

Chair's Statement

For the year ending 31 March 2025



now:pensions

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A message from Joanne Segars (Chair of the Trustee Board)

Chair's Statement for the Scheme year ending 31 March 2025.

On behalf of the Trustee Directors of NOW: Pensions Trust (the Scheme), I am pleased to present this year's Chair's Statement for the Scheme year 1 April 2024 to 31 March 2025.

In this statement, we set out what we have done this year to make sure the Scheme is run in your best interests. We tell you about the work we've done to make sure you can continue to have confidence in your pension, and that it gives you good value. Some of the information in this statement is set down in regulations, but we've tried to explain things as clearly as we can.

Here's what this statement includes.

- The work we do as Trustee Directors – Chapter 1.
- Our assessment of the value for members the Scheme delivers – Chapter 2.
- How we make sure your money and personal data are looked after – Chapter 3.
- How your money is invested – Chapter 4.
- How we listen to and communicate with you – Chapter 5.

Our Scheme year

The year was one of significant change for **now:pensions**. On 1 November 2024, it was announced that the Marsh McLennan Group, which is the owner of Mercer Limited, had completed the acquisition of the Cardano Group, which is the owner of **now:pensions**.

Another major change, which we discussed in last year's Chair's Statement, has been changing how your pension is administered by moving to Tata Consultancy Services (TCS). The changeover was completed successfully, just after the end of the Scheme year. It took slightly longer than originally planned as we wanted to prioritise quality over speed. You should now be starting to see some of the benefits of this move, including our new member and employer website.

You may recall that in last year's Chair's Statement, we described the changes we were making to the way your money is invested. This new approach was implemented in the previous Scheme year. We are pleased to report that all our funds met

their objectives for the year: 6.1% growth in the **now: growth fund** (previously known as the Diversified Growth Fund, or 'DGF' until May 2025), 4.9% growth in the **now: retirement countdown fund** (previously known as the Retirement Countdown Fund, or 'RCF' until May 2025) and 3.7% growth in our **now: shariah equity fund** (previously known as the Shariah Fund until May 2025). These are all after investment charges have been taken off.

Following the end of the Scheme year, The Pensions Regulator ('TPR') announced it had taken action resulting from the way historic statutory communication failures relating to **now:pensions** had been reported to TPR between 2020 and 2022. NOW: Pensions Limited ('NPL') and NOW: Pension Trustee Limited took appropriate steps to correct these matters for affected members once we had identified them. We have also enhanced the Scheme's reporting processes and TPR has confirmed they are satisfied with the enhancements we have made.

Here are some other highlights of the year.



We again welcomed more than 1,000 new employers to **now:pensions**.



Our total number of members increased by more than 100,000 to over 2.5 million.



Our total assets under management rose to £5.7 billion.



Throughout the Scheme year the Trustee Directors have worked with the investment manager to introduce a private market allocation into the default investment strategy. Private markets have an overall target of 5% allocation within the **now: growth fund**. The first investment, into a UK affordable housing fund, was made just after the end of the Scheme year. We believe this will be beneficial to members and help provide long-term returns while also supporting the UK economy.



While the launch of the new website and our member app **now:u** was delayed by the move to the new administration platform, we were delighted to see the use of behavioural research feed into its design and content during the Scheme year. The new website and **now:u** app were completed just after the end of the Scheme year. We believe **now:u** will help members understand more about their pensions and better plan for their retirement. It allows members to take control of their pensions by enabling them to:

- see how much they and their employers are paying in
- see how much they currently have and how much they could have when they retire
- choose from carefully-designed investment solutions to help meet their needs and preferences, starting with a Shariah option
- find and combine other pensions into their **now:pensions** account, and
- plan their retirement.



Our continued focus on responsible investment saw us ranked joint second in the Make My Money Matter 2025 Climate Report, compared to other UK pension schemes. We were up from 13th the year before.



Our data integrity, something we have worked hard on in previous years, continued to be maintained at a high level while service standards were maintained throughout the year.



Member satisfaction was at a high level (92%), and member complaint levels fell, during the year.

Looking ahead

- We'll continue to work hard to ensure you receive value from the Scheme.
- You will start to see more improvements to the way we communicate with you. Members will be invited to activate their log-in to **now:u** to have access to a range of tools and information about their pension.
- We'll look again at the options available to you at and during retirement. We expect to introduce more flexibility in how you can take your money towards the end of 2025 and into 2026.
- Just after the end of the Scheme year – in May 2025 – NOW: Pension Trustee Limited became a signatory to the Mansion House Accord. As a result, we have an ambition to invest 10% of the default investment strategy in private market assets as long as this is in members' best interests. These assets could include infrastructure, property, and private equity. At least half these investments – 5% of the default – will focus on the UK, with some of these assets expected to help the UK economy.
- We will continue to focus on investing your money in a way that creates long-term social, environmental, and economic value. Not only does this make strong investment sense, we also know it's important for you and the future of the environment.
- We'll continue to fight for fair pensions for all, ensuring your voice is heard by government and regulators.
- In 2026 we will begin the next three-yearly investment review, designed to ensure that the default investment strategy continues to meet your needs.
- We also hope to see the launch of **now:pensions'** 'self-select' investment fund range in 2026. This will give members who want it more investment choice. We had already made the shariah equity fund available to all members in 2025 (after the end of the Scheme year).
- After keeping the administration charge unchanged since 2022, NPL plans to implement an increase in administration charges, from £1.75 a month to £2.00 a month in Q3 2025. This charge, combined with our low investment charge ('combination charges'), is below the government charge cap and continues to represent good value for our members.

We look forward to updating you further in due course.

Joanne Segars,
Chair of the Trustee Board
NOW: Pension Trustee Limited



We're on a mission to help everyone save for a more financially secure future



We're also an **Authorised Master Trust**



We have

2.5
million+
members

with

£5.7
billion

AUM as at
31 March 2025



We work with

24,000
active employers



Our members are on average

42 years
old



with an average
fund value of

£2,300*

*As at 1 October 2025



£2,520*

*As at 1 October 2025

average fund value for
members approaching
retirement**

**We define approaching retirement
as 12 months from reaching
planned retirement age.

How we oversee your pension

As your Trustee Directors, we oversee the Scheme. It's our job to:

- look after your interests as members of the Scheme, and
- ensure the Scheme is run in accordance with legal and regulatory requirements.



Who are the Trustee Directors?

The Trustee Directors looking after your interests during the Scheme year were:

- Joanne Segars – Chair
- Edward Jones
- Adrian Kennett, on behalf of Dalriada Trustees
- Fiona Matthews*
- Gary Smith, and
- Tracy Weller.

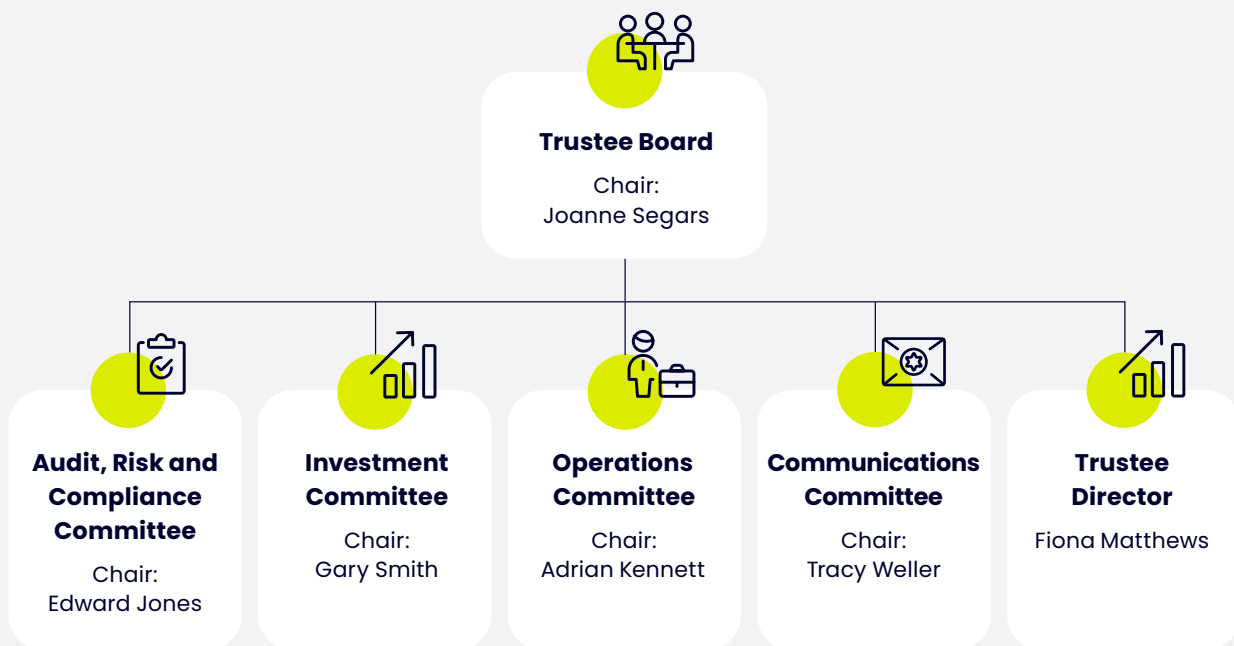
Together, we have extensive expertise in pensions and investment that enables us to do our job well. You can find out more about us in Appendix A. During the Scheme year, we met 10 times including five board meetings, business updates and training sessions.

As a large pension scheme, we have many responsibilities which include ensuring that:

- the investment arrangements are designed with your needs in mind
- core financial transactions are processed in a timely and accurate manner
- member communications are effective in helping you make good decisions, and
- the costs and charges you pay represent good value.

To make sure we carry these out to the best of our ability, we have four sub-committees to oversee the Scheme’s business. The sub-committees are shown in Figure 1.

Figure 1: The Trustee Board and its committees



The Trustee Board appoints a Trustee Director to chair each committee on the basis of their skills and expertise.

* Fiona Matthews resigned as a Trustee Director on 31 August 2025 after the scheme year had ended.

How do we recruit the best Trustee Directors to look after your interests?

We want to have expert Trustee Directors who bring a range of skills, ensure board diversity and focus on what's best for you. When we recruit new Trustee Directors we consider applicants' expertise, the balance of skills we already have on our Trustee Board, and the fitness and suitability of applicants. This includes their honesty and integrity, competence and capability, and financial probity.

To achieve this we use an open and transparent recruitment process. For the most recent recruitment of Trustee Directors, we appointed a specialist recruitment agency and placed job advertisements nationally. This was to help ensure our Trustee Board had a broad and diverse range of applicants to interview. Each shortlisted candidate was interviewed by a nominations panel of Trustee Directors and a representative from the Scheme founder and manager NPL, before final selection and appointment.

During the Scheme year, no new Trustee Directors were recruited.

Ensuring the Trustee Directors' independence

The law requires the majority of the Scheme's Trustee Directors and the Chair to be 'non-affiliated'. This means they must be independent of any company or organisation that provides services to the Scheme (or has provided them in the past five years) and must not be paid by any service providers.

At the start of each Trustee Board and committee meeting, Trustee Directors confirm whether they remain independent and non-affiliated. Throughout the Scheme year the Chair and Trustee Directors, other than Dalriada Trustees¹, remained non-affiliated. We also consider the independence of Trustee Directors during the recruitment process.

No Trustee Director's term of office has been longer than five years, before they were reappointed following an appropriate process. No Trustee Director's overall term of office has been longer than 10 years.

¹ Dalriada is not considered non-affiliated only because they were not appointed using the recruitment process outlined above, but were appointed to fill a particular expertise gap in the board at the time.



Trustee knowledge and understanding

During the Scheme year, we continued to keep our knowledge and understanding up to date. This is so we could continue to act in your interests and, where necessary, challenge how the Scheme is being run.

All our Trustee Directors have achieved, or are working towards, professional trustee accreditation through the Association of Professional Pension Trustees (APPT). The APPT and our training policy require each Trustee Director to complete and to maintain a record of at least 25 hours of training each Scheme year. All Trustee Directors who were in place during the Scheme year met this requirement.

This ensured we met the requirements for Trustee knowledge and understanding, specifically a working knowledge of:

- the law relating to pensions and trusts
- the principles of funding and investment
- the identification, assessment and management of the risks and opportunities relating to the Scheme, including those arising from steps taken because of climate change, and
- key documents about the Scheme, specifically the Trust Deed and Rules, the Statement of Investment Principles (SIP) and trustee policies.

To ensure we continued to meet our ongoing knowledge and understanding requirement, we undertook a number of training activities.

- The Trustee's legal adviser, Eversheds Sutherland (Eversheds), provided training in January and February 2025 on the Trust Deed and Rules, the Statement of Investment Principles (SIP), stock lending, employer forum, post-retirement solutions, cyber and data protection risk, governance, pensions legislation and regulatory updates.
- They also provided regular updates on legal and regulatory issues.
- During board and committee meetings, NPL provided training on data security, ESG including stewardship, and the employer forum. This included ways these could be enhanced.
- In addition, each Trustee Director attended a range of industry conferences and training courses on issues including the Pensions Dashboard, cyber risks, sustainability and guided retirement outcomes.
- Trustee Directors also completed a number of online training modules.

At each board meeting we informally assessed our skills, knowledge, and experience, monitored that training was being undertaken, and considered whether further training was needed. We added any new training sessions to our training schedule.

Familiarity with the Scheme's documents and policies

In addition to these formal training activities, we ensured we remained familiar with the Scheme's documents and policies. We reviewed the Trust Deed and Rules at our board meeting in February 2025. We continued to assess the Scheme's Trust Deed and Rules to ensure they were up to date and met the latest legal requirements, and to maintain our understanding of them.

Statement of Investment Principles (SIP)

We completed the latest SIP review for the Scheme year in September 2025, after the end of the Scheme year. The SIP included in Appendix B reflects the latest investment arrangements and latest legal requirements. The Trustee Board reviewed the October 2025 SIP at the September 2025 meeting and concluded it was appropriate for the Scheme's members. There are more details in Chapter 4, 'How your money is invested'.

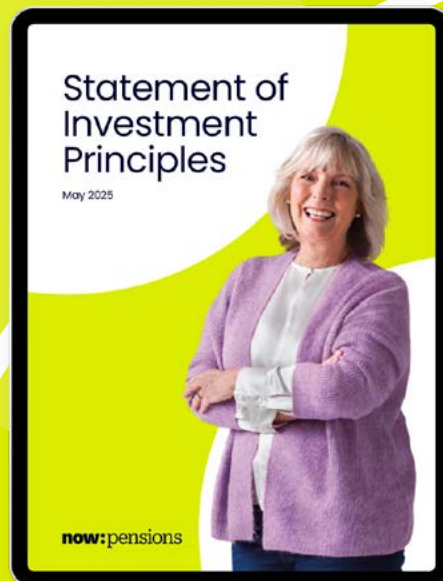
In September 2024 we agreed our latest Implementation Statement (covering the previous Scheme year).

The most recent versions of these documents are available [here](#).

