

## Annual Statement Regarding Governance of the Reckitt Benckiser Pension Fund ("the Fund")

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 ("the Administration Regulations") require the Trustees to prepare an annual statement regarding governance, which must be included in the annual Trustee report and accounts. The governance requirements apply to all defined contribution ("DC") pension arrangements and aim to help members achieve a good outcome from their pension savings.

This statement relates to the Defined Contribution (DC) benefits in the Fund, which are provided from both the DC Section of the Fund and the DC Additional Voluntary Contribution (AVC) arrangements within the Defined Benefit (DB) Section of the Fund. The statement issued by the Trustees covers the period from 6 April 2022 to 5 April 2023 and is signed on behalf of the Trustees by the Chair.

This statement covers governance and charge disclosures in relation to the following:

1. The Default arrangement
2. Net investment returns
3. Processing of core financial transactions
4. Member borne charges and transaction costs
  - i. Default arrangement
  - ii. Self-select funds
  - iii. Additional Voluntary Contributions
  - iv. Illustrations of the cumulative effect of these costs and charges
5. Value for Members assessment
6. Trustees' knowledge and understanding



## 1. The Default Arrangement

**The Trustees are required to design the default arrangement in members' interests and keep it under review. The Trustees need to set out the aims and objectives of the default arrangement and take account of the level of costs and the risk profile that are appropriate for the Fund's membership.**

The Fund is used as a Qualifying Scheme for auto-enrolment purposes.

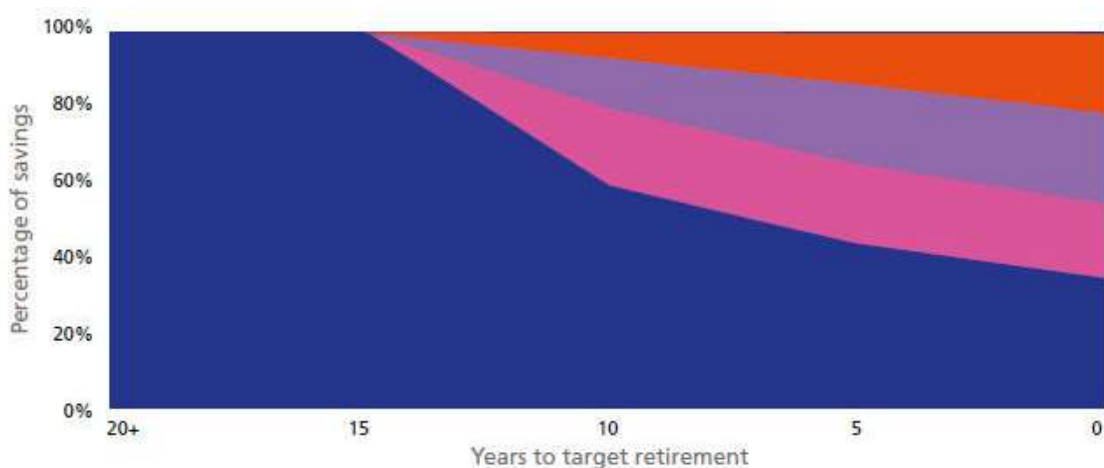
The DC Section of the Fund has a default investment option, so this section of the statement is relevant for the DC Section of the Fund only (not for the DC AVC arrangements within the DB Section where no such default exists).

The Trustees are responsible for the Fund's investment governance, which includes setting and monitoring the investment strategy for the Fund's current default investment option, the Drawdown Lifestyle strategy. With the exception of one change to an underlying fund, the current default strategy (Drawdown Strategy) remains unchanged from prior years. The Drawdown Lifestyle is primarily provided for members who join the Fund and do not choose an investment option for their contributions, as well as being designed for members planning to leave their DC savings invested into retirement.

Full details of the objectives and the Trustees' policies regarding the default investment option can be found in the 'Statement of Investment Principles' (SIP) which can be found here <https://pensioninformation.aon.com/myrbpensiondisclosure>. The overall aim of the default investment option is to provide members with the potential for higher levels of growth during the accumulation of their retirement savings through exposure to equities, and then to gradually adjust their investments in the years approaching retirement, to reduce volatility.

The projected outcomes of the default investment option and other lifestyle strategies will be reviewed annually with reference to the manner in which members take their benefits from the Fund. This annual review will also consider any significant changes in the demographic profile of the Fund's membership.

The Drawdown Lifestyle initially invests in global developed and emerging equities until fifteen years before a member's target retirement age. During this 'growth' phase, the Drawdown Lifestyle aims to provide real growth (in excess of inflation) over the long term. From fifteen years from a member's selected retirement age, lower risk investments are gradually introduced, as shown in the graph below. At a member's selected retirement date, the Drawdown Lifestyle invests the member's fund across a range of asset classes.





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-  Aegon BlackRock Index Linked Gilt Index Fund (BLK)
-  Aegon BlackRock Corporate Bond Index Fund (BLK)
-  Aegon BlackRock Dynamic Allocation Fund (BLK)
-  Global Equity Fund (WEQ)

### Default Investment Strategy Review

No investment strategy review was carried out over this reporting period. The last investment strategy review was carried out over 2021/2022 and two changes to investments were implemented in late 2022 i.e., in this reporting period:

1. A change was made to the underlying funds that make up the Global Equity (WEQ) Fund. The 42.5% allocation to the BlackRock MSCI Currency Hedged World Index Fund was replaced with a new allocation to the BlackRock World ESG Equity Tracker Fund (currency hedged).
2. Introduction of the HSBC Islamic Global Equity Index Fund in the self-select fund range.

### Performance Monitoring

The Trustees review the performance of the default investment option against its aims and objectives twice a year. This review includes an analysis of fund performance to check that the risk and return levels meet expectations. Performance is reviewed against target benchmarks that have been agreed with the investment managers. On an annual basis, the Trustees also review how members' retirement outcomes have been affected by changes in the underlying fund's performance and the projected future investment outlook.

