Chair’s DC Governance Statement, covering 1 January 2021 to 31 December 2021

1. Introduction

The **Russell Investments Pension 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, but bears the investment risk).

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

- The design and oversight of the investment options in which members can invest, this means the default arrangements (the default lifestyle (the “Default”) and a number of other funds that are also classified as default arrangements for governance purposes (the “additional default funds”)). This involves funds where contributions are invested for members that do not wish to choose their own investments and other funds members can select or have assets in, such as “legacy” funds;
- 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, such as “legacy” funds;
- an illustration of the cumulative effect of these costs and charges;
- net returns of the investment options;
- how the value members obtain from the Plan is assessed; and
- Trustee knowledge and understanding.

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

- The Trustees regularly monitor the investment arrangements, and we are satisfied that the Default, additional default funds and other investment options remain suitable for the membership. Please see Section 2 for information on the changes that were made to the Default during the Plan year.
- The administrator has processed core financial transactions promptly and accurately to an acceptable level during the Plan year, and the Trustees remain comfortable with the administrator’s performance.
- Fees can have a material impact on the value of your pension savings and the fee impact is greater the more time passes, since fees reduce the amount of money that can grow with future investment returns.
- Fees for the investment options are set out in this Statement, and the Trustees remain comfortable that these fees are reasonable given the circumstances of the Plan and represent value for the benefits members obtain.
- The Trustees are looking after your best interests as members, and undertake regular training and receive advice as appropriate so that they 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.

The Trustees 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 Default. The Trustees recognise that just over half of members do not make active investment decisions and instead invest in the Default. After taking advice, the Trustees 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.

Some additional default funds were created when members’ funds were compulsorily mapped into a target fund chosen by the Trustees (i.e. moved without member consent) when one of their existing investment fund options closed.

These additional default funds must adhere to the legal requirements that apply to default arrangements.

As of 31 December 2021, there were four funds that are used as part of the Default lifestyle strategy (shown in **bold**) and six additional default funds as follows:

- **Russell Multi Asset Growth Strategy**
- **Russell World Equity II (SH)**
- **Russell Global Bonds (SH)**
- **Russell Sterling Liquidity**
- Russell Global High Yield
- Russell UK Equity Fund
- Russell World Equity
- Russell World Equity (SH)
- Legal & General Over 5 Years Index Linked Gilts Fund
- Legal & General All Stocks Index-Linked Gilts Index Fund

The Trustees 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.

The aims and objectives of the Plan's Default, as stated in the SIP, is as follows:

- to provide long-term returns significantly above inflation; and
- reducing volatility for members approaching their expected retirement age.

The Default was not reviewed during the period covered by this Statement. The last review was carried out on 3 September 2019 and the changes were implemented in January 2021, during the Plan year.

The review in 2019 identified that members could be taking more risk in the growth phase of the lifestyle to provide a higher return potential. As such the Trustees decided to increase equity exposure by adding the Russell World Equity II (SH) fund to the growth phase of the Default following the review. The review also concluded that the Default would be updated to target income drawdown.

The Trustees are satisfied that the Default remains appropriate due to the changes implemented in Janaury 2021. The Trustees regularly monitor the performance of the Default and will formally review the strategy at least every three years. The next formal review is currently taking place.

The additional default funds are reviewed at least every three years and were last reviewed in June 2022 as part of the value for members assessment covering the Plan year to 31 December 2021. The review included an analysis of fund performance to check that the risk and return levels met expectations, alongside an assessment of whether the costs borne by member are competitve. The Trustees' review concluded that the additional default funds were performing as expected.

3. Requirements for processing core financial transactions

The processing of core financial transactions is carried out by the administrator of the Plan, Railpen (formally known as RPMI). Core financial transactions include (but are not limited to): the investment of contributions, processing of transfers in and out of the Plan, transfers of assets between different investments within the Plan, and payments to members/beneficiaries.

The Trustees 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. The Trustees have received assurance from Railpen that there are adequate internal controls to support prompt and accurate processing of core financial transactions.

The Plan has a service level agreement ("SLA") in place with Railpen which covers the accuracy and timeliness of all core financial transactions. The key processes adopted by Railpen to help it meet the SLA are as follows:

- all post, emails and telephone requests are logged by case type each year, with the relevant SLA and target date being applied;
- daily reports are run to ensure that all cases are allocated to be worked on within the SLA;
- daily reports are also run to ensure that all allocated cases have been completed within SLA;
- casework is completed using a system called IntelliPen, which issues automatic reminders for outstanding information;

- a full cash/unit reconciliation is completed each month;
- follow up emails are sent to ensure that processing of trades and switches are completed efficiently until paid; and
- aim to process switch instructions received before 9am on the same day before 12pm to reduce out of market exposure for members.

The Trustees receive presentations from Railpen at each regular Trustee meeting providing the opportunity to discuss any aspect of service delivery and to help them monitor that SLAs are being met. To meet the service performance targets for accuracy and timeliness within the SLAs, Railpen have confirmed that they have control processes in place including daily reconciliation of bank accounts, daily reconciliation of transactions recorded in the administration system, automated processing and data validation applied to contribution files and investment instructions and at least two persons involved with checking investment and banking transactions.

To help the Trustees monitor whether service levels are being met, the Trustees receive quarterly reports about Railpen's performance and compliance with the SLA. Any issues identified by the Trustees as part of its review processes would be raised with Railpen immediately, and steps would be taken to resolve the issues.

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

- Railpen 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; and
- core financial transactions have been processed promptly and accurately to an acceptable level during the Plan year.

