Chair's Annual Report

PensionBee Investment Pathways

Year ended 31 December 2025

The ZEDRA Governance Advisory Arrangement (GAA)

MAKE AMBITION HAPPEN

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Executive Summary

This report covers the Investment Pathways policies provided by PensionBee (the "Firm"). It has been prepared by the Chair of the ZEDRA Governance Advisory Arrangement (the "GAA") for pension policyholders. It explains our independent view of the value delivered to policyholders and whether the Firm's policies and approach to Environmental, Social and Governance (ESG) risks, non-financial considerations and stewardship are adequate and of good quality.

As Chair of the GAA for this Firm, I am pleased to present this value assessment of the PensionBee Investment Pathways. The GAA has carried out a detailed review of the Value for Money ("VfM") delivered to pathway investors during the period 1 January 2025 to 31 December 2025. We use a Value for Money framework that weighs the quality of services and investment performance against the costs paid by pathway investors.

This report covers Investment Pathways i.e. the decumulation phase of the personal pension plans only (when savings are used to provide retirement income).

A colour coded summary of the GAA assessment

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

** May not add to 100% due to rounding*

Quality of Service and investment features

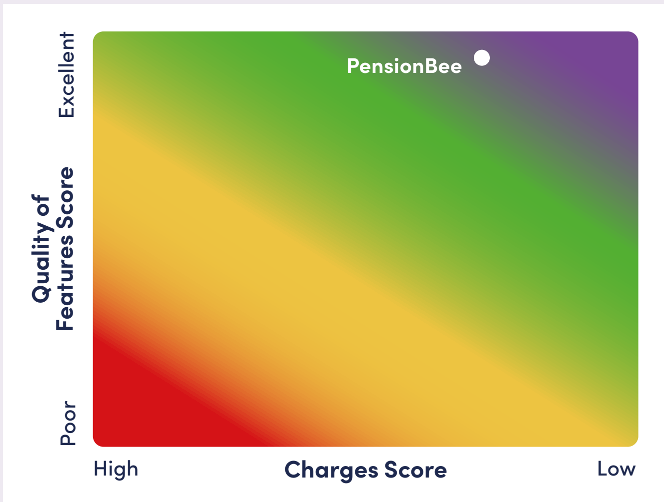
● Excellent ● Good ● Satisfactory ● Poor

Cost and charge levels

● Low ● Moderately Low ● Moderately High ● High

Value for Money scoring

The overall Value for Money score is visually represented by this heatmap.



Our conclusion is that PensionBee Investment Pathways provide excellent value for money.

How we decide our Value for Money rating is explained in more detail in Appendix A of this report.

Concerns and challenges

The GAA has raised no formal concerns or challenges for the Firm to address. The GAA has made observations this year which have been shared with the Firm and they may wish to consider over the coming 12 months.

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

The FCA requires a comparison of your investment pathways product with other similar options available in the market. If an alternative scheme appears to offer better value, we must inform the pension provider. I can confirm that we have not considered it necessary to make this notification this year. Our view on each feature that we are required to make a comparison on is included in the relevant section of the report. Details of how we selected the comparator group is set out in Appendix B.

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

Details of the numbers of policyholders and their funds were supplied to ZEDRA for the assessment and are summarised in Appendix F.

Future developments

The Financial Conduct Authority (FCA) issued a consultation in August 2024 on the framework for assessing Value for Money. This followed their 2023 joint consultation with the Department for Work and Pensions (DWP) and The Pensions Regulator (TPR). A further joint consultation was issued in January 2026. These consultations set out a framework of metrics and standards to assess value for money across Defined Contribution (DC) pension arrangements, including the workplace pensions reviewed by the GAA. The regulators' overall aim is to improve the value savers get from their DC pension by increasing comparability, transparency and competition across DC pension schemes, whether regulated by the FCA or TPR. The consultation does not affect this year's review or how **pathway investments** are assessed, but it is likely to result in changes to how Value for Money for pathway investments is assessed in future. We continue to monitor these developments and will amend our assessment approach when necessary.

I hope you find this value assessment interesting, informative and constructive.

Alastair Meeks
Chair of the ZEDRA Governance Advisory Arrangement for PensionBee Investment Pathways
September 2026

If you are a policyholder or pathway investor and have any questions, require any further information, or wish to make any representation to the GAA you should contact:

Address: PensionBee Ltd Board, c/o Clare Reilly, Chief Investment Solutions Officer, PensionBee, 209 Blackfriars Road, London SE1 8NL

Email: engagement@pensionbee.com

www.pensionbee.com

Alternatively, you can contact the GAA directly at zgl.gaacontact@zedra.com

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1. Product Strategy Design and Investment Objectives

Value score: ● Excellent ○ Good ○ Satisfactory ○ Poor

What are we looking for?

We expect the pathway investment strategies to be designed and managed with policyholders' needs and interests in mind. This should be supported by suitable risk ratings and by considering how long members are likely to be invested and the age profile of the membership.

We want the pathway investment options to have clear aims and objectives. In particular, we expect quantitative objectives (relative to a defined benchmark that can be independently tracked) to be in place. This helps ensure investment performance can be measured in an objective way. However we recognise that in some cases only qualitative objectives (a description of what the fund is trying to achieve or an assessment relative to a peer group) may be available. Ideally, we also want to see that these objectives link back to what pathway investors need.

We also look for a strong ongoing review process for all pathway investment options. Where changes are needed, we expect the Firm to make them so the investment options continue to be in pathway investors' interests.

Although we cover policies on ESG financial considerations and non-financial matters separately in Section 8 of this report, we also expect to see evidence that these factors are considered when the investment strategy is designed and when investment decisions are made.

The Firm's approach

PensionBee partnered with State Street Investment Management (SSIM) undertaking a robust design process for all four investment pathway solutions. As part of this process, PensionBee carried out extensive analysis of member behaviours as well as member surveys, interviews and in-person focus groups with customers to understand their needs and objectives using this to inform the pathways design.

The Pathway 1 design (for customers who have no plans to touch their money in the next 5 years) (Tracker) takes into account the expected young age of customers and objective to deliver growth over a 5-10 year period, leading to a high equity content with a smaller allocation to other asset classes such as bonds for diversification.