The Trustees were satisfied that the default investment option performance over the year was in line with expectations and with the aims and objectives of the SIP.



## 2. Net Investment Returns

The Trustees are required to report on net investment returns for each default arrangement and for each non-default fund which scheme members were invested in during the scheme year. Net investment return refers to the returns on funds minus all member-borne transaction costs and charges.

The net investment returns have been prepared having regard to statutory guidance.

It is important to note that past performance is not a guarantee of future performance.

### (i) Default Arrangement – Drawdown Lifestyle

Performance to 31 March 2023	Annualised Net Returns (%)
Age of member (at the start of the investment reporting period)	1 year
25	-2.9
45	-2.9
55	-6.0

Source: Aegon

Fund performance covering a five-year period has not been reported as the Global Equity Fund (WEQ), which makes up the growth phase of the default investment strategy, was inception on 30 March 2020, and data based on the previous default structure is unavailable in the format required for this statement.

### (ii) Cash Lifestyle

Performance to 31 March 2023	Annualised Net Returns (%)
Age of member (at the start of the investment reporting period)	1 year
25	-2.9
45	-2.9
55	-6.0

Fund performance covering a five-year period has not been reported as the Global Equity Fund (WEQ), which makes up the growth phase of the default investment strategy, was inception on 30 March 2020, and data based on the previous default structure is unavailable.

### (iii) Annuity Lifestyle

Performance to 31 March 2023	Annualised Net Returns (%)
Age of member (at the start of the investment reporting period)	1 year
25	-2.9
45	-2.9
55	-6.0

Fund performance covering a five-year period has not been reported as the Global Equity Fund (WEQ), which makes up the growth phase of the default investment strategy, was inception on 30 March 2020, and data based on the previous default structure is unavailable.

(All three Lifestyle funds are invested the same until 5 years before retirement, therefore above net returns are the same)



**(iv) Self-Select Investment Funds**

Performance to 31 March 2023	Annualised Returns (%)	
Fund Name	1 year	5 years
Global Equity Fund (WEQ) Fund <sup>1</sup>	-2.9	N/A
Aegon BlackRock 50/50 Global Equity Index (BLK) Fund	2.3	7.0
Aegon BlackRock All Stocks UK Index-Linked Gilt Index (BLK) Fund <sup>1</sup>	-28.1	-3.7
Aegon BlackRock Cash (BLK) Fund	2.1	0.7
Aegon BlackRock Corporate Bond All-Stocks Index (BLK) Fund <sup>1</sup>	-10.5	-0.9
Aegon BlackRock Dynamic Allocation (BLK) Fund <sup>1</sup>	-4.2	2.4
Aegon BlackRock Emerging Markets Equity Index (BLK) Fund	-6.5	1.4
Aegon BlackRock European Equity Index (BLK) Fund	7.8	7.8
Aegon BlackRock Japanese Equity Index (BLK) Fund	1.9	4.0
Aegon BlackRock Over 15 Years Corporate Bond Index (BLK) Fund	-23.4	-3.5
Aegon BlackRock Pacific Rim Equity Index (BLK) Fund	-4.1	4.9
Aegon BlackRock UK Equity Index (BLK) Fund	2.2	4.7
Aegon BlackRock US Equity Index (BLK) Fund	-3.1	13.5
Aegon HSBC Islamic Global Equity Index (BLK) Fund <sup>2</sup>	-3.2	N/A
Aegon LGIM Ethical Global Equity Index (BLK) Fund	0.5	11.7

Source: Aegon

<sup>1</sup>Component of the Fund's default investment option

<sup>2</sup>Fund performance is shown for example purposes. The fund has been available for less than 1 year.

**(v) Additional Voluntary Contributions**

Performance to 31 March 2023	Annualised returns (%)	
Fund Name	1 year	5 years
Aegon BlackRock Balanced Growth	0.9	6.2
Aegon BlackRock Cash	1.8	0.4
Aegon BlackRock Cautious Diversified Growth	-0.6	1.6
Aegon BlackRock Pre-Retirement	-17.5	-3.1
Utmost Multi-Asset Cautious	-7.8	N/A
Utmost Multi-Asset Moderate	-5.9	N/A
Utmost Multi-Asset Growth	-4.8	N/A
Utmost Managed Fund	-1.9	4.0
Utmost Money Market Fund	1.8	0.3
Aviva With Profit 1 Fund <sup>2</sup>	-0.6	2.9

Source: fund managers

<sup>1</sup> This fund had an inception date of 01/01/2020, therefore five-year performance is unavailable.

<sup>2</sup> This is the underlying return of the fund excluding any bonus that members have received.

**(vi) Utmost Life Investing By Age Lifestyle Strategy**

Performance to 31 March 2023	Annualised Net Returns (%)
Age of Member in 2022	1 year
25	-5.9
45	-5.9
55	-6.1



Fund performance covering a five-year period has not been reported as the Utmost Life Investing By Age Lifestyle Strategy had an inception date of 01/01/2020, therefore five year performance is unavailable.

### **3. Processing of Core Financial Transactions**

**The Trustees have a specific duty to ensure that core financial transactions are processed promptly and accurately. Core financial transactions include the investment of contributions, transfer of member funds into and out of the Fund, transfers between different investments within the Fund and payments to and in respect of members/beneficiaries.**

The bulk of the core financial transactions are undertaken on behalf of the Trustees by the appointed administrator, Aon. The Company is responsible for ensuring that contributions are paid to the Fund promptly. The timing of such payments is monitored by the Trustees via quarterly administration reports submitted by Aon.

The Trustees have appointed Trafalgar House to administer the DB Section, including AVCs, in line with legal requirements and the Trust Deed and Rules. As the DB Section of the Fund is now closed to future accrual, no new contributions may be made to the AVC arrangements of the DB Section.