Trustee policies

We review key Trustee policies regularly to ensure they are up to date and that we have a working knowledge of them. This took place on a rolling programme throughout the Scheme year and included reviews of:

- the Trustee training policy
- the Trustee Director Chair and recruitment policy, and
- expectations of Trustee Directors.



Access to external advisers

We employ advisers to provide professional assistance, specialist knowledge and further support, for example, on legal or investment matters. We have chosen our advisers in accordance with the Trustee's procurement policy. The performance of each key adviser is reviewed every year by the Supplier Management Board.

Maintaining a high-performing board

Each Scheme year we review our own performance to ensure we continue as a high-performing Trustee Board. The Trustee Board effectiveness review includes a review of each individual's contribution, the Trustee Board's performance as a whole, and our collective skills, knowledge and competence. We aim to ensure there are no skill gaps and there is diversity of thinking.

During the Scheme year, we carried out the following.

- A skills evaluation to review the skills the board needs. The updated skills matrix was presented to the Trustee Directors at the April 2025 meeting for review.
- Each Trustee Director was asked to evaluate their own performance during the Scheme year. They completed a self-assessment form which was used as the basis for a performance review discussion with the Chair. The Chair's evaluation was conducted by the Chair of the Audit, Risk and Compliance Committee.
- All Trustee Directors signed a declaration confirming that they remain fit and proper.
- This year the Trustee Board undertook its three-yearly independent external evaluation. This concluded the Trustee Board had made progress in the previous three years and that the committee structure was working well.

We confirm that our combined knowledge and understanding, together with available advice, enables us to properly exercise our function in the interests of you, our Scheme members.

Ensuring you get good value

Each Scheme year we make sure that you, our members, continue to get good value for the costs and charges you pay. In April 2025, we reviewed the services you pay for to ensure they are up to standard, compare well with other schemes and continue to meet your needs.



Explaining the costs and charges

Here we explain the costs and charges and how they could affect your pension at retirement age. These are for the funds in the Scheme's current investment strategy and the shariah equity fund.

Member charges

Throughout the Scheme year, our charges remained competitive. The monthly administration charge stood at £1.75. If the value of your Scheme pension savings was £100 or less, or charges would have taken it below £100, there was no administration charge, in line with legislation.

The investment charge remains at 0.3% a year across all funds.

Figure 2: Description of costs and charges

Charge	For	Amount
Administration charge	Running the Scheme	£1.75 a month/£21 a year
Investment management charge	Investing the money in the Scheme	0.3% of value of pension savings each year
Transaction costs	Buying and selling investments	Factored into investment returns: <ul style="list-style-type: none">• now: growth fund - 0.158%• now: retirement countdown fund - 0.023%• shariah equity fund - 0.004%

The table above shows all the costs and charges you would have paid during the Scheme year.

What are transaction costs?

The total costs incurred by the investment manager as a result of trading activity (buying and selling of financial instruments). This includes explicit costs such as transaction taxes and brokerage commissions, and implicit and indirect costs such as slippage costs (described to the right).

What are slippage costs?

The difference between the buying or selling price of an investment and its 'mid-market' price – the halfway point between the buying and selling price. If you buy an asset at a market price which is above the mid-market price, there is a slippage cost.

Transaction costs

Transaction costs vary from year to year and are an unavoidable consequence of investing money. We aim to keep transaction costs to an appropriate level to give you value. We don't charge for transaction costs separately – instead they come out of the returns on the Scheme's investments.

As part of our assessment of value for you, we examine the charges and transaction costs that apply to our investment funds. These have an impact on the value of your pension savings on top of the charges we have already described. Transaction costs are incurred when investments are bought, sold, lent, or borrowed. They are typically split between explicit costs (such as

broker fees, taxes, and custody fees) and implicit costs (for example, the impact of the timing of an investment trade).

Our investment manager, Cardano Risk Management Ltd (CRML), reported on the underlying transaction costs in managing the investment funds. We have adopted a method for reporting based on guidance from the Cost Transparency Initiative.

Transaction costs for the Scheme year are shown in Figure 3 below. Costs are expressed as a percentage of average assets under management.

Figure 3: Explicit and implicit transaction costs

Explicit and implicit transaction costs for the two funds that make up the default strategy, **now: growth fund** and **now: retirement countdown fund**, are shown below along with the **shariah equity fund**.

now: growth fund

Cost type	%	Total for the Scheme year
Explicit	0.014% Equivalent to 1.4p for every £100 invested	£673,483
Implicit	0.035% Equivalent to 3.5p for every £100 invested	£1,714,820
Combined	0.049% Equivalent to 4.9p for every £100 invested	£2,388,304

As we anticipated in last year's Chair's Statement, the transaction costs in the **now: growth fund** were lower in this Scheme year than last and are lower than the five-year average of 0.103%. Comparisons with similar schemes reveal that our transaction costs are typically similar to, or lower than, theirs and represent very good value to members.

now: retirement countdown fund

The transaction costs incurred in the Scheme year were 0.017%, lower than the previous Scheme year compared to an average of 0.008% over the five years to the end of the Scheme year.

Shariah equity fund

This is the third Scheme year the Shariah Fund, now known as the '**shariah equity fund**' has been available for members of the Uber pension scheme. Transaction costs for the shariah equity fund were 0.013%, higher than the previous year but still considered good value for members. Since the end of the Scheme year, the fund has become available to all **now:pensions** members.

Over the last three years, transaction costs averaged 0.027%.

The Investment Committee (IC) remains focused on keeping transaction costs as low as possible, ensuring we continue to achieve good value for you.

Performance-based fees

No performance-based fees are paid by the Scheme.

Winding-up costs

We have estimated that if the Scheme were to wind up (come to an end – however unlikely this is), the total transaction costs for selling all assets would be approximately 0.065% for the **now: growth fund** and 0.045% for the **now: retirement countdown fund**. This cost would be borne by you through a reduction in unit prices before a transfer to another pension scheme. This cost would arise because the Scheme always pays for investment and disinvestment costs. The Trustee would bear the costs of ending the contracts with the investment manager and the custodian, as well as advice costs from the Trustee's investment adviser and legal adviser. These costs would be met from the financial reserves NPL holds in escrow for the Trustee's use ('escrow' means the money can only be used for particular purposes).

Telling you about the impact of charges on your pension savings

We are committed to making sure the charges you, as a member, are paying, and the impact those charges may have on your pension savings, are as clear as possible. We are keen to ensure that if you move to another auto enrolment provider when you change jobs, you understand the advantages of combining small pension savings, rather than allowing them to be eaten away by charges. You can download our costs and charges booklet using the link below. This booklet explains the impact of all the charges on your pension savings throughout your period of saving in the Scheme.



[View the member guide](#)



[View the cost and charges booklet](#)

On the following pages, we set out extracts from the costs and charges booklet, illustrating four members of different ages with different fund values as was in the Scheme year. These illustrations show the effect of charges for members who are actively saving in the Scheme. We have taken note of statutory guidance in preparing these illustrations. The illustrations show the average fund value and average contribution within each age band illustrated.

Projected pension savings in today's money for a member saving with now:pensions



Age at start
22 years

Size of savings at start
£2,000

Total payments into their
pension, from the member
and their workplace
£120

Years of pension saving	Age	If invested in now: growth fund/now: retirement countdown fund		If invested in shariah equity fund	
		Before charges	After charges	Before charges	After charges
1	23	£3,506	£3,477	£3,506	£3,477
3	25	£6,674	£6,571	£6,674	£6,571
5	27	£10,062	£9,862	£10,062	£9,862
10	32	£19,599	£19,036	£19,599	£19,036
15	37	£30,878	£29,735	£30,878	£29,735
20	42	£44,219	£42,211	£44,219	£42,211
25	47	£59,999	£56,756	£59,999	£56,756
30	52	£78,664	£73,711	£78,664	£73,711
35	57	£100,740	£93,473	£100,740	£93,473
40	62	£124,140	£114,017	£126,852	£116,504
45	67	£141,787	£128,888	£157,737	£143,345
46	68	£144,331	£130,932	£164,561	£149,224

What happens if the member stops contributing after a few years?

The table below shows examples of the impact of charges for the above member assuming they stop paying any further contributions after 1, 3 and 5 years and then take their benefits at age 68, the projected State Pension age. Remember, charges continue to apply even if you leave your employer or stop paying contributions.

Years of pension saving	Age stopped paying in	Retirement age	Future pensions savings value	
			Before charges	After charges
1	23	68	£13,871	£10,841
3	25	68	£24,690	£20,321
5	27	68	£34,806	£29,239

Costs and charges can eat away at the value of your pension savings over time. To avoid this – especially if you have only a small amount of pension savings in the Scheme – you may want to think about whether you'd be better off transferring your pension savings out of the Scheme and combining them with any other pensions you have.

Transferring your pension savings is a big decision that you need to think about carefully. It may be worth getting help from a regulated independent financial adviser.

**Projected pension savings in today's money
for a member saving with now:pensions**



Age at start
35 years

Size of savings at start
£3,000

Total payments into their pension, from the member and their workplace
£135

Years of pension saving	Age	If invested in now: growth fund/now: retirement countdown fund		If invested in shariah equity fund	
		Before charges	After charges	Before charges	After charges
1	36	£4,702	£4,670	£4,702	£4,670
3	38	£8,284	£8,168	£8,284	£8,168
5	40	£12,114	£11,889	£12,114	£11,889
10	45	£22,893	£22,259	£22,893	£22,259
15	50	£35,643	£34,353	£35,643	£34,353
20	55	£50,724	£48,453	£50,724	£48,453
25	60	£68,185	£64,535	£68,562	£64,891
30	65	£84,130	£78,880	£89,660	£84,052
33	68	£91,636	£85,436	£104,127	£97,039



Age at start
45 years

Size of savings at start
£3,800

Total payments into their pension, from the member and their workplace
£145

Years of pension saving	Age	If invested in now: growth fund/now: retirement countdown fund		If invested in shariah equity fund	
		Before charges	After charges	Before charges	After charges
1	46	£5,669	£5,634	£5,669	£5,634
3	48	£9,600	£9,475	£9,600	£9,475
5	50	£13,804	£13,560	£13,804	£13,560
10	55	£25,637	£24,945	£25,637	£24,945
15	60	£39,419	£38,014	£39,633	£38,221
20	65	£52,839	£50,507	£56,188	£53,699
23	68	£59,752	£56,816	£67,540	£64,191



Age at start
55 years

Size of savings at start
£4,400

Total payments into their pension, from the member and their workplace
£160

Years of pension saving	Age	If invested in now: growth fund/now: retirement countdown fund		If invested in shariah equity fund	
		Before charges	After charges	Before charges	After charges
1	56	£6,442	£6,405	£6,442	£6,405
3	58	£10,724	£10,591	£10,738	£10,605
5	60	£15,168	£14,910	£15,333	£15,072
10	65	£26,353	£25,663	£28,264	£27,519
12	67	£30,601	£29,698	£34,076	£33,058

How the tables work²

1. We've assumed earnings and contributions will increase by 2.5% each year.
2. All figures are in 'today's money'. We've projected them forward then taken out the effect of inflation to bring them back to today's money values. We've assumed inflation is 2.5% each year.
3. We've based contributions on the current auto enrolment minimum – 8% of qualifying earnings. **That's 3% from your employer and 5% from you.** Qualifying earnings are all your earnings between a lower and upper limit, which are £6,240 and £50,270 for the 2024/25 tax year. The government reviews these limits every year.
4. **Projected fund with no charges** shows the total value of the pension savings as if there were no transaction costs and we hadn't applied any charges.
5. **Projected fund after all charges** shows the effect of the charges on the pension savings of people in that age band.
6. The investment return assumptions have been determined in accordance with Actuarial Standard Technical Memorandum 1 (version 5). These are the assumptions used in your annual benefit statement.
7. Charging levels are the same for every employer.

² Table values are calculated as at 31 March 2024.

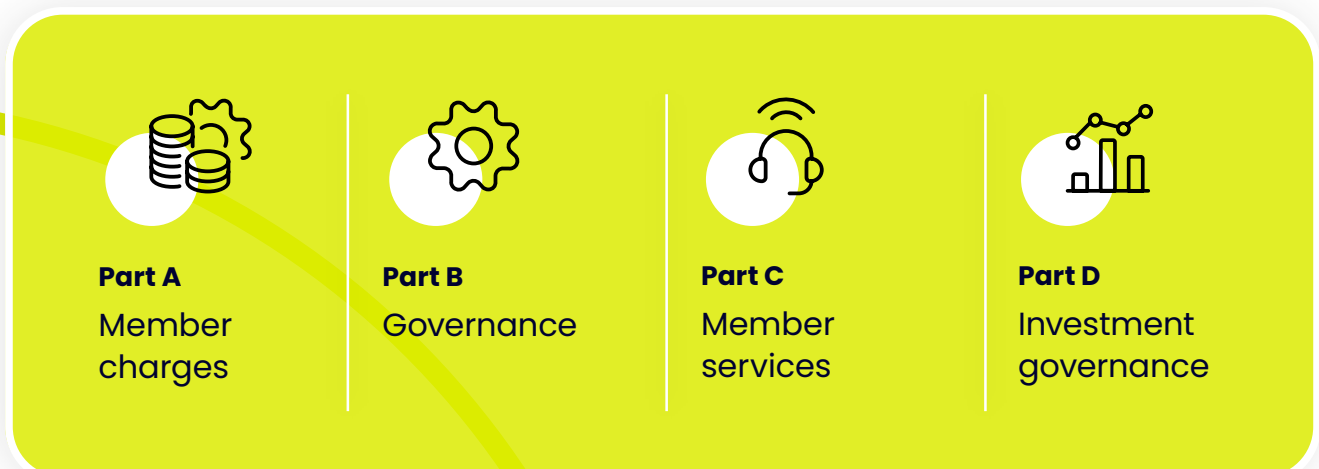
Making assumptions about the future

Payments in increase	2.5% a year
Inflation, measured by the Consumer Prices index (CPI)	2.5% a year
now: growth fund investment return, before charges	6% a year
now: growth fund investment return, after charges	5.68% a year
now: retirement countdown fund investment return, before charges	2% a year
now: retirement countdown fund investment return, after charges	1.69% a year
Shariah equity fund investment return, before charges	6% a year
Shariah equity fund investment return, after charges	5.68% a year
Administration charge	£1.75 each month
Investment management charge	0.3% a year
Retirement age	State Pension Age

Value for members assessment

We assess value for members over the entire time you save with us, from the day you join until the day you retire or leave the Scheme, whichever is later.

The Trustee Directors use the framework below to assess value for members. The framework divides the assessment into four key areas, each of which is considered in the context of the charges you pay. Each area of assessment was given a descriptive score ranging from 'excellent' to 'needs significant improvement' as described on page 27.



Member charges

We believe that all members, regardless of the size of their pension savings, are entitled to receive the same level of service and access to the same high-quality investment expertise.

We assess the Scheme charges against other schemes with a similar member and contribution profile. We found that our charges are in line with, or lower than, similar schemes. And our charges are lower than the government charge cap. We concluded that these charges remain competitive compared to similar master trusts, offering very good value for money when assessed against the services you receive.