The Pathway 2 design (for customers planning to set up a guaranteed income (Pre-Annuity) within the next 5 years) was reviewed during 2025. Following modelling and analysis of customer outcomes, PensionBee closed the Pre-Annuity Plan during Q4 2025 and moved customers into the 4Plus Plan. PensionBee demonstrated that this revised approach is expected to improve customer outcomes through enhanced downside protection whilst continuing to support customers intending to purchase an annuity within the next five years.

The Pathway 3 design (for customers who plan to start taking their money as a long-term income over the next 5 years) (4Plus) is intended to support a member who begins with drawing 4% a year from age 65 for their entire life expectancy and incorporates modelling to demonstrate appropriate levels of withdrawal rates being sustainable.

This has led to a diversified range of investments that are actively managed using passive 'building blocks', with a stated objective of returning of SONIA plus 4% pa over a recommended 5 year investment timeframe.

The Pathway 4 design (for customers who plan to take all of their money out within the next 5 years) (Preserve) anticipates customers' needs for a low risk approach and to preserve capital in the short term, leading to sterling liquidity cash investments.

The Firm's strengths

All investment pathways solutions have clear statements of aims and objectives including quantitative investment performance objectives.

PensionBee provided analysis of customer investment and behaviours over 2025 – both pathway investors and the wider customer book.

PensionBee provided evidence of regular ongoing reviews of the Investment Pathways investment options including face-to-face review meetings with SSIM. More than twenty meetings were held with SSIM during 2025, reflecting the work undertaken in relation to the closure of the Pre-Annuity Plan, the migration of customers to 4Plus and the review of pathway suitability and customer outcomes.

PensionBee have clear ESG policies and in 2024 launched a sustainable investing option, the PensionBee Climate Plan, a Paris-aligned investing option that removes fossil fuels and reduces exposure to heavy carbon emitters over time. In 2023 the Firm's investment manager SSIM announced a number of ESG changes to their UK funds. As a result exclusionary screens for tobacco and thermal coal were introduced to the pathway 1 and 2 Tracker and Pre-Annuity plans. ESG screening for the United Nations Global Compact (UNGC) and controversial weapons is fully embedded across Pathway 1 and Pathway 2. In September 2023, SSIM amended its investment policy for pathway 4 Preserve which saw this plan moving the majority of its holdings to 'sustainable' as was reclassified from Article 6 to Article 8 under Sustainable Finance Disclosure Regulation (SFDR). In 2025, the 4Plus Plan increased its baseline screening to exclude thermal coal, controversial weapons, tobacco and UNGC violators.

In 2023 PensionBee adopted Voting Choice, or pass-through voting, for the Tracker and 4Plus Plans (Pathway 1 and 3). Voting Choice enables PensionBee to direct votes through a preferred voting policy offered by ISS (Institutional Shareholder Services) and in many cases, vote differently to SSIM. PensionBee actively seek views from their customer base on ESG and voting matters on an annual basis. This feedback informs the choice of voting policy to ensure alignment with customer views. Since 2020 PensionBee has been part of coalition of institutional investors led by ShareAction, to influence voting at AGMs, for example in areas such as fossil fuel financing and paying living wages. PensionBee actively engages with climate and workplace reporting and adhering to ESG-related national charters and pledges in line with customer views.

During 2025, all four Investment Pathway plans were opted into the State Street Sustainability Stewardship Service. The Sustainability Stewardship Service provides a dedicated framework for sustainability-focused engagement, which goes beyond State Street's Global Asset Stewardship Programme. PensionBee has also continued to work with SSIM to enhance ESG screening across the pathway range, with additional screening improvements implemented to the 4Plus Plan.

Areas for improvement

The GAA did not identify any specific areas for improvement.

2. Investment Performance and Risk

Value score: ● Excellent ○ Good ○ Satisfactory ○ Poor

What are we looking for?

We expect the Firm to have strong governance in place to monitor investment performance regularly. Performance should be checked against the fund's objectives and against a clear benchmark. We expect performance to be assessed net of fees. We also expect the Firm to consider risk-adjusted returns (in other words, what return has been achieved for the level of risk taken).

If there are concerns about investment performance, we expect the Firm to take appropriate action. This could include challenging the investment manager and/or changing fund options.

The Firm's approach

The PensionBee Limited Board of Directors is responsible for monitoring the performance of the investment pathways product which they do as part of the Value for Money submission to ZEDRA Governance Advisory Arrangement and the annual Price and Value review, under the Consumer Duty. The Board oversees a process of continuous improvement and review, led by the Chief Investment Solutions Officer. This involves review of investment volatility and net investment performance against measurable and stated benchmarks and regular engagement with SSIM.

PensionBee maintains a well-established programme of investment oversight through monthly and quarterly investment reporting, quarterly review meetings with State Street Investment Management, annual Consumer Duty assessments and the annual GAA review process. Investment performance is monitored against stated objectives and benchmarks and the Firm has documented escalation procedures in place where underperformance is identified.

During 2025 the Firm undertook a detailed review of the Pre-Annuity Plan and subsequently migrated customers into the 4Plus Plan. PensionBee provided evidence of the scenario modelling and analysis supporting this decision and demonstrated that the revised structure was expected to improve customer outcomes whilst maintaining alignment with the retirement objectives of affected pathway investors.

The Firm also monitors customer feedback and behaviours through a range of channels, including customer sentiment reporting, transfer out feedback, customer surveys and Net Promoter Score analysis, allowing changes in customer preferences or concerns regarding investment performance to be identified and assessed as part of the ongoing review process. Where concerns are identified, these are considered alongside investment performance information and can be escalated through the Consumer Duty Working Group and Board governance structure where appropriate.

The Firm's strengths

PensionBee was able to evidence regular reviews of investment volatility and net performance throughout 2025, supported by a mature governance framework and regular engagement with State Street Investment Management. The GAA was provided with evidence of quarterly review meetings, investment reporting and documented performance monitoring against each pathway's stated objectives and benchmarks.

