

# Defined Contribution Chair's Statement 2022

Welcome to the Defined Contribution Chairs Statement, by way of introduction, I am Christine Kernoghan the Trustee Chair appointed on 6 July 2022.

On behalf of the Trustee directors of the Industry-Wide Defined Contribution Section of the Railways Pension Scheme (the "IWDC Section"), I am pleased to present the Chair's Statement for the period from 1 January 2022 to 31 December 2022 ("the scheme year").

This statement explains how the Trustee Board has met the legal requirements for running the IWDC Section for the scheme year, including:

- Funds for members who don't choose their own investment options (the "default" investment arrangement);
- Reviewing the default investment arrangements;
- Return on investments;
- Charges and transaction costs paid by members;
- Good value for members;
- Processing core financial transactions;
- Trustee knowledge and understanding;
- Additional governance requirements for multi-employer schemes; and
- Contacting the Trustee Board.

Having seen the benefits of remote working during the pandemic, we put in place permanent hybrid working arrangements with teams using a mix of in office and remote working practices, effective for each individual team reflecting the particular requirements of their function.

The Trustee has continued to adapt well to working remotely to carry out its duties and has ensured, through Railpen (the Scheme administrator), that the high standards of service to Scheme members and employers have been maintained throughout the year.

The volume of face-to-face meetings did increase in 2022, with all six Defined Contribution Committees having some onsite presence. We continue to reap the benefits of a blended approach, evidenced by strong performances across all teams and a year-on-year improvement in customer satisfaction.

## Reviewing the default investment arrangements

A formal, in-depth review of the default investment arrangement is required under legislation at least every three years or immediately following any significant change in investment policy or the membership profile.

A formal investment strategy review was completed in March 2020, having been considered by the Trustee's Defined Contribution Committee (DCC) on 18 March 2020 and the full Trustee Board on 19 March 2020. That was a comprehensive review, covering the default investment arrangement, alternative lifestyle arrangements and the self-select fund range.

Following that review, and approval of the proposal, a new fund-range was introduced in Q2 2022. The new fund-range consists of three lifestyle strategy options, and seven investment funds;

- Three new lifestyle investment strategies (Full Cash Withdrawal, Annuity Purchase and Flexible Drawdown) replaced the existing lifestyle strategies. The Flexible Drawdown Lifestyle strategy was set as the default approach for the Master Trust scheme.

- The introduction of four new investment funds options including the Socially Responsible Equity Fund, which invests in shares (equities) of companies from around the world with very strong environmental, social and governance ratings. Environment, Social and Governance (ESG) issues are becoming increasingly important to some members. The other funds introduced were;
  - the Corporate Bond Fund;
  - the UK Government Fixed-Interest Bond Fund; and
  - the UK Government Index-Linked Bond Fund.

Two investment funds were closed: the Aggregate Bond Fund, and the Index-Linked and Global Bond Fund. The two previously existing lifestyle strategies were also closed - the Global Equity Lifestyle Strategy and the Long Term Growth Lifestyle Strategy.

A Sharia-Compliant Equity Fund is still in-scope for delivery at a future date to be agreed. Due to some practical challenges we were not able to implement it at the same time as the other changes. This was reported in the Business Plan submitted in March 2022.

A full communication campaign underpinned implementation, including letters to members explaining the changes and what they needed to do, web articles and information in their regular newsletters. Members have access to fund factsheets online, and a dedicated area of the site providing information about each lifestyle strategy. They can also switch their investment choices in the post login area of the website.

During the Scheme Year, the DCC monitored the performance of the investment funds offered, including those comprising the default investment arrangement, at each of its quarterly meetings (8 March 2022, 23 June 2022, 27 September 2022 and 1 December 2022).

### **Funds for members who don't choose their investments (the "default" investment arrangements)**

The Trustee has selected a default investment arrangement for members who do not choose their own investments. Members can also make an active choice to invest in the default investment arrangement, an alternative lifestyle arrangement or the self-select investment funds offered.

Today, circa 85% of all IWDC members are solely invested in the default investment option. The current default strategy was introduced in 2022 and has been constructed on the basis that DC members are expected to flexibly draw their benefits.