It's difficult to compare **now:pensions'** transaction costs with those of other auto enrolment master trusts because investment strategies, reporting periods and levels of trading activity are all different. But we assessed the transaction costs as very good value for money based on their being similar, or lower than, those reported by other schemes.



Governance

In considering whether you get value from Scheme governance, we considered six aspects of governance.

- 1. The composition and effectiveness of the Trustee Board including knowledge, skills and expertise.**
- 2. The amount and quality of work we carried out and the competitiveness of the fees paid to us, as Trustee Directors.**
- 3. The risks to members we helped mitigate, in particular cyber and data security risks.**
- 4. The managerial and secretarial services we received.**
- 5. The services our professional advisers provide to us.**
- 6. The security of assets, including financial reserves.**

The assessment included the following key points.

- The most recent board effectiveness review, for the Scheme year ending 31 March 2025, was summarised at the April 2025 Trustee Board meeting. This included the three-yearly external board evaluation. The review showed we have a highly experienced board of Trustee Directors, each bringing expertise in different areas and significant pensions experience.
- During the Scheme year we continued to work on several demanding and complex projects. These included the new operating model using the new administration platform with TCS, pensions dashboards, a number of regulatory issues, wider investment options, and the impact of the acquisition of Cardano by the Marsh McLennan Group. This meant we worked well in excess of our expected hours.

- A review of Chair and Trustee Director remuneration revealed that our pay, as Trustee Directors, compares favourably to the market, particularly given the complexity of the Scheme and the effort required.
- The Trustee Board reviewed quarterly risk updates from NPL. New risks were added to the Trustee risk register during the year and several others were re-assessed. Considerable time was spent assessing the risks of transferring the administration to TCS to ensure that risks to members and employers were minimised. Input to the risk management and IT security work of the Trustee Board and committees continues to be effective.
- During the Scheme year NPL were reviewed, identifying good levels of collaboration between NPL and the Trustee, effective management of the administration transition and implementation of the investment strategy.
- A sub-group of Trustee Directors reviewed the services provided to the board and concluded that these delivered good, or very good, value for members. Proposals for simplifying and improving the logistical and secretarial services were put forward.
- An assessment of the custody services led to a change of custodian and the transfer of assets was completed during the Scheme year.

All aspects of governance received a **'good'** or **'very good'** score. Where relevant, improvements were noted and will be a focus for the next Scheme year. We concluded that, overall, the governance of the Scheme represents very good value for you.

Member services

As part of our review of member services, we considered five aspects of administration and communication and assessed them against the charges you pay.

1. **The way core financial transactions are dealt with.**
2. **Record keeping, reconciliation and the quality of data the Scheme holds.**
3. **The way the Scheme communicates with members.**
4. **The role of technology and member experience, including the contact centre.**
5. **IT systems and controls.**

The assessment included the following key points.

- We were pleased that, once again, over 99% of contributions received were reconciled and invested within statutory timeframes. The vast majority of retirement and transfer payments were made within four weeks, slightly slower than last year. Any issues relating to core financial transactions were identified, reported and addressed quickly.
- We were also pleased to see that service standards were maintained during the annual benefit statement distribution period, an event that has caused us issues in the past. Performance against SLAs either exceeded targets or was very close throughout the year.
- Data quality continued to be maintained at high levels during the year.
- We were pleased that call centre answer rates improved during the year as did the average time taken to answer calls. Responses to email queries also remained high.
- Member feedback through surveys and external reviews identified a number of issues that are being used to improve communications.
- We were pleased to see that member satisfaction is being maintained at a high level (92%) and that complaint levels fell during the Scheme year.
- Member engagement with annual benefit statements, website content and social media remains low but is showing signs of improvement. We believe that engagement is close to or slightly higher than industry averages. We hope to see improvements in engagement as the new administration platform delivers upgrades to our services.
- We received assurance on the completion of tests and reviews designed to ensure the security and effectiveness of IT systems after the scheme year ended.

We scored all aspects of member services as **'good'** or **'very good'**. Overall we consider they deliver good value for you, down from 'very good' in last year's report. We anticipate that the change of administrator in 2025 will bring considerable improvements that we can report on in next year's Chair's Statement.

Investment governance

We considered four aspects when assessing the value for members of investment governance and performance.

- 1. The suitability of the investment strategy and retirement options the Scheme offers, and their ability to deliver good retirement outcomes.**
- 2. The services of the Scheme's investment manager and adviser.**
- 3. The management of financially-significant environmental, social and governance (ESG) risks.**
- 4. Investment returns, measured against benchmarks after taking charges into account.**

The assessment included the following key points.

- The new investment strategy, designed to be simpler for members to understand, has now been in place for more than a year. We are pleased to see returns improving and risk being consistently below the expected range. This is improving member outcomes at retirement.
- During the year, plans were put in place to expand the portfolio into private markets. The first investment into affordable housing took place just after the end of the Scheme year. We expect this to further improve returns and member outcomes, as well as making a social impact.
- The acquisition of Cardano by Marsh McLennan will enable us to access Mercer's asset management expertise and deliver scale in private market investments.
- We were very satisfied with the service the investment manager delivered during the year and believe they represent value for members. However, a decision was made to tender for the position of investment adviser, a review that was completed shortly after the end of the Scheme year.
- The proportion of the assets supporting our agreed responsible investment beliefs is now over 75%. That's higher than most of our peers. We were pleased to see **now:pensions** ranked joint second in the Make My Money Matter 2025 Climate Report, up from 13th the year before.
- Our sustainability priorities continue to be focused on a speedy and fair transition to a low-carbon economy, gender equality and living wages.

In assessing investment performance, we considered each fund's overall performance against its objective and the net returns available to you against the charges you bear. We drew the following conclusions.

- The **now: growth fund**, used in the growth phase, performed well over the year. It delivered 6.1% growth after investment charges, matching its objective for the year. Over the past five years the fund has grown by an average of 6.8% after investment charges, just below its objective of 7.9%. The long-term objective is inflation, as measured by the Consumer Price Index (CPI), plus 3.5% a year, before investment charges. This recognises the importance of growing your money by more than inflation. Over the past 12 months, the fund outperformed the majority of its peers but underperformed over a three-year period. Over a five-year period, the fund sits in the middle of the pack compared to peers.
- The **now: retirement countdown fund**, which some of your savings move into each year as you near retirement, continued to perform as expected. It delivered 4.9% growth after investment charges, above the inflation objective of 2.6% a year. Over a five-year period, the fund returned 2.3% a year on average after investment charges, compared to an objective of 2.1%. The long-term objective is designed to protect the real (after inflation) value of your money. Given our move towards cash as you near retirement (as we believe most members take a cash lump sum at retirement) our returns for members close to retirement were lower, but more stable, over the last year than schemes that take more risk at retirement.
- The **shariah equity fund** delivered 3.7% after investment charges, slightly higher than its objective of 3.4%. The **shariah equity fund's** objective is to deliver a return equal to the Shariah-compliant Dow Jones Islamic Market Titans 100 Net Total Return Index over the long term, after the annual investment charge.
- Over the Scheme year, transaction costs were estimated to be 0.049% for the **now: growth fund**, 0.017% for the **now: retirement countdown fund** and 0.013% for the **shariah equity fund**. Both the **now: growth fund** and **now: retirement countdown fund** were lower than the previous Scheme year and are lower, or in line with, similar schemes. We believe these transaction costs are reasonable and give value for money for the investment strategy that was in place during the Scheme year.

A summary of our investment performance

Fund	Returns to date (after investment charges)				Yearly returns (after investment charges)			
	1 year	5 year	Since launch	Return objective since launch	1 year	5 year*	Since launch*	Return objective since launch*
now: growth fund	6.1%	39.2%	98.4%	75.6%	6.1%	6.8%	5.8%	5.3%
now: retirement countdown fund	4.9%	12.0%	14.1%	13.8%	4.9%	2.3%	1.2%	1.2%
shariah equity fund	3.7%	n/a	44.7%	43.8%	3.7%	n/a	16.4%	16.1%

*annualised returns

The returns above (after investment charges) do not include the impact of the monthly member administration fee. You are only charged this fee if you have more than £100 in your pension savings and taking the fee would not reduce your savings below £100. The current member administration fee is £1.75 a month, or £21 a year.

If you are in the default investment strategy, investment returns during the year (after investment costs and charges) vary depending on where you are on your retirement journey. The investments move from the **now: growth fund** to the **now: retirement countdown fund** as you approach retirement.

If you are within 10 years of your planned retirement age or beyond it, the returns are a blend of the **now: growth fund** and **now: retirement countdown fund** returns. If you are more than 10 years from retirement, the returns just reflect the DGF's performance.

Below we show four different examples of number of years to planned retirement age, with the investment performance they experienced during the last Scheme year and over the past five years. The returns (after investment charges) shown in the table below have been prepared in accordance with statutory guidance.

Years to planned retirement age	Returns (a year)		
	1 year	3 years	5 years
0	5.3%	3.0%	3.9%
1	5.4%	2.7%	4.2%
5	5.8%	1.6%	5.5%
30	6.1%	0.0%	6.8%

We scored the overall investment rating as **'very good'**. All aspects of investment governance were scored as **'good'**, **'very good'** or **'excellent'**. Overall, we believe our investment governance and performance deliver very good value for you.

Summary

Taken as a whole, we consider the Scheme continues to meet your needs and delivers very good value for you. Our 2025 review saw:

- many criteria that were ranked as 'very good' or 'excellent' in our 2024 review maintain their ratings

- an improvement in rating for investment performance, and
- some slippage on individual governance and member services criteria.

We continue to seek improvements for you and encourage a shift towards excellence.

Value for members assessment		Rating 2024	Proposed rating 2025	Overall proposed rating
Part A: Governance		2024	2025	Overall
1	Trustee composition and effectiveness, including knowledge, skills and expertise	Very good	Very good	Very good – 2025 (2024 – Very good)
2	Risk management, including cyber and data security	Very good	Very good	
3	Trustee Managerial and Scheme secretarial services	Very good	Good	
4	Professional advice to trustees	Very good	Very good	
5	Scheme audit services	Very good	Good	
6	Security of assets, including financial reserves	Very good	Very good	
Part B: Member service		2024	2025	Overall
7	Core financial transactions, including operation of Gateway	Very good	Good	Good – 2025 (2024 – Good)
8	Record keeping, reconciliations and quality of data	Very good	Very good	
9	Member communications	Good	Good	
10	Technology and member experience (including contact centre)	Good	Good	
11	IT systems and controls	Very good	Very good	
Part C: Investment		2024	2025	Overall
12	Suitability of investment strategy and retirement options	Very good	Very good	Very good – 2025 (2024 – Very good)
13	Investment consultant/manager services, including monitoring and reporting	Very good	Good	
14	Fair treatment of members, including mitigating against large pots unduly subsidising small pots	Very good	Very good	
15	Management of ESG and climate-related risks	Excellent	Excellent	
16	Net investment returns (net charges) [(including risk-adjusted returns)]	Good	Good	
17	Overall performance of fund against benchmarks	Needs some improvement	Good	
Part D: Costs and charges		2024	2025	
15	Administration charge (in relation to services covered)	Very good	Very good	Very good – 2025 (2024 – Very good)
16	Annual investment charge (in relation to services covered)	Very good	Very good	
17	Other transaction costs	Good	Very good	

Looking after your money and data

We check what happens to your money.

We are responsible for ensuring the Scheme's core financial transactions – including payments into and out of the Scheme and investing the contributions – are processed promptly and accurately.



We check what happens to your money

These core financial transactions include (but are not limited to) those listed in the table below.

Transaction type	How we monitor it
Investing the contributions members and their employers make into the Scheme	Weekly monitoring report, including reconciliation, based on daily transactions
Transferring members' pension savings into and out of the Scheme	Monthly monitoring report
Switching members' pension savings from the DGF to RCF in the 10 years leading up to retirement	Quarterly switches, reported in the month the switch took place
Payments from the Scheme to or for members	Weekly monitoring report

We oversee all the organisations below. They look after your money on a day-to-day basis.

now:pensions

NOW: Pensions Limited (NPL) looked after employers and helped to make sure they were contributing the right amount at the right time, as required by law, to your pension. NPL also handled communication with employers.



Aptia undertook the Scheme administration. They collected contributions and made sure these were allocated to members' accounts within the required timescales. Aptia also provided other aspects of administration, including the member contact centre.



BNY Mellon (BNYM) undertook investment fund administration and the custody of assets, including calculation of the fund values each week.

cardano

Investment management (deciding where to invest your money) was undertaken by CRML.



Provided custody and administration services.

To help ensure your money is processed promptly and accurately, we have service level agreements (SLAs) with the organisations that manage your money. The SLAs cover timeframes for, and quality metrics related to, the services our providers deliver to the Scheme. We received and monitored performance reports from these service providers throughout the Scheme year. The reports helped us assess how the service providers were performing against agreed SLAs and whether employers and members received good service levels.

Managing changes in administration

Based on a review of processing times over the Scheme year we believe that, overall, core financial transactions were processed promptly and accurately.

The Operations Committee (OC) monitored all aspects of employer and member services provided by NPL and Aptia each quarter. These included:

- investing contributions
- payments in and out
- transfers in and out, and
- requests and complaints from members.

The OC continued to review performance against SLAs and engaged regularly with NPL and Aptia throughout the Scheme year. The OC also reviewed work to prepare for the change of administrator, ensuring that the transition, which took place in May 2025, worked smoothly and accurately.

We can confirm that the processes our administrators have adopted include:

- monitoring bank accounts daily
- a dedicated Contributions Processing Team, and
- having two individuals checking all investment and banking transactions.

We were pleased to see the following improvements to service during the Scheme year.

- More than 99% of contributions received were reconciled and invested within statutory timeframes.
- Process improvements continued so that
 - a) investment of contributions received ahead of corresponding data is faster once that data has been provided and
 - b) the reduction in money that cannot be invested is at historic low levels. This has been managed through NPL engagement with employers.
- Administration service standards once again exceeded targets set by NPL and were rated green for the full Scheme year, with no disruption during the annual benefit statement distribution period.
- Members are increasingly using the online web form to raise new administration requests. This increased by 26% compared to the previous Scheme year.
- Complaints from members and employers fell by 17% compared to the previous Scheme year, despite an 8% growth in membership.
- Data management and quality saw further improvement during the Scheme year.

A lot of work was completed in the Scheme year in anticipation of transferring the Scheme's administration to a new administrator, TCS. The transfer took place at the start of May 2025, after the end of the Scheme year. We expect the new administration platform to give you a better experience and more choices at retirement.

Data integrity

The Scheme holds a lot of information about you and your pension. It's important this information is correct and safe. We ensure that two different categories of member data are checked regularly for errors, and that errors are put right.

