ZEDRA

DO MORE. ACHIEVE MORE.

Chair's annual report

NFU Mutual
Workplace Personal Pension Plans

Year ended 31 December 2024

The ZEDRA Governance Advisory Arrangement (GAA)

September 2025

Executive summary

This report on the workplace personal pension plans provided by NFU Mutual ("the Firm"), has been prepared by the Chair of the ZEDRA Governance Advisory Arrangement ("the GAA") for relevant policyholders. It sets out our independent assessment of the value delivered to policyholders and our view of the adequacy and quality of the Firm's policies in relation to Environmental, Social and Governance (ESG) risks, non-financial considerations and stewardship.

Further background on the activity of the GAA and details of the credentials of the GAA can be found in Appendices C and D, respectively. The GAA works under an agreed Terms of Reference, the latest version of which is dated 14 April 2022 and is publicly available (see Appendix D).

This report covers two workplace pension plans provided by the Firm, the Group Stakeholder Pension Plan (GSP) and the Group Personal Pension Plan (GPP). The GSP is the larger of the two pension plans and offers policyholders a default option. The GPP does not offer policyholders a default option. This is our tenth annual report covering the Firm's accumulation phase workplace pension products only; there is a separate Chair's Annual Report which covers the Investment Pathways product i.e., the decumulation phase of the workplace personal pension plans.

As Chair of the GAA for this Firm, I am pleased to deliver this value assessment of the GSP and GPP. The GAA has conducted a rigorous assessment of the Value for Money ("VfM") delivered to policyholders over the period 1 January 2024 to 31 December 2024. The GAA has developed a Framework to assess Value for Money which balances the quality of services and investment performance provided to policyholders against what they pay for those services and investment performance. Further details are set out on page 6.

A COLOUR CODED SUMMARY OF THE GAA ASSESSMENT

	Weighting toward VfM assessment for GSP*	GSP	Weighting toward VfM assessment for GPP*	GPP
1. Product strategy design and investment objectives	7%	●	13%	●
2. Investment performance and risk	20%	●	10%	●
3. Communication	13%	●	17%	●
4. Firm governance	5%	●	7%	●
5. Security of policyholder benefits	7%	●	7%	●
6. Administration and operations	13%	●	10%	●
7. Engagement and Innovation	3%	●	3%	●
8. Cost and charge levels	33%	●	33%	●
Overall Value for Money assessment	100%	●	100%	●

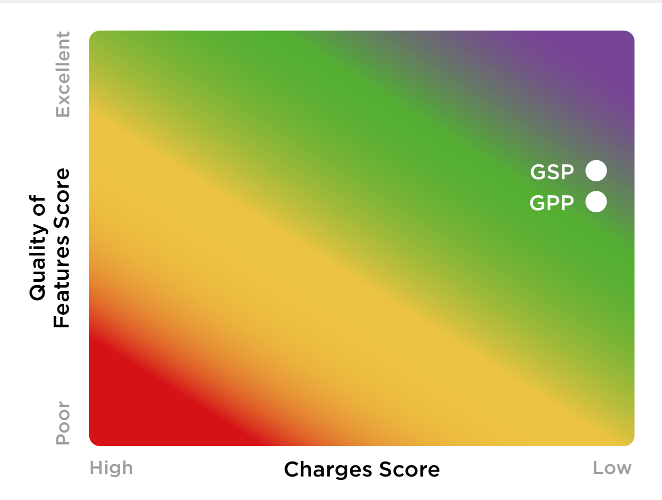
** May not add to 100% due to rounding*

Quality and investment features (1–7)
● Excellent ● Good ● Satisfactory ● Poor

Cost and charge levels (8)
● Low ● Moderately Low ● Moderately High ● High

How we determine our Value for Money rating is set out on page 6 of this report. The overall Value for Money is visually represented by the heatmap below.

VALUE FOR MONEY SCORING



Our conclusion is that the Firm's GSP and GPP provide good value for money.

Overall, there are no specific areas identified where the GAA has challenged the Firm to make improvements, however, the GAA has made a number of observations as follows:

- **Investment Performance and Risk:** Within the GSP funds, while the 1-year investment performance for the NFU Mutual Stakeholder Mixed Portfolio 40-85% funds met its benchmark, the GAA has observed that the outperformance versus the benchmark has slightly decreased compared to the previous assessment year. Therefore, the GAA would like the Firm to continue to monitor its performance closely.
- **Communication:** While the GAA recognises that a lot of improvements were implemented in 2023 regarding online capabilities which help policyholders, the GAA would like to see continuing effort towards improving online capabilities such as giving policyholder the ability to execute decisions such as fund switches more dynamically.
- **Administration and Operation:** Although the Firm has hit most of its internal SLA targets for core financial transactions both in terms of level as well as number of days, the GAA has observed that the SLA target in terms of the number of days (5 days in all cases) is above the comparator group average in most cases and would like to see this target lowered in future assessment years.
- **Engagement, Innovation and Improvements for Policyholder Experience:** While the Firm has rolled out a limited number of new services for the policyholders, the GAA would like to see continued improvement in service innovation which could positively impact the policyholder experience.

The GAA has concluded that the Firm's policies in relation to Environmental, Social and Governance (ESG) risks, non-financial considerations and stewardship were well implemented and documented.

The FCA requires a comparison of these pension products with other similar options available in the market. If an alternative scheme appears to offer better value, we must inform the pension provider. I can confirm that we have not considered it necessary to make this notification this year. Our view on each feature that we are required to make a comparison on is included in the relevant section of the report. Details of how we selected the comparator group is set out in Appendix B.

A joint consultation was launched in early 2023 (and closed in October 2024), by the Financial Conduct Authority (FCA), the Department for Work and Pensions (DWP) and The Pensions Regulator (TPR) on the framework for assessing Value for Money. Its proposals are to be included in a new Pensions Act (currently a Pensions Bill). This consultation set out a transformative framework of metrics and standards to assess value for money across all Defined Contribution (DC) pension arrangements including the workplace pensions reviewed by the GAA. The regulators' overarching aim is to improve the value savers get from their DC pension by increasing comparability, transparency, and competition across DC pension schemes, regardless of whether regulated by the FCA or TPR. The consultation does not affect this year's review but will mean a change in the way that Value for Money is assessed in the future.

Where we have used technical pensions terms or jargon, these are explained in the glossary in Appendix E.

I hope you find this value assessment interesting, informative, and constructive.

Payam Kazemian

Chair of the ZEDRA Governance Advisory Arrangement for NFU Mutual

September 2025

If you are a policyholder and have any questions, require any further information, or wish to make any representation to the GAA you should contact:

Martin Ansell, GAA Manager, Customer Services Department, NFU Mutual,
Tiddington Road, Stratford-upon-Avon, Warwickshire CV37 7BJ

Alternatively, you can contact the GAA directly at zgl.gaacontact@zedra.com

Contents

Overview of the value assessment

The GAA has assessed the Value for Money delivered by GSP and GPP to its workplace personal pension policyholders by looking at costs versus investment and service benefits. More detail about how we have done this is set out below.

Our approach

The GAA believes that value for money is subjective and will mean different things to different people over time, depending on what they consider important at that time.

What is clear is that it is always a balance of cost versus investment and service benefits. Our fundamental approach has therefore been to compare all the costs paid by policyholders against the investment performance and quality of services provided to policyholders.