- The default strategy invests in the Long Term Growth Fund until ten years from a member's target retirement age, and gradually switches to a 25% allocation in the Long Term Growth Fund, a 50% allocation in the UK Government Fixed-Interest Bond Fund and a 25% allocation in the Corporate Bond Fund, until the members target retirement age. Whilst very small funds may be fully encashed on retirement, this will change over time as the scheme funds grow in scale. .

In addition to this there are two further lifestyle strategy options, and seven investment funds. This reflects the needs of those who want to take a more active approach to managing their fund choices. The options available to members were expanded in 2022, including the introduction of a socially responsible fund.

Insight gathered in 2022 indicate that Environment, Social and Governance (ESG) issues are becoming increasingly important to some members. Railpen has responded with significant work in this space, recognised by an industry award in 2022.

The default arrangement for the IWDC Section is shown below:

DC Arrangement	Growth Portfolio	Portfolio at Target Retirement Age	Length of switching period
IWDC Section	100% Long-Term Growth Fund	<ul style="list-style-type: none"> <li>• 25% Long-Term Growth Fund</li> <li>• 25% UK Government Fixed-Interest Bond Fund</li> <li>• 50% Corporate Bond Fund</li> </ul>	10 Years

There is more information about aims and objectives in the Trustee's Statement of Investment Principles (SIP), which is included as Appendix 1 to this statement.

### Return on investments

The Trustee has taken account of statutory guidance and as required reports the net investment returns for the default arrangement and each fund which Scheme members were able to invest in during the scheme year ending 31 December 2022.

The return for the scheme year is reported to enable employers and members to spot immediate trends. Returns over longer periods, dating back to the funds' inception, are included to reflect the investment strategy's performance through different market conditions. The below table sets out the return on investments (net of charges and transaction costs) for each fund:

Existing DC funds	Annualised Returns %		
	Since Inception (May 2013 to 2022)	5 years (2017 to 2022)	1 year (2022)
<b>Long Term Growth Fund</b>	<b>6.7</b>	<b>4.4</b>	<b>-12.0%</b>
Global Equity Fund	7.3	5.8	-16.1%
Deposit Fund	0.4	0.4	1.1%
<b>New DC funds</b>			
	<b>Since Inception (May 2022 to December 2022)</b>		
Socially Responsible Equity Fund	2.6%		
Corporate Bond Fund	-4.5%		
UK Government Fixed-Interest Bond Fund	-27.6%		
UK Government Index-Linked Bond Fund	-34.9%		

The market experienced some volatility in 2022 which impacted fund performance, and in turn could have affected the retirement outcome of some members. This can be seen from the annualised returns over the last year.

The Long-Term Growth Fund (highlighted in bold) is the default fund for members who are ten or more years from their Target Retirement Age (TRA). The UK Government Fixed-Interest Bond Fund and the Corporate Bond Fund form part of the default arrangement, as from 2022, for members within ten years of their TRA.

Within the Long Term Growth Fund, the main driver of returns over the last year has been the underlying exposure to equities. The performance has been impacted by equity markets falling in 2022 and high inflation.

### Charges and transaction costs paid by members

The Trustee has taken account of statutory guidance when preparing this statement about charges and transaction costs. The annual management charge (“AMC”) covers all costs and charges relating to general scheme administration and investment administration.

Costs incurred as a result of holding or maintaining property are listed separately. Transaction costs are excluded. 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. During the scheme year ending 31 December 2022 the level of charges applicable to the funds in the IWDC Section, including the funds which are part of the default lifestyle strategy, were:

DC fund	AMC %	Property costs %	TER %
Long Term Growth Fund	0.45	0.06	0.51
Global Equity Fund	0.22	N/A	0.22
Deposit Fund	0.23	N/A	0.23
Aggregate Bond Fund (until the change)	0.28	N/A	0.28
Index Linked & Global Bond Fund (until the change)	0.32	N/A	0.32
<b>Funds introduction as part of the new fund-range (Q2 2022)</b>			
Socially Responsible Equity Fund	0.35	N/A	0.35
Corporate Bond Fund	0.37	N/A	0.37
UK Government Fixed-Interest Bond Fund	0.21	N/A	0.21
UK Government Index-Linked Bond Fund	0.31	N/A	0.31

Railpen, which manages the Scheme’s investments, gives full transparency to the DCC on the underlying costs making up the AMC, such as investment management costs, legal costs, and IT costs. Railpen is also at the forefront in the pensions industry of obtaining full transparency from investment managers about costs in underlying investment funds (indirect costs) that the IWDC Section funds may invest in.