Scheme-specific data

is data required for the effective administration of the Scheme – for example, data about contributions or earnings. The Scheme-specific data score was

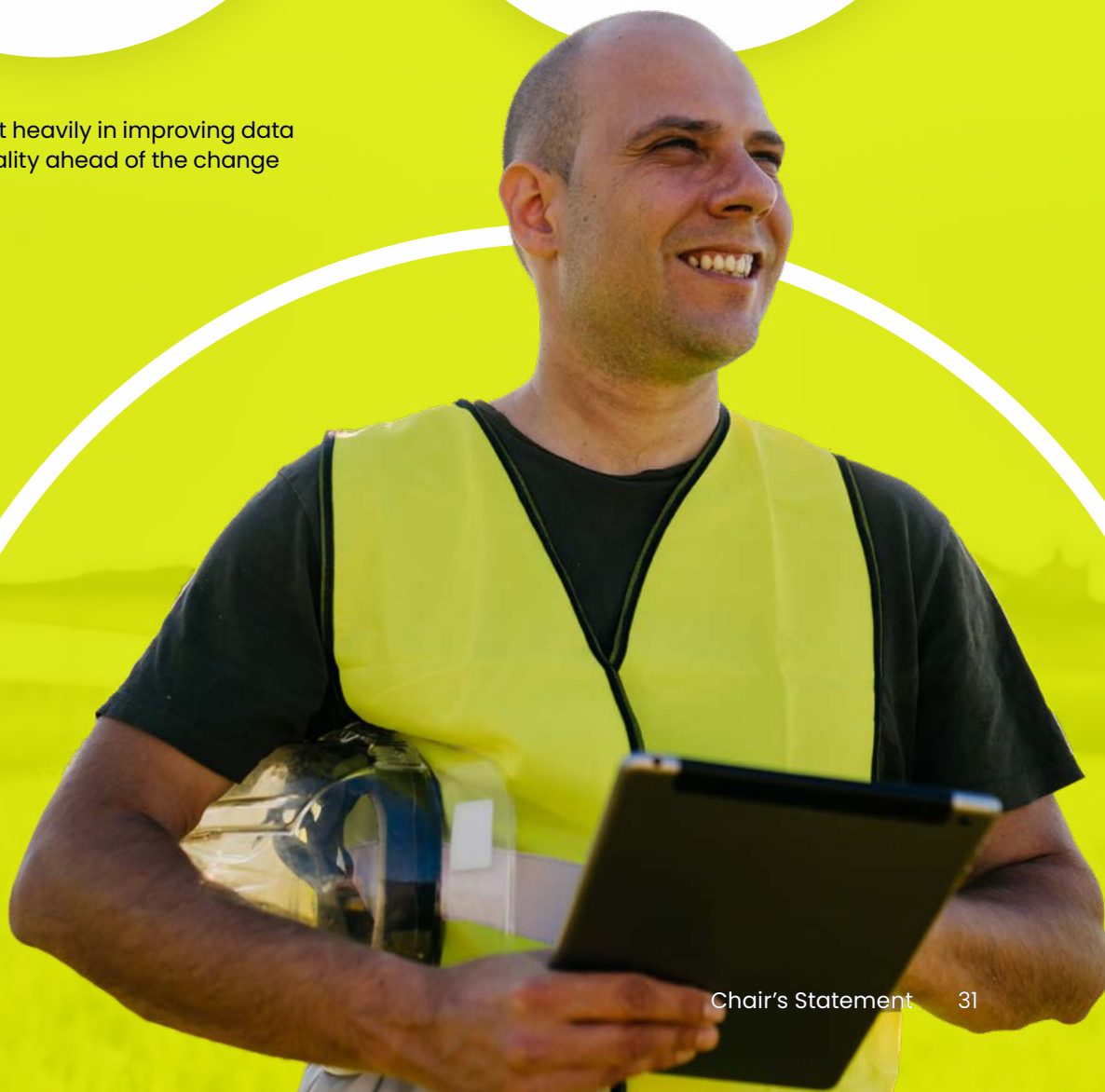
98%

Common data

enables members to be identified and includes names and addresses. The common data score was

97%

NPL continued to invest heavily in improving data management and quality ahead of the change of administrator.



4 How your money is invested

The Scheme's main objectives are simplicity, sustainability and affordability. We achieve these primarily through our default investment strategy which we believe meets the needs of most of our members.



Ensuring our investment strategy meets your needs

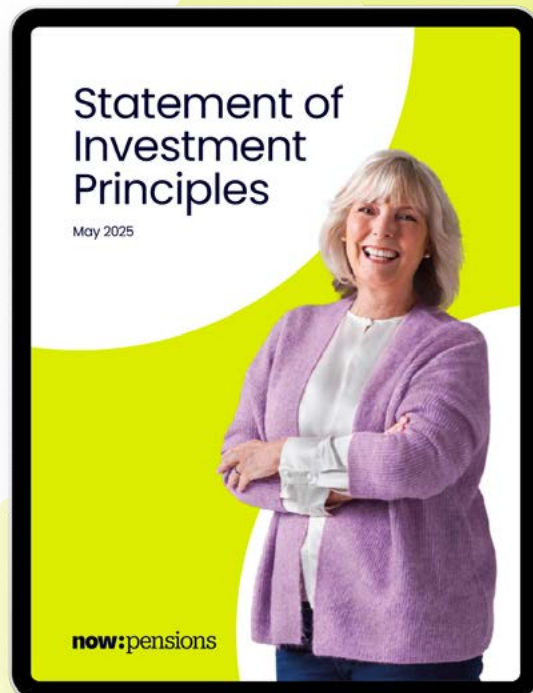
All our investment decisions place our members' profile and needs at the forefront. We regularly look at how much members contribute, how long they stay in the Scheme, how much they have saved and what decisions they make at or around retirement. A significant proportion of our members tend to have smaller amounts of pension savings than many other schemes.

Following a major review in 2023, we implemented a change in investment strategy at the start of 2024. The new strategy is designed to be simpler for members to understand. It has now been in operation for more than 12 months and we are pleased to see investment returns improving. Our 1 and 2-year returns across all our funds are looking strong compared to peers and the funds' objectives. Also, the level of risk that your money has been exposed to since the start of the new strategy has been consistently below the expected range.

The investment strategy and the stewardship of assets is now more aligned to the Trustee's investment beliefs, including its sustainability beliefs. More than 75% of default assets are now in responsible investments.

You can find out more about our investment approach in our latest Statement of Investment Principles (SIP) dated October 2025, after the end of the Scheme year (Appendix B). You can also see the SIP [here](#).

We will begin our next full three-yearly review of the default investment strategy in 2026.

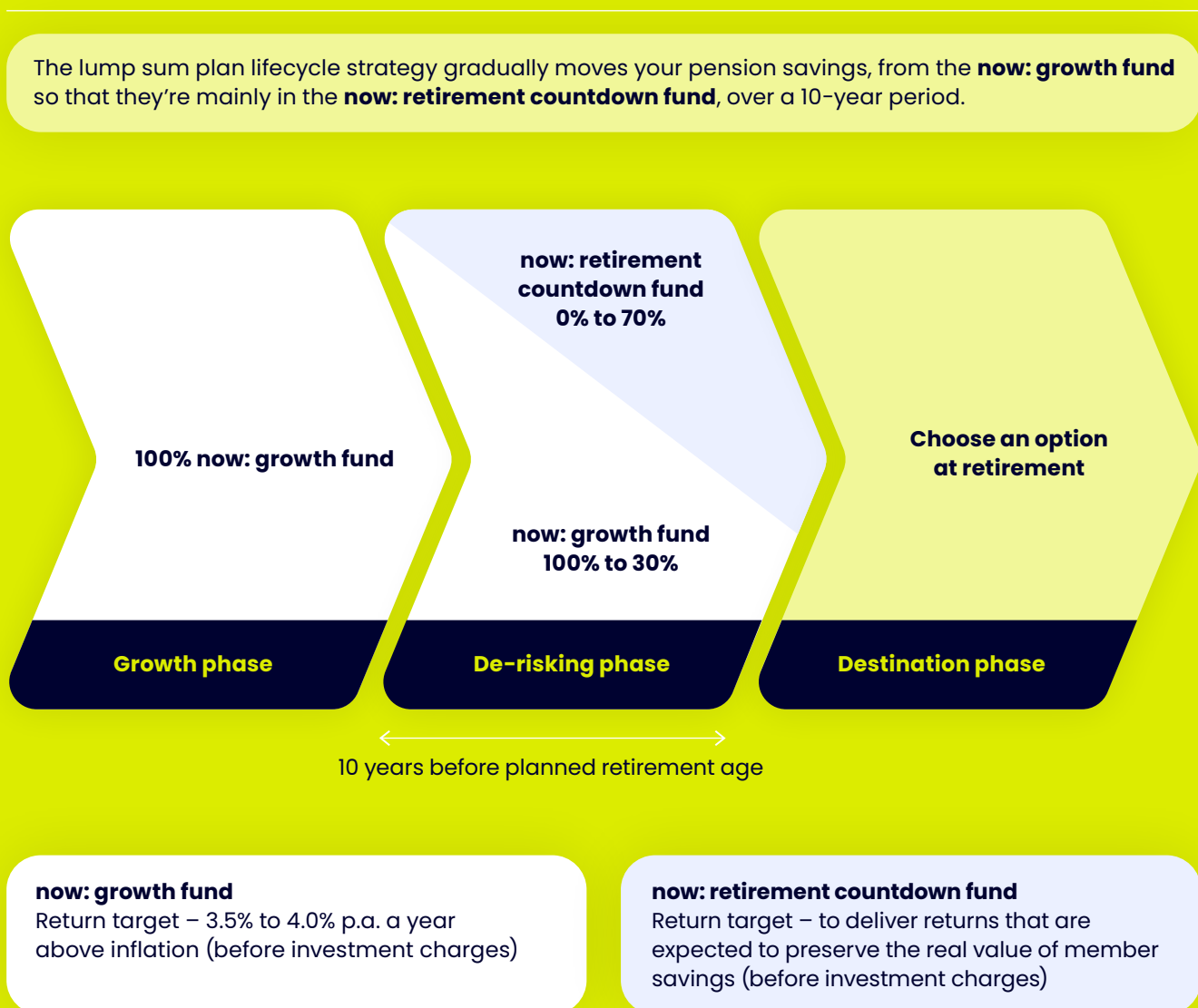


[View the latest SIP here](#)

Your pension saving journey

The pension saving journey for our default investment strategy, which most of our members are in, has three phases, as described in Figure 5.

Figure 5



Your retirement options

1. Stay where you are.
2. Take your savings as a cash lump sum. When you take your savings, 25% is normally payable tax-free.
3. Transfer to another provider to generate a guaranteed income, or drawdown income.

A balanced investment strategy

The pension saving journey shown in Figure 5 on page 34 is the default investment strategy, the one you go into if you don't make another choice (the 'default arrangement' as set out in the Scheme Administration Regulations).

We believe the default investment strategy is the right choice for most members. It is our responsibility to ensure the default arrangement reflects the requirements of the membership group it is designed for, and this is monitored by our IC on a regular basis.

We recognise that some members have particular investment preferences and needs. Some members may wish to move away from the default arrangement for various reasons reflecting their beliefs or circumstances. We expect to respond to those members' preferences by launching a considered range of investment solutions to meet their needs and beliefs later in 2025 and in 2026.

As a first step, in May 2025, we made the **shariah equity fund** available to all members. This fund provides a Shariah-compliant equity fund for those members who want to invest in line with the requirements of Shariah law and the principles of Islam. In the Scheme year, this fund was only available to Uber members.

Our strategy is underpinned by the three broad investment objectives – targeting growth, managing risk and responsible investing.

We are required to have an Implementation Statement setting out how the investment strategy has followed the Statement of Investment Principles. We published our most recent Implementation Statement, covering the previous Scheme year, in October 2024. We expect to publish the Implementation Statement for the Scheme year covered by this Chair's Statement in October 2025. You can see a copy of the latest Implementation Statement [here](#).



Targeting growth

The investment strategy we agreed sets out the level of return we expect the **now: growth fund** (called the DGF before 12 May 2025), **now: retirement countdown fund** (called the RCF before 12 May 2025) and **now: shariah equity fund** (called the Shariah Fund before 12 May 2025) to achieve over the long term.

The **now: growth fund** delivered a return of 6.1% (which matches the fund's objective of CPI + 3.5%) during the Scheme year, after investment costs and charges.

The **now: retirement countdown fund's** annual return of 4.9% during the Scheme year exceeded its objective of CPI after investment costs and charges.

The **now: shariah equity fund's** return, after investment costs and charges, was 3.7%.

Managing risk

In the **now: growth fund**, we manage risk by spreading the investments across a range of different asset classes.

The investment manager reviews the precise split of assets regularly. It can vary according to changing economic conditions. The Trustee Board and the IC believe the investment strategy should mean that annual volatility (the amount by which investments go up or down) should be in the range of 12.5% to 14%.

In the **now: retirement countdown fund**, we manage risk by investing in money market funds, cash deposits and short-dated bonds, designed to minimise the risk of loss in real (inflation adjusted) terms. Annual volatility is expected to be in the range of 3% to 5%.

In the **now: shariah equity fund**, risk is currently managed in line with an Islamic equity index with the volatility associated with that index.

Responsible investment

This Scheme year, we focused on our responsible investment objectives in relation to climate action, social change and governance of the investments the Scheme holds.



Investing to have a sustainable impact as well as for growth

Responsible and sustainable investing means investing with a long-term approach that benefits the environment and communities and avoiding investments that may be considered harmful.

We believe there are strong investment reasons to focus on responsible investing and sustainability. Issues like climate change can have negative impacts on the economy and, in the long term, your retirement savings.

We focus our investment strategy on three Rs: risk, return and real-world sustainable impact.

- Investing responsibly or sustainably helps to reduce the financial risks from things like climate change, which could be bad for your investments in the future (risk).
- We believe this will produce long-term benefits for our members, helping to grow their investments over time (return).
- And like us, many people welcome the idea that their pension investments can contribute to a more sustainable world (real-world impact).

Our sustainability themes and stewardship

Our three sustainability themes, that guide the way we invest and work, are: climate action, gender equality and living wages.

Stewardship means we aim to engage with the companies we invest in to get the best value from our investments over the long term. We focus on investment returns but also account for the social and environmental value we get from the investments. For example, we aim to engage with companies to achieve net zero.

Stewardship is an important part of our investment strategy. We believe effective stewardship can generally improve member outcomes. So, we should engage with companies, regulators and stakeholder groups, and, where applicable, use our voting power to encourage investee companies to address sustainability risks, and make progress towards our priority sustainability themes, such as, living wages, gender equality and climate action.

We have listed a few examples of Cardano's recent and ongoing engagement with direct investments in the table on the next page.