The key steps for the GAA in carrying out the Value for Money assessment are:

- Issuing a comprehensive data request to the Firm, requesting information and evidence across a wide range of quality features, including net investment performance, as well as full information on all costs and charges, including transaction costs.
- Attending a number of formal meetings with representatives of the Firm to interrogate the data provided and to enable the GAA to question or challenge on any areas of concern. All such meetings have been documented by formal minutes and a log is also maintained containing details of any challenges raised, whether informally or through formal escalation.
- Once the Firm has provided the information and evidence requested, the GAA has met to discuss and agree provisional Value for Money scoring using the Framework developed by the GAA and to undertake comparisons of the Firm's product against a suitable comparator group of providers for certain Quality of Service and Investment Features and Costs and Charges.
- The provisional Value for Money score, including a full breakdown, has then been shared and discussed with the Firm.

The Framework developed by the GAA to assess overall Value for Money for policyholders involves rating the Firm against eight different features covering Quality of Service, Investment Performance and Strategy (the "Quality of Service and Investment Features"), and the Costs and Charges borne by the Policyholders. This assessment is undertaken relative to the GAA's view of good practice.

The Quality of Service and Investment Features have been determined based directly on the Financial Conduct Authority's (FCA) requirements for assessing ongoing Value for Money set out in its Conduct of Business Sourcebook COBS section 19.5.5, including services relating to communications with policyholders and processing of core financial transactions. The assessment also includes other aspects the GAA considers important based on our experience of conducting Value for Money assessments over many years, such as the Firm's governance structure, the financial security for policyholders, the Firm's approach to engagement, innovation and service improvement, and a wider overview of the administration quality and processes.

Within each of the Quality of Service and Investment Features are several sub-features. These sub-features are each scored using a numeric scoring system. Scoring is aided by means of score descriptors, developed for each sub-feature, ensuring the GAA adopts a consistent approach to scoring across clients, each outlining what the GAA would expect to see to achieve the relevant numeric score. The scores for each sub-feature are then aggregated to the feature level based on our view of the relative value of the sub-feature to the policyholders ranging from Poor to Excellent.

The GAA will then consider the value represented by the costs and charge levels which policyholders bear. The assessment of cost and charge levels is primarily driven by the level of ongoing charges for investment management, administration, and any platform fees. The GAA also considers the underlying transaction costs incurred by the funds invested in and how they are controlled, and any additional costs the policyholders have to pay in managing their policies. The costs and charges are also rated on a scale from Low to High. This rating takes into account information available to the GAA on general levels of costs and charges for pension providers in the marketplace.

The scores for each feature are then combined using the weightings set out in the table in the Executive Summary to determine an Overall Value for Money rating. The weightings used are based on the GAA's views of the relative importance to the policyholders of each feature. The weightings are tilted towards the features which have been identified in the regulations relevant to forming this assessment of value. Where possible, we have taken into account the likely needs and expectations of this group of policyholders.

In the sections on the following pages, we have described the Firm's approach to delivering each of the features, and the rating the GAA has awarded, together with any areas for improvement we have identified.

In addition, there is a section setting out the GAA's views on the adequacy and quality of the Firm's policies on **ESG** financial considerations, non-financial considerations, and stewardship. Whilst this is a largely qualitative assessment the GAA has considered the Firm's policies in comparison to others the GAA has knowledge of.

A comparative assessment of the Firm's pension product has also been made of the net investment performance, quality of communication and quality of the administration service including processing of core financial transactions, and costs and charges relative to a suitable comparator group of product providers. Comments on the outcome of these assessments is included in the sections for the relevant Features. We have also considered whether overall an alternative provider would offer better Value for Money so that we can inform the Firm if we believe this to be the case. Details of how the comparator providers and products were determined is set out in Appendix B.

1. Product strategy design and investment objectives

Value score: ○ Excellent ● Good ○ Satisfactory ○ Poor

What are we looking for?

We expect to see an investment strategy for the default that is designed and managed taking the needs and interests of policyholders into account, evidenced by appropriately defined risk ratings, and consideration of the investment time horizon and age profile of the membership.

We want to see that all investment options have clear statements of aims and objectives – in particular that as well as qualitative objectives, there are quantitative objectives in place, that investment performance outcomes can objectively be measured against. Ideally, we would like to see evidence that these objectives link back to the needs of policyholders.

We are also looking for evidence of a robust ongoing review process for all investment options, including the default, and evidence that the Firm has taken steps to implement changes to investment options, where appropriate, to ensure alignment with policyholders' interests.

Whilst policies on ESG financial considerations and non-financial matters are considered separately on page 24, we expect to see evidence of how these matters are taken into account in the design of the investment strategy and in investment decision-making.

The Firm's approach

The Firm offers two workplace personal pensions plans, the Group Stakeholder Pension Plan (GSP) and the Group Personal Pension Plan (GPP).

The Firm offers policyholders, for both the GSP and GPP arrangements, a limited range of funds, which are all actively managed. It is the Firm's belief that a focused range of funds provides better member outcomes. Policyholders have online access to fund factsheets which provide clear statements of aims and objectives. The GSP closed to new business in December 2019. Those with existing GSP policies can continue to pay in regular contributions and new members are able to join an existing GSP. The default fund for the GSP is the Mixed Portfolio Max 100% Shares fund which predominantly invests in equities. There are a further seven unit linked funds for policyholders to choose from.

In addition, there are lifestyle strategies appended to the default fund which members can opt into, targeting drawdown, cash, and annuity objectives. From the Firm's analysis, the lifestyle strategy of 5 years is stated as a suitable investment horizon as this is consistent with the age profile. In addition, lifestyling exists for policyholders closer to retirement to gradually de-risk and/or transition towards more suitable funds to support a planned way to take their benefits. Policyholders can either opt in or out of lifestyling when the plan starts. If policyholders decide to opt in, the Firm asks them to select one of the four lifestyling strategies. However, for all customers – those who opted in at outset and also those who didn't – the Firm writes to customers 5 years and 6 months before their Selected Retirement Date to remind them of the choice they made at commencement and giving them the chance to change it – either opting in or out – or if already opted in the chance to change the lifestyling strategy. If a strategy is selected, this then starts 5 years before the Selected Retirement Date.

The default strategy for the GSP is reviewed every 2 years, with the last review taking place in March 2024. During this review, the Firm analysed whether the default fund is still delivering the investment outcomes expected by customers, and whether it is meeting the expectations that are set out to customers through the investment objective, policy and other disclosures made to customers. A copy of the report with the Firm's analysis and findings was provided to the GAA.

The GPP is closed to new employers but can accept new policyholders for existing employers.

The GPP does not offer a default fund or strategy, but most policyholders are invested in the Mixed Portfolio 40-85% Shares Fund. Some policyholders are invested in the with-profits version of the fund. There are regular reviews of the fund options.

There have been no material changes to funds within the GPP, but they are under constant review, with a formal review carried out at each quarterly asset allocation meeting. Although volatility has gone up over the last assessment year, the Firm is looking to diversify asset classes (Minutes provided to the GAA as evidence).

The GPP funds give a broad range of risk levels which can be selected based on a customer's attitude to risk. There is currently no offering at risk level of 6 (the highest risk level), as the Firm does not see any customer demand for this given their risk averse customers.

The Firm's strengths

Investment performance is regularly reviewed by the Financial Services Management Committee and there is a quarterly presentation to the main Board. The range of funds available is regularly reviewed by the Financial Services Proposition Governance Forum.

These processes, in the opinion of the GAA, separate the various functions and deliver a rigorous process with regards to investment matters. All funds offered to policyholders are actively managed as the Firm believes this adds value to policyholders as compared to taking the passive or index-tracking approach.

