

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
SCHEME REGISTRATION NUMBER: 10269688

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

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NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

TRUSTEES AND ADVISERS

YEAR ENDED 31 DECEMBER 2025

Trustee company	Network Rail Pension Trustee Limited
Trustee directors	Employer Nominated Timothy Craddock Louise Campbell Lisa Leeds The Law Debenture Pension Trust Corporation Limited (Independent)(represented by Samantha Pitt) Trade Union Nominated Paul Norris (RMT) Gary Adams (TSSA) Ian Waters (Unite) Member Nominated Ian Icton (resigned 15 December 2025)
Secretary to Trustee	Claire McCarthy
Scheme administrator	WTW Westgate 120 – 130 Station Road Redhill Surrey RH1 1WS
Auditor	RSM UK Audit LLP Statutory Auditor Chartered Accountants 25 High Street Crawley RH10 1BG
Legal advisers	Mayer Brown International LLP 201 Bishopsgate London EC2M 3AF
Investment adviser	Schroder Solutions 1 London Wall Place London EC2Y 5AU
Investment managers	Legal & General Investment Management Limited One Coleman Street London EC2R 5AA
Life assurance company	Legal & General Assurance Society Limited Legal & General House Kingswood Tadworth Surrey KT20 6EU
Bankers	Lloyds Bank plc PO Box 72 Gillingham Kent ME8 0LS

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

CHAIRMAN'S STATEMENT

YEAR ENDED 31 DECEMBER 2025

Chair's Introduction

I am pleased to present the annual report and financial statements of the Network Rail Defined Contribution Pension Scheme (the 'Scheme') for the year ending 31 December 2025.

There are now 12,976 active members (11,940 last year) while the total membership (including leavers who still have funds invested) has increased to 38,136 (from 34,008 last year). The total value of the Scheme's assets at 31 December 2025 was £789.6 million, an increase of £123.2 million (from £666.4 million at 31 December 2024) in the last year.

Your Trustee Directors continued to work hard on your behalf during another year of geopolitical and economic uncertainty. The main areas we focussed on during the year were:

Investment Strategy

There were no changes to the NRDC Scheme's investment strategy over 2025. We continue to review the Scheme's investments, in consultation with the investment adviser - at least every quarter at our Board and Investment Sub-Committee meetings and we will also continue to call ad-hoc meetings should the need for urgent decisions arise.

Changes to your Trustee Board and Network Rail Pensions Team

Ian Iceton resigned as Member Nominated Trustee Director on the 15 December. I would like to thank Ian for his time on the Board. The Member Nominated Trustee Director appointment remains vacant. There were no further changes to the Board during 2025.

I look forward to working with all of my Trustee Director colleagues as we embark on another full programme of work in the coming year.

Samantha Pitt

Samantha Pitt
Chair of the Trustee

03/07/26

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

TRUSTEE'S REPORT

YEAR ENDED 31 DECEMBER 2025

The Trustee of the Network Rail Defined Contribution Pension Scheme (the "Scheme" or "NRDC") presents its annual report together with the investment report, summary of contributions, compliance statement and financial statements for the year ended 31 December 2025.

Scheme constitution and management

The Scheme

The Scheme commenced with effect from 31 March 2004 as a tax registered pension scheme established by way of a definitive Trust Deed and Rules. The Trust is managed by Network Rail Pension Trustee Limited ('The Trustee'), whose registered address is Waterloo General Office, London, SE1 8SW, which also acts as Trustee of the Network Rail CARE Pension Scheme ('NR CARE'), established on 1 November 2008.

The Scheme is a money purchase pension scheme and is one of three pension schemes offered to employees of Network Rail. The Scheme is used to automatically enrol all eligible employees into a workplace pension arrangement. The Scheme runs alongside the NR CARE and the Network Rail Section of the Railways Pension Scheme ('RPS').

Since the Scheme was established, there have been several Deeds of Amendment, mainly to take account of legislative changes. These amending deeds were formally consolidated with the definitive Deed and Rules into a new Consolidated Trust Deed and Rules for the Scheme, executed on 1 December 2011. A further revised Consolidated Trust Deed and Rules was executed on 31 January 2013 covering detailed rule changes in respect of automatic enrolment legislation arising from the Pensions Act 2008, various other legislative changes and also to reflect current best administration practice of the Trustee.

Changes to Scheme

During the year ending 31 December 2025, no Deeds of Amendment were executed, however, the exercise to consolidate the Trust Deed and Rules into one document was executed on 20 January 2025.

Trustees

Appointment of Trustee Directors

There were eight active directors appointed throughout the year, four appointed by Network Rail Infrastructure Limited (the Principal Employer), three nominated by trade unions recognised by Network Rail and one nominated by Eligible members* of NR CARE and NRDC. The employer nominated directors are appointed by Network Rail Infrastructure Limited at its discretion. Network Rail's three recognised trade unions (TSSA, RMT and Unite) nominate one person each to sit on the Trustee Board and the member nominated director is appointed following an election process.

The term of office is normally four years, but operated by rotation. These arrangements are intended to ensure the Scheme continues to be managed effectively and also meets its statutory requirements.

The Trustee's main duties are to administer the Scheme in accordance with the Trust Deed and Rules and in the interests of members in consultation with the Employer as appropriate.

*Nominations can be accepted from Eligible Members. There are two types of Eligible Members; firstly, 'active members' i.e. those who are either in NRDC or CARE who are still employed by Network Rail and in respect of whom pension contributions are being paid; secondly, 'pensioner members' i.e. members of the CARE Scheme who have retired and are receiving a CARE Scheme pension.

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2025

Scheme Governance

There were 6 board meetings held during the year ending 31 December 2025. The table below shows the number of meetings attended by each Trustee Director from the number they were eligible to attend:

Trustee Directors	No. of meetings	No. attended
Timothy Craddock	6	6
Ian Waters	6	3
Paul Norris	6	6
Louise Campbell	6	5
Gary Adams	6	5
Law Debenture, represented by Samantha Pitt	6	5
Lisa Leeds	6	5
Ian Icceton (resigned 15 December 2025)	6	4

In addition, the Trustee has the following sub-committees:

- Audit and Risk sub-committee to identify, monitor and recommend methods of managing key risks associated with the Scheme. The sub-committee met on 4 occasions during the year ending 31 December 2025.
- Investment sub-committee to review with fund managers and the investment consultant, the investment performance of the pension funds and make recommendations to the Trustee on any aspects relating to the investment of the fund. The sub-committee met on 4 occasions during the year ending 31 December 2025.
- Benefits sub-committee comprises any two Trustee Directors or any Trustee Director and the NR Pensions Manager. The Trustee has delegated authority to this committee to exercise discretion and make decisions regarding the payment of benefits in certain circumstances where referral to the full Board is not deemed necessary. This will usually involve deciding who is to receive lump sums and dependants' benefits on the death of a member and approving member requests for early retirement on grounds of incapacity. Cases are usually reviewed by the sub-committee electronically and decisions made via memorandum. If a decision cannot be reached, then a meeting is convened to discuss. If there is no consensus then the case is referred and decided by the full Trustee Board.

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2025

Trustee Directors' Training

Since inception, arrangements have been in place to ensure that those with responsibility for the Scheme receive appropriate training and access to information to carry out their significant responsibilities effectively. All Trustee Directors are conversant with all of the main Scheme documents including the Trust Deed and Rules and Statement of Investment Principles (SIP). As part of a Trustee Director's induction, they are provided with an introduction to each document so that they understand the part it plays in the running of the Scheme. Directors also have direct access to each of the Scheme's documents to be able to carry out their duties. An annual review of the Trustee's training policy and individual Trustee Directors' training needs was conducted in order to monitor compliance with the Pension Regulator's Trustee Knowledge and Understanding (TKU) Code of Practice.

Under the Trustee's training policy, new Trustee Directors are required to complete the Pensions Regulator's e-learning Trustee Toolkit within six months of appointment. Trustee Directors are also encouraged to gain the Pensions Management Institute ('PMI') Award in Trusteeship qualification. All of the current Trustee Directors have either completed the Trustee Toolkit or gained the PMI Award in Trusteeship or both. Training sessions are held at most Board and sub-committee meetings during the year. This year the Trustee Directors have received training from various facilitators at Board meetings on areas such as Structured Equity, Renewable Infrastructure, Requirements for electronic/online communication with members and scenario modelling training. The Trustee Directors also attend a number of externally arranged seminars and conferences on topical matters to help develop their knowledge and understanding to carry out their role. A full training log for each Director is held by the NR Pensions Management.

Directors' Continuous Professional Development ("CPD") hours in the year ending 31 December 2025 are set out below:

Trustee Director	CPD hours logged	Trustee Director	CPD hours logged
Tim Craddock	19.5		
Paul Norris	30.75	Ian Waters	23.0
Louise Campbell	17.0	Gary Adams	16.25
Lisa Leeds	15.0	Ian Icton (resigned 15 December 2025)	11.25

In addition, Samantha Pitt, representing Law Debenture, is a fully accredited professional trustee who is required to complete a minimum of 25 hours CPD per year.

Trustee Advisers

The Trustee must appoint suitable professional advisers and give full consideration to the advice it receives. The Trustee's appointed advisers are listed on page 1.

The Trustee continually monitors the performance of its advisers and undertakes formal reviews when deemed necessary.

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2025

Financial developments and financial statements

The financial statements included in this Annual Report and Financial Statements are required by the Pensions Act 1995. They were prepared and audited in compliance with regulations made under sections 41(1) and (6) of that Act.

A summary of the Scheme's Financial Statements for the year ended 31 December 2025 and the prior year ended 31 December 2024 is set out in the following table:

	2025 £000	2024 £000
Member related income	49,440	47,020
Member related payments	(24,298)	(26,831)
Scheme expenses	(22)	(22)
Net additions from dealings with members	25,120	20,167
Net returns on investments	98,061	88,049
Net increase in the fund during the year	123,181	108,216
Net assets at start of year	666,441	558,225
Net assets at end of year	789,622	666,441

During the year ending 31 December 2025, there were no significant developments affecting the financial position of the Scheme.

Going Concern

The Trustee continues to monitor closely its investment strategy and is well placed to make amendments if necessary. The Trustee continues to review the impact of current issues and market volatility on the Scheme's investments via advice from its Investment Adviser.

The Trustee has undertaken an annual going concern review and is of the opinion that these financial statements are appropriately prepared on the going concern basis.

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2025

Statement of Trustee's responsibilities

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and
- contain the information specified in Regulation 3A to The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities including the maintenance of an appropriate system of internal control.

The Trustee is responsible for the maintenance and integrity of the pension and financial information included on the Network Rail Defined Contribution Pension Scheme website.

Trustee's responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for securing that a payment schedule is prepared, maintained and from time to time revised showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the payment schedule. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2025

Contributions

The Scheme Rules require that the Employer will contribute the appropriate percentage of the member's Pensionable Earnings, basic pay plus London or South East Allowance, corresponding to the rate of contribution chosen by the member as follows:

Members' Contribution % of Pensionable Earnings	Employer's Contribution % of Pensionable Earnings
0%	3%
1%	4%
2%	5%
3%	6%
4%	7%

These rates are now subject to a minimum contribution underpin introduced for qualifying employees under automatic enrolment legislation (set out below).

Automatic Enrolment into the Scheme

Automatic enrolment legislation was enacted via the Pensions Act 2008 and subsequent Regulations. The Principal Employer, with the agreement of the Trustee, resolved to use the NRDC Scheme as the qualifying scheme for automatic enrolment purposes, so that existing employees who meet the relevant earnings and age criteria are automatically enrolled (new employees are contractually enrolled) in a manner which complies with the requirements, unless the employee chooses to join another Network Rail Infrastructure Limited (NRIL) qualifying scheme. Members may opt-out of NRDC or just opt-out of the contribution underpin requirements whilst remaining in active membership.

Automatic enrolment requires minimum contributions, known as an 'underpin', to be paid which will be increased over time as set out in Regulations. These are calculated using 'qualifying earnings', broadly gross pay, rather than pensionable earnings. Consequently, a minimum contribution underpin applied in the year as follows:

	Minimum Contribution underpin % of Qualifying Earnings	
	Member	Employer
April 2019 onwards	5%	3%

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2025

Membership and benefits

The changes in membership during the year are as follows:

	Active members	Deferred members	Total
At 1 January 2025	12,695	23,557	36,252
Adjustments to prior period	(115)	96	(19)
New members joining	2,851	–	2,851
Retirements	(5)	(11)	(16)
Members leaving without refunds	(38)	–	(38)
Deaths	(14)	(24)	(38)
Transfers out	–	(494)	(494)
Members leaving with deferred benefits	(2,334)	2,334	–
Flexible retirements - all benefits withdrawn	–	(297)	(297)
Trivial commutations	–	(1)	(1)
Opted Out	(64)	–	(64)
At 31 December 2025	<u>12,976</u>	<u>25,160</u>	<u>38,136</u>

Adjustments to prior year reflect timing differences between the effective date of leaving or retiring and the actual date the administration system was updated.

Transfer values

The cash equivalents paid during the year were calculated and verified in a manner prescribed by regulations under section 97 of the Pension Schemes Act 1993 and do not include any discretionary benefits. None were less than the amount for which section 94(1) of that Act provides.

Investment management

Investment managers

The platform provider continues to be Legal & General Assurance (Pensions Management) Limited ("L&G") who were appointed by the Trustee on 1 January 2020.

Investment Adviser

The Trustee has formally appointed Schroder Solutions as the Scheme's Investment Adviser and asset allocation manager.

Investment principles

In accordance with the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles, which sets out its policy on investment issues, including risks, performance targets, diversification of investments and details of the key elements of the investment arrangements of the Scheme.

The Statement of Investment Principles ("SIP") sets out how the Scheme takes into account financially material considerations, including Environmental, Social and Governance ("ESG") factors, in its investment decision making process.

A copy of this statement is appended to this report and also available on the following link:
www.mynrpension.co.uk/wp-content/uploads/2024/09/2024-09-NRDC-SIP-signed-website-version.pdf

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2025

Investment performance

Performance of the Scheme's assets against the objectives is shown in the following table:

Fund	1 year % p.a.	3 years % p.a.	5 years % p.a.
Global Growth Fund	16.1	15.5	9.4
Long-Term Target(1)	7.38	7.8	9.8
Global Multi-Asset Fund	14.4	13.4	6.4
Long-Term Target(1)	6.9	6.9	7.7
Global Diversified Retirement Fund	12.0	10.1	2.6
Long-Term Target (1)	5.8	5.8	6.9
Annuity Protection Fund	5.6	3.0	-6.0
Benchmark	1.0	0.8	-6.4
Cash Fund	4.4	4.7	3.1
Benchmark	4.3	4.7	3.1
Emerging Markets Equity Fund	15.9	10.6	4.8
Benchmark	17.7	11.4	5.3
Global Equity Fund	16.1	16.2	12.3
Benchmark	19.2	17.9	13.2
Aggregate Bond Fund	5.9	3.7	-3.3
Benchmark	5.9	3.8	-3.3
Property Fund	8.7	6.7	4.0
Long-Term Target	8.7	6.9	5.3
Index-Linked Gilt Fund	0.6	-3.1	-10.2
Benchmark	0.6	-3.0	-10.2
Positive Impact Equity (2)	8.8	n/a	n/a
Benchmark	14.4	n/a	n/a
Infrastructure Equity (2)	5.9	n/a	n/a
Benchmark	6.2	n/a	n/a
HSBC Islamic Global Equity Index	12.7	23.1	14.9
Benchmark	12.6	23.2	15.1

Source: Legal & General (data, as at 31 December 2025), Underlying managers (data, as at 31 December 2025), ONS (CPI data, as at 31 December 2025). Performance is shown net of fees.

