

Chair's Annual Report

NFU Mutual
Workplace Personal Pension Plans

Year ended 31 December 2025

The ZEDRA Governance
Advisory Arrangement (GAA)

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Executive Summary

This report covers the workplace personal pension plans provided by NFU Mutual (the “Firm”). It has been prepared by the Chair of the ZEDRA Governance Advisory Arrangement (the “GAA”) for pension policyholders. It explains our independent view of the value delivered to policyholders and whether the Firm’s policies and approach to Environmental, Social and Governance (ESG) risks, non-financial considerations and stewardship are adequate and of good quality.

As Chair of the GAA for this Firm, I am pleased to present this value assessment of the Group Stakeholder Pension Plan (GSP) and the Group Personal Pension Plan (GPP). The GAA has carried out a detailed review of the Value for Money (“VfM”) delivered to policyholders during the period 1 January 2025 to 31 December 2025. We use a Value for Money framework that weighs the quality of services and investment performance against the costs paid by policyholders.

This report covers the accumulation phase workplace pension product(s) only (when policyholders are still building up savings). There is a separate Chair’s Annual Report for the Investment Pathways product, which covers the [decumulation](#) phase of the workplace personal pension plans (when savings are used to provide retirement income).

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	7%	●	7%	●
5. Security of policy holder benefits	7%	●	7%	●
6. Administration and operations	13%	●	13%	●
7. Cost and charge levels	33%	●	33%	●
Overall Value for Money assessment	100%	●	100%	●

* May not add to 100% due to rounding

Quality of Service and investment features

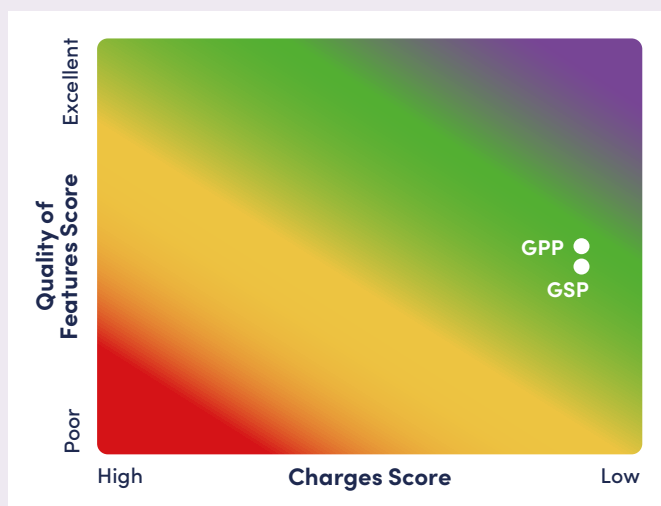
● Excellent ● Good ● Satisfactory ● Poor

Cost and charge levels

● Low ● Moderately Low ● Moderately High ● High

Value for Money scoring

The overall Value for Money score is visually represented by this heatmap.



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

How we decide our Value for Money rating is explained in more detail in Appendix B of this report. Overall, there is one area identified where the GAA has challenged the Firm to make Improvements as follows:

Investment Performance and Risk: The GAA challenges the Firm to continue to monitor and address the underperformance identified within certain GSP and GPP funds during the assessment period. Whilst the GAA acknowledges that a robust governance framework and regular performance monitoring are in place, it would like to see continued focus on improving performance outcomes where funds have underperformed their benchmarks (and ultimately take any appropriate mitigation actions as needed).

In addition, the GAA has made a number of observations as follows:

Product Strategy Design and Investment Objectives:

The GAA notes that the investment options within the GSP and GPP have clear statements of aims and objectives. However, although the objectives for the single asset class funds are quantitative, to allow policyholders to easily assess investment success against stated targets, this is not the case for the Mixed Portfolio funds that invest in these single asset class funds. The GAA acknowledges the difficulty in applying an overarching quantitative metric for these wide-ranging multi-asset funds but would welcome their consideration to enable policyholders to more easily assess whether the intended investment outcomes are being achieved.

Communication: While the GAA recognises that a lot of improvements were implemented in 2025 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.

Cost and Charge levels: The GAA has observed that transaction charge levels increased slightly compared to the previous assessment year. Whilst transaction charges continue to be monitored on an ongoing basis and no costs are incurred by policyholders when switching between investment options, the GAA would like the Firm to continue to monitor transaction charge levels closely to ensure they remain appropriate and continue to represent value for money for policyholders.

The GAA concluded that the Firm's approach to [ESG](#) risks, non-financial considerations and stewardship continues to be well implemented and appropriately documented.