During the Plan year, Railpen did not not see any detrimental impact on service delivery and all contributions continued to be invested. The SLA average for the year was 99% which is consistent with previous Plan year levels.

4. Member-borne charges and transaction costs

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

For funds managed by Russell Investments, the annual fund management charges ("AMC") are rebated to members on a quarterly basis and only additional fund expenses are paid by members. For funds managed by L&G, members pay the investment management costs and additional fund expenses. The charges shown in this section exclude administration costs since these are met by the sponsoring company of the Plan, not by members.

The Trustees are also required to separately 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 are borne by members and also reflected in the unit price of the funds.

The charges and transaction costs have been supplied by Russell Investments and L&G who are the Plan's investment managers. When preparing this section of the Statement, the Trustees 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. The Trustees have shown any negative figures in the tables for the year as provided, but for the costs and charges illustrations the Trustees have used zero where a transaction cost is negative to give a more reaslistic projection (ie the Trustees we would not expect transaction costs to be negative over the long term).

Default arrangements

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

For the period covered by this Statement, annualised charges and transaction costs are set out in the following table. The charges for the underlying funds used within the Default are shown in section 'Self-select fund charges and transaction costs' as are the charges for the additional default funds. Funds used in the Default are shown in **bold.**

Default charges and transaction costs

Years to target retirement date	Member borne charges (%)	Transaction costs
15 years to retirement	0.09	0.23
10 years to retirement	0.10	0.17
5 years to retirement	0.10	0.19
At retirement	0.09	0.16

Self-select options

The level of charges for each self-select fund (including those used in the Default and the additional default funds) and the transaction costs over the period covered by this Statement are set out in the following table. The annual AMC for funds managed by Russell Investments is rebated to members on a quarterly basis and as such, there is no effective AMC that members pay for these funds.

Self-select fund charges and transaction costs

Fund name	Annual Management Charge (% pa)	Additional expenses (% pa)	Total Expense Ratio (% pa)	Transaction cost (% pa)
Russell (MAGS) Multi Asset Growth Strategy*	0.00	0.10	0.10	0.17
Russell OpenWorld Global High Dividend Equity	0.00	0.10	0.10	0.23
Russell World Equity*	0.00	0.06	0.06	0.10
Russell World Equity – Sterling Hedged*	0.00	0.07	0.07	0.10
Russell World Equity II	0.00	0.07	0.07	0.31
Russell World Equity II – Sterling Hedged*	0.00	0.08	0.08	0.32
Russell Emerging Markets Debt Local Currency	0.00	0.11	0.11	0.35
Russell Unconstrained Bond	0.00	0.07	0.07	-0.05
Russell UK Sterling Bonds	0.00	0.16	0.16	-0.17
Russell Global Bonds	0.00	0.06	0.06	0.32
Russell Global Bonds – Sterling Hedged	0.00	0.07	0.07	0.29
Russell Global Credit – Sterling Hedged	0.00	0.09	0.09	-0.06
Russell Global High Yield*	0.00	0.09	0.09	0.05
Russell Global High Yield – Sterling Hedged	0.00	0.10	0.10	0.05
Russell Asia Pacific Ex Japan Fund[1]	0.00	0.49	0.49	0.46
Russell Continental European Equity	0.00	0.12	0.12	0.15

Fund name	Annual Management Charge (% pa)	Additional expenses (% pa)	Total Expense Ratio (% pa)	Transaction cost (% pa)
Russell Continental European Equity – Sterling Hedged	0.00	0.12	0.12	0.16
Russell Emerging Markets Equity	0.00	0.08	0.08	0.32
Russell Eurozone Equity	0.00	0.11	0.11	0.29
Russell Japan Equity	0.00	0.13	0.13	0.21
Russell Japan Equity – Sterling Hedged	0.00	0.13	0.13	0.21
Russell Pan European Equity	0.00	0.16	0.16	0.25
Russell US Equity	0.00	0.07	0.07	0.02
Russell US Quant	0.00	0.07	0.07	0.12
Russell US Small Cap Equity	0.00	0.17	0.17	0.25
Russell UK Equity*	0.00	0.10	0.10	0.21
Russell Global Real Estate Securities	0.00	0.12	0.12	0.34
Russell OpenWorld Global Listed Infrastructure	0.00	0.11	0.11	0.24

Fund name	Annual Management Charge (% pa)	Additional expenses (% pa)	Total Expense Ratio (% pa)	Transaction cost (% pa)
Russell Sterling Liquidity*	0.00	0.06	0.06	0.00
L&G All Stocks Index-Linked Gilts Index*	0.10	0.00	0.10	0.04
L&G Asia Pacific ex-Japan Equity Index	0.29	0.00	0.29	-0.01
L&G Cash	0.12	0.00	0.12	0.02
L&G Europe ex-UK Equity Index	0.26	0.00	0.26	-0.03
L&G Global Emerging Markets Index	0.48	0.00	0.48	0.02
L&G Index Linked 5 Years Gilts*	0.10	0.00	0.10	0.04
L&G Japan Equity Index	0.23	0.00	0.23	0.00
L&G North America Equity Index	0.20	0.00	0.20	-0.01
L&G UK Equity Index	0.18	0.00	0.18	0.02
L&G UK Fixed Interest – All Stocks	0.22	0.00	0.22	0.03
L&G World Emerging Markets Equity Index	0.54	0.00	0.54	0.02

Fund name	Annual Management Charge (% pa)	Additional expenses (% pa)	Total Expense Ratio (% pa)	Transaction cost (% pa)
L&G World ex-UK Equity Index	0.22	0.00	0.22	-0.01

[1] Fund closed in June 2021. TER for all funds is as at 31 December 2021.
An asterisk (*) denotes the additional default funds. Charges for the funds used in the Default are shown in bold.

