



Championing the mutual mindset

Annual Report and Accounts 2024

 **ROYAL
LONDON**
It's everyone's business

Highlights

Operating profit
before tax

APM

£277m

(2023: £249m)

Operating profit increased by 11% supported by increased new business contribution across all our main product lines and a growing book of in-force business.

Transfer to the fund for
future appropriations

£167m

(2023: £382m)

This metric represents our statutory profit after tax and reflects operating profit, the impact of positive economic movements and the allocation of ProfitShare.

Assets under
management (AUM)

APM

£173bn

(2023: £162bn)

The Group's AUM increased to a record £173bn, driven by positive market movements of £12bn offset by net outflows of £1bn.

Investor View
capital cover ratio

APM

203%

(2023: 218%)

Our continued robust capital position enables us to continue investing in products and services for the benefit of our customers.

ProfitShare

£181m

(2023: £163m)

ProfitShare is our mechanism for rewarding our eligible customers directly. ProfitShare of £181m is to be shared in April 2025 with 2.3 million eligible customers who have pensions and life policies with Royal London.

Protection claims
paid out

£751m

(2023: £725m)

We paid 98.7% (2023: 99.0%) of protection claims, to over 65,000 customers, making a difference to families across the UK and Ireland facing the worst kinds of life shocks.

Total contributions to charitable
and social impact initiatives

£2.8m

(2023: £2.4m)

was contributed, including to Cancer Research UK to help tackle cancer inequalities, and to Turn2us, a national charity working to address financial insecurity across the UK.

Percentage of financed emissions
under net zero engagement¹

54%

(2023: 52%)

This metric helps to demonstrate our commitment to engaging with the companies we invest in, so that we can encourage positive change and better outcomes for stakeholders.

Customer Value Statement (CVS)
score

43%

(2023: 40%)

Our customer satisfaction score is up 11 percentage points since 2020 with a year-on-year increase of 3 percentage points. An average of 43% of customers rate Royal London 9 or 10 out of 10 across seven key measures.

Total new Workplace
Pension schemes

966

(2023: 930)

We welcomed 966 new Workplace Pension schemes and 240,000 new scheme members (2023: 240,000).

Total number
of members

2.3 million

(2023: 2.2 million)

Our total number of members increased by 8% through 2024.



**Read more on our KPIs
on pages 16 to 17**

APM

These metrics are classed as Alternative Performance Measures. See page 220 for further details.

1. Percentage of total RLAM corporate fixed income and listed equity Scope 1, 2 and 3 financed emissions from companies subject to RLAM's Net Zero Engagement Programme.

Championing the mutual mindset

At Royal London, we offer protection, long-term savings and retirement solutions for customers in the UK and Ireland, and asset management solutions for clients around the world.

We are driven by our Purpose – *Protecting today, investing in tomorrow. Together we are mutually responsible.* – to deliver good outcomes for our customers. We aim to help them to build their financial resilience while investing to support a fair transition to a sustainable world.

Since we were founded in 1861, we have been proudly customer-owned. Being a mutual allows us to focus on the long term for the benefit of our customers and their families, without the shareholder pressures faced by many other financial services providers.

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The Annual Report and Accounts are those of The Royal London Mutual Insurance Society Limited (RLMIS or Company), which, together with its subsidiaries, including Royal London Asset Management Limited (RLAM Limited) and Royal London Insurance Designated Activity Company (RLI DAC), form the Royal London Group (Royal London or Group). For further definitions, please see the Glossary.

Our mutual responsibility



Since joining the Board of Royal London in February 2025, I have been meeting with a number of people from across the Group in my first few weeks. From these early conversations, it is clear that this is a business with a strong sense of purpose and with colleagues dedicated to doing their best for our members, customers and clients.

I would like to take this opportunity to thank my predecessors, Kevin Parry OBE and Lynne Peacock. Kevin has been a passionate advocate of the mutual sector, and of the central role that Royal London plays in strengthening the mutual choice for the benefit of members, customers and wider society. Lynne's experience from senior management roles in the financial services industry has brought significant insight to Board discussions.

The Board is grateful to Kevin and Lynne for their contributions to the strategic development of Royal London during their tenures and we wish them all the very best for the future.

Taking a long-term view

2024 saw another year of uncertainty around the world, primarily the consequence of an escalation in geopolitical tensions and changes in the political landscape. In the UK, cost of living pressures began to ease in the short term, but with a clearer picture starting to emerge of the potential longer-term impacts on people's retirement and savings plans. Following the Budget announcement in October 2024, we hope that the decisions made on taxation and public spending will bring some stability and certainty for UK households.

The UK government has also announced a review of the pensions landscape, with the first phase proposing reforms that aim to support its economic growth agenda. These include unlocking investment from pension funds that could be directed towards areas of the economy that need capital to thrive.

While pensions can play an important role in supporting growth, it is important to remember that their primary role is to fund customers' retirement. As a proudly customer-owned business, our commitment to helping customers protect their standard of living and navigate the pressures they face remains as strong as ever.

We believe that a thriving mutual sector can open up opportunities to improve choice for consumers and help them to build their financial resilience. The UK government's plans to double the size of the sector are welcome, and we are proud to be one of the founding members of an industry-led Mutual and Co-operative Business Council, announced by the UK Chancellor in November 2024. The mutual sector makes a significant contribution to the UK economy, and we look forward to working with the government to help drive growth and strengthen the mutual choice further.

ProfitShare

Being customer-owned directly influences the decisions that our business makes every day, and our mutuality enables us to focus on the long term for the benefit of our members. ProfitShare is one of the ways in which we evidence this. As we do not have shareholders, a share of the proceeds of our success goes directly to our eligible customers. I am pleased that the continued strength of our business in 2024 enables us to share £181m (2023: £163m) in ProfitShare this year with 2.3 million eligible customers, maintaining our allocation rate from the previous year.

You can read more about ProfitShare on page 16.

Our responsibility to society

With climate-related impacts on society likely to increase, we continue to champion a 'just transition' to a low-carbon economy to play our part in the move to a sustainable world.

“As we manage our climate-related risks and opportunities, building the trust and confidence of our customers, clients and wider stakeholders is of great importance.”

The political landscape surrounding net zero commitments has seen significant shifts during 2024 and early 2025, with growing eco-scepticism amongst some politicians and, as a result, some global companies are signalling a dilution of their climate commitments. However, we continue to believe that the successful companies of the future will be those that adopt a long-term strategy to combat climate change and to secure their own sustainability.

We are reliant on policymakers and regulators to deliver on their climate commitments, and to establish and support rules that enable progress towards climate ambitions globally. We will continue to play an active part in constructive dialogue with government, to influence them to deliver on their commitments so that we can deliver on ours.

Decarbonising our investment portfolio, which accounts for the majority of our Scope 3 emissions – the emissions indirectly produced from our business activities – is critical to managing risks and opportunities on our customers' and clients' behalf. Active engagement is a fundamental part of our climate strategy. When we believe a company we invest in is falling short of what we expect, we seek to influence positive change, using our voting rights and our interactions with that company's management to encourage action on key issues. Through our Net Zero Stewardship Programme, we prioritise engagement with our highest carbon-emitting investee companies.

As we manage our climate-related risks and opportunities, building the trust and confidence of our customers, clients and wider stakeholders is of great importance. We therefore remain committed to continuous improvement and the highest standards of transparency. We published our Climate Report in May 2024 – our single Group-wide disclosure of our progress against the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) framework. In 2025, we will publish our first Climate Transition Plan, which will outline our climate strategy and the actions we are taking to maintain momentum towards achieving our climate ambitions.

We are also supportive of the Financial Reporting Council's review of the UK Stewardship Code 2020. The revision of the stewardship definition aims to improve flexibility for signatories to determine which issues will lead to delivering long-term sustainable value for their stakeholders and, in time, the changes will also help to streamline reporting for the industry. Having participated in roundtable discussions to help determine what its areas of focus should be, we look forward to playing our part in driving better stewardship outcomes for the benefit of customers and clients.

You can read more about our focus on climate and stewardship on pages 26 to 48. These pages include details of our progress in reducing our operational (Scopes 1 and 2) and value chain (Scope 3) emissions.

Through our Purpose, we are clear about the difference we can make to addressing wider societal challenges, as reflected by our social impact initiatives. To help advance our social impact efforts, we have committed over 1% of our operating profits for each of the past four years to these initiatives, totalling over £8m. Our partnership with Turn2us, a UK charity helping people living in poverty, enables us to support people and their families to access funding and guidance. Through our Changemakers Programme, we support social enterprises across the UK and Ireland that focus on promoting either financial resilience or the fair move to a sustainable world.

We also recognise the significant link between financial resilience and health, including the potential impact of serious illness on people's financial wellbeing. With around one in every two people likely to develop some form of cancer diagnosis in their lifetime, it is a disease that can touch the lives of all of us. In response, in 2024, we introduced a more inclusive approach to underwriting, helping people previously diagnosed with cancer to broaden their access to cover and addressing the 'protection gap' experienced by many cancer survivors. Where customers with a history of cancer apply for cover, the changes we have made allow us to expand the instances in which we can offer terms for critical illness and income protection, where in the past we may have been unable to do so.

Furthermore, through our continuing charity partnership with Cancer Research UK, we provide charitable funding to support its efforts to tackle cancer inequality and save more lives. Our funding is directed towards three key areas: innovations to improve diagnosis; cancer awareness training; and research into hard-to-treat cancers. More about this, and our other partnerships, is on pages 24 to 25.

Our Board

The Board engages throughout the year with our members and wider stakeholders and I am very much looking forward to our Annual General Meeting in June 2025, which will be one of my first opportunities to meet and engage with our members. The meeting is an important occasion for members to interact with us directly, both in person and online, and the Board was delighted once again last year to welcome members to the meeting in London.

Equally, the Board was very pleased to continue its programme of engagement events with our colleagues. These include quarterly sessions for colleagues to ask questions and understand the Board's perspectives on the topics that matter most to them.

The Board places great emphasis on the diverse needs of our customers, as well as the expectations of wider society on our business and industry. When choosing any new Board member, it is important that we focus on ensuring that they offer a range of skills and experience to enable discussions and facilitate decisions that, for the benefit of our stakeholders, support the long-term success of our business.

Tim Tookey, who is our Senior Independent Director and Chair of the Audit Committee, has advised that he will retire from the Board at the conclusion of our 2025 Annual General Meeting. Our search for a new Chair of the Audit Committee is well under way, and we will update members on our progress in due course. On behalf of the Board, I would like to thank Tim for his service and commitment.

Outlook

We are committed to, and proud of, our mutuality. By putting our members and customers firmly at the heart of the decisions we make, while also considering the contribution we make to the society in which we operate, we will continue to use our mutuality for good.

We are well positioned to support our customers in navigating their financial challenges. Our focus on helping people to build their financial resilience and secure the retirement they planned will continue to influence the way in which we grow our business.

Since beginning my role as Chair, I have taken great confidence from the passion and commitment shown by all the people I have met, which I believe will help ensure that Royal London continues to thrive, and that customers, clients, employers and advisers continue to place their trust in us. On behalf of the Board, I would like to thank all of our colleagues for their hard work and commitment during 2024.

Isabel Hudson
Chair



Group Chief Executive Officer's review

An important time to strengthen the mutual choice



**Driven by our Purpose –
Protecting today, investing in tomorrow.
Together we are mutually responsible. –
we are focused on growing our business
sustainably, and deepening our
relationships with our customers.**

We have a relentless focus on meeting our customers' needs, and the insights we gather help to inform how we improve our products and services. Our Financial Resilience Report, published in May last year, looked at how cost of living challenges in the UK have affected retirement savings and plans. The research identified that, while the financial position of some consumers had improved, people's retirement plans had been affected significantly.



**Scan to read our Financial
Resilience Report 2024**

Over the last few years, we have offered dedicated cost of living guidance and resources, and believe that financial advice plays an important role in delivering good customer outcomes. Our 2024 Meaning of Value Report found that 66% of consumers who pay for advice said they receive 'good' or 'excellent' value for money from their adviser, an increase of more than a fifth compared to our 2023 study.

Having a sense of duty to customers is inherent for a mutual, and this extends beyond simply the products and services we offer. As well as supporting customers to build their financial resilience, we will continue to play our part in the fair transition to a sustainable world.

You can read about our Purpose outcomes and our progress against these on pages 12 to 15.

Our trading performance

The strength of our partnerships with independent financial advisers, along with our focus on continually enhancing our offerings and services to help customers build their financial resilience, supported an increase in operating profit before tax of 11% to £277m (2023: £249m).

We saw good growth across all our main product lines in 2024. Our Pensions business benefitted from increased transfers supported by improvements in our digital pension transfer offering, which made it easier for more customers to consolidate their pensions with us. Protection sales were also up, as we secured more larger cases, and we successfully launched our new Bulk Purchase Annuity business in the second half of the year and wrote our first external buy-in contracts.

Group assets under management increased to a record £173bn (2023: £162bn), primarily benefitting from market movements, with overall net outflows of £1.0bn (2023: £4.2bn net inflows). Net flows were impacted by £4.3bn of external net outflows from Global Equities strategies. Our ongoing focus on controlling costs and active management of our Group's capital structure ensured our capital position remains robust, with an estimated Solvency II Investor View capital cover ratio of 203% at the end of December 2024 (31 December 2023: 218%).

Enhancing the breadth of our offering

In 2024 we made improvements to our digital experience to help customers build their financial resilience. These included updates to our mobile app and digital portals, such as the option to update beneficiaries, the introduction of retirement planning and pension options tools, and a more personalised Financial Wellbeing service. We introduced a new online system for advisers recommending our pensions. The system has made it easier for advisers to deal with us. It includes streamlined and intuitive 'quote and apply' functionality for new business and has received very positive feedback.

We have built a compelling bulk purchase annuity offer and in September we confirmed our entry into this market. We believe that offering pension scheme trustees a customer-owned provider will be attractive as they look to secure their members' benefits. We are off to a strong start, completing three transactions by the end of the year as we focus on establishing a reputation as an insurer of choice for trustees and their advisers in our chosen markets.

We believe equity release will become an increasingly important option for those with property wealth but insufficient pension savings. Our acquisition of Responsible Life Limited and Responsible Lending Limited in January 2024 has given us a great opportunity to broaden the solutions available to support advisers and customers who are looking for solutions in retirement. In August, we rebranded Responsible Lending to Royal London Equity Release. This has been well received reflecting our brand's

strong reputation. In a recent survey 22% of equity release advisers cited that the strength of the Royal London brand is now a key factor in their decision to place business with us.

In July we finalised the acquisition of Aegon UK's individual protection business and as a result strengthened our position in the UK protection market, welcoming nearly 400,000 new customers and their financial advisers to the Group.

In addition, we introduced a series of improvements to strengthen and expand the flexibility of our Income Protection proposition, with features specifically for the self-employed, payout limits that reflect today's living costs, and more certainty for customers that their income will be maintained.



Scan to access our Meaning of Value Report 2024

Our Asset Management business continued to deliver good investment performance, with new appointments across a range of asset classes enabling us to build on our existing strength and capabilities, including in Global Equities following the departure of some of our team in April.

We made good progress as we continued to build our Private Markets capabilities, and in diversifying the range of assets we offer. We believe this will help customers achieve good returns in a wider range of scenarios.

Building on our established track record in real estate, and our commitment to responsible investing, we are supporting UK life sciences companies by providing infrastructure in key locations across the 'golden triangle' of Cambridge, Oxford and London. We also successfully completed the acquisition of 21,000 acres of prime UK farmland in March, as part of a joint venture with South Yorkshire Pension Authority.

In Ireland, our strong performance was supported by our focus on growing and enhancing our Pensions offering. This included the launch of our new Personal Retirement Savings Account in November. We are also pleased that enhancements to our product range have helped us to maintain our position as a leader in the Irish broker protection market.

Building the right culture

Our People Commitments provide a framework to help us make Royal London a great place to work, and you can read more on pages 22 to 23. Colleague voice and sentiment play a key role in the culture we want to build within our business, and our colleague engagement survey for 2024 included positive feedback on belief and pride in our Purpose, and a sense of belonging and inclusion.

“We continue to develop our inclusive workplaces to support our colleagues’ wellbeing while allowing people to be at their best.”

Our 2024 engagement score of 86% reflected a 3 percentage point improvement compared to the previous year, with our scores for the key survey questions ranging from 7 to 15 points above financial services benchmarks. Our engagement survey, along with our Colleague Representative Forum and our inclusion networks, continues to deliver valuable insight for us to act on.

We continue to develop our inclusive workplaces to support our colleagues’ wellbeing while allowing people to be at their best when they come into the office. I was pleased that our workspace at 80 Fenchurch Street in London achieved the highest level of certification under the WELL Building Standard, as awarded by the International WELL Building Institute. This certification focuses on the belief that workplaces should be developed with people’s health and wellness at the centre of the design, which is an important consideration across all of our operational sites.

We are growing the skills and knowledge that we believe will have an important role in Royal London’s future. Improvements to our digital workplace experience and tools support this agenda, and in 2024 we launched initiatives to help colleagues use data more effectively across our business. We continued to focus on developing our pipeline of talent through our early careers programmes, and also through our Career Confidence programme, which focuses on career growth for women and those from wider ethnicity backgrounds.

Through our sponsorships we look for opportunities to support positive change across society. Levelling the playing field for women in sport is the objective of our partnership with The British & Irish Lions. At the start of 2024, we announced our role as Founding Partner of the Lions Women’s team, ahead of its first ever tour in 2027 to New Zealand. We also reiterated our commitment to championing women’s rugby from the grassroots up. In July we launched our Championing Women and Girls’ Rugby Award, a new grant scheme to celebrate outstanding initiatives by local rugby clubs. We awarded the first grants in October. By developing the game at the grassroots level, we are supporting women’s and girls’ rugby in their local communities and making a difference for future generations.

Delivering for customers

Over the last few years, we have adapted to fulfil the obligations of the Financial Conduct Authority's Consumer Duty. After meeting the requirements for open books of business in July 2023, we successfully met the requirements for closed books of business ahead of the 31 July 2024 deadline.

We track customer satisfaction through our Customer Value Statement score, which saw an overall increase in 2024 compared to the previous year. Our focus on good customer outcomes, and the strength of our relationships with advisers, also continued to be reflected through the awards we received in 2024. We were named a five-star investment provider for the 11th consecutive year at the annual Financial Adviser Service Awards, while our Pensions and Protection products were awarded four stars. Additionally, there were wins in several categories at the Brokers Ireland Excellence Survey Awards, including, for the seventh year in a row, Service Excellence. You can read more about our awards in the Business review section on pages 50 to 57.

Looking ahead

As we look to the year ahead, we will continue to focus on developing digital journeys, expanding the range of solutions we offer and running our business efficiently, to generate value for our members and strengthen our relationships with customers and clients.

We are well positioned to help customers, employers and advisers navigate the evolving external environment. The Budget announcement last October means pensions will be brought into the inheritance tax regime from April 2027 and, in 2025, we are also expecting the government to consult on the second stage of its pensions review, focusing on the adequacy of outcomes for UK pension savers.

We remain committed to helping customers build their financial resilience to protect their standard of living. By enhancing the breadth of our offering, while growing our business sustainably, we aim to ensure that we continue to provide a strong mutual choice to support customer and client needs.

Barry O'Dwyer

Group Chief Executive Officer





Strategy

Our strategy in action

We are committed to our strategy of being ‘an insight-led, modern mutual growing sustainably by deepening customer relationships’.

Our Purpose drives our strategy, shapes our culture and informs our long-term response to trends that influence members, customers, intermediaries and society.

Customer and market trends

Our strategy is informed by the trends that shape our customers' changing needs

Consumer needs and expectations

Challenges for consumers continue, including rising mortgage costs and the growing role of the private sector in health and social care, due to pressures on the UK National Health Service. As a result, many have been prioritising shorter-term financial challenges over long-term savings goals – in turn impacting their retirement savings and plans. These complex challenges present opportunities for advisers to demonstrate the value of advice as a way of helping people build financial resilience.

75%

of adults told us that their retirement savings and plans have been affected by the cost of living crisis (Royal London Financial Resilience Report 2024)

Political environment

The review of the pensions landscape announced by the new UK government provides an opportunity to build on the success of automatic enrolment, both to improve outcomes for savers and to help stimulate growth in the economy, which would be for the benefit of everyone. The government has also committed to doubling the size of the UK's co-operative and mutuals sector – which, as well as supporting economic growth, can benefit consumers by delivering greater choice and competition.

11 million

By December 2024, over 11 million eligible workers had been automatically enrolled into a pension scheme since 2012 (The Pensions Regulator, declarations of compliance 2024)

Economic policy changes

In the October Budget, the UK government announced that the National Living Wage (for over-21 year olds) will increase by 6.7% in April 2025, as well as plans for several changes to taxation, pensions and National Insurance (NI), which will impact households, small businesses and large employers in different ways. As a result of the changes, many advisers will need to contact their clients to review how their retirement plans may be affected by changes to inheritance tax rules.

15%

Increased costs following the rise in employer NI contributions from 13.8% to 15% will represent an additional challenge for businesses

Technology advances

Technology significantly influences our lives and work. Advancements in artificial intelligence (AI) are enabling organisations to leverage data-driven insights for better customer outcomes, more accurate predictions and enhanced decision making. AI is also supporting organisations to accelerate the development of business models that focus on digital delivery – as well as driving operational efficiency, increasing automation and giving colleagues insight to focus on activities that add value to customers.

75%

of UK financial services firms are already using AI, with a further 10% planning to use AI over the next three years (Bank of England, 2024)

Regulatory focus

The external landscape significantly influences our strategic decisions, and the regulatory agenda remains busy. Following the introduction of the Consumer Duty rules for open book products in 2023, the rules are now in force for closed book products, as of 31 July 2024. The Financial Conduct Authority (FCA) is also moving forward with its Advice Guidance Boundary Review, proposing a new form of guidance called 'targeted support' to help people engage with their savings, potentially leading to greater demand for advice in the future.

2025

The FCA plans to develop further proposals for 'targeted support' in 2025, allowing authorised firms to provide consumers with appropriate suggestions around financial decisions

Environment and sustainability

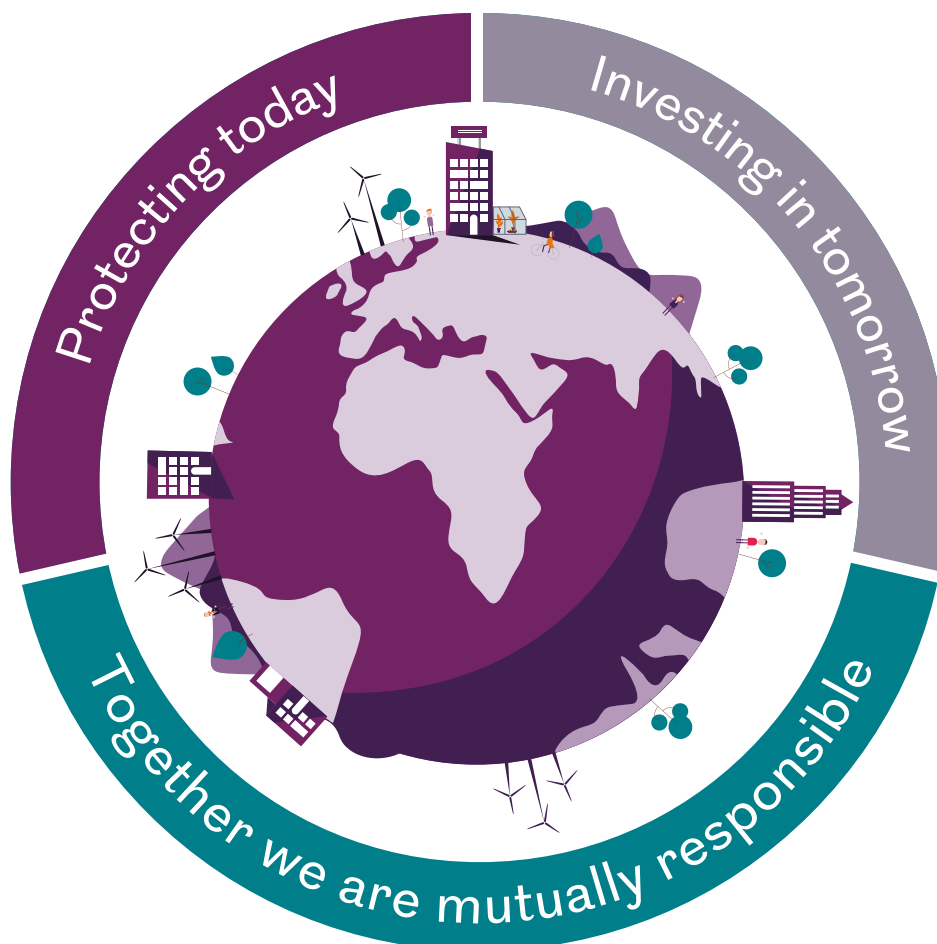
In line with the Paris Agreement, by February 2025 countries were required to update their targets to reduce emissions, also known as Nationally Determined Contributions (NDCs). The UK government updated its NDC in November 2024. The government also plans to consult on further sustainability regulations in 2025 – including regulations on sustainability disclosures and transition plans for the largest UK companies – and on whether to implement a UK 'Green Taxonomy' to define which investments can be classed as environmentally sustainable.

81%

The UK government's updated NDC targets a reduction in greenhouse gas (GHG) emissions by at least 81% by 2035, compared to 1990 levels

Our Purpose shapes everything we do

Our Purpose



Our Purpose sets out the positive outcomes we want to achieve by using our mutuality for good:



Helping build financial resilience



Playing our part in moving fairly to a sustainable world



Strengthening the mutual choice for customers



Read more about our Purpose outcomes on pages 12 to 15

Our strategy:

An insight-led, modern mutual growing sustainably by deepening customer relationships

How we create and deliver value

Through a clear strategy, driven by our Purpose, we focus on delivering good outcomes for all our stakeholders.

How we generate revenue We generate revenue in two main ways:	A Customers and clients pay fees or charges for investing money with us B Customers pay premiums to insure themselves and their families
What we offer to our customers	
UK Providing propositions to customers, employers and pension scheme trustees, primarily through intermediaries ¹	A Long-term savings: • Workplace Pensions • Individual Pensions 3,194,000 policies A B Later Life: • Equity Release • Bulk Purchase Annuities² • Individual Annuities 217,000 policies B Protection: • Life Insurance • Illness and Income Protection • Business Protection 4,764,000 policies
Asset Management Providing investment propositions to Royal London's life and pensions customers and to external institutional and wholesale clients, primarily through intermediaries	A Collective investment funds and segregated mandates: • Equities • Fixed Income • Multi Asset • Private Assets £173.4bn AUM³ £116.5bn internal £56.9bn external
Ireland Providing propositions to customers through brokers	A Long-term savings: • Individual Pensions B Protection: • Life Insurance • Illness and Income Protection • Business Protection 479,000 policies
How we reinvest profits We generate value for members, customers and wider society, not shareholders	We use our profits to improve our propositions and services for customers, to maintain our financial strength and to support social impact initiatives. We also share profits with eligible customers, boosting the value of their savings.



Read more about how we support our stakeholders on pages 18 to 25

1. Included in the UK policy numbers shown above are 4,323,000 policies we manage for longstanding customers. These products are closed to new business and include 946,000 pensions policies, 217,000 annuity policies and 2,702,000 protection policies.

2. All of our Bulk Purchase Annuity business is currently at the buy-in stage so there is one policy in place with each pension scheme.

3. The Group's AUM (assets under management) include external assets managed on behalf of third parties and internal assets managed on behalf of the Group.



Our Purpose outcomes

The positive outcomes we want to achieve.

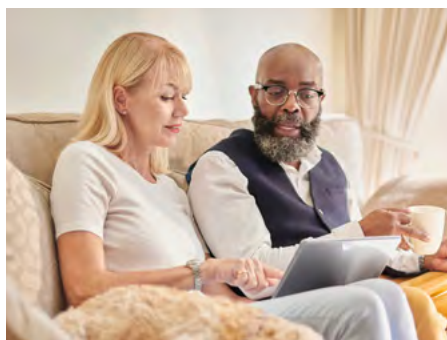


Helping build financial resilience

We aim to:

- ensure our customers do not have to worry about their finances in times of ill health or bereavement
- help customers to feel confident about making decisions on their long-term savings and investments
- help our customers to have sufficient savings to enjoy the retirement they planned
- maximise financial inclusion and reduce vulnerability by collaborating with charities and social enterprises.

Key areas of focus



Putting customers at ease

We are committed to providing products and services that help customers to be financially resilient, for example, by making it easier for customers to access protection cover that suits their needs. In our June 2024 Customer Relationship Study, 87% of customers stated that they felt they had high or medium financial resilience, up from 78% in the study in November 2023.

98.7%

of protection claims paid in 2024, resulting in £751m (2023: £725m) being paid to approximately 65,000 customers



Supporting people to make better financial decisions

We are continuing to develop new online services for customers and advisers. Our online transfer hub, for example, is designed to make it easier for customers to consolidate their pensions. We are also continuing to deliver communications with targeted, supportive content to make getting access to the right financial advice and guidance easier. Through our suite of easy-to-use digital tools we are helping to support financial advisers to deliver advice efficiently.

39%

year-on-year increase in the number of customers carrying out Workplace Pension transfers in 2024



Helping customers to take control

Our Financial Wellbeing service was launched in 2022. It is available to individual pension customers and to employees through their workplace pension. The service offers guidance to help manage debt, budgeting, long-term saving and retirement planning, and interactive tools to help model different scenarios and understand the options available. These include tools to help customers check if they are missing out on benefits that they are entitled to, and how much money they could get when they retire based on their current pension savings and contributions.

Over 8,000

customers have used our Financial Wellbeing state benefits calculator since its launch



Playing our part in moving fairly to a sustainable world

We aim to:

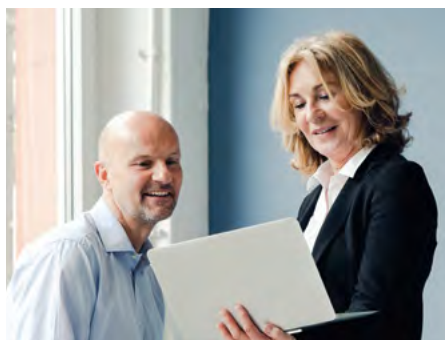
- be responsible stewards of the investments we hold for the benefit of our customers and clients
- provide opportunities for customers to use their investments to address environmental and societal challenges
- champion a just transition and support communities to build resilience as they adapt to environmental challenges
- help build clarity on the role that Royal London and the wider industry can play in the net zero transition.

Key areas of focus



Engaging with investee companies

To reduce our investment portfolio's carbon footprint, our business prioritises supporting the companies we invest in to decarbonise. Our Asset Management business's Net Zero Stewardship Programme has focused on engagement with our highest-emitting investee companies to support emissions reduction in the wider economy – instead of simply decarbonising our portfolio by favouring divestment. As an asset manager, our 'engagement first' approach focuses on evaluating companies' progress in implementing decarbonisation plans. This means assessing key indicators, resource plans and how they support a just transition to a sustainable world.



Responsible property investment

Through our Asset Management business, we are committed to embedding responsible investment principles across our property investment lifecycle – from acquisition and development through to property management. Our Responsible Property Investment Strategy outlines our action plan to 2025 to maximise the positive impact we have on the global climate, sharing how we approach topics including climate resilience, minimising carbon emissions, and biodiversity and green infrastructure. We are targeting net zero carbon by 2030 across our directly managed property assets and developments, and by 2040 across our indirectly managed property assets. Our Asset Management business is part of the Net Zero Asset Managers initiative and a signatory to the Better Buildings Partnership's Climate Commitment.



Building a culture of sustainability

It is important that all colleagues understand sustainability issues and are empowered to act to support progress. Throughout 2024, we further developed and began delivery of our Sustainability Learning and Capability Plan to build the right skillsets and mindsets. We delivered an interactive workshop for senior leaders, supporting them to become sustainability leaders in Royal London and embed our climate strategy into their teams. We also provided training on responsible investment and sustainability to all colleagues in our Asset Management business, including its Board. Our 'Eco Champs' network continued to inspire colleagues, including through our annual Sustainability Summit – with educational sessions on supporting communities during the climate transition, responsible investment and more.

464

companies under environmental, social and governance (ESG) engagement in 2024

39

completed net zero carbon audits across our offices since 2022

Over 800

colleagues participated in events and activities as part of our 2024 Sustainability Summit



Strengthening the mutual choice for customers

We aim to:

- invest in improving our customer offering by running a profitable and sustainable business
- be cost efficient, so that customers receive the financial benefits of our mutuality
- offer a sustainable alternative to companies run for the benefit of shareholders
- do what is right for members, customers and for wider society.

Key areas of focus



Championing the mutual sector

Our mutuality remains as relevant to us now as when we were first established. We believe that mutuals have an important role to play in helping to deliver benefits for customers and wider society.

We are one of the founding members of the Mutual and Co-operative Business Council – announced by the UK government in November 2024, in support of its pledge to double the size of the mutual and co-operative sector. This forum is designed to encourage collaboration and sharing of knowledge, with a view to identifying solutions that help to grow the sector and the wider economy.



Providing a mutual choice for pension trustees

Bulk purchase annuity policies help trustees of defined benefit pension schemes to reduce the financial risks that their scheme may face. Our Bulk Purchase Annuities proposition, launched to the market in September, is the only mutual offering in the bulk purchase annuities market. We believe our commitment to member interests makes us an attractive choice for many trustees. Our readiness to enter this market was demonstrated by two buy-in transactions with Royal London pension schemes in November 2023 and January 2024, followed by three additional external transactions completed by the end of 2024.



Sharing our success

Since 2007, we have shared the proceeds of our success with eligible customers through our ProfitShare scheme. The vast majority of our eligible customers are also members and, because we are a mutual, they benefit directly from sharing in the returns we generate.

We have over two million eligible customers who directly benefit from ProfitShare. In 2024 our ProfitShare rates were maintained for eligible customers.

Top 30

We are one of the top 30 mutuals globally, based on total 2022 premium income (ICMIF Global 500, 2024)

£187m

of present value of new business premiums for bulk purchase annuity external transactions sales during 2024

Over £1.8bn

shared with eligible customers through ProfitShare since 2007

Key performance indicators

Our key performance indicators (KPIs) show how we are delivering

We use a range of financial and non-financial metrics to measure and assess our performance. The financial KPIs include Alternative Performance Measures (APMs), which are not set by accounting standards but give relevant insights into performance. A complete list of the APMs used by the Group, including definitions and, where possible, reconciliations to relevant line items or sub-totals in the financial statements, can be found on page 220.

Financial

Operating profit before tax

APM
REM

24	£277m
23	£249m
22	£210m
21	£133m

Operating profit before tax provides a measure of the underlying trading performance of the Group.

Our performance

Operating profit grew by 11% supported by a growing book of in-force business and higher new business contribution from Workplace Pensions and our newly launched Bulk Purchase Annuities business.

Transfer to/(from) the fund for future appropriations¹

24	£167m
23	£382m
22	£(162)m
21	£79m

Transfer to the fund for future appropriations reflects our statutory profit after tax. It includes non-operating items, such as economic movements and the allocation of ProfitShare.

Our performance

The Group transferred £167m to the fund for future appropriations, with positive economic movements largely offset by ProfitShare allocations.

ProfitShare³

APM

24	£181m
23	£163m
22	£155m
21	£169m

ProfitShare is our mechanism for rewarding our eligible customers directly. Our mutual status means that when Royal London does well, so do our eligible customers.

Our performance

The ProfitShare allocation rate was maintained, sharing £181m, in line with the aggregate value of eligible policies.

Present value of new business premiums (PVNBP)

APM

24	£10.8bn
23	£9.3bn
22	£10.8bn
21	£9.6bn

Life and pensions new business sales (PVNBP) represents new single premium sales received plus the discounted value of regular premiums we expect to receive over the term of the new contracts sold in the year.

Our performance

New business sales increased by 17% with growth across all products, including a 19% increase in Workplace Pensions due to a rise in both transfer volumes and new schemes won.

Assets under management (AUM)²

APM

24	£173bn
23	£162bn
22	£147bn
21	£164bn

A higher level of AUM leads to economies of scale, and higher profitability in our Asset Management business, meaning we can continue to offer competitive management fees to our customers.

Our performance

The Group's AUM increased to a record £173bn driven by positive market movements of £12bn offset by net outflows of £1bn.

Investor View capital cover ratio⁴

APM

24	203%
23	218%
22	213%
21	216%

The strength of our capital base is essential to ensuring that we can fund further growth in our business and that we can meet the commitments we make to our customers.

Our performance

Our estimated Investor View capital cover ratio reduced to 203% as we continued to manage the capital position within our capital management framework.

APM These metrics are classed as our APMs.

REM These metrics align to measures used in the Group's Short-Term and/or Long-Term Incentive Plans for colleagues including executive directors. See the Directors' Remuneration Report on pages 102 to 116 for more details.

Non-financial

Employee engagement⁵

24	86%
23	83%
22	80%
21	79%

Our culture empowers colleagues to perform at their best, to achieve better outcomes for our customers and members. Monitoring colleague engagement and acting on feedback helps us to maintain this culture.

Our performance

Our engagement index score of 86% showed a 3 percentage point increase, with colleague participation remaining high at 79%.

Percentage of women in senior roles⁷

24	39%
23	37%
22	37%
21	36%

We are committed to improving our diversity and inclusion, and we believe attracting women and supporting their career progression is key to achieving this ambition.

Our performance

Currently women hold 39% of senior roles across our business, up 2 percentage points since the end of 2023.

Customer Value Statement (CVS)

24	43%
23	40%
22	36%
21	37%

Our CVS model measures customer sentiment towards Royal London by tracking seven factors⁶ across approximately 3,000 customers twice a year, measuring the percentage of customers rating the Company 9 or 10 out of 10 overall.

Our performance

Since its introduction in 2020, we have seen an 11 percentage point rise in the measure to 43%, with a 3 percentage point rise since 2023.

Percentage of financed emissions under net zero engagement⁸

24	54%
23	52%
22	51%

Through active engagement with investee companies, we seek to benefit our members, clients and wider society. This metric represents the percentage of RLAM's total Scope 1, 2 and 3 financed emissions relating to corporate fixed income and listed equity, from companies subject to RLAM's Net Zero Engagement Programme.

Our performance

Our engagement coverage increased by 2 percentage points during 2024.

Operational and value chain emissions (tCO₂e)⁹

24	30,921
23	33,293
19	61,704

Our commitment to reduce our direct and indirect colleague, operational estate and supply chain emissions is shown by the total amount of market-based emissions reported as part of our own operations (Scopes 1 and 2) and non-investment value chain (Scope 3) as compared to our 2019 baseline year.

Our performance

Our total market-based Scope 1, 2 and 3 emissions have reduced by 50% since our 2019 baseline year due to energy efficiency measures and the purchase of renewable energy contracts.

1. Transfer to/(from) the fund for future appropriations represents the statutory UK GAAP measure 'Transfer to/(from) the fund for future appropriations' in the technical account within the Consolidated statement of comprehensive income.
2. AUM includes internal assets managed on behalf of the Royal London Group and external assets managed on behalf of third parties.
3. 2024 figure is an estimate based on eligible policy values as at 31 December 2024. The actual payment will be based on policy values at the time of payment in April 2025.
4. 2024 capital figures are estimated and unaudited.
5. During 2023 we enhanced our survey methodology to deliver even deeper, industry-leading insight, resulting in a new baseline for 2023's survey results of 83%. As a result, 2021's result of 79% and 2022's result of 80% are not directly comparable.
6. The seven factors are Communicate, Membership, Resolution, Be Personal, Pay out, Investment and Reputation.
7. Represents the percentage of women in senior roles as stated in our annual HM Treasury Women in Finance Charter and Gender Pay Gap reporting.
8. 2022 was the first full year of RLAM's Net Zero Engagement Programme, hence a 2021 comparison is not shown.
9. 2019, 2023 and 2024 emissions are shown, in line with our detailed emissions disclosures on page 47.



Stakeholder engagement

Understanding what matters to our stakeholders

From aiming to improve the lives of our customers and supporting a thriving financial advice community, to playing our part in solving some of society's biggest challenges – we are passionate about the positive difference we can make.

Driven by our Purpose, understanding and responding to the needs of all our stakeholders is important to us. Across our Group we completed over 100 research studies with customers, employers and advisers in 2024. Areas of focus included customer and employer engagement, views on our new proposition launches, and ease of understanding our communications. We also launched a research panel with employers, which complements our customer and adviser research panels.

We are focused on building an internal culture where we empower colleagues to be the best they can. By listening and responding to their feedback – such as through our engagement survey – it helps us to create an environment where they can thrive.

Members and customers

We are committed to making it easier for our customers to build their financial resilience – not only through the products we offer, but also through the services and support we make available to them.

Encouraging digital engagement

Our 2024 Customer Relationship Studies found that customers who engaged with us, or used our Financial Wellbeing service, were more likely to feel supported by Royal London and believe we help them prepare for the future.

We believe that encouraging customers to access their policies online, whether they have a pension or a protection product, can help to improve the engagement they have with us. By the end of 2024, more than 241,000 protection customers had registered to use the 'My Royal London' portal, and had logged in at least once in the previous 12 months to access to information about their plan (2023: 205,000).

Our UK customer mobile app had over 393,000 engaged users by the end of 2024 (2023: 279,000) – defined as those who have logged in at least once in the last 12 months. With customers now being able to make changes to their addresses, update beneficiaries and start a pension transfer, we are focused on making it easier for customers to actively engage with their pension and plan for the retirement they want.

Making protection more accessible

We want to make it easier for customers to access protection cover that suits their needs. In 2024, we made changes that mean customers can now submit earnings evidence for a 12-month period, instead of the three-year period required previously, when applying for Income Protection products. We also broadened the access to cover for those who have already been affected by critical illness.



Scan to read 'Royal London introduces more inclusive underwriting for cancer survivors – Royal London'

Following court approval, in July we completed the acquisition of Aegon UK's individual protection book, welcoming around 400,000 customers to Royal London and supporting them with guides and online support.

Keeping customers informed

We were proud to be the main partner for Pensions Awareness Week this year. We hosted three live sessions to give customers insight on pension transfers, getting ready for retirement and shrinking the gender pension gap. The pension transfers session attracted over 2,500 live attendees.

We continued to distribute our newsletter, The Pelican Post, which offers a series of articles to help customers

improve their understanding of financial matters. In 2024, an increased number of protection customers received copies of the newsletter. Our research with these customers in November showed an increase in those who believe we communicate clearly, which helps them to understand their options and make informed decisions.

In 2024, 13,676 financial health checks were completed by customers through our Financial Wellbeing service. To add further value to the service, we introduced new tools. Customers can access our 'Retirement Options' calculator from their mobile app to build up an idea of what their future income might be. The figures are based on their own personal details, so the results are tailored to their specific set of circumstances.

Investment expertise and insight

Within our Asset Management business, we diversified the range of funds we offer to investors in 2024. In March, the launch of an Irish-domiciled US Equity Fund helped to expand investors' access to our established US Equity strategy. Our multi asset portfolio also expanded, with the launch in July of the Global Multi Asset Portfolios (GMAPs) Moderate Growth Fund.

We also continued to offer support to our institutional and wholesale clients through webinars and online content on key strategies, such as our multi asset funds. We combined these with regular blog content spanning several investment-related areas – such as corporate bonds, equities, sustainable investing and economics. In 2024, our Sustainable Investing roadshows – covering 10 cities across the UK – also offered opportunities for clients to meet key fund managers to discuss this important topic.

Customers in Ireland

We have a long heritage in Ireland and continue to demonstrate our commitment to delivering strong financial outcomes for our Irish customers. For the second consecutive year, we awarded ValueShare – Ireland's equivalent to ProfitShare in the UK – to eligible pension customers across Ireland, resulting in an uplift of 0.13% to their policy values. This reflects our dedication to providing meaningful returns to our customers, ensuring they benefit from the growth and success of the business.

We further enhanced our product range to meet the evolving needs of our customers. In November, we launched our new Personal Retirement Savings Account, which offers a regular premium pension savings product.

Based on financial broker feedback, we expanded our market-leading Specified Serious Illness Cover. We now provide cover for 112 illnesses, including 13 new cancer-related partial payments, offering more coverage than any other provider – particularly for cancer and cardiac conditions, which are the most common causes of claims. We are also proud to have been involved in the creation of the Insurance Ireland Code of Practice for Underwriting Mortgage Protection Insurance for Cancer Survivors. The Code of Practice has helped make the policy application process faster for cancer survivors – and in 2024, decisions were made on 79% of applications within 24 hours of being submitted to us.

UK employers



We support employers to deliver their Workplace Pension schemes and run them effectively, with tools and resources to help their employees understand the benefits of their workplace pension. We believe that helping employers to communicate confidently about pensions, tax, investments and retirement planning can lead to engaged and financially confident employees.

