

Chair's Annual Report

NFU Mutual
Investment Pathways

Year ended 31 December 2025

The ZEDRA Governance
Advisory Arrangement (GAA)

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Executive Summary

This report covers the Investment Pathways policies 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 NFU Mutual’s Investment Pathways. The GAA has carried out a detailed review of the Value for Money (“VfM”) delivered to [pathway investors](#) 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 pathway investors.

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

A colour coded summary of the GAA assessment

	Weighting toward VfM assessment*	NFU Mutual
1. Product strategy design and investment objectives	13%	●
2. Investment performance and risk	13%	●
3. Communication	20%	●
4. Firm governance	7%	●
5. Security of policy holder benefits	7%	●
6. Administration and operations	7%	●
7. Cost and charge levels	33%	●
Overall Value for Money assessment	100%	●

* May not add to 100% due to rounding

Quality of Service and investment features

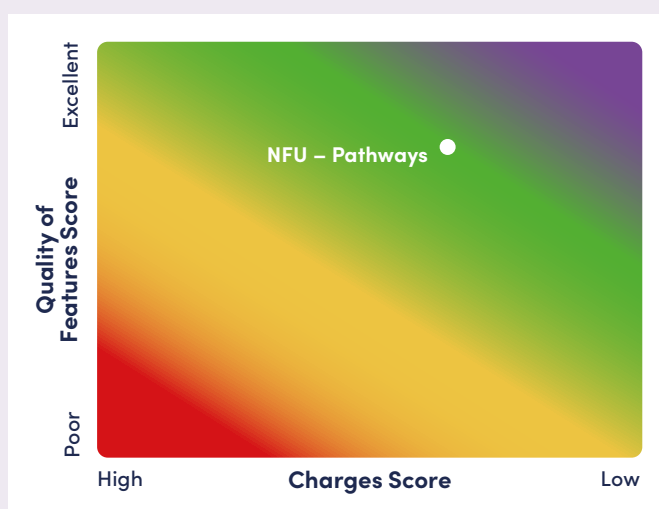
● Excellent ● Good ● Satisfactory ● Poor

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 Investment Pathways, which are available to policyholders with a My Investments Select Pension Plan, provide good value for money and there were not any specific challenges raised by the GAA to the Firm over the assessment period.

We are pleased to report that the Firm has made progress in addressing the points within our observations we raised last year. Whilst the GAA has concluded that the Firm provides good value for money, it has made a couple of observations as follows:

Product Strategy Design and Investment Objectives:

While the Firm has confirmed to the GAA that they determined the with-profit funds for Pathways 2 and 4 remain appropriate for the target customer base, the GAA encourages the Firm to consider whether additional comparator measures or performance metrics could be provided to help policyholders better assess fund outcomes.

Communication: The GAA notes the continuing effort towards online self-service opportunities for Pathway investors and would encourage such capabilities.

The FCA requires a comparison of your pathway 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. 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 B.

We also concluded that the Firm's policies in relation to **Environmental, Social and Governance (ESG)** risks, non-financial considerations and stewardship were adequate and well implemented.

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

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). A further joint consultation was issued in January 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 or how **pathway investments** are assessed, but it is likely to result in changes to how Value for Money for pathway investments is assessed in future. 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's Pathways
September 2026

If you are a pathway investor 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 [pathway investment](#) strategies 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 the pathway 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 [pathway investors](#) need.

We also look for a strong ongoing review process for all pathway investment options. Where changes are needed, we expect the Firm to make them, so the investment options continue to be in pathway investors' 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 has carefully considered, taking into account relevance for each Investment Pathway and commercial consideration, its current stable of funds to identify the most appropriate fund for each Investment Pathway.

The current funds for each of the four Investment Pathways are:

- Investment Pathway 1: This is for customers who have no plans to touch their money in the next 5 years and had 208 customers with assets totalling £15.3m at the year end. This Pathway takes into account how the investors can continue accumulating their pension pot through a diversified portfolio asset allocation with a significant weighting in equity-based investments in order to maximise their returns. This is based on the fundamental premise that equities outperform gilts and cash over the long-term. The fund used is Mixed Portfolio 40–85% shares.
- Investment Pathway 2: This is for customers who plan to use their money to provide a guaranteed income ([annuity](#)) within the next 5 years and had 18 customers with assets totalling £1.1m at the year end. This Pathway takes into account how the investors can preserve their capital by aligning their investment with annuity rates or risk a mismatch that loses them capital which, in turn, means lower lifetime income is purchased. This is particularly important as there is no defined date on which an annuity will be bought i.e., anything from a few months to 5 years. However, it is assumed that the average customer purchase will be deferred towards the latter end of the initial term. The fund chosen is the NFU Mutual With-Profits (Risk Level 2) PN Series D1.

