

Chair's DC Governance Statement, covering the 12 months to 31 March 2025

Introduction and members' summary

The NMR Pension Fund, Defined Contribution Section (the DC Fund) is an occupational pension scheme that provides defined contribution (DC) benefits. In a DC scheme, both employee and employer contributions are paid into individual accounts. Members either select their own investments or are placed in the default investment option and they bear the investment risk. During the Fund Year, some members also held Additional Voluntary Contributions (AVCs) within the DC Fund. The majority of these AVC assets were transferred to Fidelity International Ltd, the DC Fund's administrators in February 2024.

Governance requirements apply to DC pension arrangements, to help ensure members achieve good outcomes from their pension savings. As the Trustee Directors of the DC Fund, we are required to produce an annual statement signed by the Chair of the Trustee Board which covers the following:

- the design and oversight of the default investment option (i.e. where contributions are invested for members that do not wish to choose their own investments);
- processing of core financial transactions (i.e. administration of the DC Fund, such as investment of contributions);
- the charges and transaction costs borne by members for the default option and any other investment option members can select or have assets in, such as "legacy" funds;
- an illustration of the cumulative effect of these costs and charges;
- net returns of the investment options;
- how the value members obtain from the DC Fund is assessed; and
- Trustee knowledge and understanding.

The key points that we would like members reading this Statement to take away are as follows:

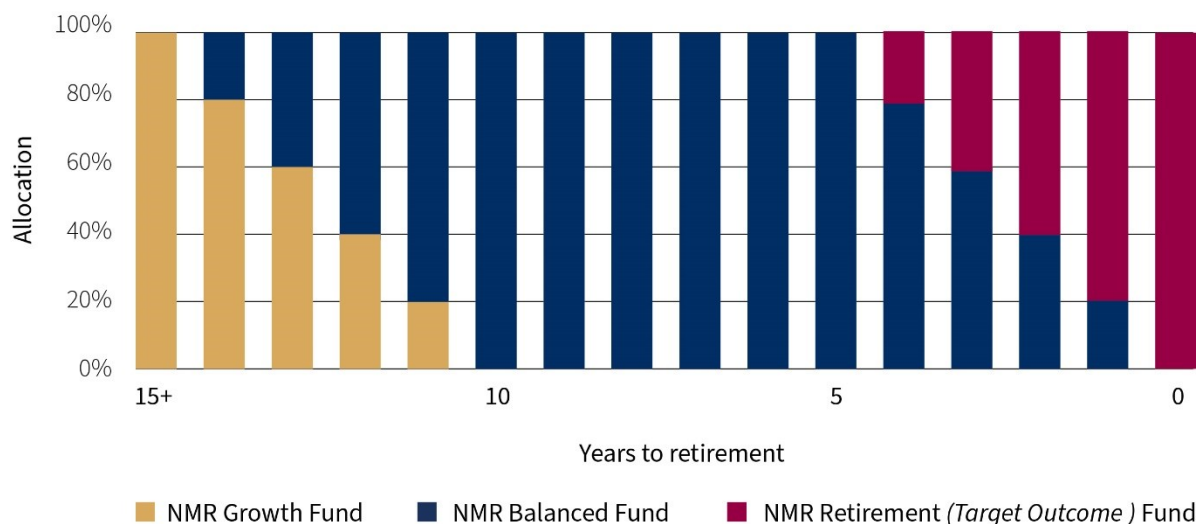
- we regularly monitor the investment arrangements, and are satisfied that the default and other investment options remain suitable for members;
- the administrator has processed core financial transactions promptly and accurately to an acceptable level during the Fund Year, and we remain comfortable with the administrator's performance;
- fees can have a material impact on the value of pension savings and the fee impact is greater the more time passes, since fees reduce the amount of money that can grow with future investment returns;
- fees associated with the investment options are outlined in this Statement. We remain satisfied that these fees are reasonable in the context of the DC Fund and represent good value for the benefits members receive; and
- to be assured that we are acting in the best interests of members. We undertake regular training and seek professional advice as needed to ensure we have knowledge and understanding required to fulfil our responsibilities effectively.

Default arrangements

The DC Fund is used as a Qualifying Scheme for automatic enrolment purposes. This means that it is used as a pension savings scheme for employees who are eligible for automatic enrolment into a pension scheme.