As part of our support for employers, we offer a suite of ready-made campaigns to help them produce the communications they need. In 2024 we also launched video benefit statements, to help employers encourage their employees to engage with how their pension is performing. These personalised, annual videos provide an alternative way of sharing information with employees that they receive in their annual printed pension statement. It summarises how much they have paid in, how much their employer has contributed and if their pension has grown.

In 2024 we also refreshed the design of our dedicated employer website. We made it easier for employers to find and access the information relevant to them, and to keep on top of their duties with improved navigation. We built journeys with content for the three key types of employers we serve: those who are looking to set up their first scheme; those looking to switch providers; and those that already have a scheme with us.

When an employer makes the decision to use our services for its workplace pension scheme, employees have an opportunity to transfer their previous workplace pension to their new Royal London plan with our help. In 2024 we made changes to make this process easier for employees so that they can start their transfer direct from the mobile app or via our online transfer hub. We also introduced additional support material for employers to help their employees understand the benefits of transferring their pension. This includes a new presentation that can be delivered online or in person by one of our pension experts.

Sharing our insights

Our newsletter, Pension Matters, is a monthly email communication tailored for employers. With content to help them manage their schemes, including information on our research and on regulatory changes, it provides insight to help them share useful information with their employees. An average of 35% of employers who received our emails in 2024 opened them, which is comparable to the average across the financial services industry. The most read articles were on ProfitShare, Pensions Awareness Week, and our cost of living research – reflecting the trends and challenges that persist among customers.

A focus of the content featured in Pension Matters in 2024 was our research. An example of this was our research into different areas that could have an effect on women's wealth and retirement. 86% of women surveyed felt that the effects of the menopause made it harder for them to do their job. This could lead them to reduce their working hours or even leave employment entirely. By helping employers better understand the impact of their employees' personal circumstances on their working lives, we aim to support them in ensuring that their workforce has the support they need to perform effectively at work and build their financial resilience.

Over

148,000

video benefit statements were distributed in 2024

70%

of customers who rated our video benefit statements gave them 4 or 5 stars

Financial advisers and brokers

We continue to champion financial advice. Through proposition improvements, knowledge sharing, technical support and tools, we aim to help advisers and brokers to grow, to deliver value to their clients and to do business with us more easily.

Strengthening our UK adviser offering

Research has shown that inefficient processes, and technology not being harnessed to its fullest, are the key issues holding adviser firms back from increasing the number of clients they service. We reached a significant milestone in 2024 for our Individual Pensions business with the launch of our new online service. While we delivered this later than planned, this modern, digital-first experience makes it easier for advisers to manage their clients' plans, deliver efficiencies for their business and provide an improved service to their clients. Feedback from advisers on the service has included how easy, intuitive and slick the service is, and how it can make their day-to-day roles much easier as a result.

We also marked 15 years since we launched the Governed Portfolios – our flagship range of ready-made investment options. We made changes to this range to align better the portfolios with adviser processes and the needs of customers today. This included merging a number of the portfolios and renaming them to reflect the level of investment risk they take, as well as launching a new 100% equity portfolio.

In our Protection business, we have continued to strengthen our team, attracting external talent to ensure we can provide strong solutions and support to advisers across the market, particularly for larger cases. We made improvements to our online offering, making it easier for advisers and their administration teams to access client documentation and track applications through their online dashboard more effectively. We also extended our online signature-free trusts into the whole of life application journey. With pensions becoming part of the inheritance tax (IHT) regime from 2027, we believe that this could lead to greater demand for whole of life protection products, where payouts can be used to cover IHT liabilities.

Sharing our thinking

Technical support is a key component of our adviser proposition, developing insightful material that advisers can use to build their own understanding, or that can be shared with clients. In 2024 we ran 11 webinars for advisers, covering topics such as tax year end and trusts, with each session reaching an average audience of 1,035.

In April 2024 the pensions lifetime allowance was abolished, to be replaced by new rules. To help advisers navigate these changes, we shared information in a range of formats. Articles, webpages and a podcast explained what the changes meant for advisers – all supported by an online calculator and client-facing material.

Our technical team also ran over 130 'in-person' pension webinars to small adviser firms, focusing on the changes. In small groups, we were able to gather valuable insight which was then used to develop additional content to help the wider adviser market.

We have also invested in our own research for advisers, including the promotion of our Meaning of Value research report. Published in November 2024, the report looks at the factors consumers consider when determining whether something is, or is not, of value to them, as well as insight that advisers can use to inform how they help vulnerable customers.

We created opportunities for advisers to gain asset management insight from fund managers, both in person – for example, through our Sustainable Investing roadshows – and virtually, through our ongoing webinar programme. A range of meetings and webinars for larger groups of advisers also offered opportunities for more focused engagement. Additionally, we held meetings and webinars with ratings agencies that many advisers use as part of due diligence processes, to help ensure that they remained up to date on asset management trends and insights.

Supporting financial brokers in Ireland

In Ireland, we remained focused exclusively on distributing our products through financial brokers, delivering best-in-class service while increasing customer choice. This included encouraging customers to consult with brokers, through advertising and editorial pieces within online, print and broadcast media. Our commitment to service excellence remained strong, supported by ongoing digital improvements designed to enhance the broker and customer experience. In 2024, we retained our number one position for protection in the financial broker market and by mid-year we were the largest protection provider in Ireland.

Broker feedback played an important role in our decision to further strengthen our market-leading Specified Serious Illness Cover. The improvements we made included the introduction of our new Broker Price Guarantee, which will help us to offer this product with more competitive pricing.

Our success at industry awards in 2024 reflected our commitment to supporting brokers and customers in Ireland.

You can read more about our UK and Ireland awards in the Business review on pages 50 and 56.

Our colleagues

We employ over 4,500 colleagues. To achieve our Purpose outcomes, we need to build a culture that empowers everyone to contribute to the best of their ability.

Delivering our People Promise and People Commitments

Our culture is built on our four 'Spirit of Royal London' values: We are Empowered; We are Trustworthy; We Achieve; and We Collaborate. These values help shape our People Promise to all our colleagues that they will work somewhere inclusive, responsible, enjoyable and fulfilling.

Delivery of our People Promise is supported by our People Commitments. These reflect our business priorities and are shaped by feedback from our colleagues – through channels including our engagement survey, our Colleague Representative Forum (CRF) and our colleague-led inclusion networks.

Our People Commitments



Connected community

Openness and transparency underpin how we connect and communicate with our colleagues. Our intranet, The Scoop, provides relevant and timely information about all aspects of our business, as well as forums to share successes and information across the organisation. Through our CRF, our designated colleague representatives collaborate, bring insight and offer constructive challenge. Colleagues also have various opportunities throughout the year to hear from and ask questions of our Board, our Group Executive Committee and senior leaders – either face to face or virtually. During 2024 we hosted 47 Group-wide events, including all-colleague events across our main locations.

We have a community and culture to be proud of, which we work hard to maintain. It is important that we listen to and act on colleague feedback. Our colleague engagement survey has delivered even more actionable insight in 2024. We saw participation remain high at 79% and an improved engagement score of 86% (2023: 83%), with positive feedback on belief and pride in our Purpose, and a sense of belonging and inclusion.

Colleagues continue to take the time to recognise each other's achievements through our colleague recognition platform. We saw nearly 700 colleague nominations throughout the year, culminating in our annual recognition awards, where we celebrated outstanding contributions and achievements from across our business.

Our colleagues and our culture have been recognised externally, with Royal London winning and shortlisted for employer awards in 2024. At the Diversity in Finance Awards, we won the award for Championing Religious Inclusion, which recognised the work of our colleague-led networks. At the Women in Tech Employer Awards, we were named Best Employer for Training, for the development and impact of our Career Confidence programmes for colleagues.

Mutual benefit

An important part of establishing a framework that supports both organisational goals and individual growth is our people policies. Across the UK and Ireland, our people policies are underpinned by our People Promise. We develop these policies within a framework that aligns to our Purpose and strategy, current and future legislation, and industry best practice gathered through extensive



86%

colleague engagement score

3,373

colleagues received formal training in 2024

benchmarking. We review each policy annually, and continuous dialogue between colleagues and management enables us to identify how we can ensure that policies remain relevant and beneficial.

We reflect colleague views through insight from our colleague engagement survey, and through regular engagement with the CRF and our inclusion networks. During 2024, 61 colleagues took advantage of our new Working from Abroad policy, and we refreshed our Carers Leave and Family Friendly policies. These, alongside our hybrid working approach, are designed to support a better work-life balance.

We also aim to equip colleagues with knowledge to look after their financial wellbeing. 673 colleagues took part in our Pensions Awareness workshops during the year and 363 participated in our new workshops to support planning for a positive and productive retirement.

Empowered development

Our commitment to supporting the personal and professional development of colleagues drives the overall success of our business. 3,373 of our colleagues received formal training during 2024.

Colleague feedback influences our development of learning opportunities that meet their needs. During 2024, our actions included introducing:

- new learning opportunities as part of events during National Learning at Work Week, with 715 colleagues rating the events an average of 8.72 out of 10
- a new online tool for colleagues to steer their own learning plans, an enhanced 360-degree feedback tool, and a pilot of our mentoring matching platform ahead of its full launch in January 2025
- a new programme for leaders, enhancing coaching and development that supports their specific needs.

We are focusing on growing skills and knowledge that we believe will have an important role in Royal London's future. In 2024 the first pilot programme of our Data Academy – a learning programme to help colleagues use data more effectively in their roles – was completed by our first cohort, and we continued to run further specialised learning programmes in responsible investment and sustainability.

We also continue to focus on developing our pipeline of talent, such as through our early careers programmes. In 2024, 25 summer interns from a diverse range of backgrounds completed a successful programme and 17 more graduates joined our Enterprise Leadership and Functional programmes. Additionally, we announced our third Career Confidence programme – open to everyone, but particularly focused on career growth for women and those from wider ethnicity backgrounds. We welcomed the new cohort onto the programme in February 2025.

Diversity, inclusion and wellbeing

We continue to drive our positive action plan for diversity and inclusion. The diversity and inclusion sponsors from business area senior leadership teams are responsible for local action plans, which complement our central strategy, and we encourage them to share insights to support each other.

The data that colleagues share with us, on characteristics such as ethnicity, gender identity and disability, plays an important role in helping us understand the diversity of our workforce. Our 2024 colleague diversity disclosure rate remained high, with 89% choosing to disclose this data.

We remain focused on our commitments under HM Treasury's Women in Finance Charter and the Race at Work Charter, and continue to meet the requirements of our 'level 2' status as a Disability Confident employer – providing support and adjustments for candidates and colleagues with disabilities, long-term health conditions and neurodiversity. We also work in partnership with external organisations to ensure our business and the wider industry benefits from best practice, such as Inclusive Employers, Women in Banking & Finance, the Business Disability Forum and Neurodiversity in Business.

Aligned to our People Commitments, we run a calendar of inclusion activities. This is shaped by colleague feedback from our engagement survey and input from our colleague-led inclusion networks: DAWN (Disability Awareness Network including neurodiversity); PRIDE, which is our LGBTQ+ network; REACH (Race, Ethnicity and Cultural Heritage); and our Women's Network.

In 2024 we celebrated a range of inclusion events. These included International Men's and International Women's Day, World Mental Health Day and World Menopause Day, and we supported colleagues to attend PRIDE events in Edinburgh, Dublin and Manchester. Our Black History Month celebrations included a panel event with colleagues, Board members and our brand ambassador, former England rugby union player Shaunagh Brown. As part of National Inclusion Week in September, we ran a session for colleagues in collaboration with the Association of British Insurers on the importance of allyship in the workplace.

Our volunteer Mental Health First Aiders continued to collaborate on a range of wellbeing events, focused on supporting colleagues' physical, mental and financial health. In 2024 we also launched a new colleague community support group for parents and carers.

Social impact

For the past four years, we are proud to have committed over 1% of our operating profits to further our social impact work, helping build financial resilience and playing our part in moving fairly to a sustainable world. In 2024 we contributed £2.8m towards our social impact initiatives¹.



Turn2us

We are in the fourth year of our partnership with Turn2us, a national charity working to tackle financial insecurity across the UK. We donated and raised over £390,000 in 2024, supporting:

- the Turn2us helpline, which enables people who find it difficult to go online to call for assistance with benefits calculations and grant searches
- a campaign to promote the Turn2us Personal Independence Payment (PIP) Helper – an online tool that helps those entitled to a PIP to manage their application
- research into the impact of stigma around financial security.

We are pleased to commit to continuing our support for Turn2us over the next three years, focusing on challenging the stigma associated with claiming financial support and breaking down barriers to this, to help more people build their financial resilience.

“

Financial insecurity is complex and cannot be solved by any single organisation or approach. We know, however, that stigma around financial insecurity can prevent us from accessing the support we need. We are delighted to continue our work with Royal London to inspire positive change.”

Tom Lawson

Chief Executive, Turn2us



Cancer Research UK

Since 2023, Cancer Research UK and Royal London have worked in partnership to tackle cancer inequalities. We believe that this important partnership will help us to protect our customers, and wider society, against cancer diagnoses that impact their financial resilience.

Our donation is being invested in three key areas. Together we are:

- reducing barriers to early diagnosis and tackling regional variations in health outcomes
- helping to fund Talk Cancer, an awareness community training programme which equips people with the knowledge, skills and confidence to have effective conversations
- supporting groundbreaking research into hard-to-treat cancers.

In 2024 we donated a further £1.2m, taking our total contribution to over £3m. Our colleagues raised an additional £59,000 for Cancer Research UK through a number of fundraising activities over the year.

In collaboration with Cancer Research UK, Royal London published an article spotlighting some of the barriers to cancer screening for Cervical Cancer Awareness Week, with a view to encourage screening take up and early diagnosis.



Scan to read ‘Breaking down barriers to cancer screening – Royal London’

1. We donated £2.46m directly to charities and social enterprises and funded an additional £0.34m to support related social impact activities.

Changemakers

Our Changemakers Programme was launched in 2021. Through the programme, we have invested over £1.2m into supporting social enterprises across the UK and Ireland, each of which has a focus on either building financial resilience or supporting a fair and equitable transition to a sustainable world. In 2024 we welcomed 10 new Changemakers – offering each social enterprise a grant of £20,000, and bespoke support to help them grow and impact more people within their communities.

Our current Changemakers are working to find innovative solutions to important issues – including helping older homeowners to generate additional income while staying in their homes, and helping people set up their own businesses to generate the income needed to build their financial resilience.

Community Programme

We are proud that 88% of colleagues feel that Royal London demonstrates a strong commitment to making a positive impact on wider society. Our Community Programme offers them an opportunity to fundraise and volunteer for causes that are important to them. We give all colleagues two paid days a year to volunteer and we provide matched funding to amplify their fundraising efforts. In 2024 colleagues contributed over 1,900 volunteering hours and supported charities close to their hearts by taking on a variety of initiatives – from walks and cycling challenges to bake sales – which helped to generate over £56,000 in matched funding.

Ireland

To support our efforts in tackling cancer inequalities in the UK, we donated a further €126,500 to Breakthrough Cancer Research Ireland, an organisation focused on tackling cancer inequalities. In 2024 we welcomed another two Irish social enterprises onto our Changemakers Programme, Ava Housing and the Sustainable Life School, and donated a further €25,000 to Family Carers Ireland.

Disaster relief

We are proud to have donated £200,000 to the Disasters Emergency Committee Middle East Humanitarian Appeal to provide shelter, food and basic supplies to those in need across the region.



Take The Credit campaign

In 2024 we were proud to launch our 'Take The Credit' campaign, in collaboration with our partners Turn2us and Pocket Power. The goal was to increase financial security for people of pensions age over winter, by encouraging them to check their eligibility for Pension Credit and to apply for additional support.

At the time the campaign began, up to 800,000 people in the UK were potentially missing out on Pension Credit. The campaign aimed to raise awareness and provide practical support to help put money back in pensioners' pockets, and received widespread media coverage with a potential reach of 42.7 million people. The campaign directly drove 820 benefits calculations, unlocking an estimated £598,000 in additional annualised financial support. We also worked in collaboration with social media content creators to amplify the campaign, which led to over 1,400 people visiting the Turn2us website for information and support.

Through our Social Enterprise partner, Pocket Power, pensioners were able to access additional services. Pocket Power provides free, confidential calls offering guidance to help people maximise their incomes, with each call identifying an average of £219 in potential savings. In one case, the service identified that a caller could save over £1,800 a year by applying for Pension Credit and the Winter Fuel Payment. The service also identified that the caller was eligible for a water social tariff that would save them 50% on their monthly water bills.

Since 2021 we have donated and raised over

£1.4m
for Turn2us

which has enabled an estimated

225,000
people to access the Turn2us helpline



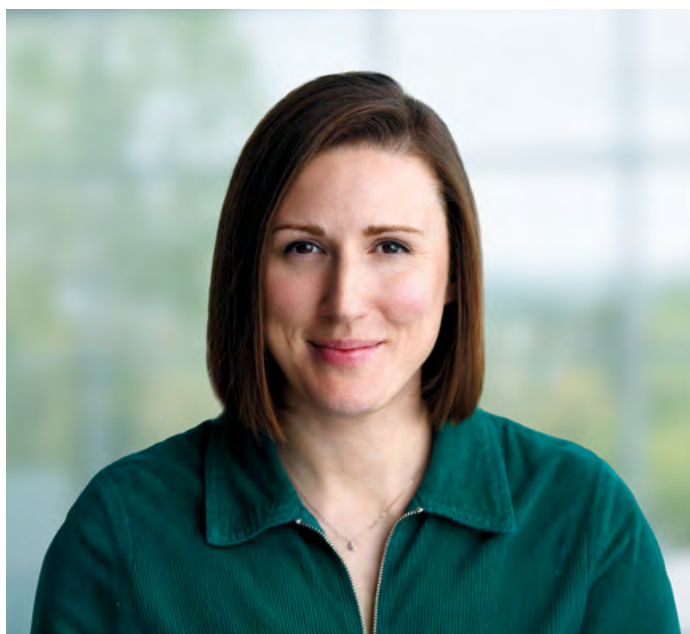
Stewardship and climate

Thinking long term for customers, clients and society

Our investment beliefs

We believe that:

- our customers want to know where their money is invested and the impact that it has on the world around them
- the best future for our customers is one where we collectively achieve the goals of the Paris Agreement
- actions taken up to 2030 will determine the shape of the century to come
- we should act as a responsible steward of the assets we invest in on behalf of our customers
- change is best driven by being an active owner and engaging with companies where there are issues to be addressed
- the appropriate investment style for a region, asset class, sector or theme may change over time.



“

Effective stewardship helps us meet the needs of our customers and clients today, as well as meet their needs in the future. We are committed to engaging where it matters to support changes that improve investment outcomes and that also aim to benefit wider society.”

Joanna Walker

Head of Group Sustainability and Stewardship

Stewardship – where we seek to influence issues that matter for our customers’ and clients’ investments – is an important part of our long-term approach to generating financial returns.

Our stewardship activities focus on the issues most material to our investments, and on where there is potential for engagement to have the most impact. As signatories to the Financial Reporting Council’s (FRC) UK Stewardship Code 2020, we demonstrate our dedication to continuous improvement and transparency against the highest stewardship standards. We provided input to the FRC to help shape updates to the UK Stewardship Code 2020 during 2024 and early 2025.

Our stewardship activities focus on engaging with the companies we invest in and policymakers, exercising our voting rights, and overseeing our asset managers. On behalf of its clients, which include RLMIS, our Asset Management business advocates, collaborates, votes, researches and engages with hundreds of companies annually to encourage change on issues that matter. For all its asset managers, RLMIS sets out its expectations in our Group-wide Voting Policy and Responsible Investment and Stewardship Policy.

We are also committed to working with our peers in the financial sector, regulators and policymakers to play our part in responding to market-level and systemic risks. We do this through collaboration with industry bodies, including the Association of British Insurers and the Investment Association, as well as wider initiatives such as the Institutional Investors Group on Climate Change and the UK Sustainable Investment and Finance Association.

We share updates on our stewardship activities on pages 28 and 29 as well as in the RLMIS and RLAM annual stewardship reports. These reports are available at www.royallondon.com and www.rlam.com, respectively. In 2024, both RLMIS and RLAM successfully retained signatory status of the UK Stewardship Code 2020 based on the FRC’s assessment of our reporting.

Our stewardship approach

Asset manager oversight

Our asset managers undertake some stewardship activities on our behalf. Our Responsible Investment and Stewardship Policy sets out how we expect them to manage our customers' and clients' money appropriately. RLMIS monitors their performance against this policy and other considerations using its Asset Manager Oversight Framework to confirm our required standards are met.

Engagement

We seek to influence the behaviour of policymakers, investee companies, our peers and others to benefit our customers, clients and wider society. We follow an 'engagement first' rather than 'divestment first' approach for our investments – and if an investee company is not making material progress, we expect our asset managers to escalate activities. In 2024, our Asset Management business completed 724 engagements with investee companies.

Exercising our vote

Our bespoke approach to proxy voting complements our engagement activities. Through voting, we express our view on a range of issues, such as corporate governance, climate change, employee engagement and board appointments. Our Group-wide Voting Policy sets the parameters for RLMIS as an asset owner and for our Asset Management business. During 2024, our Asset Management business voted at more than 3,583 company meetings.

Engagement themes

Regular ongoing engagement with policymakers, investee companies and other stakeholders is a key element of good stewardship. Our engagement takes two forms: we seek to influence the behaviour of stakeholders, and we also request information that helps us identify where change is needed.

Our Group-wide engagement themes

We have two themes that we prioritise across all Group engagement activity: climate change and inclusion (focused on a just transition). These themes, which are regularly reviewed, are set by considering our Purpose, customer and client research, our Responsible Investment and Stewardship Policy, and insights from our Asset Management business.

Our Asset Management business's engagement themes

In addition, our Asset Management business has its own themes on which it prioritises engagement activity. These align with the Group's themes as well as the needs of its other clients. Its themes, which are refreshed biannually, are presented below. Each refresh considers the Group's engagement themes, reviews emerging trends and involves extensive consultation with internal investment teams, responsible investment analysts, clients and other stakeholders.

Our Asset Management business's engagement

2024-26 engagement themes

Climate change

Transition to global net zero emissions
Adaptation to climate change

Health

Mental health
Health equity and community health

Governance and corporate culture

Good governance, purpose and culture
Diversity

Social and financial inclusion

Just transition
Financial inclusion
Human rights and modern slavery

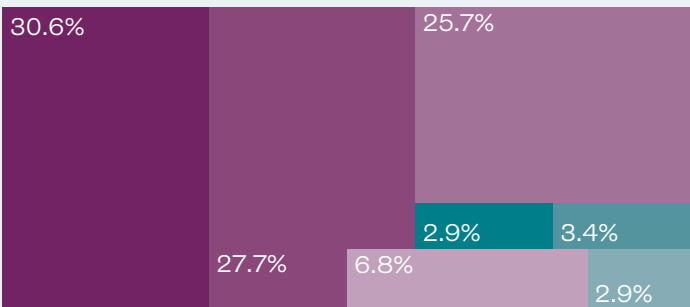
Innovation, technology and society

Cyber security
Technology and society

Nature and biodiversity

Biodiversity restoration and conservation
Nature

Percentage of 2024 engagements by theme



- Climate change
- Governance and corporate culture
- Health
- Social and financial inclusion
- Nature and biodiversity
- Innovation, technology and society
- Other



Our focus on climate change and inclusion

During 2024, we engaged to encourage a just transition and just adaptation – in alignment with our Group-wide focus on issues related to climate change and inclusion.

Just transition

Encouraging a just transition – where both the social and environmental implications of moving fairly to a low-carbon economy are considered – aligns with our decarbonisation and social inclusion aims. We have advocated for a just transition for several years.

In 2024, through its Net Zero Engagement Programme, our Asset Management business continued to encourage companies to integrate consideration of a just transition into their climate transition plans and business strategies. Once a company publishes its plan, RLAM assesses the plan, engages and tracks improvements in disclosures against plans.

Our Asset Management business also focused its just transition-related engagement on the banking sector. As providers of capital, banks have a key role to play in supporting the low-carbon transition. Together with Borders to Coast Pensions Partnership and Friends Provident Foundation, in 2024 RLAM published guidance sharing investor expectations for the banking sector on just transition.

As a Group, we supported social enterprises to promote a fair transition to net zero through our Changemakers Programme (see page 25). In 2024, we also donated £120,000 to the Community Climate Fund of Business in the Community. Our funding focused on engaging policymakers in delivering a just transition.

Just adaptation

Adaptation to climate change, which is a goal of the Paris Agreement, is critical as the impacts of global warming become more severe. However, shifting to a more climate-resilient economy could have significant social implications, where good intentions may have unintended effects.

In 2024, our Asset Management business began engagement to understand how investee companies can implement climate adaptation plans that consider justice and equity. These plans can help companies mitigate financial and reputational risks, while unlocking opportunities to create value as well as benefits for wider society. Through engagement, our Asset Management business will start gathering examples of best practice, to inform our own expectations on this emerging topic. We plan to share our learnings with the broader industry.

Playing our part on climate change

As the United Nations' Intergovernmental Panel on Climate Change (IPCC) highlights in its latest Synthesis Report, climate change is a threat to human wellbeing and to the health of the planet. It warns that adverse impacts from human-caused climate change will continue to intensify, with vulnerable communities disproportionately affected. Communities around the world are increasingly experiencing the impacts, including extreme weather events and rising temperatures in 2024.

Influencing real change

The political landscape surrounding net zero commitments has seen significant shifts during 2024 and early 2025, with growing eco-scepticism among some politicians. This underscores the complexity of achieving net zero targets in a rapidly changing environment.

Financial institutions cannot deliver on their climate ambitions without leadership from policymakers. This is recognised by the UN-supported Principles for Responsible Investment, of which Royal London is a signatory. Royal London's climate commitments align with those made by governments as part of the Paris Agreement and the ability to progress these commitments relies on clear, consistent leadership from governments.

We will continue to play an active part in constructive dialogue with the UK government, encouraging the leadership we believe is needed and setting out the complementary and responsible role that Royal London can play. With leadership from policymakers, businesses and investors can have greater confidence and certainty as they develop climate transition plans.

Advocating for a low-carbon transition

To help achieve our climate commitments, we continued to encourage policymakers to support the transition to a low-carbon economy, in a way that considers the social impacts.

During 2024, this included urging the UK government to address barriers to investment in the net zero transition by inputting to the Association of British Insurers' evidence submission on the National Wealth Fund. We contributed detail of our natural capital investment to the Investment Association's guide for new Members of Parliament on how investment management supports UK growth – and, in collaboration with the UK Business Group Alliance for Net Zero, we issued a joint letter calling on the UK government for a new era of UK climate leadership. More widely, we reviewed guidance on developing robust transition strategies for the Institutional Investors Group on Climate Change, and contributed to thought-leadership on the UK government's pensions review of sustainable finance investment from the UK Sustainable Investment and Finance Association.

For details of our Group climate commitments, see page 40. For additional details of our policymaker and industry engagement activities, see pages 42 to 43.

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Climate change is a threat to human wellbeing and planetary health. There is a rapidly closing window of opportunity to secure a liveable and sustainable future for all.”

United Nations IPCC, 2023



Overview of our 2024 climate-related activity

Engaging with policymakers and investee companies

We encourage policymakers and the companies we invest in to support the transition to a low-carbon economy, in a way that considers the impact on society.

Royal London engaged with the UK government to remove barriers to investment in the low-carbon transition, as well as on investment in the necessary long-term infrastructure. We helped industry bodies develop guidance on net zero transition strategies, and our Asset Management business held 263 climate-related engagements with investee companies and voted at more than 3,583 meetings.

Managing climate risks across our business

Our integrated approach ensures climate risks are owned by, and integrated into, individual business units across the Group.

Modelling the potential impacts of climate change helps inform how we manage risk and in 2024, we enhanced our quantitative modelling capabilities by licensing a new third-party climate model. We also updated the Group's climate risk appetite, which establishes the level of risk we are comfortable with, to reflect evolving good practice. For details of how we manage climate risks, see pages 32 to 34.

Working to reduce our operational emissions

We are taking action to reduce emissions at our offices and from our energy use, travel and the products we purchase.

While our investment portfolio generates the majority of our emissions, we are mindful of how our own operations and value chain contribute. Over 2024, we reduced our Scope 1 and 2 operational market-based emissions by 79% and reduced our value chain emissions by 4%. We also surveyed over 1,500 colleagues on their commuting and homeworking habits to deepen understanding of our emissions and inform further reduction initiatives.

Progressing our climate strategy

We continue to develop our strategy, products and policies to help us move fairly to a sustainable world.

We developed our Climate Transition Plan, setting out how we plan to progress towards our climate commitments. To support delivery, we established a Sustainability and Stewardship Delivery Group, comprising leaders from across Royal London. By applying a low-carbon tilt strategy¹ to our Emerging Market equities fund and across all Royal London multi-asset funds and portfolios, we expect to reduce the carbon exposure of the funds.

Our climate reporting

We report our progress in our Group reports and on our website. In line with FCA rules, we will publish our 2024 entity-level and product-level Climate Reports (TCFD) by the end of June 2025.

Our Climate Transition Plan

We recognise that our business and wider industry have more to do to play our part in moving fairly to a sustainable world.

During 2024, we continued to develop our Climate Transition Plan in alignment with recommendations from the Transition Plan Taskforce. We will publish our plan in 2025. It will outline our climate strategy, including how we plan to progress and report on each of our climate commitments. It will also detail the dependencies we are reliant upon to achieve our commitments – including the need for policymakers to deliver on their own climate ambitions. Without consistent action from policymakers and governments, Royal London and our wider industry will be unable to achieve the climate commitments we have set. We will remain robust in encouraging policymakers to take the actions necessary for transitioning to net zero.

Continuing to build the trust and confidence of our customers remains a priority when setting and implementing our climate strategy. We will continue to engage with customers, adapting our climate strategy and areas of focus so that we remain relevant and responsive to their needs and aspirations. We want to be clear about the choices we make on their behalf and the progress we are making. To support this, we will remain transparent on the dependencies we face in delivering on our climate ambitions.

1. A 'tilt strategy' prioritises or de-emphasises the weight or amount held in certain stocks, based on ESG criteria.

Climate risk governance

Effective governance, with work overseen by the relevant Royal London boards and committees, is integral to delivering our Purpose and strategy, serving customers and growing our business safely. In relation to climate considerations, it is vital for developing and delivering our approach.

The Board sets the strategic direction for the Group. This includes responsibility for promoting the long-term sustainable success of Royal London in a manner that seeks to generate value for its members while taking account of its stakeholders' interests, its impact on the environment, and its contribution to wider society.

All boards and committees must demonstrate that they take ESG considerations into account through the reports they receive, including climate-related risks and opportunities.

Within the Group, climate-related accountabilities are defined and managed in line with the Senior Managers and Certification Regime's requirements. The Board delegates to:

- the Group Chief Executive Officer, Barry O'Dwyer, the day-to-day management of the Group to achieve its Purpose and to implement its strategy and objectives in line with its culture, values and ethical and regulatory standards
- the Group Chief Financial Officer, Daniel Cazeaux, the regulatory responsibility for managing the financial risks arising from climate change
- the Group Chief Risk Officer, Dr James McCourt, the responsibility for maintaining the robustness of the Group's risk management systems.

Our committees

The committees within Royal London's formal governance structure, detailed on page 75, oversee reporting of the risks within the Group to the Board. This structure ensures that we have appropriate expertise and constructive debate in managing and overseeing the Group's affairs, and it facilitates effective, efficient and transparent decision making.

The Group Executive Committee supports the Group Chief Executive Officer in the day-to-day management of the Group's business and affairs, including overseeing climate-related risks and opportunities across Royal London.

The role of management

Our Group Executive Committee is supported by the Group Sustainability Oversight Committee (GSOC), which is responsible for:

- supporting, overseeing and challenging the delivery of the product, investment and operational sustainability goals of the Group
- providing clear direction, ensuring alignment and transparency of delivery across the Group
- providing support, challenge and recommendations, as required, to the Group Executive Committee.

In 2024, we established the Sustainability and Stewardship Delivery Group which reports to the GSOC and supports implementation of our climate strategy.

Supervision from the GSOC complements how climate-related risks are assessed and managed across the business in accordance with Royal London's risk management processes, including our risk management framework.

Our Group Executive Risk Committee is responsible for monitoring risk at the Group level against the Group's risk appetite framework, including climate and sustainability-related risks.

Our climate-related governance activity in 2024

The relevant boards and committees within the Group directly engage with and consider key climate-related activity. During 2024, this included:

- review of the Group's climate commitments, progress and implications by the Board
- approval of the 2023 Royal London Group Climate Report (TCFD) by the Board
- approval of the RLMIS 2023 Stewardship Report by the Investment Committee
- approval of the Responsible Investment and Stewardship Policy by the Board
- approval of the 2023 Stewardship and Responsible Investment Report by the RLAM Limited Board
- approval of the RLMIS Investment Philosophy and Beliefs, including climate considerations, by the Board
- review of key updates on responsible investment and climate change by the Board and the RLAM Limited Board
- participation by the RLAM Limited Board in a deep-dive session and externally facilitated training on responsible investment
- approval of updates to our climate risk appetite statement by the Board, to reflect evolving best practice and monitoring of climate risk management activity across the Group.

Frequency of climate risk reporting

The Board receives updates on climate-related activity at least every six months.

The GSOC, the Investment Committee and the Risk and Capital Committee meet at least quarterly and, in line with their terms of reference, consider and discuss relevant climate-related matters.

Our internal Climate Risk Report is presented to the Group Executive Risk Committee biannually. In 2024, this report included climate-related risks across the Group, in accordance with the Group's climate risk appetite statement.

In addition, a quarterly report from the Group Chief Risk Officer provides the Board with an assessment of risks against our overall Group 'risk appetite' – the level of risk that our business is comfortable to take while remaining aligned with our Purpose and strategy. When relevant, this includes material climate-related risks.

Performance management and reward

Royal London's incentive framework is designed to help colleagues focus on activities that support our Purpose and contribute to delivering long-term value for our stakeholders. Within the framework, a Short-Term Incentive Plan applies to the majority of colleagues, while a Long-Term Incentive Plan applies to our most senior colleagues.

These incentive plans contain targets and metrics to track the delivery of key outcomes, including our climate commitments. For example, in 2024 we included a measure in our Long-Term Incentive Plan to demonstrate progress against a basket of our priority initiatives, including assessment of progress to reduce carbon emissions and of just transition-related engagement.

Climate risk management

Climate risk is complex, with significant uncertainty surrounding the timing and severity of potential impacts. Using our risk management system alongside our capital management framework, we manage climate-related risks to ensure that our business remains sustainable and continues to serve our customers.

An integrated approach

Given that climate risk can manifest itself across any of the risk categories we consider, reporting of climate considerations within each subsidiary and from each subsidiary to the Group is integrated into our Group risk management system. You can read more about our risk management model on pages 65 to 67.

Climate risks are owned by, and integrated into, individual business units across our UK and Ireland businesses and our Asset Management business. With support from our Risk function, the management of each business unit and Group function is accountable for identifying, measuring, reporting, managing and mitigating all risks relevant to its area of business. This includes the design and operation of suitable internal controls and the allocation of risk and control responsibilities.

This integrated approach helps drive consistency in climate risk management activities across Royal London. It also supports all areas of the Group to integrate key climate-related issues into day-to-day and strategic planning activities. In addition, certain core functions provide specialist expertise. These include:

- the Group Sustainability and Stewardship function provides support, challenge and sustainability expertise with the aim of embedding sustainability throughout Royal London.
- the Responsible Investment (RI) team, within our Asset Management business, works closely with investment teams to analyse key climate and ESG issues for consideration in investment decisions. The RI team and the investment teams also engage with investee companies to encourage improvements.
- the Group Actuarial team conducts climate scenario stress testing to assess the impact of climate change on our capital position and to address regulatory expectations.
- Group Risk and Compliance specialists support the development of Group-wide climate risk reporting and embedding of climate-related risks into our risk management framework.

Climate risk appetite statement

Our climate change risk appetite statement outlines our appetite towards the strategic, financial and operational risks arising from climate change.

In early 2024, the Board approved revisions to our climate risk appetite statement. The updates reflect evolving good practice, including expanding to include examples of the types of climate risks we face, and support monitoring of climate risk management activity across the Group.

We do not actively seek to avoid exposure to the climate-related risks to our business. Instead, we seek to manage and mitigate our exposure, undertaking risk management actions to reduce the impact and likelihood of occurrence.

We present the key climate-related risks identified across our business on pages 38 to 39. For examples of how these risks are managed, see our overview of principal risks and uncertainties on page 68.

Our investment strategy

Consideration of climate risks

RLMIS manages climate risks in aspects of our investment processes in collaboration with our Asset Management business, including by setting strategic asset allocations.

To help oversee aspects of climate risk, in particular transition risk¹, RLMIS monitors and assesses our asset managers' responsible investing activity and performance against the requirements of its Asset Manager Oversight Framework.

We also aim to develop investment solutions that will enable customers and clients to align their investments to the low-carbon transition. For further details, see page 46.

Integrating ESG risks

Across our investment solutions, our Asset Management business typically considers a number of factors when analysing companies, including but not limited to company financials, operations, corporate governance, company strategy, market context and risks. Integrating ESG risks is not solely for the purpose of any explicit sustainability outcome, but to help us make informed long-term decisions based on a holistic view of the potential risks.

Strategic asset allocation

RLMIS' largest exposure to climate risks is the impact these may have on the assets we manage for customers and members. To help manage these risks and impacts, RLMIS has embedded climate risk evaluation into the strategic asset allocation process. This includes:

- reviewing the strategic asset allocation against at least two climate change scenarios to understand our exposure to the associated risks
- assessing the carbon emissions of the existing and alternative strategic asset allocation proposals to determine the impact any change might have on meeting our emission reduction targets.

Monitoring our key asset managers

To support our climate commitments, RLMIS monitors our key asset managers (those asset managers who manage over £100m each on our behalf and/or 'Matrix' fund² asset managers) against the following expectations on a 'comply or explain' basis:

- develop a climate transition plan and demonstrate progress against climate commitments
- exercise voting rights on all eligible investments and ensure voting takes the principles of our Voting Policy into consideration
- set clear investor engagement priorities on climate change, taking into consideration the level of influence (the size of their investments) and the materiality of climate change to company risk and performance.

These criteria are considered alongside a broader set of expectations and requirements, with the Investment Committee holding responsibility for final approval of the appointment of material asset managers. RLMIS seeks to validate the information provided to us by cross-checking against third-party data, such as analysis of information provided by our external data provider, MSCI, to monitor the climate transition of our key asset managers.

External assurance

We have received public limited assurance on our Scope 1, 2 and 3 emissions. Visit www.royallondon.com to read KPMG's assurance statement, which includes full details of the scope, activities, limitations and conclusions of the assurance engagement. Our 2024 Emissions Metrics Reporting Criteria, which details how we prepared our data, is available at www.royallondon.com.

1. Transition risks are risks arising from the transition to a low-carbon economy. See page 35 for further details.

2. The Matrix funds are a range of equity funds that RLMIS selects and makes available for customers who wish to invest in funds beyond those directly managed by RLAM.



Identifying and assessing climate-related risks

Climate risk landscape

Climate risks are complex and may take shape in a number of ways across a range of time horizons. When assessing climate risks, potential impacts are typically grouped into the categories of physical and transition risks, as shown in the table below.

Climate risk categories

Climate risk category	Description	Sub-category	Sub-category description
Physical	Risks related to the physical impacts of climate change	Acute	Climate-related events, such as heatwaves, drought, storms or flooding, leading to damage to land, buildings, stock or infrastructure
		Chronic	Longer-term shifts in climate patterns with impacts such as falling crop yields, sea level rises, migration, political instability or conflict
Transition	Risks related to disorderly adjustments to markets as a result of the transition to a low-carbon economy	Policy	Including carbon pricing, emission caps and subsidies
		Market	Including the emergence of disruptive green technologies and changing consumer behaviours
		Reputation	Stakeholder expectations to address climate change

We use a number of methods to identify and assess risks arising from climate change. These include horizon scanning, where we use a range of processes to identify upcoming and existing risks, regulations and trends, and climate risk assessments, which we use to identify physical and transition climate-related risks across short-, medium- and long-term time horizons.

In addition to identifying the primary risks arising from climate change, we consider the interdependence of these risks, the direct impact that these have on our business, and the potential these risks have to set in motion a range of knock-on direct and indirect impacts over varying time horizons. We use this complete understanding of each risk to assess its relative significance and inform our risk management process and prioritisation.

Climate change is noted as one of Royal London's principal risks and uncertainties (see page 68). Pages 38 to 39 detail the climate risks and opportunities we deem most material to our business, over each timeframe.

Climate change scenario analysis

Through climate change scenario modelling, we assess the possible impacts of physical and transition climate-related risks to our business, over a range of potential transition pathways and time horizons. This improves our understanding of:

- our financial exposures to climate-related risks
- the challenges to our business models from these risks
- our potential responses
- the implications for our customers and members.

Our understanding continues to be driven by our analysis of the potential impacts on our strategy and financial position, from risks that could arise across a range of climate pathways. This includes our development of investment and business strategies to mitigate these risks while maximising opportunities.

Our 2024 climate pathways

Our 2024 climate pathway analysis modelled outcomes from three climate pathways based on those developed by the Network for Greening the Financial System (NGFS). It focused on a five-year time horizon to align with our business planning. These pathways allow us to examine the impact of possible future climate scenarios on our Group, while recognising that the timing and effectiveness of climate policy is not certain.

We assessed three pathways, as described in the table on page 36. These pathways include differences in how physical and transition risks could arise and the expected impacts on Gross Domestic Product (GDP) and financial markets. Due to these differences, we recognise it is difficult to compare the effects on our business over a range of timeframes across all three pathways.

2024 climate pathways

	Below 2°C	Delayed transition	Current policies
	In this 'orderly' scenario, countries gradually increase the stringency of climate policies. Countries with net zero targets partially reach them (80% of targets are achieved), giving a two-thirds chance of limiting global warming below 2°C by the end of the 21 st century.	In this 'disorderly' scenario, countries do not start transitioning to reduce greenhouse gas (GHG) emissions until 2030, with strong policies then required. Countries with net zero targets partially reach them (80% of targets are achieved). Global warming is limited below 2°C by the end of the 21 st century, but policy changes in 2030 are unanticipated and disruptive.	In this 'hot house world' scenario, existing climate policies remain in place but there is no strengthening of the ambition level of these policies. This leads to high physical risks.
Global warming	End-of-century temperature goal met: • average global warming stabilises at 1.7°C • CO₂ emissions ~ IPCC RCP¹ 2.6	End-of-century temperature goal met: • average global warming stabilises at 1.7°C • CO₂ emissions ~ IPCC RCP 2.6	End-of-century temperature goal not met: • average global warming stabilises at 4°C • CO₂ emissions ~ IPCC RCP 4.5
Transition risks	Transition risks increase due to: • ambitious low-carbon policies • high investment in low-carbon technologies • substitution away from fossil fuels to cleaner energy sources and biofuel	Transition risks increase due to: • ambitious low-carbon policies • high investment in low-carbon technologies • substitution of fossil fuels for cleaner energy sources and biofuel • abrupt pricing-in of transition risks and sentiment shock	No impact from transition to low-carbon economy because: • economies follow the business-as-usual track continuing current low-carbon policies and technology trends (for example, significant falls in renewable energy prices) • no additional new policy measures
Physical risks	• Moderate physical impact with regional differences • Impacts are greater than observed today	• Moderate physical impact with regional differences • Impacts are greater than observed today, but still much less than under a Current policies pathway	• Severe physical impacts occur, increasing over time as temperatures rise • Impacts include gradual physical changes such as agricultural and worker productivity, as well as more frequent and severe extreme weather events
Impact on GDP	• Global GDP lowers	• Global GDP level lowers in line with the Below 2°C pathway	• Global GDP is significantly lower
Indicative market inputs	• Transition is assumed to occur as smoothly as possible. • Negative returns until around 2050 relative to the baseline projection, driven by transition risks. Thereafter, broadly unchanged from the baseline projection.	• Sudden repricing of assets in the medium term, followed by a sudden sentiment shock to the financial system. • Negative returns relative to the baseline projection until around 2050, which are driven by transition risk from 2030 and more adverse than in a Below 2°C pathway. Positive relative returns from around 2065 as benefits are realised from climate policies, meaning that losses are only slightly worse than in a Below 2°C pathway by 2100.	• Markets price in physical risks up to 2050 by the end of the decade. A second repricing occurs after this decade as investors factor in severe physical risks post-2050. • Negative returns throughout the projection driven by physical risks, modelled as a smooth progression.

1. Representative Concentration Pathways.

Results from our 2024 climate pathways analysis

The results of our 2024 pathway analysis were similar to our 2023 analysis. Under the three climate pathways described on page 36, our 2024 pathway analysis supported the examination of potential impacts to the value of different asset classes up to 2060. Across each pathway, the results implied a negative year-on-year impact to the value of all our asset classes. The most significant effects were observed in the Current policies scenario, with increasing temperatures leading to a range of negative economic and social impacts.

