

The Ryanair UK Pension Plan

Statement regarding DC governance

For the year ended 31 December 2018

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (“the Administration Regulations”) require the Trustee to include an annual statement regarding governance in the annual report.

Default arrangement

Members of the DC section of the Plan who do not make an explicit choice regarding the investment of their funds use a Standard Life Lifestyle Fund as a default arrangement. The objective of this fund is to provide investment growth by investing in return seeking assets in a diversified portfolio with a moderate risk profile, with a gradual switching of assets over the eight years before the members expected retirement date, towards a final position of 25% cash and 75% Annuity Purchase Fund. The lifestyle fund itself invests in a series of UK Equity funds managed by Standard Life, which meet the requirements for social, environmental and ethical considerations.

The funds are currently managed actively. The Trustee expect the funds in place under the Plan to deliver growth over the member’s lifetime without excessive risk taking, with an increased focus in the circa final eight years of reducing volatility to enable members approaching retirement to make financial plans for the period after retirement. The Trustee consider that offering appropriate lifestyle strategies to be in the best approach in protecting the interests of members and their beneficiaries.

As noted in the Chairman’s Review we are in the process of consulting with the Company about changes we intend to make to the management of the DC section of the Plan. We hope to progress this exercise later in 2019. This review intends to lead to better value for members and a more robust governance framework for monitoring administrative processes. A key deliverable of the review will be an updated Statement of Investment Principles (SIP).

We continue to monitor the performance and ongoing strategy of the default fund. With the changes brought about by Freedom and Choice, we anticipate that the default arrangement will be amended to better cater for members’ retirement choices.

We have drafted a technical appendix to this statement which provides more details of the Funds available to DC section members along with illustrations of the impact of fund charges on member outcomes.

Processing Plan transactions

The Trustee has a specific duty to secure that core financial transactions (including the investment of contributions, transfer of member assets into and out of the Plan, transfers between different investments within the Plan and payments to and in respect of members) relating to the DC section are processed promptly and accurately. These transactions are undertaken on the Trustees behalf by Ryanair DAC and its DC administrator and investment manager Standard Life Aberdeen.

The Trustee has reviewed the processes and controls implemented by those organisations and consider them to be suitably designed to achieve these objectives. The Trustee considers that the requirements for processing core financial transactions specified in the Administration Regulations have been met.

The Ryanair UK Pension Plan

Statement regarding DC governance

For the year ended 31 December 2018 (continued)

Processing Plan transactions (continued)

The Trustee receives periodic Stewardship reports from Standard Life Aberdeen. The most recent of these covered the Plan from 1 January 2018 to 31 December 2018. This confirmed that Standard Life Aberdeen are performing ahead of target at 94% of transaction being completed within 10 days, versus a target of 90%.

Transaction costs

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

The default arrangement attracts a total management charge of 1.01% p.a. of assets under management for all members, however, this is offset by a negotiated rebate of 0.33% p.a., leading to a total net annual charge of 0.68% p.a. This is lower than the maximum allowed of 0.75% p.a. for default funds used for auto-enrolment purposes. As Trustee we continue to strive to reduce the overall investment management charges.

The Trustee also makes available a range of alternative funds which may be chosen by members as an alternative to the default arrangement. These funds attract annual charges of between 0.68% and 1.53%, and the level of charges for each fund is set out in the member booklet which is available on request. These funds allow members to take a more tailored approach to managing their own pension investments.

As noted above, all the rates agreed incorporate a discount of 0.33% compared with the equivalent charges made by the same investment manager to retail investors.

We have included a technical appendix to this statement in which we provide some illustrations of the cumulative effect over time of the relevant costs and charges on the value of member's benefits. Our technical appendix has been drafted taking account of statutory guidance as outlined in v4.2 of AS TM1: Statutory Money Purchase Illustrations, dated October 2016.

Trustee 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, the funding of occupational pension Plans, investment of Plan 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 comments in this section relate to the Trustees as a body in dealing with the whole Plan and are not restricted to the DC section.

The Ryanair UK Pension Plan

Statement regarding DC governance

For the year ended 31 December 2018 (continued)

Trustee knowledge and understanding (continued)

As a sole corporate entity, the Trustee have in place arrangements for ensuring that they take responsibility for keeping themselves up-to-date with relevant developments and carry out a self-assessment of training needs.