The Firm also demonstrated a clear process through which customer feedback and changes in customer behaviours can be identified, assessed and, where appropriate, fed into future investment discussions and product development.

The GAA notes that all pathway strategies delivered returns that were at or above benchmark over the year to 31 December 2025.

Net Investment Performance

The net investment performance of the funds available to pathway investors over 12 months to 31 December 2025 and, where available, the performance of the benchmarks against which those funds are measured by the investment manager are set out in the following table:

Investment Pathway	Net Investment Performance	Benchmark
Tracker Plan	**16.56%**	**16.27%**
Pre-Annuity Plan	**6.25%**	**6.23%**
4Plus Plan	**12.71%**	**4.32%**
Preserve Plan	**4.42%**	**4.32%**

Comparator results

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

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

Investment Pathway 1	above average
Investment Pathway 2	average (based on Pre-Annuity plan)
Investment Pathway 3	above average
Investment Pathway 4	average

Areas for improvement

The GAA did not identify any specific areas for improvement.

3. Communication

Value score: ● Excellent ○ Good ○ Satisfactory ○ Poor

What are we looking for?

As a minimum, we expect communications to be suitable for their purpose. They should be clear, engaging and designed with pathway investors' characteristics, needs and objectives.

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

For a high-quality communication service, we expect a strong online offering. This should include helpful tools and support materials, such as calculators that allow members to model different options using their own details. We also expect telephone support to be available. The Firm should monitor calls and ensure staff are trained and supported to give accurate information.

We expect policyholders to be able to switch investment options online. We also expect support to be available to help policyholders make decisions. In particular, there should be clear risk warnings built into the process where appropriate.

Finally, we expect the provider to clearly signpost to pathway investors where they can get guidance and advice about their drawdown and retirement options.

The Firm's approach

PensionBee has developed a comprehensive online member journey which was fully demonstrated to the GAA prior to launch. PensionBee aims to make pensions simple and engaging, with communications designed to demystify technical jargon and make pensions accessible and understandable. Communications are written in plain English and reviewed regularly to ensure they remain clear, relevant and appropriate for customers' needs.

As well as statutory communications, PensionBee provide their customers with newsletters and other updates, including targeted communications. Communications are reviewed annually and take into account customer feedback. PensionBee aim to make communications as understandable as possible and have adopted the Simpler Annual Statement.

Pathway investors have full online and mobile app functionality, as well as access to tools to assist with their financial wellbeing including blogs, videos, pensions and drawdown calculators and an integrated retirement planner.

Pathway Investors benefit from personalised support from a 'Beekeeper' with dedicated telephone and e-mail contact details. Pathway Investors can communicate with PensionBee via telephone, live chat or e-mail.

During 2025, PensionBee completed the transition to its new omnichannel contact platform, Intercom. This provides customers with a seamless experience across telephone, email and live chat channels and enables PensionBee to monitor response times, service standards and customer outcomes more effectively across all communication channels.

The Firm's strengths

The online member journey is clear and easy to follow and incorporates appropriate risk warnings and signposting. PensionBee renewed both the Plain English Campaign Crystal Mark and App Mark during 2025, maintaining independent recognition of the accessibility and clarity of its website and mobile application. Communications continue to be reviewed annually by senior stakeholders across the business and remain focused on providing information in a clear, engaging and accessible format.

PensionBee provided a range of sample communications sent to pathways investors including emails and an annual statement which the GAA considered to be clear, informative and engaging, for example, nurture emails for eligible customers and active cash warnings for pathway 4 Preserve customers.

Pathway investors are given a substantial online offering including easy-to-navigate mobile app functionality and a wide range of online tools as well as a variety of communication methods with a personalised Beekeeper contact point.

Communications are reviewed at least once annually to ensure their style and tone is updated based on customer feedback and meet the Plain English Campaign's Crystal Mark.

The online proposition continues to be a particular strength. During 2025, 73% of invested customers had installed the PensionBee mobile app and 70% of those users actively engaged with it. Customers have access to a wide range of tools and educational content, including pension, tax relief, drawdown, inflation and State Pension calculators, together with retirement planning content, performance updates and personalised account information.

The GAA also notes the extensive support available to customers through their dedicated Beekeeper contact, alongside live chat, telephone and email support. Customers can complete all key transactions online whilst retaining access to personalised support where required.

PensionBee continues to seek and act upon customer feedback. During 2025, a dedicated survey of pathway investors found that 79% of switching customers and 83% of non-switching customers considered the pathway options straightforward and easy to understand, while 75% of non-switching customers believed their existing pathway remained appropriate for their objectives.

Comparator results

We have assessed how the communication materials provided to the Firm's pathway investors compare to other sufficiently similar investment pathways arrangements. This takes account of the nature of the provider.

This assessment found that the communication materials provided to the Firm's policyholders over 2025 were above average, relative to the comparator group.

Areas for improvement

The GAA did not identify any specific areas for improvement.

4. Firm Governance

Value score: ● Excellent ○ Good ○ Satisfactory ○ Poor

What are we looking for?

We expect the Firm to have a clear and effective governance structure. This should include key committees with Terms of Reference that set out what each committee is responsible for, and these should be reviewed regularly. We also expect to see evidence that the key committees met during the year. Meeting packs or minutes should show that the committee's responsibilities were properly covered.

We expect a strong oversight framework for the security of IT systems, data protection and cyber-security. Cyber-security should be treated as a key risk. The Firm should monitor this area, train staff appropriately, and carry out testing (for example, penetration testing).

We expect Firms to have a comprehensive business continuity plan. The Firm should be able to demonstrate that the plan works, for example through regular testing.

We also expect a governance process to review product innovation for the drawdown pension, including considering pathway investors' feedback. Any major change projects that affect pathway investors should be properly governed.

There should be a clear and documented process for selecting and monitoring service providers. The Firm should review them regularly and make changes when needed.

The Firm's approach

The Firm has a clear and comprehensive governance structure in place comprising the Main Board, Audit and Risk Committee, Remuneration Committee, and Nominations Committee, with each having clear terms of reference which have been provided, including responsibility for the process of appointing and monitoring external service providers where relevant.

The Board has oversight of the SSIM appointment, which is reviewed annually and SSIM present to the Board on a regular basis.