The funds themselves and all internally managed elements do not use financial derivatives, but there is the ability for some minimal use within some of the externally managed elements of the international equity funds. These are 'long only' strategies in areas such as forward contracts for currency hedging and index futures and they are not used to obtain leveraged market exposure.

The funds offered to policyholders are regularly reviewed. Previous reviews have resulted in the introduction of new funds and the outsourcing of the management of some overseas assets to third-party managers. Additional lifestyles have been introduced and the default lifestyle for the GSP has been changed to the more appropriate drawdown lifestyle, based on the choices made by policyholders at retirement. The Firm has provided the GAA with the decision matrix for communication with policyholders. The GAA has reported on these changes in previous reports.

ESG considerations are integrated into the investment process and are considered alongside traditional financial measures. The Firm's ESG policy and actions taken are reviewed annually, with the 2024 report provided to the GAA. The Firm takes an integrated approach to investing across all its funds, incorporating ESG considerations directly into the investment process to target long-term growth and sustainability with a focus on engagement.

The Firm has set a target to deliver 50% emissions reduction in equity and corporate bond portfolios by 2030 and to achieve net zero by 2050. The Firm is now signatories of the United Nations Principles for Responsible Investment (UN PRI) and also the UK Stewardship Code. Managing carbon is a key principle across their property investment portfolios having achieved a carbon emission reduction of 30% since 2019.

All fund factsheets along with pricing, investment performance and charges are available online and easily accessed by policyholders. The fund factsheets state the investment objective, provide risk ratings on a scale of 1 to 6, have a rating of up to 5 crowns and provide a clear breakdown of asset allocation.

Improvements since last year

In 2023, the Firm conducted a review of benchmarks and investment policies for its single asset class Undertakings for Collective Investment in Transferable Securities (UCITS) funds and moved all benchmarks from comparators to targets, making outperformance a fund objective and more clearly signposting where investment policy or flexibility may lead to performance differing from the target. Following FCA approval and roll-out of these enhancements, the Firm extended these changes to its non-UCITS retail single asset class funds in 2024, including those considered for this review. Previously these funds only compared to peer sector averages so the introduction of target benchmarks provides investors with an additional performance measure along with enhanced policy descriptions.

Areas for improvement

The GAA did not identify any specific areas for improvement.

2. Investment performance and risk

GSP value score:	● Excellent	○ Good	○ Satisfactory	○ Poor

GPP value score:	● Excellent	○ Good	○ Satisfactory	○ Poor

What are we looking for?

We would expect to see a robust governance framework under which investment performance is monitored on a regular basis. Performance should be measured against investment objectives, including against a measurable and stated benchmark. Performance should be net of fees. In addition to the stated benchmark comparison risk adjusted returns should also be considered.

Where there are any concerns over investment performance, we expect to see evidence of appropriate action being taken, which may include engagement with investment managers and/or implementing changes to fund options. We also expect to see evidence that the strategies are effective and take into account the policyholders' attitudes to risk.

The Firm's approach

The default fund for the GSP is the Mixed Portfolio Max 100% Shares fund. It was last reviewed in March 2024 and the Firm concluded that it met its stated aims and objectives.

The Firm has a clear process for reviewing performance, which is driven by in-house committees at quarterly meetings. The Financial Services Management Committee reviews performance regularly and presentations are made to the main Board on a quarterly basis. The range of funds available is also regularly reviewed by the Financial Services Proposition Governance Forum.

Performance is reviewed for both strategic asset allocation and stock selection. Performance is reviewed against the benchmark and by quartile to ensure good outcomes for policyholders.

The process for managing investment performance and risk is rigorous and the Firm has demonstrated that changes are implemented when required. The net performance of investment strategies is reviewed on a quarterly basis to ensure alignment with the interests of relevant policyholders. The fund range and options are regularly reviewed with the strategies annually reviewed. There are also quarterly asset allocation meetings with performance looked at on a monthly and/or quarterly basis and actions taken after those meetings.

The Firm's strengths

The GAA notes that performance of the default fund for GSP for the year to 31 December 2024 was much improved versus that of the previous assessment year. The default fund outperformed the benchmark by 0.80% over the 1-year horizon. Overall, all the GSP funds outperformed the benchmark by 0.12% weighted by total Assets under Management (AuM). Only around 3% of the funds for GSP underperformed the benchmark weighted by AuM. It is worthwhile noting that while the default fund for GSP is the Mixed Portfolio Max 100% funds with an AuM of around £339m, the majority of the AuM is within the NFU Mutual Stakeholder Mixed Portfolio 40-85% funds with around £940m.

The majority of investors in GPP invest in the Mixed Portfolio 40-85% Shares fund, which also had more positive performance versus the previous assessment year; it outperformed the benchmark by 0.30% over the year. All GPP funds outperformed the benchmark by 0.21% weighted by AuM over the assessment year. Only around 3% of the active funds weighted by AuM underperformed the benchmark.

The Firm has demonstrated that there is a robust governance framework in place and has provided clear evidence of the monitoring undertaken during the year. Investment Committee minutes highlight that investment performance is reviewed for both internally and externally managed funds. This review is undertaken alongside fund strategies and positioning.

Despite continued market volatility the Firm saw improved absolute returns, with relative asset class performances aligned more closely to longer-term expectations and delivering a positive outcome versus the peer group benchmarks used for the mixed portfolio funds held by a majority of investors. The GAA understands that the longer-term positions also remain positive for these funds. The Firm further commented that given the diverse peer groups providing the benchmarks it expects to see some variations in relative performance over time, with an aim of outperforming over a 5 year investment horizon.

These 2 funds cover most of the members within the GAA. Investment strategies are regularly reviewed to ensure the strategies are effective and take into account the policyholder's attitude to risk and necessary changes are made. The strategies are monitored through Moody's analytics against customer risk expectations, and this is reviewed on a quarterly basis to ensure alignment with the interests of relevant policyholders.

Improvements since last year

The GAA notes that whilst market conditions were volatile, the investments have continued to improve.

Net investment performance

The net investment performance of the most significant funds available to policyholders and, where available, the performance of the benchmarks against which those funds are measured by the Asset Manager are set out in the following table.

Fund Name	Net Investment Performance	Benchmark
GSP Default Mixed Portfolio Max 100%	10.1%	9.3%
GPP Mixed Portfolio 40-85%	8.3%	8.0%

Comparator results

We have assessed how the net investment performance provided to the Firm's policyholders compares to other sufficiently similar employer pension arrangements. This takes account of both the nature of the provider and the performance of the investments being offered relative to an appropriate benchmark.

This assessment identified that the one year net investment performance relative to benchmark for the Firm's policyholders over 2024, weighted by the size of funds invested, was average i.e. relative to benchmark.

Areas for improvement

GAA Observations

Within the GSP funds, while the 1-year investment performance for the NFU Mutual Stakeholder Mixed Portfolio 40-85% funds met its benchmark, the GAA has observed that the outperformance versus the benchmark has slightly decreased compared to the previous assessment year. Therefore, the GAA would like the Firm to continue to monitor its performance closely.

3. Communication

Value score: ○ Excellent ● Good ○ Satisfactory ○ Poor

What are we looking for?

As a minimum we expect communications to be fit for purpose, clear and engaging and to be tailored to take into account policyholders' characteristics, needs and objectives.

We would expect to see a comprehensive suite of communications including annual benefit statements, pre-retirement wake-up letters and retirement option packs.

Information on administration charges and transaction costs should be made available to policyholders on a publicly available website annually, including illustrations of the compounding effect of the administration charges and transaction costs on an annual basis.