Certain administrative duties are delegated further to the DC investment platform provider, Aegon, and the legacy AVC providers, Aegon, Aviva and Utmost Life and Pensions.. Aegon, Utmost Life and Pensions and Aviva carry out some core financial transactions in relation to the legacy AVCs in the DB Section.

The Trustees have service level agreements ("SLA") in place with Aon and Trafalgar House covering the accuracy and timeliness of all core financial transactions. These SLAs detail a number of key administration processes to be performed and the target timescale within which each of these processes needs to be completed. There are SLAs in place for all core financial transactions. Under the current SLA, Aon aims to accurately complete all financial transactions within 3 to 15 working days, depending on the type of transaction. The SLA for the investment of contributions by Aon is within 5 working days of receipt. There are no specific SLAs with the AVC providers.

The Trustees have reviewed the processes and controls implemented by Aon in order to minimise the risks of inaccurate or late payment of core financial transactions within the DC Section and consider them to be suitably designed and meeting required levels. Key processes include:

- A full member and DC Section reconciliation being undertaken annually as part of the annual preparation of the Trustee Report & Accounts
- Provision of quarterly administration reports – enabling the Trustees to check core financial transactions and review processes relative to any member complaints made
- Monthly contribution checks and daily reconciliation of the Trustees' bank account
- Checks for all investment and banking transactions prior to processing
- Straight-through processing for all investment manager transactions, avoiding the need for manual intervention and, in turn, significantly reducing the risk of error
- Reporting on common data annually and conditional data triennially
- Documentation and operation in line with quality assurance policies and procedures



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The Trustees receive quarterly administration reports from Aon and from Trafalgar House. Both quarterly administration reports note performance against the SLAs. Any concerns with the service levels that may arise would be discussed at the quarterly Trustee meetings.

Overall, the Trustees are satisfied that over the period:

- the administrators were operating appropriate procedures, checks and controls and operating within the agreed SLAs;
- there have been no material administration errors in relation to processing core financial transactions; and
- all core financial transactions have been processed promptly and accurately during the Fund year.



#### 4. Member Borne Charges and Transaction costs

The Trustees regularly monitor the level of charges borne by members through the investment funds. These charges comprise:

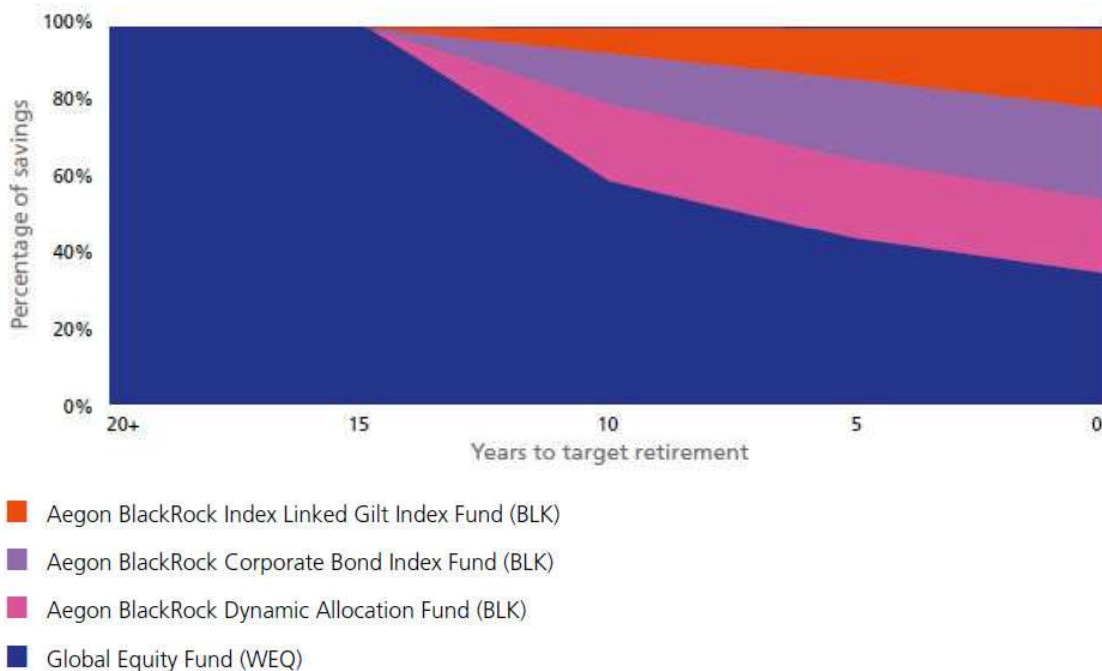
- **Investment Management charges:** these are explicit, and represent the costs associated with operating and managing an investment fund. They can be identified here as a Total Expense Ratio (TER);
- **Transaction costs:** these are not explicit and are incurred when the Fund's fund managers buy and sell assets within investment funds but are exclusive of any costs incurred when members invest in or sell out of funds.

The Trustees confirm that the charges on the default arrangement have not exceeded 0.75% p.a. (the charge cap) over the year, and provide an illustration of the cumulative effect of the costs and charges on members' retirement fund values.

The charges and transaction costs for the DC Section funds have been supplied by Aegon who are the Fund's platform provider. The DB Section AVC fund charges and transaction costs have been supplied by Aegon, Aviva and Utmost Life and Pensions. There can, on occasion, be a negative transaction cost (profit) as a result of the underlying trades in a fund. However, a floor of 0% p.a. has also been used for all transaction costs to avoid potentially understating the total level of costs and charges.