IT services are provided inhouse, are overseen by the Audit and Risk Committee and hold the external ISO 27001 and Cyber Essentials Plus certifications.

Administration services are provided in house with regular performance reporting against service standards to the Main Board.

In addition to the Board Committee structure, PensionBee operates a Product Steering Committee and Risk Stakeholder Group, which oversee strategic and material projects, product development and risk management activities. Customer feedback obtained through a wide range of channels is reviewed and used to inform product development and service improvements.

The Firm's strengths

PensionBee demonstrated a robust governance structure and were able to evidence regular reviews being carried out, including commissioning independent third party reviews such as AgeWage reviewing the investment pathways product performance.

Main Board meetings take place up to 12 times a year and other key committees meet two to seven times a year, details of which are published in PensionBee's annual report and accounts.

Major business changes classified as Strategic and Material Projects are centrally overseen by the Product Steering Committee and the Risk Stakeholder Group, and require approval by all relevant stakeholders, with Board approval where required.

The Product Steering Group meets fortnightly and discusses proposed and ongoing Strategic and Material projects. PensionBee was also able to evidence active changes being made as appropriate.

The GAA was provided with evidence of extensive customer feedback mechanisms, including Trustpilot reviews, Net Promoter Score monitoring, usability testing, in-product surveys and engagement with PensionBee's "HoneyMakers" customer panel. The GAA was satisfied that customer feedback is actively considered within the Firm's governance and product development processes.

The Firm also demonstrated a mature approach to cyber security and operational resilience, maintaining ISO27001 and Cyber Essentials Plus accreditation, undertaking annual penetration testing and operating a well-established Information Security Management System supported by regular governance oversight.

Areas for improvement

The GAA did not identify any specific areas for improvement.

5. Security of Policyholder Benefits

Value score: ● Excellent ○ Good ○ Satisfactory ○ Poor

What are we looking for?

We expect the Firm to be financially sound, with enough capital to keep operating for the foreseeable future.

We also look for appropriate protections for policyholder assets, for example in case of fraud or bankruptcy (at both the Firm and investment manager level). These protections could come from the FSCS or other regulatory protections, ringfencing, or the structure of the underlying product.

We expect the Firm to have processes to protect policyholder assets from fraud and scams. We also expect the Firm to actively monitor for possible scam activity.

The Firm's approach

The PensionBee Investment Pathways are structured as a contract of long-term insurance held within a life-wrapper, providing uncapped Financial Services Compensation Scheme protection to pathway investors up to 100% of assets with no upper limit should a money manager fail.

PensionBee places high priority on protecting customers from fraud and scams with a range of controls in place that are reviewed and expanded as appropriate. Transfer communications contain wording alerting customers to scams with signposting to the Scam Smart leaflet and website.

The Firm's strengths

PensionBee continued to demonstrate strong financial performance during 2025. Group Assets under Administration increased by 28% year-on-year to £7.4 billion (2024: £5.8 billion), while Group Revenue increased by 28% to £42.6 million (2024: £33.3 million). Invested Customers increased to 305,000 (2024: 265,000) and customer retention remained above 95%. The Group also achieved improved profitability, reporting Adjusted EBITDA of £0.9 million (2024: £0.4 million) and maintained a strong cash position of £32.6 million at year end. The GAA considers this evidence provides comfort regarding the ongoing financial strength of the Firm.

PensionBee uses a trust-based structure whereby customer pension assets are held separately through PensionBee Trustees Limited and are legally ringfenced from PensionBee's corporate balance sheet. Pension assets are managed by third-party investment managers, including BlackRock, State Street and HSBC, providing additional layers of protection alongside applicable FSCS protections.

PensionBee carry out full ID and bank verification checks before making payments. PensionBee has been signed up to make the Pension Regulator's pledge on scams since 2021, and actively monitors for fraudulent activity to identify high risk transactions.

The Firm continues to maintain a comprehensive anti-fraud control framework. This includes Confirmation of Payee checks, facial similarity checks, additional verification for large withdrawals, enhanced due diligence processes, anti-money laundering controls, monitoring of politically exposed persons and enhanced transfer-out checks where scam risks are identified. PensionBee also demonstrated how it continues to evolve its fraud controls in response to emerging risks, including the introduction of video-based facial similarity checks to mitigate the risk of AI-enabled identity fraud.

Improvements since last year

The GAA noted in the 2024 Report that the Firm had achieved Adjusted EBITDA profitability during 2024. We are pleased to note that PensionBee has continued this positive trajectory during 2025, reporting increased profitability, further growth in assets under administration and continued strengthening of its overall financial position.

Areas for improvement

The GAA did not identify any specific areas for improvement.

6. Administration and Operations

Value score: ○ Excellent ● Good ○ Satisfactory ○ Poor

What are we looking for?

We expect Firms to have strong administration processes, supported by appropriate service standards and regular monitoring and reporting against those standards. We are looking for evidence that core financial transactions are processed promptly and accurately. This includes processing contributions, transfers and death benefit payments.

We expect regular internal and external assurance audits of controls and administration processes.

We expect a low level of significant complaints. We also expect a clear process for handling and resolving policyholder complaints.

The Firm's approach

In general, core financial transactions are highly automated and switch requests are sent to the asset manager on the same day as requested by pathway investors. Service standards for completion of withdrawals and switches being 10 to 12 working days. Transfers are processed via Origo where possible.

Other aspects of administration performance such as live chat response waiting time and phone call answer waiting time are constantly monitored and are regularly reported to the Main Board.

PensionBee places high focus on cybersecurity risk. IT services are provided inhouse, are overseen by the Audit and Risk Committee and hold the external ISO27001 certification. PensionBee has a robust cybersecurity policy in place with security penetration testing carried out as part of its annual certification for the Cyber Essentials Plus scheme.

There is a clear complaints process in place, with complaint outcomes being reported to the Main Board twice-yearly with a thematic assessment being undertaken to identify and act on any areas where long-term solutions can be implemented.

The firm operates a comprehensive service monitoring framework, including daily workload reporting, monthly performance monitoring and structured spot checks across customer interactions and operational processes. Management information is reviewed regularly by senior management to identify trends, monitor service standards and implement remedial actions where required.