In our previous report, the GAA made a number of observations in relation to investment performance and risk, online capabilities, administration service standards and service innovation. The GAA notes that the Firm continues to monitor these areas through its governance and oversight framework. However, some observations remain relevant (as noted above) and the GAA will continue to monitor progress, particularly in relation to investment performance, digital functionality and ongoing service innovation.

The FCA requires a comparison of your pension product 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 must 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 C.

If we use technical pensions terms or jargon in this report, we explain them in the glossary in Appendix F.

Future developments

The Financial Conduct Authority (FCA) issued a consultation in August 2024 on the framework for assessing Value for Money. This followed their 2023 joint consultation with the Department for Work and Pensions (DWP) and The Pensions Regulator (TPR). Two further joint consultations were issued in January and July 2026. These consultations set out a framework of metrics and standards to assess value for money across Defined Contribution (DC) pension arrangements, including the workplace pensions

reviewed by the GAA. The regulators' overall aim is to improve the value savers get from their DC pension by increasing comparability, transparency and competition across DC pension schemes, whether regulated by the FCA or TPR. The consultation does not affect this year's review, but it is likely to result in changes to how Value for Money is assessed within the next few years. We continue to monitor these developments and will amend our assessment approach when necessary.

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



Payam Kazemian

Chair of the ZEDRA Governance Advisory Arrangement for
NFU Mutual
September 2026

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:

Address: 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

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1. Product Strategy Design and Investment Objectives

Value score:



Excellent



Good



Satisfactory



Poor

What are we looking for?

We expect the default investment strategy to be designed and managed with policyholders' needs and interests in mind. This should be supported by suitable risk ratings and by considering how long members are likely to be invested and the age profile of the membership.

We want all investment options to have clear aims and objectives. In particular, we expect quantitative objectives (relative to a defined benchmark that can be independently tracked) to be in place. This helps ensure investment performance can be measured in an objective way. However, we recognise that in some cases only qualitative objectives (a description of what the fund is trying to achieve or an assessment relative to a peer group) may be available. Ideally, we also want to see that these objectives link back to what policyholders need.

We also look for a strong ongoing review process for all investment options, including the default fund. Where changes are needed, we expect the Firm to make them so the investment options continue to be in policyholders' interests.

Although we cover policies on [ESG](#) financial considerations and non-financial matters separately in Section 8 of this report, we also expect to see evidence that these factors are considered when the investment strategy is designed and when investment decisions are made.

The Firm's approach

The Firm offers two workplace personal pension 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 from new employers in December 2019. Members with existing GSP policies can continue to pay in regular contributions, and new employees are able to join an existing employer's 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, a lifestyle strategy of five years is considered a suitable investment horizon given the age profile of policyholders. Lifestyling exists for policyholders approaching retirement to gradually de-risk and/or transition towards more suitable funds to support their planned retirement outcomes. Policyholders can either opt in or out of lifestyling when the plan starts. If policyholders decide to opt in, they are asked to select one of three [life-styling](#) strategies. The Firm writes to customers five years and six months before their Selected Retirement Date to remind them of their chosen option and provide an opportunity to make changes where required.

The default strategy for the GSP is reviewed regularly to ensure it continues to deliver the intended investment outcomes for policyholders and remains aligned with its stated objectives and disclosures.

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, although 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 the funds within the GPP and they remain under regular review, with formal reviews carried out at quarterly asset allocation meetings. The Firm continues to review asset allocation and diversification opportunities as part of its ongoing governance process.

The GPP funds provide 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 6 (the highest risk level), reflecting the Firm's assessment of customer demand and risk profile.

The Firm's strengths

Investment performance is regularly reviewed by the Financial Services Management Committee and the Executive Investment 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 latest ESG reporting and supporting evidence 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 a 50% reduction in emissions across equity and corporate bond portfolios by 2030 and to achieve net zero by 2050. The Firm is a signatory to the United Nations Principles for Responsible Investment (UN PRI) and the UK Stewardship Code. Managing carbon is a key principle across its property investment portfolios, with a carbon emissions reduction of 30% achieved since 2019.

All fund factsheets, together 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, include a rating of up to 5 crowns and provide a clear breakdown of asset allocation.

Areas for improvement

GAA observations

The GAA notes that the investment options within the GSP and GPP have clear statements of aims and objectives. However, although the objectives for the single asset class funds are quantitative, to allow policyholders to easily assess investment success against stated targets, this is not the case for the Mixed Portfolio funds that invest in these single asset class funds. The GAA acknowledges the difficulty in applying an overarching quantitative metric for these wide-ranging multi-asset funds but would welcome their consideration to enable policyholders to more easily assess whether the intended investment outcomes are being achieved.