Past performance is not a guide to future returns. The value of investments and the income from them can fall as well as rise and you may not get back the full amount originally invested.

(1) The Long Term Target used for each blended fund is defined in the table below. Data for this target is sourced from ONS. (2) The Positive Impact Equity and Infrastructure Equity funds were launched on 30 August 2023. As such, performance metrics as at 31 December 2025 for 3-year and 5-year performance are not available for these funds.

The funds within the Managed Lifestyle arrangement outperformed their targets/benchmarks over the 12-month period to 31 December 2025. This was driven by positive performance across most asset classes and particularly strong equity performance alongside easing inflationary pressures. Focussing on the self-select or, "Pick 'n' Mix" funds available to members (excluding those already mentioned above):

- The passively managed funds (Aggregate Bond Fund, Index-Linked Gilt Fund, and HSBC Islamic Global Equity Index Fund) effectively tracked their respective benchmarks over the 12-month period to 31 December 2025.
 - The Global Equity Fund underperformed its benchmark over the 12-month period. The fund is 50% GBP-hedged; however, the benchmark is in GBP, which can lead to tracking error.
-

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2025

- The Emerging Markets Equity Fund underperformed its benchmark by 1.8% over the 12-month period. The fund aims to track the FTSE Emerging Index to within +/-1.5% p.a. for two years out of three. Over the three-year period, the fund's relative performance was -0.8%.
- The Annuity Protection Fund, which invests in corporate bonds and gilts, outperformed its comparator. The fund aims to track its respective benchmark over the long term (typically 3-5 years or more). The benchmark is not directly investable and, therefore, are not suitable comparators over the short term.
- The Global Multi-Asset Fund outperformed its target over the 12 month period to 31 December 2025 driven by strong equity market performance.
- The Property Fund and Cash Fund performed in line with their benchmarks over the 12-month period to 31 December 2025.

Return targets for the member funds are shown below:

Fund	Active/Passive	Benchmark/Long-Term Target
Global Growth Fund	Passive	CPI + 4.5% p.a.
Global Multi-Asset Fund	Passive(1)	CPI + 3.5% p.a.
Global Diversified Retirement Fund	Passive(1)	CPI + 2.5% p.a.
Annuity Protection Fund	Passive	FTSE Annuities Index
Cash Fund	Active	SONIA
Emerging Markets Equity Fund	Passive	FTSE Emerging Markets Index
Global Equity Fund	Passive	MSCI World ESG Focus Low Carbon Screened Index (50% GBP Currency Hedged)
Aggregate Bond Fund	Passive	50% FTSE A Government (All Stocks) Index,
	Passive	50% iBoxx £ Non-Gilts Index
Property Fund	Passive(2)	75% FTSE EPRA/NAREIT Developed Real Estate Index - GBP Hedged
Index-Linked Gilt Fund	Passive	25% MSCI QPFI All Balanced Funds FTSE UK Gilts Index-Linked Over 5 Years Index.
Positive Impact Equity	Active	MSCI AC World over rolling five-year period
Infrastructure Equity	Passive	FTSE Developed Core Infrastructure Index
HSBC Islamic Global Equity Index	Passive	S&P Global 1200 Shariah Select Index (3)

Source: Legal & General (data, as at 31 December 2025).

(1) Includes a small allocation to an actively managed fund

(2) Includes a 25% allocation to an actively managed fund

(3) As of 23 March 2026, the Benchmark has changed from DJ Islamic Market Titans 100 Index to S&P Global 1200 Shariah Select Index.

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2025

Employer Related Investments

As at 31 December 2025, the NRDC investment assets held no investments in Network Rail.

Investment Strategy Overview

The Scheme's assets are all invested through a unit-linked insurance policy, designed for company pension schemes. The unit-linked policy invests in a wide range of investments through several investment managers. Members are provided with a choice of 13 "member funds" to invest in, collectively known as the "investment strategy". The funds in which the investment funds themselves invest are known as "underlying funds".

The member funds are invested in a wide range of "underlying investments" (through the underlying funds) in different asset classes, including stocks and shares (equities), bonds, cash and other types of investment. The value of the member funds is worked out daily and will rise or fall. Members' investments are directly linked to the performance (after any applicable fees or charges) of the underlying funds in which money is invested.

For example, members may invest in the NRDC Cash Fund - this is a member fund. This fund is itself 100% invested in the L&G Cash Fund - this is an underlying fund. The L&G Cash Fund will hold various cash investments - these are underlying investments.

The value of the total policy is also worked out daily, based on the total number of units each member has in the unit-linked policy. As the value of the underlying funds rises or falls, so will the value of members' holdings in the policy. The policy can be cashed in on any working day that reflects up to date market valuations.

The investment strategy includes several options for members. The "Managed Lifestyle" arrangement switches members across two member funds, called Core Options, and a Cash Fund as members approach retirement. Each Core Option is made up of a variety of underlying funds, managed by different investment managers. Each Core Option also has its own risk and return objective, thereby taking account of members' changing needs as they approach retirement.

For members who choose not to use the Managed Lifestyle arrangement, the investment strategy includes a range of self-select, or "Pick 'n' Mix" funds. This range includes the Core Options underlying the Managed Lifestyle arrangement, as well as nine funds broadly representing more traditional equities, bonds, cash and property.

To facilitate the investment strategy, an "investment platform" is necessary. The Trustee has appointed Legal & General Assurance (Pensions Management) Limited ("L&G") as provider and therefore assets are held by L&G.

Over the period the underlying funds comprised a series of funds managed by professional investment managers (the "underlying managers"): Aviva Investors, Baillie Gifford Investment Management, BlackRock, BNY Mellon (Insight), Columbia Threadneedle Investments, FundsSmith, HSBC Global Asset Management, Legal & General Investment Management Limited, M&G Investments, Newton Investment Management, PIMCO Investment Management and PineBridge Investments.

All assets held by the Scheme are held through Pooled Investment Vehicles ("PIVs").

Each of the underlying investment managers has a custodian that holds assets in safekeeping.

The Scheme's assets are held in a life fund where L&G owns the assets. The Trustee holds an insurance contract with L&G on members' behalf, where the value of the contract is equal to the value of the underlying investments.

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2025

Compliance

The purpose of this Statement is to provide information, which is required to be disclosed in accordance with Schedule 3 of The Occupational Pension Schemes (Disclosure of Information) Regulations 1996 or voluntarily by the Trustee. The information deals with matters of administrative routine.

Financial Advice

The Trustee is not authorised to give financial advice. The Financial Services & Markets Act 2000 states who is able to provide investment advice, and any queries relating to specific arrangements should always be referred to a Financial Adviser authorised to give such advice. Should a member have any other queries, relating to their own Personal Retirement Account, they should contact WTW, the Scheme administrator, at the address shown on page 15.

General Data Protection Regulations ("GDPR")

The Trustee is registered with the Data Protection Registrar, as required by the Act and GDPR (effective from 25 May 2018). The Trustee continues to review its processes and record keeping in order to comply with the Act's provisions and GDPR requirements. Other appointed service providers must also comply with the Act and GDPR and contracts for services will reflect this as part of the contract provisions.

From 1 January 2021, the UK GDPR came into effect which will run alongside the Data Protection Act 2018, and the EU GDPR 2018. Our obligations as Trustee under UK GDPR are fundamentally the same as our obligations under the EU GDPR and we continue to remain subject to UK Data Protection laws.

The Trustee is registered with the Data Protection Registrar, as required by the Act. The Trustee continues to review its processes and recording keeping, ensuring that the Act's provisions are adhered to. Other appointed service providers must also comply with the Act and contracts for services will reflect this as part of the contract provisions.

Taxation

The Scheme is a registered Scheme under the Finance Act 2004. The Trustee has no reason to believe that there have been any changes to the tax status of the Scheme during the year.

Related Party Transactions

The Principal Employer has paid the majority of the costs of administering the Scheme for the year. Further details of related party transactions are given in note 22 to the financial statements.

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2025

The Pension Tracing Service, MoneyHelper, the Pensions Ombudsman and The Pensions Regulator

Members are advised that:

- if they have general requests for information or guidance concerning pension arrangements contact MoneyHelper:
Address: Bedford Borough Hall, 138 Cauldwell Street, Bedford, MK42 9AB
Telephone: 0800 011 3797
Website: www.moneyhelper.org.uk
- if they have a complaint or dispute concerning a workplace or personal pension arrangement they have the right to contact The Pensions Ombudsman free of charge:
Address: 10 South Colonnade, Canary Wharf, E14 4PU
Telephone: 0800 917 4487
Website: www.pensions-ombudsman.org.uk
Email: enquiries@pensions-ombudsman.org.uk

In addition to the above the Pensions Regulator may intervene in the running of pension schemes where trustees, managers, employees or professional advisers have failed in their duties.

Address: Telecom House, 125-135 Preston Road, Brighton, BN1 6AF
Email: customersupport@tpr.gov.uk

In addition to the above, The Pensions Regulator regulates company pension schemes and enforces the law as it relates to them. It has wide ranging powers which include the power to:

- suspend, disqualify and remove a Trustee, or Director of a Trustee company, for consistently not carrying out their duties;
- wind up schemes where necessary;
- apply for injunctions to prevent the misuse and misappropriation of scheme assets and apply for restitution where necessary.

Information regarding the Scheme has been given to the Pension Tracing Service. You can trace your pension by contacting the Pension Tracing Service:

Address: Tyneview Park, Whitley Road, Newcastle Upon Tyne, NE98 1BA
Telephone: 0845 600 2537
Website: www.pensiontracingservice.com

The auditor has a statutory duty to make an immediate written report to The Pensions Regulator if they believe that legal duties concerned with the running of the Plan are not being carried out.

Internal disputes resolution procedures

A disputes resolution procedure has been agreed by the Trustee to resolve any queries raised by beneficiaries or potential beneficiaries of the Fund and details of this can be obtained by writing to the contact below.

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2025

Contact for further information

Details of individual benefit entitlements can be obtained from the Scheme Administrator at the following address:

Network Rail
Towers Watson Limited (trading as WTW)
Sunderland
SR43 4JU
Email: NetworkRailPensions@wtwco.com
Tel: 01737 230487

For further information about the Scheme generally, including requests to change contributions or AVC investment options, or any complaints in relation to Scheme matters, please write to:

Network Rail Pensions Department
The Quadrant: MK
Elder Gate
Milton Keynes MK9 1EN
Tel: 01908 781010

Email: pensions@networkrail.co.uk

Further information about the Scheme is also available at: www.mynrpension.co.uk

Any questions or comments regarding information contained in this report should be addressed to:

Claire McCarthy
Trustee Governance Manager
Network Rail Pension Trustee Limited
The Quadrant: MK
Elder Gate
Milton Keynes MK9 1EN

Email: Claire.Mccarthy2@networkrail.co.uk

The registered address for the Trustee is:

Network Rail Pension Trustee Limited
Waterloo General Offices
London SE1 8SW

Approval of the Trustee's Report

The Trustee's Report was approved by the Trustee on 03/07/26 and signed on its behalf by:

Samantha Pitt

Samantha Pitt
Trustee Director

Louise Campbell

Louise Campbell
Trustee Director

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

SUMMARY OF CONTRIBUTIONS

YEAR ENDED 31 DECEMBER 2025

During the year ended 31 December 2025 the contributions payable to the Scheme by the employer under the Payment Schedules were as follows:

Contributions required by the schedules of contributions	£'000
Employers	
Normal contributions	20,627
Special contributions	118
Salary sacrifice contributions	20,291
Employees	
Normal contributions	1,510
	<u>42,546</u>
 Other contributions	
Employees	
Additional contributions	3,984
Total contributions receivable	<u>46,530</u>

The contributions payable to the Scheme during the year were paid in accordance with the Payment Schedules dated 1 May 2024 and 1 May 2025.

Approved by the Trustee on 03/07/26 and signed on its behalf by:

Samantha Pitt

Samantha Pitt
Trustee Director

Louise Campbell

Louise Campbell
Trustee Director

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS, UNDER REGULATION 4 OF THE OCCUPATIONAL PENSION SCHEMES (REQUIREMENT TO OBTAIN AUDITED ACCOUNTS AND A STATEMENT FROM THE AUDITOR) REGULATIONS 1996, TO THE TRUSTEES OF THE NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

YEAR ENDED 31 DECEMBER 2025

Statement about contributions

We have examined the summary of contributions payable to Network Rail Defined Contribution Pension Scheme in respect of the Scheme year ended 31 December 2025 which is set out on page 16.

In our opinion the contributions for the Network Rail Defined Contribution Scheme year ended 31 December 2025 as reported in the summary of contributions and payable under the Payment Schedules have in all material respects been paid at least in accordance with the Payment Schedules certified by the actuary on 1 May 2024 and 1 May 2025.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 16 have in all material respects been paid at least in accordance with the Payment Schedule. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Payment Schedule.

Respective responsibilities of Trustee and the auditor

As explained more fully on page 7 in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Payment Schedule showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Payment Schedule.

It is our responsibility to provide a statement about contributions paid under the Payment Schedule and to report our opinion to you.

Use of our statement

This statement is made solely to the Scheme's Trustee as a body, in accordance with the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an Auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's Trustee as a body, for our audit work, for this statement, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP

Statutory Auditor, Chartered Accountants
Portland
25 High Street
Crawley RH10 1BG

Date: 06/07/26

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

YEAR ENDED 31 DECEMBER 2025

Opinion

We have audited the Financial Statements of the Network Rail Defined Contribution Pension Scheme for the year ended 31 December 2025 which comprise the Fund Account, the Statement of Net Assets (available for benefits) and notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the Financial Statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2025, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the annual report and financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the annual report and financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Scheme's Trustee's use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

Our responsibilities and the responsibilities of the Scheme's Trustee with respect to going concern are described in the relevant sections of this report.