- Investment Pathway 3: This is for customers who plan to start taking their money as a long-term income within the next 5 years and had 126 customers with assets totalling £11.2m at the year end. This Pathway takes into account two competing investment objectives. First, to continue ‘accumulating’ their pension pot through a diversified portfolio asset allocation with around a 50% weighting in equity-based investments to have an opportunity for capital growth. And second, to provide exposure of up to 50% in fixed income and cash in readiness to withdraw some capital to provide a long-term income. The fund chosen is the Mixed Portfolio 20–60% Shares.
- Investment Pathway 4: This is for customers who plan to take out all their money as cash in the next 5 years and had 87 customers with assets totalling £2.4m at the year end. This Pathway takes into account the key objective of avoiding the potential risk of a severe fall in the equity markets at the time of withdrawal and secondly, to protect their capital against the risk of inflation eroding its purchasing power. The fund chosen is the NFU Mutual With-Profits (Risk Level 2) PN Series D1.

The latest review of Fund selection for each Pathway was done in 2024 which identified no changes were required for Pathways 1 and 3; previously Pathways 2 and 4 were also reviewed in 2022 which resulted in changes to the investment strategy for these two Pathways (with subsequent 2023 review to ensure good customer outcomes when the changes were made). This will be followed by a subsequent review to assess and ensure good customer outcomes.

There is evidence of Pathway fund evaluations and suitability. When determining the funds underlying each of the Firm’s four Investment Pathways, their approach is to assess and recommend funds based on an assessment of:

- Risk level: What Risk Level is most suitable for the objective set for the fund and the target customer’s needs and characteristics?
- Fund suitability: Of the funds available at the risk level, which, taking into account its investment objective and policy, would be most suitable for the objective set for the fund and the target customer’s needs and characteristics.

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 offered to policyholders are regularly reviewed. The Firm has provided the GAA with the decision matrix for communication with policyholders. The GAA notes that the Firm had previously completed its reviews of Pathways 1 to 4 and it has decided that Investment Pathways 2 and 4 in with-profits funds remain appropriate.

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.

The GAA received a copy of NFU Mutual’s Unit Manager (“MUMCO”) Investment ESG Committee update and report which outlined the integration of ESG within the portfolio construction as well as Fund Manager selection. This includes their RAG rating for internal and external funds as well as their ESGSG (ESG Steering Group) focus on the matter. Full response to the ESG data request was

provided with more detailed explanation of their ESG framework as well as their Stewardship, Social and Governance factors.

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



Areas for improvement

GAA observations

While the Firm has confirmed to the GAA that they determined the with-profit funds for Pathways 2 and 4 remain appropriate for the target customer base, the GAA encourages the Firm to consider whether additional comparator measures or performance metrics could be provided to help policyholders better assess fund outcomes.

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 Firm has a clear process for reviewing performance which is driven by in-house committees at quarterly meetings. Meeting minutes were provided to the GAA for the 2025 meetings. The Financial Services Propositions Governance Forum (FSPGF) monitors the fund performance, risk and current issues on a monthly basis supported by quarterly in-depth reviews and oversight from the Executive Investment Committee (EIC) on a quarterly basis.

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. If performance is in the lowest quartile for 3 quarters in a row, then a review is instigated with actions taken as appropriate.

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. Investment Committee minutes highlight that investment performance is reviewed for both internally and externally managed funds. This is alongside fund strategies and positioning.

Net Investment Performance

The [net investment performance](#) of the funds available to [pathway investors](#) 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:

Investment Pathway	Net Investment Performance	Benchmark
Investment Pathway 1	12.5%	11.6%
Investment Pathway 2	7.2%	Not Applicable*
Investment Pathway 3	10.7%	10.2%
Investment Pathway 4	7.2%	Not Applicable*

*The underlying fund for Pathway 2 and 4 is a With-Profit fund (NFU Mutual With-Profits (Risk Level 2) PN Series D1) and hence it has no performance comparator as no relevant peer group or index.