The IWDC Section funds are invested alongside the Scheme’s defined benefit (DB) arrangements, using the same underlying pooled funds where possible. This means that IWDC Section members benefit from many of the same investment opportunities and economies of scale as members of the DB arrangements.

The Trustee is also required to separately disclose transaction cost figures that are borne by members. In the context of this statement, the transaction costs shown are those incurred when the Scheme’s fund managers buy and sell assets within investment funds. Such costs include broker commissions, commissions of futures, transfer taxes, and other fees such as bank fees, search fees, legal fees, and stamp duty.

Transaction cost information has been requested from the fund managers before their accounts are published but not all the managers have been able to supply the information by the date of signing this statement. The table below shows the transaction costs obtained for each fund, along with the percentage of the fund by asset value for which we have managed to obtain transaction cost information.

DC fund	Average 2022 asset value £m	2022 transaction costs % of asset value	Cost info available % of asset value
Long Term Growth Fund	131.4	0.12	98
Global Equity Fund	45.3	0.06	100
Deposit Fund	5.7	N/A	N/A
Aggregate Bond Fund	26.7	0.01	100
Index Linked and Global Bond Fund	2.9	N/A	N/A

At the time of writing, February 2023, it is not possible to obtain complete audited cost information for the year ended December 2022. This is a timing issue as many fund managers are unable to provide finalised cost information until months following their year-end. Railpen begin an annual exercise of collating this data in the second quarter of each year.

The primary method adopted is using the PLSA Cost Transparency Initiative's templates, which are distributed to managers for completion. If managers do not engage, steps are taken to escalate the issue higher within the organisation. As a contingency method, Railpen will source this information from annual reports and audited accounts of the underlying funds, which again will become available as reports are published over the coming months.

The Trustee minimises transaction costs arising from buying and selling assets, as far as possible, through the pooling arrangements within the Railways Pension Scheme (RPS). Where it can, it matches members and sections that wish to sell units in a particular fund with those who wish to buy them, so it is not necessary to trade assets in the markets. There are strict policies and procedures in place to ensure that any trading costs are spread fairly between all IWDC Section members.

The default arrangement has been set up as a lifestyle approach, which means that members' assets are automatically moved between different investment funds as they approach their Target Retirement Age (TRA). This means that the level of charges and transaction costs will vary depending on how close members are to their TRA and in which fund they are invested. For the period covered by this statement, annualised charges and transaction costs are set out in the table below. The member borne charges for the Scheme's default arrangement complied with the charge cap.

Time to retirement years	Fund mix	TER	Transaction costs
		%	%
10	<ul style="list-style-type: none"> <li>100% Long Term Growth Fund</li> </ul>	0.51	0.12
5	<ul style="list-style-type: none"> <li>62.5% Long Term Growth Fund</li> <li>12.5% UK Government Fixed-Interest Bond Fund</li> <li>25% Corporate Bond Fund</li> </ul>	0.44	0.08
1	<ul style="list-style-type: none"> <li>25% Long Term Growth Fund</li> <li>25% UK Government Fixed-Interest Bond Fund</li> <li>50% Corporate Bond Fund</li> </ul>	0.37	0.05

Railpen continues to make improvements to ensure that IWDC Section members get the best possible returns from their investments after all fees and transaction costs have been accounted for. The Trustee will continue to monitor the funds' costs and charges closely.

The Trustee is required to illustrate the cumulative effect of costs and charges on the value of members' fund values over time. There is a prescribed method for doing this, based on a 'representative' member of the IWDC Section. This illustration is included at Appendix 2 to this statement.