We have made available a range of investment options for members. Members who join the DC Fund and who do not choose an investment option are placed into the NMR Drawdown Focus Lifestyle, (the Default). We recognise that most members do not make active investment decisions and instead invest in the Default. After taking advice, we decided to make the Default a lifestyle strategy, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date.

The NMR Lump Sum Focus Lifestyle and NMR Annuity Focus Lifestyle are also classified as 'default arrangements' for some members following past investment changes where members' funds have been transferred without the members expressing a choice. These have 'growth' and 'balanced' phases which are consistent with the NMR Drawdown Focus Lifestyle with 'retirement' phases that alter the asset mix to target cash withdrawal and annuity purchase respectively. This is illustrated in the chart below. You can find more details about the DC Fund's investment options by logging into Fidelity's Planviewer: <https://www.planviewer.fidelity.co.uk/>



These arrangements along with the Default are referred to as the "default arrangements".

We are responsible for investment governance, which includes setting and monitoring the investment strategy for the default arrangements.

Details of the objectives and our policies regarding the default arrangements are set out in a document called the 'Statement of Investment Principles' (SIP). The DC Fund's SIP covering the default arrangements is attached to this Statement as an Appendix.

The Default was not reviewed during the period covered by this Statement. The last formal review commenced on 1 March 2023, with changes implemented in February 2024. That review concluded that the Default should continue to target income drawdown at retirement, as this remains the most likely option for members. It also confirmed that the NMR Lump Sum Focus Lifestyle and NMR Annuity Focus Lifestyle strategies remain appropriate for members intending to take a cash lump sum or purchase an annuity at retirement, respectively.

We continue to monitor the performance of the Default regularly and we carry out a formal review of its strategy, including its aims, objectives and SIP policies, at least every three years. The next review

is scheduled to take place by March 2026 or sooner if there is a significant change in investment policy or the DC Fund's member profile. Following the end of the DC Fund Year, the Trustee has agreed to begin exploring potential enhancements to the Default with the aim of improving expected member outcomes.

We are satisfied that the Default remains appropriate.

In addition to triennial strategy reviews we also review the performance of the default arrangements against their objectives on a quarterly basis. These reviews include detailed performance analysis to ensure that the levels of risk and return remain aligned with expectations. Over the course of the Fund Year, our reviews concluded that the default arrangements continued to perform in line with expectations and remained consistent with the aims and objectives set out in the SIP.

Asset allocation breakdown

We are required to calculate the percentage of the DC Fund assets within the default arrangements allocated to key asset classes. In line with 'Department for Work and Pensions' (DWP) guidance we have also shown this asset allocation for different ages as at the fund year end.

For the arrangements where asset allocation varies with age the statutory guidance states that we should show the allocation for a member aged 25, 45 and 55 in the current DC Fund Year, which is shown in the tables that follow. We have also shown the allocation at retirement. A retirement age of 65 has been assumed for each of these tables as this is the default retirement age for members of the DC Fund.

NMR Drawdown Focus Lifestyle

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation at Retirement %
Cash	0.0	0.0	0.5	0.4
Corporate bonds (UK and Overseas)	0.0	0.0	14.3	25.8
UK government bonds	0.0	0.0	9.4	14.1
Overseas government bonds	0.0	0.0	6.9	5.0
Listed equities	100.0	100.0	41.4	33.7
Private equity*	0.0	0.0	1.5	1.2
Infrastructure*	0.0	0.0	3.7	2.9
Property*	0.0	0.0	7.2	5.5
Private debt	0.0	0.0	1.4	1.1
Other	0.0	0.0	13.8	10.6

NMR Annuity Focus Lifestyle

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation at Retirement %
Cash	0.0	0.0	0.5	25.0
Corporate bonds (UK and Overseas)	0.0	0.0	14.3	38.5
UK government bonds	0.0	0.0	9.4	36.5
Overseas government bonds	0.0	0.0	6.9	0.0
Listed equities	100.0	100.0	41.4	0.0
Private equity*	0.0	0.0	1.5	0.0
Infrastructure*	0.0	0.0	3.7	0.0
Property*	0.0	0.0	7.2	0.0
Private debt	0.0	0.0	1.4	0.0
Other	0.0	0.0	13.8	0.0

