NOMURA LONDON RETIREMENT BENEFITS PLAN
MONEY PURCHASE SECTION
CHAIR’S STATEMENT FOR YEAR ENDING 31 MARCH 2022

OCTOBER 2022
Introduction

This Chair’s Statement relates solely to the Money Purchase Section (Defined Contribution (DC)) of the Nomura London Retirement Benefits Plan and additional voluntary contributions paid by Defined Benefit Members. This document is not relevant to members who only have Defined Benefits (Final Salary Section Members) in the Nomura London Retirement Benefit Plan.

You have built up valuable benefits in the Nomura London Retirement Benefits Scheme (Money Purchase Section) so it’s important to know that the Plan is well run and your benefits are being looked after. Each year the Trustee produces a Chair’s Statement which sets out important information about the money purchase benefits in the Plan (including additional voluntary contribution ‘AVC’ savings) and demonstrates how the Plan has met its legal requirements in a number of key areas. This Chair’s Statement covers the Plan year 1 April 2021 to 31 March 2022. If you have any questions about this Statement or would like a printed copy please contact the Scheme Secretary at sue.johnson@premiercompanies.co.uk. or by calling 020 3727 9834.

This statement sets out how the Plan has complied with the DC governance requirements introduced in April 2015 under Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulators 1996 the “Regulations”.

In the preparation of this Statement, I have gathered information from the following organisations:

- Premier Pensions Management Ltd.– The Plan’s Administrator
- Lane Clarke and Peacock LLP – The Plan’s Investment Consultant

I have also considered the Pensions Regulator’s ‘A quick guide to the Chair’s Statement’, published in 2018.

A copy of the Plan’s latest Statement of Investment Principles for the Money Purchase Section is attached to this Statement (see Appendix A).

Throughout this document I refer to ‘pension pot’. The Pension Pot is the current value of the Member Account invested in the Money Purchase Section of the Plan.

1 Core Financial Transactions

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

- Investing contributions into the Plan (not applicable as the Plan is closed)
- Transferring assets related to members into or out of the Plan
- Transferring assets between different investments within the Plan; and
- Making payments from the Plan to, or on behalf of members.

Under Regulation 24 of the Regulations, the Trustee must ensure that these important financial transactions are processed promptly and accurately. In practice the Trustee delegates responsibility for this to the Plan administrator, Premier.

Premier provide regular reports to the Trustee to allow it to assess how quickly and effectively the core financial transactions are completed. This includes a quarterly unit reconciliation of the total unit holdings allocated to members compared to the total holdings invested in each investment fund. This is reported each quarter through a Stewardship Report. The Trustee bank account is monitored daily and a bank reconciliation is carried out every month. All investment and banking transactions over £75,000 are checked by two members of the Premier Team.

Any mistakes or delays are investigated thoroughly and action is taken to rectify things as quickly as possible. The administration services provided by Premier are audited by an independent firm as part of the annual audit of the
Annual Report and Accounts. The Trustee receives a copy of the Premier AAF 01/06 Assurance report, which describes and gives assurance on the control environment and internal controls operating for the pension administration service and related information technology controls. There were no exceptions reported within the audit in relation to the Money Purchase Section. The Trustee is 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 and accurately. During the year under review there were no issues identified with the processing of financial transactions for the Money Purchase Section.

2 Scheme Administration/Financial Transactions

A Service Level Agreement (SLA) is in place with Premier. The agreed timescales for the key transactions are as follows:

<table>
<thead>
<tr>
<th>Transaction</th>
<th>SLA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Processing disinvestments</td>
<td>2 days from request</td>
</tr>
<tr>
<td>Processing Retirements</td>
<td>Within 5 days of receiving required member documentation</td>
</tr>
<tr>
<td>Processing Investment Switches</td>
<td>3 days from request</td>
</tr>
<tr>
<td>Processing Transfers-Out</td>
<td>5 days from date member confirms that they wish to transfer</td>
</tr>
<tr>
<td>Issuing Annual Benefit Statements</td>
<td>Within 6 weeks of statement date/resolution of data queries</td>
</tr>
</tbody>
</table>

The overall service target is to complete 95% of all tasks within the above timescales.

On a quarterly basis, Premier provide the Trustee with a Stewardship Report, which includes details of performance against the SLA. The Trustee reviews these reports to monitor that expected service levels are being achieved.

The results for the 2021/22 Plan year were as follows:

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Items of post</th>
<th>Performance against target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2021</td>
<td>663</td>
<td>100%</td>
</tr>
<tr>
<td>Q3 2021</td>
<td>637</td>
<td>99%</td>
</tr>
<tr>
<td>Q4 2021</td>
<td>848</td>
<td>100%</td>
</tr>
<tr>
<td>Q1 2022</td>
<td>759</td>
<td>99%</td>
</tr>
</tbody>
</table>

Members are encouraged to give feedback on their level of satisfaction when they are provided with a service from the administrator and their feedback is included within the quarterly Stewardship Report. The Trustee is satisfied that Premier are performing core financial transactions promptly and accurately.

3 Investment Arrangements

This Plan is not used as a Qualifying Scheme for auto-enrolment.

Many DC pension schemes are required by law to have an investment default arrangement in place. This is an arrangement whereby contributions paid in respect of a member are automatically invested in an investment arrangement chosen by the Trustee (the ‘default’ arrangement) if the member does not make a positive election in respect of the investment of their contributions. The Money Purchase Section of this Plan closed to new entrants and future accrual with effect from 31 October 2005 and therefore no new contributions were paid after this date. Therefore, the Plan is not required to have a default strategy.
A lifestyle strategy is not an investment fund but a strategy that automatically switches members’ funds from higher risk to lower risk asset classes through their working life without any action required from the member. The Nomura London Retirement Benefits Plan does not offer a Lifestyle strategy. This means all members are responsible for choosing how their pension pot is invested throughout the life of the pension and because there has never been a default strategy the members have made an active decision to choose the investment funds in which they are invested. Members have the option of investing in a choice of actively and passively managed investment funds, which give reasonable access to the basic asset classes and have different risk/return profiles. A copy of the Defined Contribution Statement of Investment Principles is attached.

4. Charges and Transaction Costs

The level of charges and transaction costs applied by the investment managers to the Plan’s investment funds during the year to 31 March 2022 were as shown in the table below. The investment manager costs are deducted from the underlying investments and therefore this cost is paid by the member, with the exception of the LGIM Global Equity Fund where the investment manager charges are met by the Plan:

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Passive (P) or Active (A)</th>
<th>Annual Management Charge (AMC) (% pa)</th>
<th>On Going Charge Figures (OCF) (% pa)</th>
<th>Transaction costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schroders Managed Balanced</td>
<td>A</td>
<td>0.5</td>
<td>0.54</td>
<td>0.16</td>
</tr>
<tr>
<td>Schroders Global Equity</td>
<td>A</td>
<td>0.5</td>
<td>0.53</td>
<td>0.17</td>
</tr>
<tr>
<td>Schroders Global Core Equity</td>
<td>A</td>
<td>0.27</td>
<td>0.29</td>
<td>0.21</td>
</tr>
<tr>
<td>LGIM Cash</td>
<td>A</td>
<td>0.13</td>
<td>0.13</td>
<td>0.02</td>
</tr>
<tr>
<td>LGIM UK Equity</td>
<td>P</td>
<td>0.10</td>
<td>0.19</td>
<td>0.02</td>
</tr>
<tr>
<td>LGIM Global Equity*</td>
<td>P</td>
<td>0.00</td>
<td>0.05</td>
<td>0.03</td>
</tr>
<tr>
<td>LGIM UK Bonds</td>
<td>A</td>
<td>0.34</td>
<td>0.23</td>
<td>0.02</td>
</tr>
<tr>
<td>LGIM Index Linked Gilts</td>
<td>P</td>
<td>0.10</td>
<td>0.10</td>
<td>0.02</td>
</tr>
</tbody>
</table>

Note: The AMC charges for the LGIM Global Equity Fund are met by the Plan. The charges and transaction costs have been supplied by the Investment Consultant, LCP. Legal and General and Schroders have reported costs using the CTI template. The Trustee replaced the Schroders Cash Fund with the LGIM Cash Fund with effect from 18 August 2021. LGIM is Legal and General Investment Management.