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, the Trustees had regard to the relevant statutory guidance.

- The "before costs" figures represent the savings projection assuming an investment return with no deduction of member borne charges or transaction costs. The "after costs" figures represent the savings projection using the same assumed investment return but after deducting member borne charges and an allowance for transaction costs.
- The transaction cost figures used in the illustration are those provided by the managers over the past five years, subject to a floor of zero (so the illustration does not assume a negative cost over the long term). The Trustees have used the average annualised transaction costs over the past four 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 Scheme year.
- The illustration is shown for the revised Default that was implemented in January 2021, as well as two funds from the Plan's self-select fund range in which members were invested at 31 December 2021. The additional default arrangements have also been illustrated. The two self-select funds and additional defaults shown in the illustration are:
  - the fund with highest annual member borne costs (TER minus Plan rebate plus Plan year transaction costs) – this is the Russell Investments Emerging Market Debt Local Currency Fund with a before costs expected return of 0.5% above inflation.
  - the fund with lowest annual member borne costs (TER minus Plan rebate plus Plan year transaction costs) – this is the Russell Sterling Liquidity Fund with a before costs expected return of 2.0% below inflation.
  - additional defaults – the Russell World Equity Fund with a before cost expected return of 2.75% above inflation.
  - additional defaults – the Russell World Equity (SH) Fund with a before cost expected return of 2.75% above inflation.
  - additional defaults – the Russell UK Equity Fund with a before cost expected return of 2.75% above inflation.
  - additional defaults – the Russell Global High Yield Fund with a before cost expected return of 0.5% above inflation.
  - additional defaults – the L&G All Stocks Index Linked Gilts Index Fund with a before cost expected return of 2% below inflation.
  - additional defaults – the L&G Index Linked Over 5 Years Gilts with a before cost expected return of 2% below inflation.

Projected pension pot in today's money

Years invested	Default option Before costs	Default option After costs	Russell Investments Emerging Market Debt Local Currency Fund Before costs	Russell Investments Emerging Market Debt Local Currency Fund After costs	Russell Sterling Liquidity Fund Before costs	Russell Sterling Liquidity Fund After costs
1	£18,800	£18,700	£18,500	£18,500	£18,100	£18,100
3	£35,100	£34,800	£33,600	£33,400	£31,900	£31,900
5	£52,300	£51,500	£48,800	£48,500	£45,200	£45,100
10	£99,600	£96,800	£87,500	£86,600	£76,100	£75,800
15	£153,700	£147,500	£127,300	£125,300	£104,000	£103,400
20	£215,700	£204,100	£168,000	£164,600	£129,300	£128,300
25	£286,700	£267,800	£209,800	£204,500	£152,100	£150,800
30	£368,000	£339,900	£252,600	£245,000	£172,700	£171,000
35	£452,900	£413,600	£296,500	£286,200	£191,400	£189,200
40	£524,100	£473,800	£341,500	£328,000	£208,200	£205,600

Projected pension pot for additional defaults in today's money

	Russell World Equity		Russell World Equity (SH)		Russell UK Equity		Russell Global High Yield		L&G All Stocks Index Linked Gilts Index Fund		L&G Index Linked Over 5 Years Gilts	
Years invested	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£18,800	£18,800	£18,800	£18,700	£18,800	£18,700	£18,500	£18,400	£18,100	£18,100	£18,100	£18,100
3	£35,100	£34,900	£35,100	£34,800	£35,100	£34,800	£33,600	£33,400	£31,900	£31,800	£31,900	£31,800
5	£52,300	£51,700	£52,300	£51,500	£52,300	£51,500	£48,800	£48,400	£45,200	£44,900	£45,200	£44,900
10	£99,600	£97,600	£99,600	£97,000	£99,600	£96,800	£87,500	£86,200	£76,100	£75,400	£76,100	£75,400
15	£153,700	£149,300	£153,700	£147,800	£153,700	£147,600	£127,300	£124,400	£104,000	£102,600	£104,000	£102,600
20	£215,700	£207,500	£215,700	£204,700	£215,700	£204,300	£168,000	£163,000	£129,300	£127,100	£129,300	£127,100
25	£286,700	£273,100	£286,700	£268,500	£286,700	£267,800	£209,800	£202,100	£152,100	£148,900	£152,100	£148,900
30	£368,000	£347,000	£368,000	£339,900	£368,000	£338,800	£252,600	£241,500	£172,700	£168,600	£172,700	£168,600
35	£461,200	£430,200	£461,200	£419,900	£461,200	£418,200	£296,500	£281,500	£191,400	£186,100	£191,400	£186,100
40	£567,900	£524,000	£567,900	£509,500	£567,900	£507,100	£341,500	£321,800	£208,200	£201,900	£208,200	£201,900

Notes

- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- Annual salary growth and inflation is assumed to be 2.5%. 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 £11,000. This is the approximate average (median) pot size for active members aged 30 years and younger (rather than using a whole membership average, the Trustees have taken this approach to give a more realistic 40-year projection)
- The projection is for 40 years, being the approximate duration that the youngest Plan member has until they reach the Plan's Normal Pension Age.
- The starting salary is assumed to be £57,000. This is the approximate median salary for active members aged 30 or younger.
- Total contributions (employee plus employer) are assumed to be 13.0% of salary per year as this is the average contribution for the active membership.
- The projected annual returns used are as follows:
- Default option: 2.75% above inflation for the initial years, gradually reducing to a return of 0.95% above inflation at the ending point of the lifestyle.
    - Russell Investments Emerging Markets Debt Local Currency Fund – 0.5% above inflation.
    - Russell Sterling Liquidity Fund – Sterling Hedged – 2.0% below inflation.
- Additional default options:
    - Russell World Equity Fund – 2.75% above inflation.
    - Russell World Equity Fund -Sterling Hedged – 2.75% above inflation.
    - Russell UK Equity Fund – 2.75% above inflation.
    - Russell Global High Yield Fund - 0.5% above inflation.
    - L&G All Stocks Index Linked Gilts Index Fund - 2% below inflation.
    - L&G Index Linked Over 5 Years Gilts - 2% below inflation.
- No allowance for active management outperformance has been made.