We assessed the risk to our capital position over a medium-term business planning horizon using our pathway analysis. The most significant adverse impact on capital position was shown under the Current policies scenario, although modelled impacts on our capital position were still within acceptable bounds of tolerance – primarily due to the dampening effects of our equity hedging strategy.

Modelling limitations

As climate modelling remains an emerging area, we recognise that it may underestimate the level of risk to our Group and our customers. Modelling the financial impacts of unprecedented levels of climate change is inherently challenging, with limitations to current processes including:

- Models are based on known historical relationships between GDP and temperature at a regional level and over a limited timeframe which, when used to estimate the impact of unprecedented global temperature rise, may result in misleading outcomes.
- Our analysis does not make explicit allowance for all potentially significant factors, particularly where it is not possible to reliably integrate the timing, likelihood and severity of financial impacts into the model. Examples may include the geopolitical impacts of severe climate change, such as increases in migration and conflict, which – alongside their enormous human costs – are likely to result in further economic impact.
- Financial stress tests are not able to measure all risks facing our business, such as the risks associated with changing customer expectations, the competitive environment, or the political and geopolitical landscape. These non-financial risks may indirectly lead to financial impacts including volatility in our capital requirements, shocks to the profitability of existing business and reductions to our new business sales.
- The full range of impacts that climate change may have on our business is not currently captured by climate scenario models. This is why we use the outputs of our qualitative risk assessment process alongside our climate scenario modelling: to try to capture risks that may be missed by scenario modelling alone.

Understanding of the impact of climate change, including within the financial sector, is regularly evolving. However, industry development of modelling tools tailored to help firms create their own climate-change scenarios continues to advance slowly, reflecting the breadth and complexity of inputs required for these models. We will continue to reflect on the outputs from climate modelling and to review emerging methods.

Considerations for 2025

Building on the Climate Biennial Exploratory Scenario recommendations and the NGFS pathways, we continue to develop our own climate change scenarios. During 2024, we licensed an external third-party climate model to enhance our quantitative climate risk modelling capabilities. We also examined our future use of climate scenarios by conducting research and interviews with third-party experts.

Looking ahead, we intend to use these insights to improve our development of medium-term quantitative scenarios as well as longer-term qualitative scenarios. We also aim to explore widening our analysis of climate scenario outputs beyond capital impact assessments and strategic asset allocation stress testing.

Qualitative risks and opportunities assessment

Our qualitative assessment of the climate-related risks and opportunities that may impact our business is presented in the tables below. Each risk and opportunity is assigned one or multiple timeframes – short (S, up to one year), medium (M, one to five years) or long term (L, over five years) – as an indicator of when we expect it to impact our business. This supports our risk management response, prioritisation and mobilisation.

Qualitative risk assessment

Risk category	Risk impact	Sub-category	Potential impact	Timeframe
Strategic	Transition	Reputational	Inability to meet customer and client requirements or expectations, regulatory commitments or own commitments, causing reputational damage to our brand, which leads to loss of new business and increased lapse rates or outflows.	S, M, L
			Lack of consistency in the international regulatory approach to ESG and/or net zero implementation – with differing approaches to labelling and disclosure, implementation timing and expectations relating to consumer facing materials resulting in challenges on how products are communicated, reported and distributed in both existing and new jurisdictions.	S, M
			We may lose market share if we fail to either develop new propositions or modify existing ones to adapt to changing consumer or client sentiment.	M, L
		Policy	Government or regulatory policy developments designed to address the physical and transitional impacts of climate change may impact the viability of our propositions.	M, L
Financial (investment)	Transition	Policy	Action from regulators and government to meet the Paris Agreement targets and respond to public sentiment may lead to significant market repricing of asset values and increase the risk of counterparty default.	S, M, L
		Market	Disruptive green technologies may provide a competitive advantage to our peers if we fail to anticipate them in our funds.	M, L
	Physical	Chronic	Our portfolios with significant investments in physical assets, including property and asset-backed securities, may be directly impacted by the physical effects of climate change.	M, L
		Acute/chronic	Indirect physical effects from climate change may impact the value of assets in our portfolio, for example due to supply chain disruption, mass migration and political instability.	M, L
Financial (property investment)	Transition	Regulation	There is a risk associated with the cost to comply with regulations, including the UK's current Minimum Energy Efficiency Standard (MEES) regulations.	S, M, L
	Physical	Acute	Extreme weather, such as flooding, poses a risk to property assets in terms of repair costs, disruption to construction, and reduced asset value due to extreme weather exposure.	M, L

Qualitative risk assessment continued

Risk category	Risk impact	Sub-category	Potential impact	Timeframe
Financial (insurance)	Physical	Chronic	An increase in average temperatures, resulting in more regular extreme weather and temperature fluctuations that affect our customers in the UK and Ireland, may lead to inaccuracies in our assumed rates of mortality and morbidity.	M, L
		Chronic	Temperature changes resulting from climate change may increase the frequency of global infectious disease pandemics, in turn impacting the accuracy of our mortality and morbidity assumptions.	M, L
			Political instability, resource shortages and mass migration resulting from climate change may negatively impact levels of mortality, morbidity and expense inflation.	M, L
Operational	Transition	Reputation	Our ability to recruit and retain talent may be negatively impacted if the Group's response to climate change is perceived as inadequate by current and potential future colleagues.	S, M, L
		Policy	Stakeholder interest has increased the potential for legal and/or regulatory challenge, exacerbated by the fast pace of regulatory change.	M, L
	Physical	Acute	Weather-related business disruption may become more frequent due to climate change, as a result of direct impacts to our offices or data centres and those of our key suppliers, and/or impact travel between our offices.	M, L

Qualitative opportunity assessment

Opportunity category	Opportunity impact	Sub-category	Potential impact	Timeframe
Strategic	Transition	Market	An opportunity to increase market share resulting from the successful development of new propositions or the modification of existing ones to meet the demand for products that align with or seek to aid the transition to net zero.	S, M, L
		Products and services	A growing demand from customers and clients for ESG investing and net zero aligned investments could open opportunities for new products and services.	S, M
Financial (property investment)	Transition	Products and services	As more occupiers set net zero carbon targets, energy efficient and sustainable certified buildings will become increasingly desirable. Through RLAM's net zero carbon audits, we can identify the potential interventions required to improve a property's operational performance to achieve net zero. This places our Asset Management business in a favourable position to respond to changing occupier preferences and demand for net zero buildings.	S, M
		Resource efficiency	Through energy efficiency improvements from both operations and refurbishment, we will expect to see reduced operating costs. This opportunity is likely to be compounded by volatility and price fluctuations seen recently in the energy market.	M
		Energy security	To reduce reliance on the UK National Grid, there is the opportunity to install solar photovoltaic (PV) panels on the roofs of buildings to generate onsite renewable energy. This can then be sold to the occupier, creating a financial return. A solar PV feasibility study across 120 of our assets has enabled us to identify the best opportunities to engage with occupiers and seek to install solar PV.	S, M

Progress against our climate commitments

Our Group's climate commitments, set in 2021, contribute to the effective management of climate-related risks and opportunities for our customers and clients. Our commitments are made at Group level and do not apply to all individual products and strategies because each will have different investment objectives (for details of a specific product, see the product prospectus).

Our commitments are based on the expectation that governments and policymakers will deliver on their commitments to achieve the goals of the Paris Agreement, and that the required actions do not contravene our legal and regulatory obligations to our members and customers. Our commitments include assets that are both controlled by RLMIS and RLI DAC and managed by RLAM. They exclude segregated mandates managed by RLAM on behalf of its external clients.

Further details of the basis and assumptions underlying our climate targets and metrics are provided on page 41, and an explanation of GHG emissions scopes is on page 48. We list our commitments and summarise our progress during 2024 in the table below.

Our climate commitments and progress

	1. Engagement	2. Portfolio emissions	3. Climate-aware investment solutions	4. Operational and value chain emissions
Our commitments	We commit to engaging with policymakers, the companies we invest in, our peers and other stakeholders to play our part in enabling the fair transition to a sustainable world.	We commit to reducing the emissions from our investment portfolio by 50% by 2030, from a 2020 baseline, (tCO ₂ e/\$m invested) as part of the transition to net zero by 2050.	As a Group, we commit to developing investment solutions that will enable our customers to invest in the low-carbon transition.	We commit to achieving net zero in our direct operational emissions by 2030 (Scopes 1 and 2), and in our Scope 3 non-investment value chain by 2050. We also commit to purchasing 100% renewable energy for our operations (Scope 2) by year end 2025.
Progress over 2024	We engaged with the UK government to remove barriers to blended finance opportunities and long-term infrastructure investment. We helped industry bodies develop guidance on net zero transition strategies. Our Asset Management business engaged with 40 investee companies, representing 54% of its financed emissions. Read more on pages 42 to 43.	As at 31 December 2024, the carbon footprint (Scope 1 and 2 tCO ₂ e/\$m invested) from our corporate fixed income and listed equity portfolio reduced by 19% from 2023 and 35% since 2020, our baseline year. Read more on pages 44 to 45.	We applied a low-carbon and governance tilt strategy to our Emerging Market equities fund. Most of the assets are within RLMIS portfolios, with the solution expected to reduce our carbon exposure. In addition, we developed our delivery and reporting plans for climate-aware investment solutions. Read more on page 46.	As at 31 December 2024, our Scope 1 and Scope 2 location-based emissions reduced by 19% since 2023 and 68% since 2019, our baseline year. Our non-investment value chain Scope 3 emissions have reduced by 4% since 2023, and by 47% since 2019 as a result of several factors detailed on page 46. Read more on pages 46 to 48.

Building our internal capabilities

We actively work to build a culture of sustainability at Royal London. Through training and engagement (see page 14), we empower colleagues to understand the role they can play in delivering our climate commitments.

Questions in our biannual colleague engagement survey measure our progress. A growing majority of colleagues

(79%) agree that they understand how their role contributes to Royal London's goal of moving fairly to a sustainable world, an increase from 71% in 2023. We also began measuring colleagues' understanding of our climate commitments in 2024, with 73% confirming they know what Royal London's commitments are. We will use these results to inform how we continue to build colleague engagement in 2025 and beyond.

The basis and assumptions underlying our targets and metrics

Our climate targets are based on the expectation that governments and policymakers will deliver on commitments to achieve the goals of the Paris Agreement, and that the required actions do not contravene our legal and regulatory obligations to our members and customers. See our 2024 Emissions Metrics Reporting Criteria at www.royallondon.com for the methodology used to calculate our emissions detailed on pages 45, 47 and 48.

Portfolio emissions targets

Our portfolio emissions targets include assets that are controlled by RLMIS and RLI DAC and are managed on their behalf by RLAM. Across our Group, our commitment includes the regulated investment funds that RLAM manages. It excludes segregated mandates managed on behalf of external clients, but does include support for external clients with assets in segregated mandates where those clients have made an explicit commitment to achieving net zero.

Our portfolio emissions targets are measured against a 2020 baseline and tracked using our Scope 1 and 2 carbon footprint metric, an intensity metric of corporate fixed income and listed equity (tCO₂e/\$m invested). Our net zero portfolio emissions commitment does not currently include investee companies' own Scope 3 (value chain) emissions. We will regularly reconsider this position as the viability of including investee companies' own Scope 3 emissions develops, with a view to supporting customer and client objectives.

Across our property investments we aim to achieve net zero carbon by 2030 for our directly managed property assets and developments, and by 2040 for our indirectly managed property assets from a 2019 baseline. Directly managed property assets are those over which RLAM has complete operational control, or greater than 50% equity share, or joint ventures where it would cover the proportionate amount of emissions. Developments are defined as any new development or major refurbishment that will come online from 2030 onwards. Indirectly managed property assets are managed wholly by the occupier.

We will expand the scope of asset classes included in our targets as net zero methodologies evolve.

The limitations of portfolio emissions data

We recognise there are significant limitations associated with calculating portfolio emissions, including availability of data, timeliness of data, methodology gaps across different asset classes, lack of consistency across the industry, data quality and transparency. Reported emissions are the preferred basis for our Scope 1 and 2 corporate fixed income and listed equity metrics. However, not all companies that we invest in consistently disclose their emissions. To enable higher overall data coverage,

reported emissions are supplemented by estimated emissions calculated by our data provider, MSCI. Reported emissions data, also provided by MSCI, is updated on a best-efforts basis following company and sovereign disclosures but may, therefore, not always utilise the most recently reported emissions from our underlying holdings.

For sovereign debt emissions, The Partnership for Carbon Accounting Financials take a holistic approach, recommending that emissions from sources located within the domestic territory and emissions from imports are included. This approach goes beyond the scope of Nationally Defined Contributions and reported emissions of most sovereign nations, meaning data relies heavily on estimates. The recommended approach seeks to attribute sovereign debt emissions to investors in a way that partially reflects the methodology used to calculate financed emissions from corporations. However, sovereigns and corporates are different and are reported separately. Direct comparisons in emissions metrics across these asset classes should not be made.

All data is supplied for information purposes only and should not be relied upon for investment decisions.

Operational and value chain emissions targets

Our operational emissions targets include emissions arising directly from operations controlled by our business (Scope 1) and indirectly via consumed energy (Scope 2). Our value chain targets include our emissions arising indirectly through our value chain (Scope 3), excluding portfolio emissions. The baseline year for our operational and value chain emissions targets is 2019. We disclose separately the emissions from the companies in which we invest as our portfolio emissions (Scope 3).

The limitations of value chain emissions and other environmental data

There are limitations to value chain emissions and other environmental metrics. As our data collection and methodologies improve, reported data is subject to revisions. We apply estimates where data is not available.

Note: Portfolio data and metrics in this section apply specifically to RLMIS. The operational and value chain metrics apply to our wider Group.

Data quality improvement

For our corporate fixed income and listed equity assets, data coverage for financed emissions and carbon footprint improved to 88% in 2024 (compared to 80% in 2023). Issuer-level reported emissions covered 79% of these assets in 2024 (73% in 2023). We will continue to be transparent about the quality and coverage of our data and seek improvements to our emissions disclosures. We use USD (\$) as the currency for attributing carbon emissions in alignment with the primary methodology offered by our data provider, MSCI. For more details of MSCI's methodology, visit www.msci.com.

Engagement

As the UK’s largest mutual life, pensions and investments company, we seek to use this position to influence the behaviour of policymakers, the companies we invest in, our peers and other stakeholders to benefit our members, customers, clients and wider society.

Investee engagement

We actively exercise the rights we gain from holding shares in companies, including our right to vote at company meetings. As an asset owner, we inform our key asset managers – including our Asset Management business – of the engagement themes that we want them to prioritise on our behalf, and we reserve the right to decide on the exclusions that are important to our customers.

Our Asset Management business held 724 engagements with 464 investee companies during 2024, which addressed 21 unique ESG topics. Of these engagements, 263 were climate-related.

As part of this activity, it also engaged with 40 companies as part of its Net Zero Stewardship Programme, accounting for 54% of financed emissions, and engaged with 25 companies on topics related to the just transition.

Policymaker engagement

Financial institutions cannot deliver on their climate ambitions without clear leadership from policymakers. To help achieve our climate commitments, we encourage policymakers to support the transition to a low-carbon economy, in a way that considers the impact on society. We also engage with policymakers through membership of industry bodies and other collaborative opportunities. We proactively engage on three priority action areas, which support our engagement themes:

- developing the UK’s long-term infrastructure strategy to encourage investment in the UK’s net zero transition
- catalysing blended finance opportunities
- helping to move from a focus on cost towards value considerations, including investment in the solutions needed to enable the net zero transition.

These themes are based on the assumption that the UK government will not, now or in the future, renege on its legal obligation to reduce the UK’s GHG emissions to net zero by 2050. We will regularly review our policymaker objectives to react to the changing policy landscape and evolving priorities, and so that they remain aligned with our climate strategy.

We also contribute to discussions and consultations relating to disclosures, climate investment taxonomies, labelling activities and interoperability across jurisdictions. The table below presents examples of our engagement activity during 2024.

2024 policymaker and industry engagement activities

Organisation	Role of Royal London representative/s	Key activity in 2024
Association of British Insurers (ABI)	Participant in: Climate Change Steering and Working Groups Financial and Corporate Reporting Committee	Contributed to ABI's evidence submission on the National Wealth Fund to HM Treasury, which urged the UK government to address barriers to investment in the net zero transition. Provided input on how the National Wealth Fund and a UK National Transition Plan can catalyse investment in clean energy.
Bulk Annuity Sustainability Principles Charter	Member of: Steering Committee	RLMIS became a signatory to the Charter in September 2024.
Financial Reporting Council (FRC)	Asset owner and asset manager roundtable participants	Provided input to shape proposed updates to the UK Stewardship Code 2020 for asset owners and asset managers.
Institute and Faculty of Actuaries (IFoA)	Chair and participant in sustainability working parties	Published research on portfolio alignment metrics to help actuaries better understand the metrics used in climate disclosures and some sustainable investment products. Published an article in the Actuary Magazine and presented to the IFoA Life Conference to increase the actuarial profession’s knowledge of climate disclosures regulations. Engaged with the Actuarial Society of South Africa for a paper providing an overview of how actuaries can apply their expertise to assist with climate change risks and opportunities, supporting the transition to a low-carbon economy.

2024 policymaker and industry engagement activities *continued*

Organisation	Role of Royal London representative/s	Key activity in 2024
Institute of Chartered Accountants in Scotland (ICAS)	Roundtable participant	Provided input to support ICAS' views on the Transition Finance Market Review to the UK Department for Energy Security and Net Zero.
Insurance Ireland	Participant in: Sustainability Strategy and Advocacy Working Group ESG Regulation and Policy Working Group	Contributed to an industry request calling on Ireland's Department of Enterprise Trade and Employment to correct errors identified in the transposition of the Corporate Sustainability Reporting Directive into Irish law.
Investment Association	Sustainability and Responsible Investment Committee member and participant in: Climate Change Working Group Impact Investing Working Group Sustainability Disclosure Requirements (SDR) Working Group	Contributed a case study on our natural capital investment in farmland to the guide for new Members of Parliament on 'How investment management supports UK growth'. Participated in discussions on SDR label applications.
Scottish Taskforce for Green and Sustainable Financial Services	Member of the Taskforce	Building on its 2024 work, the Taskforce published recommendations to the Scottish government on unlocking finance for nature capital and renewable energy and strengthening Scotland's position as a centre for green finance.
The Institutional Investors Group on Climate Change (IIGCC)	Member of: The Paris Aligned Investment Initiative steering groups The Scope 3 Working Group Just Transition Working Group RLAM is a signatory to: Climate Action 100+ Net Zero Asset Managers initiative ¹	Reviewed the Net Zero Investment Framework 2.0 and Private Debt Guidance, which provide guidance on developing robust transition strategies. Contributed to guidance on how investors should approach monitoring, measuring and reducing portfolio Scope 3 emissions. RLAM provided input to the Banks Working Group on developing its work on just transition expectations for banks.
Transition Plan Taskforce	Member of: Asset Manager Working Group Asset Owner Working Group Just Transition Working Group	Contributed to the development of the Asset Manager, Asset Owner and Just Transition guidelines, the final versions of which were published in April 2024.
UK Business Group Alliance for Net Zero	Member of the Alliance	Signed a letter to the Prime Minister calling for a new era of UK climate leadership.
UK Sustainable Investment and Finance Association (UKSIF)	Member of the Policy Forum and SDR Working Group	Our Group CEO presented at UKSIF's annual conference on the importance of financial institutions' role in sustainability and climate transition planning. Contributed to UKSIF's views on the impact of the potential UK government's pensions review. Supported a joint letter signed by UKSIF, IIGCC and UN Principles for Responsible Investment to the Prime Minister on the importance of strong policy support for the net zero transition. Reviewed the Global Investor Statement.

1. In early 2025, NZAM suspended activity and announced a review of the initiative in light of changing regulatory and client expectations. Our asset management business has not changed any of its activities as a consequence of this suspension and will engage constructively in any consultation.

Portfolio emissions

RLMIS portfolio GHG emissions disclosure

During 2024, RLMIS AUM increased from £118bn to £127bn. The table on page 45 shows the emissions arising from our corporate fixed income, listed equity, sovereign debt and property investments.

Corporate fixed income and listed equity

For our corporate fixed income and listed equity assets, financed emissions have reduced by 23% since 2020 (our baseline year). The carbon footprint (tCO₂e/\$m invested) of these assets decreased by 35% since 2020 and by 19% year-on-year due to several factors. These include a 4% reduction due to changes in the Scope 1 and 2 carbon emissions of our investee companies and a 6% reduction due to changes in our investee companies' Enterprise Value Including Cash (EVIC). We use EVIC to normalise emissions across investee companies to quantify issuer-level carbon footprints. The weighting of investee companies within our portfolio was another material factor, contributing a 4% reduction in our carbon footprint.

The Weighted Average Carbon Intensity (tCO₂e/\$m revenue) – an alternative measure of intensity to carbon footprint based on revenue and, therefore, less sensitive to share price fluctuations – also reduced for our corporate fixed income and listed equity assets by 33% since 2020, including by 10% over the past year.

Sovereign debt

We use the most recently available data from our data provider in our reporting. Predominantly due to a deadline amendment by the United Nations Framework Convention on Climate Change that extended when sovereigns must disclose emissions, updated data was not available for our year end 2024 report. This report, therefore, uses the same emissions data to calculate our sovereign debt metrics as our year end 2023 disclosure. Year-on year changes in our sovereign debt metrics only reflect changes in our portfolio composition, growth and coverage, and do not reflect actual changes in sovereigns' emissions.

Financed emissions associated with our sovereign debt portfolio increased by 1% since 2023. Consumption emissions intensity increased by 6% over the past year. Consumption emissions are the emissions attributed to goods and services consumed in a domestic territory. Production emissions intensity increased 5% since 2023. Production emissions are the emissions originating from goods and services produced within a domestic territory.

Property

Our Asset Management business manages the Group's property investment portfolio. Across these properties, we aim to achieve net zero carbon by 2030 across our directly managed property assets and developments, and by 2040 across our indirectly managed property assets.

Scope 1 and 2 emissions from our property investments have decreased by 10% since 2020 (our baseline year), as of 30 September 2024¹. This reflects our focus on improving the operational performance of our directly managed property assets.

During 2024, work towards our property targets included:

- completed net zero carbon audits across 17 office assets, building on 22 audits undertaken in 2023. These audits review the energy characteristics of the building and compare operational performance to industry benchmarks. Interventions to decarbonise the building are identified and incorporated into asset business plans for implementation, creating a pathway to net zero carbon.
- commenced development of a solar PV panels specification guide for landlord and occupier installations. This will ensure that a best practice approach is taken to installing solar PV. It will generate opportunities to engage occupiers on installing solar PV, helping achieve our target for our investment properties of generating up to 9.5 GWh of renewable energy onsite per year by 2040 (equivalent to 11.2 MW of capacity).
- continued to expand occupier utility data collection initiatives across our property portfolio by installing Automatic Meter Reading devices. Collecting occupier utility data is critical for monitoring the operational performance of our properties and for more accurately tracking progress towards net zero carbon.

1. The investment property reporting period is 1 October 2023 to 30 September 2024, due to the timing of data availability.

Independent assurance

We engaged KPMG LLP to perform independent limited assurance over selected climate metrics, marked with a ● symbol. Selected metrics can be found in the table below and on page 47.

The assurance engagement was performed in accordance with the International Standard on Assurance Engagements (UK) 3000 and the International Standard on Assurance Engagements 3410. You can read the independent assurance statement in full, available at www.royallondon.com.

RLMIS portfolio emissions disclosure

	2024 value	2023 value	2020 value (baseline)	Year-on-year change % ²	Change from baseline % ²
RLMIS AUM (£bn)¹	127	118	114	8%	11%
Corporate fixed income and listed equity AUM (£bn)³	90	82	70	10%	28%
Scope 1 and 2					
Financed emissions (MtCO ₂ e) ⁴	● 3.9	4.5	5.1	-13%	-23%
Carbon footprint (tCO ₂ e ⁴ /\$m invested)	● 35	44	54	-19%	-35%
Data coverage (%) ⁵	● 88%	80%	67%	9%	31%
Weighted Average Carbon Intensity (tCO ₂ e ⁴ /\$m revenue)	● 78	86	117	-10%	-33%
Data coverage (%) ⁵	● 88%	88%	67%	0%	31%
Sovereign debt AUM (£bn)⁶	16	16	20	2%	-19%
Sovereign emissions					
Financed emissions (MtCO ₂ e) ⁴	● 4.6	4.6	7.1	1%	-35%
Production intensity (tCO ₂ e/Purchasing Power Parity adj. Gross Domestic Product)	● 151	144	160	5%	-6%
Consumption intensity (tCO ₂ e/capita)	● 12	11	11	6%	6%
Data coverage (%) ⁵	● 96%	97%	98%	0%	-1%
Property AUM (£bn)⁷	8	7	8	4%	0%
Scope 1 and 2					
Financed emissions (tCO ₂ e) ^{4,8,9}	9,472	8,329	10,504	14%	-10%

1. Represents the overall amount of the Group's investments excluding assets managed on behalf of third parties. The disclosure includes assets managed by external asset managers (<5% total AUM), assets of the Group's pension schemes (<2%) and assets controlled by RLI DAC (<1%).
2. Year-on-year change represents the percentage change in the year ended 2024 metric from the year ended 2023 metric. Change from Baseline represents the percentage change in the year ended 2024 metric from our baseline year, the year ended 2020 metric. Percentages are derived from the underlying figures.
3. Corporate fixed income and listed equity AUM includes some private investments and short-term debt, such as commercial paper and money market instruments.
4. tCO₂e represents the estimated amount of emissions, measured in metric tonnes of carbon dioxide equivalent. MtCO₂e represents one million metric tonnes of carbon dioxide equivalent.
5. Proportion of assets with complete data. Complete data is defined as the available issuer-level data for all data points required for calculating a metric. For all metrics, this includes data on investment value and issuer emissions. Beyond this, corporate fixed income and listed equity carbon footprint and financed emissions metrics also require data on issuer EVIC; Weighted Average Carbon Intensity requires issuer revenue; sovereign debt financed emissions and production intensity metrics require data on Purchasing Power Parity adjusted Gross Domestic Product; and sovereign debt consumption intensity requires capita data.
6. Sovereign debt AUM includes a small amount of non-sovereign investments such as supranational and municipal investments. These are among the assets for which we have no coverage (<4% total AUM).
7. The investment property reporting period is 1 October 2023 to 30 September 2024, due to the timing of data availability.
8. Property Scope 2 emissions reflect location-based emissions.
9. Our historic emissions have been recalculated to reflect evolving calculation methodologies in line with good practice. These updates included improvement of estimation methodologies across prior years where actual data is incomplete or unavailable, and the addition of refrigerant gases to our 2020 data.

Climate-aware investment solutions

We are continuing to explore climate-aware investment solutions as an important part of our responsible investment strategy, helping us meet the long-term needs of our customers and clients, as well as wider society as we transition to a lower-carbon economy.

We help our customers and clients align their investments with a lower-carbon transition through a number of solutions including our equity tilts, equity transitions, commodities tilts and real assets strategies. More information on these products is included in our product documentation.

In 2024, we applied a low carbon and governance tilt strategy to our £5.6bn¹ Emerging Market equities fund in December. Most of the assets are within the RLMIS portfolios, with the solution expected to reduce carbon exposure. In addition, we developed our delivery and reporting plans for climate-aware investment solutions.

We will continue to expand and adapt the choice of climate-aware investment solutions we offer our customers and clients, allowing exposure to companies and other assets that:

- align with the low-carbon transition
- enable others to do so, and/or
- are credibly transitioning.

Our Sustainability and Stewardship Delivery Group and GSOC support these efforts with a focus on cross-Group collaboration, knowledge sharing and innovation.

Our operations and value chain

Our operations

Our Scope 1 and 2 operational emissions decreased during 2024, reducing by 19% for location-based emissions and 79% for market-based emissions. In total, our location-based emissions have reduced by 68% and market-based by 93% since our 2019 baseline. Our overall energy consumption also reduced by 24% during 2024 as we improved energy efficiency across our offices. Our UK business represents 89% of our Scope 1 and 2 operational emissions and 98% of our energy consumption. In 2023, figures were 96% and 98% respectively.

The significant reduction in our market-based emissions is due to securing renewable energy across our operational estate, through purchasing of Renewable Energy Guarantees of Origin (REGO) certificates. To further our use of renewable energy, in late 2024 we commenced a project to install more than 200 solar panels at our Alderley Park office.

Our non-investment value chain

Scope 3 non-investment emissions reduced by 4% since 2023, and by 47% since our 2019 baseline. The biggest contributors to our value chain emissions remain our supply chain, employee commuting and homeworking, and business travel. Throughout 2024, we engaged with suppliers on initiatives to reduce emissions. We also sought input from suppliers on wider sustainability initiatives where relevant, for example by inviting our technology suppliers to speak about AI and sustainability at our 2024 colleague Sustainability Summit.

Our business travel emissions reduced by 11% in 2024, supported by company-wide limits on non-essential business travel during August and the setting of individual travel reduction pledges by senior leaders across the Group.

To raise colleague awareness and improve our data on homeworking and commuting patterns, we surveyed over 1,500 colleagues on their routines. We also launched a new colleague benefit to support carbon and cost savings at home, providing advice on heating efficiency and home improvement assessments.

Other environmental metrics

Since our 2019 baseline, we have reduced the volume of paper we send externally and use internally by 45% and 82% respectively. Our 'My Royal London' portal enables protection customers to access information about their plans digitally. More than 241,000 protection customers had registered to use our portal by the end of 2024, an increase from 205,000 customers in 2023. In 2024, we removed over a third of printers across our offices, and we also worked to improve data reporting from our paper suppliers by identifying areas for enhancement to be addressed from 2025 onwards.

Over the past year, we enhanced the methodology used to estimate waste generation and water use. In 2024, reported waste increased by 15% from the restated 2023 value, primarily due to the closure of three properties where additional waste disposal activity was required. We highlighted the importance of waste reduction across our offices by, for example, offering used coffee grounds – an excellent compost ingredient – to colleagues for their gardens. To reduce food waste from our onsite catering, our 'too good to go' food scheme offers colleagues reduced-price options.

1. Figure as at 31 December 2024.

Carbon offsetting

We prioritise reducing emissions in our operations through our own actions and by influencing others. We also believe there is a role for carbon offsetting to compensate for emissions still created through our operations during our transition to net zero. Our Group has been carbon neutral in our direct operations (Scope 1 and 2) through the use of carbon offsetting since 2020.

Our offsetting to-date has been through the purchase of avoidance credits for projects certified to the highest standard. As we continue our journey to net zero by 2030 for our direct operations, we are working to shift from carbon avoidance to carbon removal credits to offset any residual emissions¹. We have purchased credits in a Gold Standard project providing solar energy systems to communities in India, and in a Verified Carbon Standard reforestation and community development project in Ghana.² We are also supporting a programme to invest in innovative future carbon removal technologies.

As the voluntary carbon market continues to evolve, we will monitor good practice. We seek to align with the Oxford Principles for Net Zero Aligned Carbon Offsetting³ to ensure we are taking a robust approach in our offsetting strategy.

Operational and value chain metrics

Our 2024 operational and value chain emissions, and other environmental metrics, are shown below against equivalent measurements (restated where applicable – see footnotes) over the previous year, 2023, and our baseline year, 2019.

		2024	2023	2019 (baseline year)	Year-on- year change	Change against baseline	Target
Scope 1 direct GHG emissions (tCO₂e)⁴	●	229	225	1,262	2%	-82%	60% absolute reduction by 2025 and net zero by 2030
Scope 2 indirect GHG emissions (tCO₂e)⁴							
Market-based	●	53	1,136	2,802	-95%	-98%	Purchase 100% renewable energy for electricity by 2025
Location-based	●	833	1,089	2,089	-24%	-60%	
Total Scope 1 and 2 (market-based) emissions (tCO ₂ e) per sqm ⁵	●	0.01	0.03	0.13	-72%	-94%	
Scope 3 GHG (value chain) emissions (tCO₂e) consisting of the following categories:							
Category 1. Purchased goods and services ^{4, 6}		26,620	25,984	50,724	2%	-48%	
Category 2. Capital goods ^{4, 6}		626	2,155	816	-71%	-23%	
Category 3. Fuel and energy-related activities ⁴		310	398	699	-22%	-56%	
Category 4. Upstream transportation and distribution ^{4, 6}		2	4	14	-56%	-86%	
Category 5. Waste generated in operations ^{4, 6}		4	9	45	-57%	-92%	
Category 6. Business travel ^{4, 7}		1,117	1,250	2,537	-11%	-56%	
Category 7. Employee commuting and homeworking		1,960	2,132	2,552	-8%	-23%	
Category 13. Downstream leased assets		-	-	253	-	-100%	
Total Scope 3 GHG (value chain) emissions (tCO₂e)^{4, 6, 8}	●	30,639	31,932	57,640	-4%	-47%	Reduction of 50% by 2030 and net zero by 2050
Total Scope 3 emissions (tCO ₂ e) per sqm ⁵	●	0.84	0.68	1.80	24%	-53%	
Other environmental metrics							
Total		590	537	1,111	10%	-47%	
Internal paper per policy (g) ^{6, 9, 10}		2	2	9	-24%	-84%	Reduction of 90% per policy by 2025
External paper per policy (g) ^{6, 9, 11}		94	85	191	10%	-51%	Reduction of 50% per policy by 2025
Paper (t) ⁴		222	193	802	15%	-72%	
Waste (t) ^{4, 6}		0.05	0.04	0.17	25%	-71%	Reduction of 50% per FTE ¹² by 2025
Per FTE ¹²		12,086	23,619	39,650	-49%	-70%	
Total		2.67	5.49	8.32	-51%	-68%	Reduction of 15% per FTE ¹² by 2025
Water (m ³) ^{4, 6, 13}		2.67	5.49	8.32	-51%	-68%	
Per FTE ¹²		2.67	5.49	8.32	-51%	-68%	

1. Residual emissions are hard-to-abate emissions amounting to no more than 10% of our baseline (2019) emissions at 2030.

2. For details of Gold Standard, visit www.goldstandard.org. For details of Verified Carbon Standard, visit www.verra.org/programs/verified-carbon-standard/.

3. These Principles are available at: www.smithschool.ox.ac.uk/sites/default/files/2022-01/Oxford-Offsetting-Principles-2020.pdf.

● Limited Assurance as described on page 45.

Improving our data collection processes

As described on page 41 there are limitations to environmental metrics and we continue to improve how we collect and process this data. In 2024, these improvements resulted in revisions to the calculations in most of the 2023 and prior operational and value chain emissions and other environmental metrics. In 2025, we will implement a third-party data solution to support improvements to data collection as well as calculation and reporting of these metrics.

Streamlined energy and carbon reporting: operations and investment properties¹⁴

Our 2024 operational emissions and the emissions associated with our investment property portfolio are shown below. These are presented against equivalent measurements (restated where applicable – see footnotes) for the previous year, 2023, and our baseline year, 2019.

	2024	2023	2019 (baseline year)	% change from baseline
Scope 1 (tCO ₂ e) ¹⁵	3,958	3,733	4,228	-6%
Scope 2 (market-based) (tCO ₂ e) ¹⁵	53	1,136	2,802	-98%
Scope 2 (location-based) (tCO ₂ e) ¹⁵	6,697	6,288	8,211	-18%
Scopes 1 and 2 (market-based) emissions per sqm (tCO ₂ e) ^{5, 15, 16}	0.01	0.01	0.02	-57%
Scopes 1 and 2 energy consumption (kWh) ¹⁵	49,332,516	46,648,336	64,305,121	-23%

Footnotes for Operational and value chain metrics table

4. 2023 data for this metric has been restated due to errors identified and/or changes in methodology. For further information on these restatements, refer to pages 29 to 31 of our 2024 Emissions Metrics Reporting Criteria (see page 34).
5. Metres squared.
6. 2019 data for this metric has been restated due to errors identified and/or changes in methodology. For further information on these restatements, refer to pages 29 to 31 of our 2024 Emissions Metrics Reporting Criteria (see page 34).
7. Data excludes Wealth Wizards, Responsible Life Limited and Responsible Lending Limited.
8. Categories 8, 9, 10, 11, 12, 13 and 14 of Scope 3 were not applicable to Royal London in 2024 or 2023. Category 15 (investments) emissions data is reported on page 45.
9. Internal and external paper per policy does not include policies administered by Capita and Aegon as these are outside of Royal London's operational control. The policy count is, therefore, different to the policy totals stated on page 11.
10. Internal paper data is based on volumes purchased for internal use from known paper suppliers. This data excludes Wealth Wizards, Responsible Life Limited and Responsible Lending Limited.
11. External paper data is based on reported volumes from known paper suppliers. This data excludes third-party provider, Wealth Wizards, Responsible Life Limited and Responsible Lending Limited.
12. Full time equivalent.
13. Cubic metres.

Footnotes for Streamlined energy and carbon reporting table

14. The operational reporting period is 1 January 2024 to 31 December 2024. However, the investment property reporting period is 1 October 2023 to 30 September 2024, due to the timing of data availability.
15. 2023 data for this metric has been restated due to errors identified and/or changes in methodology. For further information on these restatements, refer to page 32 of our 2024 Emissions Metrics Reporting Criteria (see page 34).
16. 2019 data for this metric has been restated due to errors identified and/or changes in methodology. For further information on these restatements, refer to page 32 of our 2024 Emissions Metrics Reporting Criteria (see page 34).

Our GHG emissions scopes

Emissions from our operations and value chain including our investments are classified into three scopes:

- **Scope 1:** Emissions resulting directly from our business activities, such as company cars and gas used in our buildings.
- **Scope 2:** Emissions resulting indirectly through the purchase of energy, such as through generation of the electricity we purchase to light and power our buildings.
- **Scope 3:** All other indirect emissions resulting from our business activities across our value chain, such as purchased goods and services, travel and waste. Emissions arising from our investments are also part of Scope 3 and we report these as our 'portfolio emissions' (see pages 44 to 45).

Non-financial and sustainability information statement

In accordance with sections 414CA and 414CB of the Companies Act 2006, which set the requirements for non-financial reporting, the table on this page is intended to provide our stakeholders with the content they need to understand our development, performance, position and the impact of our activities regarding specified non-financial matters.

Reporting requirement	Relevant policies and disclosures reference on website ¹	Annual Report and Accounts page
Environmental matters including climate-related financial disclosures	Our climate commitments	Chair's statement on pages 2 to 4 Playing our part on climate change on pages 30 to 48
Employees	Inclusion – Royal London	Group Chief Executive Officer's review on pages 5 to 7 Our colleagues on pages 22 to 23 Section 172 statement on pages 82 to 84
Social matters	Social impact	Chair's statement on pages 2 to 4 Business model on pages 10 to 11 Social impact on pages 24 to 25
Human rights	Modern Slavery Act – Royal London	Stewardship on pages 27 to 29 Section 172 statement on pages 82 to 84
Anti-bribery and anti-corruption		Risk overview on pages 65 to 67
Business model	Our business – Royal London	Business model on pages 10 to 11
Non-financial key performance indicators (KPIs)		Measuring our performance on pages 16 to 17
Principal risks and uncertainties		Principal risks and uncertainties on pages 68 to 72 Longer-term viability statement on page 73 Risk and Capital Committee report on pages 96 to 97

1. Policies, statements and codes are available at www.royallondon.com.

UK

Market overview

The UK workplace contract-based pensions market continued to grow, benefitting from employment rates remaining relatively high and employees receiving real pay increases. Enhanced transfer activity underpinned increased sales in the individual pensions market. However, as a result of the ongoing cost of living pressures for many, ad hoc and regular customer withdrawals from pension pots increased.

In October, consumer concerns increased around the security of access to tax-free cash through their pensions, based on speculation in the weeks running up to the Autumn Budget. This also contributed to higher levels of withdrawals across the market. However, a reduction in mortgage lending activity over the year led to the size of the individual protection market shrinking.

2024 continued to bring significant focus on delivering value for money in the advice market because of Consumer Duty requirements. Advisers, on balance, are positive about the Duty. At the same time, the increased requirements have led to a reduction in the average number of clients being served by advisers, as they have adjusted their business models to service clients while meeting the new regulation.

Industry research in the year suggested the advice gap – the number of people who are not receiving financial advice due to factors such as cost, accessibility, and lack of awareness – is increasing. This has been widely recognised for some time and, in December, the FCA set out its initial proposals for the Advice Guidance Boundary Review, which aims to support more customers in making more informed decisions when considering their financial needs.

At the same time, the pace of technological change and innovation designed to help increase customer financial understanding continues to accelerate across the industry. We continue to invest in systems to enable increased engagement with advisers and customers, alongside reducing barriers to customers building their financial resilience.

Highlights

Operating profit

£368m

(2023: £330m)

Present value of new business premiums

£10,507m

(2023: £9,023m)

Successful entry into the bulk purchase annuities market with three completed external buy-in transactions

Completed the Part VII transfer of Aegon UK's closed book of individual protection business, welcoming nearly

400,000

customers to the Group

UK awards

- Money Marketing Awards 2024: winner of Best Protection Provider of the Year and Provider of the Year
- Defaqto Pension Service Review 2024: recommended and most preferred pensions provider by advisers
- Corporate Adviser Awards 2024: Five Star service rating for Workplace Pensions
- MoneyAge Awards 2024: winner of Equity Release Lender of the Year (Responsible Lending / Royal London Equity Release)
- Benefits Guru 2024: Gold ratings for both Workplace Pension and Auto-Enrolment

Business performance

Strong new business growth across all our main product lines supported a significant increase in UK operating profit to £368m (2023: £330m). We saw increased levels of new business sales across both Workplace and Individual Pensions as well as Protection, with our workplace market share continuing to increase.

Customers and advisers benefitted from our ongoing focus on improving technology through enhancements to digital services and support. These improvements included the launch of a new contribution guidance tool and further enhancements to our pension consolidation service, helping to deliver a 39% increase in the number of workplace pensions transferring to Royal London in 2024.

We continue to focus on supporting customers to understand their savings, income and protection options. During the year we launched a series of retirement guidance journeys on our app to support our customers in making good retirement decisions. Throughout the year Royal London's Trustpilot score was over four out of five, reflecting the level of service provided for customers.

We track customer satisfaction through our Customer Value Statement (CVS) score across seven aspects that are important to customers (Communicate, Membership, Resolution, Be Personal, Pay Out, Investment and Reputation). Since 2020, when the measure was introduced, we have seen an 11 percentage point rise in customers who scored Royal London as 9 or 10 out of 10 across the seven measures to 43%, with a 3 percentage point rise since 2023.

Pensions

Our Workplace Pensions business grew over 2024, with new business sales increasing by 19%. Over the year we welcomed 966 new Workplace Pension scheme employers (4% up on 2023) and 240,000 new scheme members, in line with 2023. This reflects our continued investment in the Workplace offering, including the introduction of client management capabilities to support schemes and enhancing our communications offer, which has led to increased success in winning larger schemes and growth in sales. Our continuing growth was also supported by a significant increase in pension consolidation volumes. Our flagship Governed Range, where most Workplace Pension customers are invested, attracted net inflows of £3.2bn in 2024, building on the £3.2bn of net inflows in 2023, with AUM at 31 December 2024 rising to £72bn (31 December 2023: £61bn). Our Workplace AUM grew 24% over 2024 to £31bn, reflecting strong net inflows of £3.0bn and market growth.

During 2024, to support customers looking to consolidate their pension pots, we made further enhancements to our online pension transfer hub, including automating how requests are made to other providers, reducing turnaround times for customers. We have also reduced the time and effort to complete transfers by streamlining the process. An increasing number of customer requests are now made digitally via our mobile app, giving customers the opportunity to manage their pension savings in one place and simplifying how they plan for their future.

We continued to develop tools to help customers gain a better understanding of their financial position, building on the success of the Financial Wellbeing service launched the previous year. These included the introduction of our retirement income and lifestyle planner, and a calculator for customers to establish their pension lump sum allowance. Between them we have seen over 10,000 customers utilising these services.

We have launched 'voluntary scheme pays' for Workplace Pension schemes, allowing scheme members with an annual allowance charge to pay it from their plan. We have also developed video benefit statements for Workplace customers that provide a more creative digital representation of the information in paper statements, as we seek to support customers to build their understanding of their pension savings.

New business sales from Individual Pensions increased by 12% to £4,850m, with 26% growth in single premium transfers and non-advised drawdowns reaching £643m. We saw an improved tax year end, and higher sales pre-Budget, as customers sought to maximise their annual allowances. In December we launched our new online service for advisers. Digitised illustrations, client alerts, communications and digital drawdown capabilities are now available under the service.

Protection

The overall size of the Individual Protection market decreased as a result of lower mortgage sales. Our market share increased year on year as we continued to evolve and improve our offering. 99% of protection claims were paid out during 2024, providing £702m to over 61,000 customers and their families.