In addition to the charges levied by the investment managers, the members paid a quarterly flat fee of £6.25 during the year under review. The quarterly flat fee is not intended to cover the full cost of running the Plan but is a contribution towards the total running costs of the Money Purchase Section of the Plan. The running costs include the cost of communications, administration services, professional adviser fees and support services at retirement and other adviser costs. The other costs of running and administering the Money Purchase Section are paid from the Plan.
The distribution of costs and charges between the member and the Plan is shown below:

<table>
<thead>
<tr>
<th>Investment Manager Fees except for LGIM Global Equity Fund</th>
<th>Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Manager Fees for LGIM Global Equity Fund</td>
<td></td>
</tr>
<tr>
<td>Service and Administration</td>
<td></td>
</tr>
<tr>
<td>Governance</td>
<td></td>
</tr>
<tr>
<td>Support at Retirement</td>
<td></td>
</tr>
<tr>
<td>Communications</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost met by the Plan</td>
</tr>
<tr>
<td></td>
<td>Cost met by the Plan with a £25 per annum contribution from each member</td>
</tr>
</tbody>
</table>

The annualised return for each of the investment funds net of the investment management fees and the flat administration charge of £25.00 per annum are shown in appendix I for an assumed pension pot of £1,000, £5,000, £10,000 and £50,000. Whilst the Trustee has taken account of statutory guidance when preparing this section of the Statement, the returns are shown over a 1 year, 3 year and 5-year time period only as this is consistent with the information provided in previous Chairs Statements and is information that is readily available. Providing illustrations over a longer time period would incur additional costs.

5. Impact of charges and transaction costs

Disclosure Regulations require the Trustee to illustrate the potential impact of charges and transaction costs on the value of members’ pension pots (Members’ Accounts). In order to do this, we have to make a number of assumptions. The Trustee has taken account of statutory guidance when preparing this section of the Statement. For this Chair’s Statement, the assumptions are as follows:

1. Projected pension pot values are shown in today’s terms, and do not need to be reduced further for the effect of future inflation.

2. The starting pot size is assumed to be £27,887 before allowing for inflation.

3. Inflation is assumed to be 2.5% each year.

4. As the Scheme has no active members, no contributions are paid in the first or subsequent years of the illustration.

5. Values shown are estimates and not guaranteed.

6. The projected growth rate (before expenses) for each fund are as follows:

   - Managed Balanced 3.94% p.a.
   - Global Equity 4.39% p.a.
   - Global Equity Core 4.65% p.a.
   - LGIM UK Equity 4.85% p.a.
   - LGIM Global Equity 4.95% p.a.
   - LGIM UK Bonds 2.23% p.a.
   - LGIM Index-Linked Gilts 1.85% p.a.
   - LGIM Cash 0.63% p.a.

7. The above returns are illustrative only and typically higher returns are achieved by taking more risk. Each individual should assess their own risk appetite when selecting funds and if necessary, seek their own Independent Financial Advice.

Statement available on: [https://www.nomuraholdings.com/company/group/europe/](https://www.nomuraholdings.com/company/group/europe/)
Based on the assumptions detailed above the results are as follows:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Youngest member (age 37)</th>
<th>Average age member (age 52)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before charges</td>
<td>After all charges + costs deducted</td>
</tr>
<tr>
<td>Managed Balance</td>
<td>£42,910</td>
<td>£37,911</td>
</tr>
<tr>
<td>Global Equity</td>
<td>£47,397</td>
<td>£41,920</td>
</tr>
<tr>
<td>Global Equity Core</td>
<td>£47,747</td>
<td>£44,438</td>
</tr>
<tr>
<td>LGIM UK Equity</td>
<td>£48,012</td>
<td>£46,395</td>
</tr>
<tr>
<td>LGIM Global Equity</td>
<td>£48,012</td>
<td>£47,429</td>
</tr>
<tr>
<td>LGIM UK Bonds</td>
<td>£27,576</td>
<td>£25,796</td>
</tr>
<tr>
<td>LGIM Index-Linked Gilts</td>
<td>£24,641</td>
<td>£23,689</td>
</tr>
<tr>
<td>LGIM Cash</td>
<td>£18,767</td>
<td>£17,889</td>
</tr>
</tbody>
</table>

**Note:** During the period covered by the Statement the Schroders Cash Fund offered to members was replaced with the LGIM Cash Fund with effect from 18 August 2021 and the LGIM Cash Fund has been used to prepare the above illustration.

### 6. Assessing Value for Money (VFM)

The Trustee is required to assess the extent to which member borne charges and transaction costs represent good value for members. It is difficult to give a precise legal definition of “good value”, but in making their assessment of Value for Money the Trustee has given consideration to the Pensions Regulator’s suggestion of value for money definition; “that the combination of costs and the quality of what is provided in return for those costs is appropriate for the scheme membership as a whole, when compared to other options available in the market”. The Value for Member Framework document is appended to this Statement.

When considering whether the benefits and services provided to members in exchange for the member borne costs and charges, are of a good quality, the Trustee considers the following core elements, Investment, Governance, Communications, Support at Retirement and Service & Administration. The Trustee has assessed the extent to which the charges and costs represent good value for money for members. Although, the Trustee appreciates that Value for Money can mean different things to different members, the Trustee believes that low cost does not necessarily mean better value.

As investment returns net of charges have such a major impact on member outcomes, the Trustee pays particular attention in their VFM assessment to the investment return delivered to members and the member charges. In addition to the charges levied by the Investment Managers, members pay a flat administration charge of £25 per annum, payable quarterly.

The Trustee received a written report from their investment advisers setting out their assessment of the value that members receive for the fees that they pay. The report highlighted that whilst members overall are receiving good value for money; the flat administration charge did have a disproportionate impact on members with small pension pots. Specifically, members with a pension pot of less than £10,000 were identified as receiving either fair or poor value for money whilst members with a pension pot of more than £10,000 were receiving good value for money. In light of this the Trustee has agreed to make some changes to the flat administration fee which is covered in the section below.

For the year under review the Trustee has concluded that the Plan delivers a high-quality pension scheme and service with excellent standards of governance and administration. The Trustee believes that in the main the cost to members as a whole is reasonable when compared to the terms members might experience in other schemes, but the Trustee acknowledges that the impact of the flat administration charge of £25 per annum has a disproportionate impact on members with small pots and has taken the following action to address this.

Statement available on: [https://www.nomuraholdings.com/company/group/europe/](https://www.nomuraholdings.com/company/group/europe/)
Future Change to the Flat Administration Fee

Following the results of the Value for Money Assessment undertaken this year as detailed above, the Trustee has decided to remove the flat administration charge for members with a pension pot of less than £10,000. The flat administration fee for members with pension pots of more than £10,000 will remain at a flat rate of £25.00 per annum but will be collected annually in arrears rather than on a quarterly basis. This change will come into effect after the period covered by this Chair’s Statement.

7. Trustee Knowledge and Understanding

The requirements under Section 248 of the Pensions Act 2004 (requirement for knowledge and understanding) have been met during the Plan year by:

- Regular studying of pension related articles in the pensions press and training within Trustee meetings and external courses. Regular updates are received on a monthly basis on topical issues affecting occupational pension schemes. Relevant issues requiring the Trustee’s specific attention are addressed either at a meeting or by email circulation.

- The Trustee’s advisers provide training and advice as required. The Scheme Consultant and Scheme Actuary attend every Trustee meeting. The investment consultant attends the annual Investment Sub-Committee meeting and two Trustee meetings a year. The legal advisers are invited to attend the meetings periodically.

- There is a formal induction process in place for new Trustee Directors who are invited to attend a bespoke introductory training session with their professional adviser. This covers a range of topics including pension and trust law, funding and investment.

- The combined knowledge and understanding of the Trustee Directors, together with the advice that is available to them, enables them to properly exercise their functions as Trustee. As at 31 March 2022 the Trustee Board included three long standing Directors who have each served the Plan for over ten years. The Trustee holds regular meetings with professional advisers to keep abreast of current issues and discuss how they may impact the Plan or its members.

- All of the Trustee Directors are familiar and have access to the current Plan governing documentation, including the Trust Deed & Rules, the Statement of Investment Principles (SIP) and key policies and procedures. In particular, the Trustee refers to the Trust Deed & Rules as part of considering and deciding to make any changes to the Plan and, where relevant, deciding on individual member cases. In addition, the SIP is formally reviewed at least every three years and as part of making any change to the Plan’s investments.

- Trustee training is formally recorded in a Trustee Training Log. During the year under review each of the Trustee Directors successfully completed the new Pension Scheme Scams module on the Pension Regulator Trustee Toolkit.

In early 2019 the Trustee Board considered the results of a Trustee Effectiveness Survey to evaluate the performance and effectiveness of the Board as a whole. The Trustee will undertake a new Trustee Effectiveness Survey during the coming year and the results of the Survey will be considered to identify if there are any areas that require further consideration or action.