5. Investment returns

This section shows the annual 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.

For Russell Investment funds, the returns are net of all expenses (before any rebate is applied). The Trustees are unable to accurately present the performance experienced by members as a result of this rebate process.

For arrangements where returns vary with age, such as for the Default, returns are shown over the Plan year for a member aged 25, 45 and 55 at the start of the period the returns are shown over.

Default strategy net returns over periods to Plan year end

Age of member at the start of the period	1 year (%)
25	17.6
45	17.6
55	6.3

Performance has not been shown for the 5 year period as members have only been able to invest in the revised Default since January 2021, when it was implemented. We have instead also shown the performance for the 5 year period to 31 December 2020 for the previous Default that was in place.

Previous Default strategy net returns over periods to 31 December 2020

Age of member at the start of the period	5 year (%)
25	5.2
45	5.2
55	4.9

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

Fund name	1 year (%)	5 year (%)
Russell (MAGS) Multi Asset Growth Strategy*	6.3	5.1
Russell OpenWorld Global High Dividend Equity	17.0	7.0
Russell World Equity*	22.6	12.2
Russell World Equity – Sterling Hedged*	23.3	12.1
Russell World Equity II	18.7	13.7
Russell World Equity II – Sterling Hedged*	20.5	11.6
Russell Emerging Markets Debt Local Currency	-7.5	0.2
Russell Unconstrained Bond	0.1	1.3
Russell UK Sterling Bonds	-4.1	3.6
Russell Global Bonds	-3.6	2.0
Russell Global Bonds – Sterling Hedged	-1.8	2.2
Russell Global Credit – Sterling Hedged	-0.5	3.6
Russell Global High Yield*	5.5	3.9
Russell Global High Yield – Sterling Hedged	6.1	4.6
Russell Asia Pacific Ex Japan Fund[1]	24.3	12.4
Russell Continental European Equity	20.4	9.0
Russell Continental European Equity – Sterling Hedged	27.5	9.4
Russell Emerging Markets Equity	0.5	7.0
Russell Eurozone Equity	24.6	6.4
Russell Japan Equity	1.0	6.8
Russell Japan Equity – Sterling Hedged	11.3	8.0
Russell Pan European Equity	18.5	7.8
Russell US Equity	24.0	13.1
Russell US Quant	30.3	13.6
Russell US Small Cap Equity	27.5	10.1
Russell UK Equity*	16.6	5.3
Russell Global Real Estate Securities	26.7	8.5
Russell OpenWorld Global Listed Infrastructure	13.4	5.7
Russell Sterling Liquidity*	-0.1	0.3
L&G All Stocks Index-Linked Gilts Index*	4.1	5.8
L&G Asia Pacific ex-Japan Equity Index	1.9	12.4
L&G Cash	-0.1	0.3
L&G Europe ex-UK Equity Index	17.0	10.9
L&G Global Emerging Markets Index	0.7	12.7
L&G Index Linked 5 Years Gilts*	4.1	6.3
L&G Japan Equity Index	2.2	11.6
L&G North America Equity Index	27.9	17.2
L&G UK Equity Index	18.3	6.3
L&G UK Fixed Interest – All Stocks	-4.3	3.3
L&G World Emerging Markets Equity Index	0.3	12.2
L&G World ex-UK Equity Index	21.9	15.1

[1] Fund closed in June 2021, performance is shown at disinvestment date of 10 June 2021.
Funds that form part of the Default are shown in bold. An asterisk (*) denotes the additional default funds.

6. Value for members assessment

The Trustees 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. The general policy of the Trustees’ in relation to value for member considerations is set out below.

The Trustees 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 28 June 2022, coving the Plan year to 31 December 2021. The Trustees note that value for money does not necessarily mean the lowest fee. Individual fund performance has also been considered in this assessment. The Trustees believe that the member borne charges are very competitive for the funds managed by Russell Investments due to the annual management charges being rebated to members. The member borne charges for the funds managed by L&G are not as competitive given the small size of the portfolio.

The Trustees’ 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 growth component of the Default over the Plan year were good and delivered better returns with the implementation of the revised Default.The growth stage experienced lower levels of volatility with higher returns. Compared to similar diversified growth funds available in the market, the growth component of the Default has good risk adjusted returns over a 3-year period.

Within the self-select range, roughly half of the actively managed Russell Investments funds underperformed their benchmarks over the 1 year period. However, only 2 of the funds underperformed over the 3 year period. Meanwhile, all of the passively managed L&G funds tracked their respective benchmarks within acceptable tolerances.

Overall, the Trustees believe that members of the Plan are receiving good value for money for the charges and cost that they incur. The Trustees believe this because the Plan is low cost to members as the additional management charges for Russell Investments funds are rebated, the sponsoring company pays all administration and other expenses and the funds have performed in line with expectation including those in the Default.