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME *(continued)*

YEAR ENDED 31 DECEMBER 2025

Other information

The other information comprises the information included in the annual report, other than the Financial Statements and our Auditor's report thereon. The Scheme's Trustee is responsible for the other information contained within the annual report. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Trustee

As explained more fully on page 7 in the Trustee's responsibilities statement, the Trustee is responsible for the preparation of the Annual Report and Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of the Annual Report and Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Annual Report and Financial Statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual report and financial statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME *(continued)*

YEAR ENDED 31 DECEMBER 2025

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Financial Statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the Financial Statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the Financial Statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit. However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the environment, including the legal and regulatory framework that the Scheme operates in and how the Scheme is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the Financial Statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are the Pensions Act 1995 and 2004 and regulations made under them and FRS 102, including the Financial Reports of Pension Schemes 2018 (the Pensions SORP).

The audit engagement team identified the risk of management override of controls as the area where the Financial Statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME *(continued)*

YEAR ENDED 31 DECEMBER 2025

Use of our report

This report is made solely to the Scheme's members, as a body, in accordance with the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP

Statutory Auditor, Chartered Accountants
Portland
25 High Street
Crawley RH10 1BG

Date: 06/07/26

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

FUND ACCOUNT

YEAR ENDED 31 DECEMBER 2025

	Note	2025 £'000	2024 £'000
Contributions and benefits			
Employer contributions		41,036	38,613
Employee contributions		5,494	5,097
Total contributions	4	46,530	43,710
Transfers in	5	850	962
Other income	6	2,060	2,348
		49,440	47,020
Benefits paid or payable	7	(11,593)	(13,981)
Payments to and on account of leavers	8	(12,693)	(12,850)
Administrative expenses	9	(22)	(22)
		(24,308)	(26,853)
Net additions from dealings with members		25,132	20,167
Returns on investments			
Investment income	10	100	129
Change in market value of investments	11	97,961	87,920
Net return on investments		98,061	88,049
Net increase in the fund during the year		123,193	108,216
Net assets of the Scheme			
At 1 January		666,441	558,225
At 31 December		789,634	666,441

The notes on pages 24 to 37 form part of these annual report and financial statements.

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

AS AT 31 DECEMBER 2025

		2025 £'000	2024 £'000
	Note		
Investment assets	11		
Pooled investment vehicles	14	787,061	661,609
Other investment balances	15	103	110
		<u>787,164</u>	<u>661,719</u>
Current assets	20	5,698	6,838
Current liabilities	21	(3,228)	(2,116)
Net assets of the Scheme at 31 December		<u>789,634</u>	<u>666,441</u>

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year.

The financial statements were approved by Network Rail Pension Trustee Ltd and authorised for issue on 03/07/26 and signed on its behalf by:

Samantha Pitt

Samantha Pitt
Trustee Director

Louise Campbell

Louise Campbell
Trustee Director

The notes on pages 24 to 37 form part of these annual report and financial statements.

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

1. Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and with guidance set out in the Statement of Recommended Practice (Revised 2018).

The financial statements have been prepared on the going concern basis. Having considered operational matters and the position of the Principal Employer the Trustee considers the preparation of the financial statements on a going concern basis to be appropriate.

2. Statement of compliance

The Scheme is established as a trust under English Law. The registered address of the Scheme is at Network Rail Pension Trustee Limited, Waterloo General Offices, London, SE1 8SW.

3. Accounting policies

The following principal accounting policies have applied in the preparation of the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Currency

The Scheme's functional and presentational currency is pounds sterling, rounded to the nearest pound.

Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the Scheme year end. Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of transaction.

Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

Contributions

Normal contributions, both from the members and from the employer, are accounted for as they fall due in accordance with the latest Payment Schedule. Additional voluntary contributions from the members are accounted for in the month they are deducted from the payroll.

Employer augmentation contributions are accounted for in accordance with the agreement under which they payable.

Transfer from and to other plans

Individual transfers in or out of the Scheme are accounted for when member liability is accepted or discharged, which is normally when the transfer amount is received or paid.

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

3. Accounting policies *(continued)*

Benefits and payments to and on account of leavers

Retirement benefits are accounted for on the later of the period in which the member notifies the Trustee of his decision on the type or amount of benefit to be taken, and the date of retiring or leaving. If there is no member choice, on the date of retiring, leaving or notification of death.

Other benefits are accounted for from the date the member leaves the Scheme, or on requesting an Uncrystallised Funded Lump Sum, or on death.

Refunds are accounted for when the Trustee is notified of the member's decision to leave the Scheme.

Where the Trustee agrees or is required to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Scheme, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within benefits.

Administrative and other expenses

Administrative and other expenses, when incurred by the Scheme, are accounted for on an accruals basis, net of recoverable VAT.

Investment income and expenditure

Income from cash and short term deposits is accounted for on an accruals basis.

Income from pooled investment vehicles is reinvested within the funds and is therefore not directly paid to the Scheme, but included within change in market value.

Investment management fees are accounted for on an accruals basis and shown separately within investment returns.

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value.

Valuation and classification of investments

Investment assets and liabilities are included in the financial statements at fair value as described below:

Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

4. Contributions

	2025	2024
	£'000	£'000
Employer contributions		
Normal	20,627	19,410
Augmentation	118	258
Employers SMART contributions	20,291	18,945
	<u>41,036</u>	<u>38,613</u>
Employee contributions		
Normal	1,510	1,551
Additional voluntary contributions	3,984	3,546
	<u>5,494</u>	<u>5,097</u>
	<u>46,530</u>	<u>43,710</u>

There is a salary sacrifice arrangement (known as SMART) in place giving members the option to increase their take-home pay as National Insurance Contributions payable by both employee and employer are reduced.

Augmentations relate to the cost of augmenting benefits of certain retiring and leaving members.

5. Transfers in

	2025	2024
	£'000	£'000
Individual transfers in	<u>850</u>	<u>962</u>

6. Other income

	2025	2024
	£'000	£'000
Claims on life assurance policy	2,055	2,335
Other income	5	13
	<u>2,060</u>	<u>2,348</u>

7. Benefits paid or payable

	2025	2024
	£'000	£'000
Commutations and lump sum retirement benefits	7,548	9,701
Purchase of annuities	1,052	1,006
Death benefits	2,993	3,260
Taxation where lifetime or annual allowance exceeded	—	14
	<u>11,593</u>	<u>13,981</u>

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

8. Payments to and on account of leavers

	2025	2024
	£'000	£'000
Individual transfers to other schemes	<u>12,693</u>	<u>12,850</u>

9. Administrative expenses

	2025	2024
	£'000	£'000
Other fees and expenses	<u>22</u>	<u>22</u>

The Employer paid other administration costs and the life assurance premiums as disclosed under Note 22.

10. Investment income

	2025	2024
	£'000	£'000
Interest on cash deposits	<u>100</u>	<u>129</u>

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

11. Reconciliation of investments

	Value at 31 December 2024 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Value at 31 December 2025 £'000
Pooled investment vehicles	661,609	74,671	(47,180)	97,961	787,061
Other investment balances	110			—	103
	<u>661,719</u>			<u>97,961</u>	<u>787,164</u>

Other investment balances of £103k (2024 - £110k) relates to cash in transit to the investment manager.

Indirect costs are incurred through the bid-offer spread on investments within the pooled investment vehicles. The amount of indirect cost is not separately provided to the Scheme. There were no direct transaction costs.

12. Investment management expenses

Fund management fees relating to the management of the assets of the Scheme are calculated as a percentage of the value of the fund and are included within the unit prices of the investments held. They are therefore reflected in the market value of the investments.

13. Taxation

The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

14. Pooled investment vehicles

During the year, investment assets were managed by Legal & General Investment Management ("L&G") who are registered in the United Kingdom.

The L&G policy was held in the name of the Network Rail Defined Contribution Pension Scheme. The policy was held by the Scheme in a unit-linked insurance bond for use by Trustees of Eligible Schemes. Each fund held by the policy holder was a separate account within L&G's long term business fund. These funds were maintained to calculate plan values. Each fund represented a group of investments held by L&G and was divided into units which represented shares in the investment of each Fund. The allocation to units was notional and was a means of calculating plan values. The policy holder had no beneficial interest in the units, the Fund or any of the underlying investments, all of which were solely the property of L&G.

Investments purchased by the Scheme are allocated to provide money purchase benefits to the individuals on whose behalf the corresponding contributions were paid. Accordingly, the assets identified as designated to members in the net assets statement do not form a common pool of assets available for members generally. Members each receive an Annual Benefit Statement confirming the contributions paid by them, on their behalf or for them, and the value of their Personal Retirement Account. It also includes a Statutory Money Purchase Illustration.

The market value of investments at 31 December 2025 and 31 December 2024, by investment fund is shown in the table below:

	2025	2024
	£'000	£'000
Equity	99,466	87,894
Bond	19,321	19,360
Property	10,523	10,319
Cash	26,482	23,477
Balanced	631,269	520,559
	<u>787,061</u>	<u>661,609</u>

The underlying legal structure of the above funds is summarised in note 18 on page 34.

The pooled investment vehicles are managed by companies registered in the UK.

The property fund holdings are considered to be illiquid investment holdings due to the nature of the underlying investment in properties.

15. Other investment balances

	2025	2024
	£'000	£'000
Other investment balances assets		
Cash in transit	<u>103</u>	<u>110</u>

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

16. Defined contribution assets

Defined contribution section investments purchased by the Scheme are allocated to provide benefits to the individuals on whose behalf the contributions are paid.

Defined contribution investment assets are allocated as follows:

	2025 £'000	2024 £'000
Allocated to members	786,996	664,007
Not allocated to members	168	(2,288)
	<u>787,164</u>	<u>661,719</u>

17. Fair value determination

The fair value of financial instruments has been determined using the following fair value hierarchy:

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Scheme's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

	At 31 December 2025			Total
	Level 1 £'000	Level 2 £'000	Level 3 £'000	£'000
Pooled investment vehicles	–	787,061	–	787,061
Other investments	103	–	–	103
	<u>103</u>	<u>787,061</u>	<u>–</u>	<u>787,164</u>
	At 31 December 2024			Total
	Level 1 £'000	Level 2 £'000	Level 3 £'000	£'000
Pooled investment vehicles	–	661,609	–	661,609
Other investments	110	–	–	110
	<u>110</u>	<u>661,609</u>	<u>–</u>	<u>661,719</u>

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

18. Investment risk disclosures

Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- Currency risk: this is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Further information on the Trustee's approach to risk management, credit and market risk is set out below. This does not include the legacy insurance policies nor AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

18. Investment risk disclosures *(continued)*

Investment strategy

The Scheme's assets are all invested through a unit-linked insurance policy, designed for company pension schemes. The unit-linked policy invests in a wide range of investments through several investment managers. Members are provided with a choice of 13 "member funds" to invest in, collectively known as the "investment strategy". The funds in which the investment funds themselves invest are known as "underlying funds".

The member funds are invested in a wide range of "underlying investments" (through the underlying funds) in different asset classes, including stocks and shares (equities), bonds, cash and other types of investment. The value of the member funds is worked out daily and will rise or fall. Members' investments are directly linked to the performance (after any applicable fees or charges) of the underlying funds in which money is invested.

For example, members may invest in the NRDC Cash Fund - this is a member fund. This fund is itself 100% invested in the Legal and General Investment Management ("L&G") Cash Fund - this is an underlying fund. The L&G Cash Fund will hold various cash investments - these are underlying investments.

The value of the total policy is also worked out daily, based on the total number of units each member has in the unit-linked policy. As the value of the underlying funds rises or falls, so will the value of members' holdings in the policy. The policy can be cashed in on any working day that reflects up to date market valuations.

The investment strategy includes several options for members. The "Managed Lifestyle" arrangement switches members across two member funds, called Core Options, and a Cash Fund as members approach retirement. Each Core Option is made up of a variety of underlying funds, managed by different investment managers. Each Core Option also has its own risk and return objective, thereby taking account of members' changing needs as they approach retirement.

For members who choose not to use the Managed Lifestyle arrangement, the investment strategy includes a range of self-select, or "Pick 'n' Mix" funds. This range includes the Core Options underlying the Managed Lifestyle arrangement, as well as nine funds broadly representing more traditional equities, bonds, cash and property.

To facilitate the investment strategy, an "investment platform" is necessary. The Trustee has appointed Legal & General Assurance (Pensions Management) Limited ("L&G") as provider and therefore assets are held by L&G.

Over the period the underlying funds comprised a series of funds managed by professional investment managers (the "underlying managers"): Baillie Gifford Investment Management, BlackRock, Columbia Threadneedle Investments, HSBC Global Asset Management, L&G and PIMCO Investment Management.

All assets held by the Scheme are held through Pooled Investment Vehicles ("PIVs").

Each of the underlying investment managers has a custodian that holds assets in safekeeping.

The Scheme's assets are held in a life fund where L&G owns the assets. The Trustee holds an insurance contract with L&G on members' behalf, where the value of the contract is equal to the value of the underlying investments.

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

18. Investment risk disclosures *(continued)*

Scheme Risk Assessment

The Scheme is subject to various types of risks but member level risk exposures will be dependent on the member funds invested in by members. The main types of risks include (but are not limited to) credit risk and market risk, arising from the underlying investments in the underlying funds. Market risk is composed of foreign exchange ("FX"), interest rate and other price risks.

While the Trustee governs the underlying funds individually, it considers risks at a member fund level to be more important, recognising the benefit of diversification and offsetting risks within the investment funds.

Risks are classified as "Direct" if they relate to an investment held directly by the Scheme, or "Indirect" if they relate to an investment held by one of the pooled underlying funds.

All member funds would be exposed to different risks to some degree (for example, a large shift in interest rates could affect equity markets) - the main risk exposures of each of the member funds within the investment strategy are set out below.

Fund	Credit (Direct)	Credit (Indirect)	FX	Interest Rate	Other Prices
Global Growth Fund	✓	✓	✓	✓	✓
Global Multi-Asset Fund	✓	✓	✓	✓	✓
Global Diversified Retirement Fund	✓	✓	✓	✓	✓
Annuity Protection Fund	✓	✓		✓	✓
Cash Fund	✓			✓	✓
Emerging Markets Equity Fund	✓		✓		✓
Global Equity Fund	✓		✓		✓
Aggregate Bond Fund	✓	✓		✓	✓
Property Fund	✓				✓
Index-Linked Gilt Fund	✓	✓		✓	✓
Positive Impact Equity	✓		✓		✓
Infrastructure Equity	✓		✓		✓
HSBC Islamic Global Equity Index	✓		✓		✓

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

18. Investment risk disclosures *(continued)*

Credit risk

All assets of the Scheme are subject to direct credit risk in relation to L&G through the Scheme's holding in unit linked insurance funds provided by L&G. Direct credit risk relates to insolvency of L&G, the underlying managers or the custodians used by the underlying managers to hold fund assets.

L&G is authorised by the Prudential Regulation Authority, regulated by the Financial Conduct Authority and the Prudential Regulation Authority and maintains capital for its policy holders. In the event of default by L&G, the Trustee can apply for compensation from the Financial Services Compensation Scheme ("FSCS").