The Firm's strengths

PensionBee systems are highly automated, reconciling and investing transactions. In general, PensionBee have a 1-day SLA on any amount that enters the bank account to be sent on for payment to a beneficiary or alternative provider. This is monitored on a daily basis through an automatic report that is sent to the CEO and COO.

Core financial transaction performance remained strong during 2025. Contributions processed through straight-through processing were completed within two days in all cases. Investment switches and transfers out continued to meet service standards, with 94% and 95% respectively completed within the relevant SLA period.

During 2025, PensionBee answered 47,326 telephone calls and 17,392 live chats. Average waiting times remained low at 54 seconds for telephone calls and 15 seconds for live chat. Service levels remained strong, with 93% of both telephone calls and live chats answered within service targets.

PensionBee performs thematic assessment on the small number of complaints it receives on a half yearly basis to ensure long-term solutions to customer frustrations are prioritised. Complaint levels remained low across the wider customer base, with 223 complaints recorded during 2025, representing 0.48 complaints per 1,000 active customers. Complaint outcomes continue to be analysed through thematic reviews and reported through the Firm's governance framework to support continuous improvement. Trustpilot scores remained high at 4.6 out of 5, based on almost 13,000 reviews.

Improvements since last year

Last year the GAA observed that there were no specific targets set for the percentage of email cases resolved within 24hrs and 72hrs. The GAA notes that PensionBee continues to monitor and report performance against email response times. During 2025, 60% of customer emails were resolved and closed within 24 hours and 82% within 72 hours, demonstrating continued focus on service responsiveness and customer outcomes.

Comparator results

We have assessed how the quality and timeliness of the administration services, including core transaction processing, provided to the Firm's pathway investors compare to other sufficiently similar investment pathway arrangements.

This assessment found that the administration services provided to the Firm's policyholders over 2025 were average relative to the comparator group.

Areas for improvement

GAA observations

The GAA continues to look forward to specific targets for the percentage of email cases resolved within 24hrs and 72hrs, due to the issue of how to account for 'back and forth' time with a customer, being set in the future once the underlying technology and data is available.

7. Cost and Charge Levels

Value score: ○ Low ● Moderately Low ○ Moderately High ○ High

What are we looking for?

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

- the annual fund management and administration charges being borne by pathway investors;
- the transactions costs incurred by the underlying investment funds which reduce the investment return experienced by pathway investors
- any other charges being paid by pathway investors to manage, access and invest their drawdown funds;
- the Firm's process for collecting and monitoring overall member charges, including transaction costs.

We expect fund management charges to be in line with charges for similar investments in the wider pensions market. In doing this, we consider whether the fund is actively or passively managed and the type of assets it invests in. We also consider where most relevant pathway investors' assets are invested.

When looking at transaction costs, we also consider market conditions. We recognise that transaction costs can increase when markets are highly volatile.

We assess whether the overall level of administration charges is reasonable, taking into account the services provided to pathway investors.

As well as considering average total costs and charges, we also note where there may be significant outliers (for example, higher charges for small pots).

The Firm's approach

PensionBee has implemented a sliding scale of charges for each investment pathway solution based on pot size. For pension pots larger than £100,000, PensionBee halves the fee on the portion of savings over this amount.

Costs including transaction costs are monitored under the monthly Fund Governance process and queries raised immediately with SSIM if any transaction costs are different to expectations.

PensionBee have no other regular charges for administration or transactions as PensionBee charges one-all fee apart from a one-off early withdrawal fee, which is only payable when withdrawing a pot in full within 12 months of joining.

PensionBee reviews costs and charges through its Consumer Duty Price and Value assessment and conducts regular market comparisons to assess whether its charging structure continues to provide value for customers.

We observed a range of charges across the investment pathways offered with the average investment charge and transaction costs calculated on the DC workplace methodology as follows:

Investment Pathway	Investment Charge (pa)	Transaction Costs for the Year
Investment Pathway 1 (Tracker)	**0.50%**	**0.02%**
Investment Pathway 2 (Pre-Annuity)	**0.70%**	**0.00%**
Investment Pathway 3 (4Plus)	**0.85%**	**0.17%**
Investment Pathway 4 (Preserve)	**0.50%**	**0.00%**

The Firm's strengths

The Firm conducts an annual peer group benchmarking on the total cost of Investment Pathway strategies against others in the market.

The GAA was provided with comprehensive details of pathway investor charges including transaction costs calculated on the DC workplace methodology.

The GAA was provided with evidence of a robust governance framework for reviewing costs and charges, including transaction costs.

At 31 December 2025, pathway investor assets totalled approximately £100.2 million across 1,773 pathway investors. PensionBee continues to apply a reduced charging structure for larger pension pots by halving the fee applied to assets above £100,000, a threshold that remains below many comparable providers.

Transaction costs remained low across the pathway range during 2025. State Street transaction costs were 0.02% for Tracker, 0.00% for Pre-Annuity, 0.17% for 4Plus and 0.00% for Preserve. PensionBee continues to monitor transaction costs and challenge any unexpected movements through its governance processes.

Improvements since last year

During 2025 PensionBee reduced the annual charge applied to the 4Plus Plan from 0.95% to 0.85%. PensionBee advised that this change formed part of the wider review of its retirement proposition and reflected customer feedback regarding volatility management and downside protection as customers approach retirement.

Comparator results

We have assessed the overall cost and charge levels payable by the Firm's pathway investors in comparison to other sufficiently similar pathway investor arrangements. This takes account of the nature of the provider.

This assessment found that the overall cost and charge level paid by the Firm's pathway investors over 2025 was average across all pathway options, relative to the comparator group.

Areas for improvement

GAA observations

The GAA continues to note there remains a one-off early withdrawal fee which is only payable if withdrawing your full pension within the first 12 months. Although this fee was reduced in 2022 the GAA would welcome its removal.

PensionBee has advised that the charge acts as a deterrent to individuals using PensionBee's free consolidation service and immediately transferring out. The Firm has also confirmed that it does not seek to generate profit from this fee. During 2025, 56 pathway customers paid the early withdrawal fee, compared to 74 in the previous year.