The Trustees believe 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. The transaction costs have been assessed for the Russell funds and the Trustees believe that they are relatively competitive however there are some funds which lie above the median which the Trustees will continue to monitor. However, transaction costs for L&G funds are in line with their peer groups.

7. Trustee knowledge and understanding

The Plan's Trustees are required to maintain appropriate levels of knowledge and understanding to run the Plan effectively. The Trustees 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.

The Trustees, with the help of their advisers, regularly consider training requirements to identify any knowledge gaps. The Trustees' advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. The Trustees' advisers typically deliver training on such matters at Trustee meetings if they were material. During the period covered by this Statement, the Trustees received training on the following topics:

- The Regulator's new single code of practice;
- regulatory and legislative changes including anti-scam measures, chair statement requirements and the proposed increase to normal minimum pension age;
- risk management; and
- cyber security.

In addition, at each Trustee meeting the Trustees receive briefings on legislative and topical developments from their advisers and the Trustees access the Pension Regulator's on-line resources and regulatory guidance.

All the Trustees are familiar with the Plan's governing documentation and documentation setting out the Trustees' policies, including the Trust Deed & Rules and SIP (which sets out the policies on investment matters). In particular, the Trustees 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. Further, the Trustees believe they 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 their duties.

All the Trustees are required to commit to completing the training, either at the relevant meetings or by personal study. All the Trustees have completed the Pensions Regulator's Trustee Toolkit (an online learning programme, designed to help trustees of pension schemes meet the minimum level of knowledge and understanding required by law). 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 Trustees.

The Trustees are all employees of Russell Investments, holding senior management positions across a range of disciplines and collectively having a wide range of knowledge and experience in the financial services industry.

- **David Rae (Company Appointed Trustee, elected as Chair on 19 December 2020).**

  David is Managing Director, Head of Strategic Client Solutions, EMEA and a director of Russell Investments Implementations Services Limited. He has over 20 years' experience in the financial services industry.

- **Rebecca Wyncoll (Company appointed trustee from 19 December 2019)**

  Rebecca is Director of Product Solutions for EMEA. She is head of the Product Governance Committee and manages a team that look after product development and management activities for the Irish and UK fund ranges, as well as broader strategic initiatives. She has worked for Russell Investments for 17 years, spending time in Fund Operations and the Investment Division before moving to Product Solutions

- **Peter Gonella (Company Appointed Trustee)**

  Peter is Director of Operations for EMEA, and a director of a number of corporate entities that are part of the Russell Investments Group. He is a certified investment funds director and has been working in the financial service industry for over 30 years with experience covering accounting, custody, client services and vendor management.

- **Neil Jenkins (Member Nominated Trustee)**

  Neil is Managing Director, Senior Portfolio Manager, and a director of Russell Investments Ireland Limited and associated collective investment schemes.

- **Owen Davies (Member Nominated Trustee)**

  Owen is a Director, working in Russell Investments' UK Institutional team. A qualified actuary, Owen has been helping clients navigate through an uncertain investment landscape for over 14 years.

Considering the knowledge and experience of the Trustees and the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisers (eg investment consultants, legal advisers), the Trustees believe they are well placed to exercise their functions as Trustees of the Plan properly and effectively.

Approved by the Trustees of the Russell Investments Pension Plan and signed by the Chair of Trustees on 29 July 2022.

Attachment: Statement of Investment Principles

Statement of Investment Principles for the Russell Investments Pension Plan (the "Plan")

1. Introduction

This Statement of Investment Principles ("SIP") sets out the policy of the Trustees of the Russell Investments Pension Plan ("the Trustees") on various matters governing decisions about the investments of the Russell Investments Pension Plan ("the Plan"), a Defined Contribution ("DC") Scheme. This SIP replaces the previous SIP dated 16 July 2020.

The SIP is designed to meet the requirements of Section 35 (as amended) of the Pensions Act 1995 ("the Act"), the Occupational Pension Schemes (Investment) Regulations 2005 (as amended).

This SIP has been prepared after obtaining and considering written professional advice from LCP, the Plan's investment adviser, whom the Trustees believe to be suitably qualified and experienced to provide such advice. The advice considers the suitability of the default strategy including the need for diversification given the circumstances of the Plan and the principles contained in this SIP. Further advice on the suitability of the investment managers in the default and self-select range is obtained separately from the Plan's investment manager adviser. The Trustees have consulted with the relevant employer in producing this SIP.

The Trustees will review this SIP from time to time and, with the help of their advisers, will amend it as appropriate. These reviews will take place as soon as practicable after any significant change in investment policy or in the demographic profile of the relevant members and at least once every three years.

- **Appendix 1** sets out details of the Plan's investment governance structure, including the key responsibilities of the Trustees, investment advisers and investment managers. It also contains a description of the basis of remuneration of the investment adviser and the investment managers.
- **Appendix 2** sets out the Trustees' policy towards risk appetite, capacity, measurement and management.

2. Investment objectives

The Trustees' primary objective is to provide members with access to:

- an appropriate range of investment options, reflecting the membership profile and the variety of ways that members can draw their benefits in retirement; and
- a default investment option that the Trustees believe to be reasonable for those members that chose to delegate their investment decisions to the Trustees (the "Default"). The objective of the Default is to generate returns significantly above inflation whilst members are some distance from retirement, but then to switch automatically and gradually to lower risk investments as members near retirement.