2. Investment Performance and Risk

Value score:



Excellent



Good



Satisfactory



Poor

What are we looking for?

We expect the Firm to have strong governance in place to monitor investment performance regularly. Performance should be checked against the fund's objectives and against a clear benchmark. We expect performance to be assessed net of fees. We also expect the Firm to consider risk-adjusted returns (in other words, what return has been achieved for the level of risk taken).

If there are concerns about investment performance, we expect the Firm to take appropriate action. This could include challenging the investment manager and/or changing fund options.

The Firm's approach

The default fund for the GSP is the Mixed Portfolio Max 100% Shares fund. It was last reviewed in March 2025 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 Firm has demonstrated that there is a robust governance framework in place and has provided clear evidence of the monitoring undertaken during the year. Executive 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.

Whilst some of the GSP and GPP funds underperformed their benchmarks over the 1-year assessment period (specially in a few funds with the larger AuM), the Firm has demonstrated that investment performance and risk continue to be subject to regular oversight through its governance framework. Investment performance is reviewed against benchmarks and customer risk expectations, with the results monitored through quarterly reviews and asset allocation meetings.

The GAA notes that the Firm continues to review investment strategies regularly to ensure they remain aligned with policyholders' objectives and attitudes to risk. The strategies are monitored using Moody's analytics and are reviewed on a quarterly basis to assess performance, risk and suitability.

The GAA has also seen evidence that underperformance is actively considered within the governance framework and that ongoing monitoring is undertaken where performance concerns are identified. This monitoring can result in a range of actions. For example, a change to a fund proposition, a manager change, fund closure, a benchmark review, customer communications and/or a repricing due to value for money concerns.

Net Investment Performance

The [net investment performance](#) of the pension product over 12 months to 31 December 2025 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%	13.1%	12.8%
GSP Mixed Portfolio 40–85%	11.5%	12.4%
GPP Mixed Portfolio 40–85%	11.9%	12.4%
GPP International Fund	15.0%	13.5%

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 compared to a suitable benchmark.

This assessment found that the one-year net investment performance relative to benchmark for the Firm's policyholders over 2025, weighted by the size of funds invested, was average.

Areas for improvement

GAA observations

The GAA challenges the Firm to continue to monitor and address the underperformance identified within certain GSP and GPP funds during the assessment period. Whilst the GAA acknowledges that a robust governance framework and regular performance monitoring are in place, it would like to see continued focus on improving performance outcomes where funds have underperformed their benchmarks over a period of time.



3. Communication

Value score:



Excellent



Good



Satisfactory



Poor

What are we looking for?

As a minimum, we expect communications to be suitable for their purpose. They should be clear, engaging and designed with policyholders' characteristics, needs and objectives in mind.

We expect a full set of key communications. This should include annual benefit statements, pre-retirement wake-up letters and retirement option packs.

Each year, information about administration charges and [transaction costs](#) should be available to policyholders on a publicly accessible website. This should include an illustration showing how administration charges and transaction costs can reduce outcomes over time (the compounding effect).

For a high-quality communication service, we expect a strong online offering. This should include helpful tools and support materials, such as calculators that allow members to model different options using their own details. We also expect telephone support to be available. The Firm should monitor calls and ensure staff are trained and supported to give accurate information.

We expect policyholders to be able to switch investment options online. We also expect support to be available to help policyholders make decisions. In particular, there should be clear risk warnings built into the process where appropriate.

Finally, we expect the provider to offer a range of retirement options. We also expect clear signposting so policyholders know where they can get guidance and advice about their retirement choices.

The Firm's approach

The GAA has reviewed the documents and guides provided by the Firm namely the 'Income drawdown guide' and the 'Annual pension statements'. The GAA has also reviewed the section of the Firm's website which offers further information, scripts, and guidance notes for team members. The journey for customers is clearly thought through and has been assessed as part of the value for money assessment for 2025.

Policyholders have online access to information such as fund factsheets, fund guides, GAA reports, fund performance and charges.

Although the Firm does not offer individual case studies or calculators, policyholders are directed to independent government sponsored websites such as Money Helper, Money Advice Service, Pension Tracing Service and the State Pension calculator. In addition, they are encouraged to make use of the Firm's Financial Planning Service which is well signposted on the website.