8. ESG Financial Considerations, Non-Financial Matters and Stewardship

What are we looking for?

Where the Firm's investment strategy or investment decisions could materially affect policyholders' investment returns, the GAA will assess the adequacy and quality of the Firm's policies on ESG financial considerations, non-financial matters and stewardship. We consider how these factors are integrated into the Firm's investment strategy and investment decision-making. We also form a view on the adequacy and quality of the Firm's stewardship policy.

We expect the Firm to have clear policies covering these considerations:

(a) sufficiently characterises the relevant risks or opportunities;

(b) looks to appropriately mitigate those risks and take advantage of those opportunities;

(c) is appropriate in the context of the expected duration of the investment; and

(d) is appropriate in the context of the main characteristics of the actual or expected relevant policyholders.

We also expect the Firm's processes to be designed so they properly consider the relevant risks and opportunities.

Where ESG considerations are delegated to external investment managers, we expect the Firm to have appropriate oversight and stewardship arrangements in place.

Although this formal requirement sits outside the overall Value for Money assessment, the GAA's Value for Money framework does take it into account where relevant. For example, when scoring Product Strategy Design and Investment Objectives in Section 1 of this report, we consider how the Firm has integrated ESG financial considerations and non-financial matters into its investment strategy and investment decision-making.

The Firm's approach

PensionBee has provided full details of its policies on ESG, non-financial matters and stewardship to the GAA.

In the case of the Investment Pathways, Pathways 1 and 3 have adopted pass-through voting under Voting Choice since 2023, in line with views of the customer base gathered by survey. Pathways 2 and 4 continued to delegate voting to SSIM as Voting Choice is not available for corporate bond (Pre-Annuity) and money market (Preserve) funds. However, since the move from Pre-Annuity to 4Plus in 2025, all pathway 2 customers now benefit from Voting Choice. Additionally, in2025, all four Investment Pathway plans were opted into the State Street Sustainability Stewardship Service. The Sustainability Stewardship Service provides a dedicated framework for sustainability-focused engagement and proxy voting, which goes beyond State Street's Global Asset Stewardship Programme. PensionBee engage regularly with the new Sustainability Stewardship Service team at SSIM to articulate their views and expectations, influence engagement policy and to drive up levels of accountability and transparency around SSIM's own direct engagement activities.

ESG principles are fully integrated throughout the investment pathways product.

The Firm's strengths

PensionBee's approach to ESG is asset-based screening complemented by investment stewardship and has actively worked with SSIM since late 2020 to increase ESG screening on the plan range, including most recently in 2025 to exclude tobacco, thermal coal, manufacturers of controversial weapons and violators of the UNGC.

The Sustainability Report is updated and re-approved by the Board each year as part of the annual policy review cycle.

Governance of sustainability issues, including climate-related risks and opportunities, is covered by the Climate Change Governance Framework. This is comprised of the Annual Reporting Protocol and the Target Review Process.

Annual progress is monitored and overseen by the Board and reported on an ongoing basis as and where required. Day-to-day accountability for climate matters is delegated to Executive Management, including the Chief Executive Officer ('CEO'), who is supported by the Chief Investment Solutions Officer ('CISO'), Chief Financial Officer ('CFO') and the Risk Team in discharging this responsibility.

In 2023 PensionBee made a public commitment to achieving net zero greenhouse gas (GHG) emissions across all operations (Scope 1 and 2) and investments (Scope 3 Category 15) in line with the Paris Agreement. The Firm reports under TCFD (Task Force on Climate-Related Financial Disclosures) and the Sustainability Accounting Standards Board ('SASB') framework, the Workforce Disclosure Initiative ('WDI') and the Streamlined Energy and Carbon Reporting ('SECR') frameworks.

In 2024 PensionBee strengthened that commitment by expanding its Scope 3 (Categories 1-14 GHG Protocol) emissions reporting. In 2025, PensionBee continued to disclose additional relevant categories on a voluntary basis to enhance emission reporting transparency.

The GAA notes that PensionBee continues to incorporate customer views into its ESG and stewardship approach through regular customer surveys and engagement activities. These views continue to inform PensionBee's stewardship priorities and voting approach.

As noted in Section 1 of this report, Investment Pathway customers continue to benefit from ESG screening across the pathway range and PensionBee's ongoing engagement with State Street Investment Management to enhance ESG integration and stewardship arrangements where feasible.

Areas for improvement

The GAA did not identify any specific areas for improvement.

Appendix A: Overview of the Value Assessment Approach

The GAA has assessed the Value for Money delivered by comparing what pathway investors pay with what they receive in return (investment performance and service quality). More detail on our approach is set out below.

Our approach

The GAA believes that Value for Money is not the same for everyone. What people see as "good value" can change over time, depending on what matters most to them at that point.

Even so, it is always a balance between costs and what pathway investors get in return (investment performance and service). Our approach is to compare the total costs paid by pathway investors with the investment performance achieved and the quality of the services provided.

The key steps the GAA follows when conducting the Value for Money assessment are:

- We send the Firm a detailed data request, asking for information about service and quality features. We also ask for full details of net investment performance and all costs and charges, including transaction costs.
- We hold formal meetings with the Firm to review the data and to question or challenge any areas of concern. We keep minutes of these meetings. We also keep a log of any challenges raised, whether informally or through formal escalation.
- Once we have received the information, the GAA meets to discuss and agree provisional Value for Money scores using the GAA's framework. We also carry out the required comparisons against a suitable comparator group for certain Quality of Service and Investment Features and for Costs and Charges as required by the regulations.
- We then share and discuss the provisional Value for Money score (including the detailed breakdown) with the Firm before finalising our report.

The GAA's framework rates the Firm against seven features. These cover Quality of Service and Investment Performance and Strategy (the "Quality of Service and Investment Features"), as well as the Costs and Charges paid by pathway investors. We assess this against what the GAA considers to be good practice.

