.4)
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	9.0 (10.8)	6.7 (7.4)	8.5 (9.0)	30.2 (28.7)	13.0 (16.5)	4.5 (4.2)	4.5 (4.1)

Figures may not sum due to rounding.

	Fund 8	Fund 9	Fund 10	Fund 11	Fund 12	Fund 13	Fund 14
Manager name	LGIM	LGIM	LGIM	LGIM	Janus Henderson	Schroders	WHEB
Fund name	MSCI ACWI Equity Index ESG Exclusions	MSCI World Small Cap ESG Exclusions Equity Index	Global Real Estate Equity Index	Retirement Income Multi-Asset	Diversified Alternatives	Global Sustainable Value Equity	Sustainability Impact
Total size of fund at end of the Plan Year	£927m (£723m)	£3,071m (£2,536m)	£3,766m (£3,442m)	£2,764m (£2,003m)	£109m (£142m)	£960m	£637m
Value of Plan assets at end of the Year	£920m	£102m	£75m	£128m	£21m	£0.2m	£0.2m
Number of equity holdings at end of the Plan Year	2,636 (2,910)	3,913 (4,157)	353 (366)	7,446 (7,694)	18 (19)	40	42
Number of meetings eligible to vote	4,393 (4,544)	4,432 (4,182)	396 (385)	10,485 (9,979)	41 (46)	43	55
Number of resolutions eligible to vote	47,215 (49,774)	46,950 (44,370)	4,116 (4,345)	107,100 (104,462)	529 (537)	780	986
% of resolutions voted	99.8 (99.9)	99.8 (99.7)	100 (99.5)	99.8 (99.8)	100 (100)	97.3	100
Of the resolutions on which voted, % voted with management	79.7 (80.3)	73.8 (73.8)	79.0 (79.0)	77.1 (77.6)	99.4 (99.8)	94.1	80.0
Of the resolutions on which voted, % voted against management	19.6 (19.1)	25.9 (26.1)	20.9 (21.0)	22.4 (22.1)	0.2 (0.2)	5.9	20.0
Of the resolutions on which voted, % abstained from voting	0.8 (0.6)	0.4 (0.1)	0.2 (0.0)	0.5 (0.3)	0.4 (0.2)	0.3	>0.5
Of the meetings in which the manager voted, % with at least one vote against management	63.8 (63.6)	84.7 (86.6)	70.2 (72.7)	72.1 (72.3)	n/a	41.5	98.0
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	11.7 (11.6)	18.0 (17.3)	16.6 (16.6)	13.9 (13.5)	n/a	5.3	17.0

Figures may not sum due to rounding.

Most significant votes over the Plan Year

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not inform its managers which votes it considered to be most significant in advance of those votes. The Trustee will consider the practicalities of informing managers ahead of the vote and will report on it in next year's Implementation Statement.

The Trustee has created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria for creating this shortlist.

LGIM, Janus Henderson, Schroders and WHEB provided examples of the votes they considered to be the most significant for the Plan over the period. These votes are broadly aligned with the Trustee's view for what is significant.

The Trustee's criteria for what is a significant vote will develop over time with input from its Investment Advisor, Asset Manager, and underlying investment managers. In general terms, the Trustee views the most significant votes to be those which align with the Trustee's stewardship priorities or those impacting stocks which are a material holding within a portfolio. The Trustee seeks to report on a range of different types of resolutions to demonstrate the breadth of voting undertaken on its behalf.

The Trustee has reported on one of these significant votes per fund as the most significant votes.

Commentary on these votes is set out below.

1. **LGIM Future World Europe ex UK Equity Index**

- **EDP- Energias de Portugal SA, April 2024**
- **Summary of resolution:** Approve Progress Report on 2030 Climate Change Plan
- **Management recommendation:** For
- **Manager vote:** For
- **Approx. size of the holding at the date of the vote:** 0.1%
- **The reason the Trustee considered this vote to be "most significant":** The vote relates to one of the Trustee's stewardship priorities.
- **Relevant stewardship priority:** Climate change
- **Rationale:** LGIM expects companies to implement credible transition plans aligning with the Paris Agreement's goal of limiting the global average temperature increase to 1.5°C. This includes disclosure of scope 1, 2, and material scope 3 emissions, and short-, medium-, and long-term GHG emissions reduction targets consistent with the 1.5°C goal.
- **Outcome and next steps:** The resolution passed.