Policyholders are able to contact the Firm by letter, email, online and freephone telephone. Details of how to do so are clearly signposted on the website. There are no online switching functions (i.e. for investment fund changes) currently as these are done in writing or over the telephone.

The Firm's strengths

The Firm provides investors with guides and links to independent sources of information. It also has an advised service should this be required at an additional charge.

The communication document references a website and telephone number. There is a customer contact team who will be able to help customers and provide steer customers to material they need to make an informed decision.

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 found that the communication materials provided to the Firm's policyholders over 2025 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 2025 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 expect the Firm to have a clear and effective governance structure. This should include key committees with Terms of Reference that set out what each committee is responsible for, and these should be reviewed regularly. We also expect to see evidence that the key committees met during the year. Meeting packs or minutes should show that the committee's responsibilities were properly covered.

We expect a strong oversight framework for the security of IT systems, data protection and cyber-security. Cyber-security should be treated as a key risk. The Firm should monitor this area, train staff appropriately, and carry out testing (for example, penetration testing).

We expect Firms to have a comprehensive business continuity plan. The Firm should be able to demonstrate that the plan works, for example through regular testing.

We also expect a governance process to review product innovation for the workplace pension, including considering policyholder feedback. Any major change projects that affect policyholders should be properly governed.

There should be a clear and documented process for selecting and monitoring service providers. The Firm should review them regularly and make changes when needed.

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, 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.

In addition, the Firm has demonstrated a mature and well-established operational resilience framework. The GAA received evidence of the Firm's Business Continuity Policy, which is reviewed annually and sets out governance responsibilities, business impact analysis requirements, continuity planning, testing arrangements, supplier oversight and incident management processes. Business continuity arrangements are supported by regular testing, including a Multi-Team Gold and Silver Team simulation exercise completed during the

assessment period, with recommendations tracked through to completion.

Additional assurance was provided through Internal Audit review activity and evidence of ongoing oversight of critical suppliers through audits, continuity reviews and testing arrangements. The GAA also notes the Firm's strong financial resilience, including Eligible Own Funds of £7.59bn, a Solvency Capital Requirement coverage ratio of 238% and surplus capital of £4.4bn. Taken together, the evidence demonstrates robust governance, operational resilience and financial strength, providing reassurance that policyholder interests remain well protected.



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 the Firm to be financially sound, with enough capital to keep operating for the foreseeable future.

We also look for appropriate protections for policyholder assets, for example in case of fraud or bankruptcy (at both the Firm and investment manager level). These protections could come from the FSCS or other regulatory protections, ringfencing, or the structure of the underlying product.

We expect the Firm to have processes to protect policyholder assets from fraud and scams. We also expect the Firm to actively monitor for possible scam 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 2025, the Firm delivered a profit of £729m (2024: £360m) and total funds under management increased to £22.8bn (2024: £20.9bn). The Firm's strong financial performance was supported by positive investment returns and continued growth across its Financial Services business. The Firm's

solvency ratio remains robust at 238% (2024: 221%), demonstrating a strong capital position and providing reassurance that policyholders' interests remain well protected.

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. Examples of demonstrating this were presented to the GAA at the site visit and the Firm demonstrated their robust processes.

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 strong administration processes, supported by appropriate service standards and regular monitoring and reporting against those standards. We are looking for evidence that **core financial transactions** are processed promptly and accurately. This includes processing contributions, transfers and death benefit payments.

We expect regular internal and external assurance audits of controls and administration processes.

We expect a low level of significant complaints. We also expect a clear process for handling and resolving policyholder complaints.

The Firm's approach

Administration is carried out in-house and service levels are closely monitored. Clear standards are set and quality assurance processes are in place to ensure these standards are maintained. No external administration services are used.

The Firm has continued to respond positively to prior-year observations, with strong and stable service level performance during 2025, supported by enhanced operational oversight and monitoring. Whilst some shorter-timescale servicing measures remain more sensitive to volume fluctuations, overall customer outcomes have continued to be well managed, with clear evidence of active resource management and mitigation actions where operational pressures arise.

Service level performance during 2025 demonstrates sustained delivery across core financial transaction activities. Investment of contributions within five working days achieved 97% against a target of 96%; transfers in and out achieved 99% against a target of 97%; internal fund

switches achieved 97% against a target of 96%; and payments to members and beneficiaries achieved 97% against a target of 97%.

Overall SLA performance remained strong throughout the year. Day 3 servicing achieved 84% against a target of 80%, Day 5 servicing achieved 97% against a target of 96%, and Day 5 payments achieved 97% against a target of 97%.