NMR Lump Sum Focus Lifestyle

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation at Retirement %
Cash	0.0	0.0	0.5	65.1
Corporate bonds (UK and Overseas)	0.0	0.0	14.3	10.1
UK government bonds	0.0	0.0	9.4	6.8
Overseas government bonds	0.0	0.0	6.9	3.0
Listed equities	100.0	100.0	41.4	10.6
Private equity*	0.0	0.0	1.5	0.2
Infrastructure*	0.0	0.0	3.7	0.6
Property*	0.0	0.0	7.2	1.2
Private debt	0.0	0.0	1.4	0.2
Other	0.0	0.0	13.8	2.2

*The private equity, infrastructure and property allocations are in respect of investments in pooled funds that give indirect exposure to those types of investment, via investment in equities/listed investments. For example, the property allocation relates to the allocation within the LGIM Diversified Fund which invests in Real Estate Investment Trusts (REITs).

Requirements for processing core financial transactions

The processing of core financial transactions is carried out by the administrator of the DC Fund, Fidelity. Core financial transactions include (but are not limited to): the investment of contributions, processing of transfers in and out of the DC Fund, transfers of assets between different investments within the DC Fund, and payments to members/beneficiaries.

We recognise that delay and error can cause significant issues for members. They can also cause members to lose faith in the DC Fund, which may in turn reduce their propensity to save and impair future outcomes. We have received assurance from Fidelity that there are adequate internal controls to support prompt and accurate processing of core financial transactions.

The DC Fund has a Service Level Agreement (SLA) in place with the administrator which covers the accuracy and timeliness of all core financial transactions. The key processes adopted by the administrator to help it meet the SLA are as follows:

- The use of a comprehensive range of information technology systems to maximise efficiency and minimise errors, including Fidelity's PlanViewer App.
- The use of a formal incident and problem management policies and procedures using a third-party incident and problem management system.

To help us monitor whether service levels are being met, we receive quarterly reports about the administrator's performance and compliance with the SLA. Any issues identified, as part of our review processes, would be raised with the administrators immediately, and steps would be taken to resolve the issues.

Based on our review processes, we are satisfied that over the period covered by this Statement:

- Fidelity was operating appropriate procedures, checks and controls, and operating within the agreed SLA;
- there have been no material administration issues in relation to processing core financial transactions; and
- core financial transactions have been processed promptly and accurately to an acceptable level during the DC Fund year.

Legacy AVCs

The majority of AVC assets were transferred to Fidelity during the previous Fund Year, in February 2024. During the DC Fund Year there were a small number of members invested in AVC policies with M&G, Standard Life and Zurich Assurance Limited (Zurich) . Given these remaining legacy contracts only account for a small proportion of the total assets, we have taken a proportionate approach to reviewing them, compared to the other benefits within the DC Fund.

M&G

M&G outsources its administration services to Diligenta Limited, a subsidiary of Tata Consulting Services which is responsible for the processing of core financial transactions. M&G aims to complete 97% of cases within its upper and lower target of days which varies dependent on the task. For example, M&G aims to complete bereavement cases within 29 to 77 days and servicing cases within 8 to 20 days. M&G has provided its performance for the DC Fund Year, which shows for the 2 months in which work was completed for Fund members, all tasks were completed 100% in the upper target.

M&G has confirmed that there were no complaints or errors over the DC Fund Year.

Standard Life

Standard Life aims to complete 90% of all requests within 10 working days under its SLA with the DC Fund. Prior to the transfer of Fund AVC assets out of Standard Life, the provider had an internal

controls statement which outlines information about the processing of core financial transactions. Governance and oversight arrangements are in place to monitor performance against defined service levels and risk standards. Authorising and processing transactions and achieving the stated SLA is managed through controlled systems including, but not limited to, the following actions:

- Automated systems are designed to ensure consistent, timely and accurate receipt and allocation to the correct funds for regular and single payments.
- Regular monitoring of process and people performance, including control self-assessment reviews.
- Reconciliations are carried out between Finance and Customer Operations to ensure contributions are accurately recorded.
- Documented business procedures are in place for contributions processes.
- Compliance with processes is supported by an automated workflow system that ensures work is enabled, tracked and managed.

A dedicated control team actively manages manual payments (including automation failures) and the reporting of missed contributions to the Pensions Regulator and an automated quotes system, which ensures the consistent application of calculations.

Standard Life has been unable to confirm performance against SLAs over the DC Fund Year in time for inclusion in this report.