Comparator results

We have assessed how the net investment performance provided to the Firm's pathway investors compares to other sufficiently similar investment pathways arrangements. This takes account of both the nature of the provider and the performance of the investments being offered.

This assessment found that the one-year net investment performance for 2025, when considered against the comparator group for each investment pathway solution is as set out in the table below:

Investment Pathway 1	average
Investment Pathway 2	average
Investment Pathway 3	average
Investment Pathway 4	average

Areas for improvement

The GAA did not identify any specific areas for improvement.



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 pathway investors' characteristics, needs and objectives.

We would expect to see a comprehensive suite of communications in place suitable for pathway investors, and which enable them to choose the relevant investment pathways.

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 clearly signpost to pathway investors where they can get guidance and advice about their drawdown and retirement options.

The Firm's approach

The GAA has reviewed the documents and guides provided by the Firm namely the 'Income drawdown guide', 'A Guide to Investment Pathways' 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. between different investments) 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 with regard to the Pathway options and either provide or 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 pathway investors compare to other sufficiently similar investment pathways 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 relative to the comparator group.

Areas for improvement

GAA observations

The GAA notes the continuing effort towards online self-service opportunities for Pathway investors and would encourage such capabilities.



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 pathway investors' feedback. Any major change projects that affect pathway investors 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 EIC, Financial Services Management Committee (FSMC) and 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.

Improvements since last year

In prior years, 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.

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. 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, the Firm has the power 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 core transaction processing, provided to the Firm's pathway investors compare to other sufficiently similar investment pathway arrangements.

This assessment found that the administration services provided to the Firm's policyholders over 2025 were average 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: Low Moderately Low Moderately High High

What are we looking for?

The GAA has reviewed the overall level of charges paid by [pathway investors](#) over the year. This included assessing:

- the annual fund management and administration charges being borne by pathway investors;
- the transactions costs incurred by the underlying investment funds which reduce the investment return experienced by pathway investors;
- any other charges being paid by pathway investors to manage, access and invest their drawdown funds;
- 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 pathway investors' 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 pathway investors.

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).

The Firm's approach

The GAA was provided with comprehensive details of pathway investor charges, including transaction costs, and evidence of the governance framework used to review and monitor costs and charges.

We observed a range of charges across the Investment Pathways offered. Charges ranged from 0.79% to 0.83%, excluding the My Investments service charge of 0.5%, with the highest charge applying to Investment Pathway 1 and the lowest applying to Investment Pathways 2 and 4.

Transaction costs remained relatively low, ranging from 0.04% to 0.07% across the pathway solutions. Whilst transaction costs have increased slightly compared to the previous year, they remain within a reasonable range and there was no evidence that policyholders incur additional costs when switching between investment pathways.

The GAA is satisfied that the Firm has appropriate processes in place to review and monitor costs and charges and that these are considered as part of its wider governance and value for money assessment framework.

Pathway	AMC
Investment Pathway 1	1.33%
Investment Pathway 2	1.29%
Investment Pathway 3	1.32%
Investment Pathway 4	1.29%
Transaction charges were:	
Investment Pathway 1	0.07%
Investment Pathway 2	0.05%
Investment Pathway 3	0.04%
Investment Pathway 4	0.05%

There are no additional charges.

The GAA rating reflects the charges applied for the investment pathways made available by the Firm, and we believe that the Firm offers appropriate charges to pathway investors. The GAA considers the charges to be moderately low for the actively managed Investment Pathway funds.

Comparator results

We have assessed the overall cost and charge levels payable by the Firm's pathway investors in comparison to other sufficiently similar pathway investor 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 pathway investors over 2025 was average relative to the comparator group.



Areas for improvement

The GAA did not identify any specific areas for improvement.

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.

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 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: Overview of the Value Assessment Approach

The GAA has assessed the Value for Money delivered by comparing what [pathway investors](#) 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 pathway investors get in return (investment performance and service). Our approach is to compare the total costs paid by pathway investors 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 pathway investors. 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 pathway investors 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 pathway investors, 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 pathway investors 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 pathway investors. 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 B.

Appendix B:

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 C:

GAA Activities 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	02/03/2026
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 pathway investors via the 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 D: 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.nfmutual.co.uk/financial-planning/pensions/governance-advisory-arrangement/

Appendix E: 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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