Company	% of holding in fund	Priority theme	Summary of resolution	Vote	Summary	Next steps/Outcome
Costco	0.8%	Climate action	Elect Directors (Helena B. Foulkes, Jeffrey S. Raikes, Mary Agnes Wilderotter)	Against Elections (Against Management)	We believe that companies like Costco with high exposure to biodiversity risks throughout their supply chains should have clear board level accountability for biodiversity and deforestation strategies meaningfully integrated into their overall business strategies. We voted against the re-election of the members of the Nominating and Corporate Governance Committee, as the company lacks sufficient oversight of these risks.	1.9% of shareholders voted against the elections. Cardano will continue to engage Costco along with a group of investors who are encouraging the company to have a formal process for identifying and managing biodiversity-related impacts and dependencies and developing better oversight.
SK Innovation	0.1%	Climate action	Financial Statements and Allocation of Profits/ Dividend	Against resolution (Against Management)	Although SK Innovation has set Scope 1, 2, and 3 targets, it does not disclose how senior executive incentive compensation structure aligns with these decarbonisation targets. In the absence of a resolution on the company's remuneration policy, in line with Cardano's custom policy, we voted against the financial statements resolution and informed the company of our voting decision and rationale.	1.9% of shareholders voted against this resolution. Cardano will continue to monitor the company's remuneration policy and how it links decarbonisation targets to its incentive plans.
Apple	4.5%	Gender equality	Shareholder Proposal: Abolishing Inclusion and Diversity Program and Policies	Against the resolution (With Management)	The proposal asked Apple to consider abolishing its Inclusion & Diversity program, policies, department and goals. In the supporting statement, the proponent cites the US Supreme Court's rulings in <i>SFFA v. Harvard</i> and <i>Muldrow v. City of St Louis</i> which have raised legal concerns regarding corporate Diversity, Equity and Inclusion (DEI) programs. Despite these decision, Cardano voted against the proposal, in line with management recommendations. There are several federal laws prohibiting various types of job discrimination (including the Civil Rights Acts of 1964 and 1991 and the Equal Pay Act of 1963), which the company must adhere to. Additionally, Cardano believes that inclusive and diverse workplaces benefit companies by creating a more innovative, productive and equitable environment, ultimately improving business performance. Asking the company to abolish its existing practices on the topic is contrary to these beliefs.	2.3% of shareholders supported the resolution (did not pass).
Telefonaktiebolaget L M Ericsson	0.01%	Gender equality	Elect Director (Elect Jan Carlson as Chair)	Against the election (Against Management)	Gender diversity on the board after this meeting will be 27% (down from 30%) and the Cardano policy has a 30% gender diversity threshold for board elections in developed markets. We expect the company to provide comprehensive disclosure on its strategy and objectives in terms of gender diversity as well as outline specific targets in this regard. We do not believe that the company has provided sufficient justification as to why it has failed to achieve a higher level of gender balance for the board and therefore voted against the re-election of the chair in the absence of a vote on members of the Nomination Committee.	5.1% of shareholders voted against election. Cardano will continue monitoring the gender diversity on the board of the company and vote according to its policy.

Types of sustainable investment

We've been investing in green, social, and sustainable bonds for over seven years. These bonds finance a range of projects which are mapped to UN Sustainable Development Goals, including tackling poverty, improving education, providing affordable and clean energy, reducing inequalities and developing sustainable cities and communities.

The Scheme has produced its third report on implementing the Task Force on Climate-related Financial Disclosures (TCFD). You can find a copy of the TCFD report on our website at nowpensions.com/tcfid.



Where your money is invested

The tables below show:

- the different types of asset the funds available through the Scheme were invested in at the end of the Scheme year (as at 31 March 2025), and
- the asset allocation for members of different ages in the default investment option.

Asset class	now: growth fund	now: retirement countdown fund	now: shariah equity fund
Cash	0.0%	32.6%	0.0%
High yield	5.0%	0.0%	0.0%
Global credit	15.3%	67.4%	0.0%
Listed equities	74.4%	0.0%	100.0%
Private equity	0.0%	0.0%	0.0%
Infrastructure	0.0%	0.0%	0.0%
Property	0.0%	0.0%	0.0%
Other debt instruments	0.0%	0.0%	0.0%
Other assets	5.3%	0.0%	0.0%
Total	100.0%	100.0%	100.0%

Asset class	Percentage allocation – average 25-year-old (%)	Percentage allocation – average 45-year-old (%)	Percentage allocation – average 55-year-old (%)	Percentage allocation – 1 day before SPA (%)
Cash	0.0%	0.0%	0.0%	22.8%
High yield	5.0%	5.0%	5.0%	1.5%
Global credit	15.3%	15.3%	15.3%	51.8%
Listed equities	74.4%	74.4%	74.4%	22.4%
Private equity	0.0%	0.0%	0.0%	0.0%
Infrastructure	0.0%	0.0%	0.0%	0.0%
Property	0.0%	0.0%	0.0%	0.0%
Other debt instruments	0.0%	0.0%	0.0%	0.0%
Other assets*	5.3%	5.3%	5.3%	1.6%
Total	100%	100%	100%	100.10%**

*Assets that are different from the other investment groups including industrial metals, gold and carbon credits which are all implemented through derivatives. A combination of physical and derivative investments can be used in the management of the now: growth fund. A derivative is a contract between two or more investors, whose value is based on an agreed-upon underlying financial asset, index, or security. Futures contracts, forward contracts, options, swaps, and warrants are commonly-used derivatives.

**Figures may exceed 100% owing to rounding.

Members whose pension savings are in the **now: shariah equity fund** remain fully invested in listed equities throughout their time with **now:pensions**. Their assets aren't de-risked as they get closer to their planned retirement age.

Investment management

We delegate day-to-day responsibility for managing investment to CRML, which is authorised and regulated by the Financial Conduct Authority.

We delegate responsibility for monitoring CRML's performance to the IC, with advice from our investment adviser. The IC receives reports from CRML at each meeting. It reports back to us at each board meeting, or immediately if it has any concerns.

The IC ensures that reporting is delivered to a high standard and is fit for purpose, reflecting the investment strategy.

We review the investment strategy yearly. The most recent review was in quarter 1 2025. The next formal three-yearly strategic investment review will take place in 2026.



Communicating with and listening to you

It is important to us that our communication with you is clear, timely and accurate. We also want to hear directly from you about what is important to you. We want to listen and learn, so we can ensure the Scheme meets your needs.



Understanding our members

We work to make sure the design and communication of **now:pensions** is appropriate to your wants and needs. We achieve this by listening to and learning from you.

Learning from you

We learn a lot from your feedback. One of the Communications Committee (CC)'s key priorities is to encourage **now:pensions** to improve the way we communicate with you, based on what you tell us through member research and your interactions with the support team and complaints process. We have been pleased to see **now:pensions** implement programmes of member research designed to help us and them design when and how we communicate with you.

We work closely with **now:pensions** to make sure feedback and research findings direct our investment, communications and operational strategies. Research in previous years helped shape the updated investment strategy and, more recently, the new online pension platform for members, **now:u**.

In 2024, we were pleased to see a number of new approaches adopted.

- Behavioural research was used to support the launch of **now:u**, the new online platform for members, and to improve the design of communications.
- Behavioural science was used to test the effectiveness of a retirement solution for members which we will continue to progress in the next Scheme year.



At 3.4 million views, the number of page views across our **nowpensions.com** website increased by 42% since the previous Scheme year.

We also monitor complaints because that helps us understand where improvements need to be made.

During the Scheme year **now:pensions** received 2,062 complaints from our members. This is lower than last year. The top three areas members were dissatisfied with were:

1. preparing for retirement
2. opting out of their pension
3. the value of their savings.

We and **now:pensions** take every complaint seriously and have processes to resolve them quickly, using what we learn to improve how we do things and our communications.

Member complaints, categorised by root cause, are reviewed by our Operations Committee.



You can contact us directly by emailing **trustees@nowpensionstrust.com**.



You can also call our member support team. These details are available on the website at **nowpensions.com/contact-us** and on annual benefit statements.

Improving communication

The CC meets every quarter to review our progress against the communications strategy and plan, and to address any communications issues referred from other committees. It also reviews the management of member information and the findings from our dedicated member insight group.

This group uses information from a range of sources to develop a better understanding of member engagement and communication.

Here are some examples the CC oversaw during the year.

- Continued rollout of our new member research-backed tone of voice, designed to make communication about pensions easier and more straightforward.
- Approval and improvement of the member engagement strategy.
- Review and approval of our rewritten operational communications, to be launched alongside **now:u** in 2025.
- Publication of our 2024 Task Force on Climate-Related Financial Disclosures (TCFD) report, with a new member-friendly webpage. This report explains our responsible investing approach and progress towards our sustainability goals.
- Publication of our stewardship policy. This sets out **now:pensions'** stewardship beliefs, our approach to engaging with companies, regulators and stakeholder groups, and how we use our voting power to influence investee companies in line with our responsible investment beliefs.



Representing your interests and fair pensions for all

We continue to support research and policy work that highlights issues faced by the most disadvantaged groups when it comes to retirement savings. Here is a selection of this work during the Scheme year.

Gender pensions gap

Our 2025 Gender Pensions Gap report finds:

- the underpensioned gap is now at 57% – the highest level since we began reporting in 2020
- of the underpensioned groups, people with disabilities have the lowest pension income at just 43% of the UK average, and
- there are 11 million underpensioned individuals working in the UK, that's 38% of the workforce.

Children's financial literacy (Debate Mate)

now:pensions sponsored Debate Mate, an educational charity that teaches debating in inner-city schools in areas of high child poverty across the UK. Since 2020, **now:pensions** has mentored more than 3,500 students about money, savings and pensions.

Small amounts of pension savings

We welcomed the government's decision to develop plans to consolidate small amounts of pension savings. We believe this would help many of our members understand and engage more actively with their pension savings, and potentially save money on charges.

We're working closely with government to help shape the details so that it will work well for our members. We were pleased the government invited us to join a small group of pension schemes and providers to help inform its proposals, and the outcomes from those discussions are now reflected in the Pension Schemes Bill, introduced in 2025 and currently going through Parliament.

Government's Pension Investment Review

During 2024 and 2025, the government undertook a review of pension scheme investment and explored ways to increase investment into the UK in general, and into different types of assets such as private markets. They believe this can be achieved through fewer, larger pension schemes. They have set out proposals to achieve this.

- We have responded to the Call for Evidence and the Consultation, and taken part in various working groups and roundtables to explore the issues and explain to government our view on how this would work best for **now:pensions** members.
- We're working closely with government to shape its proposals so that they lead to better outcomes for members and mitigate unintended consequences.
- Just after the end of the Scheme year – in May 2025 – NOW: Pension Trustee Limited became a signatory to the Mansion House Accord. As a result, we have an ambition to invest 10% of the default investment fund in private market assets as long as this is in members' best interests. These assets could include infrastructure, property, and private equity. At least half these investments – 5% of the default – will focus on the UK, with some of these assets expected to help the UK economy.

Pension Schemes Bill

In 2024 the Government announced that they would be introducing new laws about pensions. A Pension Schemes Bill was published just after the end of the Scheme year. Its proposals include:

- pension schemes providing more support to members when they retire
- automatically consolidating savings of under £1,000 where a member isn't actively saving, into one of a small number of highly regulated schemes
- requiring pension schemes like **now:pensions** to reach a certain size, and
- introducing a new 'value for money' framework for pension schemes, to support transparency and competition.

We had already been developing solutions and proposals for these topics. We've also been actively engaging with government on them over the last few years and are pleased to see action to bring new laws into effect.

Appendix A: Meet the Trustee Directors



Joanne Segars OBE
Chair of Board of Trustees

Joanne has nearly 40 years' experience in the pensions and investment industry. She chairs the Independent Governance Committee at Legal & General and is on the Pension Fund Governing Body at CERN in Switzerland. She is a governor of the Pensions Policy Institute.



Edward Jones
Trustee Director
NOW: Pension Trustee Limited and Chair of the audit, risk and compliance committee

Ed has more than 20 years' experience in the pensions industry and also chairs the Colgate-Palmolive UK Pension Plan. As an international leader and mentor, he has extensive experience in helping growth-focused companies to transform their businesses through a focus on strategy, performance and risk management.



Adrian Kennett
(representing Dalriada Trustees), Trustee Director
NOW: Pension Trustee Limited and Chair of the OC

Adrian is a director of Dalriada Trustees, an independent trustee services provider, and an experienced professional trustee with 26 years' experience in the pensions industry.



Fiona Matthews
Trustee Director
NOW: Pension Trustee Limited

Fiona has more than 25 years' experience in the pensions and life assurance industry, including seven years leading LifeSight, a DC master trust. She has built diverse teams and provided commercial, strategic and change leadership across FTSE 100 insurers and global consultancy firms.



Gary Smith
Trustee Director
NOW: Pension Trustee Limited and Chair of the IC

Gary has more than 30 years' experience in the pensions and investment industry. Over that time he has held various senior leadership roles across the master trust, investment management and advisory sectors. Gary was appointed as Chair of the IC on 1 April 2024.



Tracy Weller
Trustee Director
NOW: Pension Trustee Limited and Chair of the CC

Tracy has more than 30 years' pensions industry experience and has held senior leadership roles for several master trusts and third-party administration providers. She has a background in pensions administration, IT service delivery and consultancy in regulated environments.

Appendix B: Statement of Investment Principles

Statement of Investment Principles

October 2025



now:pensions

Statement of Investment Principles

Adopted by the Trustee on 6 October 2025.

Joanne Segars,
Chair of the Trustee Board
NOW: Pension Trustee Limited



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1 Introduction

Background

This Statement of Investment Principles (the 'SIP') sets out how the NOW: Pension Trustee Limited (the 'Trustee') invests the money in the NOW: Pensions Trust (the 'scheme'). It sets out the investment beliefs, high-level objectives, policies and principles that govern the investment decisions the Trustee makes and the stewardship activity it carries out. We have prepared the SIP in line with all the relevant legislation and regulatory guidance.

The SIP is available to members on the **now:pensions website** (nowpensions.com). We review it at least once every three years. We also review it if there are any significant changes in investment policy or to the demographic profile of the scheme's members.

The scheme provides a default investment plan, the lump sum plan, that members go into if they don't choose anything else. There's also a range of other investment plans and a fund members can choose from. You'll find details of these arrangements in sections 2 to 9 of this SIP.