In 2018 the Trustee assessed the extent to which the Defined Contribution Section of the Plan complies with the Pension Regulator Code of Practice No. 13 Governance and Administration of Occupational Trust Based Schemes providing Money Purchase Benefits (‘Code’). The Trustee is pleased to report that the standards have been met as set out in the Code or the Trustee has an equivalent approach that they have taken to comply with the underlying law. The Trustee also has in place a Risk Register which is reviewed regularly.

R King
Chair of the Trustee
Signed for and on behalf of the Trustee of the Nomura London Retirement Benefits Plan
24 October 2022

Statement available on: https://www.nomuraholdings.com/company/group/europe/
Nomura London Retirement Benefits Plan  
Money Purchase Section  
Value for Money (VFM) Framework

There are many ways a Trustee might assess value for money and evaluate benefits and costs against other schemes. Any evaluation, whether in isolation or when compared to peers, will inevitably involve some subjective judgement. The Pensions Regulator website states that ‘a scheme offers value for money where the costs and charges deducted from members provide good value in relation to the benefits and services they receive, when compared to other options available in the market. For instance, if your scheme has higher costs and charges, it should offer improved benefits and services. There is no common definition of what represents value for money. You need to understand what your members will value most when assessing the overall value of the Plan and its individual components.’

The Trustee have agreed a Framework to consider if the Plan is offering value for money. The Framework considers the following core elements, Investment, Governance, Communications, Support at Retirement, Costs and Charges and Service & Administration.

**Assessment**

<table>
<thead>
<tr>
<th>Investments - choices and returns and costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>This includes investment fund choices, investment returns and investment charges and costs. Choices and returns is concerned with the range of funds available and whether the funds have performed as expected. Charges and costs includes the charges the Plan members pay in terms of investment manager charges.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Evidence</th>
<th>Assessment</th>
<th>Possible future Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have the investment funds offered performed against their objectives in both the last Plan year and over the long term?</td>
<td>The Trustee offers a range of Legal and General funds for passively managed approaches and a range of Schroders Actively Managed funds. The Trustee receives annual updates from their investment adviser on the performance of the DC funds. The Investment Sub-Committee reviewed the performance of all the Defined Contribution Funds offered at the annual Investment Sub Committee Meeting. Schroders attended the meeting to present the performance of their funds and to provide their views on market outlook.</td>
<td>Legal and General have a proven track record in the passive investment management market and the funds have achieved returns broadly in line with the index as is expected for the year under review. The Schroders actively managed funds produced positive absolute returns over the year under review however, the Schroders Managed Balanced and Schroders Global Equity Fund underperformed against the benchmark for the year under review. However, over a three-year period relative performance against benchmark (and absolute performance) of the three Schroder’s funds has been positive. The Trustee is satisfied overall, with the investment funds offered and the performance of the Funds. The ISC received a presentation from Schroders on the performance and outlook for each of the three Schroders active funds.</td>
</tr>
</tbody>
</table>

Statement available on: [https://www.nomuraholdings.com/company/group/europe/](https://www.nomuraholdings.com/company/group/europe/)
The Trustee’s assessment of value for money included a review of the performance of the Plan’s investment funds (net of investment management charges) in the context of their investment objectives. The performance of the investment funds is contained in appendix 1.

The Trustee’s investment consultant undertakes a Responsible Investment (RI) Survey of investment managers. As part of this survey, they assign each manager with an RI score based on the research information obtained. The Trustee is reassured that the RI score of the Legal & General funds are above average. Two of the Schroders Funds (Managed Balanced Fund and Global Equity Core Fund) have below average scores. Schroders have been incrementally increasing the integration of environmental, social and governance (ESG) factors into the Funds in question, but the assessment indicates they are still behind similar alternative funds in this regard.

The Trustee will continue to keep the performance of the Funds under review.

<table>
<thead>
<tr>
<th>Evidence</th>
<th>Assessment</th>
<th>Possible Future Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>How do the investment manager charges for the DC options compare against other DC schemes?</td>
<td>Appendix 1 includes details of the investment manager costs borne by members. Legal and General and Schroders have reported costs using the CTI template. The AMC for all of the DC funds offered are below 0.75% (charge cap). Although the charge cap does not apply to this Plan the Trustee considers it a good proxy. The AMC does not include the flat administration fee of £25 per annum. LCP, the Trustee investment advisers, benchmarked the Plan’s fees (before the administration fee is applied) against other DC schemes in their peer group and presented the findings in a report to the Trustee.</td>
<td>Overall, the investment management fees for the Plan are competitive when compared to its peer group. Passive Funds (LGIM): The Investment manager fees for the passive funds, except for the LGIM UK Equity Fund and the Global Equity Fund (which were within a range considered to be acceptable) were at the lower end of the peer group. Active Funds (Schroders): The investment manager fees for the majority of the active funds are competitive compared to its peer group. In particular for the two active global equity funds (Schroders Global Equity and Schroders QEP Global Core Fund) in which the majority of the DC assets are invested. The other main active fund used by members is the Schroders Managed Balance Fund. The Investment Manager costs for this fund are at the top end of the spectrum compared to other similar funds within this asset class. The Trustee has shared the outcome of their analysis of the Managed Balanced Fund with Schroders and enquired it Schroders could consider reducing the Fee. Schroders responded to say that based on their research their fees were within a reasonable range. Their rationale for this conclusion is that the Managed Balanced Fund is a fund of funds approach which invests in a number of underlying active funds.</td>
</tr>
<tr>
<td>Evidence</td>
<td>Assessment</td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
</tbody>
</table>
| When was the last review of the current investment options and what were the conclusions of this review? | The Trustees are satisfied that the Plan offers members a range of passive and active funds for members.  
The Trustee notes that compared to the investment fund range offered by other financial services firms the Plan offers significantly lower than the average number of choices. However, most of the financial services pension schemes in the analysis are much larger. The Trustees are satisfied that the funds offered  give reasonable access to the basic asset classes and is wide enough to reflect the risk/return requirements of members but not too wide so as to avoid confusion.  
The Trustee has not received any requests from the members of the Plan for additional funds to be added.  
The Trustee notes that many schemes of similar size offer members the option of specialist asset classes such as an Ethical Fund or Sharia Fund. The Trustee has not received any specific requests from the members for specialist funds and the number of funds switches in the Plan are low. The Trustee invited comments from members on their preference for an ethical fund or Sharia Compliant fund via the 2021 Member Newsletter which was issued in Q1 2022. The Trustee has not received any requests from members so no further action is being taken.  
The Trustee does not offer an investment default option. The Trustee believes their role is to ensure the DC funds are performing in line with expectations. They would need a good reason to unilaterally change or remove an investment fund currently offered as it may override a decision made by a member on an individual basis. |
| The Trustees investment advisers considered the range of investment options available to members in a report prepared for the Trustee in 2022. |                                                                                                                                                                                                          |
# Communications

This includes how easy it is for Plan members to contact the Administrator and how clear, timely and appropriate the communications are:

<table>
<thead>
<tr>
<th>Evidence</th>
<th>Assessment</th>
<th>Possible Future Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is it clear who the members should contact in the event of a query and how easy it is for them to make contact?</td>
<td>There is a designated Administrator for the Plan with a designated email address and phone number. The contact details are provided on every communication to members. Member feedback is provided to the Trustee in the quarterly Stewardship Report.</td>
<td>The Trustee is satisfied that the communications provided to members are timely, helpful and engaging. Positive feedback has been received from members. The contact details for the key contact for information is clear on all communications.</td>
</tr>
<tr>
<td>Do members receive regular communications from the Trustee?</td>
<td>The following communication is sent to members:  - Annual Benefit Statement and Statutory Money Purchase Illustration  - Annual DC Newsletter  - Members within 10 years of NRD receive a letter encouraging them to review their investment options as they approach retirement.</td>
<td></td>
</tr>
<tr>
<td>Is communication provided to members engaging, informative and accessible?</td>
<td>The administration communications carry the ‘Crystal’ watermark. This is a seal of approval from the Plain English Campaign. The paper prepared by LCP in 2014 on the DC investment options concluded that overall, the communication provided to members is clear and understandable. The Annual Newsletter is designed by a pension communication specialist. All Announcements are reviewed by the Trustee Directors before being issued. Members have access to ‘Yourpremier’ an easily accessible website where members can request a quotation of their benefits, update their personal details or complete an investment switch form, amongst other things. The Administration and Governance Sub Committee of the Trustee recently carried out a review of the member communications issued on retirement to DC members and agreed some amendments which have now been incorporated.</td>
<td></td>
</tr>
<tr>
<td>Evidence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>Is communication fair, clear and not misleading?</td>
<td>Administration communications carry the ‘Crystal’ watermark. This is a seal of approval from the Plain English Campaign.</td>
<td></td>
</tr>
</tbody>
</table>
| Does communication include relevant messages about investments i.e., risk warning in pre-retirement communication about the risks of remaining in equity type funds close to retirement and out of market warning on switch requests? | A pre-retirement letter is issued to members within 10 years of retirement to encourage them to review their investment choices as they approach retirement and in light of ‘Freedom and Choice’ in pensions.  
The Switch Request form has been updated to include an out of market warning.  
The Annual Statement clearly states the Administration fee deducted during the year and makes it clear that this does not include the investment manager charges. |
| Does Communication Comply with the requirements set out in the Occupational and Personal Pension Schemes (Disclosure of Information) (Amendment) Regulations 2015? | Members are issued with a retirement quotation 6 months prior to retirement and this includes a ‘Retirement Pack - Your Options’ leaflet. This leaflet covers all the DC options available along with details of the ‘Risks and Considerations’ that members should take into account when making decisions about their retirement.  
The ‘Your Pension it’s time to Choose’ Leaflet produced by the Money Advice Service, working in conjunction with Pensions Wise is issued with any quotes requested by members. |