### **Good value for members**

Each year the DCC undertakes a comprehensive assessment of the extent to which the DC arrangements offer good value for members. This requirement, introduced by legislation in 2015, is designed to give members and employers confidence that the RPS offers high quality DC arrangements.

In 2020 and 2021 the assessments were performed by an external supplier, WTW. They concluded on both occasions that the IWDC Section offers 'good' value to members.

Those assessments were valuable and helped shape several improvement initiatives, set-out below. In September 2022, the DCC concluded that an external assessment was only required biennially, and that an internal assessment would be sufficient in the intervening years.

This approach ensures that the IWDC is still subject to a wholly independent assessment regularly, and at the same time the cost of using an external supplier is limited where possible. The service provided to IWDC members has made good progress in recent years and, as such, a biennial external assessment is deemed proportionate.

The most recent external assessment helped shape several improvement initiatives which were initiated and in some cases delivered in 2022, including;

- The implementation of a new fund range including 2 further Lifestyle strategy options, and seven investment funds.
- New web content and guidance videos.
- A review of member-facing outputs, including overhauling the Annual Benefit Statement (ABS) and statutory money purchase illustration (SMPI) in line with the simpler benefit statement guidance.
- Rebuilding the pre-login member website, developing a separate IWDC section.

The internal assessment was undertaken by Railpen in Q1 2023. The framework established by WTW is both proven and understood by senior stakeholders. As such, that approach was replicated for this review. Railpen's Internal Audit Team reviewed the approach to provide some independence.

The assessment concluded the IWDC Section provides 'good' value to members. Member satisfaction for the Section was captured for first-time as part of the annual Institute of Customer Service (ICS) survey. Member satisfaction is at an all-time high at 92.0, compared to a UK average of 78.4 across all industries.

A key deliverable for the Scheme was the new DC fund range, implemented in Q2 2022. The project was ongoing at the time of the last assessment, and as such the scope of services provided was based on the previous funds and results were impacted. The implementation of the new fund range, in particular the Socially Responsible Equity Fund, has raised the overall rating for the Investment services to 'good'. Due to external factors and unforeseen market conditions, the performance of all funds has been impacted compared to previous years.

The performance of the Administration team remains consistently good. Delivery against service levels remains outstanding, with the function achieving an average of 98.7%. Across the year, a total of just 18 complaints were received and all were resolved in-year. The Administration Team have handled incoming contacts from members well, supporting circa 96.5k calls and 68k emails across the RPS.

As in the previous 2 years, Scheme communications continued to improve in 2022. This was recognised in February 2022, when Railpen won the Pensions Age award for Communications. The digital offering was again strengthened in 2022.

Members continue to show a propensity to use digital services, with many members now registered for the member website. Take-up is particularly good amongst the active population, with 4,882 members across all types now registered out of a population of 14,180 IWDC members.

The new content standard, developed in partnership with language expert Quietroom, has been applied to a number of outputs and almost all web content. The standards have been rolled out internally to key business areas, such as the Complaints and Correspondence teams.

IWDC members receive an annual newsletter, Insight, which consistently receives positive feedback. The member website contains DC-focused web content on a range of subjects from investment information to at-retirement support. This includes DC-specific video content, including one focusing on retirement options.

In terms of Scheme Management, the performance remains excellent. The Supervisory Return, which includes the Business Plan, was provided to TPR in March 2022 and received no comments or clarifications from them. All governance was adhered to through the year. A bi-monthly internal DC Working Group took place, underpinned by minutes and actions, which fed into the quarterly DCC. The DC Working Group was refined and new terms of reference documented to ensure that it was delivering the best outcomes for the Scheme.

### **Processing core financial transactions**

The Trustee must ensure that core financial transactions are processed both promptly and accurately. These include:

- investment of contributions;
- transfer of members' assets to and from the Scheme, and between sections within the Scheme;
- switching between investments within the Scheme; and
- payments out of the Scheme to members and beneficiaries.