In a high quality communication service offering we would expect a substantial online offering, with a range of online support materials such as online calculators to enable personalised calculations with various selectable options. We would expect telephone support to be available, with good evidence of telephone scripts, call monitoring and staff training.

Additionally, we would expect policyholders to be able to switch investment options online and to have support available to help them make appropriate decisions. In particular, we would expect there to be appropriate risk warnings built into the process.

We would expect the provider to able to offer a range of different retirement options for policyholders, as well as clear signposting to policyholders on where they can obtain guidance and advice on their retirement options.

The Firm's approach

Policyholders are provided with a full suite of communication letters depending on their circumstances such as annual benefit statements, leaver letter, transfer packs and retirement packs. Pre-retirement wake-up communications are issued every year from age 55. Policyholders are required to either write or telephone when making fund switches; online options are as yet not available.

The Firm provides policyholders with information on a range of retirement options, including signposting to the government's MoneyHelper service including Pension Wise and their Financial Planning Service which would be facilitated by an advisor at additional cost.

The Firm does not offer an annuity service, instead they use a panel of providers for annuity quotes to its policyholders.

The Firm's strengths

The Firm provides policyholders with the full range of communications and signposts important retirement milestones and transfer scam information. Policyholders are able to access financial advice when required through the Firm's Financial Planning Service.

The GAA has reviewed a range of sample communications which are clear and free from jargon. These communications are reviewed regularly and updated in line with prevailing regulations, service offerings, and tax implications.

Policyholders are able to communicate with the Firm via a range of options including letter, telephone, email, and online messaging. However, there remains the requirement to either write in or telephone in order to switch funds. The Firm seeks feedback after all calls made by policyholders.

Policyholders have also been contacted in 2024 as part of research so their views can be feedback into future improvements.

The Firm has confirmed to the GAA that the below additional support is also offered:

- When someone phones in to discuss taking pension or even if they phone for forms to fully encash, the Firm always explains the full options available to them including that their product does not facilitate drawdown, so they have to transfer to its new Select Pension Plan or they can go to another provider to do drawdown.
- On these calls the Firm always reminds the customer they can use other providers – and that annuities go to the wider market.
- Every call has to signpost Pension Wise otherwise the Firm will consider the call a fail.
- The Firm offers to book policyholders a Pension Wise appointment.
- The Firm offers to book policyholders with one of their Non-Advised Sales Consultants or Financial Advisers if they need advice/support.
- Currently the Firm is working on communication with further options for overseas clients.

Comparator results

We have assessed how the communication materials provided to the Firm's policyholders compare to other sufficiently similar employer pension arrangements. This takes account of the nature of the provider.

This assessment identified that the communication materials provided to the Firm's policyholders over 2024 were average, i.e. relative to the comparator group.

Areas for improvement

GAA observations

While the GAA recognises that a lot of improvements were implemented in 2023 regarding online capabilities which help policyholders, the GAA would like to see continuing effort towards improving online capabilities such as giving policyholder the ability to execute decisions such as fund switches more dynamically.

4. Firm governance

Value score: ○ Excellent ● Good ○ Satisfactory ○ Poor

What are we looking for?

We would expect to see a comprehensive governance structure in place where, for example, Terms of Reference are provided for key committees, reviewed on a regular basis, with clearly defined scope. We would expect to see evidence of the key committees operating during the year with minutes or meeting packs demonstrating that the key scope elements of the committee remit have been adequately covered.

There should be a transparent and documented process for appointing and monitoring service providers, with evidence of regular reviews being undertaken and changes being made as required.

The Firm's approach

There is a robust process for continually monitoring IT systems for vulnerabilities and risk assessments of IT applications. Also, processes are in place for checks on various risks and performance on administration.

The Firm has provided the Terms of Reference for the Executive Investment Committee (EIC), Financial Services Management Committee (FSMC) and Financial Services Propositions Governance Forum (FSPGF). The EIC is responsible for appointing and monitoring performance of investment managers with performance monitored on an ongoing basis. Discussions and actions taken are recorded in the minutes.

The FSPGF meets every month to discuss fund performance (quarterly in depth), risk and current issues relating to the options available to policyholders.

The Firm's strengths

The Firm has a clear process for appointing and monitoring performance of investment managers, both internal and external. Investment Committee minutes provide a clear indication of the process. The GAA notes that there is a robust process for managing risk and assessing investment performance.

The FSMC supports the Head of Financial Services in their accountability for the management of NFU Mutual's Financial Services business (advice and manufacturing) by providing oversight of governance and risk, including financial controls and outsourcing and financial performance.

The FSMC also approves escalated recommendations from the Financial Services Pricing Committee (FSPC) and FSPGF. The FSPGF meets every month to discuss fund performance (including quarterly meetings with more in-depth discussions), risk and current issues relating to the options available to policyholders.

Areas for improvement

The GAA did not identify any specific areas for improvement.

5. Security of Policyholder Benefits

Value score: ● Excellent ○ Good ○ Satisfactory ○ Poor

What are we looking for?

We expect to see that the Firm is in a sound financial position with sufficient capital backing to enable it to continue to operate for the foreseeable future.

We also look for information about how the assets are protected, for example in the event of fraud or bankruptcy, at both the Firm and investment manager level. For example, this could relate to FSCS or other regulatory protections, ringfencing or the structure of the underlying product.

We are looking for evidence that the Firm has processes in place for protecting policyholder assets against fraud and scams and for Firms to be actively monitoring for possible scamming activity.

The Firm's approach

The Firm is a UK registered insurance company and is required to adhere to the rules in relation to capital adequacy and solvency ratios as laid out by the Prudential Regulation Authority (PRA). The PRA sets testing thresholds and the GAA is satisfied that based on these requirements, policyholders' interests are protected.

In 2024, the Firm experienced a profit of £360m ((2023: £164m profit) with total funds under management of £20.9bn (2023: £20.2bn). The core General Insurance business delivered an underwriting profit of £168m (2023: £156m loss) which reflected a challenging year due to the effects of rising inflation, severe storms towards the end of the year and an increase in the volume and severity of very large claims. Nevertheless, the Firm's long-term approach means that it has the financial strength to support its general insurance members by awarding £238m (£244m in 2023) in Mutual Bonus.

The Firm's Solvency II coverage ratio remains sound at 221% (2023: 218%).

The Firm's strengths

The Firm operates under the PRA regime which provides the GAA with reassurance that policyholders' interests are protected.

The Firm has demonstrated that it has a robust policy with regards to transfer requests and that every effort is made to safeguard policyholders against fraud. An example customer story, in which a family of 4 with their own business requested a pension transfer for each of their policies, was presented to the GAA at the site visit and the Firm demonstrated their robust transfer process.

Policyholders requesting a transfer are sent the FCA pensions scam leaflet along with transfer forms.

At the transfer payment request stage, initial checks on the receiving scheme and administrators are undertaken in accordance with the Firm's internal process guide. If there are any issues or concerns identified, the case is then referred to the senior team members for further checks and, if required, escalated to the management team.

In suspicious circumstances the transfer can be referred to the Financial Crime Unit and Legal Department. However, if a policyholder insists on a transfer, the Firm asks the policyholder to sign confirmation that all checks and warnings had been received.

However, regulatory changes at the end of 2021 have introduced powers for the Firm to refuse a transfer, where red flags have been identified and they have sufficient reason to suspect the customer is being scammed, following the full process of checks.

Regular training is provided to the Money Out team on dealing with pension transfer scams and pension transfer liberation.

Areas for improvement

The GAA did not identify any specific areas for improvement.