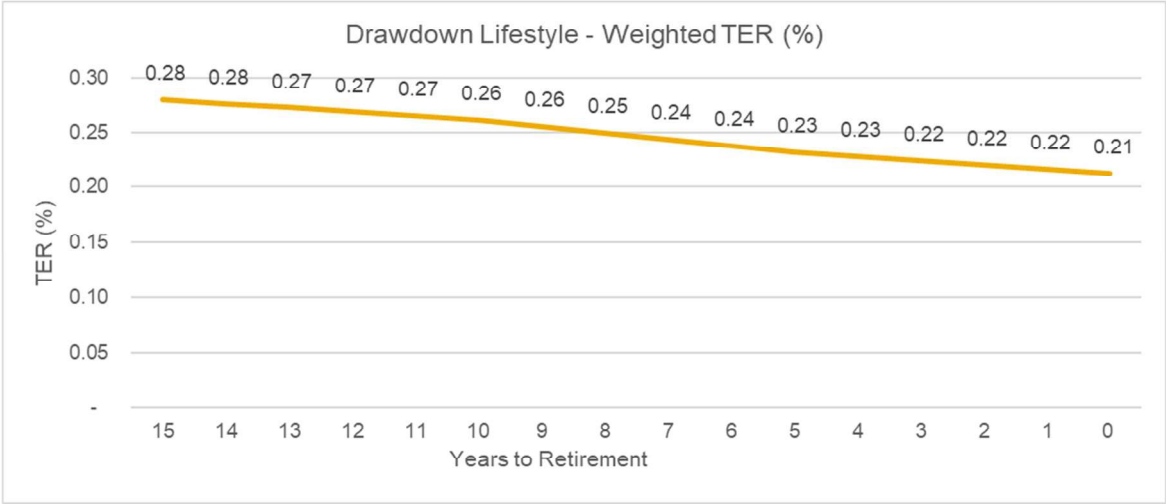
##### Current Default Investment Option – Drawdown Lifestyle

The Drawdown Lifestyle has been set up as a lifestyle arrangement which means that a member's assets are automatically moved between different investment funds as they approach their target retirement date. This is illustrated in the chart below.



The TER that a member paid over the year depends on their term to retirement, as shown in the line chart below. The TER for the period ranges from 0.21% p.a. to 0.28% p.a., which is within the 0.75% p.a. charge cap for schemes that are used for auto-enrolling employees.





Transaction costs ranged between 0.07% p.a. and 0.41% p.a., resulting in the total cost associated with the Drawdown Lifestyle over the period was between 0.35% p.a. and 0.62% p.a. (Please note that the figure of 0.62% is derived from a transaction cost of 0.41% and a TER of 0.21% applicable at the lifestyle stage). Further details are set out in the table below.



### (vii) DC Section Self-Select Investment Funds

In addition to the Drawdown Lifestyle, members also have the option to invest in two further lifestyle funds, targeting cash or annuity purchase at retirement, and thirteen individual funds (funds in bold are component funds of the lifestyles).

The TERs and transaction costs for each of these are shown in the following tables. We have included the default lifestyle for comparison:

<b>Lifestyle</b>	<b>TER % p.a.</b>	<b>Transaction Costs % p.a.</b>	<b>Total costs % p.a.</b>
Drawdown Lifestyle	0.21 - 0.28	0.07 – 0.41	0.35 – 0.62
Cash Lifestyle	0.11 – 0.28	0.01 – 0.30	0.12 – 0.53
Annuity Lifestyle	0.09 – 0.28	0.07 – 1.11	0.35 – 1.20

<b>Individual funds</b>	<b>TER % p.a.</b>	<b>Transaction Costs % p.a.</b>	<b>Total costs % p.a.</b>
<b>Global Equity Fund (WEQ)</b>	0.28	0.0731	0.3531
<b>Aegon BlackRock Cash</b>	0.11	0.0132	0.1232
<b>Aegon BlackRock Corporate Bond All-Stocks Index</b>	0.09	0.0640	0.1540
<b>Aegon BlackRock Dynamic Allocation</b>	0.38	0.3411	0.7211
<b>Aegon BlackRock All Stocks UK Index-Linked Gilt Index</b>	0.08	1.4767	1.5567
Aegon BlackRock 50/50 Global Equity Index	0.09	0.0316	0.1216
Aegon BlackRock UK Equity Index	0.09	0.0197	0.1097
Aegon BlackRock US Equity Index	0.09	0.0195	0.1095
Aegon BlackRock European Equity Index	0.09	0.0137	0.1037
Aegon BlackRock Japanese Equity Index	0.09	0.0000	0.0900
Aegon BlackRock Pacific Rim Equity Index	0.09	0.0300	0.1200
Aegon BlackRock Emerging Markets Equity Index	0.28	0.0000	0.2800
Aegon LGIM Ethical Global Equity Index	0.36	0.0069	0.3669
Aegon HSBC Islamic Global Equity Index	0.38	0.000	0.3800
Aegon BlackRock Over 15 Year Corporate Bond Index	0.10	0.1162	0.2162



### (viii) DB Section Additional Voluntary Contributions (AVCs)

The DB Section AVC assets are invested with Aegon, Aviva and Utmost life and Pensions.

These arrangements are closed to new contributions.

<b>Fund</b>	<b>TER % p.a.</b>	<b>Transaction Costs % p.a.</b>	<b>Total Costs % p.a.</b>
<b>Aegon</b>			
Aegon BlackRock Balanced Growth	0.60	0.1275	0.7275
Aegon BlackRock Cash	0.43	0.0131	0.4431
Aegon BlackRock Cautious Diversified Growth	0.59	0.2301	0.8201
Aegon BlackRock Pre-Retirement	0.50	0.1274	0.6274
<b>Utmost Life and Pensions <sup>1</sup></b>			
Investing By Age Strategy <sup>2</sup>	0.75	0.3180 – 0.3622	1.0680 – 0.1122
Multi-Asset Cautious <sup>3</sup>	0.75	0.3622	1.1122
Multi-Asset Moderate <sup>3</sup>	0.75	0.3180	1.068
Multi-Asset Growth	0.75	0.2580	1.008
Managed Fund	0.75	0.0946	0.8446
Money Market Fund <sup>3</sup>	0.50	0.0099	0.5099
<b>Aviva<sup>4</sup></b>			
Aviva With Profit 1 Fund	0.60	0.0620	0.6620

<sup>(1)</sup> The funds shown are the funds in which members currently invest. Further Utmost Life and Pensions funds are available for these members to choose if they wish.