The Trustee is satisfied that the communications provided to members are timely, helpful and engaging. Positive feedback has been received from members. The contact details for the key contact for information is clear on all communications.
## Administration & Service

This includes the range and quality of services provided to Plan members.

<table>
<thead>
<tr>
<th>Evidence</th>
<th>Assessment</th>
<th>Possible Future Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are member queries/requests dealt with promptly and accurately?</td>
<td>The Trustee has agreed Service Level Targets with the administrator, Premier. Premier report on the performance against the Service Level Agreement (SLA) within the Quarterly Stewardship Reports and any items of work processed outside of the agreed SLA are explained within the report. The Administrator has achieved above 95% SLA, measured on a quarterly basis, during the period under review. Member feedback is sought and detailed within the quarterly report. Premier are an award winning administrator.</td>
<td>The Trustee is notified of any errors in the quarterly administration report. During the period under review no errors were brought to the Trustee’s attention. The Trustee is confident that member requests are responded to accurately and on time and the information provided is clear and easy to understand.</td>
</tr>
<tr>
<td>Are core financial transactions recorded accurately and on time? - Transferring assets related to members into or out of the Plan. - Transferring assets between different investments within the Plan. - Making payments from the Plan to or on behalf of members.</td>
<td>The Trustee has delegated the responsibility of administration and financial transactions to Premier Pensions Management. Premier have agreed Service Level targets for key transactions with the Trustee and compliance with these targets is reported in the quarterly Stewardship Report. Any items that are processed outside of the SLA are reported on separately and investigated. Where available, Premier use Straight Through Processing (STP) for investment switches to limit the room for human error. Investment switch requests carry an SLA of 3 days. The Trustee produces annual report and accounts on a yearly basis which are independently audited. On completion of the audit the independent auditor produces a formal report setting out their findings. The Trustee receives a copy of the Premier AAF 01/06 Assurance report which describes and gives assurance on the control environment and internal controls operating for the pension administration service and related information technology controls.</td>
<td>The Trustee is confident that the processes and controls in place with the administrator are robust and that the financial transactions that are important to members are dealt with properly. In the last Plan year there have not been any material administration service issues.</td>
</tr>
</tbody>
</table>
Support at Retirement

This includes the range of support services provided to members to assist them in making decisions prior to retirement and at the decumulation stage. This should give appropriate outcomes for the members using them.

<table>
<thead>
<tr>
<th>Evidence</th>
<th>Assessment</th>
<th>Possible Future Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the Plan offer advice/support on the variety of options available to members in light of Pension Freedoms and how does the Plan contribute to the cost of this service?</td>
<td>The Trustee offers member’s access to a website (Gateway2Retirement-G2R), which aims to help members understand the options available at retirement. Members also have access to a telephone helpline. There is no additional cost levied on members for this service. In addition, members approaching retirement are offered an ‘at retirement service’ provided by an FCA regulated independent financial advisor from Premier Wealth Planning. The service assists members in understanding and choosing the right option to meet their needs. The cost of the initial advice is met by the Trustee. Further details on the communications issued to members approaching retirement is given in the Communication section above.</td>
<td>The Trustee is confident that they are offering members extensive support at retirement. Prior to retirement the G2R website gives clear and simple details about planning for retirement.</td>
</tr>
</tbody>
</table>
Good governance ensures there is proper oversight, control and review of all the services. This covers the Trustee Board activities and the external advice provided to the Trustee. Effective governance is more likely to result in good outcomes for members.

<table>
<thead>
<tr>
<th>Evidence</th>
<th>Assessment</th>
<th>Potential Future Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are the Trustee Adviser’s formally appointed</td>
<td>The Trustee has formally appointed professional advisers to support them in providing high levels of governance.</td>
<td>The Trustee is confident that robust Plan governance processes are in place and that the processes are actively monitored to ensure they remain effective. Processes and controls are in place to monitor service levels and appropriate action is taken in the case of any concerns.</td>
</tr>
<tr>
<td>Are the advisers regularly reviewed or appraised</td>
<td>The advisers regularly attend Trustee meetings and the service levels are reviewed through quarterly stewardship and performance reports.</td>
<td></td>
</tr>
<tr>
<td>Does the Plan governance framework allow for clear accountabilities and responsibilities?</td>
<td>The Trustee has a formal Business Plan which details the key tasks to be undertaken during each Plan year setting out the responsibilities. The adviser’s service agreements set out their responsibilities.</td>
<td></td>
</tr>
<tr>
<td>What documents does the Trustee use to assist in building an effective governance framework? i.e., budget planner to monitor costs</td>
<td>The Trustee has the following Governance documents: Trustee Induction Policy for new Trustees. Annual Business Plan. Annual Budget Planner; Risk Register. Internal Controls document. DC Compliance Register.</td>
<td></td>
</tr>
</tbody>
</table>
The costs of running and administering the Plan are shared between the member and the Plan. Members pay the investment manager charges (implicit charges) and a £25 per annum flat administration fee which is deducted from their Pension Pot on a quarterly basis (£6.25 per quarter). The remaining costs of running the Plan are met from the Trust assets as and when they fall due.

### Total Member Costs (including both the investment manager costs and the flat admin. fee)

<table>
<thead>
<tr>
<th>Evidence</th>
<th>Assessment</th>
<th>Potential Future Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have the total costs and charges been compared against other options available in the market place?</td>
<td>The Trustee has benchmarked the investment manager charges and details are provided in the Investment section. Details on the investment manager charges are given under the Investment section above. LCP, the Trustee investment advisers, benchmarked the Plan’s fees (including the flat administration fee) against other DC schemes that charge an administration fee to members. The majority of the competitors have a percentage-based administration fee rather than a flat fee. Therefore, for the purpose of the comparison the flat administration fee has been converted to a percentage and added to the Total Expense Ratio for the investment options offered. The flat administration fee translates to a 0.04% per annum fee. Using this approach, the member charges including the flat administration fee are competitive compared to their peer group with the exception of the Schroder’s Balanced Managed Fund. The flat administration fee impacts members with lower pension pots more significantly. Around 40% of the DC membership has a pot size lower than £10,000 and the impact of the flat administration fee is particularly significant for members with pot sizes of less than £1,000. For members with a small pension pot, the flat administration fee translates to significantly higher fees for these members compared to other schemes.</td>
<td>The overall assessment was that members with a pension pot of less than £10,000 were receiving fair or poor value for money due to the impact of the flat administration fee. The assessment indicated that members with a pension pot of over £10,000 were receiving good value for money. The Trustee has decided to remove the flat administration fee for members with pension pots of £10,000 or less. The flat administration fee will remain for members with pension pots of more than £10,000 but it will be collected annually in arrears rather than quarterly for administrative ease.</td>
</tr>
<tr>
<td>What is the distribution of costs and charges between the Plan (employer) and the member?</td>
<td>The total costs of running and administering the Money Purchase Section are predominantly paid from the Plan. The flat administration charge is a contribution towards the total costs. The running costs include the cost of communications, administration services, professional adviser fees and support services at retirement and other adviser costs.</td>
<td>The Trustee has concluded that broadly the distribution of costs and charges between the employer and the member is fair.</td>
</tr>
</tbody>
</table>
Conclusion

The Trustee assessment of value for money is based on the considerations as described at the beginning of this document.

