Chair's DC Governance Statement, covering 1 October 2022 to 30 September 2023

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.legalandgeneral.com/workplace/n/natwest-group/helpful-resources/document-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.
- Members benefitted from a decrease in the administration charge over the plan year, which reduced from 0.07% pa to 0.06% pa.
- 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.

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). A triennial strategy review was undertaken in the Plan year in two stages. The first stage of the review was completed on 7 December 2022 wherein the Trustee reviewed member demographics and considered their implications for the most appropriate default arrangements. The second stage of the review was completed on 14 February 2023. In the second stage of the review, the Trustee considered the appropriateness (including strategy and performance) of the funds used in the Default (with a focus on the pre-retirement phase), UK Equity Default and self-select range. The Trustee concluded that no changes were required as a consequence of the triennial strategy review.

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 underperformed against its CPI+3-5% target over the Plan year due to the current high inflationary environment but performed broadly as expected and consistently with the aims and objectives as stated in the SIP. Therefore no changes were required.

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.

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 2022	Q1 2023	Q2 2023	Q3 2023
Joiner Files	24 hours	100%	100%	100%	100%	100%
Death Payment	5 days	90%	100%	100%	100%	100%

Process	SLA	Average last Plan Year	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Death Quote	5 days	81%	100%	91%	86%	100%
Divorce Payment	5 days	100%	100%	100%	-	100%
Divorce Quote	5 days	100%	100%	100%	100%	100%
Ill Health Payment	5 days	100%	100%	-	100%	-
Ill Health Quote	5 days	100%	-	-	-	-
Lump Sum Payment	5 days	94%	95%	100%	100%	100%
Lump Sum Quote	5 days	92%	97%	100%	100%	100%
Maturity Pack	5 days	97%	99%	100%	100%	100%
Retirement Payment	5 days	100%	100%	-	100%	-
Retirement Quote	5 days	100%	0%	-	-	-
Serious Ill Health Payment	5 days	100%	-	-	-	-
Serious Ill Health Quote	5 days	100%	-	-	-	-
Surrender	5 days	100%	100%	100%	100%	100%
Transfer Payment	5 days	91%	97%	98%	98%	91%
Transfer Quote	5 days	96%	100%	100%	96%	98%
Drawdown Quote	9 days	99%	86%	95%	88%	95%

Process	SLA	Average last Plan Year	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Drawdown Payment	10 days	-	-	-	92%	86%
Customer updates & enquiries	5 days	91%	98%	99%	95%	99%
Statements	5 days	96%	100%	100%	91%	100%
Cash allocation	24 hours	100%	100%	100%	100%	100%
Investment switches	24 hours	100%	100%	99%	100%	99%
Contribution files	24 hours	100%	100%	100%	-	-
Leaver Options	5 days	100%	100%	100%	100%	100%
Transfer In	5 days	100%	100%	99%	100%	98%

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 (eg. death quotes, drawdown payments, statements), 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 October 2021 to 30 September 2022. 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 27 November 2023.

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 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. This fee reduced from 0.07% pa over the Plan year and this reduction is reflected in the charges reported. 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, despite the reduction in administration cost applying across the board. 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	0.36	0.00
4 years to retirement	0.36	0.03
At retirement	0.31	0.07

Additional Defaults charges and transaction costs

Default fund	OCF (% pa)	Transaction costs (% pa)
UK Equity Default	0.11	0.03
Cash Default	0.12	0.08

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	0.36	0.00
4 years to retirement	0.28	0.00
At retirement	0.16	0.02

Lump Sum Lifestyle charges and transaction costs

Years to target retirement date	OCF (% pa)	Transaction costs (% pa)
7 or more years to retirement	0.36	0.00
4 years to retirement	0.29	0.03
At retirement	0.18	0.06

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	0.03
International Equity Tracker Fund	0.12	0.01
Emerging Markets Equity Tracker Fund	0.38	0.22
Income Drawdown Fund	**0.37**	0.07
Diversified Growth Fund	**0.36**	0.00
Lump sum Fund	0.20	0.06
Annuity Pre-Retirement Fund	0.17	0.00
Index-Linked Gilts Tracker Fund	0.10	0.16
Corporate Bond Fund	0.27	0.14
UK Gilts Over 15 Year Tracker Fund	0.10	0.04
Cash Fund	**0.12**	0.08
Property Fund	0.94*	0.00
International Equity Sharia Fund	0.40	0.00

*The Property Management Expenses are now included in the Property Fund OCF.