In addition to the Default , other default arrangements (the Additional Default Funds) exist which were created when members' funds were compulsorily mapped into a target fund chosen by the Trustees (i.e. moved without member consent) when one of their existing investment fund options closed.

The Trustees believe these funds to be appropriate default funds for those members that were switched into these funds automatically, but the funds will not be offered as default funds to the rest of the Plan's membership. The objectives of Additional Default Funds are shown in the table below.

Fund	Objective
L&G All Stocks Index Linked Gilts	To track the FTSE A UK Index-Linked Gilts All Stocks Index
L&G Over 5 Years Index Linked Gilt	To track the FTSE A Index-Linked (Over 5 Year) Index.
Russell Global High Yield (Euro)	Outperform the ICE BofA Developed Markets HY Constrained Index (EUR) Index by 0.75% over the medium to long term.
Russell (MAGS) Multi Asset Growth Strategy	To generate returns equivalent to Cash plus 4.5% pa over the long term.
Russell Sterling Liquidity	The Fund's performance will be measured again the ICE BofA Sterling 3-Month Government Bill Index.
Russell UK Equity	Outperform the FTSE All Shares Index (GBP) - Total Returns by 1.5% over the medium to long term.
Russell World Equity I (Sterling)	Outperform the MSCI World Index (USD) - Net Returns by 2% over the medium to long term.

3. Investment strategy

For the Plan, the Trustees have 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 chooses to delegate their investment decisions to the Trustees, their account will be invested into the Default option, which is managed as a "lifestyle" strategy (i.e. it automatically combines investments in proportions that vary according to the time to retirement age).

The Default option is designed to be in the best interests of the majority of the members based on the demographics of the Plan's membership. The Default targets income drawdown at retirement, since the Trustees believe that most members will wish to take their benefits in this form. Therefore, the initial growth phase of the Default is invested to target a return significantly above inflation, and then in the 20 years before retirement, it switches members gradually into less risky assets, with the asset allocation at retirement being designed to be appropriate for members that wish to access their benefits through income drawdown.

In order to target higher investment returns and increase members' projected pot sizes in the Default, members have a high allocation to global equities up until they are 20 years from their expected retirement age.

To help reduce the volatility that members' assets experience in the Default strategy, the Trustees have included an allocation to a "diversified growth" fund, which over the long term is expected to generate returns materially above inflation, but with lower volatility than equities. The allocation to the diversified growth fund increases between 20 and 10 years to retirement to reduce volatility as members approach retirement. From 10 years to retirement, a bond fund is introduced and then a cash fund is introduced from 5 years to retirement to further decrease volatility. The Trustees will monitor the relevant members' behaviour to check whether assumptions made about how members will access their benefits are borne out in practice.

The Additional Default Funds were chosen to be in the best interests of the members that were previously invested in a fund that was closed and removed as an investment option. The members' assets were defaulted to one of the Additional Default Funds. The Additional Default Funds were chosen, where possible, to provide a close match to the type of investment of the closed fund in order to keep the level of risk similar or the same. Where a close match to the type of investment of the closed fund did not exist, the Additional Default Funds were chosen so as not to increase the level of risk.

4. Considerations in setting the investment arrangements

When deciding how to invest the Plan's assets, the Trustees consider several risks, including, but not limited to, those set out in Appendix 2. Some of these risks are more quantifiable than others, but the Trustees have tried to allow for the relative importance and magnitude of each risk.

The Trustees considered a wide range of asset classes for investment, taking account of the expected returns and key individual risks associated with those asset classes as well as how these risks can be mitigated where appropriate.

In determining the investment arrangements, the Trustees considered:

- the best interests of all members and beneficiaries;
- the profile of the membership and what this is likely to mean for the choices members might make upon reaching retirement;
- the risks, rewards and suitability of a number of possible asset classes and a lifestyle strategy and whether the return expected for taking any given investment risk is considered sufficient given the risk being taken;
- the need for appropriate diversification within the default strategies to ensure that, for each such option, both the overall level of investment risk and the balance of individual asset risks are appropriate;
- the need for appropriate diversification within the other investment options offered to members;

- any other considerations which the Trustees consider financially material over the periods until members' retirement, or any other timeframe which the Trustees believe to be appropriate; and
- the Trustees' investment beliefs about how investment markets work and which factors are most likely to impact investment outcomes.

The Trustees' key investment beliefs, which influenced the setting of the investment arrangements, are as follows:

4.1 Default strategy

- The Default should aim to provide sufficient returns for members' income needs in retirement.
- The Default should be simple and easy to communicate although the underlying assets held may be more complex.
- The Trustees' preference is to use funds managed by Russell Investments in the Default strategy.
- A single lifestyle strategy is preferred to offering multiple options.
- Diversified growth funds are the best way to access diversification across asset classes in the Default.

4.2 Self-select range

- The self-select range should offer a core range of options which cover the main asset classes.
- The self-select range should allow members to invest in Russell Investments' funds.
- Passive funds should be offered as an alternative to Russell Investments' Funds where feasible.

4.3 General

- Asset allocation is the primary driver of long-term returns.
- Risk-taking is necessary to achieve return, but not all risks are rewarded.
- Equity, credit and illiquidity are the primary rewarded risks.
- Risks that do not have an expected reward should generally be avoided, hedged or diversified.
- Investment markets are not always efficient and there may be opportunities for good active managers to add value.
- Environmental, social and governance (ESG) factors are likely to be one area of market inefficiency and so managers may be able to improve risk-adjusted returns by taking account of ESG factors.
- Long-term environmental, social and economic sustainability is one factor that trustees should consider when making investment decisions.