6. Administration and operations

Value score: ○ Excellent ● Good ○ Satisfactory ○ Poor

What are we looking for?

We expect Firms to have robust administration processes in place with appropriate service standard agreements and regular monitoring and reporting around adherence to those service standards. In particular, we are seeking evidence that core financial transactions are processed promptly and accurately, such as processing contributions, transfers processing and death benefit payments.

We look for evidence of regular internal and external assurance audits on controls and administration processes. In particular, we are looking for a robust risk control framework around the security of IT systems, data protection and cyber-security. We would expect to see evidence that cyber-security is considered as a key risk by the Firm's relevant risk governance committee and that appropriate monitoring, staff training and penetration testing is put in place.

We expect Firms to have a comprehensive business continuity plan and evidence of its effectiveness through appropriate testing or in maintaining continuity of business.

We would expect to see a low level of substantive complaints and demonstration of a clear process for resolving complaints.

The Firm's approach

Administration is carried out in-house and service levels are closely monitored. Clear standards are set and there are quality audits to ensure these are adhered to.

The call centre, which manages the customer line achieved 98.8% versus a target SLA of 98.0% during the assessment period.

On the overall core financial transaction SLAs, the Firm achieved 97.4% versus an average target of 97.0%. In particular, the processing of transfers in and out of the funds achieved a 5-day SLA of 97.0% compared to a target of 97.0%, transfers of assets between different investments within the fund hit its 5-day SLA target of 99.6% at 97.0%, and the payment to policyholders/ beneficiaries missed its 5-day SLA of 96.0% versus its target of 97.0%.

On the overall SLAs, the Firm hit its target of 92.0% by achieving an average SLA of around 93.4%. In particular payments out are processed on a 5-day target with a target level of 95.0%. For the year, 97.0% of payments were processed within target. And policy servicing achieved 96.5% (target of 95%) and 81.5% (target of 95%) completion on a 3- and 5-day target, respectively. Furthermore, they achieved an SLA of 98.8% versus the target of 98.0% for the call centre customer line activities.

By retaining administration in-house, the Firm is able to react quickly and decisively to emerging issues.

The Firm provided evidence of complaints (9 received in 2024 and 4 in 2023) and it was able to demonstrate the process for resolving those complaints with appropriate redress being provided for the number of complaints that were upheld (4 in 2024).

The Firm's strengths

The Firm has a comprehensive business continuity plan in place relating to Financial Services Operations and evidence of business continuity being maintained throughout the year was provided to the GAA.

Improvements since last year

The Firm conducted regular penetration (14 tests) and phishing tests (7 group-wide tests across targeted areas of the business) and carried out a number other IT security and data protection measures during the assessment period in 2024 carried out by the Firm's IT department and external companies with evidence provided to the GAA.

Comparator results

We have assessed how the quality and timeliness of the administration services, including the core financial transaction processing, provided to the Firm's policyholders compare to other sufficiently similar employer pension arrangements.

This assessment identified that the administration services provided to the Firm's policyholders over 2024 were average relative to the comparator group.

Areas for improvement

GAA observations

Although the Firm has hit most of its internal SLA targets for core financial transactions both in terms of level as well as number of days, the GAA has observed that the SLA target in terms of the number of days (5 days in all cases) is above the comparator group average in most cases and would like to see this target lowered in future assessment years.

7. Engagement, innovation and improvements for policyholder experience

Value score: ○ Excellent ● Good ○ Satisfactory ○ Poor

What are we looking for?

We expect to see evidence that the product is reviewed on a regular cycle of not more than every three years, with new product features or service innovations being launched when appropriate and in line with relevant improvements being made to other similar products being offered by the Firm. We expect these changes to have been developed taking into account policyholders' characteristics, needs and objectives, including direct feedback from policyholders.

We are looking for evidence of regular, proactive engagement with policyholders to obtain feedback and for this feedback to be taken into account when reviewing the product offering.

The Firm's approach

There are a number of committees in place to oversee the products offered to policyholders and these are captured in the Product Oversight Governance report.

The range of funds, fund characteristics along with aims and objectives, performance, and risk, fees, and relevance for policyholders are reviewed regularly on a rolling three-year basis and updated where required. The 3-year product review cycle was provided to the GAA detailing the timetable where the workplace pension products were included in the reviews. There are also regular reviews of business services.

The Firm's strengths

The Firm was able to demonstrate that the product is under continuous review. They made use of their internal compliance assurance team's capability to do a mock deep dive on how they treat customers with additional needs. For example, appropriate care is expected at the product review stages and, therefore, they take the additional needs of customers into account at all stages of the review. The Proposition processes make clear reference to customers with additional needs – underlining the commitment to ensuring fair outcomes for all customers.

Recent changes have significantly improved the flexibility for policyholders. The GAA has reviewed Investment Committee minutes and proposition reviews and the Firm has demonstrated that its offering is reviewed on a rolling three-year basis with changes made where required.

The Firm has demonstrated that it is able to take action where required within the constraints of a fund range that remains relatively limited.

Improvements since last year

The GAA understands that the Firm continues to push clients for feedback through their annual statements and when customers ring in, but the actual feedback survey had yet to be done. The GAA asked for this to be put in place for this year's assessment and improve policyholder engagement to get greater feedback.

Following Customer Research in 2023, the Firm looked at Communications Research, fund design alignment with policyholders' feedback and surveys, and member behaviour feedback, and put in place a research process in 2024 over a range of DC pension plans. This looked across the experience of 100 Pension customers and 25 Pension Annuity customers from new business through to taking money out of their pension. These results, reported in April 2024, showed overall satisfaction by pension customers and less so with annuity customers. Furthermore, communications were rated highly for frequency and channels used. One-third of customers wanted more explanation on how pensions worked. Also, six-monthly surveys on customer sentiments were conducted with most recent in November 2024. Also, the Firm has conducted research on emerging themes on withdrawals which pointed at areas of opportunity for NFUM to add prompts in case of any concerns or need for benchmarking information.

Areas for improvement

GAA observations

While the Firm has rolled out a limited number of new services for the policyholders, the GAA would like to see continued improvement in service innovation which could positively impact the policyholder experience.

8. Cost and charge levels

Value score: ● Low ○ Moderately Low ○ Moderately High ○ High

What are we looking for?

The GAA has considered the overall level of charges borne by policyholders over the year. This included assessing:

- the annual fund management and administration charges being borne by policyholders
- the transaction costs incurred by the underlying investment funds which reduce the investment return experienced by policyholders
- any other charges being paid by policyholders to manage and administer their workplace pensions
- the Firm's process for collecting and monitoring overall member charges, including transaction costs.

We expect fund management charges to be comparable to charges for similar investment products in the wider pensions market after considering the active or passive nature of the investment and the type of assets involved. We take into account where the majority of relevant policyholder assets are invested.

In looking at transaction costs we also consider the overall level of volatility in the markets, recognising that in highly volatile markets transaction costs may increase.

We assess whether the overall level of administration charges are reasonable, bearing in mind the types of services provided to policyholders.

Finally for products which are used for providing auto enrolment pensions we consider the government required charge cap.

Whilst we have considered the average total costs and charges payable by policyholders we have also noted where there may be significant outliers such as high charges for small pots.

Further information on the required disclosures relating to costs and charges payable by the Firms policyholders can be found in Appendix A.

The Firm's approach

The AMC for the GSP is 0.749% per annum or lower for all fund options, with lower charges for larger fund values. The charging structure is implemented via the use of rebates with reference to the gross AMC of 1% per annum. Rebates are 0.251% to 0.50% per annum, depending on fund size.