Service Level Agreements ("SLAs") are in place for all of these core financial transactions. The DCC received quarterly updates on these key process activities throughout the year via Quarterly Administration Reporting. The report features as a standing agenda item for the DCC to consider the performance, trends and consider any matters arising requiring further attention. The report includes a narrative section to highlight any matters for attention to the Trustee.

During 2022, the average aggregate SLA attained was 98.7%. This reflects the robust controls and oversight placed on the financial transactions to ensure members' benefits are processed accurately and promptly.

Our insights tell us that members' preferred channel of engagement is the website. The number of IWDC members registered for the site continues to grow, with over 4.8k members now registered from a population of 14.1k. Where members can complete a transaction online they

generally do so, and for some processes they are almost exclusively done online, for example 95% of all nominations (Scheme-wide).

We continue to promote the member website and 'nudge' members to use the wide-range of self-serve functionality and guidance tools available to them. Longer-term we see plan to take a digital-first approach for some processes. At the same time we ensure no members are left behind, particularly our vulnerable customers.

To ensure day-to-day compliance with the core financial transactions, a number of controls are in place, including:

1. A dedicated operational performance team to triage and allocate inbound and outbound work
2. Daily unit reconciliations to ensure investments and disinvestments have been completed effectively
3. A dedicated Employer Support team to monitor the timely receipt of employer contributions
4. System validations to ensure incoming data from employers meets minimum standards
5. Daily system start-of-day health checks to ensure any system issues or anomalies are identified and rectified immediately
6. Functional segregation of duties between the Finance function dealing with cash and the Administration function who execute member transactions
7. Daily bank reconciliations support
8. Regular review of the financial suspense account to investigate miscellaneous financial transactions
9. Application role profiles are commensurate to skill levels and ensure segregation of duties with four eye checks employed for payments out. Senior approval is required for transactions over certain amounts

The core financial transactions are overseen by key controls which are annually tested and reported within the AAF 01/20 Internal Controls Report. The testing is carried out by External Auditors, who along with Management, sign off the report in full. Underpinning this, Internal Audit perform an independent governance role, carrying out internal audits over the financial environment operating. Any improvements to the current environment formulate an action plan which is overseen by the Trustee.

Where necessary ad-hoc reports are commissioned so the DCC can review the progress of any issues raised. The DCC continues to receive additional reports pertaining to the volume of DC contributions. The oversight on suspense transactions and reconciliations remains in place as a robust governance measure, with close executive oversight.

In Q2, TPR was notified of a pricing error which impacted a very small number of IWDC members. The error was considered to be a Significant Event under master trust legislation and impacted the accuracy of some financial transactions for this minority of members. A thorough investigation was undertaken, impacted members were contacted and rectification measures applied to ensure members were safeguarded. A review of the control environment operating has been carried out by our Internal Audit and Risk functions and enhanced control measures have been adopted.

### **Trustee knowledge and understanding ("TKU")**

Railpen runs a comprehensive induction programme for new Trustee Directors which ensures that they have good awareness and understanding of the Scheme's governing documentation (including the trust deed and rules, statements of investment principles and funding principles, and relevant policies), scheme funding and investment, pensions and trust law, and the role of a trustee.



Individuals who have been nominated to become a Trustee Director must complete TPR's Trustee Toolkit before they can be appointed as a Trustee Director of the Railways Pension Trustee Company Limited and this process was completed for the Trustee Director who was appointed in 2022.

The Trustee Toolkit is an online learning programme from TPR aimed at trustees of occupational pension schemes. The Toolkit includes a series of online learning modules and downloadable resources developed to help trustees meet the minimum level of knowledge and understanding introduced by the Pensions Act 2004. There is also a requirement for current Trustee Directors to refresh the Trustee Toolkit every three years, which they evidence by providing copies of their development records.

In addition to all Trustee Directors having completed the Pensions Regulator's Trustee Toolkit, 10 out of 16 Trustee Directors hold the Pensions Management Institute's Award in Pension Trusteeship, providing formal recognition of these Trustee Directors' knowledge and understanding. Existing Trustee Directors received regular training throughout the year, either at quarterly Trustee/Committee meetings or additional Trustee workshops. They are also encouraged to attend external conferences and webinars on specific topics of interest and to increase their general knowledge and understanding.