Based on this assessment the Trustee believes that The Nomura London Retirement Benefits Plan Money Purchase Section delivers a high-quality pension plan and service with excellent standards of governance and administration. As investment returns net of charges have such a major impact on member outcomes, the Trustee pays particular attention in their VFM assessment to the investment return delivered to members. The Trustee is satisfied that the investment fund charges are broadly competitive for the types of funds available to members. On this basis the Trustee has concluded that during the year under review the Plan offered good value for money to the average member. However, the Trustee is aware of the distorting impact that the flat £25 per annum administration fee has on members with a small pot and has therefore agreed to remove the flat administration fee for members with a pension pot of £10,000 or less. This change is planned to come into effect in Q4 2022. Following this change the Trustee believes the Plan will offer good value overall.

October 2022
## Appendix 1

### Investment Options Net Returns after deduction of Investment Manager Cost and Administration Charges for the period to 31 March 2022.

The following charts illustrate the annualised net returns for each of the investment options based on an assumed initial pension pot. The illustration shows the net return after deduction of the investment manager costs (this information has been supplied by the investment managers using the CTI template) and also the net return after deduction of both the investment manager costs and the flat administration charge of £25.00 per annum. Figures in brackets indicate a negative.

**Note:**
The AMC charges for the LGIM Global Equity Fund are met by the Trust.

The LGIM Cash Fund was introduced to the Plan in August 2021 to replace the Schroders Cash Fund. The net return for the Schroders Cash funds are shown for reference purposes, but it is important to note that members can no longer invest in the Schroders Cash Fund. The net return for the LGIM Cash fund for one year has been provided.

#### Annualised Net Returns for an initial pension pot of £1,000

<table>
<thead>
<tr>
<th>Investment Options</th>
<th>Investment Fund Performance (annualised)</th>
<th>Investment Fund Performance net of admin fee (annualised)</th>
<th>Investment Fund Performance (annualised)</th>
<th>Investment Fund Performance net of admin fee (annualised)</th>
<th>Investment Fund Performance (annualised)</th>
<th>Investment Fund Performance net of admin fee (annualised)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schroders - Managed Balanced</td>
<td>4.8%</td>
<td>2.3%</td>
<td>8.1%</td>
<td>5.6%</td>
<td>6.2%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Schroders - Global Equity</td>
<td>14.1%</td>
<td>11.6%</td>
<td>16.8%</td>
<td>14.5%</td>
<td>13.6%</td>
<td>11.4%</td>
</tr>
<tr>
<td>Schroders - QEP Global Core</td>
<td>18.2%</td>
<td>15.7%</td>
<td>14.8%</td>
<td>12.3%</td>
<td>10.8%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Schroders - Cash</td>
<td>-0.2%</td>
<td>-2.7%</td>
<td>0.0%</td>
<td>-2.5%</td>
<td>0.1%</td>
<td>-2.5%</td>
</tr>
<tr>
<td>L&amp;G - Global Equity</td>
<td>10.5%</td>
<td>8.0%</td>
<td>9.0%</td>
<td>6.4%</td>
<td>7.4%</td>
<td>4.9%</td>
</tr>
<tr>
<td>L&amp;G - UK Equity</td>
<td>13.1%</td>
<td>10.6%</td>
<td>5.3%</td>
<td>2.6%</td>
<td>4.7%</td>
<td>2.1%</td>
</tr>
<tr>
<td>L&amp;G - UK Bonds</td>
<td>-4.6%</td>
<td>-7.1%</td>
<td>1.0%</td>
<td>-1.4%</td>
<td>1.5%</td>
<td>-1.1%</td>
</tr>
<tr>
<td>L&amp;G - Index-linked Gilts</td>
<td>4.8%</td>
<td>2.3%</td>
<td>3.2%</td>
<td>0.7%</td>
<td>3.1%</td>
<td>0.4%</td>
</tr>
<tr>
<td>L&amp;G Cash Fund</td>
<td>0.0%</td>
<td>-2.5%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Statement available on: [https://www.nomuraholdings.com/company/group/europe/](https://www.nomuraholdings.com/company/group/europe/)
### Annualised Net Returns for an initial pension pot of £5,000

<table>
<thead>
<tr>
<th>Investment Options</th>
<th>Investment Fund Performance (annualised)</th>
<th>Investment Fund Performance net of admin fee (annualised)</th>
<th>Investment Fund Performance (annualised)</th>
<th>Investment Fund Performance net of admin fee (annualised)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1 year %)</td>
<td>(1 year %)</td>
<td>(3 year %)</td>
<td>(3 year %)</td>
</tr>
<tr>
<td></td>
<td>(5 year %)</td>
<td>(5 year %)</td>
<td>(5 year %)</td>
<td>(5 year %)</td>
</tr>
<tr>
<td>Schroders - Managed Balanced</td>
<td>4.8%</td>
<td>4.3%</td>
<td>8.1%</td>
<td>7.6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schroders - Global Equity</td>
<td>14.1%</td>
<td>13.6%</td>
<td>16.8%</td>
<td>16.4%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schroders - QEP Global Core</td>
<td>18.2%</td>
<td>17.7%</td>
<td>14.8%</td>
<td>14.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schroders - Cash</td>
<td>-0.2%</td>
<td>-0.7%</td>
<td>0.0%</td>
<td>-0.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L&amp;G - Global Equity</td>
<td>10.5%</td>
<td>10.0%</td>
<td>9.0%</td>
<td>8.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L&amp;G - UK Equity</td>
<td>13.1%</td>
<td>12.6%</td>
<td>5.3%</td>
<td>4.8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L&amp;G - UK Bonds</td>
<td>-4.6%</td>
<td>-5.1%</td>
<td>1.0%</td>
<td>0.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L&amp;G - Index-linked Gilts</td>
<td>4.8%</td>
<td>4.3%</td>
<td>3.2%</td>
<td>2.7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L&amp;G Cash Fund</td>
<td>0.0%</td>
<td>-0.5%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Statement available on: https://www.nomuraholdings.com/company/group/europe/
### Annualised Net Returns for an initial pension pot of £10,000

<table>
<thead>
<tr>
<th>Initial fund value</th>
<th>Investment Fund Performance (annualised)</th>
<th>Investment Fund Performance net of admin fee (annualised)</th>
<th>Investment Fund Performance (annualised)</th>
<th>Investment Fund Performance net of admin fee (annualised)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schroders - Managed Balanced</td>
<td>4.8%</td>
<td>4.6%</td>
<td>8.1%</td>
<td>7.9%</td>
</tr>
<tr>
<td>Schroders - Global Equity</td>
<td>14.1%</td>
<td>13.9%</td>
<td>16.8%</td>
<td>16.6%</td>
</tr>
<tr>
<td>Schroders - QEP Global Core</td>
<td>18.2%</td>
<td>18.0%</td>
<td>14.8%</td>
<td>14.5%</td>
</tr>
<tr>
<td>Schroders - Cash</td>
<td>-0.2%</td>
<td>-0.4%</td>
<td>0.0%</td>
<td>-0.2%</td>
</tr>
<tr>
<td>L&amp;G - Global Equity</td>
<td>10.5%</td>
<td>10.3%</td>
<td>9.0%</td>
<td>8.7%</td>
</tr>
<tr>
<td>L&amp;G - UK Equity</td>
<td>13.1%</td>
<td>12.9%</td>
<td>5.3%</td>
<td>5.0%</td>
</tr>
<tr>
<td>L&amp;G - UK Bonds</td>
<td>-4.6%</td>
<td>-4.9%</td>
<td>1.0%</td>
<td>0.8%</td>
</tr>
<tr>
<td>L&amp;G - Index-linked Gilts</td>
<td>4.8%</td>
<td>4.6%</td>
<td>3.2%</td>
<td>2.9%</td>
</tr>
<tr>
<td>L&amp;G Cash Fund</td>
<td>0.0%</td>
<td>-0.3%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
### Annualised Net Returns for an initial pension pot of £50,000