In July 2024, we completed the Part VII transfer of Aegon UK's closed book of individual protection business, with nearly 400,000 customers transferring to Royal London. We now support over 1.2 million advised protection customers and continue to build on the strength of our proposition and reputation in this area.

We have continued to focus on delivering good outcomes for customers throughout their lives. Nearly a quarter of a million customers are now registered on the My Royal London portal, enabling them to access valuable information to help them understand their plans and options. We have had a particular focus on ensuring that customers who are considering cancelling their policies understand the valuable benefits they could lose. This has led to many of them choosing to retain their policies and reduce their cover, instead of cancelling completely.

We also help advisers by notifying them when customers' premiums have stopped, to allow them to explore alternative options to support customers' financial resilience. Enhancements to our proposition in 2024 included a refresh of our Income Protection proposition, to enable more customers to have the right cover, online trust arrangements to include whole of life cover and, in an industry first, allowing people cohabiting together to be named as beneficiaries. We have also introduced improvements to enable more accurate pricing for ex-smokers and launched a new 'joint life second death' product – which provides a payout on the second person covered in a joint policy if they die or are diagnosed with a terminal illness – to support inheritance tax planning.

Annuities and Later Life

We finalised an internal bulk purchase annuity buy-in transaction in January 2024 to insure a subset of members of the Royal London Group Pension Scheme. Since then, we have continued to build our capabilities in this area, announcing our entry into the external bulk purchase annuity market on 30 September 2024. During the second half of the year, we completed three full scheme buy-in transactions with external pension schemes. In total, we transacted over £500m of bulk purchase annuity premiums over 2024, including £187m for external schemes. As the only mutual offering in the market, the launch has been well received, and we already have a good pipeline of business for 2025.

Our Individual Annuity proposition is available to longstanding customers invested in the Royal London (CIS) Fund with pension policies that have guaranteed annuity rates. The total new business volumes over 2024 were stable at £165m (2023: £162m), in line with expectations.

Following the completion of our acquisition of the later life lending and product specialists, Responsible Life Limited and Responsible Lending Limited, at the end of January 2024, we rebranded Responsible Lending under the Royal London brand as Royal London Equity Release.

Reflecting our belief that impartiality can benefit customers, our advice service, Royal London Equity Release Advisers, offers access to specialist whole-of-market advisers for equity release and other later-life lending products, such as retirement interest-only mortgages.

Longstanding customers

A key focus throughout 2024 for longstanding customers was on the Consumer Duty. As a result of the improvements we have delivered in recent years, we successfully met the requirements for closed books of business ahead of the 31 July 2024 deadline. We also established a new longstanding customer proposition team to deliver oversight and improvements.

As well as meeting Consumer Duty requirements, we have been improving our engagement with our longstanding customers. We have a strong focus on product and experience improvement and are committed to ensuring that our longstanding customer proposition evolves to continue to meet their changing needs.

Looking ahead

Changes announced in the UK Autumn Budget, such as bringing pensions under the inheritance tax regime, are a timely reminder of the value of independent financial advice. However, we recognise it is not affordable or accessible for all, so we continue to invest in financial guidance and embedding this into our digital tools and experiences. We also welcome the FCA's ongoing work to introduce 'targeted support' as another option for customers, bridging the gap between the guidance and full advice available today, to get the help they need. We believe that by developing digital tools, alongside continuing to invest in underlying technologies, we will help our customers and advisers to navigate short-term challenges, supporting the ability of our customers to build their financial resilience.

Asset Management

Market overview

For much of 2024, market focus was on high inflation across developed economies and the use of higher interest rates by central banks to combat these inflationary pressures. The year began with market expectations that inflation would fall sharply and that central banks would cut interest rates early and several times. These expectations changed as the year progressed, with inflation data generally higher than expected with central banks only starting to cut rates in the summer.

In the UK Institutional market we operate in, continued high interest rates coupled with actions taken post the LDI crisis in 2022 mean that many pension schemes have closed their funding gaps sufficiently to move to buy-out. The consequence of this is that asset managers such as RLAM lose directly managed assets as companies move to insured solutions. However, RLAM benefits from managing the assets for the Group's Bulk Purchase Annuities proposition. Further pooling within Local Government Pension Schemes announced by the government also poses additional risks to our business. As a result, we continue to diversify and grow our distribution capability outside the UK, seeking opportunities in established markets such as Australia.

Within the wider investment management sector, several longer running trends are still evident, including the move from domestic to globally focused strategies, increased allocations to private market assets and a preference for passive over active management in core asset classes. While the pace behind sustainable investing has slowed, clients remain interested in climate change and the journey towards net zero.

Investors are increasingly looking for personalised investment solutions rather than off-the-shelf products and are achieving this through developing deeper relationships with fewer managers. Our insurance heritage means we already offer solution-orientated products to our parent and consider ourselves to be in a prime position to externalise this capability.

Personalisation is also becoming key for all our clients across marketing engagement, the sales process, customer engagement and retention. Improving our client experience remains a key part of our plans and we intend to further invest in the technology which supports our client-facing functions.

1. Investment performance has been calculated for funds with a defined external benchmark on an equally weighted basis, by measuring the number of in-scope funds outperforming their three-year benchmark divided by the total number of in-scope funds and, on an AUM weighted basis, by using a weighted average of active assets under management. Benchmarks differ by fund and reflect their mix of assets to ensure direct comparison. Passive funds are excluded from this calculation as, whilst they have a place as part of a balanced portfolio, Royal London believes in the long-term value added by active management.

Highlights

Operating profit

£59m

(2023: £62m)

Group assets under management

£173bn

(2023: £162bn)

Three-year actively managed fund outperformance vs benchmark¹ (AUM weighted basis)

60%

(2023: 96%)

Three-year actively managed fund outperformance vs benchmark¹ (equally weighted basis)

81%

(2023: 89%)

Asset Management awards

- Pensions Age Awards 2024: Equities Manager of the Year
- Wealth and Asset Management Awards 2024: Asset Manager of the Year (over €100bn AUM) and Fixed Income Manager of the Year (up to €100bn AUM)
- Insurance Asset Risk Awards 2024: Responsible Investor of the Year – Asset Manager
- Global Business Magazine Awards 2024: Best Asset Manager UK
- Investment Week: Fund Manager of the Year – Jonathan Platt – Outstanding Fund Manager Achievement Award
- Alpha Manager: Mike Fox, Best Alpha Manager – Responsible
- AJ Bell Investment Awards 2024: winner in Ethical/Sustainable – Active category
- Pan Finance Awards 2024: Fund Manager of the Year – UK 2024



Business performance

Operating profit decreased in 2024 to £59m (2023: £62m). While revenues increased driven by strong markets, we have continued to build capability organically in our existing Real Estate business, where we are developing into alternative segments, and in our new Private Assets business.

Our strategy to expand in private markets has progressed well, with the recruitment of key personnel in 2024, and we expect to launch a range of new products and sub-strategies in 2025. While this requires a significant initial investment in capability, it further diversifies the business from our core liquid asset capability and increases fee margins in an increasingly fee constrained environment.

There were net external outflows in Global Equities of £4.3bn during the year following the departure of a number of members of the Global Equities team. While significant levels of AUM have been retained and we have successfully recruited new members of the team, there will be a full year impact on revenues in 2025 from the outflows during 2024. Our strategy to grow investment capabilities while focusing on delivering good outcomes for clients and providing outstanding customer service is unchanged, and there is no change to the investment approach which underpins our equity capabilities.

Our Property team has an established track record as a long-term investor in Real Estate and we have extended this with the purchase of our first natural capital asset, acquiring one of the UK's largest prime farmland assets for £260m. We also made the first investments into our UK Living strategy with the purchase of three sites in Bracknell, Slough and Barking, which will result in the provision of over 500 apartments.

Flows and funds

Delivering above-benchmark investment performance is central to our ability to attract and retain clients for the long-term success of the business. Investment performance of actively managed funds remains good with 60% (2023: 96%) outperforming their three-year benchmark on an AUM weighted basis over the three years to 31 December 2024. Consistent with previous years, this measure is calculated using a weighted average of active assets under management for funds with a defined external benchmark. The equally weighted measure, which measures the number of funds outperforming their three-year benchmark divided by the total number of in-scope funds, was 81% (2023: 89%). Peer rankings are positive for key open-ended investment companies (OEICs), with 64% (2023: 87%) of funds in the top two quartiles over the three-year period.

The Group's assets under management grew over the year to £173.4bn (2023: £162.3bn), driven predominantly by positive market movements of £12.1bn offset by net outflows of £1.0bn.

Net outflows over the year of £1.0bn (2023: net inflows of £4.2bn) comprised £2.4bn of external net outflows and £1.4bn of internal net inflows. Net flows were impacted by £4.3bn of external net outflows from Global Equities strategies. External net inflows across other strategies improved to £1.9bn (2023: £0.7bn) reflecting the benefits of our diversified capabilities and included net inflows into Property and Sterling Credit. Our Wholesale team also performed well in the year being the top active asset manager¹ in the UK for gross flows in this channel in 2024.

Internal net inflows increased to £1.4bn (2023: £0.9bn) driven by positive net Workplace Pensions inflows supported by the bulk purchase annuity buy-in policies transacted with the trustees of the Royal London Group Pension Scheme (RLGPS) in January and with other third-party pension schemes.

1. Source: The Pridham Report December 2024



Responsible investment

Our Asset Management business adopts a distinct approach to active management. As part of a customer-owned mutual, it is not driven by short-term shareholder demands. Instead, we prioritise our clients, focusing on long-term investment returns. We are committed to responsible investing. We believe that well-managed companies make better long-term investments. Being trusted stewards of our clients' assets has been central to our history and will continue to be vital in our future. This aligns with Royal London's strategic goals which naturally support a strong responsible investment ethos.

We believe that effective responsible investment benefits society and yields better results for our investors. Recognising the opportunities in this area, we are committed to evolving our approach, investing in our people and infrastructure to contribute to a sustainable world. For example, we applied a low-carbon and governance tilt strategy to our £5.6bn¹ Emerging Market equities fund in December. Most of the assets are within RLMIS portfolios, with the solution expected to reduce our carbon exposure.

However, we also acknowledge the limitations of our influence, which is why we believe transparency is essential in our messaging to customers, clients and society.

Looking ahead

As a predominantly UK business, expanding our distribution capability and improving client experience is key to future growth. We will make further investments in technology in our client-facing functions following the successful implementation of the BlackRock Aladdin investment management technology platform in 2023 and will extend our ability to service overseas clients, for example in Australia where we have assets under management of £2bn.

We will also continue to invest for the longer term in new capabilities to support the insurance business and external clients. This ongoing investment will be funded by the profits of the existing business over the next two to three years but will support further growth in the future.

1. As at 31 December 2024

Ireland

Market overview

The economy in Ireland remained strong in 2024, with Modified Domestic Demand, a measure of underlying Irish economic performance, showing growth of just over 3%. The Irish government implemented a number of cost of living benefits which, when coupled with reductions in inflation and cuts in European Central Bank (ECB) interest rates, were positive for consumers.

Economic growth had a positive impact on the overall life assurance market in Ireland, for both protection and pension business product lines in which Royal London Ireland is active. Financial brokers, the only distribution channel used by Royal London Ireland, continue to retain the largest share of the market.

Business performance

2024 was another successful year for our business in Ireland, delivering a 29% growth in new business sales to £297m. Our continuing new business growth across Protection and Pensions, combined with lower investment costs as the development of our Pensions proposition concluded, resulted in operating profit doubling to £10m (2023: £5m).

The strength of our holistic Protection offering, aided by launching a range of service and customer-centric product enhancements, meant we retained our position as the largest provider of protection to financial brokers, but by mid-year had also grown to become the largest provider of protection in Ireland overall.

Our Pensions business, which was launched in September 2022, has seen positive progress throughout 2024 and in November we launched the next phase of our Pensions business in Ireland, a regular premium Personal Retirement Savings Account (PRSA), which was built using insights gained from broker and consumer research. To support its launch, we ran a nationwide advertising campaign on national and local radio, local press and online, encouraging people to contact a financial broker for independent financial advice.

Highlights

Operating profit

£10m

(2023: £5m)

Present value of new business premiums

£276m

(2023: £230m)

New regular premium pension launched

Ireland awards

- Brokers Ireland Excellence Awards 2024: winner of Overall Financial Services Excellence, Service Excellence, Excellence in Broker Support and Protection Provider Excellence awards
- Irish Pensions Awards 2024: winner of the Innovation Award
- bonkers.ie Awards 2024: Best Mortgage Protection Provider
- Irish Mortgage Advisors Awards 2024: winner in Protection Relationship and Service Provider category





Protection

Protection new business sales for 2024 were £188m (2023: £179m). We remained focused on delivering service excellence and proposition enhancements, which included improvements to our Specified Serious Illness offering. This now offers coverage for 112 illnesses, including 13 new cancer-related partial payments, which are more than those offered by any other provider in the Irish market. We were able to deliver these developments without any impact on our price positioning. We also made improvements to our product that combines Specified Serious Illness covers with Mortgage Protection, adding dual and conversion options, based on broker and customer insight and feedback.

As a result, we have seen an increase in brokers placing new business for these product lines with us and continue to see positive activity through other Protection product propositions, which allow customers and their families to protect themselves and build their financial resilience.

In July, we added a new Protection portal for customers, enabling them to receive their policy documents online rather than through the post. As well as helping to make things more convenient for customers, this also supports efforts within our business to reduce paper use.

In 2024, we paid out 98% of claims, £49m in total. Our Helping Hand service continued to offer additional support by providing access to nurse advisers, counselling and other valuable services.

Pensions

Throughout 2024, we continued to work with financial brokers to highlight the strength of our Pensions product, fund, service and technology offering, as we reach our second full year operating in the pensions market. In May 2024, we announced our second ValueShare award, the Ireland equivalent of ProfitShare, resulting in a boost to customers' policies with an uplift of 0.13% for all those eligible. ValueShare is unique in Ireland and demonstrates the tangible benefits of our mutuality.

The strength of our proposition is recognised and we increased the number of brokers supporting us by 78% in 2024, helping to grow sales volumes for our Approved Retirement Fund (ARF) and Personal Retirement Bond (PRB). As a result, our Pensions new business sales more than doubled to £109m (2023: £51m).

In November 2024, we launched the second phase of our Pensions business in Ireland through the introduction of our PRSA, designed to provide a regular premium product that offers flexibility for customers. It is suitable for a range of people, from the self-employed to a company director or employees who are not members of a company pension scheme.

We worked closely with financial brokers to design our PRSA and PRSA AVC products and to develop the pricing model, fund offerings, personalised service, and features, like ValueShare. Initial feedback from brokers has been extremely positive given the additional choice provided to their clients.

Looking ahead

The Irish life and pensions market continues to be driven by enhanced digital journeys and an expanded range of solutions. We remain a firm advocate of the benefits of independent financial advice and are focused on delivering the best possible outcomes for customers and brokers. We are committed to continuing to deliver outstanding customer service while enhancing our Protection and Pensions offerings to meet customers' evolving needs.

Financial review



“

Group operating profit before tax for the year ended 31 December 2024 increased to £277m (2023: £249m), supported by a growing book of in-force business and increased new business contribution across all our main product lines.”

Daniel Cazeaux

Group Chief Financial Officer

Group operating profit before tax for the year ended 31 December 2024 increased to £277m (2023: £249m), supported by a growing book of in-force business and increased new business contribution across all our main product lines. Strong growth in Workplace Pensions due to a rise in both transfer volumes and the number of new schemes won helped new business contribution grow overall by 14% to £209m. This was also supported by our successful launch into the bulk purchase annuities market.

Asset Management contribution increased by £3m driven by one-off fees received for new mandates and increases in average AUM due to market growth despite overall net outflows. Whilst gross inflows increased by £1.9bn, supported by net inflows within our Wholesale business and Property strategies, there were overall net outflows for the period of £1.0bn, primarily driven by £4.3bn of net external outflows in our Global Equities strategies.

ProfitShare for the year totalled £181m (2023: £163m), with underlying allocation rates maintained at prior year levels, again demonstrating our consistent approach to sharing returns with eligible customers.

The transfer to the fund for future appropriations (FFA) was £167m (2023: £382m), with positive economic movements largely offset by ProfitShare allocations. These results demonstrate our ability as a mutual to deliver consistent and sustainable returns for our members, while also taking a longer-term view and continuing to invest in our future capabilities.

Our capital position remains robust with an estimated Solvency II Investor View capital cover ratio of 203% (31 December 2023: 218%) with our hedging programmes continuing to operate as intended. The reduction is mainly driven by changes to the level of equity hedging, as we seek to manage the capital position within our capital management framework. The estimated Solvency II Regulatory View capital cover ratio decreased to 196% (31 December 2023: 206%).

Group operating profit before tax

The following table shows the Group operating profit before tax for the year ended 31 December 2024. Further details of the Group's segmental reporting is included in note 2 of the financial statements.

	2024 £m	2023 £m	Change £m
Long-term business			
New business contribution	209	184	25
Existing business contribution	289	236	53
Contribution from AUM and other businesses	81	84	(3)
Business development and other costs	(54)	(40)	(14)
Strategic development costs	(71)	(61)	(10)
Amortisation of intangibles	(17)	(6)	(11)
Result from operating segments	437	397	40
Corporate items	(73)	(63)	(10)
Financing costs	(87)	(85)	(2)
Group operating profit before tax	277	249	28

New business contribution

New business contribution increased to £209m (2023: £184m) due to an increase in trading volumes across our key businesses, with new business sales increasing on a present value of new business premiums (PVNBP) basis by 17% to £10,804m (2023: £9,253m). We saw a 19% increase in Workplace Pensions due to a rise in both transfer volumes and the number of new schemes won. Sales of Individual Pensions also grew by 12%, driven by an increase in volumes in our Income Release product. New business sales were further boosted by our entry into the bulk purchase annuities market, delivering £187m of sales in the second half of the year. Overall, new business margin reduced slightly to 1.9% (2023: 2.0%).

	New business contribution		PVNBP		New business margin	
	2024 £m	2023 £m	2024 £m	2023 £m	2024 %	2023 %
Individual Pensions	66	65	4,850	4,346	1.4	1.5
Workplace Pensions	85	71	4,459	3,753	1.9	1.9
Protection	27	23	846	760	3.2	3.0
Bulk Purchase Annuities	7	–	187	–	4.0	–
Individual Annuities and other	11	14	165	164	6.6	8.5
UK	196	173	10,507	9,023	1.9	1.9
Ireland	13	11	297	230	4.3	4.8
Total	209	184	10,804	9,253	1.9	2.0

UK

Individual Pensions new business sales increased by £504m to £4,850m, driven by increased volumes in our non-advised Income Release proposition, with non-defined benefit single premium transfers performing well. While the growth in Income Release volumes resulted in a slight decrease in new business margin to 1.4%, overall new business contribution increased to £66m (2023: £65m).

Workplace Pensions saw growth in new business sales of 19% due to increased transfer volumes, partly due to an increasing number of customer requests through our mobile app, combined with growth in the number of new schemes won during the year by 4%. This resulted in an increase in new business contribution to £85m (2023: £71m), with margins maintained at 1.9%.

Protection new business sales increased by 11% with higher volumes across our whole of life, menu and funeral plan propositions, with increased volumes within our large case proposition. New business margin increased to 3.2% due to the change in product mix, which resulted in new business contribution increasing to £27m (2023: £23m).

Following our launch into the bulk purchase annuities market during the second half of 2024, we have successfully transacted with three external pension schemes, generating new business sales of £187m at a new business margin of 4.0%. Both current and prior year metrics exclude the impact of bulk purchase annuity buy-ins transacted with the Group's defined benefit pension schemes.

Individual Annuities and other new business sales were £165m (2023: £164m). New business contribution decreased to £11m (2023: £14m) due to increased acquisition costs resulting in margins declining to 6.6% (2023: 8.5%).

Ireland

New business sales grew to £297m (2023: £230m), primarily through increased Pensions sales of £109m (2023: £51m) as we continue to build market share since the launch of the proposition in 2022. Protection new business sales were £188m (2023: £179m) as we maintained our position as the market leader in the Irish intermediary market. New business contribution increased to £13m, while new business margin decreased to 4.3% (2023: 4.8%) reflecting the continued growth of the Pensions business.

Existing business contribution

Existing business contribution increased to £289m (2023: £236m), summarised in the table below.

	2024 £m	2023 £m	Change £m
Expected return	255	194	61
Experience variances and assumption changes	(9)	28	(37)
Modelling and other changes	43	14	29
Total	289	236	53

Expected return for the year increased by £61m due to the growth in the investment portfolio during 2023, meaning there were higher surplus assets at the start of 2024, and enhancements to the calculation methodology, partially offset by a small overall reduction in risk premia.

Experience variances and assumption changes continued to be relatively benign overall with a charge of £(9)m (2023: gain of £28m). This includes the positive impact of higher than expected Workplace Pensions premiums received during the year which was more than offset by a charge for persistency assumption changes, particularly in respect of expectations over the assumed level of pension transfers as

customers consolidate their pension pots. The expense assumptions have also been updated to take account of the higher levels of National Insurance Contributions from April 2025 announced in the Autumn Budget.

Modelling and other changes were a gain of £43m (2023: £14m) as part of ongoing activities to ensure our actuarial models remain as reliable as possible.

Contribution from AUM and other businesses

Contribution from AUM and other businesses decreased to £81m (2023: £84m). Our Asset Management segment delivered a £3m increase due to market growth and higher performance fees, offset by the impact of net outflows in Global Equities following the departure of a number of members of the Global Equities team in the first half of the year. Contribution from our Asset Management businesses is expected to be lower in 2025 as a result of the full year impact on revenues of the Global Equities outflows in 2024 and the ongoing build of new capabilities which will support further growth in the future.

The contribution from our other businesses reduced following the sale of the general insurance and healthcare elements of the Police Mutual business in February 2024 and the investment we are making into our Equity Release propositions following our acquisition of the remaining stakes in Responsible Life Limited and Responsible Lending Limited.

Business development and other costs

Business development costs increased to £54m (2023: £40m) as we continued to strengthen our propositions in our UK and Asset Management segments. In the UK we have continued to focus on enhancing our Pensions and Protection propositions and delivering the changes required by Consumer Duty for our longstanding customers. Asset Management has invested in new propositions and capabilities in addition to continuing to invest data and technology.

Strategic development costs

Strategic development costs of £71m (2023: £61m) represent the costs of ongoing investment we are continuing to make across our businesses. This includes £58m of costs in our UK business (2023: £40m) including the development of our Bulk Purchase Annuity capabilities and the continuing investment into our Pensions propositions with the launch of the new online service for advisers incorporating streamlined 'quote and apply' functionality. Other costs in the UK include investments into our underlying Protection systems. Asset Management costs of £8m (2023: £15m) relate to the decommissioning of legacy platforms following the successful implementation of the BlackRock Aladdin investment management technology platform in 2023. Costs in Ireland include the final phase of the development of our Pensions proposition of £5m (2023: £6m).

Amortisation of intangibles

Amortisation of intangibles relates to capitalised software assets which became available for use in the second half of 2023, resulting in a higher charge than the prior year.

Corporate items and financing costs

The net charge for Corporate items of £73m (2023: £63m) includes costs arising from strengthening the Group's operational resilience, investment in our data capabilities, regulatory change costs and defined benefit pension scheme items.

Financing costs of £87m (2023: £85m) represent the interest payable on the Group's subordinated debt and have increased due to the higher interest costs of the RT1 debt issued in May 2023 as compared to the previous Tier 2 debt that was repaid.

Reconciliation of operating profit before tax to transfer to the FFA

The transfer to the FFA of £167m (2023: £382m) was lower than our operating profit as positive economic movements were more than offset by ProfitShare allocations and tax.

	2024 £m	2023 £m	Change £m
Group operating profit before tax	277	249	28
Economic movements	179	391	(212)
Charges arising from mergers and acquisitions	(15)	(10)	(5)
ProfitShare	(181)	(163)	(18)
Profit before tax and before transfer to the fund for future appropriations	260	467	(207)
Tax attributable to long-term business	(93)	(85)	(8)
Transfer to the fund for future appropriations	167	382	215

Economic movements

Economic movements include short-term investment return variances from our longer-term expected return assumptions on the surplus assets of the Royal London Main Fund and the impact of changes to economic assumptions used to value liabilities. This amount therefore includes the impact on the FFA of market value movements and interest rate changes over the year.

During 2024, economic movements were a gain of £179m (2023: £391m). This gain was mainly driven by changes to economic assumptions used to value liabilities, primarily due to the increase in risk-free rates over the year of between 70 and 90bps depending on duration, partially offset by investment returns being slightly below our longer-term expected return assumptions.

Charges arising from mergers and acquisitions

Charges arising from mergers and acquisitions comprises amortisation of goodwill and other gains or losses arising from corporate transactions, including the sale of the general insurance and healthcare elements of Police Mutual to Bspoke Group, the acquisition of the remaining stakes in Responsible Life Limited and Responsible Lending Limited during the year and adjustments in respect of prior acquisitions.

Responsible Life is a later life mortgage broker, while Responsible Lending is a later life mortgage lender. The consideration payable for the transaction was an initial £12m, plus up to an additional £11m based on subsequent business performance. This resulted in the recognition of goodwill of £18m which is now being amortised.

ProfitShare

ProfitShare represents an allocation of part of the Group's profits by means of a discretionary enhancement to asset shares and unit fund values of eligible policies.

ProfitShare allocation rates for 2024 were maintained, with total ProfitShare for the year increasing to £181m (2023: £163m). The enhancements to qualifying policies from ProfitShare were 1.2% for existing With Profits policies taken out prior to 2022 and 0.3% for With Profits policies taken out subsequently (2023: 1.2% and 0.3% respectively). Unit-linked policies received an enhancement of 0.15% (2023: 0.15%).

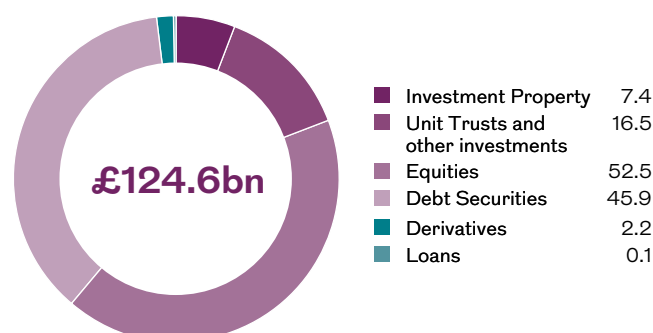
Balance sheet

Royal London's balance sheet position is robust. Our total investment portfolio increased in value to £124.6bn (31 December 2023: £113.7bn), as a result of net internal flows and increases in fair value primarily in equity and bond asset classes. At 31 December 2024, £1,818m of assets were ring fenced (31 December 2023: £1,347m) to back annuitant liabilities net of reinsurance of £1,748m (31 December 2023: £1,279m). The ring-fenced portfolio of assets continues to grow as our Bulk Purchase Annuities proposition builds scale and it includes a mix of corporate bonds, gilts, cash, commercial real estate loans and private placement debt. We expect to add additional asset classes to the ring-fenced portfolio over the course of 2025.

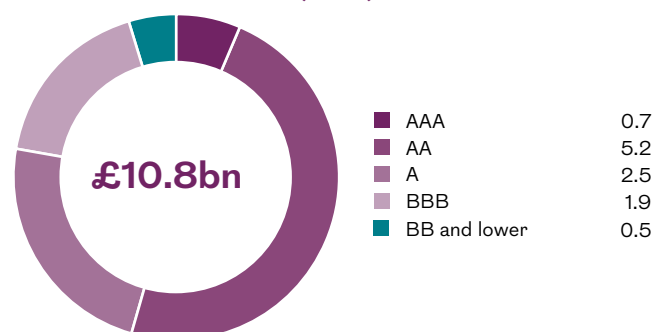
Our financial investment portfolio remains well diversified across a number of financial instrument classes, with the majority invested in equity securities and fixed income assets.

A significant portion of our debt securities portfolio is in high-quality assets with a credit rating of 'A' or above. In our non-linked portfolio, 78% (31 December 2023: 77%) of our non-linked debt securities and 69% (31 December 2023: 68%) of our non-linked corporate bonds had a credit rating of 'A' or better at 31 December 2024. There have been no significant defaults in our corporate bond portfolio.

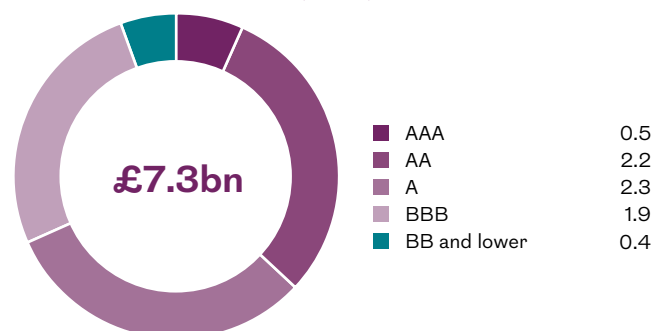
Investment portfolio: 31 December 2024 (£bn)



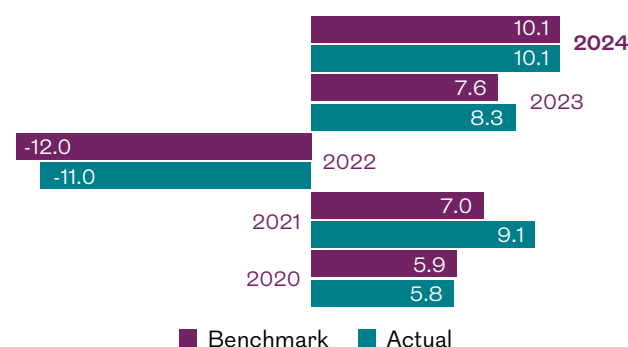
Non-linked debt security portfolio: 31 December 2024 (£bn)



Non-linked corporate bonds: 31 December 2024 (£bn)



Royal London Main Fund With-Profits performance (%)



Assets under management

Assets under management (AUM) increased to £173bn (31 December 2023: £162bn), driven by positive market movements of £12bn offset by net outflows of £1bn.

	Gross inflows		Net inflows/(outflows)	
	2024 £m	2023 £m	2024 £m	2023 £m
External flows	20,280	20,187	(2,432)	3,308
Internal flows	11,545	9,717	1,395	895
Total	31,825	29,904	(1,037)	4,203

External net outflows were £2.4bn (2023: £3.3bn net inflows) which were impacted by £4.3bn of net outflows from Global Equities strategies, as compared to net inflows of £2.7bn during 2023. Net inflows from other strategies totalled £1.9bn (2023: £0.6bn), including £0.4bn into our Property strategies and £1.4bn into Sterling Credit.

Internal net inflows increased to £1.4bn (2023: £0.9bn) driven by positive net Workplace Pensions inflows and the bulk purchase annuity buy-in policies transacted in the year.

Investment returns

Equity markets continued to rise over 2024, ending the year close to all-time highs following consecutive years of double-digit returns. The S&P 500 index gained over 25% on the year, with a small number of large technology stocks responsible for a significant portion of the overall market gains, a trend which accelerated in the fourth quarter following the US election.

Although there were two rate cuts in the UK during the year, these largely only impacted short-dated gilts, with longer equivalents rising, due to inflation not decreasing as expected and higher issuances than expected. As a result, UK 30-year gilt yields ended the year at 25-year highs, bringing overall returns into negative territory. However, corporate bonds produced positive returns, more than offsetting the negative impact of higher gilt yields with the higher yield available on this asset class.

In this environment, the overall return on assets in the RL Main Fund was 5.1% in 2024.

Pension schemes

The Group operates three defined benefit pension schemes. The net surplus of the three schemes at 31 December 2024 was £164m (31 December 2023: £177m). The largest scheme, the Royal London Group Pension Scheme (RLGPS), had a surplus of £108m as at 31 December 2024 (31 December 2023: £121m). The scheme remains well funded, with high levels of hedging within the scheme and relatively low allocations to growth assets.

The Group's two other schemes operate for former Royal Liver employees. The Royal Liver UK and Royal Liver Ireland schemes are similarly well funded and had surpluses as at 31 December 2024 of £23m and £33m respectively (31 December 2023: £23m and £33m).

On 31 January 2024 the trustees of the RLGPS Scheme transacted a bulk purchase annuity buy-in policy with RLMIS, covering approximately 18% of liabilities related to the scheme, following the full buy-in of the Royal Liver UK scheme in 2023.

Strength of our capital base

The strength of our capital base is essential to our business, both to ensure we have the capital to fund further growth and to give peace of mind to our customers that we can meet our commitments to them.

Managing our capital base effectively is a key priority for us. In common with others in the industry, we present two views of our capital position: an Investor View for analysts and investors in our subordinated debt, and a Regulatory View where the closed funds' surplus is excluded as a restriction to Own Funds.

We review our capital management framework regularly, although we would not expect the ranges we manage our capital within to change frequently. On an Investor View basis, we manage the solvency coverage ratio (the investor ratio) within an acceptable range, the lower end of which is 165%. In practice, we expect to operate with an investor ratio above 180% under normal circumstances. Given the business is managed for the benefit of its members on a long-term basis, the level of the investor ratio of the business may be higher to provide flexibility for future investment in the business.

The capital position of the closed fund is managed on a standalone basis. We expect the Regulatory View solvency coverage ratio to be above 150% under normal circumstances.

At 31 December 2024, the estimated Solvency II Group Investor View capital cover ratio was 203% (31 December 2023: 218%) and the estimated Solvency II Group Regulatory View capital cover ratio was 196% (31 December 2023: 206%). Estimated solvency surplus on both the Group Investor and Regulatory View was £2,745m (31 December 2023: £2,880m).

The reduction in both Regulatory and Investor View cover ratios is mainly driven by changes to the level of equity hedging which reduced both ratios by 8%, as we seek to manage the capital position within our capital management framework. In addition, the capital ratio includes the effect of changes in the short-term asset mix of the funds over the year end and the initial capital strain from writing bulk purchase annuities. We expect the investor ratio to reduce gradually over the short term as we write more bulk purchase annuity business and continue to invest in additional capabilities.

We continue to monitor closely our capital position given market volatility and wider global economic pressures. Scenario testing performed as part of our regular capital management activities demonstrates that our capital position continues to be robust under a number of severe but plausible market scenarios.

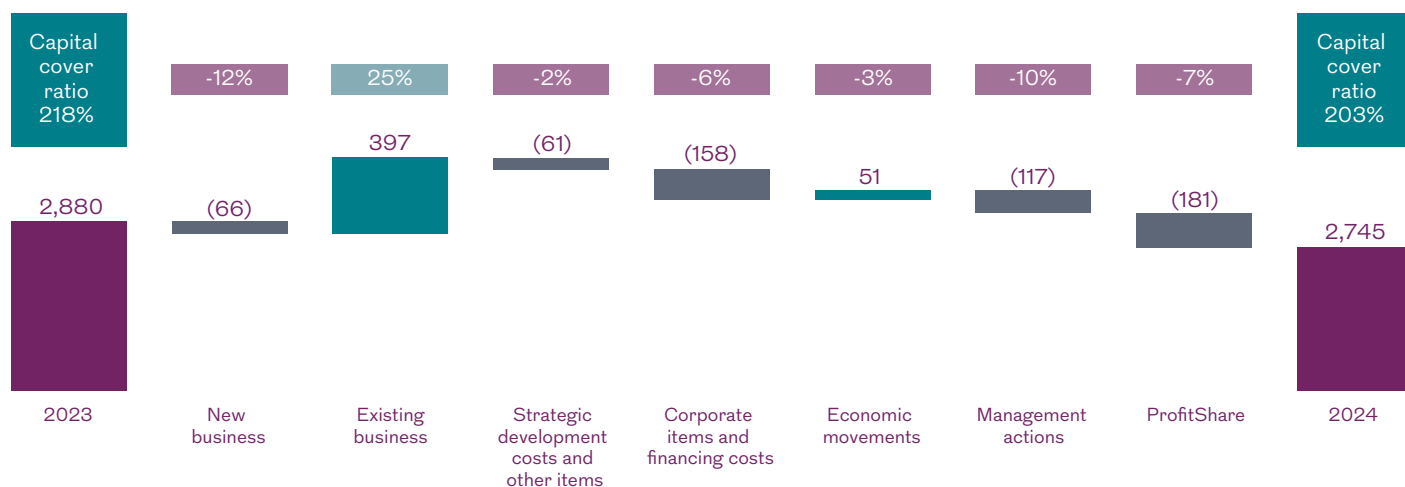
The estimated Solvency II leverage ratio¹ is 22% (31 December 2023: 22%), with the level of outstanding debt unchanged over the year.

1. Solvency II leverage ratio is the Solvency II value of the Group's outstanding debt (which is entirely subordinated liabilities) divided by the Group's estimated Solvency II Own Funds (Regulatory View)

Capital position and key Solvency II metrics (31 December 2024 is estimated and unaudited)

Group basis	Investor View £m	Closed funds £m	Regulatory View £m
Tier 1	4,164	2,187	6,351
Tier 1 (restricted)	399	–	399
Tier 2	846	–	846
Tier 3	11	2	13
Total Own Funds	5,420	2,189	7,609
Closed funds restriction	–	(1,996)	(1,996)
Tier 3 Own Funds restriction	(6)	–	(6)
Adjusted Own Funds	5,414	193	5,607
SCR	2,669	193	2,862
Solvency surplus – 31 December 2024	2,745	–	2,745
Solvency surplus – 31 December 2023	2,880	–	2,880
Capital cover ratio – 31 December 2024	203%	–	196%
Capital cover ratio – 31 December 2023	218%	–	206%

Movement in Group Investor View solvency surplus (£m)



Sensitivity analysis of Group Solvency II capital position

Our capital position is sensitive to changes in economic and non-economic assumptions. The 'Solvency II Investor View sensitivities' table on the following page sets out a sensitivity analysis of the estimated capital cover ratio and solvency surplus based on possible different scenarios. The results of the sensitivity analysis show that the Group capital position is not materially impacted even in the event of significant external market volatility.

The 2024 Single Group Solvency and Financial Condition Report (SFCR) will be published on our website in April 2025 and will meet disclosure requirements for both the Group and the Company.

Scenario ¹	Investor View capital cover ratio (%)	Impact on solvency surplus (£bn)
Base scenario: 31 December 2024	203	2.7
25% decrease in equity investments	6	(0.1)
15% decrease in property prices	(1)	(0.1)
100bps rise in interest rates ²	3	–
100bps fall in interest rates ²	(5)	(0.1)
25bps increase in government bond yields ³	(1)	–
200bps widening in credit spreads ⁴	3	–
20% of assets downgrading in MA Portfolio ⁵	(1)	–
15% fall in GBP exchange rates ⁶	(3)	–

1. Sensitivities include movements in the Transitional Measure on Technical Provisions (TMTP), which was formally recalculated at 31 December 2024. The sensitivities do not include any subsequent rebalancing of the asset portfolio.

2. Interest rate sensitivities assume that government and other bond yields and risk-free rates all move by the same amount. Interest rates are allowed to be negative.

3. The government bond yield sensitivity assumes risk-free rates and other yields remain constant. The Matching Adjustment rate and Volatility Adjustment have been reassessed in the stressed scenario.

4. The widening in credit spreads stress assumes a widening in all ratings and an associated increase in the discount rate for the Royal London Group Pension Scheme and Royal Liver pension schemes at 25% of the asset spread stress. The Matching Adjustment rate and Volatility Adjustment have been reassessed in the stressed scenario.

5. The 20% assets downgrade scenario assumes a uniform downgrade across all asset class holdings in the Matching Adjustment (MA) portfolio, with no recovery in asset holdings. The MA rate has been reassessed in the stress scenario.

6. The fall in GBP exchange rates stress assumes an increase to the value of assets held in currencies other than GBP by 15% in GBP terms.

Solvency II reform

Following the changes to the Solvency II risk margin at 31 December 2023, further changes have been implemented by the PRA to reform Solvency II reporting over 2024. The changes from the reform should allow capital to be used more effectively, while continuing to ensure that customers are protected and providing simplification to processes for insurers in key areas such as Internal Model change and reporting.

Over 2024, we have implemented changes linked to the MA portfolio to allow for more granular assessments of credit ratings and the removal of the cap applied on sub-investment grade assets. We have also reviewed the fundamental spread used to calculate the MA to ensure it reflects all retained risks. None of these changes are material given our current MA portfolio and the assets which we hold.

Rating agencies

Two leading agencies, Standard & Poor's (S&P) and Moody's, regularly issue ratings on us. We carry an 'A' rating from S&P Global Ratings with a stable outlook and an 'A2' rating with Moody's, also with a stable outlook.

Tax

We are a major taxpayer and recognise that taxation is an essential way businesses and citizens contribute to society.

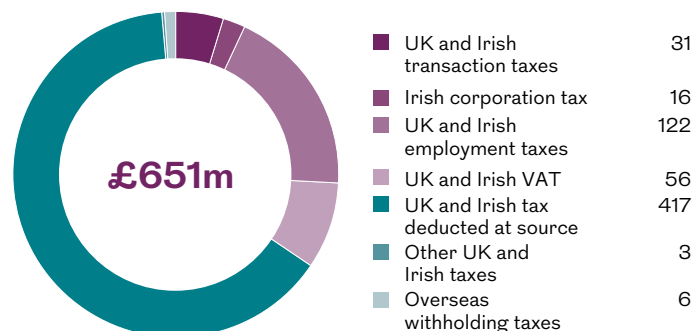
We are subject to various taxes, including corporate taxes, employment taxes on salaries and indirect taxes such as VAT. The corporation tax that the Company pays is a proxy for policyholder tax liabilities, paid on behalf of certain life assurance policyholders. For these life policies, tax is

charged on taxable income, less expenses, and is largely driven by market movements. This tax is paid directly to HMRC by the Company as corporation tax on behalf of policyholders.

For pension policies, returns to the policyholder accumulate without incurring a similar corporation tax charge. This is part of the UK government's strategy of incentivising saving for retirement. Tax is paid directly by the pension policyholder when they receive their pension.

In 2024, the total tax contribution of the Group was £651m (2023: £566m), made up of the taxes borne of £132m (2023: £92m), that are taxes incurred by the Group that impact our results, and taxes collected of £519m (2023: £474m), that are administered by the Group and collected from others for onward payment to HMRC and other tax authorities.

Tax contribution by Royal London (£m)



Risk overview



“

Our approach to managing risks is dynamic. This allows us to respond to rising or new exposures, evaluate threats or opportunities, and ensure that our strategy remains reflective of the evolving environment in which we operate.”

Dr James McCourt

Group Chief Risk Officer

Overview

The Group faces a range of financial, operational and conduct risks. Proper identification of these risks enables us to take necessary measures to mitigate their effects. This approach supports us in delivering positive outcomes for customers, expanding our business and complying with regulatory requirements. Our risk management framework is essential in this process as it equips us with the tools to handle these risks. I lead a second-line Group Risk and Compliance (GR&C) function, which manages the organisation's risk management system and independently monitors and challenges business risks.

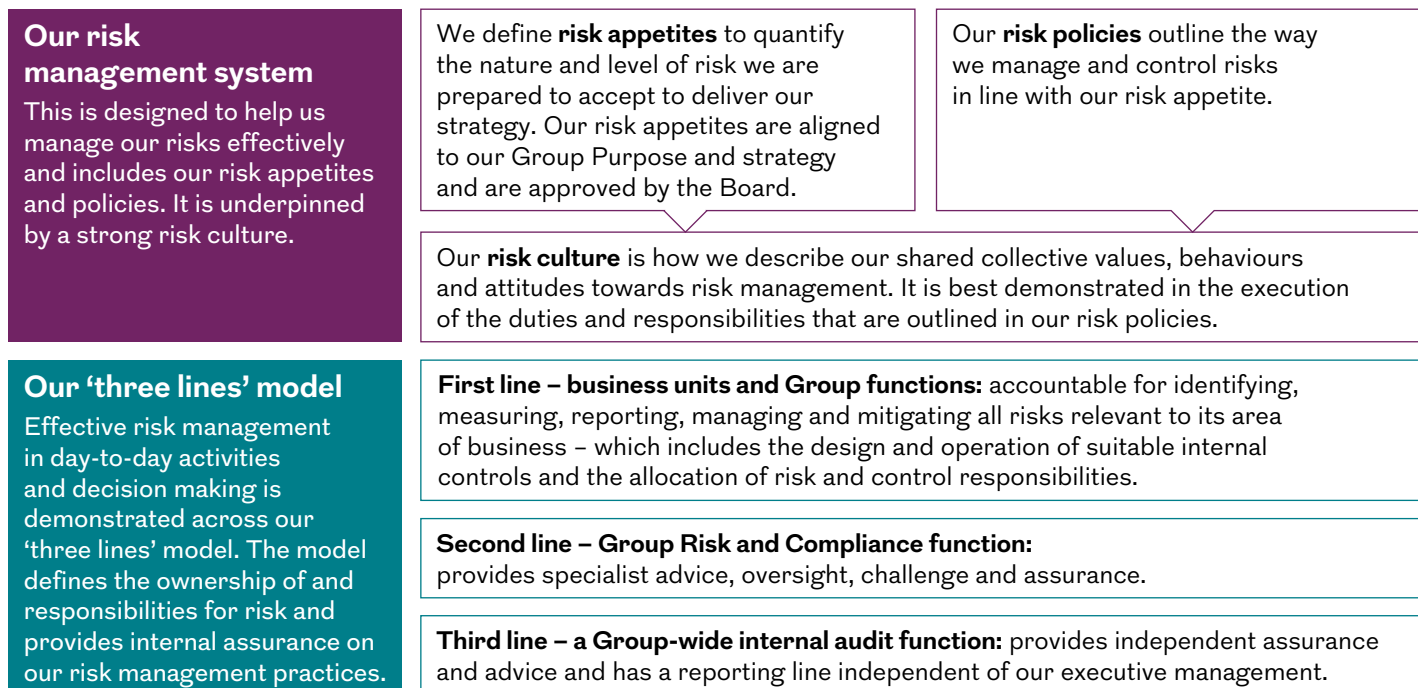
The Board holds ultimate responsibility for the Group's risk management and internal control systems. The Board determines the strategy, preferences and appetite limits for handling risks affecting the Group. I provide the Group Executive Committee and Board with a well-informed and insightful risk assessment that aids in decision making.