The AMC for the GPP is 0.625% per annum across all funds except the NFU Mutual Mixed Portfolio 40-85% Shares PN fund as well as the NFU Mutual International PN fund, where they are at 0.705% and 0.795%, respectively. Overall administration charges borne by policyholders are around 0.70% weighted by AuM. There is no bid/offer spread but allocation rates vary between 95% and 98%, depending on the size of the premium, for payments started after 31 December 1997 (or 97% to 100% where no commission is payable). There are no exit charges for all policyholders, irrespective of age.

Transaction costs for the year under review were 0% for the Deposit, Fixed Interest, and Index-linked funds, with the Property fund having the highest costs of 0.09% (less than 10% of AuM). Transaction costs for the Mixed Portfolio Max 100% Share Fund, the default for the GSP, were 0.04%. Transaction costs for the Mixed Portfolio 40-85% Shares Fund, where the majority of the GPP policyholders are invested, were 0.01%.

The Firm's strengths

Costs for external managers and service providers are negotiated at outset, forming an integral part of the selection process, and are regularly reviewed once in place to ensure continued value for money.

JP Morgan fee schedules are reviewed at least annually, and Mercer/external manager fees are discussed at quarterly Joint Advisory Board meetings, with Mercer actively engaging with the external managers on potential fee enhancements as part of their regular due diligence cycle. An annual value assessment produced by Mercer includes a comparison of charges to similar funds from a broad universe, and our internal annual Value for Money assessment considers external and total charges for all funds in light of the service and performance delivered.

All outsourced arrangements are formally reviewed every 3-5 years including a re-tender where appropriate.

For direct holdings, costs are considered as part of the active decision to invest/continue holding the asset.

Improvements since last year

In response to the GAA challenge on additional charges for the GPP products, the Firm has confirmed to the GAA that there are no additional charges applied to the GSP as there's a cap and therefore any additional charges beyond that are absorbed by the Firm. They have also confirmed to the GAA that there are no bespoke additional charges on the GPP and all additional charges are included within the stated total administration costs.

The GAA further acknowledges that most of the funds within the GSP and GPP products are actively managed and hence would normally incur higher charges than passively managed funds on average.

Comparator results

We have assessed the overall cost and charge levels payable by the Firm's policyholders in comparison to policyholders of other sufficiently similar employer pension arrangements. This takes account of the nature of the provider.

This assessment identified that the overall cost and charge level paid by the Firm's policyholders over 2024 were below average relative to the comparator group.

Areas for improvement

The GAA did not identify any specific areas for improvement.

ESG financial considerations, non-financial matters and stewardship

What are we looking for?

Where the Firm has an investment strategy or makes investment decisions which could have a material impact on policyholders' investment returns, the GAA will assess the adequacy and quality of the Firm's policy in relation to ESG financial considerations, non-financial matters and stewardship. The GAA will consider how these are taken into account in the Firm's investment strategy and investment decision-making. We will also form a view on the adequacy and quality of the Firm's policy in relation to stewardship.

We expect the Firm's policy in relation to these considerations:

a) Sufficiently characterises the relevant risks or opportunities;

b) Seeks to appropriately mitigate those risks and take advantage of those opportunities;

c) Is appropriate in the context of the expected duration of the investment; and

d) Is appropriate in the context of the main characteristics of the actual or expected relevant policyholders.

We also expect that the Firm's processes have been designed to properly take into account the risks and opportunities presented.

Where ESG considerations have been delegated to external investment managers we expect the Firm to have a suitable oversight and stewardship process in place.

Whilst this formal requirement falls outside the overall Value for Money assessment, the GAA's Value for Money framework does take into account, where relevant, when scoring the area of Product Strategy Design and Investment Objectives on page 8, how the Firm has integrated ESG financial considerations and non-financial matters in the Firm's investment strategy and investment decision-making.

The Firm's approach

The Firm takes an integrated approach to ESG and fund managers consider ESG alongside traditional financial measures. The Firm's ESG policy and actions taken are reviewed annually, with the 2024 report provided to the GAA. The Firm takes an integrated approach to investing across all its funds, incorporating ESG considerations directly into the investment process to target long-term growth and sustainability with a focus on engagement. The Firm has set a target to deliver 50% emissions reduction in equity and corporate bond portfolios by 2030 and to achieve net zero by 2050. The Firm is now signatories of the UN PRI and also the UK Stewardship Code. Managing carbon emissions is a key principle across their property investment portfolios having achieved a carbon emission reduction by 30% since 2019.

The Firm's approach is to engage proactively with management teams in order to effect change where required. It is the Firm's policy to cast its vote at all meetings and this is executed using the proxy services of Institutional Shareholder Services (ISS), although it has taken a tougher stance than that recommended by ISS in a number of cases. The Firm has well developed ESG and stewardship policies in place for UK equities and this is now being extended to overseas investments as well.

These policies are implemented across fixed income investments as far as possible. The introduction of green bonds has facilitated this process. Following industry feedback, the Firm believes that exclusions are likely to play a more important role than they do in equities.

ESG for third-party overseas investments are assessed using Mercer's ratings for individual funds.

The Firm's strengths

The Firm has a group-wide Responsible Business Strategy which sets out their ambitions across four main categories. There is a group-wide ESG Steering Group (ESGSG) which will report annually to Board.

Following the Firm's approved ESG Framework, which is made up of a variety of priority topics under each pillar: **Environmental, Social and Governance**, the purpose of the ESGSG is to evaluate and recommend the ambitions level for each topic area.

The responsibility of the ESGSG is to track how the company is performing on its ESG priorities against external factors, whilst monitoring and measuring risks and opportunities.

The Firm has announced its ambition to be net zero by 2050. For investments this currently covers equity and corporate bond portfolios. The Firm's Responsible Business Report was provided to the GAA which evidences ongoing commitment to achieving this goal.

Improvements since last year

Throughout 2024 the Firm delivered a number of papers to their investment committees outlining their approach to ESG, voting, stewardship and carbon reductions. At each of the quarterly Board Investment Committees, there was a surrounding ESG or stewardship discussion. Furthermore, ESG is included in portfolio analytic packs which are provided by Mercer ahead of quarterly meetings to assess external asset managers.

Areas for improvement

The GAA did not identify any specific areas for improvement.

Appendix A: Administration Charge and Transaction Cost Disclosures

The FCA requires that administration charges and transaction costs, in relation to each Relevant Scheme must be published by 30 September, in respect of the previous calendar year and be available for free on a publicly accessible website. These disclosures must include the costs and charges for each default arrangement and each alternative fund option that a member is able to select. They should also include an illustration of the compounding effect of the administration charges and transaction costs, on a prescribed basis and for a representative range of fund options that a policyholder is able to select.

The Firm has compiled these disclosures and compounding illustrations, which are provided on a publicly accessible website at www.nfumutual.co.uk/pensions/governance-advisory-arrangement/pension-transaction-costs/

For their GSP arrangement, the Firm provides one default fund (Mixed Portfolio Max 100% Shares), together with 7 other unit linked pension funds to choose from for your contributions. All their unit linked funds are actively managed and incur both ongoing charges and trading costs when the fund manager buys and sells shares within the fund. Not all of these costs are incurred every time a security is traded. However, the charges for each of the unit linked funds are listed below.