<sup>(2)</sup> The Investing By Age Strategy is a type of lifestyle strategy, which invests in different underlying funds depending on the member's age.

<sup>(3)</sup> Forms part of the Investing By Age Strategy

<sup>(4)</sup> The Aviva With Profit 1 Fund is the only Aviva fund that members are invested in. Further Aviva AVC funds are available for members to choose if they wish.



## **(ix) Illustrations of the Cumulative Effect of Costs and Charges**

**From 6 April 2018 the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 introduced new requirements relating to the disclosure and publication of the level of costs by the trustees and managers of a relevant scheme. These changes are intended to improve transparency on costs.**

In order to help members understand the impact that costs and charges can have on their retirement savings, the Trustees have provided illustrations of their cumulative effect on the value of typical Fund members' savings over the period to their retirement.

The illustrations have been prepared having regard to statutory guidance, selecting suitable representative members, and are based on a number of assumptions about the future which are set out in the appendix.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Fund they are not a substitute for the individual and personalised illustrations which are provided to members in their annual Benefit Statements.

Illustrations shown are for three representative members, all invested in the Drawdown Lifestyle, as this is the arrangement that most of our members had their retirement savings in at the end of the reporting period. Each illustration is shown as a chart and a table as follows:

- The chart shows a projection of the member's retirement savings at retirement age, with and without costs and charges applied.
- As the projected retirement savings are dependent on investment returns as well as the level of costs and charges, we have also included some comparison figures with other investments in the tables. For comparison purposes, we also show the projected retirement savings if the representative member was invested in the highest cost fund - Aegon BlackRock All Stocks UK Index-Linked Gilt Index Fund\*, and the lowest cost fund – Aegon BlackRock Japanese Equity Index Fund.

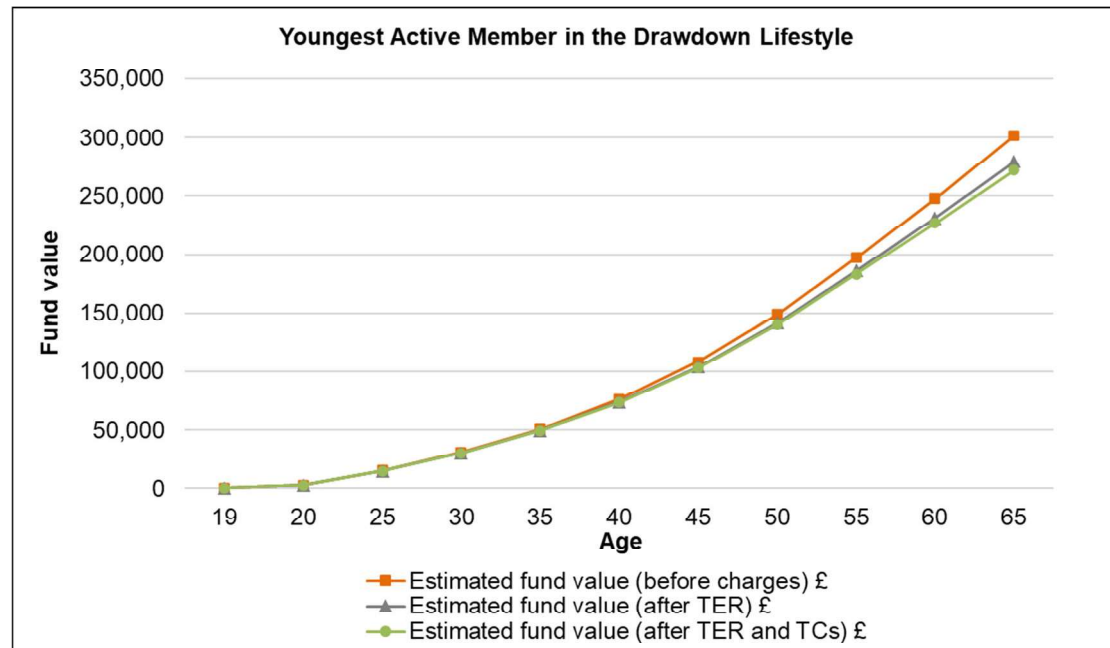
\*Over the year to 5 April 2023, based on 'Total Costs', the highest cost fund was the Aegon BlackRock All Stocks UK Index-Linked Gilt Index Fund. This was predominantly driven by significantly high transaction costs for this fund over the year of c1.48%. The high transaction cost was due to increased volatility in fixed income assets following the September 2022 mini budget, where extreme moves in assets over a short period of time were observed.

All projected fund values are shown in today's terms, and do not need to be reduced further for the effect of future expected inflation.

The Trustees have not provided illustrations for any AVC funds as this would be disproportionate given the relatively small fund holdings relative to the overall assets of the Fund.