- Costs have a significant impact on long-term performance and therefore obtaining value for money from the investments is important.

The Trustees' key investment beliefs and understanding of the Plan's membership are reflected in the design of the Default and in the range of other funds made available to members.

5. Implementation of the investment arrangements

Before investing in any manner, the Trustees obtain and consider proper written advice from their investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

Details of the investment managers are set out in the Investment Policy Implementation Document.

The Trustees have signed agreements with the investment managers setting out in detail the terms on which the portfolios are to be managed. The investment managers' primary role is the day-to-day investment management of the Plan's investments.

The Trustees and investment managers to whom discretion has been delegated exercise their powers to giving effect to the principles in this Statement of Investment Principles, so far as is reasonably practicable.

The Trustees have limited influence over managers' investment practices because all of the Plan's assets are held in pooled funds, but they encourage their managers to improve their practices where appropriate.

The Trustees' view is that the fees paid to the investment 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 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.

It is the Trustees' responsibility to ensure that the managers' investment approaches are consistent with their 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 Trustees expect investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. They assess this when selecting and monitoring managers.

The Trustees evaluate investment manager performance by considering performance over both shorter and longer-term periods as available. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustees' policy is to evaluate each of their investment managers by reference to the manager's individual performance as well as 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 manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

6. Realisation of investments

The investment managers have discretion over the timing of realisation of investments of the fund they manage and in considerations relating to the liquidity of investments. For the Plan, the Trustees' policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments.

7. Financially material considerations and non-financial matters

The Trustees have considered how environmental, social, governance ("ESG") and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Plan and its members.

The Trustees expect their investment managers to take account of financially material considerations (including climate change and other ESG considerations) as the managers consider appropriate. The Trustees seek to appoint managers that have appropriate skills and processes to do this, and from time to time reviews how its managers are taking account of these issues in practice.

Due to the pooled fund nature of the Plan's investments, the Trustees accept that they are unable directly to influence the social, environmental and ethical policies and practices of the companies in which they invest but they encourage their managers to improve their practices where appropriate.

Should the Trustees gauge there to be interest from members for a responsible investment fund option, they will consider introducing such a fund at the appropriate time. The Trustees are mindful of the investment risks and opportunities arising from climate change and the wider spectrum of ESG factors. The Trustees maintain a dialogue with the investment management providers with the aim of ensuring that all these factors are considered in the management of their investments, to the extent possible within pooled investment funds. The Trustees also include ESG factors as criteria in the selection and retention of their investment management providers.

Climate change is a key risk which can impact investment returns in different ways including the risk of rising physical losses from extreme weather in the short term, the risk of medium-term impacts from the implementation of climate change policy, and risk of the longer-term impacts if global temperature rises. The Trustees believes that climate change risk is a key investment consideration because it affects the ability of investors to generate future investment returns. As the tools to analyse climate risk develop, the Trustees will seek to establish whether further steps are appropriate to mitigate this risk, for example, by reviewing the fund range.

The Trustees do not take into account any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

8. Voting and engagement

The Trustees recognise their responsibilities as owners of capital, and believe 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. The Trustees have delegated to their investment managers 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, capital structure, management of actual or potential conflicts of interest, risks and ESG considerations.

The Trustees do not monitor or engage directly with issuers or other holders of debt or equity. They expect the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustees from time to time, considering the long-term financial interests of the beneficiaries.

The Trustees have limited influence over managers' stewardship practices where assets are held in pooled funds, but they encourage their managers to improve their practices where appropriate.

The Trustees seek 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 Trustees reviews how these are implemented in practice. In addition, the Trustees seek to appoint managers who are signatories of the UN Principles for Responsible Investment. The Principles are a voluntary set of global best practices that aim to provide a framework for integrating environmental, social and corporate governance issues into financial analysis, investment decision-making and ownership practices.

Approved at a meeting held on 12 February 2021 by the Trustees of the Russell Investments Pension Plan and following consultation with Russell Investments Systems Limited.

Investment governance, responsibilities, decision-making and fees

The Trustees have decided on the following division of responsibilities and decision-making for the Plan. This division is based upon the Trustees' understanding of the various legal requirements placed upon them, and their view that the division of responsibility allows for efficient operation and governance of the Plan overall. The Trustees' investment powers are set out within the Plan's governing documentation.

1. Trustees

In broad terms, the Trustees are responsible in respect of investment matters for:

- developing a mutual understanding of investment and risk issues with the employer;
- setting the investment strategy, in consultation with the employer;
- formulating a policy in relation to financially material considerations, such as those relating to ESG considerations (including but not limited to climate change);
- formulating a policy on taking account of non-financial matters in the selection, retention and realisation of investments;
- setting the policy for rebalancing between asset classes;
- setting a policy on the exercise of rights (including voting rights) and undertaking engagement activities in respect of the investments;
- putting effective governance arrangements in place and documenting these arrangements in a suitable form;
- appointing, monitoring, reviewing and dismissing investment managers, investment advisers, and other service providers;
- monitoring the exercise of the investment powers that they have delegated to the investment managers and monitoring compliance with Section 36 of the Act;
- communicating with members as appropriate on investment matters, such as the Trustees' assessment of its effectiveness as a decision-making body, the policies regarding responsible ownership and how such responsibilities have been discharged;
- reviewing the investment policy as part of any review of the investment strategy;
- reviewing the content of this SIP from time to time and modifying it if deemed appropriate; and
- consulting with the employer when reviewing the SIP.