As well as the regulatory environment in which the investment platform operates, direct credit risk is mitigated at the investment platform level by the assets backing the Scheme's policy being ring-fenced from those of the investment platform.

Direct credit risk in the underlying funds operated by the underlying managers is mitigated by the underlying investments being ring-fenced from those of the underlying manager and through the regulatory environments in which the underlying managers operate. The amount that can be claimed by the investment platform in the event of an insolvency of the underlying manager will depend on the structure of the underlying fund and the contractual terms between the manager and the investment platform. In the event of a custodian becoming insolvent, the level of asset recovery will depend on the custody agreement in place between the underlying manager and the custodian.

The Trustee carries out due diligence checks on the appointment of the investment platform and new investment managers. On an ongoing basis, it monitors any changes to the regulatory and operating environments of both.

The Scheme's investments are all held in pooled investment vehicles. At the end of the year, the total value of member funds subject to direct credit risk was £787.1m (£661.6m at 31 December 2024).

The Scheme is also subject to indirect credit risk arising on the underlying investments held by the underlying funds. Credit risk is mitigated by utilising investment managers whose mandate includes one or more of the following:

- invest in government bonds where the credit risk is minimal;
- invest in corporate bonds which are rated at least investment grade;
- diversification of the underlying investments.

A summary of pooled investment vehicles by type of arrangement is as follows:

	2025	2024
	£'000	£'000
Unit linked insurance contracts	198,511	170,995
Open ended investment companies	588,550	490,614
	<u>787,061</u>	<u>661,609</u>

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

18. Investment risk disclosures *(continued)*

Other investment risk

Currency Risk

Some member funds are subject to indirect currency risk because some of the underlying investments are held in overseas markets via pooled investment vehicles. The Trustee regards currency risk as one which can, in some cases, add value and manages this risk through advice from its investment advisor.

There is no direct exposure to currency risk. All member and underlying funds are priced in GBP and no foreign denominated assets are held directly.

Interest rate risk

Some member funds are subject to indirect interest rate risk because some of the underlying investments are held in bonds or cash through pooled vehicles. If interest rates fall the value of these investments will rise (all else equal) and vice versa.

The Scheme manages this risk through the following:

- diversification, where appropriate, to reduce the impact of a change in interest rates; or
- allowing the risk, where appropriate, in recognition that a change in interest rates will likely be correlated with a change in annuity rates and therefore this degree of "matching" is desirable.

No assets are subject to direct interest rate risk as no interest rate sensitive investments are held directly.

Other price risks

All assets are subject to indirect other price risk. Other price risk arises in relation to risks not mentioned above, such as those affecting equity markets, property, non-investment grade bonds etc.

The Scheme manages this risk by making available member funds with a diverse portfolio of investments across various markets, designed to minimise the overall price risk. Members may also invest in funds with a higher degree of overall price risk should they choose.

No assets are subject to direct other price risk as no price sensitive investments are held directly.

19. Concentration of investments

The following investments amounted to more than 5% of the total net assets of the Scheme:

	2025		2024	
	£'000	%	£'000	%
NRDC Global Growth Fund	422,065	53.45	348,764	52.33
NRDC Global Diversified Retirement Fund	181,872	23.03	147,305	22.10
NRDC Global Equity Fund	83,574	10.58	74,036	11.11

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

20. Current assets

	2025	2024
	£'000	£'000
Other debtors	26	24
Cash balances	5,672	6,814
	<u>5,698</u>	<u>6,838</u>

Included in the above cash balances is £1,424k (2024 - £1,147k) of amounts not allocated to members. Of this, £6k (2024 - £27k) represents the Special Fund.

Assets not allocated to members are amounts belonging to the Employer that have accumulated as a result of refunds to members leaving the Scheme within the first two years of joining. In such a situation, the member is refunded their contributions adjusted for any investment gain or loss. The Scheme accumulates the employer contributions adjusted for any investment gain or loss and these are applied either to offset future employer contributions due, or to meet administration expenses of the Scheme as agreed with the Employer.

21. Current liabilities

	2025	2024
	£'000	£'000
Unpaid benefits	1,898	854
Other creditors	1	—
Prepaid contributions	1,329	1,262
	<u>3,228</u>	<u>2,116</u>

NETWORK RAIL DEFINED CONTRIBUTION PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

22. Related party transactions

The Trustee and the Principal Employer have provided administrative services free of charge during the period under review.

Expenses from third parties in respect of administration and investment advice (except as disclosed in notes 9 and 12 of these financial statements) totalling £2,525,000 (2024 - £2,261,503) have been paid by the Principal Employer on behalf of the Scheme. Included within this amount, fees of £61,640 (2024 - £31,083) were payable to the Trustee Director, Law Debenture Pension Trust Corporation, in respect of the services of Samantha Pitt, as Chair of the Scheme.

In addition, the cost of providing lump sum death benefits through an insurance policy of £2,372,084 (2024: £2,095,878) was met by the Principal Employer on behalf of the Scheme.

During the year, transfers in from NR CARE totalled £35,264 (2024 - £44,249) and transfers out to NR CARE totalled £934,506 (2024 - £737,845).

Trustee Directors, who have served during the year, were members of the following related pension schemes during their tenure:

Trustee Director	Network Rail Pension Scheme
Samantha Pitt*	RPS Deferred / NRDC Deferred
Timothy Craddock	RPS Active / NR CARE Deferred
Paul Norris	N/A
Louise Campbell	RPS Active
Ian Waters	NR CARE Active/RPS Pensioner
Gary Adams	RPS Active
Lisa Leeds	NR CARE Active
Ian Iceton (resigned 15 December 2025)	NR CARE Pensioner

*Representative of Law Debenture Pension Trust Corporation

RPS – Railways Pension Scheme

NRDC – Network Rail Defined Contribution Pension Scheme

NR CARE– Network Rail CARE Pension Scheme

Annual Governance Statement

By the Chair of the Trustee for the Twelve Months Ending 31 December 2025

Since 6 April 2015, governance rules have applied to defined contribution pension arrangements, like NRDC. These have been designed to help members achieve a good outcome from their pension savings.

As the Chair of the Trustee, I have to provide you with a yearly statement which explains what steps have been taken by the Trustee Board, with help from our professional advisers, to meet the governance standards. The law sets out what information has to be included in my statement and this is covered in sections 1 to 4 below.

The Trustee Directors are committed to having high governance standards and we have a number of dedicated sub-committees which meet regularly to monitor the controls and processes in place in connection with the Scheme's investments and administration. More information about the sub-committees is on page 4 of the Annual Report.

I welcome this opportunity to explain what the Trustee does to help to ensure the Scheme is run as effectively as it can be.

This Statement, as well as other useful information, is available on the NRDC website at:

<https://www.mynrpension.co.uk/network-rail-defined-contribution-nrdc/>

1. Default investment arrangement

The default arrangement is a lifestyle strategy called the Managed Lifestyle. Pension contributions are invested for members who join the Scheme and do not choose an investment option. Members can also choose to invest in most of the underlying funds of the Managed Lifestyle as self-select options.

There was an additional default arrangement (a Cash Fund) added to the SIP in 2021 which arose from the temporary suspension of dealing in the Aviva Property Fund, a component of the NRDC Property Fund. As a result, member contributions were temporarily invested in the Cash Fund – deemed legally a default arrangement for the Scheme.

Setting an appropriate investment strategy

The Trustee is responsible for investment governance. This includes setting and monitoring the investment strategy for the Scheme's default arrangement: the Managed Lifestyle. 85% of members had contributions invested in the Managed Lifestyle at the year-end (i.e. 32,090 members are invested in the default strategy). Details of the investment strategy and investment objectives of the default arrangement are recorded in the documents called the Statement of Investment Principles (included in Appendix 1) and the Statement of Investment Arrangements, which is available on request.

Reviewing the default investment arrangement

The Trustee is expected to:

- Review the investment strategy and objectives of the default investment arrangement at regular intervals, and at least once every 3 years
- Take into account the needs of the Scheme membership when designing the default arrangement

The Trustee Board and its investment sub-committee review the investment objectives and the performance of the default arrangement at least once a year having considered the advice of Schroders Solutions (the Scheme's investment adviser).

The default investment arrangements (the default lifestyle strategy and cash fund) were last formally reviewed during the 2022 Scheme Year with changes implemented in March 2023. In practice, the default investment arrangements are reviewed on an ongoing basis. The next formal strategy review is due in 2026 and will be commencing shortly.

Default Strategy Asset Allocation as at 31 December 2025

From 1st October 2023, the Trustees are required to disclose the underlying percentage of assets allocated to each of the asset classes shown below in their default arrangement, at different stages of the lifestyle process:

Asset Class (%)	25-year-old member	45-year-old member	55-year-old member	65-year-old member
Cash	0.0	0.0	0.0	25.0
Corporate bonds, UK government bonds and overseas government bonds.	0.0	0.0	45.0	33.8
Listed equities	100.0	100.0	55.0	41.2
Private equity	0.0	0.0	0.0	0.0
Infrastructure	0.0	0.0	0.0	0.0
Other property/real estate	0.0	0.0	0.0	0.0
Other private debt/credit	0.0	0.0	0.0	0.0
Any other assets	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0

Source: Schroders Solutions.

The additional default arrangement, the Cash Fund, contains an allocation to 100% cash.

2. Statement of Investment Principles

In accordance with the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles, which sets out its policy on investment issues, including risks, performance targets, diversification of investments and details of the key elements of the investment arrangements of the Scheme.

The Statement of Investment Principles ('SIP') sets out how the Scheme takes into account financially material considerations, including Environmental, Social and Governance ('ESG') factors, in its investment decision making process.

The SIP was last updated in September 2024 to include information on the Trustee's policy on illiquid assets within the default arrangement.

A copy of this statement is set out in the Appendix.

3. Good value for members

The Trustee is required to consider the extent to which the investment options and the benefits offered by the Scheme represent good value for members when this is compared to other options available in the market.

There is no legal definition of ‘good value’ and so the process of determining good value for members is a subjective one. We have received advice on how to assess good value from our advisers and considered regulatory guidance.

Charges paid by members

A formal value for members review was carried out in February 2026, in relation to the Managed Lifestyle and self-select options.

During this review, the Trustee considered all sources of fees levied on members’ accounts (including management charges, additional expenses and platform charges as appropriate) to ensure value for members is present. The Trustee considered, among other items, the absolute level of charges, the competitiveness of the charges relative to the marketplace and the levels of service provided to members. As you may know, Network Rail pays the administration costs and expenses of running the scheme – an advantage relative to many other schemes.

The review concluded that the default arrangement attracts a total expense ratio¹ (TER) of c.0.15% p.a. on member assets on average throughout a member’s working lifetime (assuming 40 years of service). This figure is broadly in line with the 2024 Scheme Year. This is lower than the maximum allowed of 0.75% and reasonable, given the type of investment strategy selected.

In reaching its assessment of value for members, the Trustee has considered the level of charges and transaction costs borne by members alongside the net investment returns achieved over appropriate periods. The Trustee has reviewed net investment returns for the default arrangement and self-select funds over one, three and five years (where available), taking account of the nature, objectives and risks of each investment option. Having considered charges, transaction costs, net investment returns and the quality of services provided to members, the Trustee is satisfied that the Scheme offers good value for members overall.

The TERs and transaction costs applicable to the funds underlying the Managed Lifestyle, and the self-select options are set out in the table below. The TERs are as at 31 December 2025, and the transaction costs are as at 30 September 2025 (the latest available at the reporting date).

	Fund	Total Expense Ratio per annum (%)	Transaction costs (%)
Default Lifestyle Funds	Global Growth Fund	0.16	0.14
	Global Diversified Retirement Fund	0.14	0.12
	Cash Fund*	0.05	0.07
Additional Pick ‘n’ Mix Funds	Global Multi-Asset Fund	0.17	0.13
	Global Equity Fund	0.14	0.16
	Emerging Markets Equity Fund	0.25	0.00
	HSBC Islamic Global Equity Fund	0.18	-0.06
	Property Fund	0.47	0.07
	Annuity Protection Fund**	0.13	0.00
	Aggregate Bond Fund	0.06	-0.01
	Index-Linked Gilt Fund	0.04	0.12
	Positive Impact Equity Fund	0.51	0.07
	Infrastructure Equity Fund	0.25	0.01

*the Cash fund is a default fund

**forms part of the annuity-targeting lifestyle strategy but is not available as a standalone self-select option

Source: Legal and General (TER data, as at 31 December 2025), L&G (transaction cost data, 1 October 2024–30 September 2025). In preparing this information, the Trustee has taken account of the relevant statutory

¹The total expense ratio (TER) represents the total cost of running the Fund. It includes the annual management charge (AMC) as well as the cost of administration and the underlying investment provider charges (including depository and custodial charges and audit, registration, and compliance fees).

guidance: [Reporting of costs, charges and other information: guidance for trustees and managers of occupational schemes](#)

Net investment returns

The Trustee monitors the performance of the Scheme's investment strategy, for both the default lifestyle funds and the self-select funds, on a quarterly basis over various time periods. The performance of both the overall blends and the underlying funds is considered by the Trustee. The Trustee has taken account of the 2021 Guidance when preparing this section of the Chair's Statement and determined 5 years p.a. of historical data is sufficient to reflect a longer time horizon of investment.

Performance of the Scheme's assets against the objectives is shown below:

Fund ↓	Return (%) →	5 Years p.a.	3 Years p.a.	1 Year
Global Growth Fund¹		9.4	15.5	16.1
Long-Term Target		9.8	7.8	7.8
Global Multi-Asset Fund¹		6.4	13.4	14.4
Long-Term Target		8.6	6.9	6.9
Global Diversified Retirement Fund¹		2.6	10.1	12.0
Long-Term Target		7.7	5.8	5.8
Annuity Protection Fund*		-6.0	3.0	5.6
Benchmark		-6.4	0.8	4.6
Cash Fund**		3.1	4.7	4.4
Benchmark		3.1	4.7	4.3
Emerging Markets Equity Fund		4.8	10.6	15.9
Benchmark		5.3	11.4	17.7
Global Equity Fund		12.3	16.2	16.1
Benchmark		13.2	17.9	19.2
Aggregate Bond Fund		-3.3	3.7	5.9
Benchmark		-3.3	3.8	5.9
Property Fund		4.0	6.7	8.7
Long-Term Target		5.3	6.9	8.7
Index-Linked Gilt Fund		-10.2	-3.1	0.6
Benchmark		-10.2	-3.0	0.6
Positive Impact Equity²		-	-	8.8
Benchmark		-	-	14.4
Infrastructure Equity²		-	-	5.9
Benchmark		-	-	6.2
HSBC Islamic Global Equity Index		14.9	23.1	12.7
Benchmark		15.1	23.2	12.6

* forms part of the annuity-targeting lifestyle strategy but is not available as a standalone self-select option

** the Cash fund is a default fund

Source: Legal & General (data, as at 31 December 2025), Underlying managers (data, as at 31 December 2025), ONS (CPI data, as at 31 December 2025). Performance is shown net of fees. In preparing this information, the Trustee has taken account of the relevant statutory guidance: *Completing the annual Value for Members assessment and Reporting of Net Investment Returns*, published by the Department for Work and Pensions on 21 June 2021.