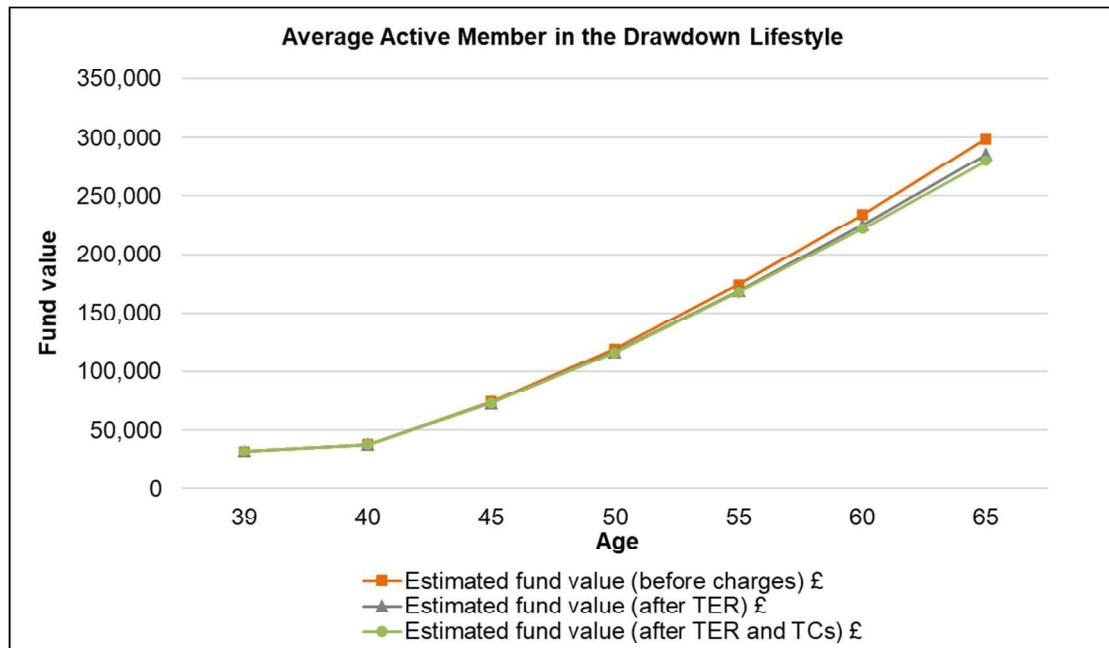
**Illustration A:** is based on an existing active DC Section Fund member who has 46 years to go until their retirement at age 65. The member has a current salary of £20,830 and future contributions of 10% of salary. The member has a current fund value of £720 and is invested in the Drawdown Lifestyle.



Estimated Fund Value in Today's Money									
Age	Drawdown Lifestyle			Aegon BlackRock Japanese Equity Index			Aegon BlackRock All Stocks UK Index-Linked Gilt Index		
	Before Charges	After Charges	Effect of Charges	Before Charges	After Charges	Effect of Charges	Before Charges	After Charges	Effect of Charges
	£	£	£	£	£	£	£	£	£
19	720	720	0	720	720	0	720	720	0
20	2,860	2,860	0	2,850	2,850	0	2,790	2,780	10
25	15,250	15,090	160	15,010	15,010	0	13,270	13,110	160
30	30,960	30,360	600	30,090	30,070	20	24,010	23,490	520
35	50,900	49,430	1,470	48,770	48,730	40	35,010	33,930	1,080
40	76,200	73,250	2,950	71,930	71,860	70	46,290	44,430	1,860
45	108,300	103,000	5,300	100,650	100,520	130	57,840	54,980	2,860
50	149,040	140,140	8,900	136,240	136,040	200	69,680	65,590	4,090
55	197,170	183,040	14,130	180,370	180,040	330	81,810	76,260	5,550
60	247,780	226,700	21,080	235,070	234,570	500	94,240	86,980	7,260
65	301,420	271,730	29,690	302,880	302,150	730	106,970	97,760	9,210



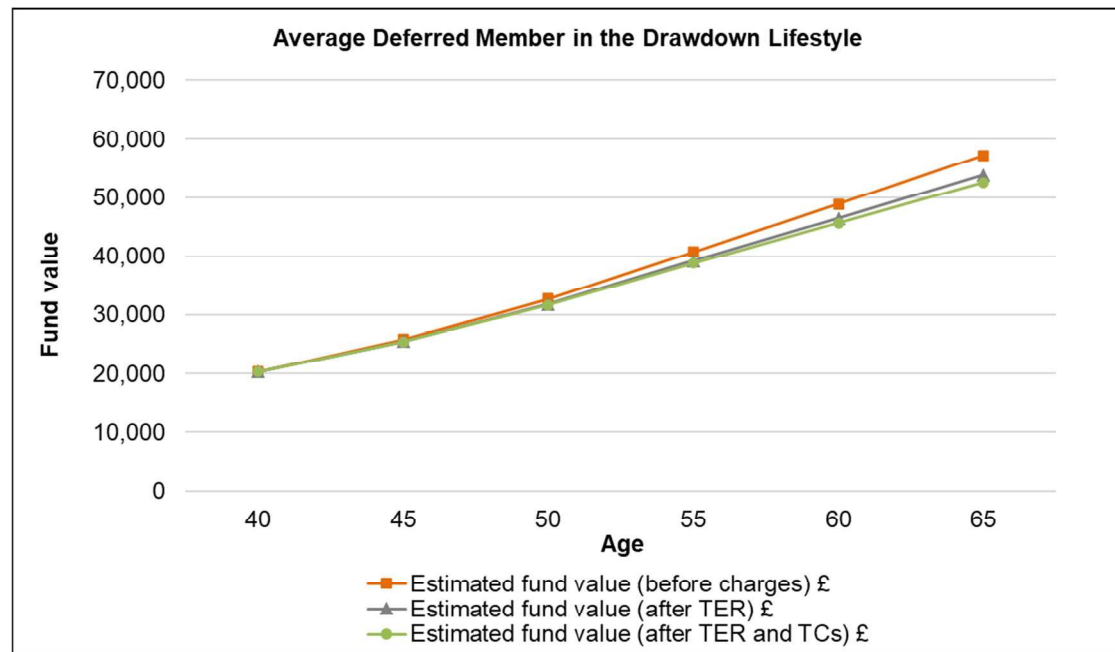
**Illustration B:** is based on an existing active DC Section Fund member who has 26 years to go until their retirement at age 65. The member has a current salary of £46,000 and has future contributions of 10% of salary. The member has a current fund value of £31,900 and is invested in the Drawdown Lifestyle.