The Firm has provided the GAA with the ongoing charges and transaction costs for Group Stakeholder Pension funds series 1 and series 2 in respect of the period 1 January 2024 to 31 December 2024 in respect of the default fund as well as the other funds with the GSP arrangement:

Name of stakeholder pension fund	Ongoing charges*	Transaction costs**
Deposit	0.749%	0.00%
Fixed Interest	0.749%	0.00%
Index Linked	0.749%	0.00%
International	0.749%	0.02%
Mixed Portfolio 40-85% Shares	0.749%	0.05%
Mixed Portfolio Max 100% Shares	0.749%	0.07%
Property	0.749%	0.09%
UK Equity	0.749%	0.03%

Notes to the ongoing charges and transaction costs

**Ongoing charges are taken annually for managing the fund. They include the AMC (annual management charge), as well as operational fund costs such as custody, trading and reporting costs.*

***Transaction costs are incurred when trading underlying investments. They can be explicit such as stamp duty tax and regulatory / exchange levies; or they can be implicit e.g., the arrival cost. The arrival cost is the price difference between the valuation of an asset before an order, and the execution price at which it is actually traded.*

Furthermore, the Firm has also provided the GAA with the ongoing charges and transaction costs for Group Personal Pension funds for the period 1 January 2024 to 31 December 2024 in respect the funds within the GPP arrangement:

Name of stakeholder pension fund	Ongoing charges*	Transaction costs**
Deposit	0.625%	0.00%
Fixed Interest	0.625%	0.00%
Index Linked	0.625%	0.00%
International	0.795%	0.02%
Mixed Portfolio 40-85% Shares	0.715%	0.05%
Property	0.625%	0.09%
UK Equity	0.625%	0.03%

Notes to the ongoing charges and transaction costs

**Ongoing charges are taken annually for managing the fund. They include the AMC (annual management charge), as well as operational fund costs such as custody, trading and reporting costs.*

***Transaction costs are incurred when trading underlying investments. They can be explicit such as stamp duty tax and regulatory / exchange levies; or they can be implicit e.g., the arrival cost. The arrival cost is the price difference between the valuation of an asset before an order, and the execution price at which it is actually traded.*

Group Stakeholder Pension Plan – Default Fund Illustration of Total Costs

The table below is included to give you an idea of the compounding effect of the ongoing charges and transactions costs if, for example, you had taken out a Group Stakeholder Pension Plan and invested in the Mixed Portfolio Max 100% Shares fund projected pension pot in today's money:

Mixed Portfolio Max 100% Shares Fund		
Years	Before charges + costs deducted	After all charges + costs deducted
1	£11,500	£11,400
3	£14,800	£14,400
5	£18,200	£17,600
10	£28,100	£26,400
15	£39,700	£36,300
20	£53,400	£47,500
25	£69,600	£60,200
30	£88,800	£74,700
35	£111,000	£91,200
40	£138,000	£109,000

Notes:

1. *Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.*
2. *The starting pot size is assumed to be £10,000.*
3. *Inflation is assumed to be 2.5% each year.*
4. *The initial monthly contribution is assumed to be £100.*
5. *Contributions are assumed to increase in line with assumed earnings inflation of 2.5% each year throughout the projection.*
6. *Values are estimates and are not guaranteed. The value of investments can fall and you may get back less than invested.*
7. *The projected growth rate for the Mixed Portfolio Max 100% Shares fund is 4.6% each year.*
8. *Charges may change.*

Group Personal Pension Plan – Illustration of Total Costs

The table below is included to give you an idea of the compounding effect of the ongoing charges and transactions costs if, for example, you had taken out a Group Personal Pension Plan and invested in the Mixed Portfolio 40-85% Shares fund projected pension pot in today's money:

Mixed Portfolio 40-85% Shares Fund		
Years	Before charges + costs deducted	After all charges + costs deducted
1	**£11,500**	**£11,400**
3	**£14,800**	**£14,500**
5	**£18,200**	**£17,700**
10	**£28,100**	**£26,500**
15	**£39,700**	**£36,500**
20	**£53,400**	**£47,900**
25	**£69,600**	**£60,800**
30	**£88,800**	**£75,600**
35	**£111,000**	**£92,400**
40	**£138,000**	**£111,000**

Notes:

1. *Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.*
2. *The starting pot size is assumed to be £10,000.*
3. *Inflation is assumed to be 2.5% each year.*
4. *The initial monthly contribution is assumed to be £100.*
5. *Contributions are assumed to increase in line with assumed earnings inflation of 2.5% each year throughout the projection.*
6. *Values are estimates and are not guaranteed. The value of investments can fall and you may get back less than invested.*
7. *The projected growth rate for the Mixed Portfolio 40-85% Shares fund is 5% each year.*
8. *Charges may change.*

Appendix B: Approach to Comparisons

The FCA requires that a comparative assessment be made of certain sub-features of the Value for Money assessment. The GAA is required to compare the Firm's offering against a selected group of other similar product options available in the market based on publicly available information. If an alternative scheme(s) would offer better value, we must inform the pension provider.

ZEDRA's GAA operates for a number of Firms, all of whom have agreed that the GAA can make use of the data we have gathered on their offerings to carry out the required comparisons this year. This is done on an anonymised basis.

How the comparators were selected

The GAA has selected a number of comparator products that we determined are sufficiently similar products so as to be comparable to those provided by the Firm for this purpose. The selection was based on the following broad criteria:

- Type of product i.e. whether accumulation or pathways, and within accumulation whether the product is a SIPP or workplace group personal pension.
- Products where Firms provide similar services, for example whether the provider has responsibility for setting and monitoring the investment strategy.

Based on these criteria we believe that the comparator products chosen will provide a reasonable comparison for the policyholders of the GSP and GPP.

Comparison of net investment performance

We have assessed how the net of fees investment performance provided to the Firm's policyholders compares to other similar employer pension arrangements. This takes account the performance of the investments being offered. Where multiple investment funds are made available, we have taken into account the amount invested by relevant policyholders in each fund.

Comparison of communication provided to policyholders

We have assessed how the full range of communication materials, including any websites and modelling tools, provided to the relevant policyholders compares to other sufficiently similar employer pension arrangements. This takes account of the type of pension product provided, and whether the communication materials are fit for purpose considering the age profile of the relevant policyholders.

Comparison of administration services

We have assessed how the quality and timeliness of the administration services, including the core financial transaction processing, provided to the Firms policyholders compares to other sufficiently similar employer pension arrangements.

Comparison of costs and charges

We have undertaken the comparison of cost and charge levels considering three categories of charges:

- Annual administration and investment fund charges
- Transaction costs
- Other costs and charges

We have assessed the overall cost and charge levels payable by the Firm's policyholders in comparison to policyholders of other sufficiently similar employer pension arrangements. This takes account of the type of product provided. The costs of services that are provided directly to the policyholder and paid for separately by the policyholder (for example financial or investment advice) are not included.

Appendix C: GAA activity and regulatory matters

This section describes the work that the GAA has done over the year and also covers the other matters which we are required to include in our annual report.

GAA engagement and actions this year

We prepared and issued a request for data on all the relevant workplace pension policies in early 2025.

Members of the GAA met with representatives of the Firm to kick off the Value for Money assessment process for the 2025 calendar year and to discuss and agree timescales.

We subsequently had a meeting with representatives of the Firm to discuss the information that had been provided in response to the data request. This was an opportunity for members of the GAA to meet key personnel with responsibility in the various different areas including investment strategy and how this has evolved, fund range including design of defaults, investment governance, approach to ESG, non-financial matters and stewardship, administration and communications and risk management. In some cases, this meeting was virtual.

We discussed the GAA's provisional scoring of Value for Money of the Firm's in-scope workplace pensions and the approach for meeting the cost and charge disclosure requirements in COBS 19.5.13.