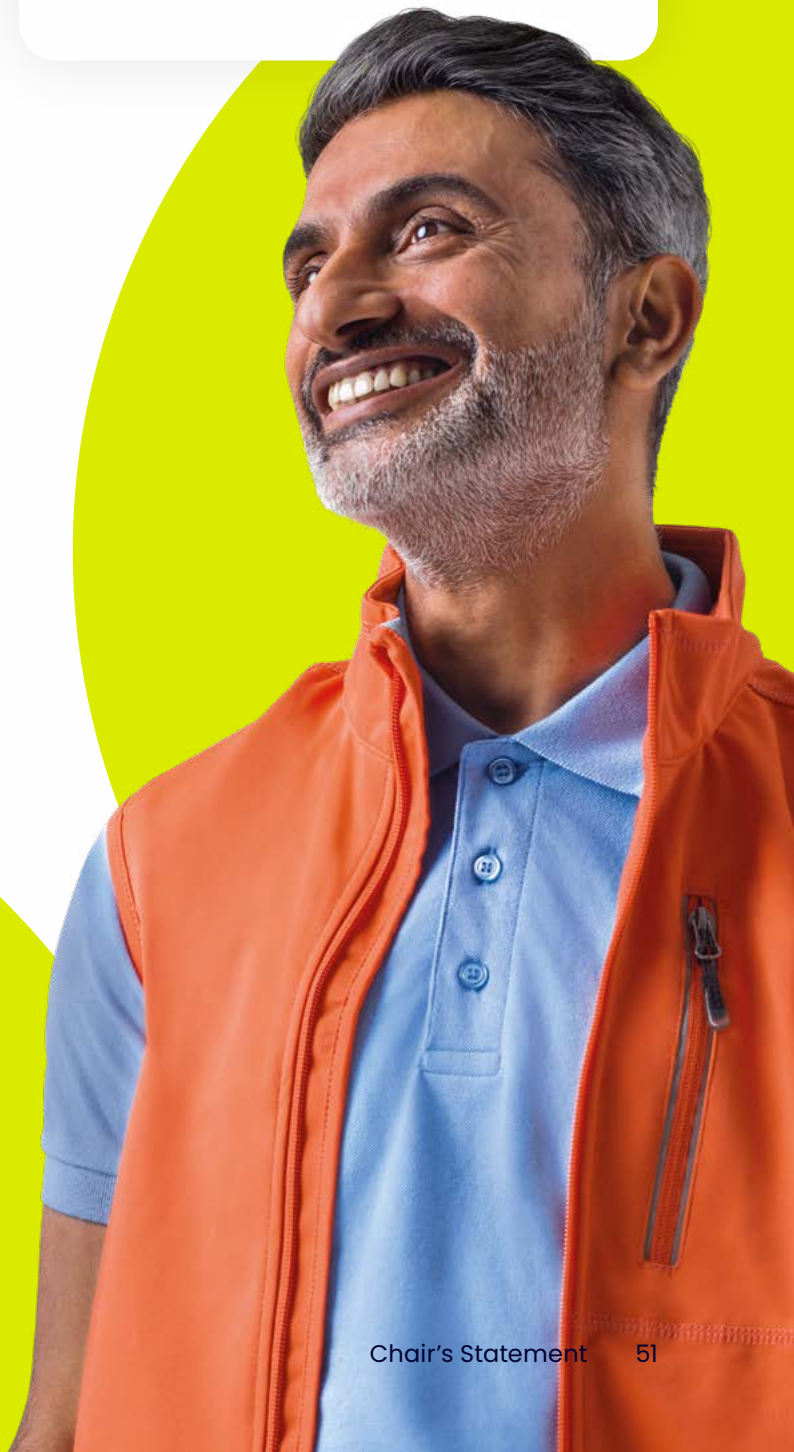
About the scheme

The scheme is a defined contribution (DC) pension scheme. All the benefits it provides are based on the money saved in the member's individual pension account, without any guarantees of performance.



The scheme

Our scheme is a master trust – a type of defined contribution pension scheme that lots of different employers take part in, managed by a board of trustee directors who share responsibility for ensuring the scheme always runs in the best interests of its members.



2 Governance

The scheme is governed by its Trust Deed and Rules which sets out the scheme's benefits and the Trustee's investment powers.

The scheme's assets - the money in individual members' pension accounts - are invested in the best interests of members and their beneficiaries.

The Trustee has established an investment governance framework setting out the roles and responsibilities for each party involved in developing and running the investment strategy and policies.

The parties are:

- the Trustee
- NOW: Pensions Limited (NPL) as scheme manager
- the investment manager
- the investment adviser.

They all have a role in:

- developing the investment strategy
- provision of investment choices to members
- integrating sustainability and stewardship within the portfolios.

The Trustee is responsible for deciding how to invest the scheme's assets. It sets, and regularly reviews, the investment beliefs, objectives and investment strategy for the scheme. This includes how the return on investment is consistent with the aims and objectives of the investment plans and funds, including the default investment plan.

The Trustee has entered into an investment management agreement (IMA) with Cardano Risk Management Limited (Cardano), as its 'investment manager', and has delegated all day-to-day investment functions to them, subject to regular monitoring and review. As investment manager, Cardano is responsible for making investment decisions in line with the SIP, as far as reasonably possible. There are processes in place for Cardano to notify the Trustee where this is not possible.

The Trustee delegates decisions around the realisation of investments to Cardano. Assets are realised as part of the ongoing management of the portfolio, including rebalancing of assets in response to changing market conditions and to meet the cashflow needs of the Trustee.

The Trustee and Cardano agree guidelines and restrictions clearly stating Cardano's responsibilities and the scope of its powers, as set out in the investment governance framework. The Trustee has consulted with NOW: Pensions Limited (NPL), as the employer representative, on the contents of the SIP.

The Trustee has received and considered advice on the content of this SIP from its investment adviser. The Trustee is satisfied the investment adviser has the knowledge and experience the law says it needs to carry out this role, as set out in the investment governance framework. Before making any investment decisions, the Trustee takes professional advice from its investment adviser about the suitability of investments having regard to this SIP.

The Trustee has taken all reasonable steps to satisfy itself that the parties it delegates responsibilities to have the knowledge and experience they need to carry out their role.

The Trustee has set up an Investment Committee to develop and make proposals to the Trustee Board about the investment strategy and sustainability. The Investment Committee oversees and monitors the implementation, and ongoing delivery, of associated investment-related suppliers - including the investment manager, Cardano. This includes (but is not limited to):

- monitoring progress against the investment aims and objectives of the investment plans and funds, and
- ensuring alignment and consistency with this SIP.

3 Trustee investment beliefs

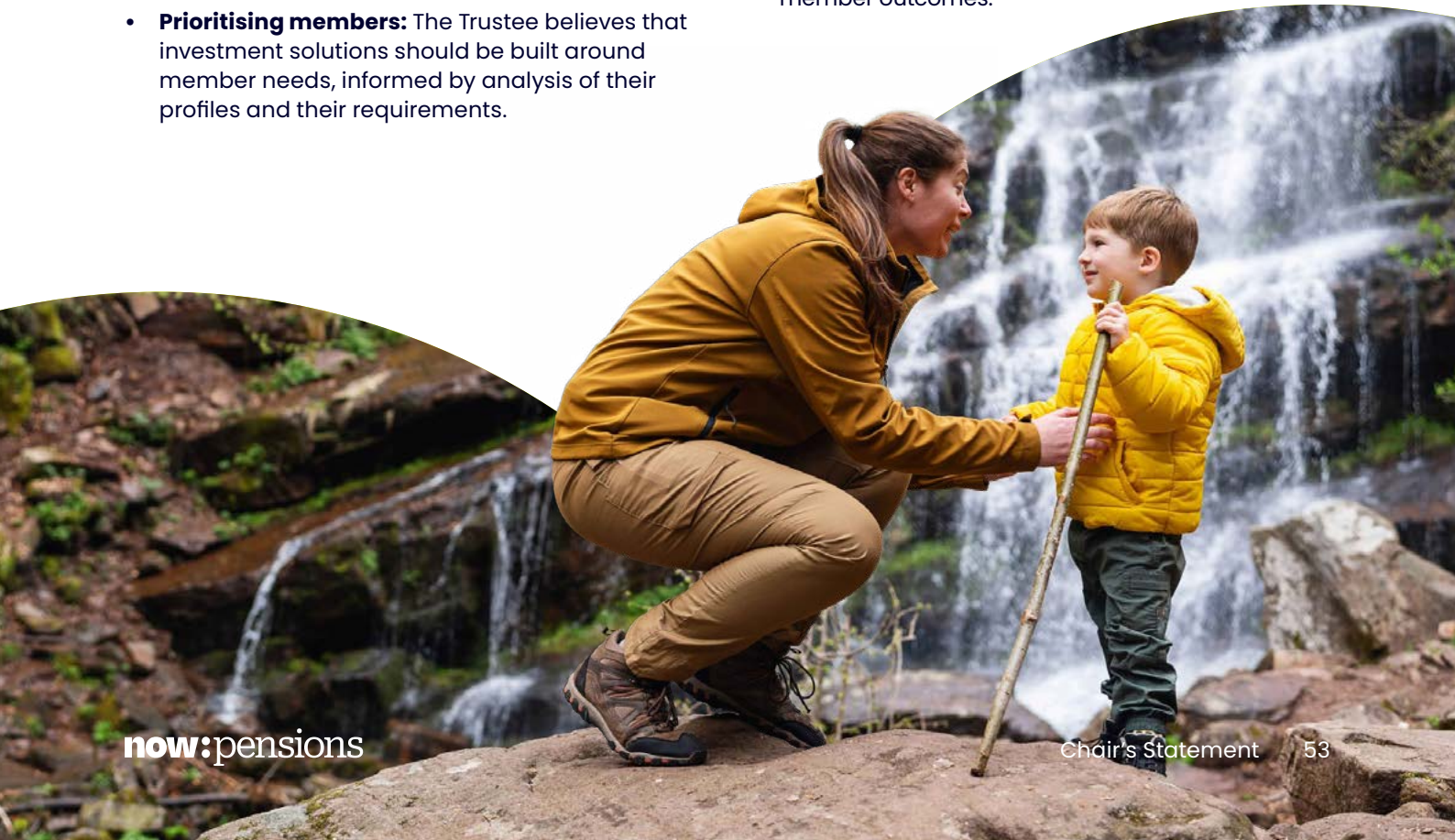
Investment beliefs

Our members are saving for retirement over the long term. This is why the Trustee takes a long-term view. It's reflected in our approach to our investment strategy so we can deliver the best outcomes for members, with their retirement in mind. The Trustee also determines the investment strategy based on a set of overarching investment beliefs that guide all investment activities. These beliefs are the foundation for the focus and direction of the investment strategy, ensuring the scheme delivers good value for all its members. They are the starting point for more detailed investment solution beliefs.

Overarching Trustee beliefs

- **Default investment strategy:** The Trustee believes that for the vast majority of members, the default investment strategy will be the right choice and they will stay invested in it. It is therefore our responsibility to ensure that the default investment strategy reflects the requirements of the membership group it is designed for. The Trustee should prioritise continuous development of the default investment strategy so it remains in the best interest of members.
- **Prioritising members:** The Trustee believes that investment solutions should be built around member needs, informed by analysis of their profiles and their requirements.

- **Strong investment governance:** The Trustee believes that strong and robust investment governance improves investment performance, wider member outcomes and protects member interests. This should include clear articulation of the governance in place with oversight of key investment suppliers, including the investment manager.
- **Whole-of-life savings journey:** The Trustee believes that better member outcomes can be achieved by taking a whole of life approach to members' savings journeys.
- **Value for money:** The Trustee believes that delivering value for money is best assessed net of costs and charges. We believe there must be a healthy balance between costs and charges incurred, and the value they deliver for members. To deliver better net member benefits, we will focus on value rather than just low cost.
- **Operational robustness:** The Trustee believes that well-governed systems and processes, accompanied by accurate member data, are necessary for delivering good member outcomes.



Investment solutions beliefs

- **Lifecycle investing:** The Trustee believes that the default investment strategy should reflect a member's ability to take appropriate investment risk over their savings journey to and through retirement. This is achieved with a lifecycle investment profile. The default investment strategy, and any other plans introduced, should be appropriately structured to incorporate a member's perceived ability to take investment risk throughout their lifecycle. This allows for taking more investment risk during the majority of a member's lifecycle, transitioning to a lower level of risk as the member gets closer to retirement.
- **Time horizon:** The Trustee believes that how much investment risk a member can take depends on how long they have to go until they can start to take their pension savings. This means we should be mindful of a member's investment time horizon which is expected to be long term in the growth phase, decreasing in the de-risking phase, and shorter at the destination phase.
- **Member choice:** Some members may choose to move away from the default investment strategy for varying reasons. The Trustee therefore believes it may be appropriate to offer a considered range of investment solutions to meet their needs and beliefs.
- **Communication:** The Trustee believes that to help members make an informed choice, the options and consequences of changing investments need to be clearly explained.
- **Investment risk and return:** The Trustee believes that to earn an investment return commensurate with our investment objectives, members must take considered investment risk. This means investing a member's pension savings and managing risk in a robust way. The Trustee also believes that not taking enough, or taking too much, investment risk can be a material risk for members.
- **Financial risks:** The Trustee believes that not all financial risks are rewarded equally. Over time, investors are expected to be rewarded for taking investment risk by earning a return. The risk and return will differ depending on what has been invested in, such as traditional and alternative assets, as well as a potential risk premium for illiquidity. There are also financial risks that investors are not rewarded for taking – those risks should be considered, and potentially mitigated.
- **Illiquidity risk premium:** The Trustee believes that less liquid assets can provide an additional return to compensate for the illiquidity. We are investing for our members for the long-term, and allocating a considered amount to less liquid assets can be an attractive addition to the portfolio.



- **Asset allocation:** The Trustee believes that asset allocation is the key strategic investment decision for long-term investment outcomes. By allocating to a range of different sources of investment returns, the combined investment risks can be reduced. In the long run, a well-diversified portfolio will be more robust and deliver a higher risk-adjusted investment return.
- **Financial markets:** Although financial markets are largely efficient, the world is volatile, uncertain, complex and ambiguous. The Trustee believes this means that passive management should be the starting point, but we recognise that active management and alternative investment can, under certain circumstances, add value after costs and charges, and improve member outcomes.
- **Responsible investment:** Incorporating financial environmental, social and governance (ESG) factors, as well as real-world sustainability impact, into the investment process is necessary as a long-term investor. The Trustee believes it mitigates risks, enhances returns and is in our members' best long-term interests.
- **Stewardship:** The Trustee believes that effective stewardship can generally improve member outcomes, and so we should engage with companies, regulators, and stakeholder groups. Where applicable, we should use our voting power to encourage investee companies to address sustainability risks, and make progress towards our priority sustainability themes: living wages, gender equality and climate action; and our categorisation of 'most significant votes'.
- **Climate crisis:** The Trustee believes that a speedy, fair and just transition to a low-carbon economy is the only feasible way to address the climate crisis. Therefore, the Trustee believes that investment solutions should be constructed to achieve net zero GHG emissions by 2050, with 50% emissions reduction by 2030 based on 2019 levels, consistent with the Paris Climate Agreement goal of limiting global warming to 1.5°C.



4 Investment objectives

Risk and return objectives

The Trustee's investment beliefs inform the aims and objectives of the Trustee's default investment plan and other investment options made available to members. These aims and objectives are intended to make sure we invest the assets in the best interests of the scheme's members and beneficiaries.

The investment objectives are set and reviewed by the Trustee with the primary focus being the expected long-term return, allowing for the trade-off with investment risk and cost. The return objectives and risk objectives are specified in the guidelines agreed with the investment manager as part of the investment management agreement. We summarise the risk and return objectives in the Appendix.

The scheme's default investment plan is the lump sum plan.

4.1 The scheme's default investment plan (lump sum plan)

The Trustee has decided on an investment strategy for the lump sum plan, the default investment plan, that it believes is appropriate for scheme members who don't want to think or worry about investments. It takes into account the Trustee's analysis of the membership, including its age profile, planned retirement age and how members are expected to use their savings at or after retirement. This is based on data about the scheme's members' retirement trends and behaviours. In the long term, the Trustee expects the strategy to deliver a satisfactory return in real (inflation-adjusted) terms on the contributions invested. The inflation-based return objectives are detailed in the Appendix.