The Quality of Service and Investment Features are based on the FCA's requirements for ongoing Value for Money assessments in COBS 19.5.5. This includes communications with pathway investors and the processing of core financial transactions. The assessment also includes other areas the GAA considers important, based on our experience of Value for Money assessments over many years. For example, we consider the Firm's governance, approach to engagement and innovation, security of IT systems and data protection, financial security for pathway investors, and the quality of administration processes.

Each Quality of Service and Investment Feature is broken down into sub-features. We score each sub-feature using a numeric scale. For each sub-feature we use score descriptors to help apply scores consistently across different clients. We then combine the sub-feature scores to produce an overall score for each feature, which ranges from Poor to Excellent.

We also assess the value of the costs and charges that pathway investors pay. This mainly focuses on ongoing charges for investment management, administration and any platform fees. We also consider the transaction costs within the underlying funds, how these are controlled, and any additional costs policyholders must pay to manage their policies. We then rate costs and charges on a scale from Low to High, using our knowledge of typical costs and charges in the pensions market.

We combine the scores for each feature using the weightings shown in the Executive Summary to determine the Overall Value for Money rating. The weightings reflect the GAA's view of what matters most to pathway investors. They are weighted more heavily towards the features highlighted in the regulations as most relevant to value. Where possible, we also consider the likely needs and expectations of this group of policyholders.

In each section of the report, we describe the Firm's approach for each feature. We also set out the rating the GAA has given, and any areas for improvement we have identified.

The report also includes a section where the GAA sets out its view on whether the Firm's policies on ESG financial considerations, non-financial considerations and stewardship are adequate and of good quality. This is mainly a qualitative assessment, and we compare the Firm's policies with policies we have seen elsewhere.

We also carry out a comparative assessment against a suitable comparator group. This includes net investment performance, the quality of communications, the quality and timeliness of administration (including processing of core financial transactions), and costs and charges. We include the results in the relevant sections of the report. We also consider whether, overall, another provider may offer better Value for Money and, if so, we will inform the Firm. Details of how comparator providers and products were determined are set out in Appendix B.

Appendix B: Approach to Comparisons

The FCA requires a comparative assessment of certain sub-features of the Value for Money assessment. The GAA must compare the Firm's offering with a selected group of other similar product options available in the market, using publicly available information. If an alternative scheme (or schemes) would offer better value, we must inform the pension provider.

ZEDRA's GAA operates for a number of Firms, all of whom have agreed that the GAA can make use of the data we have gathered on their offerings to conduct the required comparisons this year. This is done on an anonymised basis.

How the comparators were selected

The GAA has selected several comparator products that we believe are sufficiently similar products to be comparable to those provided by the Firm for this purpose. The choice was based on the following broad criteria:

- Type of product i.e. whether accumulation or pathways, and within accumulation whether the product is a SIPP or workplace group personal pension.
- Products where Firms provide similar services, for example whether the provider has responsibility for setting and monitoring the investment strategy.

Based on these criteria we believe that the comparator products chosen will provide a reasonable comparison for the policyholders of the products covered by this report.

Comparison of Net Investment Performance

We have assessed how the net of fees investment performance provided to the Firm's policyholders compares to other similar employer pension arrangements. This takes account the performance of the investments being offered. Where multiple investment funds are made available, we have considered the amount invested by **relevant policyholders** in each fund.

Comparison of Communication provided to policyholders

We have assessed how the full range of communication materials, including any websites and modelling tools, provided to the relevant policyholders compares to other sufficiently similar employer pension arrangements. This takes account of the type of pension product provided, and whether the communication materials are fit for purpose considering the age profile of the relevant policyholders.

Comparison of Administration Services

We have assessed how the quality and timeliness of the administration services, including the core financial transaction processing, provided to the Firms policyholders compares to other sufficiently similar employer pension arrangements.

Comparison of costs and charges

We have undertaken the comparison of cost and charge levels considering three categories of charges:

- Annual Administration and Investment Fund Charges
- Transaction Costs
- Other Costs and Charges

We have assessed the overall cost and charge levels payable by the Firm's policyholders in comparison to policyholders of other sufficiently similar employer pension arrangements. This takes account of the type of product provided. The costs of services that are provided directly to the policyholder and paid for separately by the policyholder (for example financial or investment advice) are not included.

Appendix C: GAA Activities and Regulatory Matters

This section explains what the GAA has done over the year and covers other matters that we must include in our annual report.

GAA engagement and actions this year

In early 2026, we prepared and issued a data request covering all relevant workplace pension policies.

Members of the GAA met with representatives of the Firm to start the Value for Money assessment for the 2025 calendar year and to agree timescales.

We then met with representatives of the Firm to discuss the information provided in response to the data request. This allowed the GAA to meet key staff responsible for areas such as investment strategy (and how it has changed over time), the fund range (including default design), investment governance, approach to ESG, non-financial matters and stewardship, administration and communications, and risk management. In some cases, this meeting was virtual.

We discussed the GAA's provisional Value for Money scoring for the Firm's in-scope workplace pensions. We also discussed the Firm's approach to meeting the costs and charges disclosure requirements in COBS 19.5.13.

As part of the Value for Money assessment, the Firm provided the GAA with the information we requested. This included supporting evidence such as minutes and other documents for discussion at the site visit.

Over the last year, the GAA reviewed our Value for Money assessment framework and scoring method to ensure it remains suitable and can be applied consistently. The framework is largely unchanged from last year, but we improved the data request and realigned some elements of our framework assessments to streamline our reporting and made the overall process more efficient.