Our approach to managing risks is dynamic. This allows us to respond to rising or new exposures, evaluate threats or opportunities, and ensure that our strategy remains reflective of the evolving environment in which we operate.

In 2024, GR&C oversaw the implementation of Consumer Duty rules and principles for Royal London's closed book. Additionally, GR&C provided oversight and assurance of Royal London's key strategic initiatives, including the safe entry into the bulk purchase annuities market. My team also supported the full acquisition of Responsible Life Limited and Responsible Lending Limited and the safe integration of Aegon's UK individual protection business.

The Group has established committees that formally oversee risk reporting to the Board. These committees provide valuable insights and challenge perceptions on material risks, aiding the Group in managing them effectively and ensuring they remain within defined limits.

Our risk management approach



The Group’s risk governance structure



We define and manage our accountabilities for all roles in line with the SMCR requirements.

Group risk appetite framework

Our risk appetite framework is a key element of our overall risk management system and consists of three components:

1. The risk strategy

The strategy, along with risk preferences, defines the risks we aim to take or avoid in the pursuit of our business objectives. It also sets the boundaries within which our risk appetites operate.

2. Risk appetite statements

These explain how much risk we are prepared to be exposed to, and why, in relation to each risk category outlined in the risk strategy.

3. Risk metrics

The metrics help to measure the amount of risk we are exposed to against risk appetite. Each metric is designed to provide an early warning of when we are approaching our risk appetite limits.

High-level risk appetite categories

The risk appetite statements and metrics are constructed around the five high-level risk appetite categories below, which are considered core to our business:

Capital

We will maintain a strong and credible capital position supported by good-quality assets.

Liquidity

We will maintain an appropriate mix of assets in terms of their type, duration and liquidity in order to meet liabilities as they fall due. We retain sufficient liquidity to retain customer and member confidence, even in foreseeable but extreme scenarios.

Insurance

We will apply strong insurance risk management disciplines for new and existing business.

Strategic

We will deliver on a strategy that is aligned with our Purpose and responds to our operating environment.

Operational

We will operate strong controls to limit as much as possible harm to our customers, damage to our reputation or adverse impacts on our capital position. We will make risk-based decisions that are aligned to our Purpose and strategy.

Anti-corruption and Anti-bribery

We are committed to the highest standards of:

- governance, personal and corporate ethics
- compliance with all laws and regulations
- integrity and honesty in dealings with employees, customers, suppliers and other stakeholders.

We have a Financial Crime Policy, which sets out the framework for managing crime arising from bribery and corruption, fraud, money laundering and market abuse. A Financial Crime team operates within our GR&C function to monitor adherence to this policy.

We screen our policyholder, employee and supplier databases on a regular basis against the sanctions lists issued by the US, EU and UK governments to ensure compliance with applicable laws and regulations. We also screen the databases against relevant politically-exposed persons and adverse media lists, to identify higher-risk situations and meet our regulatory obligations.

Internal Model

Our PRA-approved Internal Model enables us to measure the financial and operational risks to our business.

This activity ensures we hold sufficient capital to cover those risks. Our integrated risk and capital management processes enable effective risk-based decisions using strong capital modelling and internal controls.

The Board's review of our system of internal control

The Board is responsible for the system of internal control as well as for reviewing its effectiveness. Throughout the year, the Board reviewed the Group's risk management system and internal control system effectiveness. This ongoing review continued to consider matters arising up to the approval date of our 2024 Annual Report and Accounts.

The Board's review covered material business, financial and risk management controls. This evaluation involved challenging reports to the Board, Risk and Capital Committee and Audit Committee, and documents prepared during the year-end process.

It has been challenging to make progress on cyber security given a rapidly evolving risk environment, and the Board recognises that an acceleration of control improvements is required to keep pace with external threats and progressively reduce the risk profile. Cyber security and IT controls will continue to be strengthened in 2025 and the Board will maintain a strong focus on this area.

In addition, the Board has focused heavily on the Group's approach to managing the delivery of its change agenda, and on the second line function's capacity, skills and expertise to oversee Royal London's business-as-usual activity and strategic ambitions.

Principal risks and uncertainties

This section summarises our Group’s principal risks and uncertainties, and details how we identify, manage and monitor them. It also provides an assessment of the Group’s change in risk exposure since our 2023 Annual Report and Accounts.

The Risk and Capital Committee reviews the principal risks and uncertainties annually in advance of the publication of our Annual Report and Accounts. It also considers any material changes ahead of the publication of our interim report.

Specifically, new and evolving external factors will change the nature of the risks to which we are exposed. In the last few years, we have seen significant new risks emerge, notably the Covid-19 pandemic, the wars in Ukraine

and the Middle East, and the accelerated developments in artificial intelligence and threats to cyber security. These factors have all played a part in creating a complex economic environment which may result in:

- changes in consumer behaviour, reduced business volumes, and volatility in investment values and profitability across our industry
- a rise in fraudulent activities and cyber crime
- further changes in mortality and persistency.

These specific risk themes are considered across our principal risks and uncertainties, with appropriate mitigation action in place to safeguard our business and customers.

Climate change

Climate change has the potential to affect the Group across multiple risk categories. For example, it is important that we:

- appropriately manage climate-related impacts on market risk
- develop or modify propositions in line with changing government or regulatory policy and/or market sentiment
- effectively report our response to climate change to meet evolving disclosure requirements
- transparently communicate the progress we have made toward delivery of our climate commitments, including associated dependencies and limitations.

The Group is also exposed to a range of other financial, strategic and operational risks relating to climate change.

i Further details of the risks and opportunities that climate change poses to our business is included on pages 35 to 39

Mitigation and management

Our approach to managing climate risks is outlined in detail on pages 35 to 39. In 2024, we refined the Group’s climate risk appetite statement and improved our climate risk reporting to increase internal visibility of climate risk management across the Group. We updated the analysis of climate change scenarios in our Own Risk and Solvency Assessment (ORSA) exercise and continued to build internal skills to identify, assess and mitigate climate-related risks.

We developed our policymaker engagement plan to support our climate commitments and enhanced our Group-wide Responsible Investment and Stewardship Policy, which replaces the previous Stewardship and Engagement Policy.

Additionally, we established a Sustainability and Stewardship Delivery Group, comprised of Group-wide senior leaders, focused on the delivery and development of our climate strategy. Further, we continued to develop our Climate Transition Plan over 2024, detailing the actions we expect to take to progress our climate strategy and the potential impact on our business and customers.

Change

The need for collective and urgent action to mitigate climate risks remains a priority. Several factors across the external landscape are converging now to drive an increasing level of exposure to climate-related risks, such as the anticipated actions of, and potential for fracturing consensus among, global policymakers.

The UN’s Intergovernmental Panel on Climate Change has highlighted the increasing likelihood of compounding and complex adverse impacts of climate change:

“Every increment of global warming will intensify multiple and concurrent hazards.”

In this context, scrutiny of companies’ resilience to climate risks and progress toward climate targets is increasing. There is greater regulatory and commercial pressure for transparent transition planning.

Our ongoing activities include the development of our Climate Transition Plan, reflect our continued commitment to manage climate risks and support a sustainable future.

Through our management of climate risks, we continue to seek to withstand associated impacts to our capital position and strategy.

The economy and Royal London's key markets

Changes in market conditions can affect the Group's capital position, profitability and long-term investment performance. The economic environment can be influenced by:

- geopolitical conditions, including international unrest and war between nations
- government actions, including sanctions and trading restrictions
- inflationary pressures and corresponding monetary and fiscal policy
- intervention by central banks and regulators
- market and sector sentiment.

Impacts on the Group's key markets can be driven by:

- changes in the distribution landscape, such as adviser consolidation, advisers developing in-house solutions and advisers evolving back-office technology
- changing socio-economic trends, including customers wanting to deal with providers directly, make transactions using a mobile app, and heightened data security concerns
- competitor pressure applied through pricing, innovation and operational efficiency.

Economic and market movements present both opportunities and challenges to our business model.

Mitigation and management

We regularly monitor exposures by risk class and consider possible risk concentrations. We measure these with reference to counterparty exposure limits. This enables us to evaluate scenarios where we may be exposed to asset and liability values moving differently. This in turn allows us to have a good understanding of the impact these exposures may have on our risk profile.

We complete regular reviews so that we develop strategies and operational capabilities. These evaluations enable us to consider current and future changes in markets, and consumer and adviser behaviour.

We monitor our product range and market position regularly through analysis of policyholder experience and business volumes. This helps us to re-price and develop new products dynamically in response to changes in demand.

We also monitor changes that affect consumer behaviour through our emerging risk profile.

We evolve our strategy to differentiate our products in our chosen markets, while continuing to deliver good outcomes to our customers.

Change

Inflation has fallen but remains higher than the UK government's target. In addition, the ongoing wars in Ukraine and the Middle East continue to amplify economic instability.

The Bank of England continues to warn consumers that elevated interest rates, relative to those prevailing for the past decade, can be expected to persist for at least the next two years. This will remain as a dampening factor to economic growth in the UK. This is continuing to manifest in cost of living challenges for our UK customers.

The prospects of higher interest rates compared with recent years remain. We will continue to monitor the impact of external markets and global political issues on our business.

Key



Increased risk



No change



Decreased risk

Changing political and regulatory environment

Changes to the political and regulatory environment in which we operate can affect our business in several ways. These can adversely impact:

- the prospects for financial markets and the UK economy
- our ability to deliver change
- our reputational, operational, conduct and financial position if we fail to keep pace with regulatory developments
- how we develop and distribute new propositions and administer and deal with contracts sold in the past.

Mitigation and management

We continually evaluate the effect that political and regulatory changes have on our business and the markets we operate in. This allows us to develop propositions that are compliant with regulations, continue to deliver good outcomes for our customers and meet the needs of distributors.

Our customer outcomes framework is in place, alongside an associated proposition process designed to deliver good outcomes for our customers.

We continue to have representation on industry bodies, including senior committees of the Association of British Insurers and Investment Association, and respond to consultations on regulatory changes.

We analyse external factors that could adversely impact our business model. These include potential regulatory changes to how value for money is assessed for workplace pensions and pure protection products. We also seek to influence the course of political and legislative issues in a way that we consider to be in the best interests of our customers.

Change



Changes in government and policy can impact the financial services industry. In 2024, the UK political landscape experienced a shift, with the move to a Labour government. Cost of living challenges persist and inflation, while continuing to fall, remains higher than government targets.

The Consumer Duty has set higher and clearer standards of consumer protection and requires firms to put their customers' needs first and safeguard against foreseeable harm. Regulated firms will continue to experience an increased level of engagement with the FCA as a result of these strengthened requirements.

There are also ongoing changes regarding the future regulatory framework, including those in relation to the structure of authorised funds, climate disclosures, the continuing Advice Guidance Boundary Review and the development of pensions dashboards. We remain an active participant in industry discussions around these reforms to manage the current pace of legislative change safely.

Maintaining operational resilience

A range of internal or external events could lead to the disruption or failure of our core processes and operational capabilities. Such events have the potential to be detrimental to outcomes for customers, and cause reputational damage and/or operational loss.

Significant external change could impact the ability of our organisational capabilities to adapt to operational changes. These external changes could relate to our markets, or the regulatory and legislative landscapes. This could also result in future ineffective organisational delivery and potential remediation activity.

Cyber security threats present a persistent risk to the Group's data and systems. Disruptive attacks, such as ransomware, are a lucrative revenue source for criminals. There is an increasing risk from nation state attacks, particularly as the war in Ukraine exacerbates geopolitical divisions.

In line with other large financial services organisations, we have several material relationships with third parties. Operational disruption, or degradation to the services supplied by those third parties, could affect our ability to deliver good customer outcomes.

Mitigation and management

The Board regularly reviews our strategic and operational plans. Specific change programme monitoring and reporting is carried out at a project, programme, portfolio and strategic level. We use a dashboard of management information to make risk-based decisions and prioritise and allocate resources. Our most significant strategic transformation and change programmes have multiple levels of assurance built into their internal management and governance. Where appropriate, we work with specialist external partners to further strengthen this oversight.

We continue to invest in our security systems to strengthen them beyond our core controls and reduce vulnerabilities. Our security is proactive, with advanced monitoring, prevention and testing. Cyber security awareness is a key part of our training, with exercises and testing of effective security culture. As part of this, we perform several stress test exercises and continue to review and test cyber risk developments regularly.

Our management of potential risk exposures from outsourced services is to ensure that our customers do not face an increased level of risk. We have a framework for the governance and oversight of outsourcer and supplier arrangements. This includes policies and processes to oversee third parties, and the escalation of risks and issues to the relevant risk committees. Material outsourcing arrangements may only be entered into with the prior approval of the Board.

Change

Continued increase in the inherent risk of cyber-attacks due to the evolving capabilities of external threats, and the increase in volume of activity.

The ongoing war in Ukraine has increased the threat of nation state-sponsored cyber-attacks. All industry sectors continue to see a marked and persistent increase in ransomware attack activity since the war began. As such, we continue to focus on our cyber resilience and remain on a heightened state of alert. We also regularly assess our cyber resilience posture, using intelligence from the National Cyber Security Centre and other sources.

Our change programmes continue to have appropriate governance and oversight to monitor and manage this risk. We have also strengthened our response capability to deal with unexpected disruption in 2024.

Overall, our outsourcing and geopolitical risks continue to be managed through our framework. However, increasing cyber threats are also heightening the risks to outsourcers' security. As our outsourcers represent targets for cyber criminals, we have taken steps to enhance our assessment process of their approach to cyber threats.

Key

⬆ Increased risk

➡ No change

⬇ Decreased risk

Maintaining our financial strength

Failure to appropriately manage our risks could adversely impact our financial position, long-term viability and our ability to meet our ongoing financial obligations. These obligations include meeting customer liabilities and resourcing the business sufficiently to deliver our strategy and comply with regulatory requirements. The financial risks that we are exposed to include:

- materially understating our reserves or our assessment of capital requirements following regulatory or legislative changes, or shifts in long-term trends in factors such as mortality, lapse rates and expenses
- an increase in our funding commitments for defined benefit pension schemes
- failure or default of one or more of our counterparties
- the use of assumptions that are subsequently proven to be wrong, resulting in a significant financial correction.

Mitigation and management	Change
We use our experience to assess and set prices for known risks and ensure that reserves are appropriate. Stress and scenario testing underpins the calculation of reserves. It also assesses the appropriateness of key assumptions to a combination of extreme events. If actual claims experience is less favourable than we envisage, our reinsurance arrangements will mitigate significantly. We assess the ability of the business to withstand ‘severe but plausible’ financial scenarios as part of our longer-term viability statement on page 73. We also assess the ability of our hedging programmes to ensure the stability of our capital position through periods of market volatility. We monitor our financial strength through our risk management framework, acting as appropriate across our risk profile. Additionally, our internal Pensions team supports trustee boards to identify, assess and implement initiatives to reduce risk in our defined benefit schemes. We govern our third-party contracts with strict service-level agreements. To manage counterparty risk, we also report on limits in respect of investments.	Instability and uncertainty remain within the external market and have been driven by adverse experiences such as tightening monetary policy and negative returns in equity and property markets. Rising interest rates have also led to increased collateral calls, testing the Group’s liquidity and collateral arrangements. Additionally, potential changes in future customer behaviour have presented additional areas of adverse experience that we have considered. These include changes in future life expectancy, the cost of administration, risks arising from the Group’s data and processes and the impact of new regulations from bodies such as the FCA and PRA. However, the Group continues to maintain a robust capital and liquidity position. This position remains resilient under various market stresses and scenarios.

Emerging risks

We define an emerging risk as a threat or opportunity that could emerge from the external environment. The potential impact of these risks is not fully known. They can create new exposures or increase our existing exposure to known principal risks and uncertainties.

Throughout the year we review the Group’s emerging risks and assess how these could affect our strategy and existing risk profile. These assessments are formed through input from strategic risk owners and subject matter experts from across the business. The profile incorporates risks that could affect our strategy now and emerging drivers that could impact on our strategy in the future. Once identified, the risks are managed in line with our emerging and strategic risk management framework and monitored at our Emerging and Strategic Risk Forum. Our strategic and emerging risk profile is

regularly reviewed by our Group Executive Risk Committee. Examples of emerging risks that are kept under close watch include:

- additional escalation of the conflicts in Ukraine, the Middle East and/or regions of influence, resulting in a significant shift in global geopolitics
- shifts within the distribution landscape which may influence consumer behaviour and potentially lead to poor customer outcomes
- possible risks that generative artificial intelligence might present to society, weighed against the numerous benefits it could offer
- an acceleration in industry discussions and anticipations regarding nature and biodiversity
- intergenerational disparities lead to a growing reliance on the working population to sustain an ageing, non-working demographic.

Longer-term viability statement

The assessment process

Our risk appetite framework is fundamental to monitoring and maintaining our continued viability. It sets out that we will maintain a strong and credible capital position that is robust even in severe but plausible circumstances. This is supported by effective liquidity management that protects our customers in periods of volatility.

The Group's prospects are assessed primarily through its strategic and business planning process, which is led by the Group Chief Executive Officer, and involves all major functions and business units. The Board undertakes a robust review and challenge of the strategy and assumptions, in particular through stress and scenario testing which considers the impact of economic and business-specific risks. Under all these scenarios, Royal London has sufficient excess assets to cover its Solvency II capital requirements, and sufficient liquidity.

The Board continues to carefully consider the impacts on the Group capital and liquidity position of wider macroeconomic factors, including from the ongoing geopolitical tensions in Ukraine and the Middle East. Our hedging strategy has ensured that our capital position has remained robust, despite market volatility. Increased collateral calls driven by increases in interest rates have been managed within the Group's existing liquidity and collateral arrangements, and the Board continues to ensure that the management of this risk is robust. A wide range of potential changes in future customer behaviour is also considered, with management actions available to mitigate against the plausible extreme scenarios identified. The risk surrounding the development of these and other significant external events is set out in the 'Principal risks and uncertainties' section on pages 68 to 72.

The directors have no reason to believe the Group will not be viable over a longer period, but they consider the three years up to 31 December 2027 to be the period during which they can form a reasonable expectation of the Group's longer-term viability because uncertain future changes in the economic, technological and regulatory environment make it more challenging to forecast for any longer period. Three years is within the period covered by the Group's business plan.

Approach to stress testing

As part of our business planning and ORSA processes, the directors have considered a range of scenarios. Each scenario is designed to be severe but plausible, and to take account of the availability and likely effectiveness of potential mitigating actions that management could carry out to avoid or reduce the impact. These scenarios include:

- a range of sensitivity analyses and stress tests over key economic, insurance and operational risks, for example, adverse impacts from financial markets, significant counterparty failure or changes to the wider insurance market. As part of the scenarios, the impacts of Royal London's hedging strategy in mitigating some of the effects is considered

- stress testing the business plan, as part of the Group's ORSA process, for adverse scenarios impacting profitability, liquidity and/or solvency. For example:
 - scenarios considering key insurance risks, such as potential changes in future customer behaviour, future life expectancy and cost of administration
 - operational risks arising from the Group's data and processes
 - regulatory changes
 - a wide range of economic scenarios (adverse and favourable), including a tightening of monetary policy, falls in both interest rates and inflation with significant negative returns in both equity and property markets in the short term
 - impacts from credit downgrades and/or defaults on assets backing bulk purchase annuities
 - the effects of climate change on economic and insurance risks.

The scenarios are often a combination of stresses resulting in a severe aggregate outcome. In determining the final impacts of the scenario, viable management actions to restore the Group's solvency position are also considered. In considering the effectiveness of such actions, the conclusions of the Board's regular monitoring and review of risk and internal control systems are taken into account.

Reverse stress tests have also been conducted, which identify scenarios that may lead to the failure of the business model. The combinations of events required to cause failure of the model are extremely severe, and consequently are so remote that they are not considered to affect the directors' expectations of the Group's longer-term viability.

Viability statement

Based on their robust assessment of the principal risks and uncertainties facing the Group and the stress testing-based assessment of the Group's prospects described above, the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation, and meet its liabilities as they fall due, over the period to 31 December 2027.

Going concern

The directors are satisfied that the Group has adequate resources to continue in business for at least 12 months from the date of approval of the financial statements. Therefore, the directors consider it appropriate to prepare the financial statements on a going concern basis, as explained in note 1 (a) to the financial statements on page 131.

The Strategic report on pages 2 to 73 was approved by the Board and signed on its behalf by:

Barry O'Dwyer
Group Chief Executive Officer
6 March 2025



Governance

Statement of compliance with the UK Corporate Governance Code

Given its mutual status, the Company is not required to comply with the 2018 UK Corporate Governance Code (Code). Nevertheless, during 2024, the Board continued to believe that it should apply the principles and provisions of the Code, which you can read at www.frc.org.uk, as the benchmark for its corporate governance framework and governance reporting to stakeholders. Certain of the Code's provisions require linking executive remuneration to long-term shareholdings and engagement with and provision of information to shareholders. As the Company does not have shares or shareholders, these provisions have been adapted to cover, and have been met through, investment in units managed by the Company and engagement with and provision of information to members. On this basis the Company has continued to comply with the principles and provisions of the Code.

With respect to our approach to Provision 5, the Code suggests three methods for engagement with the workforce and allows companies to adopt alternative arrangements. The Board has opted for bespoke engagement mechanisms and considers these to be effective. All directors have taken responsibility for engagement with the workforce. This engagement is facilitated through a number of forums, which provide feedback and opinions that are reported to the Board during the year, and also in Board members' direct participation in live colleague engagement sessions alongside the executive. You can read about our bespoke approach on page 22.

Governance framework

The Board has established a governance framework which is closely aligned to the Group's Purpose and strategy, enabling the Board to have effective oversight of the Group.

Board

The Board acts in accordance with the responsibilities defined for it within the Company's Articles of Association, all relevant laws and regulations, and corporate governance and stewardship standards – overseeing the effective delivery of the matters specifically reserved for decision by the Board in its terms of reference. It is responsible for promoting the long-term sustainable success of the Group in a manner that seeks to generate value for its members while taking account of the interests of its stakeholders, the impact it has on the environment, and its contribution to wider society. The Board has established committees and has delegated authority to them to consider and make recommendations to the Board on important issues of policy and governance, as set out in their respective terms of reference, which are available at www.royallondon.com.

The Board sets the Group's strategy and objectives in line with its Purpose and monitors implementation of these by the Group's executive, while overseeing the maintenance of the Group's effective systems of risk management and controls.

The separation of responsibilities between the Chair, the Group Chief Executive Officer, the Senior Independent Director and the non-executive directors ensures that no single individual has unfettered decision making powers.

Chair

Leads the Board to ensure it functions effectively, while encouraging open debate, constructive discussion and decision making, and is the Board's principal spokesperson.

Group Chief Executive Officer

Leads the day-to-day management of the Group, within authorities delegated by the Board, to meet its Purpose and to implement the Group's strategy and objectives – in line with ethical and regulatory standards, and while ensuring an inclusive culture and strong values are in place.

Non-executive directors

Participate fully in the Board's decision making and provide advice, support and challenge to the Group Chief Executive Officer and senior management, as appropriate.

Senior Independent Director

Supports and acts as a sounding board for the Chair and is available to act as an intermediary for stakeholders and other directors.

Audit Committee

Supports the Board in overseeing the Group's financial and regulatory reporting, financial controls, and internal and external audit arrangements.

 **Read the report on pages 87 to 91**

Remuneration Committee

Supports the Board in determining and implementing the Group's Remuneration Policy and the compensation of key senior management.

 **Read the report on pages 102 to 104**

Disclosure Committee

Supports the Board in the announcement and publication of key market and member information, and financial and regulatory information.

Risk and Capital Committee

Supports the Board in managing the Group's risk and capital position and in complying with prudential and conduct regulations.

 **Read the report on pages 96 to 97**

Investment Committee

Supports the Board in managing financial investments held as principal, in a manner that is consistent with the Company's Investment Philosophy and Beliefs.

 **Read the report on pages 100 to 101**

Nominations and Governance Committee

Considers and recommends the appointment of members of the Board and committees, as well as certain subsidiary directors and senior executives, and ensures the Group is managed to high standards of corporate governance.

 **Read the report on pages 92 to 95**

With Profits Committee

Advises the Board in considering the interests of policyholders with an entitlement to a share in the profits of the Group and on the achievement of fair treatment of those policyholders. The committee operates in accordance with the requirements of the FCA's Conduct of Business Sourcebook, section 20.5.

 **Read the report on pages 98 to 99**

Independent Governance Committee

Acts independently of the Board to assess the ongoing value for money provided by the Group to its Workplace Pension and Investment Pathway customers. The committee operates in accordance with the requirements of the FCA's Conduct of Business Sourcebook, section 19.5.

 **More details are available at www.royallondon.com/IGC**

Group Executive Committee

Supports, in accordance with the designated SMCR roles of its members, the Group Chief Executive Officer in the day-to-day management of the Group's business and affairs.

Our Board



Isabel Hudson
Chair, Independent Non-Executive Director

Skills and experience

Isabel Hudson has extensive financial services experience spanning insurance, pensions and regulation, and has held non-executive roles in the telecommunications and house building sectors. Her previous appointments include independent designated non-executive director of BT Group plc, Senior Independent Director of RSA Insurance Group plc, and Chair of the National House-Building Council. Prior to these appointments, she served as non-executive director on the boards of Phoenix Group Holdings (Jersey), Standard Life plc, QBE Insurance Group Ltd. (Australia), Marine And General Mutual Life Assurance Society and The Pensions Regulator.

External appointments

Isabel is currently a non-executive director and Chair of the Audit Committee at AXA SA. She is also Chair of The Guide Dogs for the Blind Association, and is an ambassador for the disability charity SCOPE. Since December 2023, she has been a non-executive director of ISC Group, a global not-for-profit organisation that champions equal representation for women in insurance.



Tim Tookey
Senior Independent Director

Skills and experience

Tim Tookey is a chartered accountant with deep experience in major retail financial services organisations and has extensive board experience. His former appointments include Chief Financial Officer of Quilter plc (previously known as Old Mutual Wealth Management Limited) and Chief Financial Officer at Friends Life Group Limited, a position he held from 2012 until the sale of the business to Aviva in April 2015. In addition, he was Group Finance Director of Lloyds Banking Group from 2008 to 2012, having been Deputy Group Finance Director when he joined the bank in 2006, as well as Finance Director of Prudential plc's UK business and Group Finance Director at Heath Lambert Group. More recently, he served as a non-executive director of Nationwide Building Society, including as Chair of its Risk Committee, until his retirement from the board in July 2022.

Tim was appointed Senior Independent Director on 1 January 2024.

External appointments

None.



Barry O'Dwyer
Group Chief Executive Officer

Skills and experience

Barry O'Dwyer is an actuary with extensive financial services experience in the UK and Ireland. He began his career at Standard Life in 1988, when it was a mutual. In 2008, he moved to HBOS and, shortly afterwards, to Prudential UK & Europe, where he became Deputy Chief Executive Officer. He returned to Standard Life in 2013, where he became Chief Executive Officer of Standard Life's platform, pensions and savings businesses. He joined the board of Standard Life plc in 2017. Following Standard Life plc's merger with Aberdeen Asset Management, he was the head of Standard Life Aberdeen plc's UK business, before joining Royal London in 2019.

External appointments

Barry is currently a member of the board of the Association of British Insurers and a non-executive director of Coop Exchange Limited.

A	Audit Committee	NG	Nominations and Governance Committee	WP	With Profits Committee
D	Disclosure Committee	R	Remuneration Committee		Chair of committee
I	Investment Committee	RC	Risk and Capital Committee		Member of committee

**Daniel Cazeaux**

Group Chief Financial Officer

Skills and experience

Daniel Cazeaux is a chartered accountant. From 2008 to 2020, he was a partner at KPMG in the UK, where he led global client teams delivering audit services to UK and global insurance companies, as well as advising on finance change programmes and transactions. In his time at KPMG, he also performed executive secondment roles into finance functions of large UK insurers, which enabled him to develop deep-rooted specialist and commercial expertise in the financial services industry. He currently serves as a director of Royal London Insurance Designated Activity Company, Royal London's business in Ireland.

External appointments

None.

**Kal Atwal**Independent
Non-Executive Director**Skills and experience**

Kal Atwal is a strategy leader with international experience in start-up, scale-up, fintech and digital businesses. She began her career at Ernst & Young on placement in Madrid, after which she held a number of operational and strategic roles with Southern Derbyshire Chamber and Northcliffe Media Ltd. She joined BGL Group when the company took over Bennetts, the motorcycle insurance business, where she held the position of Managing Director. She then became the founding Managing Director of comparethemarket.com, a division of BGL. Until late 2023, she was also a non-executive director of WH Smith plc, Admiral Financial Services Limited and SimplyCook Limited.

External appointments

Kal is currently a non-executive director at Whitbread plc, where she is a member of the Remuneration and Nomination Committees, and OSB Group, where she is a member of the Group Remuneration and People Committee. She is also the Chair of FunkyPigeon.com, a subsidiary of WH Smith plc.

**Baroness Ruth Davidson PC**Independent
Non-Executive Director**Skills and experience**

Baroness Davidson has extensive experience in politics, leading the Conservative Party in Scotland and playing key roles in the referendum campaigns surrounding Brexit and Scottish independence. A regular attendee at political cabinet, she was a key adviser to two prime ministers on constitutional issues. She was appointed to the Privy Council in 2016 and joined the House of Lords in 2021 as Baroness Davidson of Lundin Links. Before entering politics, she was a news and current affairs journalist across print, radio and television primarily with the BBC. Until recently, she was a trustee of the HALO Trust, a board member of The John Smith Centre for Public Service at the University of Glasgow and a member of the Scottish Branch of the Commonwealth Parliamentary Association.

External appointments

Baroness Davidson is currently a non-executive director of Scottish Rugby Limited and the food manufacturer W.A. Baxter & Sons. She currently serves on the board of The Royal Edinburgh Military Tattoo Limited and is an ambassador for the HALO Trust, where she previously served as a trustee. In addition, she co-presents the political podcast 'Electoral Dysfunction' for Sky News.



Jane Guyett CBE
Independent
Non-Executive Director

Skills and experience

Jane Guyett has extensive knowledge and experience of financial markets and corporate governance in the UK and globally. She has held senior roles with Bank of America Merrill Lynch in London and New York, which included serving as Chief Operating Officer (EMEA and Asia) of the Global Markets Group and sitting on the board of Bank of America Securities. She was previously a non-executive director of Kelliher Insurance Group Limited, UK Financial Investments Limited and UK Government Investment Limited.

External appointments

Jane is currently an independent non-executive director of LCH Limited, Banque Centrale de Compensation SA, Paris, and Hiscox Group, Chair of Connect Plus (M25) Limited, and a member of BDO LLP’s Public Interest Committee and Business Oversight Committee. She was awarded a CBE in 2021 for services to the UK economy.



Eithne McManus
Independent
Non-Executive Director

Skills and experience

Eithne McManus is a chartered enterprise risk actuary and an experienced non-executive director in the life and pensions industry. During her executive career, she was Chief Executive of City of Westminster Assurance, having previously acted as Chief Financial Officer and UK actuary. She has since held non-executive directorships at a number of organisations such as Countrywide Assured, CASLP Limited and LGPS Central (as asset manager). Eithne has a strong affinity with the mutuals sector, having served as a non-executive director of UIA Insurance (a mutual insurer). She also has a deep understanding of With Profits, chairs the With Profits Committee at Countrywide Assured and was previously an independent member of the With Profits Committee at the Prudential Assurance Company.

External appointments

Eithne is currently a non-executive director at Countrywide Assured plc, SCOR Ireland DAC and Alban Actuarial Solutions Ltd.



Pars Purewal
Independent
Non-Executive Director

Skills and experience

Pars Purewal is a chartered accountant and the Chair of Royal London Asset Management Holdings Limited and Royal London Asset Management Limited. He retired as a senior partner of PwC after a career of over 37 years, including 10 years as PwC’s UK Asset Management leader. He has deep experience of asset management, gained through providing audit and advisory services at PwC. Following his retirement from PwC, he served on the boards of directors of Brewin Dolphin Holdings plc and Federated Hermes Limited. Until May 2024, he chaired the board of trustees of the Beyond Food Foundation and resigned as a non-executive director of Temple Holdings Limited in July 2024.

External appointments

Pars is currently an independent non-executive director of The Law Debenture Corporation plc, Chair of its Audit and Risk Committee and a member of its Nomination and Remuneration Committees. He is also an independent non-executive director of Finsbury Growth & Income plc.

A Audit Committee
D Disclosure Committee
I Investment Committee

NG Nominations and Governance Committee
R Remuneration Committee
RC Risk and Capital Committee

WP With Profits Committee
 Chair of committee
 Member of committee



Mark Rennison

Independent
Non-Executive Director

Skills and experience

Mark Rennison is a chartered accountant with extensive experience of working both with and for large financial services organisations. He was Chief Financial Officer at Nationwide Building Society for 12 years and, prior to that, worked at PwC for more than 25 years, including 12 years as a partner in its banking practice. Until 2023, he served as a non-executive director of both TSB Bank plc and TSB Banking Group plc. He is a former member of the Bank of England's Prudential Regulation Authority Practitioner Panel and a former Chair of UK Finance's Financial Risk and Policy Committee. Until July 2024, he was a non-executive director at Homes England, where he chaired the Investment Committee and Home Ownership Committee and served on the Audit and Risk Committee and the Change Committee.

External appointments

Mark is currently a non-executive director of NatWest Holdings Limited, National Westminster Bank plc and The Royal Bank of Scotland plc.



Nicky Richards

Independent
Non-Executive Director

Skills and experience

Nicky Richards has extensive experience of business and investment leadership from her executive and non-executive careers. She is the former Global Head of Equities and member of the Group Management Committee at Schroders plc, where she spent 20 years of her executive career. She was also Group Chief Investment Officer at Fidelity International for four years, and Chief Executive Officer and Chief Investment Officer of MLC Asset Management for two years. Her non-executive experience includes being a non-executive director of RWC Partners Limited. While affiliated to Schroders, she chaired the RWC Partners (Redwheel) board between 2016 and 2020, and remains on the board in a non-executive capacity after stepping down as Chair.

External appointments

Nicky is currently a non-executive member of the Investment Sub-Committee of King's College London.

2024 Board and committee meeting attendance

The following table lists the directors who served during the reporting year and up to the date of signing of this Annual Report and Accounts, as well as their respective dates of appointment and, where relevant, resignation. In 2024, the Board and its committees met both regularly and on an ad hoc basis, as required by business needs. Below is each director's attendance at the Board meetings, and the committee meetings of which they are a member. Directors who are unable to attend a meeting are provided with the supporting papers in advance and have the opportunity to provide comments.

Director name	Appointed to Board	Resigned from Board	Board	Audit Committee ¹	Nominations and Governance Committee	Risk and Capital Committee	With Profits Committee ²	Investment Committee ³	Remuneration Committee
Isabel Hudson⁴	10 February 2025		–	–	–	–	–	–	–
Tim Tookey	6 April 2020		9/9	7/7	8/8	8/8	–	–	–
Barry O'Dwyer	8 January 2020		9/9	–	–	–	–	–	–
Daniel Cazeaux	22 September 2020		9/9	–	–	–	6/6	5/5	–
Kal Atwal	17 January 2020		9/9	–	8/8	–	–	5/5	–
Baroness Ruth Davidson PC	8 June 2021		9/9	–	8/8	–	–	–	8/9
Jane Guyett CBE	4 August 2021		9/9	–	8/8	7/8	–	–	9/9
Eithne McManus	1 April 2023		9/9	7/7	8/8	8/8	6/6	–	–
Pars Purewal	8 February 2023		9/9	–	8/8	–	–	–	–
Mark Rennison	25 September 2020		9/9	7/7	8/8	8/8	–	–	–
Nicky Richards	5 October 2023		9/9	–	8/8	–	–	5/5	–
Lynne Peacock	1 December 2023	9 February 2025	9/9	–	8/8	–	–	–	8/9
Kevin Parry OBE	19 March 2019	3 October 2024	5/5	–	4/4	–	–	–	–

1. Pars Purewal was appointed as a member of the Audit Committee with effect from 1 January 2025.

2. In addition to Daniel Cazeaux and Eithne McManus as non-independent members, the With Profits Committee membership includes Carl Dowthwaite, Rebecca Hall, Alison Jones and Emmy Labovitch as independent members, each of whom attended all six meetings of the committee during 2024.

3. In addition to Nicky Richards, Kal Atwal and Daniel Cazeaux, Andrew Connell was appointed as an independent member of the Investment Committee with effect from 25 November 2024 and attended one meeting of the committee during 2024.

4. Isabel Hudson was appointed as the Chair of the Board, Chair of the Nominations and Governance Committee, Chair of the Disclosure Committee and member of the Remuneration Committee with effect from 10 February 2025.

Group Executive Committee

The members of the Group Executive Committee, which comprises five women (45%) and six men (55%), include the Group Chief Executive Officer, Barry O'Dwyer, as Chair of the committee, and the Group Chief Financial Officer, Daniel Cazeaux, whose respective biographies appear on pages 76 to 77, together with the members of senior management listed below. All Group Executive Committee members directly report to the Group Chief Executive Officer. In addition, the Group Chief Audit Officer attends the meetings of the Group Executive Committee.

Noel Freeley

Chief Executive Officer – RLI DAC

Noel Freeley is responsible for devising and executing the Group's strategy in the Ireland business. Prior to this, he was a board member for several Royal London subsidiary companies in the UK. Before joining Royal London, he headed the pensions and protection business at Co-operative Insurance and previously performed roles for Friends Provident in the UK and Asia.

Hans Georgeson

Chief Executive Officer – RLAM

Hans Georgeson is responsible for the Royal London Asset Management business. Prior to this, he was Chief Executive Officer of Architas. His career started at Barclays where he held executive roles at Barclays Wealth, Gerrard Investment Management and Barclays Stockbrokers. Hans is a Board member of the Investment Association and a member of the UK Government Asset Management Task Force.

Peter Josse

Group Chief Operating Officer

Peter Josse is responsible for ensuring the efficient and effective running of Group Technology, Group Customer Services, Group Procurement and Group Facilities. He has over 26 years' experience in the financial services industry, and, over his career, he has established a track record of delivering great customer outcomes and colleague experience enabled by technology. Before joining Royal London, he was the Chief Information Officer at Barclays UK.

Jo Kite

Chief Customer Officer

Jo Kite is an actuary and takes responsibility for the strategy to attract and retain customers and provide solutions that support good customer outcomes. With extensive experience in financial services across customer service, marketing, proposition and finance, she joined Royal London from WTW, where she led its Master Trust business and Scottish Consultancy arm. She started her career at Aviva, where she held senior positions in the UK and the Netherlands, and then spent 12 years at Standard Life leading its platform and workplace businesses.

Tracey Kneller

Group Chief People Officer

Tracey Kneller is responsible for the People function. She has experience and expertise, gained across the technology, FMCG and financial services sectors, working for listed and privately-owned companies. Prior to joining Royal London, she was Chief People Officer at The Co-operative Bank where, as a member of the Executive Committee, she was part of the team that managed the separation from the Co-operative Group and a recapitalisation in 2017.

Susie Logan

Group Chief Marketing Officer

Susie Logan is responsible for executing the brand and marketing strategy. She has a wealth of knowledge of marketing in the financial services sector with over 26 years' experience. Before joining Royal London, she was Brand and Marketing Director at Standard Life. Prior to that, she held positions at Scottish Widows, Zurich Life and Bank of Ireland Mortgages.

Dr James McCourt

Group Chief Risk Officer

Dr James McCourt is responsible for defining and executing the Group's risk management strategy. With over 21 years' experience in the financial services industry, he has held senior roles in banking, private equity, asset management, pensions and insurance. At Royal London, he has held roles as Chief Risk Officer for Royal London Asset Management, Group Chief Conduct Officer and Group Investment Director. Prior to that, he held senior risk and compliance roles with RBS and Aegon's Positive Solutions.

Julie Scott

Chief Commercial Officer

Julie Scott holds responsibility for the UK Commercial function that includes Distribution, Investment Solutions, Product Pricing, Underwriting, Bulk Purchase Annuities and Longstanding Customers. She has over 31 years' experience in banking, insurance and wealth management. Before joining Royal London, she was Chief Executive Officer of 1825 Financial Planning & Advice. Prior to that, she held senior positions at RBS, NatWest, Citizens Bank and Standard Life Aberdeen.

Julie Whitehead

Group General Counsel

Julie Whitehead is a qualified lawyer and leads the legal team. With over 28 years' legal experience in the financial services industry, she joined Royal London from AXA where she held roles as UK Regulatory & Compliance Director and Legal Counsel. In her career, she has held legal roles at Geest plc and AMP UK, providing legal advice to Pearl Assurance, London Life, Henderson Investors and NPI.

Section 172 statement



The directors are mindful of their duties under Section 172 of the Companies Act 2006 to run the Company for the benefit of its members as a whole and, in doing so, to have regard (among other matters) to the interests of key stakeholders, which they take into consideration as part of Board discussions and decision making. This section, and the following table referencing the information contained throughout this Annual Report and Accounts, evidence and provide examples of how the Board discharged its duties under Section 172, including through its delegation to its committees, and how it engaged with its largest stakeholder groups during 2024:

Section 172 factor	Annual Report and Accounts page
The likely consequences of any decision in the long term	Strategy on pages 8 to 15 Business review on pages 50 to 57
The interests of the Company's employees	Group Chief Executive Officer's review on pages 5 to 7 Our colleagues on pages 22 to 23 Nominations and Governance Committee report on pages 92 to 95 Remuneration Committee report and Directors' Remuneration Report on pages 102 to 116
The need to foster the Company's business relationships with suppliers, customers and others	Stakeholder engagement on pages 18 to 25
The impact of the Company's operations on the community and the environment	Chair's statement on pages 2 to 4 Strategy on pages 8 to 15 Stakeholder engagement on pages 18 to 25 Stewardship and climate on pages 26 to 48
The desirability of the Company maintaining a reputation for high standards of business conduct	Stewardship and climate on pages 26 to 48 Principal risks and uncertainties on pages 68 to 72 Statement of compliance with the UK Corporate Governance Code on page 74 Board committee reports on pages 87 to 104
The need to act fairly as between members of the Company	Stakeholder engagement on pages 18 to 25 With Profits Committee report on pages 98 to 99

Mutuality

The Board considered the advantages of Royal London's mutual status and the circumstances that could override the benefits of mutuality, concluding that this status continued to be in the best interests of the Group and its members. The Board also affirmed the Group's continued commitment to mutuality, which helps Royal London to distinguish itself in the market, establish opportunities to achieve its Purpose and strategy, build its financial strength, and deliver good outcomes for current and future members and customers.

Part VII transfer of Aegon UK protection portfolio

The Board oversaw the Part VII transfer of the protection portfolio acquired from Aegon UK, which was completed on 1 July 2024 following court approval. As is standard practice for such a transaction, the Board provided its approval to proceed to a court sanction hearing on 14 June 2024. In line with regulatory guidance and the Board's expectations ahead of the hearing, the Board was presented with the results of an assessment carried out to ensure there would be no material adverse effect on both transferring and existing policyholders of Royal London. The results of the assessment were also endorsed by an independent expert.

Transferring policyholders were informed of the transfer and its impacts through a dedicated mailing, in line with legal, regulatory and Consumer Duty requirements, and had the opportunity to raise any objections to the court. In addition, Royal London continued to engage regularly and constructively with the PRA and the FCA to ensure that customers and members' interests would be protected at all times. Following the completion of the Part VII transfer, the Board has been overseeing the integration of the protection portfolio into Royal London's systems and processes.