<table>
<thead>
<tr>
<th>Initial fund value</th>
<th>Investment Fund Performance (annualised)</th>
<th>Investment Fund Performance net of admin fee (annualised)</th>
<th>Investment Fund Performance (annualised)</th>
<th>Investment Fund Performance net of admin fee (annualised)</th>
<th>Investment Fund Performance (annualised)</th>
<th>Investment Fund Performance net of admin fee (annualised)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schroders - Managed Balanced</td>
<td>4.8%</td>
<td>4.8%</td>
<td>8.1%</td>
<td>8.1%</td>
<td>6.2%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Schroders - Global Equity</td>
<td>14.1%</td>
<td>14.1%</td>
<td>16.8%</td>
<td>16.8%</td>
<td>13.6%</td>
<td>13.6%</td>
</tr>
<tr>
<td>Schroders - QEP Global Core</td>
<td>18.2%</td>
<td>18.2%</td>
<td>14.8%</td>
<td>14.7%</td>
<td>10.8%</td>
<td>10.7%</td>
</tr>
<tr>
<td>Schroders - Cash</td>
<td>-0.2%</td>
<td>-0.2%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.1%</td>
<td>0.1%</td>
</tr>
<tr>
<td>L&amp;G - Global Equity</td>
<td>10.5%</td>
<td>10.5%</td>
<td>9.0%</td>
<td>8.9%</td>
<td>7.4%</td>
<td>7.3%</td>
</tr>
<tr>
<td>L&amp;G - UK Equity</td>
<td>13.1%</td>
<td>13.1%</td>
<td>5.3%</td>
<td>5.3%</td>
<td>4.7%</td>
<td>4.7%</td>
</tr>
<tr>
<td>L&amp;G - UK Bonds</td>
<td>-4.6%</td>
<td>-4.7%</td>
<td>1.0%</td>
<td>1.0%</td>
<td>1.5%</td>
<td>1.4%</td>
</tr>
<tr>
<td>L&amp;G - Index-linked Gilts</td>
<td>4.8%</td>
<td>4.8%</td>
<td>3.2%</td>
<td>3.1%</td>
<td>3.1%</td>
<td>2.9%</td>
</tr>
<tr>
<td>L&amp;G Cash Fund</td>
<td>0.0%</td>
<td>-0.1%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

*Statement available on: [https://www.nomuraholdings.com/company/group/europe/](https://www.nomuraholdings.com/company/group/europe/)*
STATEMENT OF INVESTMENT PRINCIPLES  
for the  
Nomura London Retirement Benefits Plan  
August 2022

1. Introduction
1.1. What is the purpose of this Statement of Investment Principles?
This Statement of Investment Principles (“SIP”) sets out the policy of the Trustee of the Nomura London Retirement Benefits Plan (the “Plan”) on various matters governing decisions about the investments of the Plan.

1.2. Who has had input to the SIP?
This SIP has been formulated after obtaining and considering written professional advice from Lane Clark & Peacock LLP, the Plan’s investment adviser, who the Trustee believe to be suitably qualified and experienced to provide such advice. The advice takes into account the suitability of investments and the need for diversification, given the circumstances of the Plan and the principles contained in this SIP.

The investment managers are required to carry out their investment responsibilities in a manner consistent with this SIP.

1.3. What is the legal and statutory background to the SIP?
The SIP is designed to meet the requirements of Section 35 (as amended) of the Pensions Act 1995 (“the Act”) and the Occupational Pension Schemes (Investment) Regulations 2005 (“the Regulations”). The SIP also reflects the Trustee’s response to the Myners voluntary code of investment principles.

The Plan’s assets are held in trust by the Trustee. The investment powers of the Trustee are set out in the Plan’s Trust Deed.

2. What are the Trustee’s overall investment objectives for the Defined Benefit (“DB”) Section?
The majority of the Plan’s promised DB benefits have been secured with bulk annuity policies with Aviva and PIC. Given this position, the Trustee’s objectives are:

- that the Plan should meet all benefit payments as they fall due;
- that the Plan’s overall funding position (ie the total value of its insurance policies and its residual assets relative to the assessed value of its secured and unsecured liabilities) should remain at an appropriate level. The Trustee is aware that there are various measures of funding, and have given due weight to those considered most relevant to the Plan.
3. **What risks does the Trustee consider and how are these measured and managed?**

When deciding how to invest the Plan’s assets, the Trustee considers a wide range of risks, including, but not limited to, those set out in Appendix A. Some of these risks are more quantifiable than others, but the Trustee has tried to allow for the relative importance and magnitude of each risk.

4. **Trustee’s investment beliefs**

The Trustee’s key investment beliefs, which influenced the setting of the investment arrangements, are as follows:

- asset allocation is the primary driver of long-term returns;
- risk-taking is necessary to achieve return, but not all risks are rewarded;
- equity, credit and illiquidity are the primary rewarded risks;
- risks that do not have an expected reward should generally be avoided, hedged or diversified;
- investment markets are not always efficient and there may be opportunities for good active managers to add value;
- environmental, social and governance (ESG) factors are likely to be one area of market inefficiency and so managers may be able to improve risk-adjusted returns by taking account of ESG factors;
- investment managers who can consistently spot and profitably exploit market opportunities are difficult to find and therefore passive management, where available, is usually better value;
- long-term environmental, social and economic sustainability is one factor that trustees should consider when making investment decisions; and
- costs have a significant impact on long-term performance and therefore obtaining value for money from the investments is important.

The Trustee’s key investment beliefs and understanding of the Plan’s membership are reflected in the range of funds made available to members.

5. **Summary of the Plan’s investment strategy for the DB Section**

5.1. **How is the investment strategy determined?**

The Trustee, with the help of its advisers and in consultation with the employer, undertakes reviews of the investment strategy from time to time, taking into account the objectives described in Section 2 above.

5.2. **What is the investment strategy?**

The Plan holds two annuity policies. These policies match the majority of the DB benefits payable to the Plan’s members. The annuity policies are “buy-ins” and therefore remain an asset of the Plan.
The Trustee invests its remaining assets in a number of passive gilt funds and a sterling liquidity fund to broadly match unsecured liabilities that are not currently covered by the annuity policies, and hold a reserve over and above these liabilities. This includes liabilities where there remains some uncertainty regarding the precise benefit due (e.g., relating to GMP equalisation and GMP underpin of DC benefits) and some past discretionary pension increases.

The Trustee considers gilts to be matching assets, although it recognises that in practice the degree of liability matching these assets provide varies considerably.

5.3. What does the Trustee consider in setting the Plan’s investment strategy?

In setting the strategy for the DB section, the Trustee took into account:

- the Plan’s investment objectives, including the target return required to meet the Trustee’s investment objectives;
- the Plan’s cash flow requirements in order to meet benefit payments in the near to medium term;
- the best interests of all members and beneficiaries;
- the circumstances of the Plan, including the profile of the benefit cash flows (and the ability to meet these in the near to medium term), the funding level, and the strength of the employer covenant;
- the risks, rewards and suitability of a number of possible asset classes and investment strategies and whether the return expected for taking any given investment risk is considered sufficient given the risk being taken;
- the need for appropriate diversification between and/or within different asset classes to ensure that both the Plan’s overall level of investment risk and the balance of individual asset risks are appropriate;
- any other considerations which the Trustee considers financially material over the time horizon that the Trustee considers is needed for the funding of future benefits by the investments of the Plan; and
- the Trustee’s investment beliefs about how investment markets work, and which factors are most likely to impact investment outcomes.

In determining the investment arrangements for the DC Section, the Trustee took into account:

- the best interests of all members and beneficiaries;
- the profile of the membership and what this is likely to mean for the choices members might make upon reaching retirement;
- the risks, rewards and suitability of a number of possible asset classes and lifestyle strategies and whether the return expected for taking any given investment risk is considered sufficient given the risk being taken;
- the need for appropriate diversification within the investment options offered to members;
any other considerations which the Trustee considers financially material over the periods until members’ retirement, or any other timeframe which the Trustees believes to be appropriate; and

- the Trustee’s investment beliefs about how investment markets work and which factors are most likely to impact investment outcomes.

5.4. What assumptions are made about the returns on different asset classes?

The Trustee considered a wide range of asset classes for investment, taking account of the expected returns and key individual risks associated with those asset classes as well as how these risks can be mitigated where appropriate.

6. Appointment of investment managers for the DB Section

6.1. How many investment managers are there?

The Trustee has decided to appoint Legal and General Investment Management (“LGIM”) to manage the remaining non-annuity assets of the Plan.

The annuity providers are Aviva Annuity UK Limited (“Aviva”) and Pensions Insurance Corporation plc (“PIC”). These annuities remain assets of the Plan.

6.2. What formal agreements are there with investment managers?

The Trustee has entered into an insurance policy with Legal & General Assurance (Pensions Management) Limited. The insurance policy sets out details of the terms under which the Plan’s assets are managed. Legal & General Assurance (Pensions Management) Limited delegates investment management responsibilities to Legal & General Investment Management Limited.

For the purpose of this SIP, Legal & General Investment Management Limited is defined as an “investment manager”.