Zurich

There was only one member invested in an AVC policy with Zurich over the DC Fund Year. Zurich has confirmed it aims to carry out any request for a quotation or payment within this policy within 10 days. Zurich has confirmed that the targets were met over the current DC Fund Year.

Member-borne charges and transaction costs

We are required to set out the on-going charges incurred by members over the period covered by this Statement, which are annual fund management charges plus additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio (TER). The TER is paid by the members and is reflected in the unit price of the DC Funds.

The stated charges are shown as a per annum (pa) figure and exclude administration charges, since these are not met by the members.

We are also required to disclose transaction cost figures. In the context of this Statement, the transaction costs shown are those incurred when the DC Fund's fund managers buy and sell assets within investment funds but are exclusive of any costs incurred when members invest in and switch between funds. The TER and transaction costs are the only costs borne by members.

The charges and transaction costs have been supplied by Fidelity who are the DC Fund's platform provider, as well as one of the AVC providers. When preparing this section of the Statement we have taken account of the relevant statutory guidance. Under the prescribed way in which transaction costs have been calculated it is possible for figures to be negative, where market movements are favourable between the time a trade is placed and the time it is executed. Any negative figures are shown as provided in the tables, but for the costs and charges illustrations, zero is used where a transaction cost is negative, to give a more realistic projection (i.e. we would not expect transaction costs to be negative over the long term). Unless otherwise stated, transaction costs are shown on 31 March 2025.

Default arrangements

The Default arrangement is the NMR Drawdown Focus Lifestyle. The Default has been set up as a lifestyle strategy, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date. This means that the level of charges and transaction costs will vary depending on how close members are to their target retirement age and in which funds they are invested.

For the period covered by this Statement, annualised charges and transaction costs are set out in the following table.

Default charges and transaction costs (% per annum)

Years to target retirement date	TER	Transaction costs
15 or more years to retirement	0.13	-0.03
10 years to retirement	0.21	0.02
5 years to retirement	0.21	0.02
At retirement	0.19	0.02

The default arrangements do not have any performance-based fees associated with them.

In addition to the NMR Drawdown Focus Lifestyle, the NMR Lump Sum Focus Lifestyle and NMR Annuity Focus Lifestyle are also classified as defaults for some members.

The annual charges for these lifestyles during the period covered by this Statement are set out in the tables below.

NMR Annuity Focus Lifestyle: charges and transaction costs (% per annum)

Years to target retirement date	TER	Transaction costs ¹
15 or more years to retirement	0.13	-0.03
10 years to retirement	0.21	0.02
5 years to retirement	0.21	0.02
At retirement	0.16	0.03

NMR Lump Sum Focus Lifestyle: charges and transaction costs (% per annum)

Years to target retirement date	TER	Transaction costs ¹
15 or more years to retirement	0.13	-0.03
10 years to retirement	0.21	0.02
5 years to retirement	0.21	0.02
At retirement	0.17	0.08

¹Individual fund transaction costs used to calculate overall transaction costs for the lifestyles are as at 31 December 2024.

Self-select and AVC options

In addition to the default arrangement, members also have the option to invest in several funds offered as part of a self-select fund range. Over the Fund year the range was reviewed and key principles developed to govern it.

The level of charges for each self-select fund (including those used in the Default), and the transaction costs over the period covered by this Statement, are set out in the following table. The underlying funds used within the Default, that are also available as a self-select fund options, are shown in **bold**.

Self-select fund charges and transaction costs (% per annum)

Manager – Fund name	TER	Transaction costs
NMR Balanced Fund¹	0.21	0.02
NMR Diversified Growth Fund ¹	0.25	0.03
NMR Global Equity Fund - Passive	0.12	0.01
NMR World (ex-UK) Equity Fund - Passive	0.12	0.03
NMR UK Equity Fund - Passive	0.12	0.08
NMR Emerging Markets Equity Fund - Passive	0.23	-0.03
NMR Climate-Aware Global Equity Fund ¹	0.13	0.00
NMR Corporate Bonds Fund - Passive	0.12	0.00
NMR Pre-Retirement Fund – Level Annuity Target ¹	0.15	0.07
NMR Pre-Retirement Fund – Inflation Linked Annuity Target ¹	0.15	0.00
NMR Short Duration Credit Fund	0.17	0.06
NMR Cash Fund ^{1,2}	0.17	0.13

In addition to the self-select funds shown above, the Fund also contains AVC policies with M&G, Zurich and Standard Life.