Supplier relationships

The relationship with suppliers and the resilience of the supply chain are essential to driving better value for the Group's business and ensuring that colleagues and systems can function effectively for members and customers. The Group, as required, reports on a half-yearly basis on its payment practices, policies and performance, with a continuous focus on avoiding negative impact on suppliers' cash flow and ability to trade. In addition, the Risk and Capital Committee maintains oversight of the risks associated with material outsourcing and supplier relationships and receives regular reporting from suppliers to ensure that their practices remain in line with the Group's expectations.

In May 2024, the Board approved a statement for 2023 in accordance with Section 54 of the Modern Slavery Act 2015, setting out the steps that the Group has taken to prevent modern slavery and human trafficking in its business and supply chain. To evidence its continuous efforts and oversight, the Board will review and approve a statement for the year 2024 before the deadline of 30 June 2025. All published statements under the Modern Slavery Act 2015 are available at www.royallondon.com.

Acquisition of Responsible Life Limited and Responsible Lending Limited

The Board approved the acquisition of the remaining stake in Responsible Life Limited and Responsible Lending Limited, which was completed in January 2024. The Board agreed that the ability to manage equity held in a property was increasingly likely to be part of the income-generating plans of people across the UK, and that being able to offer later life lending products would strengthen Royal London's support for advisers and customers.

The Board reviewed and challenged where necessary the short-term integration plans for these businesses – including the immediate actions being taken to strengthen short-term performance, and to establish an appropriate operating and governance model within Royal London. The Board would oversee the integration of employees from the acquired businesses to help ensure a smooth transition into Royal London, as well as the progress against objectives following the acquisition.

Bulk purchase annuities

Royal London entered the bulk purchase annuities market in 2024. The Board received regular updates on progress both on the preparations for market entry and the product launch, which included reports from the Group Chief Executive Officer and the Group Chief Financial Officer, as well as other reports on the delivery of the Group's strategy. In addition, through the Risk and Capital Committee, the Board received updates on the risks associated with the entry into this market, including emerging risks, and discussed the ongoing governance and oversight arrangements, to ensure that the risks of the new proposition were managed in accordance with the Group's risk appetite. The Board also considered how effectively our Bulk Purchase Annuities proposition, and the choice it offers trustees to secure their members' benefits, aligns to our Purpose outcome 'Helping build financial resilience'.

Other focus areas of the Board during 2024

Strategy

- At a specific off-site session and at Board meetings during the year, reviewed the Group's strategy and its articulation as 'an insight-led, modern mutual growing sustainably by deepening customer relationships'
- Oversaw the progress towards meeting the Group's climate-related commitments – including the development of the 2023 Royal London Group Climate Report and the Group's Climate Transition Plan – and approved climate-related documents and policies, as further detailed in the Strategic report on pages 2 to 73
- Conducted reviews of various matters of strategic interest to Royal London, including opportunities for the Group in key areas such as Workplace Pensions, Protection and the Advice market, as well as those from our relationships with Wealth Wizards and Responsible Life Limited and Responsible Lending Limited.

Key projects

- Received regular updates and reviewed and approved funding requests for strategic projects to be undertaken by the Group
- Received regular updates on the progress of a number of strategic initiatives including the ongoing development and delivery of Royal London's new online system for advisers.

Performance

- Received regular updates and detailed quarterly reports from the Group Chief Executive Officer and the Group Chief Financial Officer on the performance of the Company and its subsidiaries
- Received regular reports from the Group Chief Risk Officer on the key risks in the business and regulatory interactions
- Received regular updates from the Group Chief Operating Officer on our technology and operational priorities, and conducted operational reviews of businesses and functions that operate within the Group.

Finance and capital

- Received regular updates from the Group Chief Financial Officer on the financial position of the Company and its subsidiaries
- Reviewed and approved the Group's 2024 interim results and 2023 Annual Report and Accounts
- Reviewed and approved the 2023 ORSA and the 2023 SFCR
- Reviewed and approved the business plan.

Risk management

- Received an annual review of the Group's risk strategy, risk preferences and risk appetite statements, and regular updates on operational resilience and cyber security considerations.

Members and customers

- Approved ProfitShare rates in respect of the 2023 financial year
- Received updates on the implementation plans associated with the Consumer Duty for the Company and its relevant subsidiaries, in particular with regard to meeting its reporting obligations for closed book products and services as at 31 July 2024, and approved the annual Consumer Duty Report for open book products
- Reviewed and approved the level of bonus that each fund should declare and approved principles for future bonus distribution
- Approved ongoing investment and operating model improvements to enhance product offerings, the customer journey and its delivery.

People

- Approved relevant senior appointments
- Received regular updates on the results of employee engagement surveys and the results of Group Internal Audit's regular Group culture assessment
- Attended regular employee 'town hall' meetings with the Group Chief Executive Officer, visited sites across the UK and attended other engagement events with colleagues across the business.

Directors' report

The directors of the Company present their report, together with the Group's audited consolidated financial statements, for the year ended 31 December 2024. The names of the directors in office at the date of signing the financial statements, along with their respective biographies and dates of appointment to the Board, are set out on pages 76 to 80.

Certain Directors' report disclosures have been made in the Strategic report or the rest of the Governance section to increase their prominence. These disclosures include those relating to individual directors, greenhouse gas emissions, energy efficiency action, financial risks, employee involvement, the review of the Group's business during the year and future developments.

Directors' conflicts of interest

In accordance with the Company's Articles of Association, the Board continuously reviews the interests of directors and their connected persons and has authorised any interests that conflicted or potentially conflicted with the interests of the Group. Any identified and authorised conflicts are assessed and managed on an ongoing basis.

Directors' and officers' liability insurance

In accordance with company law and the Company's Articles of Association, a directors' and officers' liability insurance policy is maintained in respect of the Company and its directors, which was in force throughout the financial year and through the date the Annual Report and Accounts were approved. In addition, pension trustee liability indemnity policies (which include third-party indemnity) are also maintained for the boards of trustees of pension schemes, where required.

Persons with significant control

The Company is a mutual and limited by guarantee. It has no shareholders and, therefore, no individual controls 25% or more of the Company.

Dividends

The Company is limited by guarantee without share capital and therefore no dividends are declared.

Consideration for employees

The way in which the Company has engaged with employees, and details of the support and personal and professional development opportunities available to employees, are described in the 'Our colleagues' section on pages 22 to 23. In addition, the Section 172 statement on pages 82 to 84 describes some examples of the ways in which the Board has taken employees' interests into consideration during the decision making process.

Branches

The Company and its subsidiary, Royal London Management Services Limited, have branches registered in the Republic of Ireland.

Annual General Meeting

The Company's 2025 AGM will be held at The Royal Horseguards Hotel, One Whitehall Place, 2 Whitehall Court, London, SW1A 2EJ and online at 11am (BST) on Tuesday 3 June 2025.

The notice convening the meeting, together with supporting information on the resolutions and guidance on how to vote on these, is distributed to all members.

Financial instruments

The Group makes extensive use of financial instruments in the ordinary course of its business. Details of the risk management objectives and policies of the Group in relation to its financial instruments, and information on the risk exposures arising from those instruments, are set out in note 35 to the financial statements.

Political donations

No political donations were made in 2024 (2023: £nil).

Auditor

KPMG has indicated its willingness to continue in office. A resolution to reappoint KPMG as the Statutory Auditor of the Group will be proposed to the members at the 2025 AGM, together with a resolution to authorise the Audit Committee to determine KPMG's remuneration.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that:

- so far as they are each aware, there is no relevant audit information of which the Group's and Company's auditor is unaware
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information, and to establish that the Group's and Company's auditor is aware of that information.

Subsequent events

There are no events which have occurred since the end of the financial year that require disclosure.

The Directors' report on this page was approved by the Board and signed on its behalf by:

Isabel Hudson
Chair

6 March 2025

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year.

The directors have elected to prepare the Group and Company financial statements in accordance with UK Generally Accepted Accounting Practice (UK accounting standards, including Financial Reporting Standard (FRS) 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland', FRS 103, 'Insurance contracts', and applicable law). Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company, and of the profit or loss of the Group for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- make judgements and accounting estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

Under applicable law and regulation, the directors are responsible for:

- safeguarding the assets of the Group and Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities
- keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose, with reasonable accuracy at any time, the financial position of the Group and the Company to ensure that the financial statements comply with the Companies Act 2006
- the maintenance and integrity of the corporate and financial information included on the Group's website.

The directors have decided to prepare voluntarily a Directors' Remuneration Report in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 made under the Companies Act 2006, as if those requirements applied to the Company. The directors have also decided to comply with the principles of the Code, as adapted to reflect the Company's mutual status.

Having taken into account all matters considered by the Board and brought to its attention during the year, each of the directors, whose names and functions are shown on pages 76 to 79, confirms that to the best of their knowledge:

- the Company's financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group's results
- the Strategic report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face
- the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for members to assess the Group's position, performance, business model, prospects and strategy.

By order of the Board:

Isabel Hudson
Chair

6 March 2025

Daniel Cazeaux
Group Chief Financial Officer

6 March 2025

Audit Committee



“

Once again, 2024 saw the committee focused on its central role of challenging and overseeing the quality of the Group's financial and regulatory reporting, and the associated financial controls.”

Dear member,

I am pleased to present the Audit Committee report for the year ended 31 December 2024.

Once again, 2024 saw the committee focused on its central role of challenging and overseeing the quality of the Group's financial and regulatory reporting, and the associated financial controls. It also continued to oversee the internal audit function, Group Internal Audit (GIA), and the external auditor, and monitor their effectiveness, objectivity and independence.

The significant matters considered by the committee during the year, as detailed later in this report, included:

- monitoring the transition of the external auditor from PwC to KPMG, who were appointed as the Group's auditor for the financial year ended 31 December 2024
- considering the key assumptions and judgements supporting the Group's UK Generally Accepted Accounting Principles (UK GAAP) and Solvency II reporting, including changes to key actuarial assumptions and accounting provisions and the accounting treatment of business developments during the year
- reviewing the Group's climate-related financial disclosures provided in the Annual Report and Accounts and the Group's 2023 Climate Report
- reviewing the Group's control environment oversight, including how the three lines of defence model is operating, as supported by the GIA, GR&C and Finance Controls Oversight functions.

The committee also reviewed management's plans for ensuring compliance with the 2024 UK Corporate Governance Code – and in particular, Provision 29, which relates to new requirements in respect of internal controls – in advance of the Company's financial year beginning on 1 January 2026.

As I intend to retire as a director and not stand for reappointment at the 2025 AGM, this will be my last time presenting the committee's report. I would like to thank the members of the committee, and the executives supporting it, for their diligence and hard work over the last year and throughout my tenure. The search for a new committee Chair has commenced and members will be updated once a suitable candidate has been appointed. I would also like to welcome Pars Purewal as a member of the committee with effect from 1 January 2025. Pars brings his significant expertise and knowledge to the committee, which you can read about in his biography set out on page 78, and will be a great additional support, together with existing committee members, to the new committee Chair.

Tim Tookey

Chair of the Audit Committee

Purpose and role of the committee

The committee supports the Board in overseeing the Group's financial and regulatory reporting, the effectiveness of financial controls, and internal and external audit processes. The committee assists and reports to the Board on matters such as the Annual Report and Accounts, announcements relating to the Group's financial performance and other accounting and actuarial matters, and making recommendations to the Board for approval as required. It also reviews the assurance provided by GIA and the external auditor. Details of the duties and responsibilities of the committee can be found within its terms of reference, which are reviewed annually and are available at www.royallondon.com.

Committee membership and meetings

As at March 2025, the committee comprises four independent non-executive directors. The Board is satisfied that all members of the committee have recent and relevant financial experience and that, considered as a whole, the committee has competence relevant to the sector in which the Group operates. The qualifications and experience of each member are included in their biographies on pages 76 to 79.

The committee held seven meetings in 2024, including a joint meeting with the Risk and Capital Committee to review and approve the 2025 co-ordinated assurance plans of the GIA, GR&C and Business Controls functions, together with the 2025 risk management plan. The joint meeting ensures that the two committees continue to co-operate on providing internal control oversight and monitor the progress and implementation of the co-ordinated plans.

When relevant, committee meetings were also attended by the Chair of the Board, the Group Chief Executive Officer, the Group Chief Financial Officer and appropriate members of senior management, including the Group Chief Audit Officer. The meeting attendance record of committee members is set out on page 80. PwC attended the first three committee meetings of the year in their role as the external auditor for the financial year ended 31 December 2023. KPMG also attended the first three committee meetings of the year to support the auditor transition process and the remaining four committee meetings of the year in their role as the external auditor for the financial year ended 31 December 2024.

The committee meets privately and separately on a regular basis with the external auditor, the Group Chief Audit Officer, the Group Chief Financial Officer and the Group Chief Actuary. These meetings address the level of co-operation needed and adequacy of resources, and provide an opportunity for participants to raise any concerns directly with the committee.

Areas of focus of the committee

Review of the Group's Annual Report and Accounts and interim and full year results

The committee reviewed and challenged the content of the Annual Report and Accounts, and the Group's full year results announcement, for the year ended 31 December 2024, as well as the Group's interim results announcement for the six months ended 30 June 2024. In recommending each to the Board for approval, the committee reported its conclusions that each taken as a whole was fair, balanced and understandable.

The committee believes that the Annual Report and Accounts provide the necessary information for members to assess Royal London's position, performance, business model and strategy.

Financial reporting

The committee reviewed the Group's UK GAAP accounting policies and confirmed they were appropriate to use in the financial statements.

The committee considered the climate change disclosures set out in the Annual Report and Accounts to ensure that they present fairly the Group's climate-related strategy, governance arrangements and management of associated risks and opportunities. It obtained further comfort on the accuracy of climate-related financial disclosures by engaging KPMG to provide public limited assurance on the Group's portfolio and operational emissions data and related KPIs.

The committee reviewed the accounting treatments for a number of items resulting from business developments during the year including:

- the accounting treatment for bulk purchase annuities
- the change in balance sheet presentation of the Protection portfolio acquired from Aegon UK following the completion of the Part VII transfer on 1 July 2024
- the accounting for the acquisition of Responsible Life Limited and Responsible Lending Limited and the assessment of goodwill to be recognised following the acquisition of the remaining 60% stake in each of the two entities on 31 January 2024.

Alternative Performance Measures (APMs)

While the financial statements have been prepared in accordance with UK GAAP, the committee continues to believe that certain APMs, including operating profit before tax, aid a better understanding of the Group's results. The committee concluded that the disclosure of, and the prominence provided to, APMs within the Annual Report and Accounts is appropriate.

Going concern assumption and the longer-term viability statement

The committee reviewed and challenged the principles underpinning the longer-term viability statement for 2024. As part of the assessment, the committee considered the Group's position presented in the business plan approved by the Board and the information on the risks to the Group's liquidity and capital and concluded that Royal London and its subsidiaries will be able to continue in operation and meet their liabilities as they become due for a period of at least 12 months from the date of approval of the financial statements. The committee confirmed the appropriateness of a three-year assessment period for the longer-term viability statement. As a result, the committee recommended to the Board that the preparation of the financial statements for the year ended 31 December 2024 on a going concern basis was appropriate, and recommended the approval of the longer-term viability statement to the Board.

Key judgements and estimates

The committee reviewed the key judgements supporting the Group's UK GAAP results, including the following:

Valuation of investments – the committee received information on the carrying value of the Group's investments, including information on how values were calculated for those investments which require more judgement. The committee satisfied itself that investments were valued appropriately. The committee also received information on the valuation approach used in the Company financial statements for subsidiaries held at 'fair value', including the methodology change to align the valuation of RLUM Limited to the other companies in the Asset Management segment, and concluded that their valuation was appropriate.

Intangible assets – the committee considered the assessments made in relation to the carrying value of intangible assets. The committee reviewed, and was satisfied with, reports explaining that no impairment assessment was required as at 31 December 2024 as no indicators of impairment were present.

Provisions – the committee challenged management's assessment of the accounting provisions required and was satisfied that the provisions were appropriate.

Pension scheme asset – the committee reviewed the actuarial assumptions which determine the pension cost and the valuation of the Group's defined benefit pension schemes and concluded that they were appropriate. It also reviewed the accounting treatment for RLGPS's purchase of a bulk annuity buy-in policy from the Company.

Long-term business liability valuations – methodology and assumptions

In addition to accounting judgements noted above, the committee considered the actuarial methods and assumptions for the year ended 31 December 2024 for UK GAAP and annual Solvency II reporting. The main methodology and assumption changes for 2024 for the RL Main Fund were:

- persistency assumption changes, including expectations around the assumed level of transfers-out on both Individual and Group Pensions policies and the propensity for Group Pensions policies to stop contributing
- minor updates to longevity assumptions
- updates to expense and expense-inflation assumptions to reflect latest and projected experience.

In the Group's closed funds, the main assumption changes affected guaranteed annuity option liabilities reflecting latest transfers and late retirement experience, and minor updates to longevity assumptions.

The committee reviewed and challenged the Group's UK GAAP long-term business actuarial liability valuation as at 31 December 2024.

The committee reviewed and challenged the 31 December 2024 Solvency II technical provisions, valuation of Own Funds, capital requirement and the recalculation of the Transitional Measure on Technical Provisions.

Annual Solvency II regulatory reporting

The committee reviewed the 2023 SFCR and recommended it to the Board for approval.

Climate reporting

The committee reviewed the Group's 2023 Climate Report and concluded that it demonstrates a clear, fair and not misleading view of the Group's approach to climate-related risks and opportunities and recommended it to the Board for approval.

Internal control

Royal London adopts the 'three lines' model for risk and control ownership and testing, risk management and independent assurance. Risks and material controls are assigned business owners, who are accountable for identifying, assessing and effectively managing risks through implementing effective and efficient controls. They attest to control effectiveness through a risk and control self-assessment.

There are various teams across the three lines who have accountability for oversight and for assuring that first line risk management is effective. Each has a specific mandate and scope. These teams co-ordinate their activities to maximise coverage while minimising unnecessary duplication. Their plans are presented to the Audit Committee and the Risk and Capital Committee who, along with executive management, provide challenge on coverage of risk and controls testing, oversight and assurance to ensure it is appropriate, proportionate and that there are no material gaps.

The culmination of these teams' work, providing positive assurance, and highlighting issues and actions that need to be taken and key risk and control themes, is presented to the Audit Committee and the Risk and Capital Committee. After due consideration, the two committees advised the Board that they are satisfied that this model operates effectively. It will be reviewed as part of our preparations for the Board attestation on material control effectiveness required by the 2024 UK Corporate Governance Code but it is not expected to change significantly or deviate from the three lines model.

The committee reviewed management's plans for the new requirements relating to internal controls in Provision 29 of the 2024 UK Corporate Governance Code, in readiness for financial reporting for the year ending 31 December 2026. The committee focused on key aspects including the definition of material controls and the approach to assurance thereover.

On behalf of the Board, the committee also considered and reviewed regular reports from the Finance Controls Oversight team on its monitoring of the effectiveness of the Group's financial reporting control environment. These reports concluded that, whilst there were no material weaknesses in the financial reporting control environment, there are outstanding general IT controls deficiencies on some systems operated by the Group.

Additionally, the committee reviewed quarterly reports from GIA relating to the Group's control environment, culture and risk management practices. Particular attention was paid to reports highlighting control weaknesses or cultural issues, their root causes and associated risk mitigation actions. Executive management responsible for impacted areas were invited to discuss their response to such issues.

The committee reviewed a summary of internal audit opinions relating to parts of the Group's control environment that were provided by the internal audit function of a significant outsourcing service provider. GIA identified a number of improvements that Royal London would like to see made by the provider in their approach to operational resilience and we have engaged with senior executives within the company to ensure appropriate standards of control are being implemented.

The committee approved the GIA annual plan and charter, which sets out the purpose, activities, scope and responsibilities of GIA.

The committee has accountability for ensuring the calibre and quality of the internal audit assurance outcomes, following the strong outcome from the External Quality Assessment in 2023. On an annual basis it reviews the Internal Audit charter for appropriateness and is also presented with a skills assessment of the internal audit team. The committee is comfortable that Royal London has a robust and effective internal audit team, free from restrictions in being able to execute its mandate.

External audit transition

KPMG's appointment as the Group's external auditor was approved by the Company's members at the AGM on 11 June 2024, following the resignation of the previous auditor, PwC.

Prior to KPMG's appointment, and to ensure an orderly and efficient transition, a closely monitored transition plan was in place, which included KPMG holding regular meetings with management, shadowing PwC's work and reviewing PwC's audit files. The KPMG lead audit partner also provided updates on the status of this plan at each committee meeting.

External audit

Regular reports from the external auditor on its work were reviewed by the committee. These included findings from the audit work performed, conclusions on areas of significant and elevated audit risk, and areas identified to improve processes related to financial reporting and internal control identified as part of the audit process.

The committee reviewed and approved KPMG's terms of engagement for the statutory audit and the audit fee, together with their 2024 audit plan. The Senior Statutory Auditor for the 2024 year end is Tom Tyler, who is completing his first audit as the lead audit partner.

The committee reviewed and approved KPMG's audit plan for the year ended 31 December 2024, agreeing that this was consistent with the scope of the audit engagement, and that the seniority, expertise and experience of the audit team was appropriate to fulfil the engagement.

External auditor independence and non-audit services

The Group continues to have in place a policy for the independence of the external auditor. This policy seeks to safeguard the external auditor's independence and objectivity and sets out the non-audit services that can be provided by the auditor, in accordance with the auditor independence requirements set out in the FRC's Ethical Standard. Having considered compliance with the Group's policy, including fees paid to KPMG, the committee is satisfied as to the continued independence and objectivity of KPMG.

PwC carried out audit and audit-related assurance services to the Group during 2024 for certain Group subsidiary statutory audits, and audit-related engagements with non-December period ends. In order to ensure the continued independence of PwC for these engagements, proposals for PwC to provide new non-audit services were also monitored and assessed for appropriateness to meet relevant independence requirements.

Audit and non-audit fees

In 2024, the Group paid KPMG £6,245,000 for audit, audit-related and other assurance services. KPMG did not provide any other non-audit services, resulting in total fees to KPMG of £6,245,000.

PwC, as the outgoing external auditor, was paid £952,000 (2023: £5,942,000) for audit, audit-related and other assurance services. PwC was paid £4,000 (2023: £90,000) for other non-audit services, resulting in total fees to PwC of £956,000 (2023: £6,032,000). Further details are provided in note 8 to the financial statements.

In line with regulations, the Group is required to cap the level of non-audit fees paid to the external auditor at 70% of the average audit fees paid in the previous three consecutive financial years. The ratio of KPMG non-audit fees (each approved by the committee) to average audit and audit-related assurance fees is 10.0% for the Group. The non-audit services comprised audit-related assurance where it is normal practice for such services to be carried out by the Group's auditor and other assurance on the Group's ESG reporting, including limited assurance on the Group's portfolio and operational emissions data and related KPIs.

Effectiveness of KPMG

The committee will assess KPMG's effectiveness at its June 2025 meeting through the completion of a questionnaire by the Group's senior management, members of its Finance community and members of the committee. The questionnaire will seek opinions on the importance of certain criteria and the performance of the auditor against those criteria. The results of the questionnaire will be considered alongside the FRC's annual Audit Quality Inspection report on KPMG.

Reappointment of KPMG

The Committee recommended to the Board that KPMG is reappointed as the Group's external auditor for the year ending 31 December 2025. The Board subsequently approved a resolution reappointing KPMG as auditors which will be presented to members at the AGM in June 2025. The Committee made this recommendation following:

- a review of the Financial Reporting Council's (FRC) July 2024 Audit Quality Inspection and Supervision Report and KPMG's UK Transparency Report 2024 which confirmed there were no audit quality issues which might impact KPMG's reappointment
- KPMG confirming it continues to be independent in accordance with the FRC's Revised Ethical Standard.

Other matters

The committee considered financial reporting and corporate governance developments including reporting changes resulting from the PRA's reforms to the Solvency II framework previously applicable in the UK, ESG reporting developments and forthcoming changes to FRS 102 on lease accounting and revenue recognition.

The committee approved the Transitional Measure on Technical Provisions (TMTP) Manual, which sets out the Group's approach to calculating the TMTP and incorporates changes resulting from the PRA's Solvency II reforms. In February 2025, it also approved a new Matching Adjustment Attestation Policy, following the PRA's reforms to the Solvency II framework, requiring the Group Chief Financial Officer to attest that the fundamental spread used in the calculation of the Matching Adjustment is appropriate.

Committee effectiveness

The 2024 committee effectiveness review was conducted internally as described in the Nominations and Governance Committee report. The committee did not raise any material concerns regarding its overall effectiveness and concluded that it continued to fulfil its duties under its terms of reference. The committee agreed to defer making recommendations to improve its effectiveness until the new Chair of the Board had completed her induction, which will be reported in the 2025 Annual Report and Accounts.

Looking forward

The committee will continue to focus on its oversight of the financial reporting and internal controls of Royal London and on monitoring the Group's readiness to apply the 2024 UK Corporate Governance Code Provision 29 requirements in time for the 1 January 2026 application date. The committee will also continue to work with the Risk and Capital Committee to ensure that the GIA, GR&C and Business Controls functions have appropriate and co-ordinated plans in place, and will monitor their progress and implementation.

Nominations and Governance Committee



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The Committee continues to confirm its commitment to complying with the high standards of corporate governance as set out in the Code, wherever appropriate.”

Dear member,

Having joined Royal London and the committee just under a month ago, I am delighted that the colleagues I have met during my induction have shown a real commitment to mutuality and to good governance. These are values that we regard as the bedrock of the Board and that will be a priority as the composition of this Board evolves, as members retire and as directors join and bring new insights.

As many of you will know, after six years as Chairman of Royal London, Kevin Parry OBE tendered his resignation in October 2024 and Lynne Peacock, as Deputy Chair, took over as the Interim Chair of Royal London and as Chair of this committee.

In line with standard practice, the Senior Independent Director, Tim Tookey, began the search for a new Chair, with the support of Lynne (as she did not wish to be considered as a candidate) and this committee. The committee sought a candidate with the right balance of knowledge, skills, experience, opinions and diverse background to complement and enhance the existing Board. This report contains further details of this important process and I am happy to confirm that we will use these criteria as we continue to review the Board and senior management composition as part of the normal business of the committee.

There will be further changes over the coming months, following Lynne's decision to step down from the Board in February 2025. In addition, with Tim advising that he will be retiring at the conclusion of our Annual General Meeting in June 2025, we have already begun the search for a new Chair of the Audit Committee. We are already making good progress with the search for his successor and we will update members in due course.

On behalf of the Board and the committee, I would like to thank Kevin and Lynne for their work with, and support for, the committee.

An internally-led Board and committee effectiveness review was conducted for 2024, as detailed later in this report, to identify opportunities for continuous improvement. We will report back on progress in the 2025 Annual Report and Accounts as we seek to review and develop the outcomes over the following months.

During the year, the committee oversaw that the Group was managed effectively. The committee continues to confirm its commitment to complying with the high standards of corporate governance as set out in the Code, wherever appropriate. More information on this can be found on page 74.

I would like to thank the members of the committee for their continued dedication to their work and I look forward to working with them during 2025 and beyond.

Isabel Hudson

Chair of the Nominations and Governance Committee

Purpose and role of the committee

The committee's principal function is to safeguard that the Board and senior management are suitably qualified, experienced and are from sufficiently diverse backgrounds to deliver on the Group's strategy and to ensure long-term sustainable success for members and other stakeholders of Royal London. Details of the duties and responsibilities of the committee can be found within its terms of reference, which are reviewed annually and are available at www.royallondon.com.

Committee membership and meetings

As at March 2025, the committee comprises all independent non-executive directors on the Board and is chaired by the Chair of the Board. The committee held eight meetings in 2024. When relevant, committee meetings were also attended by the Group Chief Executive Officer and the Group Chief People Officer, as well as other members of the senior management as appropriate. The meeting attendance record of committee members is set out on page 80.

Areas of focus of the committee

Independence of directors

In accordance with the Code, which states that at least half of the Board (excluding the Chair) should be independent non-executive directors, as at 31 December 2024 the Board comprised the Interim Chair of the Board, two executive directors and eight independent non-executive directors. The Interim Chair of the Board was considered independent on her appointment. As at 6 March 2025, the Board comprises the Chair, two executive directors and eight independent non-executive directors. The Chair was considered independent on her appointment.

Non-executive directors are expected to exercise independent judgement and to be free from any business or other relationship that could materially interfere with it. The Board, supported by the committee, annually reviews the independence of the non-executive directors and identifies and manages conflicts of interest, including through Board authorisation. Following an assessment, the Board has satisfied itself that each non-executive director continues to be independent in accordance with the criteria set out in the Code, including tenure.

Board and committee appointments

Following its annual review of the composition of the Board, as at 31 December 2024 the committee has satisfied itself that the composition of the Board and its committees, including succession planning arrangements and proposed recruitment, remains appropriate. As already indicated, there will be further changes to the Board in 2025 and the committee will continue to review and refine the composition of the Board. Further information on the skills and experience of the Board directors can be found on pages 76 to 79.

On recommendation from the committee, the Board approved the appointment of Lynne Peacock as Interim Chair of the Board with effect from 3 October 2024.

In addition, Pars Purewal was appointed as a member of the Audit Committee with effect from 1 January 2025.

The Board appointments process is designed to identify a diverse list of potential candidates that will complement the skills of the Board and bring a variety of views to the boardroom. Once the need for a successor or new appointment is identified, an external recruitment consultant, which does not have any connection to the Group or any of the directors, is normally appointed to conduct a search and selection process – using the skills and experience criteria specified by the committee – and to provide a list of suitable candidates to the committee for consideration. Following a competitive tender, Russell Reynolds Associates LLP was appointed to assist in the appointment of the new Chair of the Board.

In selecting a new Chair of the Board, the committee, led by the Senior Independent Director, agreed a role profile, person specification and job description which was subsequently refined following engagement with the executive directors, circulated to the Board and agreed as the basis for the search. A long list of candidates was reviewed by the Senior Independent Director and the Interim Chair of the Board and shared with all directors to seek initial feedback on candidates, leading to a short list of candidates. Candidates were initially interviewed by the Senior Independent Director, the Interim Chair of the Board and the non-executive directors until a preferred candidate had been identified, who was then interviewed by the executive directors. The Board met on 17 December 2024 and agreed unanimously, based upon the recommendation of the committee, to appoint Isabel Hudson as a director and Chair of the Board with effect from 10 February 2025, subject to regulatory approval and contingent on certain matters which, upon completion, enabled the announcement of her appointment to be made on 17 January 2025.

At the end of 2024, the Interim Chair of the Board undertook an annual performance review with each director to affirm their skills and to inform succession planning and ongoing development needs. Having reviewed their individual performance, the Board recommends that all directors who served during 2024 and who wish to stand are reappointed at the 2025 AGM.

Senior management changes

The committee considered and approved the appointment of Nicki Welling as the With Profits Actuary to succeed Brian Peters in October 2024.

Group subsidiary board composition

During the year, the committee approved the appointment of directors of the following regulated subsidiaries within the Group:

- Nicholas Riding and Dagmar Kershaw as independent non-executive directors of both Royal London Asset Management Limited and Royal London Asset Management Holdings Limited

- Hans Georgeson, Andrew Hunt, Rakesh Kumar and Susan Spiller as directors of RLUM Limited
- Jon Glen as director of Royal London Unit Trust Managers Limited
- Ricky McKinney as director of Wealth Wizards Benefits Limited
- Ricky McKinney and Ian Williams as directors of both Responsible Life Limited and Responsible Lending Limited.

Committee changes

Recognising that Peter Dorward would reach the limit of his term of appointment as Chair of the Independent Governance Committee, the committee put in place a plan to appoint his successor. After a search, which included both direct applications and the services of a recruitment consultant, the committee recommended to the Board that Colin Stewart be appointed as a member of the Independent Governance Committee with effect from 8 November 2024, and with a view to him succeeding Peter Dorward as the chair of the Independent Governance Committee in September 2025, when Peter Dorward will complete his term and agree the 2025 Independent Governance Committee report.

In addition, the committee approved the appointment of Andrew Connell as independent member of the Investment Committee with effect from 25 November 2024.

Succession planning

The committee regularly reviews succession planning activities and, in particular, discusses Royal London's future leadership and talent needs. It has received regular updates during the year on executive succession, including reviews of talent and succession planning of key functions within the organisation. When considering succession, the committee identifies both the talent available within the organisation and the need for external recruitment.

Diversity and inclusion

The directors are committed to having a balanced Board which recognises fully the benefits of diversity. The Board has a Diversity and Inclusion Policy, which is available at www.royallondon.com. This outlines the management of diversity and inclusion among the directors on the Board and is reviewed regularly by the committee. In its most recent review, the policy was updated to ensure that it will continue to comply with the expectations of the 2024 UK Corporate Governance Code when it takes effect.

The committee also receives regular updates on the progress being made against the five pillars of the Group's diversity and inclusion initiatives: building an inclusive culture; robust and actionable data; gender balance and increasing women in senior roles; increasing wider ethnicity representation across all grades; and supporting all our under-represented groups. The committee discusses how these initiatives support the Spirit of Royal London values and enable delivery of Royal London's Purpose outcomes

– helping build financial resilience, moving fairly to a sustainable world and strengthening the mutual choice for customers. During 2024, the committee oversaw progress to deliver against the diversity and inclusion action plans.

Diversity and inclusion are important considerations in the appointment processes. All Board appointments are made on merit and relevant experience, against the criteria identified by the committee and with regard to the benefits of diversity, including gender.

As at March 2025, the Board comprises five men (45%) and six women (55%) (March 2024: six men (50%), six women (50%)). The Board also meets the Parker Review's ethnic diversity target with two non-white directors. In addition, one of the senior roles of the Board is occupied by a woman.

The committee continues to focus on increasing the number of women working for the Group. As a signatory to the Women in Finance Charter, the Company continues its efforts to meet its gender diversity targets. As disclosed in our Gender Pay Gap report for 2024, which includes detail on diversity and inclusion within the Group and is available at www.royallondon.com, the gender balance of those in senior management and their direct reports was 39% women and 61% men as at the end of 2024 (2023: 37% women and 63% men). More detail about diversity and inclusion, and the employee networks which support and promote these, is also available on page 23.

Board performance review

Each year, a formal and rigorous performance review is completed of the Board, its committees and individual directors. This is an opportunity to take stock of the Board's progress and to test that the Board is well placed to respond to evolving opportunities and challenges.

For 2024 the internally facilitated review was extended to invite the views of certain senior executives within the Group who have regular interactions with the Board and its committees. The process was led by the Interim Chair of the Board, and supported by the Senior Independent Director and the Company Secretarial team, and is set out below:

- Questionnaires were set in consultation with the Interim Chair of the Board, the Senior Independent Director and each of the committee Chairs, as relevant.
- Each director was asked to complete the questionnaires and to meet with the Interim Chair of the Board, accompanied by a member of the Company Secretarial team, to discuss the responses on Board effectiveness.
- Senior executives and directors met with the Senior Independent Director, accompanied by a member of the Company Secretarial team, to discuss their observations of Board and committee effectiveness.
- Based on the discussions, the Company Secretarial team drafted a summary report on Board and committee effectiveness which, following review by the Interim Chair of the Board and the Senior Independent Director, was presented to the Board in February 2025.

The 2024 Board evaluation supported an overall view that the Board and governance structures in place allowed the Board to discharge its obligations appropriately. The Board and its committees continue to be focused and engaged on the management and oversight, as appropriate, of the strategic objectives of the Company and the Group. The report highlighted areas for improving the effectiveness of the Board and these predominantly focused on developing the Board and governance structures to support the continued growth of the Group and to position the organisation to meet evolving internal and external strategic challenges and opportunities. The Board discussed and supported the findings to improve Board effectiveness, and the findings are being discussed between the new Chair of the Board, the Senior Independent Director and the Group Chief Executive Officer with a view to finalising and prioritising outcomes.

As part of the annual Board performance review process, the Senior Independent Director led the evaluation of the Interim Chair's performance during 2024. The review was based on feedback given in individual interviews between the Senior Independent Director and each director of the Board, other than the Interim Chair of the Board. The feedback was then summarised in a paper which was discussed at a meeting of all directors of the Board, without the Interim Chair present. The directors concluded that the Interim Chair's experience continued to be of benefit to the Group. Following this, the Senior Independent Director met with the Interim Chair of the Board to pass the feedback from the review to her directly. The Interim Chair of the Board also held individual meetings with directors to review and discuss their respective performance during 2024 and to identify any areas where they might be supported to further develop their skills and experience. This review was also shared with the new Chair of the Board.

It is recommended practice for the performance review of the Board to be externally facilitated at least every three years, with the next scheduled performance review to be conducted in 2025. This has been deferred until 2026 to enable the new Chair to be fully embedded in her role.

Director induction, learning and development

On appointment to the Board, directors are provided with a comprehensive induction programme, which is designed around their background knowledge and experience and, where appropriate, includes induction to the Board's committees. The induction programme includes meetings with senior management and other key stakeholders to help understand Royal London's Purpose, strategy, operations, risk profile and governance structures as well as its culture and values. Specific programmes were designed for both the Interim Chair of the Board and the new Chair of the Board as part of their appointment process.

The Chair, in consultation with individual directors, considers any specific ongoing or additional support or training needed during the year. The Board held a number of development sessions in 2024 covering topics including,

but not limited to, the Group's Climate Transition Plan, rules around providing regulated advice, directors' duties and the use of Artificial Intelligence.

Corporate governance activities

The committee maintained its oversight of the Group's corporate governance activities. In particular, this included reviewing and approving the Group's corporate governance framework, which is available at www.royallondon.com. This sets out the elements of the corporate governance process as well as the background to the statutory and regulatory obligations of the directors. The committee also reviewed the detailed schedule of compliance with the Code which supports the Statement of directors' responsibilities on page 86. Recognising that Royal London is not required to comply with the Code, the Board believes that the Code's principles and provisions should be adopted as relevant, and the committee supports the Board in overseeing the processes and controls in place to evidence compliance with the Code.

Recognising the requirements of the 2024 UK Corporate Governance Code, which will apply from 1 January 2025 and 1 January 2026, as relevant, the committee also reviewed the results of the gap analysis which identified the areas of the Group's corporate governance framework which would need to be enhanced to ensure continued compliance. The main area where there will be further work undertaken, in association with the Audit Committee and the Risk and Capital Committee, relates to the statement of the effectiveness of material controls in accordance with Provision 29 of the 2024 UK Corporate Governance Code, which will be made as at 31 December 2026.

Committee effectiveness

The 2024 review was conducted internally as described earlier in this report. The committee did not raise any material concerns regarding its overall effectiveness and operation and concluded that it continued to fulfil its duties under its terms of reference. The committee agreed to defer making recommendations to improve its efficiency until the recommendations of the Board effectiveness review had been determined, which will be reported in the 2025 Annual Report and Accounts.

Looking forward

The committee will continue to maintain the Board's composition, replacing retirees and leavers with new appointees with diverse backgrounds and skill sets that sustain and enhance the required breadth and expertise. Statistics on gender composition and other considerations will vary as the Board evolves through succession and with new appointments. However, it is not expected that these will change structurally over the medium term. The committee will also continue to monitor external developments in corporate governance to ensure that, as applicable, the Group continues to be able to meet and benefit from an effective and compliant corporate governance framework.

Risk and Capital Committee



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The Consumer Duty standards are naturally aligned to the Group's Purpose and strategy and I represent the Board in supporting management in this area.”

Dear member,

I am pleased to present the Risk and Capital Committee report for the year ended 31 December 2024.

The committee maintained a strong emphasis on key organisational risks all year. The Group's capital and liquidity position remains robust, and the business continued to grow safely and in line with our strategic objectives.

The Consumer Duty demands more stringent and transparent standards for consumer protection within financial services, obliging companies to prioritise their customers' needs. The Group consistently places customers at the core of its strategy and continues to focus on the delivery of good customer outcomes.

The Consumer Duty standards are naturally aligned to the Group's Purpose and strategy and I represent the Board in supporting management in this area. Throughout the year, the committee and the Board have received various updates on the progress of delivering Consumer Duty requirements and successfully meeting the 31 July 2024 closed book implementation deadline. This oversight will continue into 2025 and beyond.

The persistent cyber threats to financial services institutions continue to pose significant risks. The committee has closely monitored the effectiveness of the Group's cyber security controls and the important business services which safeguard our customers. The committee recognises that an acceleration of control improvements is required to keep pace with external threats and progressively reduce the risk profile. Making progress has been challenging in a rapidly evolving risk environment. The strengthening of cyber security and IT controls will continue to be a close focus of the committee in 2025.

Moreover, the committee evaluated the measures and process improvements management has implemented to maintain our customer service standards. These enhancements are crucial in helping customers build financial resilience amidst rising living costs.

Throughout the year, the committee evaluated and provided guidance on several severe yet plausible economic and operational scenarios which could impact the Group's financial stability. The committee scrutinised the credibility and suitability of each scenario, along with the necessary measures to mitigate them.

The committee oversaw significant growth initiatives throughout 2024, including Royal London's entry into the bulk purchase annuities market. These activities also included our acquisition of the remaining stake in Responsible Life Limited and Responsible Lending Limited, and the transfer of the individual Protection book acquired from Aegon UK in 2023.

The committee also closely monitored the resilience and service standards of our key third-party suppliers and continued to supervise the Group's major change programmes and the measures in place to prevent financial crime. The opportunities and risks associated with artificial intelligence are a relatively new development; the committee will continue to consider the impacts of artificial intelligence on the Group's risk profile during 2025.

I would like to extend my gratitude to my fellow committee members for their ongoing support during the year.

Mark Rennison

Chair of the Risk and Capital Committee

Purpose and role of the committee

The committee supports the Board in managing the Group's risk and capital position, and in complying with prudential and conduct regulations. It also provides advice, oversight and challenge to management on key risk matters. Details of the duties and responsibilities of the committee can be found within its terms of reference, which are reviewed annually and are available at www.royallondon.com.

Committee membership and meetings

As at March 2025, the committee comprises four independent non-executive directors. The committee held eight meetings in 2024, including a joint meeting with the Audit Committee as described on page 88. When relevant, committee meetings were also attended by the Group Chief Risk Officer, the Group Chief Audit Officer, the Group Chief Actuary, the Chair of the Board, the Group Chief Executive Officer and the Group Chief Financial Officer, as well as senior management and external auditors. The meeting attendance record of committee members is set out on page 80.

Areas of focus of the committee

Operational risk, including customer focus

The Group takes a proactive approach to managing risks that could impact its capability to support customers and members, disrupt operational stability, or result in financial loss and damage to its reputation. The committee plays a crucial role in monitoring these risks by reviewing regular reports and conducting targeted analysis on specific areas.

Through 2024, the committee continued to review reports concentrating on the cost of living pressures and the Group's control environment. A strong emphasis remained on IT risks, including the required improvements to cyber security controls to keep pace with external threats, and the level of 'technical debt' in the Group. The committee received detailed updates on enhancing operational resilience, encompassing important business services, and evaluated the Group's key outsourced service providers.

Change and strategic risk

Throughout 2024, the committee oversaw the delivery of the Group's strategic change initiatives. This focus is crucial to support Royal London's Purpose and strategy and strengthen its long-term customer and member offering. The Group's bulk purchase annuities market entry has been a key area of focus during the year. The committee also supported the acquisition of the remaining stake in Responsible Life Limited and Responsible Lending Limited. The committee also oversaw the transfer of the individual Protection book acquired from Aegon UK in 2023.

Financial, insurance and capital risk

The Group consistently maintains robust capital to meet customer needs, comply with regulatory requirements and execute its strategy. The committee approved both the

annual capital management plan and the capital management framework. The committee also received quarterly updates regarding the Group's capital status.

In 2024, the committee assessed elements of prudential risk, including the Internal Model, stress and scenario testing plan, and the Group's liquidity position, ORSA, SFCR, and extension of the Matching Adjustment portfolio.

Committee governance

In assessing the Group's risk management system, the committee examined attestations from management concerning risk and control self-assessment. The committee evaluated the assurance and audit plans of the GR&C and GIA functions. It also endorsed the annual risk and compliance work programme and risk-related policies.

The committee was regularly informed about compliance with the Group's Whistleblowing and Financial Crime policies and is confident that the Group's procedures are effective. As the Whistleblowing Champion, the committee Chair, alongside the Group's Money Laundering Reporting Officer, reports these updates to the Board.

The Committee Chair presented the committee's assessment of the Group's risk-related performance to the Remuneration Committee to support informed decisions regarding remuneration adjustments for senior managers.

Further, the committee assessed and recommended the risk statements and disclosures related to risks within the Annual Report and Accounts to the Audit Committee. This recommendation also covered the disclosure of principal risks and uncertainties for both the Interim Results Announcement and the Annual Report and Accounts.