As part of the Value for Money assessment process, the Firm has provided the GAA with all the information that we requested, including evidence in the form of minutes and other documentation to support areas of discussion at the site visit. In particular, the GAA has seen evidence of ESG integration within the Firm's investment decision process, and evidence of their stewardship approach.

Over the last year the GAA reviewed its Value for Money assessment framework and scoring methodology to ensure this continued to be suitable and can be applied consistently. Whilst the Value for Money assessment framework itself remains largely unchanged from the previous year, work was undertaken to improve the data request and to make the overall process more efficient.

The GAA documents all formal meetings with the Firm and maintains a log which captures any concerns raised by the GAA with the Firm, whether informally or as formal escalations.

The key dates are:

Item	Date
Issue data request	11/02/2025
Kick off meeting	11/02/2025
Site visit	02/04/2025
GAA panel review meeting	10/07/2025
Discuss provisional scoring	03/07/2025

The arrangements put in place for policyholders' representation

The following arrangements have been put in place to ensure that the views of policyholders can be directly represented to the GAA:

- The role of the GAA and the opportunity for policyholders to make representations direct to the GAA has been and will continue to be communicated to policyholders via the Firm's website at **www.nfumutual.co.uk/financial-planning/pensions/governance-advisory-arrangement**
- The Firm will receive and filter all policyholder communications, to ensure that this channel is not being used for individual complaints and queries rather than more general representations which may be applicable to more than one policyholder or group of policyholders. Where the Firm determines that a communication from a policyholder is a representation to the GAA, it will be passed on in full and without editing or comment for the GAA to consider.

In addition, the GAA has established a dedicated inbox at **zgl.gaacontact@zedra.com** so that policyholders can make representation to the GAA directly. The Firm has included details of this contact e-mail address on **www.nfumutual.co.uk/financial-planning/pensions/governance-advisory-arrangement/**

Appendix D: ZEDRA GAA credentials

In February 2015 the Financial Conduct Authority (FCA) set out new rules for providers operating workplace personal pension plans (called relevant schemes) to take effect from 6 April 2015. From that date, providers had to have set up an Independent Governance Committee or appointed a Governance Advisory Arrangement whose principal functions is to:

- Act solely in the interests of the relevant policyholders of those pension plans, and to
- Assess the "value for money" delivered by the pension plans to those relevant policyholders.

These requirements were then extended to Firms providing investment pathways from 1 February 2021.

The FCA rules require that the Chair of each Independent Governance Committee and Governance Advisory Arrangement produce an annual report setting out a number of prescribed matters.

The ZEDRA Governance Advisory Arrangement ("the GAA") was established on 6 April 2015 and has been appointed by a number of workplace personal pension providers and investment pathways providers. ZEDRA is a specialist provider of independent governance services primarily to UK pension arrangements. Amongst other appointments we act as an independent trustee on several hundred trust-based pension schemes and we sit on a number of IGCs. More information on the ZEDRA GAA can be found at www.zedra.com/GAA/

The members of the ZEDRA GAA are appointed by the Board of ZEDRA Governance Ltd. The Board is satisfied that individually and collectively the members of the GAA have sufficient expertise, experience, and independence to act in the interests of relevant policyholders and pathway investors.

The Board of ZEDRA Governance Ltd has appointed ZEDRA Governance Ltd to the GAA. The majority of ZEDRA Governance Ltd.'s Client Directors act as representatives of ZEDRA Governance Ltd on the GAA.

The Board of ZEDRA Governance Ltd has also appointed Dean Wetton, acting on behalf of Dean Wetton Advisory UK Ltd, to the GAA. Dean Wetton and Dean Wetton Advisory UK Ltd are independent of ZEDRA.

The Board of ZEDRA Governance Ltd has appointed either a specific named Client Director of ZEDRA Governance Ltd or Dean Wetton of Dean Wetton Advisory Ltd to act in the capacity of Chair of the GAA in respect of each Firm.

More information on each of ZEDRA's Client Directors, their experience and qualifications can be found at www.zedra.com/people

Information on Dean's experience and qualifications can be found at https://deanwettonadvisory.com

The GAA has put in place a conflicts of interest register and maintains a conflicts of interest policy with the objective of ensuring that any potential conflicts of interest are managed effectively so they do not affect the ability of ZEDRA Governance Ltd or Dean Wetton Advisory Ltd to represent the interests of relevant policyholders or pathway investors.

The terms of reference for the GAA agreed with the Firm can be found at: www.nfumutual.co.uk/financial-planning/pensions/governance-advisory-arrangement

Appendix E: Glossary

Please note that some of the terms referred to in this glossary may not be applicable to your product.

Active management

The investment of funds where the skill of the fund manager is used to select particular assets at particular times, with the aim of achieving higher than average growth for the assets in question.

Annual management charge (AMC)

A deduction made by the pension provider or investment manager from invested assets, normally as a percentage of the assets. The AMC is generally how the pension provider or investment manager is paid for their services.

Annuity

A series of payments, which may be subject to increases, made at stated intervals, usually for life. If the annuity is "joint life", it will continue to a spouse (usually at a lower rate) after the death of the original person receiving the payments ("the annuitant").

COBS

The Conduct of Business Sourcebook prepared by the Financial Conduct Authority (FCA). In particular when we use COBS in this report we are referring to Chapter 19 of the COBS which sets out the provisions relevant to the Value for Money Assessment of workplace pensions.

Core financial transactions

The essential processes of putting money into a pension policy or taking it out, namely:

- Investment of contributions
- Implementation of re-direction of future contributions to a different fund
- Investment switches for existing funds, including life-styling processes
- Settlement of benefits – whether arising from transfer out, death or retirement

Decumulation

The process of converting pension savings to retirement income.

Environmental, social and governance (ESG)

These are the three main factors looked at when assessing the sustainability (including the impact of climate change) and ethical impact of a company or business. ESG factors are expected to influence the future financial performance of the company and therefore have an impact on the expected risk and return of the pension fund investment in that company.

Flexible access

This refers to accessing pension savings in the form of income and/or lump sums. Pension savings that are not being accessed immediately will generally remain invested.

Life-styling

An automated process of switching investment strategy as a policyholder approaches retirement, in a way that is designed to reduce the risk of a policyholder's retirement income falling.

Net investment performance

The investment performance of the fund after deducting all asset management charges, administration charges, taxes and fees for managing the fund including any transaction costs.

Pathway investor

A retail client investing in a Firm's pathway investment offering.

Pathway investment

A drawdown fund which is either a capped drawdown pension fund or a flexi-access drawdown pension fund.

Relevant policyholder

A member of a Relevant Scheme who is or has been a worker entitled to have contributions paid by or on behalf of his employer in respect of that Relevant Scheme.

Relevant Scheme

A personal pension scheme or stakeholder pension scheme for which direct payment arrangements are, or have been, in place, and under which contributions have been paid for two or more employees of the same employer.

Transaction costs

A combination of explicit and implicit costs included within the price at which a transaction (i.e. buying or selling an asset) takes place.

With Profits

An insurance contract that participates in the profits of an insurance company. The insurance company aims to distribute part of its profits to with-profits policy holders in the form of bonuses.

Unit-Linked

A type of investment where the investments of a number of people are pooled together and divided into units of equal value. The value, or price, of each unit depends on the value of the assets of the unit linked fund. The unit price determines the number of units the policyholder receives when they invest money in the fund, and the sum they receive when they sell their units.

ZEDRA

DO MORE. ACHIEVE MORE.

zedra.com

ZEDRA Group