For the period covered by this Statement, annualised charges and transaction costs are set out in the following table.

Provider – policy name	TER (% pa)	Transaction costs (% pa) ³
M&G - The NMR Pension Fund - DB Section AE92		
M&G Deposit Fund	N/A ⁴	0.0
M&G Cash	0.55	0.0
Zurich – N M Rothschild & Sons Limited – 4568		
Traditional With Profit Fund (90:10)	N/A ⁵	0.05
Standard Life – The NMR Pension Fund – H91653		
Pension Millenium With Profits Fund	0.60 ⁶	N/A ⁷

¹ Transaction costs as at 31 December 2024.

² The transaction costs for the NMR Cash Fund look to be abnormally high. The Trustee's investment consultant has challenged Fidelity to explain the reasons behind this but had not obtained a response at the time of writing.

³ Due to data availability, transaction costs are shown to 30 September 2024 for AVC funds.

⁴ M&G has stated that there are no explicit charges; total costs to members are implicit in the difference between the net returns on the underlying assets and the return awarded.

⁵ Zurich has stated that there are no explicit charges; total costs to members are implicit in the difference between the net returns on the underlying assets and the return awarded.

⁶ The TER for the Standard Life Pension Millenium with Profits Fund is as at 31 March 2024.

⁷ We could not obtain transaction costs for this Fund in time for inclusion in this report.

Illustration of charges and transaction costs

The following table sets out an illustration of the impact of charges and transaction costs on the projection of an example member's pension savings. In preparing this illustration, we had regard to the relevant statutory guidance.

- The “before costs” figures represent the savings projection assuming an investment return with no deduction of member borne charges or transaction costs. The “after costs” figures represent the savings projection using the same assumed investment return but after deducting member borne charges and an allowance for transaction costs.
- The transaction cost figures used in the illustration are those provided by the managers over the past four years, subject to a floor of zero (so the illustration does not assume a negative cost over the long term). We have used the average annualised transaction costs over the past four years as this is the longest period over which figures were available and should be more indicative of longer-term costs compared to only using figures over the DC Fund year. For the default strategy we have used the average of the transaction costs for the underlying funds.
- The illustration is shown for the Default (the NMR Drawdown Focus Strategy), as well as NMR Lump Sum Focus Lifestyle and the NMR Annuity Focus Lifestyle which are considered default arrangements for governance purposes, as well as two funds from the DC Fund's self-select fund range.

The two self-select funds shown in the illustration are:

- the DC Fund with highest annual member borne costs (TER plus DC Fund Year transaction costs) – this is the NMR Cash Fund⁸
- the DC Fund with lowest annual member borne costs – this is the NMR Corporate Bond Fund - Passive

Projected pension pot in today's money

Years invested	NMR Drawdown Focus Lifestyle		Lump sum Focus Lifestyle		Annuity Focus Lifestyle	
	Before costs (£)	After costs (£)	Before costs (£)	After costs (£)	Before costs (£)	After costs (£)
1	24,700	24,600	24,700	24,600	24,700	24,600
3	47,900	47,800	47,900	47,800	47,900	47,800
5	72,900	72,600	72,900	72,600	72,900	72,600
10	143,300	142,200	143,300	142,200	143,300	142,200
15	226,900	224,400	226,900	224,400	226,900	224,400
20	326,300	321,400	326,300	321,400	326,300	321,400
25	444,200	435,800	444,200	435,800	444,200	435,800
30	584,400	569,600	584,400	569,600	584,400	569,600
35	750,800	726,200	750,800	726,200	750,800	726,200
40	895,800	859,500	845,300	810,800	895,800	860,900

Years invested	NMR Cash Fund Equity Fund - Passive		NMR Corporate Bond Fund - Passive	
	Before costs (£)	After costs (£)	Before costs (£)	After costs (£)
1	23,900	23,900	24,300	24,300
3	44,400	44,100	46,100	46,000
5	64,600	64,100	68,600	68,300
10	114,400	112,700	127,900	126,900
15	162,900	159,400	191,800	189,600
20	210,200	204,400	260,600	256,600
25	256,400	247,600	334,700	328,400
30	301,400	289,300	414,600	405,100
35	345,300	329,300	500,600	487,200
40	388,100	367,800	593,300	575,000