We keep minutes of all formal meetings with the Firm. We also keep a log of any concerns raised by the GAA, whether informally or as formal escalations. The key dates are:

Item	Date
Issue data request	11/02/2026
Kick off meeting	17/02/2026
Site visit	28/04/2026
GAA panel review meeting	27/05/2026
Discuss provisional scoring	15/06/2026

The arrangements put in place for policyholders' representation

The following arrangements are in place to ensure that policyholders' views can be represented directly to the GAA:

- The role of the GAA and the opportunity for policyholders to make representations direct to the GAA has been and will continue to be communicated to policyholders via: engagement@pensionbee.com
- The Firm will receive and review policyholder communications, to make sure this channel is not used for individual complaints and queries. It is intended for more general representations that apply to more than one policyholder or group of policyholders. Where the Firm decides a communication is a representation to the GAA, it will pass it on in full, without editing or comment, for the GAA to consider.
- In addition, the GAA has set up a dedicated inbox at zgl.gaacontact@zedra.com so that policyholders can make representations to the GAA directly. The Firm has included details of this email address on its dedicated GAA webpage: Governance Advisory Arrangement | PensionBee

Appendix D: ZEDRA GAA Credentials

In February 2015, the Financial Conduct Authority (FCA) introduced new rules for providers of workplace personal pension plans (called **relevant schemes**). These rules took effect from 6 April 2015. From that date, providers had to set up an Independent Governance Committee or appoint a Governance Advisory Arrangement. The main role of either body is to:

- Act solely in the interests of the **relevant policyholders** of those pension plans, and to
- Assess the "value for money" delivered by the pension plans to those relevant policyholders.

These requirements were extended to firms providing investment pathways from 1 February 2021.

The FCA rules require the Chair of each Independent Governance Committee and each Governance Advisory Arrangement to produce an annual report covering a number of prescribed matters.

The ZEDRA Governance Advisory Arrangement ("the GAA") was established on 6 April 2015. It has been appointed by a number of workplace personal pension providers and investment pathways providers. ZEDRA is a specialist provider of independent governance services, mainly to UK pension arrangements. We also act as an independent trustee on several hundred trust-based pension schemes, and we sit on several IGCs. More information on the ZEDRA GAA can be found at **www.zedra.com/GAA/**

The members of the ZEDRA GAA are appointed by the Board of ZEDRA Governance Ltd. The Board is satisfied that, individually and collectively, the members of the GAA have the expertise, experience and independence needed to act in the interests of relevant policyholders and pathway investors.

The Board of ZEDRA Governance Ltd has appointed ZEDRA Governance Ltd to the GAA. Most of ZEDRA Governance Ltd's Client Directors represent ZEDRA Governance Ltd on the GAA.

The Board of ZEDRA Governance Ltd has also appointed Dean Wetton, acting on behalf of Dean Wetton Advisory UK Ltd, to the GAA. Dean Wetton and Dean Wetton Advisory UK Ltd are independent of ZEDRA.

For each Firm, the Board of ZEDRA Governance Ltd appoints either a specific named Client Director of ZEDRA Governance Ltd or Dean Wetton of Dean Wetton Advisory Ltd to act as Chair of the GAA.

More information on each of ZEDRA's Client Directors, their experience and qualifications can be found at: **www.zedra.com/people/**

Information on Dean's experience and qualifications can be found at: **https://deanwettonadvisory.com/**

The GAA has a conflicts of interest register and a conflicts of interest policy. The aim is to ensure any potential conflicts are identified and managed effectively, so they do not affect ZEDRA Governance Ltd's or Dean Wetton Advisory Ltd's ability to represent the interests of relevant policyholders or pathway investors.

The Terms of Reference for the GAA agreed with the Firm can be found at: **Governance Advisory Arrangement | PensionBee**

Appendix E: Glossary

Active management

The investment of funds where the skill of the investment manager is used to select particular assets at particular times, with the aim of achieving higher than average growth for the assets in question.

Annual Management Charge or AMC

A deduction made by the pension provider or investment manager from invested assets, normally as a percentage of the assets. The AMC is generally how the pension provider or investment manager is paid for their services.

Annuity

A series of payments, which may be subject to increases, made at stated intervals, usually for life. If the annuity is "joint life", it will continue to a spouse (usually at a lower rate) after the death of the original person receiving the payments ("the annuitant").

COBS

The Conduct of Business Sourcebook prepared by the Financial Conduct Authority (FCA). When we use COBS in this report we are referring to Chapter 19 of the COBS which sets out the provisions relevant to the Value for Money Assessment of workplace pensions.

Core financial transactions

The essential processes of putting money into a pension policy or taking it out, namely:

- Investment of contributions.
- Implementation of re-direction of future contributions to a different fund.
- Investment switches for existing funds, including life-styling processes.
- Settlement of benefits – whether arising from transfer out, death or retirement.

Decumulation

The process of converting pension savings to retirement income.

Environmental, Social and Governance (ESG)

The three main factors looked at when assessing the sustainability (including the impact of climate change) and ethical impact of a company or business. ESG factors are expected to influence the future financial performance of the company and therefore have an impact on the expected risk and return of the pension fund investment in that company.

Flexible access

Accessing pension savings in the form of income and/or lump sums. Pension savings that are not being accessed immediately will generally remain invested.

Life-styling

An automated process of switching investment strategy as a policyholder approaches retirement, in a way that is designed to reduce the risk of a policyholder's retirement income falling.

Net Investment Performance

The investment performance of the fund after deducting all asset management charges, administration charges, taxes and fees for managing the fund including any transaction costs.

Pathway investor

A retail client investing in a Firm's pathway investment offering.

Pathway investment

A drawdown fund which is either a capped drawdown pension fund or a flexi-access drawdown pension fund.

Relevant policyholder

A member of a Relevant Scheme who is or has been a worker entitled to have contributions paid by or on behalf of his employer in respect of that Relevant Scheme.

Relevant Scheme

A personal pension scheme or stakeholder pension scheme for which direct payment arrangements are, or have been, in place, and under which contributions have been paid for two or more employees of the same employer.

Transaction costs

A combination of explicit and implicit costs included within the price at which a transaction (i.e. buying or selling an asset) takes place.

With profits

An insurance contract that takes part in the profits of an insurance company. The insurance company aims to distribute part of its profits to with-profits policy holders in the form of bonuses.

Unit-linked

A type of investment where the investments of numerous people are pooled together and divided into units of equal value. The value, or price, of each unit depends on the value of the assets of the unit linked fund. The unit price determines the number of units the policyholder receives when they invest money in the fund, and the sum they receive when they sell their units.

Appendix F: Data Table

Investment Pathway	Number of Pathway Investors	Size of assets
Pathway 1 (Tracker)	477	£31,937,394
Pathway 2 and 3 (4Plus)	897	£60,178,189
Pathway 4	399	£8,803,666
Total	1,773	£100,199,249

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