Details of the investment manager and its investment benchmarks and guidelines are given in Appendix B.

6.3. What do the investment managers do?

The investment manager’s primary role is the day-to-day investment management of the Plan’s investments. The manager is authorised under the Financial Services and Markets Act 2000 to carry out such activities.

The Trustee has limited influence over the investment manager’s investment practices because all the Plan’s assets are held in pooled funds, but it encourages its manager to improve their practices where appropriate.

The Trustee’s view is that the fees paid to the investment manager, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice managers cannot fully align their strategy and decisions to the
(potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee’s responsibility to ensure that the manager’s investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects the investment manager, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. It assesses this when selecting and monitoring managers.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as available. Except in closed-ended funds where the duration of the investment is determined by the fund’s terms, the duration of a manager’s appointment will depend on strategic considerations and the outlook for future performance. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustee’s policy is to evaluate its investment manager by reference to the manager’s individual performance as well the role it plays in helping the Plan meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. The manager’s remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment manager. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Plan’s investment mandates.

7. Defined Contribution (“DC”) Section

7.1. Background

The Trustee recognises that individual members have differing investment needs and that these may change during the course of their working lives. It also recognises that members have differing attitudes to risk. The Trustee believes that ideally members should make their own investment decisions based on their individual circumstances.

7.2. Policy for choosing investments

The Trustee regards their duty as making available a range of investment funds that enable members to tailor strategy to their own needs. It is for each member to decide which vehicle(s) they wish to use at any time.

The Trustee has considered the long-term performance characteristics of various asset classes, in terms of their expected returns and the variability of those returns, in deciding on the range of investment vehicles to make available to members.
7.3. Investment strategy and managers

The Trustee has established Insurance Policies with Legal & General Assurance (Pensions Management) Limited ("L&G") and Schroder Pension Management Limited ("Schroders"). Under these Policies, L&G and Schroders offer members a range of investment options, as specified by the Trustee. The available funds are provided in Appendix B.

8. Other matters

8.1. What is the Trustee’s policy on the realisation of investments?

The investment managers have discretion over the timing of realisation of investments of the Plan and in considerations relating to the liquidity of investments. When appropriate, the Trustee, on the administrators’ recommendation, decides on the amount of cash required for benefit payments and other outgoings and informs the investment managers of any liquidity requirements.

For the DC Section, the Trustee’s policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments.

8.2. Consideration of financially material and non-financial matters

The Trustee has considered how environmental, social, governance ("ESG") and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Plan and its members.

The Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustee seeks to appoint managers that have appropriate skills and processes to do this, and from time to time reviews how its managers are taking account of these issues in practice.

The Trustee has limited influence over managers’ investment practices where assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

The Trustee does not take into account any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

8.3. What is the Trustee’s policy on stewardship practices?

The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.
The Trustee does not monitor or engage directly with issuers or other holders of debt or equity. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers’ general policies on stewardship, as provided to the Trustee from time to time, taking into account the long-term financial interests of the beneficiaries. The Trustee has limited influence over managers’ stewardship practices where assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

8.4. What are the responsibilities of the various parties in connection with the Plan’s investments?

Appendix C contains brief details of the respective responsibilities of the Trustee, their advisers, and the investment managers. Appendix C also contains a description of the basis of remuneration of the investment adviser and the investment managers.

8.5. Does the Trustee make any investment selection decisions of its own?

Before making any investment selection decision, it is the Trustee’s policy to obtain written advice. The written advice considers the suitability of the investment, the need for diversification and the principles contained in this SIP. It is also the Trustee’s policy to review its own investment selection decisions on a regular basis, based on written advice.

9. Review

The Trustee will, from time to time, review the appropriateness of this SIP with the help of their advisers, and will amend the SIP as appropriate. These reviews will take place as soon as practicable after any significant change in investment policy, and at least once every three years.

For and on behalf of

Trustee of the Nomura London Retirement Benefits Plan
The Trustee’s policy towards risk, risk measurement and risk management

1. DB Section

The Trustee considers that there are a number of different types of investment risk that are important for the Plan. These include, but are not limited to:

A.1. Strategic risk

This is the risk that the performance of the Plan’s assets and liabilities diverges in certain financial and economic conditions. This risk has been taken into account in the Trustee’s investment strategy review, and will be monitored by the Trustee on a regular basis.

The Trustee will review the Plan’s investment strategy at least every three years in light of the various risks faced by the Plan.

A.2. Inadequate long-term returns

A key objective of the Trustee is that, over the long-term, the Plan should have adequate resources to meet its liabilities as they fall due. The Trustee therefore invests the assets of the Plan to produce an adequate long-term return.

For the passive gilt funds, an adequate return is understood to be a return in-line with the underlying gilt benchmark for each fund. For the Sterling Liquidity Fund an adequate return is understood to be a return in-line with SONIA.

A.3. Investment manager risk

This is the risk that investment managers fail to meet their investment objectives. The Trustee monitors the investment managers on a regular basis.

A.4. Risk from lack of diversification

This is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the Trustee’s ability to meet its investment objectives.

The Trustee believes that the need for the Plan’s assets to be adequately diversified within the Sterling Liquidity Fund has been met by the guidelines agreed with the investment managers.

A.5. Liquidity/marketability risk

This is the risk that the Plan is unable to realise assets to meet benefit cash flows as they fall due. The Trustee is aware of the Plan’s cash flow requirements and believes that this risk is managed appropriately via the measures described in Section 7.1.
A.6 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.

The Plan invests in pooled funds and is therefore directly exposed to credit risk in relation to solvency of the investment manager and custodian of those funds.

The manager of the Sterling Liquidity Fund manages credit risk by having a suitably diversified exposure to issuers, conducting thorough research on the probability of default of those issuers, and by typically having only a limited exposure to credit instruments rated below investment grade. The magnitude of credit risk within the fund will vary over time, as the manager changes the underlying investments in line with its views on markets, asset classes and specific bonds.

There is also credit risk associated with the annuity policies with Aviva and PIC which the Trustee considered before the policies were taken out.

A.7 Currency risk

The Plan is subject to currency risk because some of the Plan’s investments within the Sterling Liquidity Fund are classified as overseas assets. The Trustee manages the amount of currency risk by investing in pooled funds that hedge currency exposure (or in the case of the passive gilt funds held, take no exposure in the first place).

A.8 Interest rate risk

Some of the Plan’s assets are subject to interest rate risk. However, the overall interest rate exposure of the Plan’s assets hedges part of the corresponding risks associated with the Plan’s liabilities. The net effect will be to reduce the volatility of the funding level, and therefore the Trustee believes that it is appropriate to have exposure to interest rate risk in this manner.

A.9 Environmental, social and governance (ESG) risks

Environmental, social and corporate governance (ESG) factors are sources of risk to the Plan’s investments, some of which could be financially material, over both the short and longer term. These potentially include risks relating to factors such as climate change, unsustainable business practices, and unsound corporate governance. The Trustee seeks to appoint investment managers who will manage these risks appropriately on their behalf and from time to time reviews how these risks are being managed in practice.

A.10 Other non-investment risks

The Trustee recognises that there are other, non-investment, risks faced by the Plan. Examples include:

- mortality risk (the risk that members live, on average, longer than expected);
• sponsor risk (the risk that, for whatever reason, the sponsoring employer is unable to support the Plan as anticipated). The Trustee has taken into account the strength of the employer’s covenant in setting the Plan’s investment strategy; and

• litigation risk (the risk that legal action or activity results in a deterioration in the Plan’s financial position or has other negative effects).

Together, the investment and non-investment risks give rise generally to funding risk. This is the risk that the Plan’s funding position falls below what is considered an appropriate level. By understanding and considering each of the risks that contribute to funding risk, the Trustee believes that they have addressed and are positioned to manage this general risk.

2. DC Section

A.1. The Trustee’s policy towards risk

The Trustee considers that there are a number of different types of investment risk that need to be considered in relation to the DC Section. These include, but are not limited to:

A.2. Risk of inadequate long term returns

As members’ benefits are dependent on the investment returns achieved, it is important that investment vehicles are available which can be expected to produce adequate real returns over the longer term.

A.3. Risk of deterioration in investment conditions near retirement

For a given amount of money, the level of pension secured for a member will depend upon investment conditions at retirement. A sharp deterioration in these conditions in the period just prior to retirement will have a substantial impact on the benefits provided.