Committee effectiveness

The 2024 committee effectiveness review was conducted internally as described in the Nominations and Governance Committee report. The committee did not raise any material concerns regarding its overall effectiveness and concluded that it continued to fulfil its duties under its terms of reference. The committee agreed to defer making recommendations to improve its effectiveness until the new Chair of the Board had completed her induction, which will be reported in the 2025 Annual Report and Accounts.

Looking forward

In 2025, the committee will focus on the strengthening of cyber security and IT controls, and on assessing the impact of the evolving economic and geopolitical landscape, including any resulting changes in customer behaviour, and monitoring the impact of emerging risks, such as those relating to increased use of artificial intelligence. The committee will continue to supervise the management of significant risks, including those relating to the effective maintenance of the Internal Model, major strategic change initiatives, operational resilience and emerging threats. The committee will also continue to ensure that Consumer Duty requirements remain embedded and deliver good outcomes for customers.

With Profits Committee



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Throughout 2024, the committee continued to focus on its key role of ensuring fair outcomes for policyholders with an entitlement to a share in the profits of the Group.”

Dear member,

I am pleased to present the With Profits Committee report for the year ended 31 December 2024.

Throughout 2024, the committee continued to focus on its key role of ensuring fair outcomes for policyholders with an entitlement to a share in the profits of the Group. The committee focused on a number of projects during the year, including the refresh of the Principles and Practices of Financial Management (PPFM) for the Royal London Main Fund, implementation of new Consumer Duty regulation for closed book products and completion of a transaction to transfer risk between the Royal London Main Fund and the Royal London (CIS) Fund. It also reviewed the approach to smoothing in the with profits funds and a refreshed run-off plan for the Royal London (CIS) Fund.

As Brian Peters' interim appointment as the With Profits Actuary came to an end in October 2024 as planned, the committee welcomed Nicki Welling as the new With Profits Actuary from that date.

I would like to thank my fellow committee members for their continued input into the business of the committee. I would also like to thank the executives and team who support the committee for their valuable work throughout 2024.

Eithne McManus

Chair of the With Profits Committee

Purpose and role of the committee

The committee operates in accordance with the FCA's Conduct of Business Sourcebook, section 20.5, and the FCA's Principles for Business. The committee's principal function is to support and advise the Board in managing With Profits funds and to consider the interests of all With Profits and unit-linked policyholders with an entitlement to a share in the profits of the Group. It also exercises judgement in advising the Board on the achievement of fair treatment of those policyholders and fulfils its obligations under court schemes. Details of the duties and responsibilities of the committee can be found within its terms of reference, which are reviewed annually and are available at www.royallondon.com.

Committee membership and meetings

In accordance with the requirements of the FCA's Conduct of Business Sourcebook and the committee's terms of reference, the committee has a majority of independent members. As at March 2025, the committee comprises four independent members and two non-independent members. The committee held six meetings in 2024. When relevant, committee meetings were also attended by the With Profits Actuary and the Group Chief Actuary. The meeting attendance record of committee members is set out on page 80.

Areas of focus of the committee

Investment

Throughout 2024, the committee reviewed the investment performance and investment strategy of the Group, which included RLAM's performance, with particular focus on key activity covered by the Group's Investment Office.

The committee discussed the outcome of the annual Strategic Asset Allocation Reviews, as well as Group project developments into other asset classes, including Real Estate, Natural Capital and Private Assets. It also received regular updates from RLAM covering its investment views, the economic outlook and asset allocation, as well as its business positioning and long-term outlook.

An update and training session was also presented to the committee in relation to climate change, including the Group's climate strategy and proposed Climate Transition Plan.

Longstanding customers

The committee received updates on implementation of the longstanding customer strategy, for example on developments being made to customer communications.

Consumer Duty

The committee was informed of the Group's compliance with the Consumer Duty requirements for open book products which were effective on 31 July 2023, as well as those for closed book products in time for the regulatory deadline of 31 July 2024. The committee was kept up to date with identified plans for improvement so far as they relate to With Profits policyholders.

Principles and Practices of Financial Management (PPFM)

The committee reviewed a significant refresh to the Royal London Main Fund PPFM document, which explains the rationale used in exercising discretion in relation to with profits policies in that fund. The aim of the refresh was to make the document more accessible to customers, both by simplifying the language used and by rationalising the descriptions following the consolidation of certain closed funds into the Royal London Main Fund. The refreshed PPFM document is available at www.royallondon.com.

It also considered the initiation of a project to investigate options to harmonise and improve practices in relation to Royal London's With Profits business, including business that originated from the above closed funds, where it is in the customers' interest to do so.

ProfitShare

The committee discussed the development of ProfitShare and its core components, including the amount, recipients, form of benefit and sustainability of ProfitShare, and how it might develop in the future. It also reviewed the proposed annual ProfitShare award and recommended it to the Board for approval.

Bonus setting

The committee reviewed the level of estate distribution for the Royal London (CIS) Fund. It also reviewed the regular and final bonus distribution proposals and recommended them to the Board for approval.

Committee effectiveness

The 2024 committee effectiveness review was conducted internally as described in the Nominations and Governance Committee report. The committee did not raise any material concerns regarding its overall effectiveness and concluded that it continued to fulfil its duties under its terms of reference. The committee agreed to defer making recommendations to improve its effectiveness until the new Chair of the Board had completed her induction, which will be reported in the 2025 Annual Report and Accounts.

Looking forward

The committee will continue to focus on its key role of ensuring the fair treatment of policyholders with an entitlement to a share in the profits of the Group. Specific priorities for the committee in 2025 are expected to include the continuing focus on the Group's Consumer Duty programme and the work on longstanding customers, as well as the potential implications and opportunities for the With Profits business.

Investment Committee



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During 2024, the committee focused on the Group’s investment strategy and investment activity, including the strategic asset allocations of several of the Group’s portfolios, the Group’s responsible investment activities and its approach to stewardship and engagement.”

Dear member,

I am pleased to present the Investment Committee report for the year ended 31 December 2024.

During 2024, the committee focused on the Group’s investment strategy and investment activity, including the strategic asset allocations of several of the Group’s portfolios, the Group’s responsible investment activities and its approach to stewardship and engagement. The committee also received insights from external firms covering macro and markets topics, global equities and renewable energy infrastructure.

The macroeconomic and geopolitical environments continued to influence the direction of investment markets in 2024. The committee has been mindful of emerging economic and investment markets trends and how these could impact policyholders and the funds they have invested with Royal London. The Royal London Group continues to broaden the range of asset classes in which it invests, where this is consistent with the Group’s Purpose and can enhance the risk-adjusted returns for members and policyholders.

I would like to thank my fellow committee members for their continued dedication and contribution to the committee’s business.

Nicky Richards

Chair of the Investment Committee

Purpose and role of the committee

The role of the committee is to support the Board in managing investments held as principal in a manner that is consistent with the Company's Investment Philosophy and Beliefs, which the committee recommends for approval by the Board on an annual basis. The committee is responsible for assessing whether assets remain appropriately invested to meet the needs of the Group's members and policyholders, as well as for monitoring the Group's investment strategy and investment performance. Details of the duties and responsibilities of the committee can be found within its terms of reference, which are reviewed annually and are available at www.royallondon.com.

Committee membership

As at March 2025, the committee comprises two independent non-executive directors, one independent member and the Group Chief Financial Officer. The committee held five meetings in 2024. When relevant, committee meetings were also attended by the Chair of the Board, the Group Chief Executive Officer, the Group Investment Director, and the Group Chief Risk Officer. Members of senior management as well as external speakers also attended meetings at the invitation of the committee Chair. The meeting attendance record of committee members is set out on page 80.

Areas of focus of the committee

Investment strategy

The committee reviewed and approved some relatively minor adjustments to strategic asset allocations across the Group's With Profits and Governed Range portfolios. These changes reflect shifts to improve liquidity, to enable equity portfolios to benefit from greater exposure to quality growth-oriented sectors and to smooth property allocations across the Governed Range portfolios.

The committee received internal briefings and held discussions with external experts. These briefings and discussions covered macroeconomic and geopolitical conditions, general investment strategy matters, global equities and renewable energy infrastructure. The committee also received continuous advice and support from the Group Investment Director and the Group's Investment Office, alongside the Group Chief Risk Officer.

The committee received specific updates on a number of areas including the strategy to diversify investment into private assets, including to support Royal London's bulk-purchase annuity strategy. It also received updates on the implementation of Royal London's property strategy and successful expansion across healthcare, life sciences and residential build-to-rent sectors.

In line with the committee effectiveness review conducted in 2023 (undertaken as part of the wider Board effectiveness review process), the committee continued to challenge itself on maintaining a consumer perspective as well as providing feedback to focus the relevance of management information brought to the committee.

Investment performance and operations

Throughout 2024, the committee was kept informed of the investment performance of the Group's funds compared to respective benchmarks and, where relevant, peers. It also received regular updates on the outlook for, and potential impact of, macro and market developments, ongoing management actions being taken to address these, and the resultant positioning of the Group's investment portfolios. In terms of investment operations, the committee considered that the overall operating environment remained relatively stable throughout the year.

The committee also reviewed the effectiveness of the Group's Investment Office in setting and implementing investment strategy and overseeing Royal London's customer and member portfolios, concluding that it remained effective, and noting its achievements, a broadening of its responsibilities and further enhancements to its capability mix.

Responsible investment

The Company's investment processes and those of its key asset managers embed appropriate considerations in accordance with the Company's Investment Philosophy and Beliefs and related frameworks. In line with the Group's Purpose outcome of 'Playing our part in moving fairly to a sustainable world', climate and sustainability remain important areas of focus for the committee, which received updates throughout the year relating to Royal London's sustainability and climate-related investment activities. The Group's progress in these areas is supported by the ability to draw on the expertise available within RLAM.

The committee also reviewed and approved the Company's 2023 Stewardship Report to retain signatory status to the UK Stewardship Code 2020. The committee also considered and recommended to the Board the Royal London Responsible Investment and Stewardship Policy, developed to support the Company as an asset owner, and RLAM Limited as an asset manager.

Committee effectiveness

The 2024 committee effectiveness review was conducted internally as described in the Nominations and Governance Committee report. The committee did not raise any material concerns regarding its overall effectiveness and concluded that it continued to fulfil its duties under its terms of reference. The committee agreed to defer making recommendations to improve its effectiveness until the new Chair of the Board had completed her induction, which will be reported in the 2025 Annual Report and Accounts.

Looking forward

Looking to 2025, the committee's focus will continue to be on the evolution of the Group's investment strategy and portfolios, and the effective oversight of risk management and value creation for Royal London's customers and members.

Remuneration Committee



“

Our remuneration policies and practices are designed to support the delivery of our strategic objectives aligned to the long-term interests of members and customers.”

Dear member,

I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2024.

The Directors' Remuneration Policy was approved by the Group's members at the 2023 AGM. Full details of the Directors' Remuneration Policy are set out in the 2022 Directors' Remuneration Report in the 2022 Annual Report and Accounts available at www.royallondon.com. The committee considers that the Directors' Remuneration Policy remains fit for purpose and therefore no changes have been proposed this year. The Committee will review the policy during 2025 with any changes subject to a member vote at the AGM in 2026.

Royal London's remuneration policies and practices are designed to support the delivery of its strategic objectives aligned to the long-term interests of members and customers. We are committed to aligning our variable remuneration plans to drive behaviours consistent with the Group's Purpose, culture, values and strategy.

Our Group Remuneration Philosophy supports our Purpose and creates a common link between customer, member and colleague success. A summary of our philosophy, and how it applies to colleagues, including the executive directors, is set out on pages 105 to 106.

A high inflation environment creates financial challenges for colleagues and members alike. Inadequate levels of savings continue to leave many people facing difficult financial choices. We remain focused on helping our colleagues build and maintain financial resilience to protect their standard of living, and that of their families, for example, by offering financial planning workshops and debt counselling services.

We were an early supporter of the Living Wage Foundation, and we remain committed to continuing to pay colleagues

above this standard. As a leading pension provider, it is also important for us to go further by helping our colleagues save for their future and retirement. As a result, our minimum salary for colleagues will increase from £22,300 to £23,800 effective from April 2025. This continues to be higher than the rate set by the Living Wage Foundation.

Our annual UK Gender Pay Gap report for 2024 is available at www.royallondon.com. We are pleased to report that our figures for 2024 show some positive movement in our gender pay gap measures for the second consecutive year. Our gender reporting figures are influenced by the structure of our workforce, and we have continued to make good progress in gender representation while maintaining pay equity across the Group.

For 2024, the committee approved a new incentive plan for Distribution colleagues in the UK business aligned to market practice and supporting the Group's strategy. This incentive plan does not apply to Executive Directors. In addition, throughout the year, the committee has continued to review individual remuneration arrangements in a timely manner to support business development and progress, in particular in Asset Management and the build out of capabilities that support diversity in our fund offerings.

I would like to thank my fellow committee members for their continued contribution to the effective operation of the committee during the year. I would also like to thank colleagues for their hard work and ongoing commitment to championing our philosophy.

I encourage members to vote in favour of the resolution relating to the Directors' Remuneration Report for 2024 at the 2025 AGM.

Jane Guyett CBE

Chair of the Remuneration Committee

Purpose and role of the committee

The committee supports the Board in determining the Group Remuneration Philosophy and the remuneration of key senior management. The committee's main responsibilities include designing the Group's Remuneration Policy consistent with the Group's values and culture so as to promote the long-term success of the Group. Details of the duties and responsibilities of the committee can be found within its terms of reference, which are reviewed annually and available at www.royallondon.com.

Committee membership

As at March 2025, the committee comprises three independent non-executive directors. The committee held nine meetings in 2024. When relevant, committee meetings were also attended by the Group Chief People Officer and other members of the Group's executive. The meeting attendance record of committee members is set out on page 80.

Performance context

2024 was a year of political change and heightened geopolitical tensions. The lead-up to the UK and US elections saw economic uncertainty with some stability returning post-elections. Despite these market conditions, positive performance against our long-term strategic objectives has enabled an annual increase in operating profit before tax of 11% to £277m. Assets under management also increased through market growth while we continued to deliver above-benchmark investment performance.

Against a backdrop of significant shifts in the UK advice market due to Consumer Duty, we have continued to invest in systems to enable increased engagement with advisers and customers, alongside reducing barriers for them to access financial education, information and guidance. In Asset Management our strategy to expand in private markets has progressed and our Property team have extended their Real Estate investment track record with the purchase of our first natural capital asset.

Our financial strength and robust capital position have again enabled us to maintain our ProfitShare allocation rates and, as a result, we are able to share £181m with over two million eligible customers.

2024 variable remuneration outturns and 2025 approach to remuneration

Our variable remuneration plans include a balance of financial and strategic performance measures aligned to our Purpose and strategy. Our plans also include gateways or minimum performance standards which must be achieved to support any outcomes for colleagues.

The outcomes for the Group's 2024 Short-Term Incentive Plan (STIP) and 2022 Long-Term Incentive Plan (LTIP) scorecards are summarised below. In deciding these outcomes, the committee considered whether each outcome appropriately reflected performance having

regard to the economic climate. The committee also considered performance in relation to the Group's risk framework, including annual statements from the chairs of the Audit Committee and the Risk and Capital Committee on the quality of earnings and performance within risk appetite. Having regard to this, the committee determined there were no material factors which required an adjustment to the scorecard outcomes, and so no discretionary adjustments were made by the committee.

2024 Short-Term Incentive Plan (STIP)

The 2024 Group scorecard was aligned to the delivery of our Purpose and strategy, focused on colleague collaboration to deliver good outcomes for our members and customers.

The financial measures on the 2024 STIP scorecard exceeded target. Operating profit was ahead of plan driven by increased contributions from new and existing business. Out-performance in Individual Pensions and Protection, alongside a successful launch into the bulk purchase annuities market, resulted in risk adjusted new business contribution above target. Continued careful management of our cost base also led to costs being slightly lower than planned. In our customer focused measures, our Customer Value Statement Index increased, and there was positive movement in the shift to online channels. Consumer Duty was further embedded through compliance for longstanding customers by the regulatory deadline though we have identified targeted improvements to areas in consumer outcomes. We launched our new Individual Pensions online service for all advisers and successfully completed the Part VII transfer of Aegon UK's closed book of individual protection business, welcoming nearly 400,000 customers to the Group.

Ongoing commitment to our people priorities resulted in progress ahead of target. In assessing performance against the scorecard metrics, the committee also noted there was further progress to be made in operational resilience, in particular cyber security, against a rapidly evolving landscape. You can read more about our people commitments on pages 22 to 23.

The minimum performance standards were confirmed as achieved and therefore the formulaic outcome under our 2024 STIP scorecard was 120.7% of target (with the maximum being 200% of target).

In determining the final outcome, the committee considered a number of factors including the economic climate and the management of risk, concluding that the formulaic outcome was an appropriate reflection of business performance over the performance period and therefore chose not to apply any discretionary adjustments. This resulted in an overall out-turn of 120.7% of salary (relative to a maximum of 200% of salary) for Barry O'Dwyer and 90.5% of salary (relative to a maximum of 150% of salary) for Daniel Cazeaux. Further information is set out on pages 109 to 110.

2022 Long-Term Incentive Plan (LTIP)

The 2022 LTIP scorecard included both financial and non-financial measures. Performance under our LTIP scorecard is measured over three years.

Financial measures made up 70% of the scorecard. Operating Profit was above threshold, though our new business performance and asset management profitability were lower than planned. Investment performance across the Governed Range and Long-Term Funds achieved target levels over the three years.

Positive progress was made in our sustainability measures with maximum achieved for the reduction in portfolio CO₂e emissions. The Diversity and Inclusion measures achieved above target levels, achieving higher disclosure rates for colleague demographic data and maintaining colleague engagement levels. Significant progress has been made against building enterprise value where capability has been developed across all business areas.

Page 111 summarises our performance under the 2022 LTIP scorecard in 2024.

Overall, our performance under the scorecard for the 2022 LTIP resulted in an outcome of 55.6% of the maximum award for both Barry O'Dwyer and Daniel Cazeaux.

Applying our Group Remuneration Philosophy in 2025

2025 salary

To provide support for colleagues, we continued to focus on increasing salaries for lower-paid colleagues during the most recent annual review. Our overall approach sought to balance the need to maintain competitiveness while recognising the reducing inflation figures alongside continued financial pressures faced by colleagues, particularly those with lower levels of remuneration. Our spend on salary increases for lower-paid colleagues averaged 3% compared to an overall Group budget of 2.5%.

Having regard to these parameters, individual performance and experience in role, the committee determined to increase Barry O'Dwyer's salary by 2.5% (from £806,400 to £826,560) and Daniel Cazeaux's salary by 2.5% (from £523,750 to £536,850) effective from 1 April 2025.

2025 Short-Term Incentive Plan (STIP) and 2025 Long-Term Incentive Plan (LTIP)

During the year, the committee set the performance measures under the 2025 STIP and 2025 LTIP scorecards having reviewed in the context of alignment to our strategic objectives. The scorecards include measures that demonstrate progress against the delivery of our Purpose, including our commitment to playing our part in moving fairly to a sustainable world. Further details on the scorecards are on pages 107 to 108.

Considering the scope of the role, continued strong performance in role and competitive market data, the committee felt it would be appropriate to increase the incentive opportunity for Daniel Cazeaux, with his incentive opportunity increasing from a maximum of 150% to 200% of salary. This level of LTIP opportunity is within the levels set out in the Directors' Remuneration policy agreed with members. No additional changes in the variable remuneration opportunities are proposed for the executive directors in 2025. Barry O'Dwyer's maximum STIP opportunity will continue to be 200% of salary. Daniel Cazeaux's maximum STIP opportunity will continue to be 150% of salary. The maximum LTIP opportunity for Barry O'Dwyer will continue to be 300% of salary.

Engaging with colleagues

Colleague representation is an essential element of ensuring that our colleagues' views are heard. Our Group Executive Committee and the Board continue to work in constructive partnership with our Colleague Representative Forum to bring insight, ideas and collaborative challenge to accelerate positive progress and represent the views of colleagues. The committee will continue to engage with the Colleague Representative Forum in 2025.

Committee effectiveness

The 2024 committee effectiveness review was conducted internally as described in the Nominations and Governance Committee report. The committee did not raise any material concerns regarding its overall effectiveness and concluded that it continued to fulfil its duties under its terms of reference. The committee agreed to defer making recommendations to improve its effectiveness until the new Chair of the Board had completed her induction, which will be reported in the 2025 Annual Report and Accounts.

Looking forward

In 2025, the committee will continue to ensure that there is a careful balance between providing competitive remuneration while also ensuring the effective management of risk. Risk-taking outside the Group's risk appetite will not be rewarded.

The committee will review the Directors' Remuneration Policy and continue to consider the Group's remuneration arrangements in the context of market competitiveness and in support of the development of business activity. This includes activity in new markets, and the development of new products and services.

When assessing performance under our variable remuneration plans, the committee will consider not just the measures and targets in the respective scorecards, but also wider views of Group performance, quality of earnings and the sustainability of performance before finalising awards.

Group Remuneration Philosophy

Our customers, members and colleagues are at the heart of our business. We aim to ensure our colleagues feel supported and empowered to be the best they can at work.

We use a Group Remuneration Philosophy which applies to colleagues including the executive directors.

A summary of our approach to remuneration across the Group, and how this applies to colleagues and the executive directors, is provided below.



Element

Application to the Group

Salary

Royal London takes a market-informed approach when deciding salaries. Individual salaries are appropriately positioned against internal and external peers, and consider colleague skills, knowledge and sustained performance.

Royal London applies a 'pay for performance' approach, where salary increases are prioritised for those colleagues that are showing exceptional performance and progressing well in their roles.

Benefits

Royal London has a strong focus on supporting colleagues with their physical, mental and financial wellbeing and providing financial security for colleagues.

Colleagues who meet the required service criteria are eligible to join a private medical plan which offers support with physical and mental health and medical treatment if needed.

Financial support is provided to colleagues' dependants through life insurance which pays eight times a colleague's salary if a claim is accepted.

Income protection is provided to colleagues when they are not able to work for a prolonged period due to illness or injury.

Other benefits may vary by individual, location and level and may also include medical screening or a discretionary living-away-from-home allowance.

Pension

Royal London is committed to helping colleagues to save towards their future and retirement.

Colleagues are encouraged to make pension contributions, which Royal London doubles up to a maximum employer contribution of 14%. The default contribution rate across the workforce is 6% (colleague) and 12% (Royal London) of salary.

Colleagues who reach either the lifetime or annual pension allowance can choose to take a cash allowance in lieu of pension.

Element	Application to the Group
Short-Term Incentive Plan (STIP)	The STIP gives an opportunity for colleagues to be rewarded for their contribution towards Royal London achieving its Purpose and strategy. Colleagues have a STIP opportunity that is appropriate for their role and comparable with their peer group. Any STIP is based on colleagues working collectively to deliver against the performance measures in the annual scorecard of financial and strategic measures that are reviewed each year. The scorecard determines the overall level of STIP funding each year. Individual STIP outcomes for colleagues are differentiated based on a colleague's personal performance, with a zero outcome being awarded to colleagues who do not meet the minimum expectations for their role. The maximum opportunity for colleagues will not exceed 200% of salary, unless otherwise agreed by the committee. For individuals in key senior leadership roles, a part of the STIP is deferred. For example, 40% of STIP payment is deferred for executive directors and members of the Group Executive Committee. Payment is subject to continued employment with deferred awards eligible to vest on the first, second and third anniversaries following grant. In line with market practice, and in order to increase alignment with the underlying performance of certain business units or functions, separate STIP scorecards may apply for certain colleagues or business areas.
Long-Term Incentive Plan (LTIP)	The LTIP aims to align the interests of our most senior colleagues, which includes members of the Group Executive Committee, with the long-term interests of members and customers by incentivising the delivery of our Purpose and strategy. Participants in the LTIP have a variable remuneration opportunity which is appropriate for their role and comparable with their peer group. Awards under the plan are differentiated based on personal contribution and performance. No awards are made to colleagues who do not meet the minimum expectations for their role. Performance under the plan is assessed over three years using a scorecard of financial and strategic measures. Vesting of awards is based on performance over the three-year period, after which a two-year holding period applies for the executive directors who are also subject to minimum unit holding requirements. The awards are therefore subject to a total vesting and holding period of five years. Awards are deferred into fund units to support alignment with customer interests through fund performance.

Supporting our Purpose and strategy

An overview of the scorecards under the 2025 STIP and the 2025 LTIP is provided below. The performance measures in the scorecards support the delivery of our Purpose and strategy.

The committee is of the view that the performance targets are commercially sensitive, and it would be detrimental to the Company to disclose them in advance of or during the relevant performance period. The committee will disclose these targets at the end of the relevant performance period in that year's Annual Report and Accounts, if these targets are no longer commercially sensitive.

2025 STIP scorecard

Strategy outcome	Alignment to our Purpose	Weighting	Performance measure(s)
Our continued profitability and balance sheet management ensure we are financially secure		20%	Operating profit
		15%	Risk adjusted new business contribution
Our investment performance and capabilities are recognised as best in class	  	15%	Investment return on Long-Term Funds and Governed Range
We offer high quality and value for money solutions that help customers achieve good outcomes	 	12.5%	Assessment of progress in supporting good customer outcomes and embedding our data governance framework alongside Customer Value Statement Index
We maximise operational efficiency without compromising on quality		10%	Assessment of service level performance across in-house and outsourced customer operations
We attract a strong inflow of new customers and clients	 	5%	Number of customers joining new workplace pension schemes
We operate with modern infrastructure, capabilities and ways of working to maximise value for customers		12.5%	Building resilience in our infrastructure
We are a 'digital-first' organisation with a frictionless customer experience	  	10%	Development of digital channels and increased usage of digital servicing
Total		100%	

Our Purpose

Protecting today, investing in tomorrow. Together we are mutually responsible.



Helping build financial resilience



Playing our part in moving fairly to a sustainable world



Strengthening the mutual choice for customers

2025 LTIP scorecard

Strategy outcome	Alignment to our Purpose	Weighting	Performance measure(s)
Our continued profitability and balance sheet management ensures we are financially secure		20%	Operating profit
We are clear on how we will reduce our CO ₂ e emissions in our operations and investments	 	10%	Assessment of progress and outcomes in delivery of our Climate Transition Plan and financed emissions under engagement
Our investment performance and capabilities are recognised as best in class	  	30%	Investment return on Long-Term Funds, Governed Range and external assets
We offer high quality and value for money solutions that help customers achieve good outcomes	 	10%	Assessment of progress against our priority initiatives
The breadth of our offering means our relationship with customers can last for the rest of their lives	 	10%	Percentage of customers retiring with us from Workplace Pensions and customers using more than one product with us
We operate with modern infrastructure, capabilities and ways of working to maximise value for customers		10%	Building resilience in our infrastructure
		5%	Delivering our People Priorities for our colleagues and customers
We are a 'digital-first' organisation with a friction-less customer experience	  	5%	Increasing customer utilisation of digital channels
Total		100%	

UK Corporate Governance Code

The Board believes that the Company has continued to follow the principles of the Code, as adapted to reflect the Company's mutual status. The table below summarises how we have applied Provision 40 of the Code's principles into our remuneration framework.

Principle	Examples of how the principles have been applied
Clarity	- Voluntary application of the 2018 UK Corporate Governance Code - Comprehensive remuneration disclosures, in line with market practice for listed companies - Group Remuneration Philosophy (pages 105-106)
Simplicity	Common remuneration approach which is well understood by colleagues
Risk	- Committee discretion (page 105 of the 2022 Annual Report and Accounts) - Malus and clawback (page 103 of the 2022 Annual Report and Accounts) - Post-employment holding requirements (page 104 of the 2022 Annual Report and Accounts)
Predictability	- Directors' Remuneration Policy scenario charts (page 108 of the 2022 Annual Report and Accounts) - Committee discretion (page 105 of the 2022 Annual Report and Accounts)
Proportionality	- Alignment to strategy - Committee discretion (page 105 of the 2022 Annual Report and Accounts)
Alignment to culture	Group Remuneration Philosophy (pages 105-106)

2024 Annual report on remuneration

This section of the report details the remuneration paid to the executive and non-executive directors for the financial year ending 31 December 2024. Unless indicated otherwise, details included below have not been audited.

Single figure of remuneration – executive directors (audited)

The table below details the single figure of remuneration for executive directors for the financial year ended 31 December 2024.

Executive director		Fixed remuneration				Variable remuneration			
		Salary £'000	Taxable benefits £'000	Pension £'000	Total £'000	STIP £'000	LTIP £'000	Total £'000	Total £'000
Barry O'Dwyer	2024	797	3	96	896	973	688	1,661	2,557
Barry O'Dwyer	2023	759	1	91	851	1,062	526	1,588	2,439
Daniel Cazeaux	2024	518	2	62	582	474	381	855	1,437
Daniel Cazeaux	2023	484	1	58	543	546	316	862	1,405

Salary

Barry O'Dwyer's annual salary from 1 April 2024 was £806,400. Daniel Cazeaux's annual salary from 1 April 2024 was £523,750.

Benefits

Benefits include private medical insurance and health screening costs.

Pension

The executive directors receive a cash supplement in lieu of Company pension contributions of 12% of salary. This is aligned with the default contribution rate for colleagues.

STIP

Awards under the STIP are annual and include amounts due to be deferred which are subject to continued service. 40% of any STIP is deferred for up to three years. To further increase the alignment between variable remuneration outcomes and our members and customers, deferred STIP awards are invested in the funds available to our members and customers.

LTIP

LTIP values reflect the achievement of performance measures under the 2022 LTIP at the end of the three-year performance period. The awards are therefore subject to a total vesting and holding period of five years.

2024 STIP outcome (audited)

The 2024 STIP scorecard was set at the start of the financial year. The table below details actual performance against the measures and targets in the scorecard at the end of the performance period. The committee is of the view that any performance targets not disclosed are commercially sensitive as it would be detrimental to the Company to disclose them.

Strategy outcome	Alignment to our Purpose	Threshold (0%)	Target (100%)	Maximum (200%)	Actual	Weighted outturn
Our continued profitability and balance sheet management ensures we are financially secure (35.0%)						
131% of target						
Operating profit ¹ £m (20.0%)		231.2	272.0	312.8	285.8	27.0%
Risk adjusted new business contribution £m (15.0%)		79.3	93.3	107.3	97.0	18.8%
We maximise operational efficiency without compromising on quality (5.0%)						
110% of target						
Group business as usual costs £m (5.0%)		652.3	636.3	620.4	634.7	5.5%
Performance achievement						
We are clear on how we will reduce our CO ₂ e emissions in our operations and investments (5.0%)						
150% of target						
Assessment of progress and outcomes for Board approval of the Climate Transition Plan, UK Stewardship Code accreditation and engagement on financed emissions (5.0%)		Good progress was made in 2024 with delivery against financed emissions engagement and Stewardship Code accreditation was retained. We developed our Climate Transition Plan.				7.5%
Our investment performance and capabilities are recognised as best in class (15.0%)						
97% of target						
Investment return on Long-Term Funds and Governed Range (15.0%)		Investment performance was above benchmark and slightly below targets.				14.6%
We offer high quality and value-for-money solutions that help customers achieve good outcomes (15.0%)						
76% of target						
Assessment of progress and outcomes for our priority initiatives including further embedding of Consumer Duty (15.0%)		We successfully transferred Aegon's UK individual protection business and delivered our new adviser digital experience. Consumer Duty was further embedded for longstanding customers by the regulatory deadline.				11.4%
We attract a strong inflow of new customers and clients (5.0%)						
173% of target						
Number of customers joining new Workplace Pensions scheme (5.0%)		New members to new Workplace Pensions scheme were significantly ahead of target.				8.7%
Customers share their data with us, and we actively use it to improve our customer offer (10.0%)						
175% of target						
Prioritisation of the shift to online channels (5.0%) Customer Value Statement (CVS) Index (5.0%)		Non-advised workplace transfers, using a digital journey, were above target levels for 2024. CVS exceeded the maximum threshold.				17.5%
We operate with modern infrastructure, capabilities and ways of working to maximise value for customers (10.0%)						
97% of target						
Building resilience in our infrastructure (5.0%) Delivering our People Priorities for our colleagues and customers (5.0%)		We have built resilience in our infrastructure by developing our Cyber Security controls. Leadership capabilities developed through Senior and People Leader Programmes.				9.7%
Final 2024 STIP outcome						120.7%

1. Operating profit before tax adjusted for 2024 STIP payable to colleagues over and above the 100% target level.

Performance during the year resulted in a calculated scorecard outcome of 120.7% of target (or 60.4% of the maximum). In addition to the scorecard outcome, the financial gateways (capital, profit and liquidity hurdles) under the plan were achieved.

The committee evaluated the calculated scorecard outcome and considered several factors including the economic climate, the Group's financial and investment performance and management of risk.

The committee decided that the results were an accurate reflection of business performance over the performance period, and therefore chose not to apply any discretionary adjustments to the calculated outcome.

This resulted in an overall out-turn of 120.7% of salary for Barry O'Dwyer and 90.5% of salary for Daniel Cazeaux.

The maximum opportunity under the 2024 STIP was 200% of salary for Barry O'Dwyer and 150% for Daniel Cazeaux, with 40% of any amount earned deferred into fund units for three years.

2022 LTIP outcome (audited)

The 2022 LTIP scorecard includes financial and strategic objectives aligned to the shared mutual interests of members, customers and colleagues.

The plan has a three-year performance period. An additional two-year holding period applies following vesting for the executive directors. No additional service conditions are applicable during the holding period.

The performance measures and targets were set at the start of the three-year performance period.

The table below details actual performance against the measures and targets in the scorecard at the end of the performance period. The committee is of the view that any performance targets not disclosed are commercially sensitive, and that it would be detrimental to the Company to disclose them.

Financials (40%)	Alignment to our Purpose	Threshold (20%)	Target (45%)	Maximum (100%)	Actual	Weighted outturn
UK GAAP operating profit £m (40.0%)		703	827	951	766	13.1%
32.7% of maximum						
Performance achievement						
Customer (30.0%)						
49.4% of maximum						
Investment performance (Governed Range (15.0%))		Investment performance for the Governed Range and Long-Term Funds exceeded target levels reflecting out-performance particularly in the Long-Term Funds.				14.8%
Investment performance (Long-Term Funds) (15.0%)						
Building the future (20.0%)						
100% of maximum						
Building new capabilities (20.0%)		We have significantly broadened our capabilities leading to achieving the maximum threshold.				20.0%
Sustainability (10.0%)						
76.9% of maximum						
Reduction in portfolio CO ₂ e emissions (5.0%)		Reduction in portfolio CO ₂ e emissions was significantly above target levels. 14 of our top climate risk counterparties disclosed just transition plans. Diversity data disclosure supported progress with our diversity and inclusion plans.				7.7%
Progress in securing a just transition plan from our top climate risk counterparties by end 2024 (2.5%)						
Diversity & Inclusion Strategy (2.5%)						
Final 2022 LTIP outcome						55.6%

Performance over the three-year performance period resulted in a calculated scorecard outcome of 55.6%. In addition to scorecard outcome, the financial gateways (internal capital cover and operating profit before tax) under the plan were also achieved.

The committee has the discretion to adjust the calculated scorecard result upwards by 25% or down to zero. The committee considered several factors including the economic climate, the Group's financial and investment performance and progress on key strategic projects.

The committee decided that the results were an accurate reflection of business performance over the performance period, and therefore chose not to apply any discretionary adjustments to the calculated outcome.

This resulted in an overall out-turn of 55.6% of the maximum award for Barry O'Dwyer and Daniel Cazeaux. The maximum face values of the awards at grant were £1,050,000 for Barry O'Dwyer and £650,000 for Daniel Cazeaux.

2024 LTIP awards granted during the year 2024 (audited)

The committee approved an award under the 2024 LTIP of 300% of salary to Barry O'Dwyer and 150% of salary to Daniel Cazeaux in February 2024, reflecting salary levels as at 31 December 2023.

Awards under the plan are invested in units in Royal London Asset Management funds. For executive directors, any payout under the plan is subject to satisfying the unit holding requirement.

The 2024 LTIP scorecard includes financial and strategic objectives. The plan has a three-year performance period. An additional two-year holding period applies following vesting for the executive directors. The awards are therefore subject to a total vesting and holding period of five years. There is no payout for threshold performance under the plan.

The table below details the performance measures and weightings which were set at the start of the three-year performance period. Performance targets are commercially sensitive and will not be disclosed. Financial targets will be disclosed after the performance period ends.

Strategy outcome	Alignment to our Purpose	Weighting	Performance measure(s)
Our continued profitability and balance sheet management ensures we are financially secure		25%	Operating profit
We are clear on how we will reduce our CO ₂ e emissions in our operations and investments		5%	Assessment of progress and outcomes in reducing CO ₂ emissions and just transition engagement
Our investment performance and capabilities are recognised as best in class		30%	Investment return on Long-Term Funds and Governed Range and external assets
We offer high quality and value for money solutions that help customers achieve good outcomes		10%	Assessment of progress against our priority initiatives
The breadth of our offering means our relationship with customers can last for the rest of their lives		10%	Percentage of customers using more than one solution with us
We maximise operational efficiency without compromising on quality		10%	Business as usual costs (UK only)
We operate with modern infrastructure, capabilities and ways of working to maximise value for customers		10%	Delivering our People Commitments for our colleagues and customers

Executive director	Award (as % of salary)	Face value of award at grant (£'000)	End of the performance period	End of the holding period
Barry O'Dwyer	300	2,310	31 December 2026	31 December 2028
Daniel Cazeaux	150	750	31 December 2026	31 December 2028

Outstanding awards under variable remuneration plans (audited)

For the executive directors, the table below details outstanding deferred remuneration awards under the deferred element of the STIP and LTIP for executive directors on 31 December 2024.

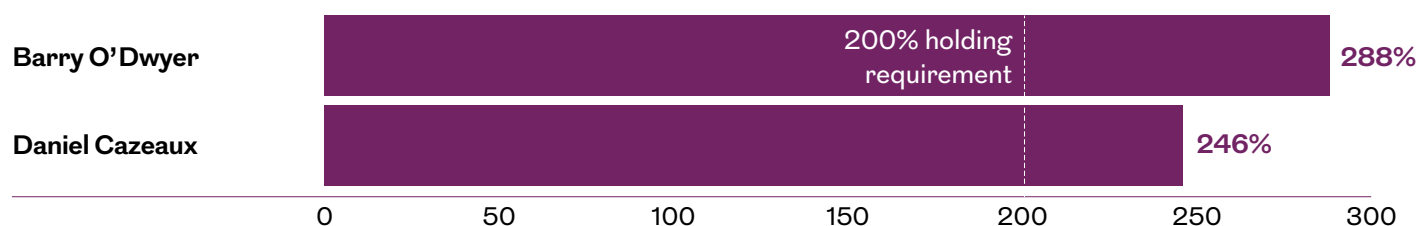
In order to show a complete picture of the value of unvested deferred variable remuneration awarded in prior years, the table includes estimated figures for in-flight awards, which are awards made inside the performance or vesting period on 31 December 2024).

	Non-exercisable			Exercisable awards (£'000)	Total awards (£'000)
	Unvested awards subject to time and holding requirements (£'000)	Unvested awards subject to performance and holding requirements (£'000)	Vested awards subject to holding requirements (£'000)		
2024					
Barry O'Dwyer	766	3,238	1,559	–	5,563
Daniel Cazeaux	390	978	896	–	2,264

Unit holding

From 1 January 2020, the executive directors were required to hold at least 200% of salary (based on issuance value) for two years post cessation of employment.

The chart below shows the unit holdings of the executive directors as a percentage of their respective salaries. This includes non-exercisable unvested awards subject to time and holding requirements, and non-exercisable vested awards subject to holding requirements.



CEO pay ratio

The table below details the single total figure of remuneration for the Group Chief Executive Officer role over the last six years and how it compares to the 25th, 50th (median) and 75th percentile full-time equivalent (FTE) annualised remuneration of UK colleagues on 31 December 2024.

For each colleague, total remuneration is calculated in line with the single figure methodology - namely, salary accrued during the financial year and the value of variable remuneration awards vesting in relation to the performance year. As the ratios could be unduly impacted by joiners and leavers who may not participate in remuneration arrangements in the year that they join or leave, the calculations exclude any colleagues not employed throughout the financial year. Colleagues on parental or other extended leave are included pro-rata for their FTE salary, benefits and STIP. No other calculation adjustments or assumptions have been made.

The methodology outlined above has been used from 2020 onwards to support statistically robust calculations.

Group Chief Executive Officer	Year	Method	25 th percentile	50 th percentile (median)	75 th percentile
Barry O'Dwyer	2024	A	70	43	26
Barry O'Dwyer	2023	A	72	43	27
Barry O'Dwyer	2022	A	61	37	23
Barry O'Dwyer	2021	A	60	36	23
Barry O'Dwyer	2020	A	42	26	17
Phil Loney/Barry O'Dwyer	2019	B	90	52	34
		CEO pay	25 th percentile	50 th percentile	75 th percentile
Salary		£797,000	£28,415	£46,490	£71,512
Total remuneration		£2,557,000	£36,495	£60,205	£97,219

For 2024, the ratio between the total remuneration of the Group Chief Executive Officer and the total FTE remuneration of the employees at the upper quartile, median and the lower quartile remained at similar levels to 2023. Increases compared to 2022 and prior years are primarily driven by the long-term incentive awards which vested on 31 December 2024 and 31 December 2023. The committee is satisfied that the median pay ratio for 2024 is in line with the pay and progression policies for Group colleagues as a whole and is reflective of the workforce demographic.

For 2024, as ratios could be unduly impacted by joiners and leavers who may not participate in all remuneration arrangements in the year of joining and leaving, the calculations exclude any colleagues not employed throughout the financial year. Data is based on FTE pay for UK colleagues as at 31 December 2024. For each colleague, total remuneration is calculated in line with the single figure methodology (i.e. fixed pay accrued during the financial year and the value of performance-based incentive awards vesting in relation to the performance year). Colleagues on maternity or other extended leave are included pro-rata for their FTE salary, benefits and short-term incentives. No other calculation adjustments or assumptions have been made.

Payments to past executive directors (audited)

There were no payments to past executive directors during the financial year ended 31 December 2024.

Payments for loss of office (audited)

There were no payments for loss of office during the financial year ended 31 December 2024.

Group CEO - historic remuneration

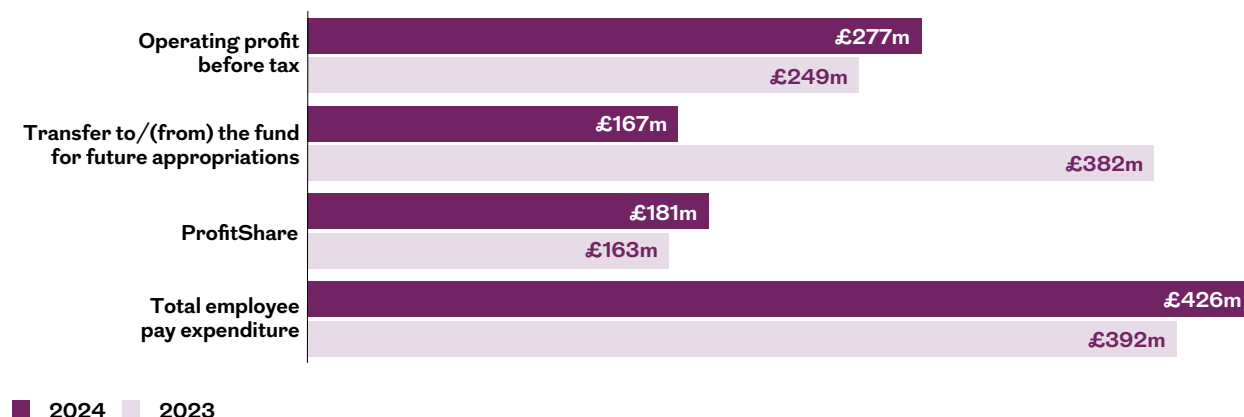
The table below details the historic remuneration for the Group CEO role covering the single figure of remuneration, STIP and LTIP outcomes (as a percentage of the maximum opportunity under each plan).

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Single figure of remuneration £'000										
Barry O'Dwyer	-	-	-	-	1,761	1,304	1,884	1,853	2,439	2,557
Phil Loney	3,136	3,033	3,208	2,971	1,956	-	-	-	-	-
STIP outcome (as a % of the maximum)										
Barry O'Dwyer	-	-	-	-	-	50%	51%	51%	69%	60%
Phil Loney	100%	98%	82%	76%	68%	-	-	-	-	-
LTIP outcome (as a % of the maximum)										
Barry O'Dwyer	-	-	-	-	-	-	33%	43%	45%	56%
Phil Loney	37%	55%	88%	62%	74%	-	-	-	-	-

Relative importance of spend on pay

The chart below shows the relative importance of spend on colleague pay compared to operating profit before tax, transfer to/(from) the fund for future appropriations and ProfitShare.