Estimated Fund Value in Today's Money									
Age	Drawdown Lifestyle			Aegon BlackRock Japanese Equity Index			Aegon BlackRock All Stocks UK Index-Linked Gilt Index		
	Before Charges	After Charges	Effect of Charges	Before Charges	After Charges	Effect of Charges	Before Charges	After Charges	Effect of Charges
	£	£	£	£	£	£	£	£	£
39	31,900	31,900	0	31,900	31,900	0	31,900	31,900	0
40	38,110	38,000	110	37,940	37,940	0	36,610	36,480	130
45	74,000	72,890	1,110	72,380	72,350	30	60,510	59,450	1,060
50	119,550	116,460	3,090	115,060	114,990	70	84,990	82,550	2,440
55	174,280	167,760	6,520	167,980	167,820	160	110,080	105,770	4,310
60	233,930	222,180	11,750	233,570	233,300	270	135,790	129,120	6,670
65	298,640	279,850	18,790	314,890	314,430	460	162,130	152,590	9,540



**Illustration C:** is based on a deferred DC Section Fund member (a member who is no longer making contributions into their DC fund) who has 25 years to go until their retirement at age 65. The member has a current fund value of £20,300 and is invested in the Drawdown Lifestyle.



Estimated Fund Value in Today's Money									
Age	Drawdown Lifestyle			Aegon BlackRock Japanese Equity Index			Aegon BlackRock All Stocks UK Index-Linked Gilt Index Fund		
	Before Charges	After Charges	Effect of Charges	Before Charges	After Charges	Effect of Charges	Before Charges	After Charges	Effect of Charges
	£	£	£	£	£	£	£	£	£
40	20,300	20,300	0	20,300	20,300	0	20,300	20,300	0
45	25,760	25,350	410	25,160	25,150	10	20,410	20,410	390
50	32,680	31,660	1,020	31,200	31,170	30	20,520	20,520	790
55	40,730	38,780	1,950	38,670	38,630	40	20,630	20,630	1,210
60	48,860	45,670	3,190	47,940	47,860	80	20,740	20,740	1,640
65	57,240	52,520	4,720	59,430	59,310	120	20,850	20,850	2,080

**Members are advised to consider both the level of costs and charges and the expected return on investments (i.e. the risk profile of the strategy) in making investment decisions.**



Assumptions and Data for Illustrations:

The following assumptions have been made for the purposes of the above illustrations:

- Annual salary growth and inflation is assumed to be 2.5% per annum
- The starting fund values and future contributions used in the projections are representative of the averages for the Fund
- The projected annual returns on assets before charges are:
  - Global Equity Fund (WEQ) 7.5% p.a.
  - Aegon BlackRock Corporate Bond All-Stocks Index Fund 4.5 % p.a.
  - Aegon BlackRock All Stocks UK Index-Linked Gilt Index Fund 3.0 % p.a.
  - Aegon BlackRock Dynamic Allocation Fund 6.0 % p.a.
  - Aegon BlackRock Japanese Equity index Fund 7.0 % p.a.

For the Drawdown Lifestyle, the projection takes into account the changing proportion invested in the different underlying funds as members approach retirement. All funds shown above are constituents of the default arrangement.

- The TERs and transaction costs for the self-select funds and the funds underlying the Drawdown Lifestyle are set out in section 4 of this statement. Transaction costs have been averaged over a 5 year period. For funds where 5-year data is not available, these have been averaged for the period of time data is available.



## 5. Value for Members Assessment

**The Administration Regulations require the Trustees to make an assessment of charges and transactions costs borne by DC Section and AVC members and the extent to which those charges and costs represent good value for members.**

There is no legal definition of "good value" or the process of determining this for Fund members. Therefore, working in conjunction with our advisers, Aon, the Trustees have developed a cost-benefit analysis framework in order to make an assessment as to whether members receive good value from the Fund relative to the costs and charges they pay.

The costs have been identified as TERs and transaction costs and are set out in section 4 of this statement. The Trustees have received confirmation from their advisers that the transaction costs associated with the arrangements are broadly reasonable based on their general experience of similar funds in other schemes. Note that the transaction costs typically make up a relatively small fraction of the overall costs members pay, although they can fluctuate year-on-year.

The Trustees have considered the benefits of membership under the following categories: Fund governance and management, investments, administration and member communications. Benchmarking relative to other pension arrangements or industry best practice guidelines is also undertaken.

The Trustees' beliefs have formed the basis of the analysis of the benefits of membership. These are set out below along with the main highlights of their assessment.

### Governance and Management

- **The Trustees believe in having robust processes and structures in place to support effective management of risks and ensure members' interests are protected, increasing the likelihood of good outcomes for members**
- The Trustees regularly review and update the Fund's governance processes and procedures to make sure that these meet industry best practice.
- Governance covers the time spent by the Trustees to ensure the Fund is run in compliance with the law and regulation, including taking account of the interests of its members.

### Investments

- **The Trustees believe that a well-designed investment portfolio that is subject to regular performance monitoring and assessment of suitability for the membership will make a large contribution to the delivery of good member outcomes**
- The DC Section of the Fund provides members with a number of lifestyle strategies and self-select fund options, covering a range of member risk profiles and asset classes.
- The investment funds available have been designed, following advice from the Fund's investment adviser, with the needs of members in mind.
- In addition, the Fund has a range of legacy AVC funds. The Trustees believe that the charges in relation to these legacy AVCs are high relative to market rates for similar funds and compared to the charges on the DC Section. The Trustees intend to consider the AVC arrangements; both options available and charges, as part of the wider discussion on the long term future of the Fund.

### Administration

- **The Trustees believe that good administration and record keeping play a crucial role in ensuring that Fund members receive the retirement income due to them. In addition, that the type and quality of service experienced by members has a bearing on the level of member engagement.**



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- The Trustees have appointed Aon to provide administration services to the DC Section of the Fund and appointed Trafalgar House to provide administration services to the DB Section, including AVCs. The Trustees believe a good administration service is provided to members.
- The Trustees are satisfied that Aon and Trafalgar House both have sufficient checks in place to monitor and report on the standard of the administration service.
- The Trustee Board regularly monitors the Fund administration via quarterly reporting.