In addition, the Trustee receives advice from professional advisors, and the relevant skills and experience of those advisors is a key criterion when evaluating advisor performance or selecting new advisors.

Specifically, in relation to the Plan, the Trustee ensures that time is set aside periodically to review plan documentation and that there is a Trustee training element at every Trustee meeting, delivered by our professional advisors.

Taking account of actions as a trustee body, and the professional advice available to it, the Trustee consider that they are enabled properly to exercise their functions as Trustee.

DC Plan governance

As Trustee of the Plan we have reviewed and assessed that our systems, processes and controls across key governance functions are consistent with those set out in The Pensions Regulator's:

- Code of Practice 13: Governance and administration of occupational defined contribution trust-based Plans;
- Regulatory guidance for defined contribution Plans.

These are underpinned by the DC quality features.

Based on our assessment and subject to the explanations set out below we believe that we have adopted the standards of practice set out in the DC code and DC regulatory guidance. These help demonstrate the presence of DC quality features, which we believe will help deliver better outcomes for members at retirement.

Where we are seeking to achieve 'best practice' level, we explain this below.

1. The Trustee will progress the review of its DC provision to ensure value for members;
2. The Trustee will review and update the DC SIP to ensure that it remains relevant and up to date;
3. The Trustee will continue to monitor the administration process and actively track key performance indicators;
4. The Trustee will review feedback from the Plan auditor and seek to improve core processes where required.

The Statement regarding DC governance was approved by the Trustee on 22 July 2019 and signed on their behalf by Vincent Boyle.

Vincent Boyle
APT Workplace Pensions Limited

The Ryanair UK Pension Plan

Statement regarding DC governance

For the year ended 31 December 2018 (continued)

Technical Appendix 1

Cost and charge illustration as at 31 December 2018

Illustration assumptions

1. The tables illustrate the potential impact fund costs may have on the projected value of monies invested in an average member's pension plan over various time periods.
2. These are not projections of your own pension plan. Please refer to your annual account statement for an estimate of your pension.
3. All the figures illustrated here are only examples and are not guaranteed – they are not minimum or maximum amounts.
4. All figures are calculated as at the end of 2018.
5. You could get back more or less than this and you may also get back less than the amount that you have invested.
6. Investment return in real terms: is the effective annual growth rate of the fund after adjusting for the inflation rate.
7. The starting pot size is assumed to be £50,000
8. Contributions are £0.
9. Inflation is assumed to be 2.5% each year.

The Ryanair UK Pension Plan
Statement regarding DC governance
For the year ended 31 December 2018 (continued)

Fund	Assumed Investment returns	Assumed Inflation	Return before charges	FMC	Additional Expenses	Scheme Rebate	Effective total annual charge	Net (real) return
SL Newton Global Balanced Pension Fund	6.10%	2.50%	3.51%	1.30%	0.06%	0.33%	1.03%	2.51%
SL Schroder UK Dynamic Smaller Companies Pension Fund	7.90%	2.50%	5.27%	1.60%	0.18%	0.33%	1.45%	3.85%
SL Vanguard FTSE Developed World ex UK Pension Fund	5.60%	2.50%	3.02%	1.00%	0.02%	0.33%	0.69%	2.35%
SL Annuity Targeting Pension Fund	2.80%	2.50%	0.29%	1.00%	0.00%	0.33%	0.67%	-0.36%
SL At Retirement (Multi Asset Universal) Pension Fund	4.30%	2.50%	1.76%	1.00%	0.04%	0.33%	0.71%	1.06%
SL Deposit and Treasury Pension Fund	2.50%	2.50%	0.00%	1.00%	0.01%	0.33%	0.68%	-0.66%
SL Ethical Pension Fund	7.90%	2.50%	5.27%	1.00%	0.01%	0.33%	0.68%	4.60%
SL Managed Pension Fund	4.30%	2.50%	1.76%	1.00%	0.02%	0.33%	0.69%	1.08%
SL Money Market Pension Fund	2.50%	2.50%	0.00%	1.00%	0.01%	0.33%	0.68%	-0.66%
SL Multi Asset Managed (20-60% Shares) Pension Fund	4.30%	2.50%	1.76%	1.00%	0.02%	0.33%	0.69%	1.08%
SL North America Equity Pension Fund	5.60%	2.50%	3.02%	1.00%	0.01%	0.33%	0.68%	2.36%
SL Pension 2 With Profits 2 2006 Fund	0.75%	2.50%	-1.71%				0.00%	-1.71%
SL Pension 2 With Profits 2 Fund	0.75%	2.50%	-1.71%				0.00%	-1.71%
SL Stock Exchange Pension Fund	6.10%	2.50%	3.51%	1.00%	0.02%	0.33%	0.69%	2.84%
SL UK Equity Pension Fund	7.90%	2.50%	5.27%	1.00%	0.01%	0.33%	0.68%	4.60%