Past performance is not a guide to future returns. The value of investments and the income from them can fall as well as rise and you may not get back the full amount originally invested.

¹ The following funds were renamed as part of the 2023 strategy review, the historic returns have been combined in the table above: Global Growth Fund (formerly Higher Risk Fund), Global Multi-Asset Fund (formerly Balanced Risk Fund), Global Diversified Retirement Fund (formerly Lower Risk Fund).

² The Positive Impact Equity and Infrastructure Equity funds were launched on 1 August 2023. As such, 3 year and 5 year performance is unavailable.

Member experience by age for lifestyle strategies

The information set out below shows the net performance for members at different age cohorts over the last one, three and five years. The figures incorporate changes agreed and implemented by the Trustee to the default strategy in respect to phasing between funds in the lifestyle and the mix of underlying funds. These changes were implemented in August 2023 and included the addition of the Annuity and Cash Targeting lifestyle strategies. The Trustee has taken account of the 2021 Guidance when preparing this section of the Chair's Statement and has determined that 5 years p.a. of historical data (where available) is sufficient to reflect a longer time investment horizon.

Default Lifestyle Strategy

Age of member in 2025 Return (%) → ↓ (years)	5 Years p.a.	3 Years p.a.	1 Year
25	9.4	15.5	16.1
45	9.4	15.5	16.1
55	2.6	10.1	12.0
65	2.7	8.8	10.1

Annuity-Targeting Lifestyle Strategy

Age of member in 2025 Return (%) → ↓ (years)	5 Years p.a.	3 Years p.a.	1 Year
25	n/a	n/a	16.1
45	n/a	n/a	16.1
55	n/a	n/a	12.0
65	n/a	n/a	5.3

Cash-Targeting Lifestyle Strategy

Age of member in 2025 Return (%) → ↓ (years)	5 Years p.a.	3 Years p.a.	1 Year
25	n/a	n/a	16.1
45	n/a	n/a	16.1
55	n/a	n/a	12.0
65	n/a	n/a	4.4

Source: Legal & General (data, as at 31 December 2025), Underlying managers (data, as at 31 December 2025), Performance is shown net of fees.

Past performance is not a guide to future returns. The value of investments and the income from them can fall as well as rise and you may not get back the full amount originally invested.

Transaction costs paid by members

We are required to explain transaction costs (i.e. the costs of buying and selling investments in the Scheme) which are paid by members rather than the employer. Where information about the member costs and charges is not available, we have to make this clear to you together with an explanation of what steps we are taking to obtain the missing information.

The Trustee is required, as far as is reasonable and practical, to assess the extent to which these transaction costs represent good value for members. Over the Scheme Year, transaction costs have been assessed across three areas:

- a) Transaction costs incurred as part of changes in the investment funds which comprise the Managed Lifestyle
- b) Transaction costs incurred by having funds automatically switched within the Managed Lifestyle
- c) Transaction costs incurred in the normal day-to-day running of the investment funds used by the Scheme (both in the Managed Lifestyle and self-select options)

The Trustee is satisfied the transaction costs incurred in a) and b) above are reasonable and provide value for members in terms of what they provide (i.e. a smoothly running lifestyle strategy).

We have discussed with each of the Scheme's investment fund managers their approach to disclosing transaction costs in c) above. The transaction costs are those incurred while invested through the investment platform provider over the course of the Scheme year. Based on the latest available information, the Trustee is satisfied the costs are reasonable and provide value for members. These transaction costs are set out in the above table for the 12-month period ending 30 September 2025.

Value provided by these costs

Value for members is evidenced both qualitatively (through the provision of what the Trustee considers to be a good strategy and good internal controls and services from the underlying investment managers), and quantitatively (through strong investment performance and effective protection against downside risk).

The funds within the Managed Lifestyle arrangement outperformed their targets/benchmarks over the 12-month period to 31 December 2025, predominantly driven by strong equity market performance. The Pick 'n' Mix funds all delivered positive absolute performance over the year, while the passively managed funds performed in line with their objectives.

Over the 3-year period to 31 December 2025, the Managed Lifestyle funds outperformed their inflation-linked targets. The Pick 'n' Mix funds performed broadly in line with their objectives over the same period.

Based on our assessment, the Trustee has concluded that overall, the Scheme represents good value for members through the investment options it provides.

Illustrative example of the cumulative effect of costs and charges over time

Below is an illustrative example of the cumulative effect over time of the application of charges and costs on the value of a member's accrued rights. The example outlines the effects of fund charges (the TERs above) and transaction costs across the Scheme's fund range.

Projected pension pot, in today's terms

	Default (Managed) Lifestyle		Global Growth Fund		Global Diversified Retirement Fund		Cash Fund*		Global Multi-Asset Fund	
Years	Gross of all charges	Net of all charges	Gross of all charges	Net of all charges	Gross of all charges	Net of all charges	Gross of all charges	Net of all charges	Gross of all charges	Net of all charges
1	£12,300	£12,300	£12,300	£12,300	£12,100	£12,100	£11,900	£11,900	£12,100	£12,100
3	£17,300	£17,200	£17,300	£17,200	£16,600	£16,400	£15,800	£15,700	£16,600	£16,400
5	£22,800	£22,400	£22,800	£22,400	£21,200	£21,000	£19,700	£19,600	£21,200	£20,900
10	£38,400	£37,400	£38,400	£37,400	£33,700	£33,200	£29,700	£29,500	£33,700	£33,000
15	£57,500	£55,400	£57,500	£55,400	£47,800	£46,600	£39,900	£39,500	£47,800	£46,400
20	£80,600	£76,800	£80,600	£76,800	£63,400	£61,500	£50,400	£49,800	£63,400	£61,100
25	£106,200	£100,200	£108,600	£102,300	£80,900	£77,900	£61,300	£60,400	£80,900	£77,300
30	£130,500	£122,200	£142,400	£132,600	£100,200	£95,900	£72,500	£71,300	£100,200	£95,000
35	£154,200	£143,600	£183,100	£168,500	£121,700	£115,700	£84,000	£82,500	£121,700	£114,500
40	£179,300	£165,900	£231,900	£210,800	£145,600	£137,400	£96,000	£94,000	£145,600	£135,800

Projected pension pot, in today's terms

	Global Equity Fund		Emerging Markets Equity Fund		HSBC Islamic Global Equity Index		Property Fund		Annuity Protection Fund**	
Years	Gross of all charges	Net of all charges	Gross of all charges	Net of all charges	Gross of all charges	Net of all charges	Gross of all charges	Net of all charges	Gross of all charges	Net of all charges
1	£12,300	£12,300	£12,300	£12,300	£12,300	£12,300	£12,300	£12,300	£12,300	£12,300
3	£17,300	£17,300	£17,300	£17,200	£17,300	£17,300	£17,300	£17,100	£17,300	£17,300
5	£22,800	£22,600	£22,800	£22,500	£22,800	£22,600	£22,800	£22,400	£22,800	£22,700
10	£38,400	£37,800	£38,400	£37,700	£38,400	£38,000	£38,400	£37,200	£38,400	£38,100
15	£57,500	£56,300	£57,500	£55,900	£57,500	£56,600	£57,500	£54,800	£57,500	£56,800
20	£80,600	£78,500	£80,600	£77,800	£80,600	£79,000	£80,600	£75,800	£80,600	£79,400
25	£108,600	£105,000	£108,600	£104,000	£108,600	£106,000	£108,600	£100,700	£108,600	£106,500
30	£142,400	£136,800	£142,400	£135,200	£142,400	£138,200	£142,400	£130,000	£142,400	£139,100
35	£183,100	£174,700	£183,100	£172,300	£183,100	£176,800	£183,100	£164,600	£183,100	£178,200
40	£231,900	£219,700	£231,900	£216,200	£231,900	£222,800	£231,900	£205,300	£231,900	£224,800

* The Cash fund is a default fund

**forms part of the annuity-targeting lifestyle strategy but is not available as a standalone self-select option

Projected pension pot, in today's terms

	Aggregate Bond Fund		Index-Linked Gilt Fund		Positive Impact Equity		Infrastructure Equity	
Years	Gross of all charges	Net of all charges	Gross of all charges	Net of all charges	Gross of all charges	Net of all charges	Gross of all charges	Net of all charges
1	£12,100	£12,100	£12,500	£12,400	£12,500	£12,400	£12,300	£12,300
3	£16,600	£16,500	£17,700	£17,700	£17,700	£17,500	£17,300	£17,200
5	£21,200	£21,100	£23,600	£23,500	£23,600	£23,100	£22,800	£22,600
10	£33,700	£33,600	£41,000	£40,600	£41,000	£39,600	£38,400	£37,800
15	£47,800	£47,400	£63,200	£62,400	£63,200	£60,000	£57,500	£56,100
20	£63,400	£62,900	£91,300	£89,800	£91,300	£85,300	£80,600	£78,200
25	£80,900	£80,000	£126,700	£124,100	£126,700	£116,500	£108,600	£104,500
30	£100,200	£99,000	£171,400	£167,200	£171,400	£154,900	£142,400	£136,000
35	£121,700	£120,000	£227,400	£220,900	£227,400	£202,000	£183,100	£173,500
40	£145,600	£143,200	£297,600	£287,800	£297,600	£259,600	£231,900	£218,100

Notes:

- Values shown are estimates and are not guaranteed
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation
- The transaction costs used are an average of the previous five years' transaction costs, in line with the Department for Work and Pensions' guidance (and any future guidance), except for the Positive Impact Equity and Infrastructure funds, where only three years of data is available.
- Assumes inflation of 2.5% per annum
- Assumes a starting pot size of £10,000
- Assumes charges in future years are equal to charges today
- All numbers are rounded to the nearest £100
- Assumes an overall contribution rate of 8% of annual salary at all ages, the £ amount of which increases in line with assumed salary inflation
- Assumes a member salary of £25,000 in Year 0, increasing at 1% per annum above (assumed) inflation
- Net of all charges includes deductions for Total Expense Ratio and transactions costs
- The accumulation rates used, as set out below, are calculated in line with Actuarial Standard Technical Memorandum (AS TM5.1), the same document which governs the calculation of projections on annual benefit statements. The accumulation rates are those set out in the 31 December 2025 SMPI Accumulation Rates document. Returns are as follows:

	Fund	Real accumulation rate per annum gross of charges (%)
Default Lifestyle Funds	Global Growth Fund	3.5
	Global Diversified Retirement Fund	1.5
	Cash Fund	-0.5
Additional Pick 'n' Mix Funds	Global Multi-Asset Fund	1.5
	Global Equity Fund	3.5
	Emerging Markets Equity Fund	3.5
	HSBC Islamic Global Equity Index	3.5
	Property Fund	3.5
	Annuity Protection Fund*	3.5
	Aggregate Bond Fund	1.5
	Index-Linked Gilt Fund	4.5
	Positive Impact Equity	4.5
	Infrastructure Equity	3.5

*forms part of the annuity-targeting lifestyle strategy but is not available as a standalone self-select option

The above has been prepared with due regard to the Department for Work and Pensions' guidance ('Cost and charge reporting: guidance for trustees and managers of occupational schemes'), originally published in February 2018, most recently updated in October 2022.

4. Core financial transactions

The Trustee is required to report to you about the processes and controls in place in relation to the 'core financial transactions'. The law specifies that these include the following:

- Investing contributions paid into the Scheme
- Transferring assets related to members into or out of the Scheme
- Transferring assets between different investments within the Scheme
- Making payments from the Scheme to or on behalf of members

These important financial transactions must be processed promptly and accurately. In practice we delegate responsibility for this to the Scheme administrator. Our Scheme administration is delivered by Willis Towers Watson. They provide quarterly reports to the Trustee board which allows us to assess how quickly and effectively the core scheme financial transactions are completed. Any mistakes or delays are investigated thoroughly and action is taken to put things right as quickly as possible.

We are confident that the processes and controls in place with the administrator are robust and will ensure that the financial transactions which are important to members are dealt with properly.

Noting that we need accurate member data to process contributions and payments correctly, we review and correct any problems with the member data held by Willis Towers Watson on a quarterly basis.

The Service Level Agreement averages for 2025, which are within the agreed range were as follows:

Q1	98.0%
Q2	98.0%
Q3	98.6%
Q4	98.4%

Average: 98.25%

5. Trustee knowledge and understanding

The law requires the trustee board to possess, or have access to, sufficient knowledge and understanding to run the Scheme effectively. All Trustee Directors are conversant with and have working knowledge of all the main Scheme documents. We take our training and development responsibilities seriously and keep a record of the training completed by each Trustee Director. This training record is reviewed annually to identify any gaps in the knowledge and understanding across the board as a whole. This allows us to work with our professional advisers to fill in any gaps.

All Trustee Directors in office during the year have completed the Trustee Toolkit made available by the Pensions Regulator. Newly appointed Trustee Directors are expected to complete the Trustee Toolkit and have formal induction training within 6 months of joining the trustee board.

There is also an option for new Trustee Directors to pass the Pensions Management Institute Award in Pension Trusteeship on a voluntary basis.

Trustee Directors must also complete continued professional development each year by attending pensions training courses, seminars and conferences. Training sessions are held at most Board and sub-committee meetings during the year. This year the Trustee Directors have received training from various facilitators at Board meetings on areas such as Structured Equity, Renewable Infrastructure, Requirements for electronic/online communication with members and scenario modelling training. The Trustee Directors also attend a number of externally arranged seminars and conferences on topical matters to help develop their knowledge and understanding to carry out their role. A full training log for each Director is held by the NR Pensions Management.

The Trustee Directors also attend a number of externally arranged seminars and conferences on topical matters to help develop their knowledge and understanding to carry out their role.

As an independent professional trustee and Chair of the Scheme, I hold annual meetings with each Trustee Director to review performance and identify any training needs they may have individually, or collectively as a board. Each Trustee Director is required to undertake the required Continuous Professional Development ("CPD") hours each year, and this is continually monitored with a full training log being held by the NR Pensions Management.

As a result of the training activities which have been completed by the Trustee Directors individually and collectively as a board, and taking into account the professional advice available to the Trustee, along with the CPD hours logged, I am confident that the combined knowledge and understanding of the board enables us to exercise properly our functions as the trustee of the Scheme.