#### Member Communications

- **The Trustees believe that effective member communications and delivery of the right support and tools helps members understand and improve their retirement outcomes.**
- The Fund provides members with regular, clear communications regarding the choices open to them, as well as annual benefit statements and 'at retirement' communications.
- A variety of communication media are used, including access to helpful information around retirement planning via the Fund's member website ([www.pensionline.org/myrbpension/](http://www.pensionline.org/myrbpension/)).
- The Trustees have also established an arrangement with Premier Wealth Planning (PWP), whereby DC Section members are provided with access to IFA advice at retirement at a discounted cost.

The Trustees' assessment concluded that the charges borne by Fund members represent good value for members relative to the benefits of Fund membership, with the exception of some AVC funds, as noted below.

The most recent review of the Fund's AVC arrangements held with Aegon, Utmost Life and Pensions and Aviva highlighted that the charges offered by the AVC providers are high relative to market rates for similar funds and compared to the charges on the DC Section. The Trustees are currently carrying out an AVC review to explore if value for members can be improved.

## **6. Trustees' Knowledge and Understanding**

**Sections 247 and 248 of the Pensions Act 2004 set out the requirement for Trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts (TKU), the funding of occupational pension schemes, investment of scheme assets and other matters to enable them to exercise their functions as Trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 7.**

The Trustee board is made up of seven Trustees who bring various skills to the board, such as financial and tax expertise, HR and operational excellence. The Trustees are actively working to improve the diversity of the board, and the new Trustee appointment at the year end has helped to broaden the diversity of skills, experience and background on the board.

The comments in this section relate to the Trustees running the whole Fund and are not restricted to the DC arrangements.

The Trustees have processes and procedures in place to enable them to meet the Pension Regulator's ("tPR's") TKU requirements on an ongoing basis, some of which are set out below:

- The Trustees are conversant with the Fund's legal documents, including the Trust Deed and Rules, Trustees' Report & Accounts and the Statement of Investment Principles for the Fund, along with the wider law relating to pensions and trusts. The Trustees revert to the legal advisor for any clarification if required.
- Assessing training needs and considering whether any gaps exist in individual Trustees' knowledge and understanding. Trustees are regularly asked to complete a self-assessment form to identify any potential areas where TKU needs to be developed or updated. This



exercise was last undertaken in early 2022. The results were analysed and a training plan drawn up.

- The Secretary to the Trustees arranges, wherever possible, for an educational session to form part of each meeting of the Trustees.
- The Secretary to the Trustees maintains a library of relevant training seminars that are run by various providers (including the Fund's own advisers). Details are circulated to relevant Trustees as appropriate.
- Where the Trustees themselves become aware of external training events that would be beneficial, the Pensions Department makes necessary arrangements for Trustees to attend.
- Subscription by the Trustees to tPR's emails and other publications.
- The Secretary to the Trustees maintains training logs for each individual Trustee, which supports the above.

There is a comprehensive induction process in place for new trustees. On appointment:

- an initial meeting with the Secretary to the Trustees is organised, in order to discuss the nature of the role in general and to start developing an understanding of Fund documentation,
- the new trustee is asked to confirm any conflicts of interest,
- they are provided with access to the online document storage system, to enable them to view the Fund documentation, and
- following the initial meeting, an assessment of training needs is made. The new Trustee then completes an initial trustee training course that covers the key TKU requirements and an investment training session and works towards completion of tPR's Trustee Toolkit.

Following the resignation of one Member Nominated Trustee on 1 January 2023, a new Member Nominated Trustee was appointed on 6 April 2023 and is currently going through the induction process.

Examples of training topics completed by the Trustees over the reporting period are as follows:

- DC Lifestyle Strategy and Integration of ESG
- Pension Tax Changes
- MasterTrust and AVC options
- Pension Scams
- LDI and impact of rising gilt yields
- End-Game options
- The Task Force on Climate-Related Financial Disclosures

The Trustees have engaged with their professional advisers regularly throughout the year to ensure that they exercise their functions properly and take professional advice where needed. In exercising their functions this has required knowledge of key scheme documents such as the Trust Deed & Rules, Trustee Report & Accounts and Statement of Investment Principles, along with knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment of DC schemes. A few of the areas that support this statement are set out below. The Trustees:



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- Hold up to date versions of Fund documents (including the Trust Deed & Rules, the Trustees' Governance Policy document and the Fund booklets), to help maintain a working knowledge of the Fund;
- Reviewed and updated the Fund's SIP, including expanding the SIP to take account of the new regulatory requirements on stewardship, disclosure and costs, incorporating the Trustees' policies on the arrangements with their asset managers and how costs and performance are monitored and assessed; as well as updating the SIP for the DC investment changes made in late 2022.
- Made decisions on specific member cases, taking into account the requirements of the Fund's governing documents (the Trust Deed & Rules), the Fund's agreed policies/practices and also the wider law relating to pensions and trusts;
- Carried out regular annual tasks, such as reviewing and signing off the Trustee Report & Accounts;
- Regularly monitored the performance of each individual investment fund in the DC Section, with advice from its investment adviser (Aon), against targeted benchmarks and the Fund's overall aims and objectives;
- Reviewed and discussed member outcomes projections and analysis of member demographics of the DC section, in order to better understand whether the DC section is likely to deliver good outcomes for the members at retirement; and
- Received training and regular updates on topical issues in pensions.
- In addition, the Trustees have sufficient knowledge and understanding in relation to the identification, assessment and management of risks and opportunities relating to the scheme, including risks and opportunities arising from steps taken because of climate change (whether by governments or otherwise).

Based on the above comments, the Trustees consider that they continue to meet the Pension Regulator's TKU requirements (as set out under Code of Practice No 7) and are confident that the combined knowledge and understanding of the Trustees, together with the support of their specialist advisers, enables them to properly exercise their functions as the Trustees of the Fund.

Signed on behalf of the Trustees of the Reckitt Benckiser Pension Fund

Name: Dr B Bentley, Chair of Trustees

Date of Signing 27/10/2023