2. LGIM Future World Emerging Markets Equity Index

- **Tencent Holdings Limited, May 2024**
- **Summary of resolution:** Elect Charles St Leger Searle as Director
- **Management recommendation:** For
- **Manager vote:** Against
- **Approx. size of the holding at the date of the vote:** 4.2%
- **The reason the Trustee considered this vote to be "most significant":** The vote relates to a material holding within the portfolio.
- **Rationale:** LGIM determined that the company fails to meet its minimum standards on climate risk management. Additionally, LGIM expects the audit committee to be composed solely of independent directors.
- **Was the vote communicated to the company ahead of the vote:** LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. Its policy is not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.
- **Outcome and next steps:** The resolution passed. LGIM will continue to engage with the company and monitor progress.

3. Future World Japan Equity Index Fund

- **Toyota Motor Corp., June 2024**
- **Summary of resolution:** Elect Director Toyoda, Akio
- **Management recommendation:** For

- **Manager vote:** Against
- **Approx. size of the holding at the date of the vote:** 6.3%
- **The reason the Trustee considered this vote to be "most significant":** The vote relates to one of the Trustee's stewardship priorities.
- **Relevant stewardship priority:** Climate change
- **Rationale:** LGIM voted against the resolution as LGIM believes there is a misalignment between the company's stated climate ambitions and its multi-pathway strategy. LGIM encourages Toyota to further develop disclosures that more clearly articulate how it intends to support a global transition to zero emission vehicles and net zero emissions. Furthermore, LGIM voted against the resolution due to concerns over Toyota's lack of independent directors and meaningful board diversity, both of which it considers critical to effective governance. Furthermore, LGIM raised concerns regarding the corporate culture under Mr. Toyoda's leadership, citing certification irregularities and the opacity surrounding the former CEO's advisory role. LGIM is concerned that previous and current issues concerning legal certifications processes and safety requirements are indicative of a corporate culture that is not being amended to meet stakeholder expectations and legal requirements.
- **Was the vote communicated to the company ahead of the vote:** LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. Its policy is not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.
- **Outcome and next steps:** The resolution passed. LGIM will continue to engage with the company and monitor progress.

4. LGIM Future World North America Equity Index Fund

- **Amazon.com, Inc., May 2024**
- **Summary of resolution:** Report on Customer Due Diligence
- **Management recommendation:** Against
- **Manager vote:** For
- **Approx. size of the holding at the date of the vote:** 2.8%
- **The reason the Trustee considered this vote to be "most significant":** The vote relates to one of the Trustee's stewardship priorities.
- **Relevant stewardship priority:** Human rights

  Rationale: LGIM voted in favour of this shareholder resolution as enhanced transparency over material risks to human rights is key to understanding the company's functions and organisation. While the company has disclosed that they internally review these for their products (RING doorbells and Rekognition) and has utilised appropriate third parties to strengthen their policies in related areas, there remains a need for increased, especially publicly available, transparency on this topic. Despite this, Amazon's coverage and reporting of risks falls short of LGIM's baseline expectations surrounding AI. In particular, LGIM would welcome additional information on the internal education of AI and AI-related risks.

  This shareholder resolution is considered significant as one of the largest companies and employers not only within its sector but in the world, LGIM believes that Amazon's approach to human capital management issues has the potential to drive improvements across both its industry and supply chain.

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

- **Outcome and next steps:** The resolution failed. LGIM will continue to engage with the company and monitor progress.

5. **LGIM Future World Asia Pacific ex Japan Equity Index Fund**

- **Westpac Banking Corp., December 2023**

- **Summary of resolution:** Approve Westpac Climate Change Position Statement and Action Plan

- **Management recommendation:** For

- **Manager vote:** Against

- **Approx. size of the holding at the date of the vote:** 2.4%

- **The reason the Trustee considered this vote to be "most significant":** The vote relates to one of the Trustee's stewardship priorities.

- **Relevant stewardship priority:** Climate change

- **Rationale:** LGIM voted against this proposal as it expects companies to implement credible transition plans aligned with the Paris Agreement goal of limiting global temperature rise to 1.5°C. While LGIM acknowledges the company's net-zero commitments and welcomes the opportunity to provide input on its climate transition plan, concerns remain regarding the scope of its targets and disclosures. LGIM notes that the bank has not committed to establishing science-based targets. Additionally, its sector policies—particularly on certain fossil fuels, such as unconventional oil and gas—and its approach to existing business relationships are limited in scope. LGIM also finds the company's position on power generation to be high-level and overly narrow, highlighting the need for clearer commitments and enhanced disclosure.

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

- **Outcome and next steps:** The resolution passed. LGIM will continue to engage with the company and monitor progress.

6. **LGIM Future World UK Equity Index**

- **Unilever Plc, May 2024**

- **Summary of resolution:** Approve Climate Transition Action Plan

- **Management recommendation:** For

- **Manager vote:** For

- **Approx. size of the holding at the date of the vote:** 5.7%

- **The reason the Trustee considered this vote to be "most significant":** The vote relates to one of the Trustee's stewardship priorities.