The Statement regarding DC Governance was approved by the Trustee on 18 June 2026 and signed on its behalf by:

Samantha Pitt

Chair of Trustee

Network Rail Defined Contribution Pension Scheme

06/07/26



The Network Rail DC Pension Scheme

Statement of Investment Principles

September 2024

Version Update

Version	Effective From
1.0	May 2011
2.0	June 2012
3.0	May 2013
4.0	May 2014
5.0	November 2015
6.0	December 2018
7.0	September 2019
8.0	September 2020
9.0	March 2021
10.0	May 2022
11.0	May 2023
12.0	September 2024

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1.0 Introduction

This document constitutes the Statement of Investment Principles (the “SIP”) required under Section 35 of the Pensions Act 1995 for the Network Rail DC Pension Scheme (the “Scheme”). It describes the investment policy being pursued for the Scheme by the Directors of Network Rail Pension Trustee Limited (the “Trustee” of the Scheme) and is in compliance with the Government’s voluntary code of conduct for Institutional Investment in the UK (the “2001 Myners Principles”). This SIP also reflects the requirements of Occupational Pension Schemes (Investment) Regulations 2005, the Occupational Pension Schemes (Charges and Governance) Regulations 2015 and the Code of Practice in relation to governance of DC pension schemes issued by the Pensions Regulator in July 2016 (as amended).

The Trustee confirms that, before preparing this SIP, it has consulted with Network Rail Infrastructure Ltd (the “Employer”) and taken appropriate advice from its Advisers. The Investment Adviser is Schroders IS Limited and the Legal Adviser is Mayer Brown International LLP, collectively termed “the Advisers”.

The Trustee believes the Advisers to be qualified by their ability and practical experience of financial matters and to have appropriate knowledge, and experience of the management of the investment arrangements that the Scheme requires. The Trustee also confirms that it will consult with the Employer and take advice from the relevant Advisers as part of any review of this SIP.

The Trustee is responsible for the strategic decisions regarding the investment of the Scheme’s assets, but the day-to-day management has been delegated to the Platform Manager (who provides the platform for member investments) and the underlying investment managers. Where it is required to make an investment decision, the Trustee always receives written advice from the relevant Advisers first in order to achieve an appropriate level of understanding of the issues concerned.

In accordance with the Financial Services & Markets Act 2000, the Trustee sets general investment policy, but has delegated the day-to-day investment of the Scheme’s assets to professional fund managers (the “Managers”) in accordance with Section 34(2) of the Pensions Act 1995. The Managers are authorised under the Financial Services & Markets Act 2000, provide the expertise necessary to manage the investments of the Scheme competently and will comply with the requirements of Section 36 of the Pensions Act 1995.

1.1 Declaration

The Trustee acknowledges that it is its responsibility, with guidance from the Advisers, to gain comfort that the assets of the Scheme are invested in accordance with these Principles.

Signed Samantha Pitt **Date** .12 September 2024.

For and on behalf of the Trustee of the Network Rail DC Pension Scheme

2.0 *Scheme Governance*

The Trustee is responsible for the governance and investment of the Scheme's assets. It considers that the governance structure set out in this SIP is appropriate for the Scheme, as it allows the Trustee to make the important decisions on investment policy, while delegating the day-to-day aspects to the Manager or the relevant Advisers as appropriate. The responsibilities of each of the parties involved in the Scheme's governance are detailed in Appendix A.

The Trustee has appointed an Investment Sub-Committee (the "ISC") to deal with investment matters on its behalf. The ISC deals with day to day investment matters and acts as a coordinator between the Investment Adviser and the Trustee. The ISC has the power to make certain decisions on behalf of the Trustee, but strategic decisions will be subject to oversight and ratification by the Trustee. The Trustee acknowledges that it is responsible for the decisions of the ISC. The ISC maintains a Statement of Investment Arrangements ("SIA") which sets out the specifics of investment implementation. This document is referred to later in this SIP.

The full responsibilities of the ISC are detailed in a separate document stating its Terms of Reference as agreed between the Trustee and the ISC.

3.0 Objectives

The Trustee recognises that members have differing investment needs and that these may change during the course of members' working lives. It also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee regards its duty as making available a range of investment options (managed by high quality investment managers) sufficient to enable members to tailor, to their own needs, their investment strategy.

The Trustee's Scheme objectives are:

- To provide a pension plan designed to deliver valuable benefits into retirement.
- To encourage increased engagement with pensions and savings through education and by keeping things simple.
- To help members manage the risks they face as far as possible.
- To provide members with a range of investment options to enable them to tailor investment strategy to their needs.
- To achieve this through innovation and strong ongoing governance.

In aiming to meet these Scheme objectives, the Trustee has specified a number of investment objectives:

- To provide members with a range of investment options to enable them to tailor investment strategy to their needs, and to manage the inherent risks by making available vehicles which aim to:
 - Maximise the value of members' assets at retirement;
 - Maintain the purchasing power of members' savings; and
 - Protect the value of accumulated assets as members approach retirement.
- To avoid over-complexity in investment in order to keep administration costs and member understanding to a reasonable level.
- To consider environmental, social and governance ("ESG") factors and stewardship in the context of long term performance.

4.0 *Default Arrangements*

The Trustee has made available to members a default strategy (the “Managed Lifestyle Option”).

In addition, the Scheme’s self-select Cash option (Cash Fund) is technically a default arrangement (the “Cash Strategy”) in respect of some members’ assets:

Between April 2020 and September 2020, the Scheme’s Property self-select option was temporarily suspended to dealing, with member contributions over this period temporarily redirected to the Cash self-select option.

As a result, the Cash self-select option has become a default arrangement within the Scheme in respect of these members and their redirected contributions over the period set out above.

Together, the two default arrangements set out above – i.e. the Managed Lifestyle Option and the Cash Strategy - are referred to as the “Default Arrangements”.

4.1 **Aims and objectives of the Default Arrangements**

The Trustee’s aims and objectives in relation to the Managed Lifestyle Option are to support members’ investment needs where members either choose the Managed Lifestyle Option or do not choose any option. The Trustee recognises that these investment needs may change during the course of members’ working lives and therefore a key objective for the Managed Lifestyle Option is to provide a pension plan which is designed to deliver valuable benefits in retirement.

4.2 **Trustee policies in relation to the Default Arrangements**

i. The kinds of investment to be held

ii. The balance between different kinds of investments

The kinds of investments within the Managed Lifestyle Option and balance between them are designed to be adequately diversified and suitable. See sections 5.3, “Diversification” and 5.5, “Suitability” for more details.

The Cash Strategy primarily holds short term deposits with a range of high quality financial institutions, consistent with its capital preservation objective.

iii. Risks (including the ways in which risks are to be measured and managed)

Risks applicable to the Scheme as a whole are shown in section 9, “Risks”. All of the risks shown, including how they are measured and managed, are relevant to the Default Arrangements.

iv. Expected return on investments

The Trustee’s policy on expected return is considered in section 5.2 “Expected Return”, which covers both the Default Arrangements and the investment strategy as a whole.

v. Realisation of investments

Liquidity is considered in section 5.6, “Liquidity”.

vi. Environmental, Social and Governance (“ESG”) considerations

The extent to which the Trustee considers ESG issues within the Default Arrangements is shown in Section 10 “Other Risks”.

vii. Exercise of rights (including voting rights) attaching to the investments

The extent to which the Trustee considers the exercise of rights within the Default Arrangements is shown in Section 10 “Other Risks”.

4.3 Best interests of members and beneficiaries

In designing the Managed Lifestyle Option, the Trustee carried out a comprehensive review of the previous Managed Lifestyle Option and alternatives (in conjunction with the Investment Adviser), with a key focus on member needs and outcomes. The Trustee believes the Managed Lifestyle Option is in the best interest of members and beneficiaries, and undertakes periodic reviews on the suitability of the Managed Lifestyle Option.

The Trustee believes the capital preservation characteristics of the Cash Strategy are in the best interests of members and beneficiaries, in respect of those contributions that could not be directed to the Property self-select option during its suspension. Following its reopening, impacted members were able to transfer their Cash Strategy assets to the Property self-select option, or any other investment option available within the Scheme, at their discretion.

5.0 *Investment Strategy of the Scheme*

Having considered advice from the Investment Adviser, and also having due regard for the objectives and the members of the Scheme, the Trustee has made available a number of investment options. Members can choose to invest their contributions in one or more of these investment options, detailed in the SIA.

The Trustee will instruct the Administrator to invest each member's investments in accordance with the fund options selected by the member.

5.1 **Investment Options**

A range of funds has been made available to members. These are detailed in the SIA.

5.2 **Expected Return**

The Trustee considered the expected returns of the investment strategy (including the Default Arrangements) in constructing a number of benchmarks to assess performance against. These benchmarks may change from time to time. More details are set out in the SIA.

5.3 **Diversification**

The choice of investment options for members (including the Default Arrangements) is designed to enable members to choose investments that are adequately diversified and suitable for their profile. The Trustee monitors the strategy regularly to satisfy itself that it is comfortable with the choice of funds offered to members.

5.4 **Active and Passive Management**

The Trustee has selected a range of both active and passive fund options for Scheme members.

5.5 **Suitability**

The Trustee has taken advice from the Investment Adviser that the range of investment options offered to members (including the Managed Lifestyle Option) is suitable. Members are responsible for choosing which of the funds are most appropriate or may choose to rely on a Default Arrangement for the investment of their own and their employer's contributions, based on their own individual circumstances.

The suitability of the range of investment options, including the Managed Lifestyle Option, will be reviewed regularly.

5.6 **Liquidity**

The assets are held in asset classes that are considered sufficiently liquid.

6.0 *Strategy Implementation*

The Trustee has decided to delegate the day-to-day investment of the Scheme's assets to professional managers. The details of the Managers' mandates are detailed in the SIA.

6.1 **Investment Managers**

The Trustee has appointed a Platform Manager, Legal & General Assurance (Pensions Management) Limited, to provide the platform for member investments and carry out investment administration. The Trustee has selected a range of investment options for the members of the Scheme. Full details can be found in the SIA.

6.2 **Fund Options**

The range of funds offered to members was chosen from those offered by the Platform Manager to give members a diversified range of investments from which they can select according to their individual circumstances. The funds available to members are detailed in the SIA.

6.3 **Investment of Contributions**

A member's contributions will be invested in line with their selected choice of funds. Where a member has not made an active selection, their contributions will be invested in the Managed Lifestyle Option provided, which is detailed in the SIA.

6.4 **Performance Objectives**

The performance objectives vary depending on the fund in question. A detailed breakdown of the objectives can be found in the SIA.

6.5 **Transitions**

The Trustee will look to mitigate the potential risks and costs to members as a result of any investment transitions to the best of its ability. The Trustee will take advice from its Advisors in relation to different transition methods and other ways in which these potential risks/costs can be mitigated.

7.0 *Monitoring*

7.1 **Managers**

The Trustee, or the Advisers on behalf of the Trustee, will monitor the performance of the Investment Managers against their own or Trustee specified benchmarks.

The Trustee, or the Advisers on behalf of the Trustee, will regularly review the activities of the Investment Managers to satisfy themselves that each Investment Manager continues to carry out their work competently and has the appropriate knowledge and experience to manage the assets of the Scheme.

As part of this review, the Trustee will consider whether or not each Investment Manager:

- Is carrying out its work competently. The Trustee will evaluate the Investment Manager based on, amongst other things:
 - i. Each Investment Manager's performance versus their respective benchmarks or Trustee specified benchmarks.
 - ii. The level of risk given the specified risk tolerances.
 - iii. For funds used in the Default Arrangements, the extent to which returns are consistent with the aims of the Trustee (if appropriate)
- Has regard to the need for diversification of investment holdings.
- Has regard to the suitability of each investment and each category of investment.
- Has been exercising its powers of investment with a view to giving effect to the principles contained in this SIP, so far as is reasonably practical.

The Investment Managers are appointed to carry out their roles on an ongoing basis. The Trustee plans to retain its Investment Managers for the long term but will keep this under review. Changes in investment strategy or changes in the view of the Investment Managers can lead to the duration of the arrangement being shorter than expected. If the Trustee is not satisfied with an Investment Manager, it will ask the Investment Manager to take steps to rectify the situation. If the Investment Manager still does not meet the Trustee's requirements, the Trustee will remove the Investment Manager and appoint another.

7.2 **Advisers**

The Trustee will monitor the advice given by the Advisers on a regular basis.

7.3 **Statement of Investment Principles**

The Trustee will review this SIP on an annual basis, or, as soon as practical following any changes to the investment strategy or significant change to member demographics, and modify it with consultation from the relevant Advisers and the Employer if deemed appropriate. There will be no obligation to

change any Investment Manager, Platform Manager or Adviser as part of such a review (although strategy changes made will be reflected in this SIP, if appropriate).

7.4 Trustee Recordkeeping

The Trustee maintains a record of all investment related decisions it has taken, together with the rationale in each case.

8.0 Fees

8.1 Managers

Details of the fund charges are set out in the SIA and will continue to be reviewed on a regular basis.

8.2 Advisers

Fees paid to the Advisers are based either on actual time spent and hourly rates for relevant individuals, or on fixed fees agreed in advance for specifically defined projects.

8.3 Custodian

There is no custodian appointed directly by the Trustee.

8.4 Trustee Directors

The Chair of Trustee is an independent professional Trustee who is remunerated for the role. The other Trustee directors are not paid for their role.

8.5 Value for Money

The Trustee reviews all sources of fees levied on members' accounts (including management charges, additional expenses, platform charges and administration, as appropriate), and levels of service provided to use best efforts to ensure value for money is present.

9.0 Risks

The Trustee recognises a number of key risks both to itself and to the members of the Scheme:

- i. **Value for money risk** – the risk that the Scheme fails to offer value for money to members. This is addressed through regular value for money reviews.
- ii. **Inflation risk** – the risk that the purchasing power of members' investment accounts is not maintained. To try and manage this risk, the Trustee has offered a range of funds designed to achieve a return above the rate of inflation.
- iii. **Conversion risk** – the risk that the value of pension benefits that can be purchased by or drawn from a given defined contribution amount is not maintained. This risk cannot easily be mitigated as it depends on market conditions ahead of retirement, and the member's retirement income decision. However, the Trustee has offered options designed to reflect different retirement income decisions (i.e. annuity purchase, income drawdown and encashment). Relative to the higher expected risk/return options, these options reduce the risk of large asset value falls adversely impacting the size of pension afforded by those close to retirement.
- iv. **Capital risk** – the risk that the value of the element to provide a cash sum or income drawdown pot is not maintained. This could be due to the impact of any of the risks above and is addressed where possible in the same ways.
- v. **Active Manager risk** – the risk that the active investments underlying the Scheme's investment options underperform due to the underperformance of the underlying investment managers. The Trustee has mitigated this risk by taking advice from its Investment Advisors in relation to active asset management. The Investment Advisor considers a wide range of funds, diversified across asset class, sub asset class and investment manager to reduce the active manager risk.
- vi. **Platform risk** – the assets are currently held by the Platform Manager. This risk relates to potential losses that could arise if the Platform Manager ran into financial difficulties. On behalf of the Trustee, the Investment Advisors carried out a comprehensive platform review at the implementation phase of the current strategy and recommended the current Platform Manager. The Trustee duly appointed and continues to monitor the Platform Manager.
- vii. **Manager risk** – the assets are invested in funds managed by the Managers. This risk relates to potential losses that could arise if the Managers ran into financial difficulties. This is addressed through understanding the security of members' assets and protections available.
- viii. **Communication risk** – the risk that communication to members is misleading or unclear and leads to inappropriate decisions being made. This is addressed through the Trustee receiving advice from the Advisers and regular monitoring and updates, where appropriate, of member communications.