Notes

- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation. The long-term annual inflation assumption used is 2.5%.
- Annual salary growth is assumed to be 2.5%. Salaries could be expected to increase above inflation to reflect members becoming more experienced and being promoted. However, the projections assume salaries increase in line with inflation to allow for prudence in the projected values.
- The starting pot size used is £13,600. This is the approximate average (median) pot size for active (contributing) members aged 30 years and younger (rather than using a whole membership average, we have taken this approach to give a more realistic 40-year projection).
- The projection is for 40 years, being the approximate duration that the youngest DC Fund member has until they reach the DC Fund's Normal Pension Age.
- The starting salary is assumed to be £80,000. This is the approximate median salary for active members aged 30 or younger.
- Total contributions (employee plus employer) are assumed to be 13.0% of salary per year.

The projected annual returns used are as follows:

- Default option: 3.5% above inflation for the initial years, gradually reducing to a return of 1.5% above inflation at the ending point of the lifestyle.
- NMR Lump Sum Focus Lifestyle: 3.5% above inflation for the initial years, gradually reducing to a return of 0.5% below inflation at the ending point of the lifestyle
- NMR Annuity Focus Lifestyle: 3.5% above inflation for the initial years, gradually reducing to a return of 1.5% above inflation at the ending point of the lifestyle
- NMR Cash Fund: 0.5% below inflation
- NMR Corporate Bond Fund - Passive: 1.5% above inflation
- No allowance for active management outperformance has been made.

Investment returns

This section shows the annual return, after the deduction of member borne charges and transaction costs, for all investment options in which member assets were invested during the DC Fund Year. We have had regard to statutory guidance in preparing this Section.

The With-Profits fund returns stated are those of the underlying investments, which are the only figures that can be quoted. With-profits funds are designed to smooth the returns members receive over their investment term and underlying investment returns are not the only factor determining the return members receive.

For arrangements where returns vary with age, such as for the default strategy, returns are shown over the DC Fund Year for a member aged 25, 45, 55 and 65 at the start of the period the returns are shown over. A retirement age of 65 has been assumed for each of these tables as this is the default retirement age for members of the DC Fund.

NMR Drawdown Focus Lifestyle net returns over periods to DC Fund Year end

Age of member at the start of the period	1 year (%)	3 years (%pa)
25	6.6	7.5
45	6.6	7.5
55	3.9	1.0
65	3.4	0.5

NMR Lump Sum Focus Lifestyle net returns over periods to DC Fund Year end

Age of member at the start of the period	1 year (%)	3 years (%pa)
25	6.6	7.5
45	6.6	7.5
55	3.9	1.0
65	4.2	3.3 ⁹

NMR annuity focus lifestyle net returns over periods to DC Fund Year end

Age of member at the start of the period	1 year (%)	3 years (%pa)
25	6.6	7.5
45	6.6	7.5
55	3.9	1.0
65	-0.8	-4.1

Self-select fund net returns over period to DC Fund Year end

Fund name	1 year (%)	3 years (%pa)
NMR Balanced Fund	4.5	2.3
NMR Diversified Growth Fund	6.7	7.6
NMR Global Equity Fund – Passive	2.9	7.3
NMR World (ex-UK) Equity Fund – Passive	8.7	5.6
NMR UK Equity Fund – Passive	8.9	2.9
NMR Emerging Markets Equity Fund – Passive	4.7	9.9
NMR Climate-Aware Global Equity Fund ¹⁰	2.6	-0.9
NMR Corporate Bonds Fund – Passive	-2.6	-6.9
NMR Pre-Retirement Fund - Level Annuity Target	-5.3	-11.4

⁹ The NMR Retirement (Lump Sum Focus) Fund was inceptioned in May 2022, therefore net returns for the 3-year period are not available yet and since inception figures have been shown in this column instead.

NMR Pre-Retirement Fund – Inflation Linked Annuity Target	5.5	2.9
NMR Short Duration Credit Fund	5.0	3.9
NMR Cash Fund	4.5	2.3

¹⁰The NMR Climate-Aware Global Equity Fund was inceptioned on 31 July 2022, therefore net returns for the 3-year period are not yet available and since inception figures have been shown instead.