- **Relevant stewardship priority:** Climate change

- **Rationale:** LGIM voted for this proposal as the company already meets its minimum expectations for climate-related disclosures and targets. This includes the disclosure of Scope 1, 2, and material Scope 3 GHG emissions, as well as short-, medium-, and long-term GHG reduction targets aligned with the Paris Agreement's 1.5°C goal. While LGIM acknowledges that the SBTi recently withdrew its approval of the company's long-term Scope 3 target, LGIM notes that the company has since submitted near-term, 1.5°C-aligned Scope 3 targets for validation. Given this progress, LGIM considers the company's ambition level to be adequate and remains supportive of its net-zero trajectory at this stage.

- **Outcome and next steps:** The resolution passed.

7. **LGIM MSCI UK Equity Index ESG Exclusions Fund**

- **Shell Plc, May 2024**

- **Summary of resolution:** Approve the Shell Energy Transition Strategy

- **Management recommendation:** For

- **Manager vote:** Against

- **Approx. size of the holding at the date of the vote:** 8.0%

- **The reason the Trustee considered this vote to be "most significant":** The vote relates to one of the Trustee's stewardship priorities.

- **Relevant stewardship priority:** Climate change

- **Rationale:** LGIM voted against this proposal, acknowledging the company's progress in climate-related disclosures and commitments to emission reductions, methane mitigation, and ending frontier exploration beyond 2025. However, concerns remain over revisions made to Net Carbon Intensity (NCI) targets and plans to expand gas and LNG operations this decade. LGIM seeks greater clarity on how these align with a net-zero transition, including the expected lifespan of the assets Shell is looking to further develop, the level of flexibility in revising production levels against a range of scenarios, and tangible actions taken across the value chain to deliver customer decarbonisation. Additionally, LGIM would like further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capex allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a material lever in Shell's decarbonisation strategy.

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

- **Outcome and next steps:** The resolution passed. LGIM will continue to engage with the company and monitor progress.

8. **LGIM MSCI ACWI Equity Index ESG Exclusions Fund**

- **Walmart Inc., June 2024**
- **Summary of resolution:** Establish a Company Compensation Policy of Paying a Living Wage
- **Management recommendation:** Against
- **Manager vote:** For
- **Approx. size of the holding at the date of the vote:** 0.4%
- **The reason the Trustee considered this vote to be "most significant":** The vote relates to one of the Trustee's stewardship priorities.
- **Relevant stewardship priority:** Human rights
- **Rationale:** LGIM voted in favour of this shareholder resolution as LGIM would encourage the company to establish a compensation policy that ensures employees earn a living wage. This is because paying a living wage may reduce the potential negative financial impacts that stem from low worker morale/ poor health/ absenteeism/ presenteeism, high staff turnover etc.

  LGIM has been engaging with Walmart on the topic of living wages for several years, and in 2023 LGIM launched its income inequality engagement campaign which targeted 15 of the largest global food retailers asking them to set out their policy on living wages for workers within their own operations and their supply chain. Walmart, as the largest food retailer in the world, is part of this campaign. While the company has improved on some areas of our requests in terms of training opportunities, the company does not have a policy on the living wage, and its minimum wage of $14 per hour for store employees is much less than the living wage, which is around $25 per hour.
- **Was the vote communicated to the company ahead of the vote:** LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. Its policy is not to engage with its investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.
- **Outcome and next steps:** The resolution failed. LGIM will continue to engage with the company and monitor progress.

9. LGIM MSCI World Small Cap ESG Exclusions Equity Index Fund

- **Wingstop Inc., May 2024**
- **Summary of resolution:** Report on GHG Emissions Reduction Targets
- **Management recommendation:** Against
- **Manager vote:** For
- **Approx. size of the holding at the date of the vote:** 0.2%
- **The reason the Trustee considered this vote to be "most significant":** The vote relates to one of the Trustee's stewardship priorities.
- **Relevant stewardship priority:** Climate change
- **Rationale:** LGIM expects companies to be taking sufficient action on the key issue of climate change. This shareholder resolution is considered significant due to the relatively high level of support received.

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

- **Outcome and next steps:** The resolution passed.

10. LGIM Global Real Estate Equity Index

- **Prologis, Inc., May 2024**

- **Summary of resolution:** Elect Director Hamid R. Moghadam

- **Management recommendation:** For

- **Manager vote:** Against

- **Approx. size of the holding at the date of the vote:** 6.0%

- **The reason the Trustee considered this vote to be "most significant":** The vote relates to a material holding within the portfolio.