- ix. **Inappropriate member decision** – the risk that members make inappropriate decisions regarding their investments. This is addressed where possible through communication to members and the recommendation that members seek independent financial advice.
- x. **Organisational risk** – the risk of inadequate internal processes leading to problems for the Scheme. This is addressed through regular monitoring of the Investment Managers and Advisers.
- xi. **Liquidity risk** – the risk that members are not able to realise the value of their funds when required. The Trustee has addressed this risk by not offering funds which are considered illiquid.
- xii. **Environmental, Social and Governance (“ESG”) risks** – the risk of adverse performance due to ESG related factors including climate change. This is addressed by ESG assessment at the point of investment with the Managers where applicable, or by requesting information on the ESG policies, adopted by the Managers.

The Trustee recognises that an efficient process for identifying, evaluating, managing and monitoring risk needs to be in place for the Scheme. The Trustee will identify and assess the impact of any risk, what controls can be put in place to manage or identify risk and regularly review both the individual risks and the effectiveness of the risk management process as a whole.

10.0 Other Risks

10.1 Corporate Governance and Stewardship Policy

As part of the appointment of the Investment Managers to the Scheme, the Trustee has accepted the terms of pooled investment vehicles, setting out the scope of each pooled fund vehicle's activities, their charging basis and other relevant matters. The Trustee periodically reviews the overall value-for-money of using the Investment Adviser (as specified in the Scheme's Investment Consultant objectives) and Investment Managers.

The Scheme's investments are made via pooled investment funds via the Platform Manager, in which the Scheme's investments are pooled with those of other investors. As such, direct control of the process of engaging with the companies that issue the underlying securities, whether for corporate governance purposes or other financially material considerations, is delegated to the Investment Managers.

The Trustee has delegated responsibility for monitoring and voting on decisions relating to its Underlying Manager holdings to the Platform Manager, which implements its fund voting policy.

The Trustee and Investment Adviser undertake regular reviews of the Investment Managers. These reviews incorporate benchmarking of performance and fees as well as performance reviews (including understanding key drivers of performance). The Trustee and Investment Adviser review the governance structures of the Investment Managers, as well as assessing whether their fees, expenses and any other charges are in line with industry peers at inception and from time to time whilst invested.

Where it can be determined, the Trustee and Investment Adviser assess whether the Investment Managers' remuneration arrangements are aligned with the Trustee's objectives. The Trustee expects the Investment Managers':

- to align their investment strategy and decisions with the Trustee's investment policies, such as its return target and any restrictions detailed in the Trustee's policy documentation with the Platform Manager.
- to assess and make decisions based on the medium- to long-term financial and non-financial performance of an issuer of debt or equity, and to engage with the issuers to improve this medium- to long-term performance. The success of such engagement will contribute to the Scheme's performance, which is reflected and measured relative to the Trustee's long-term performance objectives.

The Trustee acknowledges the inherent potential for conflicts of interest which exist as part of ongoing investment management business activities. Where investment managers are regulated, they are likely to be subject to such requirements to manage conflicts of interest as are applicable in their jurisdiction of incorporation or operations. The Trustee and Investment Adviser monitor this as part of ongoing review. As an FCA regulated firm, the Investment Adviser is required to prevent or manage conflicts of interest. The Investment Adviser's Conflicts of Interest policy is available publicly here: <https://www.schroders.com/en/identification-and-management-of-conflicts-of-interest/>

The Trustee does not monitor portfolio turnover cost in detail. However, in future the Trustee may ask managers to report on portfolio turnover costs.

The Trustee considers portfolio turnover costs indirectly through consideration of transaction cost data as part of the annual Value for Members' ("VFM") assessment. Though the Trustee does not currently define target portfolio turnover ranges for funds, they will engage with managers if the portfolio turnover is higher than expected as a result of the monitoring undertaken.

Following an exercise to understand the Investment Advisor's view of financially-material engagement themes, and undertaking a survey of the Trustee Board to understand its own priorities, the Trustee has set the following engagement priorities:

- Climate
- Human Rights
- Human Capital Management

The Trustee will engage with its Investment Managers to understand how they have voted and engaged with underlying companies on the Trustee's behalf in respect of these priorities.

10.2 Financially material investment considerations (including climate change)

These considerations which include the above "Risks" can affect the long-term financial performance of investments and can (but do not have to) include environmental, social and governance factors (otherwise known as ESG) where relevant. The Trustee delegates the consideration of financially material factors to the Platform Manager, who consider these factors for funds that are available to beneficiaries through the Default Arrangements and as self-select funds, when making funds available on its investment platform. All references to ESG relate to financial factors only. All references to ESG also include climate change. The Trustee recognises climate change as a systematic, long term material financial risk to the value of the Scheme's investments.

ESG factors and stewardship are considered in the context of long term performance, by the Trustee (in conjunction with its advisors) as part of the manager selection criteria. This review occurs before funds are approved for investment. For invested funds, the Trustee request the Platform Manager monitor ongoing compliance with ESG and other factors, like stewardship, as a part of overall engagement.

10.3 Non-financial matters

The Trustee does not at present take into account non-financial matters (such as members' ethical considerations, social and environmental impact matters or future quality of life considerations for members and beneficiaries) when making investment decisions as part of the Default Arrangements, as there is no likely common view on any ethical matters which members are likely to hold. At this time the Trustee has no plans to seek the views of the membership on ethical considerations. This policy is reviewed periodically.

10.4 Illiquid Assets

The Trustee does not at present invest in illiquid assets within either the default arrangement or the self-select fund range. However, the Trustee is investigating the potential inclusion of illiquid assets in the strategy. This includes, but is not limited to, ongoing formal training sessions from the Scheme's Investment Adviser, covering how these types of investment could fit within the Scheme's investment strategy.

Appendix A – Responsibilities

Trustee

The main investment related responsibilities of the Trustee of the Scheme include:

- i. Reviewing, at least annually, or following a change in investment strategy or significant change in member demographics, the content of this SIP and modifying it if deemed appropriate.
- ii. Reviewing, at least triennially, or following a change in investment strategy or significant change in member demographics, the content of the SIA and modifying it if deemed appropriate.
- iii. Assessing the quality of the performance and process of the Investment Managers by means of regular reviews of the investment results and other information, through meetings and written reports.
- iv. Monitoring compliance of the investment arrangements with the SIP on an ongoing basis.
- v. Appointing and dismissing Platform Managers and Investment Managers.
- vi. Assessing the performance of the Advisers.
- vii. Consulting with the Employer when reviewing investment policy issues.
- viii. Providing any appointed organisations/individuals with a copy of the SIP or SIA, where appropriate.

Platform Manager

The main responsibilities of the Platform Manager are:

- i. At their discretion, but within the guidelines agreed with the Trustee, selecting and undertaking transactions in specific investments within each fund.
- ii. Acting in accordance with the principles set out in the SIP.
- iii. Providing the Trustee with sufficient information each quarter to facilitate the review of its activities, including:
 - Performance and rationale behind past and future strategy for fund options offered to members.
 - A full valuation of the assets.
 - A transaction report.
- iv. Informing the Trustee immediately of:
 - Any breach of this SIP in relation to services carried out by the Platform Manager.
 - Any serious breach of internal operating procedures.
 - Any material change in the knowledge and experience of those involved in the Scheme's investment options.

Investment Adviser

The main responsibilities of the Investment Adviser are:

- i. Participating with the Trustee in reviews of this SIP.
- ii. Advising the Trustee of any changes in the Scheme's Investment Managers or Platform Manager that could affect the interests of the Scheme.
- iii. Advising the Trustee of any changes in the investment environment that could either present opportunities or problems for the Scheme.
- iv. Undertaking reviews of the Scheme's investment arrangements including reviews of the Scheme structure, current Investment Managers, and selection of new managers as appropriate.

Legal Adviser

The Legal Adviser will be responsible for, amongst other things:

- iv. Liaising with the Trustee to maintain legal compliance including those in respect of investment matters.

Network Rail DC Pension Scheme (‘Scheme’) Implementation Statement

1. Introduction

The Trustee is required to make publicly available online a statement (“the Implementation Statement”) covering the Network Rail Defined Contribution (“DC”) Scheme (the “Scheme”) in relation to how the Trustee followed the Scheme’s Statement of Investment Principle (the “SIP”), in particular the stewardship policy including both voting and engagement, set out in the SIP.

This SIP came into force from May 2011 and a copy of the current signed SIP can be found here: [Network Rail Defined Contribution \(NRDC\) - NR Pension \(my.nrpension.co.uk\)](https://my.nrpension.co.uk).

This Implementation Statement covers the Scheme year from 1 January 2025 to 31 December 2025 (the “Scheme Year”). It sets out:

- details of any review of and/or changes made to the Scheme’s SIP;
- how, including the extent to which, the Scheme’s SIP has been followed over the Scheme Year;
- how the Trustee’s policies on exercising voting rights and engagement have been followed over the year; and
- the voting by or on behalf of the Trustee, including the most significant votes cast and any use of a proxy voter during the Scheme Year.

A copy of this Implementation Statement is included in the NRDC Annual Report and Financial Statements available on the website link above.

2. Summary of changes to the SIP during the Scheme year

No changes were made during the 2025 Scheme year.

3. Implementation of the Trustee's policies during the Scheme year

The table below sets out the actions taken by the Trustee over the year to 31 December 2025 to follow various policies within the SIP.

Key policy	Trustee actions over the Scheme year
Investment Governance	The governance structure in place is in the form of a full Trustee Board which ultimately ratifies decisions, with an Investment Sub-Committee ("ISC") which focuses on investment matters in more detail and reports back to the Trustee Board. Any decision on investment strategy and implementation is ultimately taken at the full Trustee Board meeting. Both the ISC and the full Trustee Board meet at least four times over the year, with additional meetings scheduled outside the quarterly cycle if required. The SIP sets out the roles and responsibilities of the Trustee Board and the ISC. Please refer to the 'Trustee knowledge and understanding' section of the Annual Governance Statement within these accounts, for detail on changes made to the Trustee Board over the Scheme year. The Trustee is satisfied with the current governance structure and made no changes to the Scheme governance policy during the Scheme Year.
Corporate Governance and Stewardship	All assets held by the Scheme are held through Pooled Investment Vehicles ("PIV"). Each of the underlying managers has a custodian that holds assets in safekeeping. The Trustee takes appropriate advice from the investment adviser before making any investment decisions. The Trustee has set its investment adviser a set of objectives in relation to the adviser's services. These objectives cover: demonstration of value added, delivery of specialist services, proactivity of advice, scheme management and compliance, and service standards. These were reviewed by the Trustee in February 2025 and the Trustee was generally satisfied with the performance of the investment adviser, and a detailed feedback meeting was held in February 2025. The investment managers are reviewed quarterly with regard to performance against objectives. As part of this process, the Trustee, with support from its Investment Adviser, actively challenges managers where performance or risk levels deviate from expectations, including requesting further information where appropriate. The Trustee carries out an annual value for members review, the conclusions of which are set out in the DC governance statement within these accounts. During the Scheme year, the Trustee undertook the following stewardship activities: • Received the DC Hot Topics updates throughout the year and discussed emerging changes and trends within the DC pensions landscape. • In February 2025, the Trustee received training on: ○ Structured equity and how this could be integrated into the DC Managed Lifestyle. The Trustee agreed to include this topic in the next investment strategy review. ○ Renewable infrastructure and Long-Term Asset Funds ("LTAFs"), including how these could be integrated into the NRDC default investment strategy. The Trustee agreed to consider the inclusion of LTAFs as part of the upcoming strategy review. • In May 2025, the Trustee met with BlackRock and received a presentation on the ACS World ESG Equity Tracker Fund, focused on ESG, climate and stewardship. This enabled the Trustee to understand the actions taken in relation to the equity fund during the Scheme year and to challenge the manager on its approach to ESG, climate and stewardship, including its departure from the Net Zero Asset Managers' Initiative.

	The Trustee agreed to keep the manager under review in light of this and to monitor developments and any implications for the Scheme on an ongoing basis, but concluded that no immediate action was required. All assets are held through pooled investment vehicles. With support from the Investment Adviser, the Trustee reviewed investment managers quarterly, considering performance against objectives, levels of risk taken, investment process, governance arrangements and stewardship activity. Where information was available, the Trustee considered alignment of investment managers' remuneration structures with the Trustee's medium- to long-term objectives, noting limitations associated with pooled arrangements. The Trustee met with key managers on ESG, climate and stewardship matters and engaged with them to assess the effectiveness of ESG integration within their investment processes, challenging areas where further clarity or improvement was required. No funds or managers were placed on watch or escalated during 2025.
Financially material factors specifically ESG and climate change	The Trustee considers ESG factors when reviewing the investment strategy and in appointing and reviewing investment managers. The Trustee's expectations for any current or future investment manager depends on the asset class involved, the degree of discretion given to the investment manager, and the time horizon over which the Trustee expects to hold the investment. The Trustee monitors the Scheme's exposure to ESG risk factors on an annual basis, as part of ongoing investment governance.
Monitoring	The Trustee monitored performance of the underlying managers and the strategy as a whole on a quarterly basis and is satisfied it performed broadly as expected during the Scheme Year.
Risk management	The Trustee manages risk in aggregate through a risk register. Risks within each section are monitored in a combination of ways. Risks associated to the investments are set out below: - Value for money risk - Inflation risk - Conversion risk - Capital risk - Active manager risk - Platform risk - Manager risk - Communication risk - Inappropriate member decision - Organisational risk - Liquidity risk - Environmental, Social and Governance ("ESG") and climate change risks The Trustee's Audit and Risk Committee ("ARC") monitors sets of risks on a quarterly basis, and the full risk register annually, with the latest review taking place in December 2025. The Trustee regularly reviews ESG risks, including climate change. The Trustee reviews ESG reporting on an annual basis and challenges the outcomes where appropriate, including the interpretation of ESG scores and climate metrics relative to benchmarks, to ensure risks are appropriately identified and managed. This report includes an ESG score of blended funds within the default strategy against representative benchmarks. It also includes a number of metrics for climate change risk (such as absolute greenhouse gas emissions).