The next three-yearly review of the investment strategy will be due in 2026 when the suitability of the cash lump sum target will be reassessed. Until then we expect most scheme members approaching retirement to take their pension savings as a cash lump sum. The lump sum plan's objective is to meet those members' needs by de-risking their investments as they approach their planned retirement date.

The Trustee uses two investment funds - the **now: growth fund** and the **now: retirement countdown fund** in different proportions for each stage of the lump sum plan's investment lifecycle journey. The asset classes within these funds, set out in the investment management agreement, could include:

- equity (public equity across developed and emerging markets)
- bonds (green, sustainable and corporate bonds - mainly investment grade)
- other (e.g. commodities, emerging market debt, high-yield bonds, gold)
- illiquid assets (e.g. private equity, private debt, property, private infrastructure), and
- foreign exchange.

The Trustee has agreed to implement a stock lending programme across the assets managed directly by the investment manager within all the investment funds.

The lump sum plan's investment strategy follows a lifecycle journey consisting of three phases.

- **Growth phase:** This starts when a member, who is more than 10 years from their planned retirement age, first joins the scheme, and continues until 10 years before their planned retirement age. The growth phase is when the member's pension savings are building up and retirement is some time in the future. All the member's savings will be invested in the **now: growth fund**. This fund uses a broad range of investments seeking to provide growth higher than inflation, while managing risk.
- **De-risking phase:** During the 10 years leading to the planned retirement age, the member's expected risk and return expectation is gradually reduced. Their exposure to the **now: growth fund** reduces while their exposure to the **now: retirement countdown fund** increases. The **now: retirement countdown fund** is specifically designed to help preserve the purchasing power of the savings (i.e., relative to inflation) as the member approaches retirement. This also aims to reduce volatility, leading to a smoother transition to retirement.
- **Destination phase:** This is the position at (or beyond) the member's planned retirement age. By this stage, 30% of the member's savings will be in the **now: growth fund** and 70% in the **now: retirement countdown fund**.

You can see an illustration of the lump sum plan's lifecycle strategy on the next page.



'Purchasing power'

'...protect the amount of goods and services that the pension savings can buy.'

Illiquid assets

The Trustee has set a goal to build up the illiquid allocation within the **now: growth fund**, with an initial target of 5% (other investment funds also hold illiquid assets in different proportions). The scheme is expected to reach its initial target allocation to illiquid assets in 2026. In May 2025, **now:pensions** signed the Mansion House Accord which sets an ambition to invest at least 10% of assets in the **now: growth fund** into private markets, including at least 5% in the UK, by 2030. The Trustee will be evolving its current strategy to target this ambition in due course, noting the ambition is subject to fiduciary duty and an appropriate pipeline of investible assets being available. However, the Trustee is already considering UK illiquid investments and, as an example, in May 2025 the Trustee invested in a UK affordable housing fund (through a Collective Investment Scheme) which aligns with the objectives of the Mansion House Accord.



Illiquid assets are those that are difficult to sell or turn into cash quickly – for example, infrastructure (roads and bridges, power networks and utilities). It includes investing in private companies including early stage companies such as venture capital.

The allocation to illiquid assets is expected to improve diversification (as illiquid investments tend to change in value at different times from more traditional investments such as listed equities and bonds) and increase the expected return of the **now: growth fund** over the long term. This should lead to a better risk-adjusted investment return for members.

The type of illiquid asset held is not restricted (but also may not include the full range of illiquid investments available) and could include assets such as property (including affordable housing), private equity, private debt and infrastructure.

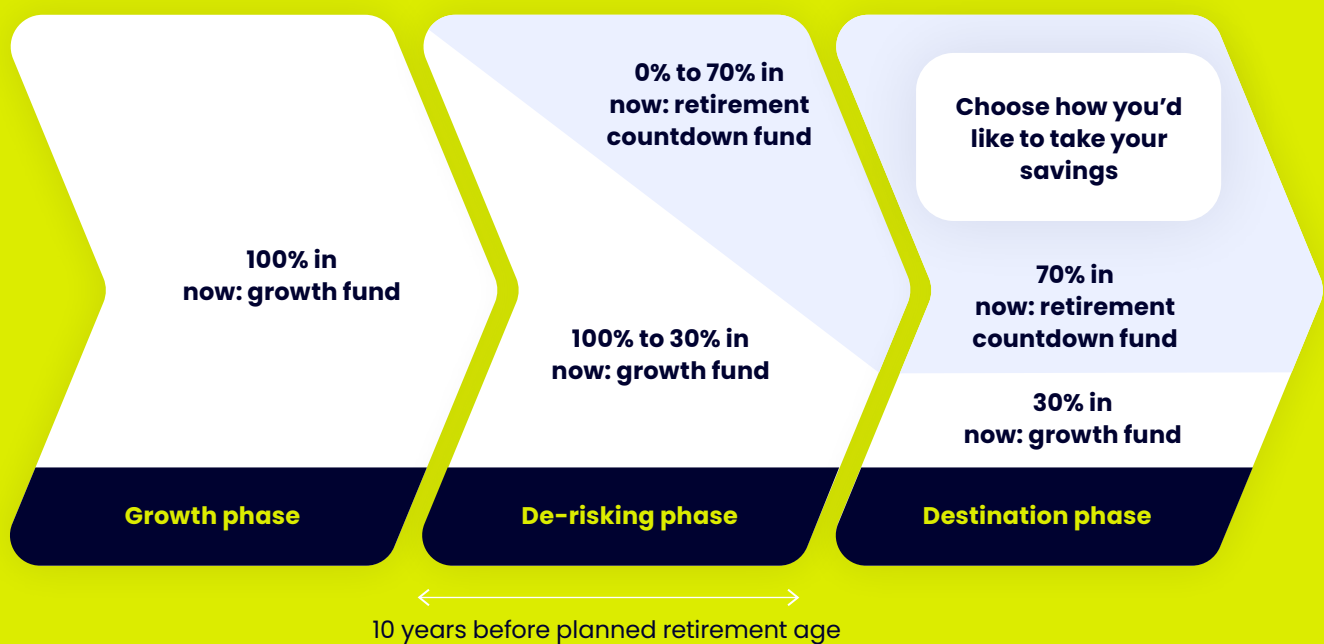
Any illiquid investments should be appropriately sized with due consideration to the investment objectives of the **now: growth fund** and other investment funds. It should also take account of the likely liquidity needs, diversification and cashflows of the portfolio, together with costs and valuation/pricing considerations.

Members in the lump sum plan up to 10 years before their planned retirement age are fully invested in the **now: growth fund**. In the de-risking phase, the allocation towards the **now: growth fund** will gradually decrease and, as a result, the allocation to illiquid assets will also decrease. In the destination phase, the member will hold 30% of their assets in the **now: growth fund**. Therefore, members of all ages may be invested in illiquid assets and, for members in the lump sum plan, the size of the allocation will decrease as they approach retirement. There remains sufficient liquidity to allow members to access their savings at retirement despite an allocation to illiquid assets as they approach retirement.

The scheme will implement each private markets investment in the most efficient way for its circumstances and the investment in question. This means the investments may be held directly or through collective investment schemes.

The lump sum plan's investment strategy

The lump sum plan gradually moves your pension savings from the **now: growth fund** to the **now: retirement countdown fund**, over a 10-year period.



4.2 Additional plans and funds

We expect most members to stay in the default investment plan, where they are well served by an investment strategy that balances risk and return over a lifetime of saving. It's designed for the majority of members, who don't want to think or worry about investments.

While the Trustee believes the default investment plan is the most appropriate approach for most members given their profiles, it recognises it will not meet all members' needs. For example, members who have clear views on how they plan to use their pension savings in retirement, or those with significant pension savings in other schemes, might want different investment options. To support those members, the Trustee has developed a framework to guide members towards one of the other plans or fund that may better meet their needs.

For members who are not sure which plan or fund to choose, the Trustee cannot and does not provide advice and strongly recommends members seek guidance or talk to a regulated financial adviser. The MoneyHelper service offers free, impartial guidance **about pension investments**.

All the plans on offer follow a lifecycle strategy with three investment phases.

Growth phase: This starts when a member, who is more than 10 years from their planned retirement age, first joins the scheme, and continues until 10 years before their planned retirement age. The growth phase is when the member's pension savings are building up and retirement is some time in the future.

De-risking phase: During the 10 years leading to the planned retirement age, members' pension savings are moved into investments designed to prepare their pension savings for retirement, including reducing investment risk.

Destination phase: This is the position at (or beyond) the planned retirement age. By this stage, the member's savings will be in the destination fund or funds for the plan the member has chosen.

The plans and fund provided by the Trustee include the following.

- A shariah plan designed to enable members with Islamic religious beliefs to invest in a suitable plan rather than the default investment plan. This plan is available to all members.
- Specific plans designed for members who want to take their savings as one or more cash lump sums at retirement, take a flexible income in retirement (drawdown), or who want to buy a guaranteed income (annuity) at retirement.
- Specific plans for members who want to take greater investment risk to aim for greater expected returns, or are willing to accept lower returns because they want to take less risk.
- A shariah equity fund for members who want to be fully invested in Shariah-compliant equities until their planned retirement age.



Lump sum plan: This is the default investment plan. It is described in section 4.1 on page 56.

Drawdown plan: This plan is suitable for members who want to take their pension savings as flexible income, also known as drawdown.

In the in the growth phase, the drawdown plan holds the same growth assets as the lump sum plan. Ten years before planned retirement age, the member's pension savings start to move into investments which keep more of their savings aiming to deliver growth in the years leading up to the member starting to take those savings.

Annuity plan: This plan is suitable for members who want to buy an annuity at retirement. It reduces the variability of the guaranteed payments in retirement the member can buy with their savings as the member approaches their planned retirement age.

In the growth phase, the annuity plan holds the same growth assets as the lump sum plan. Ten years before planned retirement age, the member's pension savings gradually move into bonds. The value of these is designed to change broadly in line with annuity prices, helping to reduce annuity conversion risk.

Higher risk plan: This plan is designed for members who are willing to take more investment risk to aim to earn a higher return but also understand and accept the potential downsides that come with taking more risk. For example, members could see large swings in the value of their savings or even significant losses.

In the growth phase, the higher risk plan takes more risk than the lump sum plan. Ten years before planned retirement age, the investments are de-risked towards a largely growth-oriented destination portfolio.

Lower growth plan: This plan is designed for members who want to take less investment risk but understand and accept that investing more defensively could lead to less growth over longer time periods and a lower retirement income.

In the growth phase, the lower growth plan holds a more defensive growth portfolio compared to the lump sum plan. Ten years before planned retirement age, the investments are de-risked towards a more defensive destination portfolio.



Shariah plan: This plan is suitable for members who want their pension savings to be invested in line with the requirements of Shariah law and the principles of Islam.

The shariah plan has a similar risk and return profile as the lump sum plan. In the growth phase, the plan holds mainly Shariah-compliant equity assets and also some defensive Shariah assets (sukuk). Ten years before a member's planned retirement age, the investment risk is gradually reduced by increasing the investment in more defensive Shariah assets (sukuk).

Shariah equity fund: Like the shariah plan, the shariah equity fund is designed to be suitable for members who want their pension savings to be invested in accordance with the requirements of Shariah law and the principles of Islam. It is designed for members who are willing to take more investment risk to aim to earn a higher return but understand and accept that higher risk also could have negative effects. For example, members could see large swings in the value of their savings or even significant losses.

The shariah equity fund does not follow a lifecycle in which assets are de-risked 10 years before a member's planned retirement age. Members' pension savings stay fully invested in Shariah-compliant equities until (or beyond) their planned retirement age.

You can find more detail on these plans in the Appendix.

Shariah investments

The investment manager has appointed third-party manager(s) to manage the Shariah assets. The appointed manager(s) will aim to only invest in assets that meet the third-party manager's interpretation of Shariah compliance principles or are approved by the third-party manager's Shariah committee. The investment manager is responsible for investing the assets to deliver against the return objective, the risk objective, Shariah law and the principles of Islam.

The Trustee's responsible investment principles and goals are applied as far as reasonably possible, while still investing in line with Shariah principles.

5 Approach to responsible investment

Responsible investment objectives

The Trustee invests responsibly, which includes integrating financially material environmental, social and governance (ESG) factors in investment decisions, engaging companies in which the scheme invests, and policymakers, on our three priority sustainability themes (namely, climate action, gender equality and living wages) and, where consistent with our investment objectives, allocating to investments with specific sustainability objectives.

The Trustee has core investment beliefs relating to responsible investment (RI), stewardship and the climate crisis. The Trustee believes investing responsibly matters in terms of financial performance in the long run and the risks associated with ESG factors should be measured and managed. By being a responsible investor, the Trustee is managing investment risk with the aim of enhancing long-term portfolio risk-adjusted returns, which it believes is in the best interests of the members and beneficiaries of the scheme.



Stewardship is the 'responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.' Financial Reporting Council, UK Stewardship Code 2020.

The Trustee has set the following responsible investment goals for the scheme.

- Net zero greenhouse gas emissions by 2050 with 50% emissions reduction by 2030, based on 2019 levels. This is in line with the Paris Climate Agreement goal of limiting global warming to 1.5°C, compared to pre-industrial levels.

- At least 75% of the portfolio's net asset value to be in investments which support the Trustee's responsible investment beliefs by having an explicit sustainability objective.



Net zero refers to achieving a balance between the amount of greenhouse gas emissions produced and the amount removed from the atmosphere.

In addition, the Trustee has set three sustainability priorities.



climate action – a speedy and fair transition to a low-carbon economy is the only way to address the climate crisis.



gender equality – everyone should have equal rights, responsibilities, and opportunities.



living wages – all companies should pay their employees a living wage.

The Trustee considers the impact of its investments and whether they are leading to sustainable financial benefits for members. This gives us a better understanding of the financial risks and opportunities involved in the transition to a more sustainable world.

The Trustee aims to meet its responsible investment objectives within the framework of the investment strategy, costs and operational considerations, while continuing to deliver the chosen risk and return objectives.

Engagement activities

The Trustee undertakes engagement activities on behalf of the scheme and its members.

We do this through industry participation, including the Principles for Responsible Investment (PRI), Institutional Investors Group on Climate Change (IIGCC), Pensions for Purpose, Climate Action 100+ and the Asset Owner Council.

The responsible investment objectives and priorities inform the Trustee's engagement activities, including how the investment manager exercises voting rights on the Trustee's behalf.

The Trustee monitors progress regularly and reports to members annually in our implementation statement and Task Force on Climate-related Financial Disclosures (TCFD) report.

Stewardship

The Trustee believes that effective stewardship can generally improve member outcomes, and so we should engage with companies, regulators, and stakeholder groups. Where applicable, we should use our voting power to encourage investee companies to address sustainability risks, and make progress towards our priority sustainability themes: living wages, gender equality and climate action; and our categorisation of 'most significant votes'.