Provider – Policy name	1 year (%)
M&G - The NMR Pension Fund - DB Section AE92	
M&G Deposit Fund	5.0
M&G Cash	5.1
Zurich – N M Rothschild & Sons Limited - 4568	
Traditional With Profit Fund (90:10)	-0.3
Standard Life – The NMR Fund – H91653	
Pension Millenium With Profits Fund	3.1

Value for members assessment

We are required to assess every year the extent to which member-borne charges and transaction costs represent good value for members and to explain that assessment. There is no legal definition of 'good value' which means that determining this is subjective. Our general policy in relation to value for member considerations is set out below.

We review all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the DC Fund. The date of the last review was 19 May 2025. We note that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment. Our investment advisers have confirmed that the DC Fund charges are competitive for the types of funds available to members.

- **Charges:** The Company meet most of the cost for administering and running the DC Fund. The costs borne by members are very competitive.
- **Default investment strategy:** The Trustee monitors and reviews the Fund's Default strategy as appropriate and considers the needs of members, innovations in DC investment products, changes in regulatory requirements, demographics of the Fund membership and innovations in the decumulation market. Improvements to the strategy were implemented in February 2024. Following the end of the DC Fund Year, the Trustee has agreed to begin exploring potential further developments to the Default with an aim to improve expected member outcomes.
- **Self-select investment range:** Members are offered multiple lifestyles, each targeting a different retirement option. The self-select fund range was reviewed over the Fund year and the Trustee developed key principles with which to govern it. The Trustee is in the process of adding a Shariah equity fund to the self-select investment range.
- **Administration:** Overall, the administration service is of a good standard. Through Fidelity, members have access to online modelling tools as well as a transactional app.
- **Communications:** The Trustee offers a good range of tailored, clear and informative communications to members, and actively seeks feedback from members on the usefulness of the communications.

- **Governance:** The Trustee regularly reviews the DC Fund to ensure governance is of a high standard and undertake quarterly training on topical issues. The Trustee Board is supported by four committees as well as a dedicated and experienced in-house pensions team. The Trustee will continue to work in line with requirements of the General Code of Practice, progressing its first Own Risk Assessment which is due to be produced by 31 March 2026.
- **At-retirement:** The member guide clearly explains the options available to members, and signposts how members can access their benefits. The Pensions Team is looking to progress the review of the at retirement provision in the upcoming Fund year.

As detailed in the earlier section covering the processing of core financial transactions, we are comfortable with the quality and efficiency of the administration processes.

We believe that the transaction costs provide value for members as the ability to transact forms an integral part of the investment approaches and expect this to lead to greater investment returns net of costs over time.

Overall, we believe that members of the DC Fund are receiving good value for money for the charges and cost that they incur, for the reasons set out in this section. We aim to improve value for members in future by taking the following steps:

- Continuing to monitor member costs as part of the quarterly reviews and value for members assessments.
- Beginning to explore further developments to the Default in advance of the next triennial strategy review, which needs to take place by March 2026, with an aim to improve expected member outcomes.
- Working with Fidelity to progress the addition of a Shariah equity fund to the self-select investment range. Continuing to review the appropriateness of the self-select fund range using the agreed principles.
- Continuing to encourage Fidelity to increase the scope of services for which it reports end-to-end service levels to better understand the member experience.
- Continuing to review member engagement activity as part of Fidelity's Workplace Workout programme as well as continuing to support the programme with internal communications to encourage member engagement.
- Progressing with carrying out the Fund's first Own Risk Assessment, in line with requirements of the General Code of Practice, which must be completed by 31 March 2026.
- Monitoring Fidelity's progress on connecting to Pensions Dashboard in line with the confirmed Fund connection date.
- Progressing the review of the at retirement support offered to members, covering communications, advice and whether it would be appropriate to provide members with a signposted route to drawdown via a Master Trust.

Financial security of pension assets

This section describes our understanding of the protections that generally apply to members' assets, should Fidelity, or a fund manager, experience financial difficulties. However, this is a complex area which is untested in practice and a future situation may lead to an unexpected outcome.

There are several safeguards designed to reduce the risk of default by a DC platform provider, or a fund manager used by it, and potential protections that apply should this happen:

- There is internal oversight carried out by the provider and fund managers. This comprises several elements such as independent internal audits, as well as the work conducted by compliance and risk functions.
- There is external oversight, carried out by the relevant regulatory bodies, whose role it is to ensure that the provider and fund managers discharge their financial liabilities in a

responsible manner.