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 six 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 six 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) – this is the **RSP Property Fund.**
  - the fund with lowest annual member borne costs – this is the **RSP International Equity Tracker Fund.**

Years invested	Default option Before costs	Default option After costs	RSP Cash Fund (Cash Default) Before costs	RSP Cash Fund (Cash Default) After costs	RSP UK Equity Tracker Fund (UK Equity Default) Before costs	RSP UK Equity Tracker Fund (UK Equity Default) After costs	RSP Property Fund Before costs	RSP Property Fund After costs	RSP International Equity Tracker Fund Before costs	RSP International Equity Tracker Fund After costs
1	£2,800	£2,800	£2,700	£2,700	£2,800	£2,800	£2,800	£2,800	£2,800	£2,800
3	£8,500	£8,500	£8,000	£8,000	£8,500	£8,500	£8,500	£8,400	£8,500	£8,500
5	£14,600	£14,400	£13,200	£13,100	£14,600	£14,500	£14,600	£14,200	£14,600	£14,500
10	£31,000	£30,300	£25,400	£25,200	£31,000	£30,900	£31,000	£29,600	£31,000	£30,800
15	£49,700	£48,000	£36,700	£36,300	£49,700	£49,200	£49,700	£46,200	£49,700	£49,200
20	£70,700	£67,500	£47,200	£46,600	£70,700	£69,900	£70,700	£64,100	£70,700	£69,800
25	£94,600	£89,100	£56,900	£56,000	£94,600	£93,200	£94,600	£83,500	£94,600	£93,100
30	£121,600	£113,000	£66,000	£64,700	£121,600	£119,400	£121,600	£104,400	£121,600	£119,200
35	£150,800	£138,200	£74,300	£72,700	£152,100	£148,900	£152,100	£127,100	£152,100	£148,600
40	£170,700	£154,800	£82,100	£80,100	£186,600	£182,000	£186,600	£151,500	£186,600	£181,600

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 £29,100 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: 2.5% above inflation for the initial years, gradually reducing to match inflation at the ending point of the lifestyle.
  - RSP International Equity Tracker Fund: 2.5% above inflation
  - RSP Cash Fund (Cash Default): 1.5% below inflation
  - RSP Property Fund: 2.5% above inflation
  - RSP UK Equity Tracker Fund (UK Equity Default): 2.5% above inflation
- No allowance for active management outperformance has been made.

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	8.0	5.2
45	8.0	5.2
55	8.0	4.9

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	8.0	5.2
45	8.0	5.2
55	8.0	3.9

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	8.0	5.2
45	8.0	5.2
55	8.0	5.3

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

Fund name	1 year (%)	5 years (% pa)
UK Equity Tracker Fund	14.7	3.8
International Equity Tracker Fund	9.8	9.1
Emerging Markets Equity Tracker Fund	-1.6	2.5
Income Drawdown Fund	4.5	2.5
Diversified Growth Fund	8.0	5.2
Lump Sum Fund	6.3	2.0
Annuity Pre-Retirement Fund	1.2	-4.2
Index-Linked Gilts Tracker Fund	-13.8	-6.6
Corporate Bond Fund	4.0	-3.2
UK Gilts Over 15 Year Tracker Fund	-12.5	-8.6
Cash Fund	3.9	1.1
Property Fund	-12.0	1.6
International Equity Sharia Fund	13.8	3.8

[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.

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 18 January 2024 (covering the Plan year 1 October 2022 to 30 September 2023). We note that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment. 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	During the Plan Year, the Trustee agreed with L&G that the administration charge would reduce from 0.07% pa to 0.06% pa and this saving has been passed on to members. The costs and charges for the default investment strategy range from 0.33% pa to 0.37% 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 all 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 but underperformed its CPI comparator given the high rates of inflation over the period. 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 relative to risk compare favourably to the market.
Administration	Very good	Administration services are of a very good standard. Call waiting times and abandonment rates have improved during the Plan Year and remained within SLA targets, while customer satisfaction scores increased, supporting a better administration experience for members. SLA performance has been above the 95% target on average during the Plan Year, although some tasks were completed outside SLAs.

Assessment area	Rating	Comments
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 developments ongoing, including a bi-monthly member newsletter which provide members with relevant and timely information. 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: the General code, stewardship and DWP stewardship guidance, and pension dashboards.

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:

- Annual review of the Plan against quality standards
- Implementation of Halex Consulting's findings from its review of the effectiveness of the RSP's risk management arrangements
- Preparation for the General Code of Practice
- Trustee training plan in place
- Skills matrix and RACI matrix maintained
- Risk register reviewed annually
- 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.

A questionnaire is used to conduct an annual evaluation of our knowledge and to help to identify training needs. We also 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.

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 Directors 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. During the Plan year, this was undertaken at the January 2023 Board meeting; the outcome of this review was that no gaps were identified needing to be addressed over the Plan year.

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: 30 April 2024

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