Non-financially material factors	The Trustee does not at present take into account non-financial matters (such as members' ethical considerations, social and environmental impact matters or future quality of life considerations for members and beneficiaries) when making investment decisions as there is no likely common view on any ethical matters which members are likely to hold.
Fees, expenses and value for members	In line with section 8 of the SIP, the Trustee completed an annual Value for Members assessment with support from the Investment Adviser, considering performance, price and productivity. Benchmarking against Master Trusts and the wider market confirmed good value for members.
Transaction costs and portfolio turnover	Consistent with section 10.1 of the SIP, transaction cost data provided by Legal & General was reviewed as part of the Value for Members assessment. Transaction costs were generally within historic ranges and no concerns requiring engagement were identified.
Duration of investment manager arrangements	In accordance with section 7.1 of the SIP, the Trustee reviewed the suitability of investment manager arrangements. No changes to managers or mandates were required during the Scheme Year.
Illiquid assets	As set out in the SIP, the Scheme does not currently invest in illiquid assets. The Trustee received training on potential illiquid investments, including renewable infrastructure and LTAFs. No illiquid assets were held during 2025.
Default investment strategy and self-select range	The Trustee's objective is to make available a number of investment options that provide members with access to a range of different asset classes that differ in their level of investment risk and expected return. The Trustee provides a default investment strategy for members that do not want to make their own choices, and a range of self-select funds. Default investment strategy In designing the default strategy, the Trustee's focus is on member needs and outcomes. The Trustee believes the default strategy is in the best interest of members and beneficiaries, and undertakes periodic reviews on the suitability of the strategy. The Trustee reviewed the default strategy in full during the 2022 and 2023 Scheme years; the next review is planned for 2026. Both the Managed Lifestyle Option and the Cash Strategy are treated as default arrangements. The Trustee monitored both strategies during the Scheme Year and is satisfied it operated in accordance with the SIP. During the Scheme year, the Trustee received multiple training sessions in relation to the Scheme's investment strategy, with a particular focus on integrating structured equity and LTAFs into the default strategy. ESG considerations ESG has been explicitly considered in a number of areas including the overall approach to integrating ESG, the ESG ratings of various investment managers/strategies to aid in decision making, the introduction of an explicit ESG tilted equity fund to the Scheme's investment strategy, and a self-select active equity Fund which incorporates ESG within the investment process.

	Both the Managed Lifestyle Option and the Cash Strategy are treated as default arrangements. The Trustee monitored the Cash Strategy during the Scheme Year and is satisfied it operated in accordance with the SIP.
Strategy implementation	Investment platform The Trustee delegates the day-to-day management of the assets to various investment managers. These managers are accessed through the Legal & General Investment Management ("LGIM") platform. LGIM were appointed as platform to the Scheme in 2020. Aspects of implementation related to administration, investment of contributions and transitions are reviewed annually by the Trustee as part of its value for members assessment. Details of this are set out in the Chair's Statement within these report and accounts Investment of ongoing contributions The Trustee receives quarterly reports from the Scheme's member administrator which enable it to monitor the administration service and, in particular, that agreed service levels are being met in relation to the accuracy and timeliness of core financial transactions, including correct investment of ongoing contributions. Ongoing investment governance Over the Scheme year, the Trustee received quarterly information on the performance of the investment strategy from its investment advisers. This information was formally reviewed at each quarterly Trustee meeting and discussed with the investment advisers. As part of these discussions, the Trustee ensured it was clear how the funds had performed and the impact on Scheme members. During the performance reviews, the Trustee actively challenged any instances of fund underperformance, seeking to understand the drivers of performance and the actions being taken by managers to address this. The Trustee is comfortable that the investment strategy performed as expected during the Scheme year. Active and passive management The Trustee has chosen to incorporate an element of active management within the default arrangement, where active management is deemed to add value (in particular by managing risk during adverse market conditions, and taking advantage of investment opportunities to generate return, subject to the agreed risk tolerances of the default arrangement's funds). The default arrangement's funds during the growth phase of the lifestyle profile therefore reflect both active and passive underlying funds, and are governed against inflation-related long term return targets. The split between active and passive managers was considered as part of the investment strategy review. Transitions No transitions were undertaken during the Scheme year.

4. How the Trustee's policies on stewardship have been followed over the Scheme Year

The Trustee is responsible for developing its own stewardship policy which includes both voting (where applicable) and engagement. The Trustee believes proper stewardship will result in better management of financially material ESG and climate related risks and opportunities. This is expected to improve the long-term financial outcomes of the Scheme which ultimately is in the best interests of the Scheme's members and beneficiaries. The Trustee expects its Investment Adviser and investment managers to be a signatory to the UK Stewardship Code which sets high standards for those investing money on behalf of UK pensioners and savers. The Trustee's Investment Adviser, Schroders Solutions, part of Schroders plc. is a signatory to the UK Stewardship Code.

During the Scheme Year, the Trustee has received training on the Investment Adviser's approach to stewardship. The Investment Adviser has its own voting and engagement policies documented in its **Engagement Blueprint** which sets out six sustainability themes to prioritise and which guides the voting and engagement behaviours. The Trustee has chosen to align its stewardship priorities with those of the Investment Adviser, namely: **Climate Change**, **Human Rights** and **Human Capital Management**. The Trustee expects the Investment Advisory to take its stewardship policy and stewardship priorities into account as part of manager selection exercise as well as ongoing monitoring such that the Investment Managers' stewardship policy and priorities are aligned with the Trustee's.

The Scheme's investments are made via pooled investment funds via the Platform Manager, Legal & General Investment Management ("LGIM"), in which the Scheme's investments are pooled with those of other investors. As such, direct control of the process of engaging with the companies that issue the underlying securities, monitoring and voting, whether for corporate governance purposes or other financially material considerations, is delegated to the underlying investment managers (BlackRock, LGIM, HSBC, PIMCO and Baillie Gifford).

The Trustee has delegated responsibility for monitoring and voting in relation to the Scheme's underlying fund holdings to the Platform Manager, which acts in accordance with its fund voting policy. The Trustee met with the Platform Manager in May 2022 to discuss the Platform Manager's voting and engagement policies.

As part of implementing a new investment strategy, the Trustee met with Legal & General (March 2024 and December 2024) and BlackRock (May 2025), given their significant allocations to the Scheme's underlying assets. The December 2024 meeting with Legal & General covered its sustainability commitments and provided an overview of its voting and engagement approach. Legal & General also shared information on private markets and its Long Term Asset Fund (LTAF).

In May 2025, the Trustee met with BlackRock to discuss changes to the ACS World ESG Equity Tracker Fund and BlackRock's departure from the Net Zero Asset Managers' Initiative.

The pooled funds themselves often confer certain rights around voting or policies. These rights are exercised by the Platform Manager on behalf of the Trustee, which is largely in line with the Trustee's stewardship policy.

To ensure all relevant voting is covered, this statement includes information on LGIM's voting record as well as those of the underlying managers. Where proxy voting agents have been used, this has been included in the voting information.

This summary has been completed over the year to 31 December 2025 and where applicable, underlying managers have provided examples of engagement.

The Trustee recognises that, given the use of pooled funds, there can be variation in the level and format of reporting provided by investment managers. The Trustee has engaged with its managers and Investment Adviser to encourage greater consistency and transparency in stewardship and voting disclosures and will continue to monitor improvements in this area.

The **key conclusions** the Trustee note from the voting and engagement information provided by their pooled managers as well as the activities the Trustee has carried out during the Scheme Year are:

- Each manager demonstrated high levels of voting rights being acted on, where voting is relevant.
- Where the holdings did not have voting rights attached, Investment Managers showed they carried out a good level of engagement activity; however, the depth and format of reporting varied between managers, and the Trustee will continue to work with managers to improve consistency.
- Challenge to management was demonstrated through votes by the Investment Managers against management.
- The Trustee, with the help of its investment adviser, has carried out a good level of engagement activities with the Investment Managers, especially in relation to appointing a new manager whose stewardship priorities are aligned with the Trustee's.
- The LGIM platform did not vote on behalf of the Trustee. This is common practice in the industry. However, we continue to challenge LGIM on behalf of the Trustee on developing their engagement program.

Given the activities carried out during the Scheme Year and by preparing this Implementation Statement, the Trustee believes that it has acted in accordance with the DWP Guidance over the Scheme Year.

5a. Voting Summary – Default Strategy

Voting by the Platform Manager

The DC Section's assets are held via the LGIM investment platform and as such, LGIM holds the voting rights for the DC Section's underlying pooled funds (at that fund manager level, not the underlying companies in which that manager may invest). Over the year to 31 December 2025, LGIM did not undertake any voting activity in respect of the pooled funds held on its investment platform.

Voting by the Underlying Investment Managers

Most Significant Votes

There are three equity funds that form part of the Managed Lifestyle Option default strategy. Set out below is the voting statistics for the most material equity holdings during the period that held voting rights. The Trustee has defined significant votes as those which fit the criteria below:

- The votes are related to the engagement priorities set by the Trustee: **Climate, Human Rights and Human Capital Management**.
- The BlackRock ACS ESG Equity fund comprises of a significant equity allocation, as a result examples of all relevant significant votes flagged by the BlackRock Investment Stewardship (BIS) team are reported if they meet the Trustee's engagement criteria.
- The two other equity managers represent a lower percentage of equity allocation (as seen in the table below), as a result examples of all relevant significant votes included must relate to votes in companies which comprise at least 1% of the underlying fund as at 31/12/2025.

Votes selected below are considered significant as they meet one or more of the above criteria and are aligned with the Trustee's stewardship priorities or represent material governance, climate or human capital considerations.

As there are multiple underlying funds across the Managed Lifestyle Option default strategy, the summary below includes equity allocations which are c.5% of assets or higher within any of the default strategy's blended funds. The funds considered are set out below.

Asset Class	Fund name	Maximum allocation within default investment strategy (as at 31 Dec 2025)
Equity	BlackRock ACS ESG Equity Fund	39%
Equity	BlackRock ACS ESG Equity Fund (GBP Hedged)	44%
Equity	LGIM World Emerging Markets Equity Index	12%
Equity	MSCI World Small Cap ESG Exclusions Equity Index Fund	5%

Voting activity undertaken by the underlying investment managers is set out below.

Equity voting statistics	BlackRock ACS ESG Equity Fund	LGIM World Emerging Markets Equity Index Fund	MSCI World Small Cap ESG Exclusions Equity Index Fund
Total meetings eligible to vote	450	4,656	4,147
Total resolutions eligible to vote	6,736	39,467	44,168
% of resolutions did you vote on for which you were eligible?	97%	99.9%	99.8%
% vote with management?	97%	77.1%	72.7%
% vote against management?	3%	20.3%	26.9%
% abstained	0%	2.7%	0.4%
% of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	0%	5.0%	19.7%

Source: All data in this section has been provided by the investment managers.

Note:

All three managers use Institutional Shareholder Services, "ISS", for proxy voting services. The voting statistics provided may slightly differ depending on the exact composition the Scheme holds.

Most significant votes:

BlackRock ACS ESG Equity Fund

Human Rights: Alphabet Inc.

In June 2025, the manager voted against a resolution to publish a human rights impact assessment of AI-driven targeted advertising. The manager did not support the resolution on the basis that the company already provides sufficient disclosure and/or reporting on this issue, or is already enhancing its relevant disclosures. This vote was considered significant due to its relevance to human rights risks associated with AI-driven advertising, which aligns with the Trustee's stewardship priority on Human Rights and Human Capital Management.

Climate: Shell Plc

In May 2025, the manager voted in favour of a request that the company disclose whether and how its demand forecast for LNG, LNG production and sales targets, and new capital expenditure in natural gas assets are consistent with its climate commitments, including its target to reach net zero emissions by 2025. The proposal was considered aligned with the investment objectives of the funds in scope of the BlackRock Investment Stewardship Climate and Decarbonisation Stewardship Guidelines. This vote was considered significant as it relates to climate transition risk and alignment of company strategy with net zero commitments, a key area of focus for the Trustee.

Climate: Amazon Inc.

In May 2025, the manager voted in favour of a request for a report on the impact of data centres on climate commitments. The manager supported the proposal as it is aligned with the investment objectives of the funds in scope of the BlackRock Investment Stewardship Climate and Decarbonisation Stewardship Guidelines. This vote was considered significant given the increasing scrutiny of data centre emissions and their impact on corporate climate commitments, which is aligned with the Trustee's climate stewardship priorities.

Climate: Equinor ASA

In May 2025, the manager voted against the following proposals:

- Assess whether the company's planned increase in oil and gas production is consistent with majority shareholder expectations.
- Discontinue the wind power business and decommission all wind power plants.
- Withdraw from all offshore wind globally and eliminate management bonuses.

The manager voted against these proposals on the basis that the requests were either not clearly defined, overly prescriptive, not within shareholders' remit, or would unduly constrain the company. These votes were considered significant due to the strategic importance of energy transition decisions and their potential long-term financial implications.

LGIM World Emerging Markets Equity Index Fund**Human Capital: PDD Holdings Inc.**

In December 2025, LGIM voted against the resolution to elect George Yong-Boon Yeo as a Director. This vote against was applied because LGIM expects companies to obtain annual shareholder approval of executive directors' pay and non-executive directors' fees. In addition, for diversity reasons, LGIM expects the company to have at least one-third women on the board.

LGIM considers gender diversity to be financially material for clients, with implications for the assets it manages on their behalf.

Climate: China Construction Bank Corporation

In June 2025, the manager voted against the resolution to elect Zhang Jinliang as a Director. In LGIM's view, the company did not meet its minimum standards for climate risk management. The vote against was applied on the basis that the company was deemed not to have made sufficient progress against LGIM's climate expectations and "red lines", as set out in its sector guides under LGIM's "dial-mover" engagement programme.

LGIM considers this a significant vote as it was applied under the Climate Impact Pledge, its flagship engagement programme targeting companies in climate-critical sectors. LGIM will continue to engage with investee companies, publicly advocate its position on this issue, and monitor company- and market-level progress.

MSCI World Small Cap ESG Exclusions Equity Index Fund**Most significant vote(s) and examples of Engagement**

No significant votes or examples were reported during the year.

5b. Voting Summary – Self-select equity funds**Voting by the Platform Manager**

The DC Section's assets are held via the LGIM investment platform and as such, LGIM holds the voting rights for the DC Section's underlying pooled funds (at that fund manager level, not the underlying companies in which that manager may invest). Over the year to 31 December 2025, LGIM did not undertake any voting activity in respect of the pooled funds held on its investment platform.

Voting by the Underlying Investment Managers**Most Significant Votes**

There are seven equity funds that form part of the self-select fund range. The Trustee has defined significant votes as those which fit the criteria below:

- The votes are related to the engagement priorities set by the Trustee: **Climate, Human Rights and Human Capital Management**
- Fund size to exceed 5% of Scheme's AUM.

The only Self-select fund that fits the above criteria is the Global Equity Fund. The underlying fund is the BlackRock ACS ESG Equity Fund, of which voting details can be found in the default strategy section.