The Ryanair UK Pension Plan
Statement regarding DC governance
For the year ended 31 December 2018 (continued)

Starting Fund: £50,000; Future Contribution: £0															
Fund value at end of year £ (in real terms/ after inflation)	SL Newton Global Balanced Pension Fund		SL Schroder UK Dynamic Smaller Companies Pension Fund		SL Vanguard FTSE Developed World ex UK Pension Fund		SL Annuity Targeting Pension Fund		SL At Retirement (Multi Asset Universal) Pension Fund		SL Deposit and Treasury Pension Fund		SL Ethical Pension Fund		
	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges	
1	51,756	51,254	52,634	51,927	51,512	51,176	50,146	49,820	50,878	50,532	50,000	49,668	52,634	52,302	
3	55,455	53,856	58,326	56,006	54,675	53,610	50,440	49,460	52,681	51,612	50,000	49,011	58,326	57,230	
5	59,419	56,591	64,634	60,406	58,032	56,161	50,736	49,104	54,547	52,716	50,000	48,363	64,634	62,622	
10	70,613	64,050	83,550	72,977	67,355	63,081	51,483	48,224	59,508	55,579	50,000	46,780	83,550	78,431	
15	83,916	72,492	108,002	88,165	78,176	70,854	52,241	47,360	64,920	58,598	50,000	45,249	108,002	98,231	
20	99,724	82,048	139,612	106,514	90,734	79,585	53,010	46,511	70,824	61,780	50,000	43,768	139,612	123,029	
25	118,511	92,863	180,472	128,681	105,310	89,391	53,790	45,678	77,265	65,136	50,000	42,335	180,472	154,088	
30	140,837	105,103	233,291	155,462	122,228	100,406	54,582	44,859	84,291	68,673	50,000	40,949	233,291	192,987	
35	167,368	118,957	301,568	187,816	141,864	112,778	55,385	44,056	91,957	72,403	50,000	39,609	301,568	241,706	

The Ryanair UK Pension Plan
Statement regarding DC governance
For the year ended 31 December 2018 (continued)

Starting Fund: £50,000; Future Contribution: £0												
Fund value at end of year £ (in real terms/ after inflation)	SL Managed Pension Fund		SL Money Market Pension Fund		SL Multi Asset Managed (20-60% Shares) Pension Fund		SL North America Equity Pension Fund		SL Stock Exchange Pension Fund		SL UK Equity Pension Fund	
	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges
1	50,878	50,541	50,000	49,668	50,878	50,541	51,512	51,180	51,756	51,420	52,634	52,302
3	52,681	51,642	50,000	49,011	52,681	51,642	54,675	53,626	55,455	54,381	58,326	57,230
5	54,547	52,767	50,000	48,363	54,547	52,767	58,032	56,188	59,419	57,512	64,634	62,622
10	59,508	55,686	50,000	46,780	59,508	55,686	67,355	63,141	70,613	66,153	83,550	78,431
15	64,920	58,767	50,000	45,249	64,920	58,767	78,176	70,956	83,916	76,092	108,002	98,231
20	70,824	62,019	50,000	43,768	70,824	62,019	90,734	79,737	99,724	87,524	139,612	123,029
25	77,265	65,451	50,000	42,335	77,265	65,451	105,310	89,605	118,511	100,674	180,472	154,088
30	84,291	69,072	50,000	40,949	84,291	69,072	122,228	100,694	140,837	115,800	233,291	192,987
35	91,957	72,894	50,000	39,609	91,957	72,894	141,864	113,155	167,368	133,198	301,568	241,706