SLAs continue to be monitored daily and escalated where required through internal operational management information, including daily tracking and regular management reporting. Monthly performance packs are produced for senior management and comprehensive customer services MI is available to Board-level governance. The GAA notes that operational pressures are identified early, with mitigation actions including resource reallocation, overtime, prioritisation of customer-impacting work and additional oversight where required.

The Firm has also refined its approach to transfer and pension-liberation controls during 2025, moving to a more risk-based assessment process. This has reduced unnecessary delays whilst maintaining appropriate regulatory safeguards and compliance with Pensions Regulator guidance.

By retaining administration in-house, the Firm is able to react quickly and decisively to emerging issues and customer needs. Governance and reporting arrangements continue to support strong oversight and continuous improvement.

Copies of the procedures for complaints, breach management and process error handling were provided and confirmed that there had been no changes during the year. Quality assurance (QA) arrangements remain in place, with quality audits targeted at 95% and performance monitored through regular QA reporting.

The Firm confirmed that 3 complaints were received during 2025 (compared to 9 in 2024 and 4 in 2023). Evidence was provided demonstrating that the Firm followed its established complaints handling process in each case. Of the 3 complaints received, 2 were not upheld and 1 was upheld, with appropriate redress being provided in line with documented procedures and regulatory expectations. Overall, the evidence demonstrates that complaints continue to be appropriately recorded, investigated and resolved, with outcomes monitored and remedial action taken where required.

The Firm's strengths

The Firm continues to demonstrate strong operational performance, with key service levels consistently meeting or exceeding target during 2025. Core financial transaction activities, including the investment of contributions, transfers, internal switches and payments to members and beneficiaries, all achieved or exceeded their respective service standards.

Service levels are actively monitored through daily operational management information, supported by regular management reporting and Board-level oversight. The GAA has seen evidence that operational pressures are identified promptly and managed proactively through resource reallocation, overtime arrangements and prioritisation of customer-impacting activities where required.

The Firm continues to operate a robust complaints, breach management and process error framework. Quality assurance arrangements remain in place,

with performance monitored through regular quality audits and management reporting. The number of complaints remained low during 2025, with evidence demonstrating that complaints were investigated and resolved in accordance with established procedures and regulatory expectations.

Improvements since last year

The Firm has continued to respond positively to prior-year observations, with strong and stable service level performance throughout 2025 supported by enhanced operational oversight and monitoring. Core financial transaction activities continued to meet or exceed target service levels, including transfers, internal switches, contribution processing and payments to members and beneficiaries. Service levels are monitored daily, with management information reviewed regularly and mitigation actions implemented where operational pressures arise.

The Firm has also refined its approach to transfer and pension-liberation controls during 2025 by adopting a more risk-based assessment process. This has reduced unnecessary delays for customers whilst maintaining appropriate regulatory safeguards and compliance with Pensions Regulator guidance.

Complaints volumes reduced during the year, with 3 complaints received in 2025 compared to 9 in 2024. The GAA reviewed evidence demonstrating that complaints were handled in accordance with the Firm's established procedures, with appropriate redress provided where required.

Comparator results

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

This assessment found that the administration services provided to the Firm's policyholders over 2025 were average, i.e. relative to the comparator group.

Areas for improvement

The GAA did not identify any specific areas for improvement.



7. Cost and Charge Levels

Value score:



What are we looking for?

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

- the annual fund management and administration charges being borne by policyholders;
- the [transactions 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 in line with charges for similar investments in the wider pensions market. In doing this, we consider whether the fund is actively or passively managed and the type of assets it invests in. We also consider where most [relevant policyholder](#) assets are invested.

When looking at transaction costs, we also consider market conditions. We recognise that transaction costs can increase when markets are highly volatile.

We assess whether the overall level of administration charges is reasonable, taking into account the services provided to policyholders.

Finally, for products used for auto-enrolment pensions, we consider the government charge cap.

As well as considering average total costs and charges, we also note where there may be significant outliers (for example, higher charges for small pots).

You can find more information on the required disclosures about costs and charges paid by the Firm's policyholders 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 applying to larger fund values. The charging structure is implemented through the use of rebates against the gross AMC of 1.00% per annum. Rebates range from 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 and the NFU Mutual International PN Fund, where the AMCs are 0.705% and 0.795% per annum, respectively. Overall AMC borne by policyholders are around 0.70% per annum weighted by Assets under Management (AuM). There is no bid/offer spread, although 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 policyholders, irrespective of age.