To further ensure the Trustee Directors, and the Board and Committees as a whole, meet the required level of knowledge and understanding introduced by the Pensions Act 2004, the Trustee Directors must review their training needs each year and this was completed as part of their annual review conversations with the Trustee Chair in Q1 2022.

Alongside this conversation, the Trustee compiles a skills matrix to detail the relevant skills and experience of each member of the Trustee Board. Together, these demonstrate the strength and depth of expertise that each is able to bring to the role, and the skills and expertise across the Trustee Board.

A subset of the skills matrix is compiled for each Committee to ensure that relevant knowledge and expertise is present for each Committee according to its terms of reference. The annual review of the skills matrix ensures that any gaps are identified and that the necessary additional training and development is undertaken, or that additional advice can be sought as necessary to support the Board or Committee in the specified areas.

The particular topics identified for further training are built into the training provided by Railpen and also third parties at the Trustee's meetings and workshops throughout the year. The skills analysis is also recorded in the Trustee's succession plan, allowing the Trustee to monitor the future needs of the Board and Committees well ahead of any vacancies occurring.

Throughout 2022, the Trustee developed a succession plan for the Trustee Board which brings more transparency to the planning and selection processes. In addition to this, the Trustee developed and introduced a Diversity & Inclusion Policy, which promotes Diversity, and Inclusion on its Board, and throughout its pension schemes.

During the scheme year, Railpen provided training for Trustee Directors on:

- Railpen's Enhanced Enterprise Risk Approach
- Mortality Assumptions for the RPS 2022 Actuarial Valuation (DB)
- Managing Conflicts of Interest
- Investment Strategies for the RPS 2022 Actuarial Valuation (DB)
- Sustainable Ownership
- Climate Change

- Regulatory Changes
- Powers of the Pensions Regulator

In addition to the training provided to the Trustee Board, members of the DCC were provided with:

- DC Communications training
- DCC members were also given access to Railpen's internal Master Trust e-learning module, which is mandatory for specified Railpen employees.

These topics were identified as appropriate training based on the 2022 training requirements and skills analysis review, or were requested on an ad-hoc basis by the Trustee.

The Trustee Board is made up of 16 Trustee Directors who each possess individual skills and experience that are relevant to the role of Trustee of a Master Trust, like the Railways Pension Scheme Industry-Wide Defined Contribution (IWDC) Section.

The Trustee Board is diverse in employment experience and history. Many are long-standing Trustee Directors and have served on several of the Trustee's committees and subsidiary boards over the years. They therefore have significant experience of all aspects of the Railways Pension Scheme (RPS) and its corporate management activities, and this is spread across the whole Board rather than concentrated in one or two individuals.

The Trustee Directors have a wide range of experience, from working as Pensions Directors for employers in the rail or other large scale industries, to senior financial professionals with large employers. A number of Trustee Directors have a background in trade unions, including sitting on their Executive Committees or senior appointments including General Secretary. Many worked on their unions' own schemes and have negotiated with employers on pensions and benefits on behalf of their members.

In addition, the Trustee's professional advisors are available to attend Trustee meetings when needed to provide guidance on various scheme matters. With a sufficiently diverse Trustee Board, their broad collective experience ensures that they are in a position to challenge robustly the advice they receive. In particular, as all Directors are nominated and elected by the Scheme's stakeholders, the Board gains insight into the employers' and members' perspectives of how the Scheme is run and the benefits it offers.

As a result of the training activities which the Trustee Directors have completed, individually and collectively as a Board, the broad range of experience held by Trustee Directors, and the annual training analysis, skills matrix review and regular effectiveness reviews, I am confident that the combined knowledge and understanding of the Board, together with the professional advice available to it, enables it to exercise properly its functions as the Trustee of the IWDC Section and the RPS generally.

### **Additional governance requirements for multi-employer schemes**

The Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015 (the "Administration Regulations"), require the Trustee Board of any 'relevant multi-employer scheme' to have a majority of 'non-affiliated trustees', including the Chair.