2. Investment managers

In broad terms, the investment managers will be responsible for:

- managing the portfolios of assets according to their stated objectives, and within the guidelines and restrictions set out in their respective investment manager agreements and/or other relevant governing documentation;
- taking account of financially material considerations (including climate change and other ESG considerations) as appropriate when managing the portfolios of assets;
- exercising rights (including voting rights) attaching to investments and undertaking engagement activities in respect of investments;
- providing the regular information concerning the management and performance of their respective portfolios; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

The custodians of the portfolios (whether there is a direct relationship between the custodian and the Trustees or not) are responsible for safe keeping of the assets and facilitating all transactions within the portfolios.

3. Investment advisor

In broad terms, the investment adviser will be responsible, in respect of investment matters, as requested by the Trustees, for:

- advising on a suitable default strategy for the Plan, and how material changes to legislation or within the Plan's benefits and membership may impact this; and
- participating with the Trustees in reviews of this SIP.

4. Investment manager advisor

In broad terms, the investment manager adviser will be responsible, in respect of investment matters, as requested by the Trustees, for:

- advising on the selection, and review, of the investment managers, incorporating its assessment of the nature and effectiveness of the managers' approaches to financially material considerations (including climate change and other ESG considerations.

5. Fee structures

The Trustees recognise that the provision of investment management and advisory services to the Plan results in a range of charges to be met, directly or indirectly, by deduction from the Plan's assets.

The Trustees have agreed Terms of Business with the Plan's investment advisers, under which work undertaken is charged for by an agreed fixed fee or on a "time-cost" basis.

Annual management charge fees with respect to the Russell Investments' Funds only are rebated to members on a regular basis. The fees charged for Legal & General funds, and the additional expenses of the Russell Investments' Funds, are paid by the members of the Plan. The fees are expressed as a percentage of assets under management and are believed to be consistent with the manager's general terms for institutional clients and are considered by the Trustees to be reasonable when compared with those of other similar providers. See also Section 5 of the SIP.

Other service providers to the Plan include an administrator, a benefits consultant and a legal advisor. The Trustees consider that the fees paid to each of these organisations are competitive also.

The fee structure used in each case has been selected with regard to existing custom and practice, and the Trustees' view as to the most appropriate arrangements for the Plan. However, the Trustees will consider revising any given structure if and when it is considered appropriate to do so.

6. Performance assessment

The Trustees are satisfied, considering the external expertise available, that there are sufficient resources to support their investment responsibilities. The Trustees believe that they have sufficient expertise and appropriate training to carry out their role effectively.

It is the Trustees' policy to assess the performance of the Plan's investments, investment providers and professional advisers from time to time. See Section 5 of the SIP. The Trustees will also periodically assess the effectiveness of their decision-making and investment governance processes and will decide how this may then be reported to members.

7. Working with the Plan's employer

When reviewing matters regarding the Plan's investment arrangements, such as the SIP, the Trustees seek to give due consideration to the employer's perspective. While the requirement to consult does not mean that the Trustees need to reach agreement with the employer, the Trustees believe that better outcomes will generally be achieved if the Trustees and employer work together collaboratively.

Policy towards risk

1. Approach to managing and monitoring investment risks

The Trustees consider that there are several different types of investment risk that are important to manage and monitor. These include, but are not limited to:

1.1. Risk of inadequate returns

As members' benefits are 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 Trustees have made the Default option a "lifestyle" strategy.

1.2. Credit risk

This is the risk that a borrower will cause a financial loss for the other party by failing to meet required payments for a contractual obligation.

The Plan is subject to credit risk because it invests in bonds via pooled funds. The Trustees manage its exposure to credit risk by only investing in pooled funds that have a diversified exposure to different credit issuers, and only invests in bonds that are classified as "investment grade".

1.3. Equity risk

Equity represents (part) ownership of a company. Equity risk is the risk that the value of this holding falls in value.

The Trustees believe that equity risk is a rewarded investment risk, over the long term.

The Trustees consider exposure to equity risk in the context of the Plan's overall investment strategy and believe that the level of exposure to this risk is appropriate.

1.4. Currency risk

Whilst the majority of the currency exposure of the Plan's assets is to Sterling, the Plan is subject to currency risk because some of the Plan's investments are held in overseas markets. The Trustees consider the overseas currency exposure in the context of the overall investment strategy and believe that the currency exposure that exists diversifies the strategy and is appropriate.

1.5. Environmental, social and governance (ESG) risks

Environmental, social and corporate governance (ESG) factors are sources of risk to the Plan's investments 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 Trustees seek to appoint investment managers who will manage these risks appropriately on their behalf and from time to time review how these risks are being managed in practice.

1.6. Illiquidity/marketability risk

This is the risk that core financial transactions, such as investing members' contributions, are not processed promptly due to lack of liquidity in the investments. The Trustees manage this risk by only using pooled funds with daily dealing within the default strategies and diversifying the strategy across different types of investment.

1.7. Risk from lack of diversification

This is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the Plan's assets. The Trustees believe that the Plan's default strategies are adequately diversified between different asset classes and/or within each asset class. The self-select options provide a suitably diversified range of funds for members to choose from. This was a key consideration when determining the Plan's investment arrangements and is monitored by the Trustees on a regular basis.

1.8. Investment manager risk

This is the risk that an investment manager fails to meet its investment objectives. Prior to appointing an investment manager, the Trustees receive written advice from a suitably qualified individual and will typically undertake an investment manager selection exercise. The Trustees monitor the investment managers on a regular basis to ensure they remain appropriate for their selected mandates.

1.9. 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 Trustees are comfortable that the charges applicable to the Plan are in line with market practice and assess regularly whether these represent good value for members.