Transaction charges weighted by AuM across the GSP and GPP funds were 0.0686% and 0.0705% per annum during the assessment year, respectively. Transaction charges were 0.00% per annum for the Deposit, Fixed Interest and Index Linked funds, 0.07% per annum for the Mixed Portfolio 40-85% Shares Fund, 0.08% per annum for the Mixed Portfolio Max 100% Shares Fund (the GSP default fund), 0.08% per annum for the International Fund, 0.12% per annum for the UK Equity Fund and 0.13% per annum for the Property Fund. No costs are incurred by policyholders when switching between investment options.

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.

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 found that the overall cost and charge level paid by the Firm's policyholders over 2025 was below average i.e. relative to the comparator group.

Areas for improvement

GAA observations

The GAA has observed that transaction charge levels increased slightly compared to the previous assessment year. Whilst transaction charges continue to be monitored on an ongoing basis and no costs are incurred by policyholders when switching between investment options, the GAA would like the Firm to continue to monitor transaction charge levels closely to ensure they remain appropriate and continue to represent value for money for policyholders.



8. ESG Financial Considerations, Non-Financial Matters and Stewardship

What are we looking for?

Where the Firm's investment strategy or investment decisions could materially affect policyholders' investment returns, the GAA will assess the adequacy and quality of the Firm's policies on [ESG](#) financial considerations, non-financial matters and stewardship. We consider how these factors are integrated into the Firm's investment strategy and investment decision-making. We also form a view on the adequacy and quality of the Firm's stewardship policy.

We expect the Firm to have clear policies covering these considerations:

- (a) sufficiently characterises the relevant risks or opportunities;
- (b) looks 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 the Firm's processes to be designed so they properly consider the relevant risks and opportunities.

Where ESG considerations are delegated to external investment managers, we expect the Firm to have appropriate oversight and stewardship arrangements in place.

Although this formal requirement sits outside the overall Value for Money assessment, the GAA's Value

for Money framework does take it into account where relevant. For example, when scoring Product Strategy Design and Investment Objectives in Section 1 of this report, we consider how the Firm has integrated ESG financial considerations and non-financial matters into its investment strategy and investment decision-making.

The Firm's approach

The Firm was able to demonstrate that investment strategies remain subject to ongoing review through its governance framework. The GAA reviewed evidence of Board Investment Committee oversight, ESG monitoring and stewardship activity during the year. ESG is embedded within the investment governance process, with ESG and stewardship now forming a standing agenda item for the Board Investment Committee and supported by an ESG Investment Forum.

The Firm demonstrated that ESG considerations form part of both investment manager selection and ongoing monitoring. The GAA noted that all external fund managers are required to be signatories to the Principles for Responsible Investment (PRI) and that ESG analysis is incorporated into investment reporting and manager reviews.

The Firm continues to demonstrate a commitment to responsible investment through its Responsible Business Strategy, stewardship activities, net-zero ambition and ongoing review of climate-related risks and opportunities. The GAA also noted evidence of customer research and feedback exercises being undertaken to better understand policyholder views and experiences.

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

During the 2025 assessment year, the Firm provided evidence of their continuing commitment to environmental, social and governance objectives through charitable giving, employee volunteering and training initiatives, reductions in operational emissions, investment in renewable energy, and ongoing responsible investment and supplier engagement activities. Significant progress was reported across community support, employee wellbeing, environmental sustainability and stewardship initiatives.

Last year, the GAA challenged the Firm to improve policyholder engagement and obtain greater feedback from customers. During the review period, the Firm provided evidence of customer research covering pension and annuity customers, including research into communications, customer behaviours, retirement journeys and ESG-related topics.

The GAA was pleased to see that customer insights continue to be gathered and considered as part of product and service development. The Firm also demonstrated further development of its ESG governance arrangements, including enhanced Board Investment Committee oversight and the continued integration of ESG and stewardship considerations within investment monitoring and reporting.

Areas for improvement

The GAA did not identify any specific areas for improvement.



Appendix A:

Administration Charge and Transaction Cost Disclosures

The FCA requires administration charges and [transactions costs](#) for each Relevant Scheme to be published by 30 September each year, covering the previous calendar year. They must 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 choice that a member can select. They should also include an illustration of the compounding effect of the administration charges and transaction costs, on a prescribed basis, for a representative range of fund options that a policyholder can 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 its GSP arrangement, the Firm provides one default fund (Mixed Portfolio Max 100% Shares), together with seven other [unit-linked](#) pension funds from which policyholders can choose. All unit-linked funds are actively managed and incur both ongoing charges and transaction costs where securities are bought and sold within the funds. Not all transaction cost components are incurred on every trade. The charges and transaction costs applicable to each of the GSP funds are set out below.