From April 2016, the Trustee has been required to comply with this additional governance standard, which is designed to offer additional protections for members and ensure that the Trustee acts in their best interests.

The Trustee Board has considered these requirements and determined that all Trustee Directors, including the Chair, can be classed as 'non-affiliated trustees' for the purpose of the legislation. This means that we have considered carefully any links that Trustee Directors may have with companies providing services to the Scheme, and reviewed the procedures in place for managing any conflicts of interest that may arise, and concluded that all of the Trustee Directors are independent of any undertaking which provides advisory, administration, investment or other services in respect of the IWDC Section, taking account of the matters set out in Regulation 28(3) of the Administration Regulations.

We have also reviewed our appointment process to ensure that it is open and transparent and allows representation on the Trustee Board from across the rail industry. We will ensure that non-affiliated Trustee Directors, including the Trustee Chair, are always in the majority on the Trustee Board.

One non-affiliated Trustee Director was appointed during the scheme year, in accordance with the governing documents of Railtrust Holdings Limited:

- Nominations were sought from Freight train operating companies and support services as part of the Scheme's process for filling an Employer Director vacancy in the Freight TOCs and Support Services Electoral Group. There was only one nomination and Anjali Lakhani was appointed to the Trustee Board following the completion of all appropriate 'fit and proper person' checks.

Three existing Trustee Directors (myself, Richard Jones and Gary Towse) were also reappointed to the Board for a further term of office, in line with the relevant procedures for appointment of directors set out in the RHL Articles of Association. All three Trustee Directors continue to be non-affiliated Trustee Directors. I was appointed as Trustee Chair on 6 July 2022 following a robust succession planning process. The Employee Director Appointment Procedure is consistent with the requirements of the Pension Act 2004 for the nomination and selection of Member Nominated Directors.

The Trustee Board has been kept informed of developments relating to TPR's authorisation and supervision regime introduced by the Pension Schemes Act 2017 and the Occupational Pension Schemes (Master Trusts) Regulations 2018. The supervision regime continued throughout 2022 and raised no areas of concern.

### **Contacting the Trustee Board**

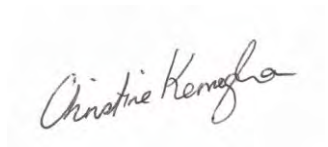
The Trustee Board encourages Scheme members to share their views about the Scheme, the benefits it offers, the investment options available, and their plans for how they intend to use their funds to provide an income in retirement. IWDC active and preserved members receive the annual Insight newsletter in May. The newsletter provided to members in 2022 encouraged members to provide feedback via an online survey.

A dedicated online member advisory group has also been established, and promoted through the newsletter and website, giving members the chance to share their views on key topics. This insight is reported to the Trustee and directly shapes the development of member communications, such as investment guides, fund fact sheets and educational video content.

In addition to this, an annual member survey is undertaken in partnership with the Institute of Customer Service (ICS). In 2022, for the first time ever, the survey was able to segregate IWDC feedback. Members are given the opportunity to give a satisfaction, net-promotor and effort score as well as provide verbatim comments.

Alternatively, if members prefer they can contact the member Helpline on the free phone number 0800 012 1117 or email [csu@railpen.com](mailto:csu@railpen.com). The annual newsletter, bulk member communications and the member website have referred to the Helpline number and email address as standard throughout the scheme year. Additionally many Trustee Directors also have regular contact with members through their day-to-day activities, for example as Pensions Managers of participating employers or as trade union officials.

The Trustee has considered the size, nature and demographics of the Scheme and by providing multiple channels and media through which members may contact the Scheme, in line with its Communications Strategy, the Trustee is satisfied that all members from all sections of the Scheme are encouraged to share their views, in particular in response to key communications or Scheme events.



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31/03/2023

**Christine Kernoghan, Chair of RPTCL**

**Appendix 1**                      Statement of Investment Principles

**Appendix 2**                      Illustration of the cumulative effect of costs and charges on the value of members' fund values over time