A.4. Risk from unsuitable investments

The Trustee has considered the kinds of investments that could be offered to members of the DC Section and assessed whether they are suitable or otherwise. The Trustee has considered the various investment characteristics of the funds offered by LGAS and Schroders, and believe that the funds offered to members of the DC Section are suitable.

A.5. Risk from excessive charges

If the investment management charges together with other charges levied on, for example, transfers or early retirement are excessive, then the value of a member’s account will be reduced unnecessarily. The Trustee is comfortable that the charges applicable to the Plan are in line with market practice and assess regularly whether these represent good value for members.

A.6. Risk from lack of diversification

This is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the Plan’s assets. The Trustees believes that the DC options provide a suitably diversified range for members to
choose from. This was a key consideration when determining the Plan’s investment arrangements and is monitored by the Trustee on a regular basis.

### A.7. Liquidity/marketability risk

For the DC Section, this is the risk that core financial transactions, such as investing members’ contributions, are not processed promptly due to lack of liquidity in the investments. The Trustee manages this risk by only using pooled funds with daily dealing within the options available to members.

### A.8. Environmental, social and governance (ESG) risks

Environmental, social and corporate governance (ESG) factors are sources of risk to the Plan’s investments, some of which could be financially material, over both the short and longer term. These potentially include risks relating to factors such as climate change, unsustainable business practices, and unsound corporate governance. The Trustee seeks to appoint investment managers who will manage these risks appropriately on their behalf and from time to time reviews how these risks are being managed in practice.

### A.9. Other non-investment risks

There are a number of other risks that arise from certain investment activities, such as operational risk. The investment managers place controls on such activities where appropriate and these are set out in the trust document appropriate to each fund.
**Investment manager arrangements**

B.1. **DB Section**

The Trustee has selected LGIM as the investment manager for the Plan’s DB assets.

LGIM’s objective for its passive gilt funds is to provide a return in-line with the underlying gilt benchmark for each fund. LGIM’s objective for its Sterling Liquidity Fund is to provide a return in-line with SONIA. The funds are priced weekly. The funds are open-ended and unlisted.

B.2. **DC Section**

<table>
<thead>
<tr>
<th>Fund name/asset class</th>
<th>Benchmark index</th>
<th>Active or Passive</th>
</tr>
</thead>
<tbody>
<tr>
<td>L&amp;G UK Equity Index</td>
<td>FTSE All-Share Index</td>
<td>Passive</td>
</tr>
<tr>
<td>L&amp;G Global Equity Fixed Weights 50:50 Index (GBP Hedged)</td>
<td>A combination of Global FTSE equity indices</td>
<td>Passive</td>
</tr>
<tr>
<td>L&amp;G Active Aggregate All Stocks 50:50 Fixed Interest</td>
<td>50% FTSE A All Stocks Gilts Index 50% Markit iBoxx Sterling Non-Gilts Index</td>
<td>Active</td>
</tr>
<tr>
<td>L&amp;G Over 5-year Index-Linked Gilts Index</td>
<td>FTSE A Over 5 Year Index-Linked Gilts Index</td>
<td>Passive</td>
</tr>
<tr>
<td>L&amp;G Cash</td>
<td>7 day LIBID</td>
<td>Active</td>
</tr>
<tr>
<td>Schroders Managed Balanced</td>
<td>35% FTSE All Share Total Return, 15% S&amp;P 500 Total Return Index, 15% FTSE World Series Europe ex UK TR, 5% Tokyo Stock Exchange 1st Section Index (TOPIX) TR, 5% MSCI Pacific ex Japan TR Gross, 5% MSCI Emerging Markets TR, 7.5% iBoxx GBP Gilts TR, 7.5% iBoxx GBP Non-Gilts TR, 5% UK SONIA</td>
<td>Active</td>
</tr>
<tr>
<td>Schroders Global Equity</td>
<td>MSCI World (NDR) Index</td>
<td>Active</td>
</tr>
<tr>
<td>Schroders QEP Global Core</td>
<td>MSCI World (NDR) Index</td>
<td>Active</td>
</tr>
</tbody>
</table>

The objective of the passive funds offered within the DC Section is to track the benchmark indices closely.

B.3. **Additional Voluntary Contributions (“AVCs”)**

Schroders and L&G are the Plan’s money purchase AVC providers, with the same funds as offered in the DC Section above being made available to members.
Responsibilities and fees

C.1. Responsibilities and investment decision-making structure

The Trustee has decided on the following division of responsibilities and decision-making for the Plan. This division is based upon the Trustee’s understanding of the various legal requirements placed upon it, and its view that this division allows for efficient operation of the Plan overall, with access to an appropriate level of expert advice and service.

C.2. Trustee

In broad terms, the Trustee is responsible in respect of investment matters for:

- developing a mutual understanding of investment and risk issues with the employer;
- setting the investment strategy, in consultation with the employer;
- formulating a policy in relation to financially material considerations, such as those relating to ESG considerations (including but not limited to climate change);
- formulating a policy on taking account of non-financial matters in the selection, retention and realisation of investments;
- setting the policy for rebalancing between asset classes;
- setting a policy on the exercise of rights (including voting rights) and undertaking engagement activities in respect of the investments;
- putting effective governance arrangements in place and documenting these arrangements in a suitable form;
- appointing (and, when necessary, dismissing) investment managers, investment advisers, actuary and other service providers;
- monitoring the exercise of the investment powers that they have delegated to the investment managers and monitoring compliance with Section 36 of the Act;
- communicating with members as appropriate on investment matters, such as the Trustee’s assessment of its effectiveness as a decision-making body, the policies regarding responsible ownership and how such responsibilities have been discharged;
- reviewing the investment policy as part of any review of the investment strategy;
- reviewing the content of this SIP from time to time and modifying it if deemed appropriate; and
- consulting with the employers when reviewing the SIP.
C.3. Investment managers

In broad terms, the investment managers will be responsible for:

- managing the portfolios of assets according to their stated objectives, and within the guidelines and restrictions set out in their respective investment manager agreements and/or other relevant governing documentation;
- taking account of financially material considerations (including climate change and other ESG considerations) as appropriate when managing the portfolios of assets;
- exercising rights (including voting rights) attaching to investments and undertaking engagement activities in respect of investments;
- providing the Trustees with regular information concerning the management and performance of their respective portfolios; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

The custodians of the portfolios (whether there is a direct relationship between the custodian and the Trustee or not) are responsible for safe keeping of the assets and facilitating all transactions within the portfolios.

C.4. Investment adviser

In broad terms, the investment adviser will be responsible, in respect of investment matters, as requested by the Trustee, for:

- for the DB Section, advising on how material changes within the Plan’s benefits, membership, and funding position may affect the manner in which the assets should be invested and the asset allocation policy;
- for the DC Section, advising on a suitable fund range for the Plan, and how material changes to legislation or within the Plan’s benefits and membership may impact this;
- advising on the selection, and review, of the investment managers; and
- participating with the Trustee in reviews of this SIP.

C.6 Mandates given to advisers, and investment managers

The Trustee has in place signed agreements with each of the Plan’s advisers, and investment managers. These provide details of the specific arrangements agreed by the Trustee with each party.

C.7. Fee structures

The Trustee recognises that the provision of investment management, dealing, and advisory services to the Plan results in a range of charges to be met, directly or indirectly, by deduction from the Plan’s assets.
The Trustee has agreed Terms of Business with the Plan’s actuarial and investment advisers, under which charges are calculated on a “time-cost” basis or agreed fixed fees.

The investment managers receive fees calculated by reference to the market value of assets under management. The fee rates are believed to be consistent with the managers’ general terms for institutional clients and are considered by the Trustee to be reasonable when compared with those of other similar providers.

The fee structure used in each case has been selected with regard to existing custom and practice, and the Trustee’s view as to the most appropriate arrangements for the Plan. However, the Trustee will consider revising any given structure if and when it is considered appropriate to do so.

C.8. Performance assessment

The Trustee is satisfied, taking into account the external expertise available, that there are sufficient resources to support its investment responsibilities. The Trustee believes that it has sufficient expertise and appropriate training to carry out its role effectively.

It is the Trustee’s policy to assess the performance of the Plan’s investments, investment providers and professional advisers from time to time. The Trustee will also periodically assess the effectiveness of its decision-making and investment governance processes and will decide how this may then be reported to members.

C.9 Working with the Plan’s employer

When reviewing matters regarding the Plan’s investment arrangements, such as the SIP, the Trustee seeks to give due consideration to the employer’s perspective. While the requirement to consult does not mean that the Trustee needs to reach agreement with the employer, the Trustee believes that better outcomes will generally be achieved if the Trustee and employer work together collaboratively.