The Firm has provided the GAA with the ongoing charges and transaction costs for the Group Stakeholder Pension funds in respect of the period 1 January 2025 to 31 December 2025, covering both the default fund and the other funds available within 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%	0.08%
Mixed Portfolio 40–85% Shares	0.749%	0.07%
Mixed Portfolio Max 100% Shares	0.749%	0.08%
Property	0.749%	0.13%
UK Equity	0.749%	0.12%

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 2025 to 31 December 2025 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%	0.08%
Mixed Portfolio 40–85% Shares	0.715%	0.07%
Property	0.625%	0.13%
UK Equity	0.625%	0.12%

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	£26,300
15	£39,700	£36,200
20	£53,400	£47,400
25	£69,600	£60,100
30	£88,800	£74,600
35	£111,000	£90,900
40	£138,000	£109,000

Notes to the ongoing charges and transaction costs

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 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	£14,400
5	£18,200	£17,600
10	£28,100	£26,200
15	£39,700	£36,000
20	£53,400	£47,100
25	£69,600	£59,700
30	£88,800	£73,900
35	£111,000	£89,900
40	£138,000	£108,000

Notes to the ongoing charges and transaction costs

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: Overview of the Value Assessment Approach

The GAA has assessed the Value for Money delivered by comparing what policyholders pay with what they receive in return (investment performance and service quality). More detail on our approach is set out below.

Our approach

The GAA believes that Value for Money is not the same for everyone. What people see as “good value” can change over time, depending on what matters most to them at that point.

Even so, it is always a balance between costs and what policyholders get in return (investment performance and service). Our approach is to compare the total costs paid by policyholders with the investment performance achieved and the quality of the services provided.

The key steps the GAA follows when conducting the Value for Money assessment are:

- We send the Firm a detailed data request, asking for information about service and quality features. We also ask for full details of [net investment performance](#) and all costs and charges, including [transaction costs](#).
- We hold formal meetings with the Firm to review the data and to question or challenge any areas of concern. We keep minutes of these meetings. We also keep a log of any challenges raised, whether informally or through formal escalation.
- Once we have received the information, the GAA meets to discuss and agree provisional Value for Money scores using the GAA’s framework. We also carry out the required comparisons against a suitable comparator group for certain Quality of Service and Investment Features and for Costs and Charges as required by the regulations.

- We then share and discuss the provisional Value for Money score (including the detailed breakdown) with the Firm before finalising our report.

The GAA’s framework rates the Firm against seven features. These cover Quality of Service and Investment Performance and Strategy (the “Quality of Service and Investment Features”), as well as the Costs and Charges paid by policyholders. We assess this against what the GAA considers to be good practice.

The Quality of Service and Investment Features are based on the FCA’s requirements for ongoing Value for Money assessments in [COBS 19.5.5](#). This includes communications with policyholders and the processing of [core financial transactions](#). The assessment also includes other areas the GAA considers important, based on our experience of Value for Money assessments over many years. For example, we consider the Firm’s governance, approach to engagement and innovation, security of IT systems and data protection, financial security for policyholders, and the quality of administration processes.

Each Quality of Service and Investment Feature is broken down into sub-features. We score each sub-feature using a numeric scale. For each sub-feature we use score descriptors to help apply scores consistently across different clients. We then combine the sub-feature scores to produce an overall score for each feature, which ranges from Poor to Excellent.

We also assess the value of the costs and charges that policyholders pay. This mainly focuses on ongoing charges for investment management, administration and any platform fees. We also consider the transaction costs within the underlying

funds, how these are controlled, and any additional costs policyholders must pay to manage their policies. We then rate costs and charges on a scale from Low to High, using our knowledge of typical costs and charges in the pensions market.

We combine the scores for each feature using the weightings shown in the Executive Summary to determine the Overall Value for Money rating. The weightings reflect the GAA's view of what matters most to policyholders. They are weighted more heavily towards the features highlighted in the regulations as most relevant to value. Where possible, we also consider the likely needs and expectations of this group of policyholders.

In each section of the report, we describe the Firm's approach for each feature. We also set out the rating the GAA has given, and any areas for improvement we have identified.

The report also includes a section where the GAA sets out its view on whether the Firm's policies on [ESG](#) financial considerations, non-financial considerations and stewardship are adequate and of good quality. This is mainly a qualitative assessment, and we compare the Firm's policies with policies we have seen elsewhere.