- A custodian will normally be appointed for pooled investment funds. The custodian's primary function is the safekeeping of assets. In practice this means keeping investors' funds legally separate from the provider's/fund manager's own monies, so they may not be used for meeting creditors' demands not relating to the investment funds.
- Thus, the only circumstances in which a default would occur appear to be in the event of dishonesty, fraud or negligence. If a valid claim arose, in the first instance, we would expect the manager and/or provider to make good any shortfall. The Financial Services Compensation Scheme may be able to pay compensation if a firm is unable to pay claims against it. Our understanding is that this would cover 100% of the claim in the event of the provider defaulting but would not apply in relation to externally managed investment funds. If a valid claim arose, in the first instance, we would expect the fund manager and/or provider to make good any shortfall.

Trustee knowledge and understanding

We are required to maintain appropriate levels of knowledge and understanding to run the DC Fund effectively. We have measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law. Details of how the knowledge and understanding requirements have been met during the period covered by this Statement are set out below.

We recognise the importance of good governance for the DC Fund. The Trustee Board is supported by four committees as well as a dedicated and experienced in-house pensions team. The DC section of the Fund has a dedicated Pensions DC Committee (PDCC), which reports to the Trustee and meets on a quarterly basis to discuss DC issues. There is also a Pensions Responsible and Sustainable Investment Committee (PRSI) which takes a holistic view on the approach to Responsible Investment across the DC and DB sections of the Fund.

Business plans are maintained by the Trustee and reviewed annually.

With the help of our advisers, we regularly consider training requirements to identify any knowledge gaps. Our advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. Our advisers will deliver training on such matters at Trustee meetings if they are material. During the period covered by this Statement, we received training on the following topics:

- Systemic risk.
- Principles for Responsible Investment.
- The Pension Regulator's General Code of Practice.
- Fidelity's Workplace Workout and member engagement.
- Conflict training.

Additionally, the Trustee receives quarterly updates on topical pension issues from its advisers.

We are familiar with and have access to copies of the DC Fund's governing documentation and documentation setting out our policies, including the Trust Deed & Rules and SIP (which sets out the policies on investment matters). We refer to the Trust Deed and Rules as part of considering and deciding to make any changes to the DC Fund, and the SIP is formally reviewed annually and as part of making any change to the DC Fund's investments. Further, we believe that we have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the DC Funding and investment of occupational pension DC Funds to fulfil our duties.

Over the Fund Year the number of Trustee Directors reduced from 10 to 9 as one member nominated Trustee Director resigned, due to reaching the end of their term and did not need to be replaced as

the fund has sufficient MNDs. All 9 Trustee Directors have completed the Pensions Regulator's Trustee Toolkit (an online learning programme, designed to help trustees of pension Funds meet the minimum level of knowledge and understanding required by law). Trustee Directors have completed the toolkit in different periods, ranging from February 2018 to October 2022. Regular training is provided on aspects of the Trustee Knowledge and Understanding requirements. Other training relates to topical items or specific issues under consideration during the DC Fund Year.

A training log is maintained in line with best practice and the training programme is reviewed annually to ensure it is up to date. Additionally, the Fund has in place a structured induction process for new trustees. All Trustee Directors are required to attend an external 2-day training course on Duties and Responsibilities and Funding & Investment within six months of their appointment. Trustee Directors are also required to complete the Pensions Regulator's Trustee Toolkit online within six months of their appointment. Completion is monitored by the Pensions Team.

There are two independent Trustee Directors on the Board. All the Trustee Directors have a varied range of financial experience across different sectors, including as part of their roles at Rothschild & Co.

We carry out an annual evaluation of the performance and effectiveness of the Trustee Board as a whole as measured against the objectives of the DC Fund's business plan. The results showed we are satisfied with the way that Board and Committee meetings are run. The review covered the following areas:

- Effectiveness of the Board and the sub-committees.
- Diversity within the Board membership.
- Meeting arrangements and effectiveness.
- Interaction with advisers/service providers.
- Board and Committee interaction.

Considering our knowledge and experience and the specialist advice received from the appointed professional advisors (e.g. investment advisers and legal advisers), we believe that we are well placed to exercise our functions as Trustee Directors of the DC Fund properly and effectively.

Signed by the NMR Pension Trustee Limited
as Trustee of The NMR Pension Fund

Andrew Didham

Chair

Date: _____