- The Trustee believes the greatest impact will be achieved where we are able to exert an influence on the companies we invest in through active engagement and dialogue.
- The Trustee recognises the value that comes from being a signatory of the UK Stewardship Code and exercising voting rights to have a meaningful impact. The Trustee expects the investment manager to be a signatory of the UK Stewardship Code and to exercise voting rights in accordance with the Trustee's policies and beliefs.
- Where engagement and voting doesn't achieve meaningful impact, we may reduce investment or disinvest completely.

- The Trustee expects the investment manager to be a signatory to ESG industry initiatives to engage collaboratively, such as PRI, Climate Action 100+, the Institutional Investors Group on Climate Change (or equivalent group in other regions) and the Diversity Project. It also expects the investment manager to adopt the recommendations of the TCFD report. Consistent with the approach to responsible investing, the Trustee believes that this stewardship and engagement approach should be applied through all aspects of the scheme as far as possible.

The Trustee has considered the investment manager's policy on taking account of financially material ESG factors in decisions about the selection, engagement, retention and realisation of investments. The Trustee believes these policies are consistent with its responsible investment beliefs. As a result, the Trustee has delegated responsibility for taking account of financially material ESG factors to the investment manager as part of their overall delegation of day-to-day investment management responsibilities. The Trustee monitors how the investment manager integrates ESG into its investment process and receives quarterly reports. This enables it to oversee and, if necessary, challenge the investment manager's approach, including how it makes decisions based on medium-to-long term assessments of the financial and non-financial performance of investee companies.

The Trustee supports the investment manager's approach to align its portfolios, in the long term, to support the United Nations Sustainable Development Goals (and specifically in respect and support for human rights and avoiding human rights abuses as set out in UN Global Compact Principles 1 and 2) and where possible the Paris Climate Agreement. This enables the Trustee to invest scheme assets in the best interests of members and beneficiaries.

While it's important that ESG considerations are given to all assets, the Trustee believes it does not detract from the investment approach the investment manager has adopted in delivering good value for members.

The Trustee recognises that, to achieve some of these objectives, the investment manager might appoint third-party asset managers to manage particular mandates or funds. The Trustee expects those third-party managers, mandates and funds to conform closely to standards consistent with its own beliefs as set out in this SIP, though it recognises there may be points of difference in the beliefs of different management organisations. The Trustee expects any such third-party asset managers to apply stewardship principles consistent with those the Trustee has identified, and to provide appropriate disclosures to show they are conforming with overall policies and objectives.

Each year the Trustee produces an annual implementation statement. As part of this, it will review the engagement and voting activities of the investment manager and any third-party asset managers. When considering the implementation approach, the Trustee expects the investment manager and any third-party asset managers to engage with relevant persons with the aim of having a meaningful impact on protecting and enhancing the value of assets consistent with the Trustee's policies.

'Relevant persons' can include issuers of debt or shares, sub-investment manager companies, other stakeholders or other holders of debt or shares. The managers are expected to engage with them on matters such as performance, strategy, capital structure, the management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance.

The Trustee expects responsible investment to develop as policies from governments, regulators and other institutions evolve. As a result, the Trustee expects its own policies to evolve over time and, accordingly, for the investment manager's policies to evolve in line with the Trustee's policies and priorities.

Non-financial factors

The Trustee believes that by being a responsible investor, they are managing investment risk with the aim of enhancing long-term risk-adjusted returns. The Trustee believes this is likely to be in the best interests of the scheme's members and beneficiaries. Beyond these responsible investing requirements, the Trustee doesn't currently explicitly integrate any non-financial matters when making decisions about the scheme's default investment plan.

The Trustee continues to try and gain a better understanding of the membership's views on investment and other matters to ensure that, as far as legally permitted, these are reflected in the decisions it makes about investment and delivering services to members.

The Trustee has set up a shariah plan and a self-select shariah equity fund to provide choice for members who hold particular beliefs. The Trustee will only offer an investment option on non-financial grounds if, having taken professional advice, it is satisfied the investment is suitable and appropriate for the demographic of membership.



Investment mandates

Agreements between the Trustee and their investment managers that set out how the managers will invest money.

6 The scheme's policy to measure and manage risk

Member risks

A key risk to members is not meeting their financial retirement objectives. This could be due to members not paying enough money into their pension savings or assets not achieving enough investment growth. The Trustee provides information to members on the importance of saving for retirement and what members can do to help achieve their financial retirement objectives. This can be found on the **now:pensions** website and in communications to members.

The Trustee manages the risk of low investment growth by implementing the default investment plan to help members manage the money they've invested. For members with many years to retirement, the default investment plan seek to provide growth greater than inflation, while managing risk. However, the value of members' pension savings can go down as well as up and growth above inflation is not guaranteed.

To achieve long-term growth above inflation, some investment risk needs to be taken. The Trustee has return, risk and responsible investment objectives which are set out in the Appendix. It has agreed delegations to the investment manager to ensure the appropriate level of risk is taken throughout the member's time in the scheme.

There are still many reasons why investment growth could be lower than expected - for example, because of economic and market conditions. The Trustee can't control this, but it has designed the agreed investment strategy to help manage the risks.

The Trustee carries out a full review of the scheme's investment strategy every three years, or more often if there's a significant change in investment policy or to members' demographic profiles. It also reviews the ongoing suitability of the investment strategy every year. The investment manager regularly reviews the portfolio composition to ensure it remains appropriate.

Portfolio risks

The Trustee has put limits on the portfolio risks detailed below. These are specified in the investment management agreement (IMA) between the Trustee and investment manager.

Concentration risk: The risk of underperformance due to one or two investments having an unduly large adverse effect on the overall investment return. This risk is managed by the investment manager, who operates to guidelines that ensure the assets are spread across a range of investments.

Counterparty risk: The risk of loss caused by the portfolio trading with a financial institution that defaults on its obligations. This risk is managed by the investment manager through the selection process of the financial institutions the Trustee contracts with, diversifying by counterparty and by regular monitoring of the exposures.

Credit risk: The risk of loss caused by the default on expected cashflows. This risk is managed by the investment manager who operates within guidelines that set out diversification and credit limits.

Currency risk: The risk of loss caused by the falling value of overseas investments due to the strengthening of GBP. This risk is managed by the investment manager who operates to guidelines which set out the permissible level of non-GBP exposure within each fund.

Leverage risk: The risk that the value of the portfolio (or individual positions) will fall faster than it (or they) would without the use of leverage. The use of leverage requires increased collateral and cash management processes to support the derivatives and increased credit analysis of counterparties and exchanges. In addition, the cost of the leverage may exceed the return from the leveraged instruments. The amount of leverage and its usage is defined in the IMA. The investment manager is responsible for managing this risk.

Liquidity risk: The risk of not having enough assets that can be easily sold to meet immediate cashflow needs. This risk is managed by the investment manager who operates to guidelines which require enough liquid assets in each fund to provide for members' likely withdrawals. It takes into account cashflows into the scheme and monitoring the requirements for derivative positions.

Operational risks: The risk of loss caused by, but not limited to: fraud, acts of negligence or lack of suitable processes. This risk is managed through agreements with each service provider which are monitored regularly by the Trustee. Due diligence is done before appointing any new service provider. The Trustee and NPL as the scheme manager review all key suppliers each year. The key suppliers with operational risk are the scheme custodian and fund administrator, the investment manager, NPL and the scheme administrator.

Climate risk: The risk that member outcomes are affected by climate change. This risk is managed through the voting and engagement activity of the Trustee (or appointed suppliers on its behalf) and regularly reviewing the integration of responsible investment, including climate change. Each year the Trustee publishes their progress on reducing greenhouse gas emissions and mitigating the financial risk of climate change in the TCFD report. The Trustee also publishes a yearly implementation statement showing how far they have followed this SIP (and previous SIPs if this applies) during each scheme year.

Other risks

Valuation risk: The risk that investments are not valued properly and fund unit prices are incorrect. This risk is managed through the selection process and regular monitoring of the fund administrator, investing in assets which are quoted, and requiring the investment manager and fund administrator to have clear valuation policies in place for those assets which are not quoted.



7 Arrangements with the investment adviser

Arrangements

The Trustee has appointed an independent investment adviser. The investment adviser will advise the Trustee on whether the scheme assets are invested in accordance with the policies set out in this SIP and the requirements of sections 34, 35 and 36 of the Pensions Act 1995. The Trustee may also engage with them to undertake separate projects. The Trustee's investment governance framework includes an overview of the role and responsibilities of the investment adviser.

Fees

The fees paid to the investment adviser are either on a time-cost basis (based on time spent) or on a reviewable fixed cost, depending on the type of work involved.

Service review

Every year, the scheme's supplier management board reviews the services the investment adviser provides, including fees. A formal review takes place every three years. The review includes the Trustee determining whether the investment adviser is providing good value for members.



8 Arrangements with the investment manager

Arrangements

The Trustee reviews the investment manager's (Cardano's) investment objectives and contract terms including financial incentives, to ensure consistency with the IMA and this SIP. The investment manager is incentivised to align its investment strategies with the Trustee's policies set out in the SIP through the terms of the IMA, and the investment objectives set by the Trustee.

Although the arrangement with the investment manager is expected to be a long-term partnership, the appointment can always be terminated due to other factors such as a significant change in business strategy, structure of the investment team or if the investment manager fails to ensure alignment with the Trustee's policies.

The Trustee's investment governance framework includes an overview of the role and responsibilities of the investment manager.

Service review

Each year, the scheme's supplier management board reviews the services Cardano provides, including fees. A formal review takes place every three years. The review focuses on the long-term, rather than short-term, performance, and this provides an incentive for the investment manager to do the same. The review includes the Trustee determining whether the investment manager is providing good value for members.

Reporting

The investment manager reports regularly to the Investment Committee and the Trustee. It details performance and progress against the return, risk and responsible investment objectives, and the Shariah objective where this applies. It also reports the portfolio turnover costs (i.e. fees and expenses, including transaction costs incurred in managing the investments). These are assessed and monitored against the expected level.

The Investment Committee meets with the investment manager at least once a quarter to review fund performance against its objectives, focusing on longer-term outcomes. The review looks at how the investment manager has implemented the investment strategy consistent with the IMA and this SIP.

The investment manager is responsible for appointing, reviewing and terminating third party managers, and for ensuring any third-party asset manager is aligned with the IMA and this SIP at the time of their appointment – or explaining why to the Trustee, if they are not. The manager must also report on any areas of potential divergence between the Trustee's policies and their own.



Portfolio turnover costs

The costs of buying and selling units in an investment fund.

At least every year the investment manager must provide information on how it takes financial and non-financial performance into consideration. This includes, but is not limited to, detailing its engagement activities with investee companies, where relevant. Performance in the medium-to-long term can be improved where asset managers:

- make decisions, based on assessment, about medium-to-long term financial and non-financial performance of an issuer of debt or shares; and
- engage with issuers of debt or shares.

The Trustee has delegated responsibility for ensuring this to the investment manager and will monitor the investment manager's performance on this.

As part of the review, stewardship policies and voting records are reviewed (and discussed with the third-party asset managers) by the investment manager at least every year. The investment manager collates the qualitative and quantitative information required to allow the Trustee to also review these each year. The Trustee will challenge any arrangements or stewardship practices that do not align with their responsible investment approach.

Fees

The investment manager is paid on a 'percentage of assets' basis, as set out in the IMA. The investment manager is not allowed to receive payments from other sources such as commissions, the spread between buying and selling price of units, or exit charges.



9 Arrangements with the custodian

Arrangements

The Trustee has appointed State Street as its custodian. The custodian provides custody, fund accounting, fund administration and additional services including unit dealing. The role and responsibilities of the custodian are laid out in the custody agreement, and the accounting and administration services agreement.

Service review

Each year, the scheme's supplier management board reviews the services State Street provides, including fees. A formal review takes place every three years. This includes the Trustee determining whether the custodian is providing good value for members.

Valuation and pricing of units

Fund units are valued and priced daily.

Fees

The custodian's fees are paid out of the annual management fee charged to members, by taking member units out of the funds the members are invested in.



10 Appendix: Overview of objectives for all plans and funds

The table below summarises the risk and return objectives of the plans and funds. It also shows which plans and funds are covered by the responsible investment objectives and Shariah principles. Please look at the fund factsheets for detailed information about a specific fund's investment strategy.

The table doesn't show the de-risking phase. This is because the investments gradually move from the growth phase portfolio to the destination phase portfolio.

All plans	Growth phase Until 10 years before planned retirement age	Destination phase At (or beyond) planned retirement age
Lump sum plan (default) Fund name Return objective (gross of ABC) Risk objective (annual volatility) Responsible investment objective Shariah principles	now: growth fund CPI + 3.5 – 4.0% p.a. 12.5% – 14.0% p.a. Yes No	30% now: growth fund CPI + 3.5 – 4.0% p.a. 12.5% – 14.0% p.a. 70% now: retirement countdown fund CPI + 0.0% p.a. 1.0% – 2.0% p.a. Yes No
Drawdown plan Fund name Return objective (gross of ABC) Risk objective (annual volatility) Responsible investment objective Shariah principles	now: growth fund CPI + 3.5 – 4.0% p.a. 12.5% – 14.0% p.a. Yes No	now: drawdown destination fund CPI + 2.75 – 3.25% p.a. 10.5% – 12.0% p.a. Yes No
Annuity plan Fund name Return objective (gross of ABC) Risk objective (annual volatility) Responsible investment objective Shariah principles	now: growth fund CPI + 3.5 – 4.0% p.a. 12.5% – 14.0% p.a. Yes No	now: annuity destination fund CPI + 1.0 – 1.25% p.a. 4.0% – 5.5% p.a. Yes No
Higher risk plan Fund name Return objective (gross of ABC) Risk objective (annual volatility) Responsible investment objective Shariah principles:	now: higher risk growth fund CPI + 4.0 – 4.5% p.a. 14.5% – 16.5% p.a. Yes No	now: higher risk destination fund CPI + 3.25 – 3.75% p.a. 12.0% – 13.5% p.a. Yes No

Continued...

All plans	Growth phase Until 10 years before planned retirement age	Destination phase At (or beyond) planned retirement age
Lower growth plan Fund name Return objective (gross of ABC) Risk objective (annual volatility) Responsible investment objective Shariah principles	now: lower growth fund CPI + 3.0 – 3.5% p.a. 10.5% – 12.0% p.a. Yes No	now: lower growth destination fund CPI + 0.0% p.a. 1.0% – 2.0% p.a. Yes No
Shariah plan Fund name Return objective (gross of ABC) Risk objective (annual volatility) Responsible investment objective Shariah principles	now: shariah growth fund CPI + 3.5 – 4.0% p.a. 13.5% – 15.0% p.a. Limited Yes	now: shariah destination fund CPI + 1.25 – 1.5% p.a. 4.0% – 5.5% p.a. Limited Yes

Fund	
Shariah equity fund Fund name Return objective (gross of ABC) Risk objective (annual volatility) Responsible investment objective Shariah principles	now: shariah equity fund To track the return of the Dow Jones Islamic Market Titans 100 Net Total Return Index The tracking error of the fund to be less than 0.5% p.a. Limited Yes

CPI: Consumer Price Index

ABC: Asset Based Charges

Volatility targets are based on long-term asset class expectations and actual experience may differ.

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