We also carry out a comparative assessment against a suitable comparator group. This includes net investment performance, the quality of communications, the quality and timeliness of administration (including processing of core financial transactions), and costs and charges. We include the results in the relevant sections of the report. We also consider whether, overall, another provider may offer better Value for Money and, if so, we will inform the Firm. Details of how comparator providers and products were determined are set out in Appendix C.

Appendix C:

Approach to Comparisons

The FCA requires a comparative assessment of certain sub-features of the Value for Money assessment. The GAA must compare the Firm's offering with a selected group of other similar product options available in the market, using publicly available information. If an alternative scheme (or schemes) 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 conduct the required comparisons this year. This is done on an anonymised basis.

How the comparators were selected

The GAA has selected several comparator products that we believe are sufficiently similar products to be comparable to those provided by the Firm for this purpose. The choice 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 products covered by this report.

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 considered 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 D: GAA Activity and Regulatory Matters

This section explains what the GAA has done over the year and covers other matters that we must include in our annual report.

GAA engagement and actions this year

In early 2026, we prepared and issued a data request covering all relevant workplace pension policies.

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

We then met with representatives of the Firm to discuss the information provided in response to the data request. This allowed the GAA to meet key staff responsible for areas such as investment strategy (and how it has changed over time), the fund range (including default design), 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 Value for Money scoring for the Firm's in-scope workplace pensions. We also discussed the Firm's approach to meeting the costs and charges disclosure requirements in [COBS](#) 19.5.13.

As part of the Value for Money assessment, the Firm provided the GAA with the information we requested. This included supporting evidence such as minutes and other documents for 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 our Value for Money assessment framework and scoring method

to ensure it remains suitable and can be applied consistently. The framework is largely unchanged from last year, but we improved the data request and realigned some elements of our assessments to streamline our reporting and made the overall process more efficient.

We keep minutes of all formal meetings with the Firm. We also keep a log of any concerns raised by the GAA, whether informally or as formal escalations. The key dates are:

Item	Date
Issue Data Request	02/03/2025
Kick off meeting	03/03/2026
Site visit	28/04/2026
GAA Panel Review Meeting	19/05/2026
Discuss Provisional Scoring	24/06/2026

The arrangements put in place for policyholders' representation.

The following arrangements are in place to ensure that policyholders' views can be represented directly 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 Firm's website at: www.nfumutual.co.uk/financial-planning/pensions/governance-advisory-arrangement
- The Firm will receive and review policyholder communications, to make sure this channel is not used for individual complaints and queries. It is intended for more general representations that apply to more than one policyholder or group of policyholders. Where the Firm decides

a communication is a representation to the GAA, it will pass it on in full, without editing or comment, for the GAA to consider.

In addition, the GAA has set up a dedicated inbox at zgl.gaacontact@zedra.com so that policyholders can make representations to the GAA directly. The Firm has included details of this email address on: www.nfumutual.co.uk/financial-planning/pensions/governance-advisory-arrangement/

Appendix E: ZEDRA GAA Credentials

In February 2015, the Financial Conduct Authority (FCA) introduced new rules for providers of workplace personal pension plans (called relevant schemes). These rules took effect from 6 April 2015. From that date, providers had to set up an Independent Governance Committee or appoint a Governance Advisory Arrangement. The main role of either body 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 extended to firms providing investment pathways from 1 February 2021.

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

The ZEDRA Governance Advisory Arrangement (“the GAA”) was established on 6 April 2015. It has been appointed by a number of workplace personal pension providers and investment pathways providers. ZEDRA is a specialist provider of independent governance services, mainly to UK pension arrangements. We also act as an independent trustee on several hundred trust-based pension schemes, and we sit on several 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 the expertise, experience and independence needed 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. Most of ZEDRA Governance Ltd’s Client Directors represent 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.

For each Firm, the Board of ZEDRA Governance Ltd appoints either a specific named Client Director of ZEDRA Governance Ltd or Dean Wetton of Dean Wetton Advisory Ltd to act as Chair of the GAA.

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: <http://www.deanwettonadvisory.com>

The GAA has a conflicts of interest register and a conflicts of interest policy. The aim is to ensure any potential conflicts are identified and managed effectively, so they do not affect ZEDRA Governance Ltd’s or Dean Wetton Advisory Ltd’s ability 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 F:

Glossary

Active management

The investment of funds where the skill of the investment 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 or 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). 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)

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

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 takes part 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 numerous 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.



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