- **Rationale:** LGIM voted against this resolution as it expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.

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

- **Outcome and next steps:** The resolution passed. LGIM will continue to engage with the company and monitor progress.

11. LGIM Retirement Income Multi-Asset

- **Tyson Foods, February 2024**

- **Summary of resolution:** Accelerate Efforts to Eliminate Deforestation from Company's Supply Chains

- **Management recommendation:** Against

- **Manager vote:** For

- **Approx. size of the holding at the date of the vote:** 0.002%

- **The reason the Trustee considered this vote to be "most significant":** The vote relates to one of the Trustee's stewardship priorities.

- **Relevant stewardship priority:** Biodiversity loss

- **Rationale:** LGIM voted in favour of this shareholder proposal, acknowledging the relatively short timeline in the resolution text but recognising deforestation as a material risk. LGIM believes the company should accelerate its efforts to eliminate deforestation from its supply chain to mitigate environmental and financial risks.

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

- **Outcome and next steps:** The resolution failed. LGIM will continue to engage with the company and monitor progress.

12. Janus Henderson Diversified Alternatives Fund

- **EDP Renovaveis SA, April 2024**

- **Summary of resolution:** Re-elect Antonio Sarmento Gomes Mota as Director

- **Management recommendation:** For

- **Manager vote:** Against

- **Approx. size of the holding at the date of the vote:** 0.50%

- **The reason the Trustee considered this vote to be "most significant":** The vote was the only 'significant vote' provided by Janus Henderson; it was against management and received a significant level of dissent.

- **Rationale:** JH voted against the re-election of Antonio Sarmento Gomes Mota as he is the chairman of the nomination and remuneration committee. In addition, the board does not meet the 40 percent diversity threshold applicable to this market.

- **Was the vote communicated to the company ahead of the vote:** It was not communicated ahead of the vote – in part due to the limited holding of the security. Janus Henderson followed the Voting Policy and ISS recommendation of a vote of Against.

- **Outcome and next steps:** The resolution passed. Janus Henderson exited the position in February 2025 on investment grounds.

13. Schroder Global Sustainability Value Equity

- **International Business Machines Corp, April 2024**

- **Summary of resolution:** Adoption of Targets to Achieve Net Zero Emissions by 2050

- **Management recommendation:** Against

- **Manager vote:** For

- **Approx. size of the holding at the date of the vote:** 1.5%

- **The reason the Trustee considered this vote to be "most significant":** The vote relates to one of the Trustee's stewardship priorities.

- **Relevant stewardship priority:** Climate change

- **Rationale:** Schroders supported this shareholder proposal as it believes that the company should be seeking alignment of the full value chain with a 1.5-degree pathway. Schroders believes that how it voted is in the best financial interests of its clients' investments.

- **Was the vote communicated to the company ahead of the vote:** Schroders may tell the company of their intention to vote against the recommendations of the board before voting, if they are large shareholders or if they have an active engagement on the issue. Schroders always informs companies after voting against any of the board's recommendations.

- **Outcome and next steps:** The resolution failed. Schroders monitors voting outcomes, especially if it is a large shareholder or if it has active engagement on the issue. If a company isn't responsive, Schroders may escalate by intensifying engagement or voting against future resolutions, including the election of directors.

14. WHEB Sustainability Impact Fund

- **Linde Plc, July 2024**

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

- **Management recommendation:** For

- **Manager vote:** Against

- **Approx. size of the holding at the date of the vote:** 3.7%

- **The reason the Trustee considered this vote to be "most significant":** The vote relates to one of the Trustee's stewardship priorities.

- **Relevant stewardship priority:** Climate change

- **Rationale:** WHEB voted against the resolution as it believed there was inadequate remuneration incentive linked to ESG criteria, and it viewed the executive's remuneration as being excessive.

  WHEB's decision to vote 'against' on the topic of remuneration aligns with WHEB's high-level engagement objective of supporting high quality management that supports and extends the company's overall positive impact and long-term success.

  The inclusion of ESG metrics in remuneration criteria is especially pertinent for Linde which is one of the largest emitters in the WHEB strategy, accounting for c.25% of financed scope 1 & 2 emissions (as of 30 September 2024).

- **Was the vote communicated to the company ahead of the vote:** WHEB wrote to the company last year explaining its rationale for voting against management on the same ballot and consequently have not written again this year. WHEB will continue to consider how to encourage progress on this issue through its engagement should it see no further improvements.

- **Outcome and next steps:** The resolution passed. WHEB will continue to consider how to encourage progress on this issue through its engagement should it see no further improvements.