ProfitShare is dependent on several criteria, including the capital position of the Group and future economic conditions, while our total colleague pay expenditure is dependent on the current year's financial performance. Consequently, there is not a direct correlation between changes in the ProfitShare and total colleague pay.



Single figure of remuneration – non-executive directors (audited)

The table below details the single figure of remuneration for non-executive directors for the financial year ending 31 December 2024.

	Annual fees (£'000)		Committee chair fees (£'000)		Fees for additional responsibilities (£'000)		Total fees (£'000)	
	2024	2023	2024	2023	2024	2023	2024	2023
Non-executive directors as at 31 December 2024								
Lynne Peacock (appointed to the Board on 1 December 2023, appointed Interim Chair on 3 October 2024)	165	7	—	—	26	3	191	10
Kal Atwal	85	81	—	—	11	20	96	101
Baroness Ruth Davidson PC	85	81	—	—	11	11	96	92
Jane Guyett CBE	85	81	40	38	11	11	136	130
Eithne McManus (appointed to the Board on 1 April 2023)	85	62	28	2	22	18	135	82
Pars Purewal (appointed to the Board on 8 February 2023)	85	75	54	48	—	—	139	123
Mark Rennison	85	81	40	38	11	11	136	130
Nicky Richards (appointed to the Board on 5 October 2023)	85	21	28	—	—	3	113	24
Tim Tookey	85	81	40	38	34	11	159	130
Former non-executive directors								
Kevin Parry OBE (retired as Chair on 3 October 2024)	399	380	—	—	—	—	399	380

Kevin Parry's 2024 total fees include payment in lieu of notice following his resignation from the Board.

Non-executive director fees for 2025

The fees for non-executive directors were reviewed during the year. From 1 April 2025, the annual base fee for non-executive directors will be £88,600 and fees for membership of additional committees, excluding the Nominations and Governance Committee, will be £11,800. Additional fees payable for committee chairs are as follows:

- Risk and Capital Committee: £41,300
- Investment Committee: £29,500
- With Profits Committee: £29,500
- Audit Committee: £41,300
- Remuneration Committee: £41,300
- Chair of RLAM: £55,900
- The annual fee for the Chair is £403,300 and the annual fee for the Senior Independent Director is £23,600.

Annual percentage change in remuneration for directors compared to colleagues

The table below shows the year-on-year percentage change for salary, benefits and STIP (as relevant) for directors compared with other colleagues (based on full-time equivalent total remuneration for the financial year).

Further details of the fees received by non-executive directors during the year are included on page 115. For colleagues, the percentage change in the STIP varies depending on the year-on-year performance against the relevant performance measures and targets for that period.

Year	Pay element	Executive directors		Non-executive directors	All other colleagues
		Barry O'Dwyer	Daniel Cazeaux	Average	
2019 to 2020	Salary / Fees	3%	-	5%	5%
	Benefits	2%	-	-	5%
	Bonus	-5%	-	-	-44%
2020 to 2021	Salary / Fees	1%	71%	15%	3%
	Benefits ¹	168%	75%	-	6%
	Bonus	2%	115%	-	34%
2021 to 2022	Salary / Fees	4%	4%	2%	8%
	Benefits	-61%	4%	-	-2%
	Bonus	4%	-6%	-	0%
2022 to 2023	Salary / Fees	5%	12%	16%	5%
	Benefits	5%	11%	-	16%
	Bonus	90%	63%	-	54%
2023 to 2024	Salary / Fees	5%	7%	4%	7%
	Benefits	7%	8%	-	-3%
	Bonus	-8%	-13%	-	7%

1. In November 2021, Barry O'Dwyer was granted a one-off payment of £141,509 to support his relocation from Edinburgh to London

Advisers to the Remuneration Committee

Following a review of remuneration advisers in late 2017, which consisted of a full competitive tender process, Deloitte LLP (Deloitte) was appointed by the committee as its independent adviser on remuneration with effect from 1 February 2018.

Throughout the year, the committee received advice on specific matters in relation to executive and colleague remuneration. The committee is satisfied that the advice provided was objective and independent through regular reviews. The committee is comfortable that Deloitte does not provide any added services and does not have any connection with the Company or its directors that may impair its independence. Deloitte's total fees (excluding VAT) for the provision of remuneration services to the committee for the year ended 31 December 2024 were £218,400 (2023: £145,300).

Member views on remuneration

At the AGM on 1 June 2024, members passed the annual advisory vote on the annual report on remuneration. The Directors' Remuneration Policy vote took place at the 2023 AGM on 6 June 2023. The voting results at the 2024 AGM were as follows:

Resolution		1,112 (3.6%)
Annual report on remuneration	29,353 (94.7%)	522 (1.7%)
Votes for and percentage of votes cast Votes against and percentage of votes cast Votes abstained		

The Directors' Remuneration Report on pages 102 to 116 was approved by the Board and signed on its behalf by:

Jane Guyett CBE

Director, Chair of the Remuneration Committee
6 March 2025



Financial statements

Consolidated financial statements for The Royal London Mutual Insurance Society Limited for the year ended 31 December 2024.

Independent auditor's report

to the members of The Royal London Mutual Insurance Society Limited

1. Our opinion is unmodified

We have audited the financial statements of The Royal London Mutual Insurance Society Limited (“the Company or parent Company”) for the year ended 31 December 2024 which comprise the Consolidated statement of comprehensive income, Consolidated and Company balance sheets, and the related notes, including the accounting policies in note 1 other than the disclosures labelled as unaudited in notes 1 and 37.

In our opinion the financial statements:

- give a true and fair view of the state of the Group’s and of the parent Company’s affairs as at 31 December 2024 and of the Group’s result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the Board on 17 May 2024 and our appointment was ratified by the members on 11 June 2024. The period of total uninterrupted engagement is for the one financial year ended 31 December 2024. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality	Group
Group financial statements as a whole	£80m 1.88% of Group Fund for future appropriations
Coverage	98% of Group Fund for Future Appropriations
Key Audit Matters	Valuation of non-participating value of in-force business Valuation of long-term business provision Valuation of directly and indirectly held investment property

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Valuation of non-participating value of in-force business (Group: £3,085 million; 2023: £2,776 million) (Company: £3,085 million; 2023: £2,775 million) Refer to page 89 (Audit Committee Report), page 134 (accounting policy) and page 193 (financial disclosures).	Subjective valuation: The Group has a significant non-participating value of in-force business representing 2.3% (2023: 2.3%) of the Group's total assets. The valuation of non-participating value of in-force business is an inherently subjective area, requiring management judgement in the setting of key assumptions. The assumptions which involve the greatest level of subjectivity are pensions persistency assumptions and a small change in these assumptions can have a significant impact on the valuation of non-participating value of in-force business. Pension persistency: When valuing the future cash flows of the value of in-force business, an assumption needs to be made regarding the proportion of existing policies that will remain in-force in future time periods and how long customers will continue to pay premiums. The key elements of the assumption are transfers, paid-up rates ("PUPs") and retirement rates for both workplace and individual business. These assumptions are estimated using past experience and, in particular, consideration of future changes in policyholder behaviour. These changes are difficult to predict, and therefore expert judgement is applied when setting an appropriate basis. Estimation uncertainty The effect of these matters is that, as part of our risk assessment, we determined that the valuation of non-participating value of in-force business has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements disclose the sensitivities (Note 35) estimated by the Group.	We used our own actuarial specialists in order to assist us in performing procedures over methodology choice and assumptions in this area. Our procedures to address the risk included: Control design and implementation: testing of the design and implementation of key controls over the persistency assumption used in the valuation of non-participating value of in-force business. We did not seek to place reliance on the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described below. Methodology choice: assessing the appropriateness of the methodology for selecting the pension persistency assumption by applying our understanding of developments in the business and expectations derived from market experience, including consideration of the effects of uncertain economic conditions on policyholder persistency. Historical comparisons: evaluating the pension persistency assumptions by comparing to the Group's historic persistency experience. Our evaluation included assessing the long-term trends as well as the most recent experience available. Assessing transparency: considering whether the disclosures in relation to the assumptions used in the calculation of the valuation of non-participating value of in-force business are compliant with the relevant accounting requirements and appropriately represent the sensitivities of these assumptions to alternative scenarios and inputs. Our results: We found the resulting estimate of the valuation of non-participating value of in-force business to be acceptable.

	The risk	Our response
Value of long-term business provision (Group: £30,906 million; 2023: £31,253 million) (Company: £31,001 million; 2023: £31,346 million) Refer to page 89 (Audit Committee Report), page 134 (accounting policy) and page 186 (financial disclosures).	Subjective valuation: The Group has a significant long-term business provision representing 22.8% (2023: 25.4%) of the Group's total liabilities. The valuation of the long-term business provision is an inherently subjective area requiring management judgement in the setting of key assumptions. The assumptions which involve the greatest level of subjectivity are longevity assumptions and a small change in these assumptions can have a significant impact on the valuation of the long-term business provision. Longevity assumptions Longevity assumptions have two main components: mortality base assumptions and the rate of mortality improvements. The changing trends in longevity and emerging medical trends mean there is a high level of uncertainty in the assumptions. This uncertainty continues to be heightened in the current year due to the potential medium and long-term impacts of a variety of factors that are driving excess deaths. There is also a degree of reliance on Continuous Mortality Investigations (CMI) models. Hence, there is a risk that other mortality and health data sources are not appropriately considered under the assumption setting methodology. Estimation uncertainty The effect of these matters is that, as part of our risk assessment, we determined that the valuation of the long-term business provision has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements disclose the sensitivities (note 35) estimated by the Group.	We used our own actuarial specialists in order to assist us in performing procedures over methodology choice and assumptions in this area. Our procedures to address the risk relating to the longevity assumption included: Control design and implementation: testing of the design and implementation of key controls over the longevity assumptions used in the valuation of the long-term business provision. We did not seek to place reliance on the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Methodology choice: assessing the appropriateness of the methodology for selecting the longevity assumption by applying our understanding of developments in the business and expectations derived from market experience, including other non-CMI sources alongside the CMI modelling used across the industry. Historical comparisons: evaluating the mortality base assumptions used in the valuation of the annuity liabilities by comparing to the Group's historic mortality experience. Benchmarking assumptions: assessing the rate of mortality improvement assumptions against industry data on expected future mortality rate improvements and industry historic mortality improvement rates and assessing the appropriateness by comparing to industry practice and our expectations derived from market experience. Assessing transparency: considering whether the disclosures in relation to the assumptions used in the calculation of the long-term business provision are compliant with the relevant accounting requirements and appropriately represent the sensitivities of these assumptions to alternative scenarios and inputs. Our results: We found the resulting estimate of the valuation of the long-term business provision to be acceptable.

	The risk	Our response
Valuation of directly and indirectly held investment property (Group: £8,292 million; 2023: £7,639 million) (Company: £8,327million; 2023: £7,676 million) Refer to page 89 (Audit Committee Report), page 134 (accounting policy) and page 169 (financial disclosures).	Subjective valuation: £8,292 million of directly and indirectly held investment property is held at the year end and is classified as Level 3 assets. This is held across various different financial statement captions predominantly within the unit linked portfolio including Investment property, Unit trusts and other pooled investment vehicles, OEICs and other investment funds subsidiaries and associates. Out of the total balance there is £3,065 million held in non-unit linked funds. Valuations are carried out by third party valuers predominantly engaged by the Group, who perform their work in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards. The valuation is complex and the fair value of the investment properties is based on limited or no observable market data. Therefore, significant judgement and estimation is required in determining the underlying fair value. The inputs that drive the investment property valuation are the ERV estimate ("Estimated rental value") and the yield, which is most akin to a discounting rate. Both inputs are based on market evidence and are inherently judgemental. The valuations take into account the property-specific information including the current tenancy agreements and rental income, condition and location of the property and future rental prospects. There is a risk that applying an inappropriate yield or an inaccurate ERV could lead to a material difference in the valuation. Estimation uncertainty: The ERV and the yield are inputs susceptible to macroeconomic factors and the turbulence of the current economic climate, which increases the estimation uncertainty in valuing the investment properties. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of directly and indirectly held investment property has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.	We used our own valuation specialists in order to assist us in performing the procedures. Our procedures included: Control design and implementation: testing of the design and implementation of key controls over the valuation process. We did not seek to place reliance on the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Benchmarking assumptions: we challenged the key assumptions upon which the valuations were based for a risk based sample of properties, including those relating to ERV and yield rates by making a comparison to our own ranges derived from market data. Methodologies: we challenged the methodologies used for the specific portfolios with reference to market practice. Attendance at Group valuation meetings: we attended the Group's meetings with their external valuers and challenged the market evidence presented by the valuers. Historical comparisons: we compared the year end valuation with the sales price achieved for property sales in the current year. Assessing valuers' credentials: we critically assessed the independence, professional qualifications, competence and experience of the external valuers used by the Group. Comparing valuation: For indirect property funds, we obtained and agreed the latest reported NAV from the fund manager and/or the fund administrator and agreed the NAV attributable to the Group to the reported valuation. Assessing transparency : we assessed whether the Group's disclosure about the sensitivity of fair value changes in key assumptions reflected the uncertainties inherent in the property valuations. Our results: We found the valuation of directly and indirectly held investment property to be acceptable.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £80m, determined with reference to a benchmark of the Fund for future appropriations as disclosed in note 25, of which it represents 1.88%. We consider the fund for future appropriations to be the most appropriate benchmark as it is more relevant to the users of the financial statements than profit before tax, given the Company’s mutual status.

In addition, we applied materiality of £129m to the RL (CIS) With-Profits Fund and Unit-Linked Funds assets and liabilities and associated Statement of Comprehensive Income balances in the consolidated and parent company balance sheets, and consolidated statement of comprehensive income, determined with reference to a benchmark of CIS Fund total assets, of which it represents 0.57%. This materiality was applied solely for our work on matters for which a misstatement is likely only to lead to a reclassification between line items within assets, liabilities and associated statement of comprehensive income balances within these funds, in accordance with FRC Practice Note 20 (Revised) The audit of Insurers in the United Kingdom.

Materiality for the Company financial statements as a whole was set at £79m, determined with reference to a benchmark of the Fund for future appropriations and chosen to be lower than materiality for the Group financial statements as a whole. It represents 1.86% of the stated benchmark.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

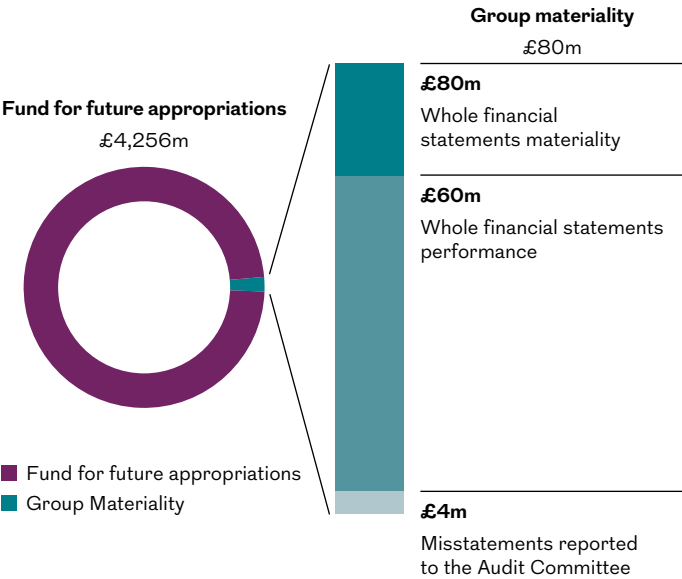
Performance materiality was set at 75% of materiality for the financial statements as a whole, which equates to £60m for the financial statements as a whole, £96.75m for the RL (CIS) With-Profits Fund and Unit-Linked Fund and £58.5 million for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £4m for the Group, £6.45m for the RL (CIS) With-Profits Fund and Unit-Linked Fund, and £3.95m for the Company, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Overview of the scope of our audit

This year, we applied the revised group auditing standard in our audit of the Consolidated financial statements. The revised standard changes how an auditor approaches the identification of components, and how the audit procedures are planned and executed across components.

In particular, the definition of a component has changed, shifting the focus from how the entity prepares financial information to how we, as the group auditor, plan to perform audit procedures to address Group risks of material misstatement (“RMMs”). Similarly, the Group auditor has an increased role in designing the audit procedures as well as making decisions on where these procedures are performed (centrally and/or at component level) and how these procedures are executed and supervised. As a result, we assess scoping and coverage in a different way and comparisons to prior period coverage figures are not meaningful. In this report we provide an indication of scope coverage on the new basis.



We performed risk assessment procedures to determine which of the Group’s components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.

In total, we identified 51 components, having considered our evaluation of the Group’s operational and legal structures, existence of common information systems, common risk profile across entities, geographical location and presence of key audit matters and our ability to perform audit procedures centrally.

Of those, we identified one quantitatively significant component which contained the largest percentages of total revenue and total assets of the Group, for which we performed audit procedures.

We also identified 12 components as requiring special audit consideration, owing to Group risks relating to gross premiums written, other income, debtors, creditors, cash, subordinated liabilities and expenses residing in these components.

Accordingly, we performed audit procedures on 13 components of which we involved component auditors in performing the audit work on 8 components. We also performed the audit of the parent Company.

We approved the component materialities, ranging from £5m to £78m, having regard to the mix of size and risk profile of the Group across the components.

Our audit procedures covered 100% of Group Gross premiums written.

We performed audit procedures in relation to components that accounted for 98% of Fund for future appropriations and 98% of Group total assets.

Impact of controls on our Group audit

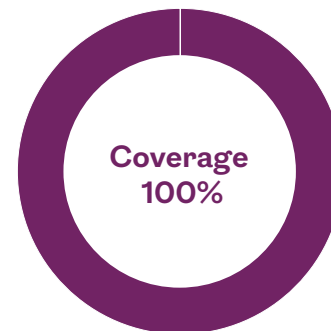
In planning our audit we identified a number of IT systems relevant to our audit, particularly with regard to automated controls within the Group's financial reporting processes. These systems included the main finance and consolidation systems and other systems handling data relating to policyholder transactions. We intended to rely on the IT controls associated with all of these identified systems, and the wider general IT control environment, in order to reduce the extent of substantive testing required over the finance and consolidation systems and specifically over the data extracted from the systems handling policyholder transactions. We used our IT auditors to assist us in assessing the design and operating effectiveness of the automated controls and general IT controls relevant to these systems, which are all managed from the UK

Following our testing, we were able to rely on the general IT controls associated with the majority of the IT systems, which allowed us to place reliance, as planned, on the key automated controls when designing our audit response. As noted by the Audit Committee on page 90, the Group's Financial Reporting Data and Control Framework does have some outstanding control deficiencies. Given this, which is consistent with our own audit findings, we did not rely on general IT controls for a small number of the identified IT systems and we performed a predominately substantive audit for audit risks related to these systems, with additional testing of the reliability of historic data derived from these policyholder transaction systems for use in financial reporting.

We tested the design and operating effectiveness of certain controls over cash and cash equivalents. For this area we were able to rely on these manual controls, which reduced the extent of our substantive testing over cash and cash equivalents. In all other areas of the audit a predominantly substantive approach was taken.

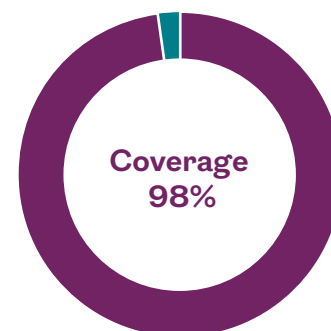
Our audit procedures covered the following percentage of Group Gross premiums written:

Gross premiums written

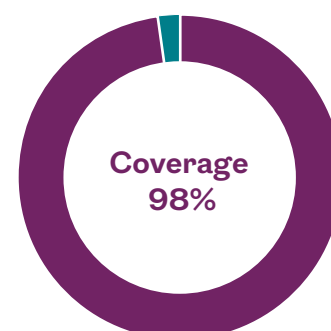


We performed audit procedures in relation to components that accounted for the following percentages of Group Fund for Future Appropriations and Group total assets:

Fund for future appropriations



Total assets



Group auditor oversight

As part of establishing the overall Group audit strategy and plan, we conducted the risk assessment and planning discussion meetings with component auditors to discuss Group audit risks relevant to the components, including the key audit matters in respect of valuation of non-participating value of in-force business, valuation of long-term business provision and valuation of directly and indirectly held investment property.

The Group auditor instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back.

We held regular in person and video conference meetings with the component auditors. At these meetings, the results of the planning procedures and further audit procedures communicated to us were discussed in more detail, and any further work required by us was then performed by the component auditors.

We inspected the work performed by the component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed.

4. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

- Severely adverse policyholder lapse, claims or expenses experience;
- Adverse impacts from fluctuations or negative trends in the economic environment which affect regulatory capital solvency coverage ratios, liquidity ratios, the valuations of Investment Property and other assets, and valuation of non-participating value in force business and long-term business provision; insurance contract liabilities; and
- Adverse operational impacts on the Group's data and processes.

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources by the Group's financial forecasts.

We considered whether the going concern disclosure in Note 1(a) to the financial statements gives an accurate description of the directors' assessment of going concern, including the identified risks and related sensitivities.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the directors' statement in note 1(a) to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1(a) to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of directors, the Audit Committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, audit committee, and any other relevant meeting minutes.
- Considering remuneration incentive schemes and performance targets for senior management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group auditor to component auditors of relevant fraud risks identified at the Group level and requesting component auditors performing procedures at the component level to report to the Group auditor any identified fraud risk factors or identified or suspected instances of fraud.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of the non-participating value of in-force business and the long-term business provision. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no elements of estimation uncertainty or key judgements made by management in relation to the accounting for gross premiums written. Therefore, there is a lack of opportunity in revenue accounting that would allow management to fraudulently manipulate the account balances.

We also identified a fraud risk related to valuation of non-participating value in force business and long-term business provision.

Further detail in respect of these risks are set out in the key audit matter disclosures in section 2 of this report.

We also performed the following procedures to address the fraud risks:

- Identifying journal entries based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior management and other individuals who seldom post, those posted and approved by the same user, those posted to unusual accounts and those which comprised unexpected posting combinations.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management as required by auditing standards, and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group auditor to component auditors of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), and taxation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's authority to operate. We identified the following areas as those most likely to have such an effect: specific areas of regulatory capital and liquidity, conduct including client assets, anti-money laundering, anti-bribery and market abuse regulations, and certain aspects of company legislation and financial services legislation recognising the financial and regulated nature of the Group's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the strategic report and the directors' report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report:

- we have not identified material misstatements in those reports;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report

In addition to our audit of the financial statements, the directors have engaged us to audit the information in the Directors' Remuneration Report that is described as having been audited, which the directors have decided to prepare as if the Company were required to comply with the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) made under the Companies Act 2006.

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, as if those requirements applied to the Company.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the Longer-term viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Longer-term viability statement on page 73 that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal risks and uncertainties disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the Longer-term viability statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;

- the section of the annual report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

In addition to our audit of the financial statements, the directors have engaged us to review their Statement of compliance with the UK Corporate Governance Code as if the Company were required to comply with the Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority in relation to those matters. Under the terms of our engagement we are required to review the Statement of compliance with the UK Corporate Governance Code. We have nothing to report in this respect.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report which we were engaged to audit are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 86, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Thomas Tyler

(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

6 March 2025

Consolidated statement of comprehensive income

for the year ended 31 December 2024

		Group	
		2024	2023
	Notes	£m	£m
Technical account – long-term business			
Gross premiums written	3 (a)	1,851	1,481
Outwards reinsurance premiums	3 (c)	(358)	(458)
Earned premiums, net of reinsurance		1,493	1,023
Investment income	4	4,643	6,227
Unrealised gains on investments	4	5,046	2,443
Other income	5	728	626
Total income		11,910	10,319
Claims paid			
Gross claims paid	6	(3,318)	(3,095)
Reinsurers' share	6	616	606
Change in provision for claims			
Gross amount	6	11	23
Reinsurers' share	6	46	(30)
Claims incurred, net of reinsurance		(2,645)	(2,496)
Change in long-term business provision, net of reinsurance			
Gross amount		268	22
Reinsurers' share		12	36
		280	58
Change in technical provision for linked liabilities, net of reinsurance		(8,247)	(6,383)
Change in technical provisions, net of reinsurance		(7,967)	(6,325)
Change in non-participating value of in-force business		309	302
Net operating expenses	7	(652)	(737)
Investment expenses and charges	10	(409)	(346)
Other charges	11	(286)	(250)
Total operating expenses		(1,347)	(1,333)
Profit before tax and before transfer to the fund for future appropriations		260	467
Tax attributable to long-term business	12	(93)	(85)
Transfer to the fund for future appropriations	25	167	382
Balance on technical account – long-term business		–	–
Other comprehensive income, net of tax:			
Remeasurement of defined benefit pension schemes	23 (b)	(7)	(22)
Foreign exchange rate movements on translation of Group entities		(10)	(5)
Deduction from the fund for future appropriations	25	(17)	(27)
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income for the year		–	–

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 not to include a Company statement of comprehensive income. As a mutual company, all earnings are retained for the benefit of participating policyholders and are carried forward within the fund for future appropriations. Accordingly, the total comprehensive income for the year is always £nil after the transfer to or deduction from the fund for future appropriations.

Balance sheets

as at 31 December 2024

	Notes	Group		Company	
		2024	2023	2024	2023
		£m	£m	£m	£m
ASSETS					
Intangible assets					
Goodwill	13	33	19	17	19
Negative goodwill	13	(25)	(32)	(3)	(5)
		8	(13)	14	14
Other intangible assets	13	134	143	109	114
		142	130	123	128
Non-participating value of in-force business	27	3,085	2,776	3,085	2,775
Investments					
Land and buildings	14	75	109	75	109
Investments in Group undertakings and participating interests	15	—	—	14,040	14,502
Other financial investments	16 (a)	33,275	33,348	19,884	19,492
		33,350	33,457	33,999	34,103
Assets held to cover linked liabilities	16 (b)	91,279	80,228	91,113	80,169
Reinsurers' share of technical provisions					
Long-term business provision	26 (a)	3,278	3,267	3,231	3,219
Claims outstanding		141	121	124	103
Technical provisions for linked liabilities	26 (b)	(57)	(47)	(57)	(47)
		3,362	3,341	3,298	3,275
Debtors					
Debtors arising out of direct insurance operations	19	21	50	19	47
Debtors arising out of reinsurance operations	19	61	92	46	73
Other debtors	20	3,280	2,341	3,161	2,128
		3,362	2,483	3,226	2,248
Other assets					
Deferred taxation	29	3	—	—	—
Tangible fixed assets	21	25	27	—	—
Cash at bank and in hand		499	490	282	273
		527	517	282	273
Prepayments and accrued income					
Deferred acquisition costs on investment contracts	22	50	67	42	65
Other prepayments and accrued income		62	45	1	—
		112	112	43	65
Pension scheme asset	23 (b)	164	177	164	177
Total assets		135,383	123,221	135,333	123,213

Balance sheets continued

as at 31 December 2024

	Notes	Group		Company	
		2024	2023	2024	2023
		£m	£m	£m	£m
LIABILITIES					
Subordinated liabilities	24	1,284	1,283	1,284	1,283
Fund for future appropriations	25	4,256	4,106	4,529	4,432
Technical provisions					
Long-term business provision	26 (a)	30,906	31,253	31,001	31,346
Claims outstanding		404	360	365	321
		31,310	31,613	31,366	31,667
Technical provisions for linked liabilities	26 (b)	91,072	79,935	90,906	79,877
Provisions for other risks					
Deferred taxation	29	107	46	109	49
Other provisions	30	176	177	172	173
		283	223	281	222
Creditors					
Creditors arising out of direct insurance operations	31 (a)	300	264	280	248
Creditors arising out of reinsurance operations	31 (b)	1,540	1,778	1,530	1,757
Amounts owed to credit institutions	31 (c)	27	48	27	47
Other creditors including taxation and social security	31 (d)	5,123	3,776	5,118	3,659
		6,990	5,866	6,955	5,711
Accruals and deferred income	32	188	195	12	21
Total liabilities		135,383	123,221	135,333	123,213

The financial statements on pages 128 to 220 were approved by the Board of Directors and signed on its behalf by:

Daniel Cazeaux

Group Chief Financial Officer
6 March 2025

Registered number: 99064 (England & Wales)
The Royal London Mutual Insurance Society Limited
80 Fenchurch Street, London, EC3M 4BY

Notes to the financial statements

for the year ended 31 December 2024

1. Accounting policies

This section describes the Group's significant accounting policies that relate to the financial statements and notes as a whole. Where applicable, additional accounting policy detail is provided within the relevant note. These policies have been consistently applied to all years presented.

The Royal London Mutual Insurance Society Limited (the 'Company' or 'RLMIS') is a private company limited by guarantee, incorporated and registered in England and Wales with its registered office being 80 Fenchurch Street, London, EC3M 4BY.

(a) Basis of preparation

Reporting framework

The financial statements of the Group and the Company ('the financial statements') have been prepared in accordance with UK accounting standards, including Financial Reporting Standard (FRS) 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' and FRS 103, 'Insurance contracts'. The financial statements are also prepared in compliance with the Companies Act 2006 and under the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ('the Regulations') relating to insurance groups, except that a true and fair override has been applied to:

- measure subsidiaries in the consolidated financial statements at fair value through profit or loss ('FVTPL') when they are not consolidated because they are held as part of an investment portfolio. As required by Section 9 of FRS 102, subsidiaries that are held as part of an investment portfolio are not consolidated and are included within the consolidated financial statements as investments within 'Other financial investments', measured at FVTPL. The inclusion of these assets at FVTPL is a departure from the requirements of paragraph 30 of Schedule 3 to the Regulations; and
- measure investments in associates that are part of an investment portfolio at FVTPL in the consolidated financial statements instead of using equity accounting. Investments in associates that are part of an investment portfolio are also included in the consolidated financial statements as investments within 'Other financial investments', measured at FVTPL in accordance with Section 14 of FRS 102. The inclusion of these assets at FVTPL is a departure from the requirements of paragraph 21 of Schedule 6 to the Regulations.

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of certain assets and liabilities at fair value as permitted or required by FRS 102.

As permitted by FRS 102, the Group and Company have chosen to account for the classification and measurement of financial instruments under IFRS 9.

The Group and Company are exempt from the requirements of Section 7 of FRS 102 to prepare a cash flow statement, as mutual life assurance companies are excluded from compliance with that section.

Functional currency

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out in note 1(d). Unless otherwise stated, all figures in the financial statements are presented rounded to the nearest million pounds.

Going concern

The Group has an estimated Group Regulatory View solvency surplus of £2.7bn (unaudited) and capital cover ratio of 196% (unaudited) at 31 December 2024, which is after the regulatory requirement to restrict the closed fund surplus of £2.0bn (unaudited).

The Group regularly performs sensitivities and stress testing on a range of severe but plausible scenarios. Stress testing has been performed on the capital position for severe adverse economic and demographic impacts arising over the short to medium term, and on the liquidity position for severe adverse economic impacts over the short term. The most adverse scenarios contain severe but plausible assumptions including adverse economic and insurance risk impacts, potential changes in future customer behaviour, significant third-party failure and the effects of climate change on economic and insurance risks. There are a range of management actions, both in the RL Main Fund and the closed RL (CIS) With-Profits Fund, available to the directors in stress scenarios which could be considered if there were a deterioration in the capital and/or liquidity position of the Group, to restore the position back within risk appetite.

Sufficient liquidity is available to settle liabilities as they fall due and the capital and liquidity positions remain sufficient to cover capital and liquidity requirements respectively in all scenarios tested. Further details on the Group's stress and scenario testing on the Business Plan can be found on page 73 in the Strategic report.

Notes to the financial statements continued

1. Accounting policies (continued)

Having considered these matters and after making appropriate enquiries, the directors are satisfied that the Group has adequate resources to continue to operate as a going concern for a period of at least 12 months from the date of approval of the financial statements. For this reason, they consider it appropriate to continue to adopt the going concern basis in preparing the financial statements. The directors have also concluded that there are no material uncertainties over the Group's ability to adopt the going concern basis of accounting.

(b) Basis of consolidation

The Group financial statements incorporate the assets, liabilities and results of the Company and its subsidiaries, and the Group's share of the results of associates, excluding those subsidiaries and associates held as part of an investment portfolio. The subsidiaries and associates held as part of an investment portfolio are recorded as investments and measured at FVTPL in the Group financial statements as described in note 1(a).

The financial statements produced by subsidiaries consolidated in the Group financial statements are prepared up to 31 December using accounting policies consistent with those adopted by the Group. Intra-group transactions, balances and unrealised gains and losses on intra-group transactions are eliminated on consolidation.

Investments in associates that are not part of an investment portfolio are included in the consolidated financial statements using the equity method. Under this method, the cost of the investment in a given associate, together with the Group's share of that entity's post-acquisition changes to shareholders' funds, is included as an asset within 'Other financial investments' in the Group balance sheet. The Group's share of their post-acquisition profit or losses is recognised in the consolidated statement of comprehensive income within Investment income.

The Group applies the purchase method of accounting for business combinations. The cost of business combinations comprises the fair value of the consideration paid and of the liabilities incurred or assumed and any directly attributable expenses. The value of deferred consideration payable on acquisition of a subsidiary is determined using discounted cash flow techniques.

Portfolio transfers under Part VII of the Financial Services and Markets Act 2000 are not business combinations but are accounted for consistently in that no day 1 profit or loss is recognised.

The accounting policies for Goodwill and for Investments in Group undertakings, including subsidiaries, associates and other significant investments are detailed in notes 13 and 15.

(c) Classification of contracts

The Group classifies its products for accounting purposes as insurance, investment, or investment with discretionary participation features. Insurance contracts are those contracts that transfer significant insurance risk. Contracts that do not transfer significant insurance risk are investment contracts.

A discretionary participation feature is a contractual right held by a policyholder to receive additional payments as a supplement to guaranteed benefits:

- that are likely to be a significant proportion of the total contractual payments; and
- whose amount or timing is contractually at the discretion of the issuer and that is contractually based on:
 - the performance of a specified pool of contracts, or a specified type of contract; or
 - realised and/or unrealised investment returns on a specified pool of assets held by the issuer, or the profit or loss of the company that issues the contracts.

Such contracts are more commonly known as 'With-Profits' or as 'participating' contracts.

Hybrid contracts are those where the policyholder can invest in and switch between both unit-linked (non-participating) and unitised With-Profits (participating) investment mediums at the same time. Hybrid contracts that contain significant insurance risk are classified as insurance contracts.

The Group seeks to reduce its exposure to potential losses by reinsuring certain levels of risk with reinsurance companies. Reinsurance contracts that meet the classification requirements for insurance contracts set out above are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets.

1. Accounting policies (continued)

(d) Foreign currency translation

Revenue transactions and those relating to the acquisition and realisation of investments have been translated into sterling at the rates of exchange ruling at the time of the respective transactions. Assets and liabilities denominated in foreign currencies are expressed in sterling at the exchange rate ruling on the balance sheet date. Exchange differences from the settlement of transactions and from the translation of assets and liabilities at period-end exchange rates are dealt with in the statement of comprehensive income under the same heading as the underlying transactions are reported.

The results of foreign operations are translated at average rates of exchange for the year. The assets and liabilities of foreign operations are translated into sterling at the rates of exchange ruling at the balance sheet date. All resulting exchange differences are recognised in other comprehensive income.

(e) Impairment of financial assets

Financial assets held at amortised cost are assessed for impairment using expected credit losses. Expected credit losses are calculated by using an appropriate probability of default and applying this to the estimated exposure of the Group at the point of default.

At initial recognition, allowance is made for expected credit losses resulting from default events that are possible within the next 12 months (12-month expected credit losses; referred to as stage 1). In the event of a significant increase in credit risk, allowance is made for expected credit losses resulting from all possible default events over the expected life of the financial instrument (lifetime expected credit losses; referred to as stage 2). Financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to stage 3).

The loss allowance for lease receivables and trade receivables without a significant financing component is measured at an amount equal to lifetime expected credit losses, in accordance with the simplified approach in IFRS 9, as applied by the Group.

(f) Judgements

The preparation of financial statements requires management to make judgements in the process of selecting and applying appropriate accounting policies. In selecting accounting policies where FRS 102 and FRS 103 permit a choice of policy, the directors have applied judgement in determining the most appropriate policy.

The Audit Committee reviews the appropriateness of the Group's accounting policies and the Group's key accounting judgements. The key items considered by the Committee during the year are included in the Audit Committee report on page 89.

The accounting policies which have the most significant impact on amounts recognised in the financial statements are listed below, with those judgements involving estimation summarised in 1(g) and 1(h).

Insurance and investment contracts

The classification of contracts as insurance or investment on initial recognition, which requires judgement to assess whether significant insurance risk has been transferred to the Group.

Financial assets and liabilities

The measurement basis for financial assets under IFRS 9, as applied by the Group, depends on an assessment of the Group's business model for managing the financial assets and whether the cash flows represent solely payments of principal and interest. Further detail is given in note 16. For financial liabilities, other than derivative liabilities, the measurement basis is amortised cost unless the liability is designated at FVTPL. Further detail is given in note 31.

The Group has holdings in investment funds which are classified as subsidiaries, but which are not consolidated in the Group financial statements and are instead included as investments held at FVTPL as referenced in note 1(a). The funds are held within the unit-linked funds of the Group or are held to back non-linked liabilities and therefore are considered to form part of the Group's investment portfolio.

(g) Key sources of estimation uncertainty

The preparation of financial statements also requires the use of certain critical accounting estimates and assumptions that affect the amounts reported in the balance sheet and statement of comprehensive income. Although these estimates are based on management's best knowledge of current circumstances and expectations of future events and actions, actual results may differ from those estimates, possibly significantly.

Notes to the financial statements continued

1. Accounting policies (continued)

The sources of estimation uncertainty with a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Assets and liabilities held at FVTPL

The valuation of the Group's assets and liabilities held at FVTPL requires the application of valuation techniques, which involve management judgement and estimates. The extent of the estimation uncertainty depends on the complexity of the item and the availability of market observable information. The fair value measurement note (note 17) explains the techniques and assumptions used, particularly in respect of Level 3 assets and liabilities where determination of the fair value involves the use of inputs which are not observable in the market. For asset classes where changes in these inputs to reasonably possible alternative assumptions are considered to potentially have a significant impact on the Group, the impact on the carrying amount of balance sheet line items and the Group's result (before the transfer to the fund for future appropriations) is also illustrated.

Technical provisions

The valuation of the Group's long-term business provision and the asset recognised for the non-participating value of in-force business involves a number of assumptions applied to estimate future amounts due to or from the policyholder. The key assumptions used in calculating the year-end insurance and investment contract liabilities are persistency assumptions regarding the proportion of existing policies that will remain in force in future time periods, particularly paid-up rates; longevity assumptions relating to the expected duration over which annuity instalments on relevant policies will be paid; and expense assumptions relating to the estimated future costs that will be incurred to maintain the existing policies over their expected duration. Further details are included in note 28, with information on sensitivity to changes in key demographic assumptions included in note 35(a)(ii).

Pension schemes

Note 23 sets out the key assumptions used to calculate the pension scheme asset and the sensitivity of the schemes' liabilities to changes in those assumptions given that they are inherently uncertain.

(h) Other sources of estimation uncertainty

The financial statements include other areas of judgement and accounting estimates where the recognition and measurement of certain assets and liabilities are based on assumptions considered to carry a lower risk of causing a material adjustment within the next financial year. Other areas of judgement and accounting estimates include:

Provisions and contingent liabilities

The Group evaluates whether a provision or a contingent liability should be recognised by assessing the likelihood of a constructive or legal obligation to settle a past event and whether the amount can be reliably estimated. The amount of provision is determined based on the Group's estimate of the expenditure required to settle the obligation. Further information is shown in notes 30 and 33.

Intangible assets

Intangible assets are recognised and assessed at each reporting date for any indicators of impairment. Significant judgements about the future economic performance of the assets, representing sources of uncertainty, include estimates of forecast cash flows and market interest rates. Further information is provided in note 13.

(i) Climate risk impact on accounting judgements and estimates

In preparation of these financial statements, the Group has considered the impact of climate change. As explained in the Qualitative climate risk and opportunities assessment on pages 38 to 39, many of the financial effects arising from climate change will be medium or long-term in nature, and therefore have been assessed as having a limited effect on accounting judgements and estimates within the next financial year.

As explained in note 17(a), the majority of the Group's financial instruments are held at fair value using quoted market prices or observable market inputs to determine their fair value that take into account current information on the short-term effects of climate change. For the valuation of Level 3 financial instruments, in particular the Group's property-related investments, the work of external valuers involves consideration of environmental matters and risks arising from climate change as part of their standard practices. Note 35(b) and 35(c) provide risk management disclosures, including sensitivities, in relation to market risks and credit risks impacting these assets.

The valuation assumptions used to determine the Group's long-term business provision and the asset recognised for the non-participating value of in-force business are described in note 28. As explained in this note, the potential impact of climate change on longevity, mortality and persistency assumptions has been considered. Based on the range of likely scenarios, the impact of climate risk is not expected to affect the best estimate demographic assumptions materially and as such no specific allowance has been made as at 31 December 2024 or 31 December 2023.

Further information on the wider impact of climate change risks is set out in note 35(g) and in the Strategic report, within the climate change section of Principal risks and uncertainties on page 68 and within the Stewardship and Climate section on pages 26 to 48.

2. Segment information

Accounting for segmental reporting

The operating segments reflect the level within the Group at which key strategic and resource allocation decisions are made and the way in which operating performance is reported internally to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's Board of Directors.

(a) Operating segments

The activities of each operating segment are described below:

UK

The UK business provides propositions to customers, employers and pension scheme trustees, primarily through intermediaries. Products offered include workplace and individual pensions, as well as protection products and later life offerings. From 2024, the UK business also provides a bulk purchase annuity product to pension schemes via the scheme trustees.

Asset Management

The Asset Management business provides investment propositions to Royal London's life and pensions customers and to external institutional and wholesale clients, primarily through intermediaries.

Ireland

The Ireland business provides propositions to customers through brokers. Products offered include individual pensions and protection products.

(b) Operating profit before tax

A key measure used by the Company's Board of Directors to monitor performance is operating profit before tax, which is classed as an Alternative Performance Measure (note 39). The Company's Board of Directors considers that this facilitates comparison of the Group's performance over reporting periods as it provides a measure of the underlying trading of the Group.

Operating profit before tax is the transfer to the Fund for Future Appropriations before Other Comprehensive Income excluding: short-term investment return variances and economic assumption changes (economic movements); charges/credits arising from mergers and acquisitions; ProfitShare; ValueShare; tax; and one-off items of an unusual nature that are not related to the underlying trading of the Group. Profits or losses arising within the closed funds are held within the respective closed fund surplus; therefore, operating profit before tax represents the result of the Royal London Main Fund and the RLI DAC Open Fund.

Operating profit excludes short-term investment return variances. Expected return therefore represents the longer-term investment return expected to be generated by the net assets of the Royal London Main Fund and the RLI DAC Open Fund based on opening economic assumptions applied to assets held at the start of the year. Any differences between the expected and actual investment return are shown outside of operating profit within economic movements.

The long-term risk-free rate used as the basis for deriving the long-term investment return is the 15-year swap rate for government bonds. This is 3.5% for the UK segment (2023: 3.5%) and 2.5% for Ireland (2023: 3.0%). A risk premium is then added to arrive at the total expected rate of return for each asset class. The premium reflects our long-term expectations of asset return in excess of the swap yield from investing in different asset classes. The risk premia for key investment classes are set out in the table below.

	Group	
	2024	2023
	%	%
Equity risk premium	3.5	4.0
Corporate bonds risk premium	1.0	1.0
Property risk premium	2.5	3.0

Notes to the financial statements continued

2. Segment information (continued)

The results by segment, forming part of the Group's operating profit before tax, are shown in the following table.

	Group – 2024				Group – 2023			
	UK	Asset Management	Ireland	Total	UK	Asset Management	Ireland	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Long-term business								
New business contribution	196	—	13	209	173	—	11	184
Existing business contribution	287	—	2	289	235	—	1	236
Contribution from AUM and other businesses	(8)	89	—	81	(2)	86	—	84
Business development costs	(38)	(16)	—	(54)	(31)	(8)	(1)	(40)
Strategic development costs	(58)	(8)	(5)	(71)	(40)	(15)	(6)	(61)
Amortisation of intangibles	(11)	(6)	—	(17)	(5)	(1)	—	(6)
Result from operating segments	368	59	10	437	330	62	5	397
Corporate items				(73)				(63)
Financing costs				(87)				(85)
Group operating profit before tax				277				249
Economic movements				179				391
Charges arising from mergers and acquisitions				(15)				(10)
ProfitShare				(181)				(163)
Profit before tax and before transfer to the fund for future appropriations				260				467
Tax attributable to long-term business				(93)				(85)
Transfer to the fund for future appropriations				167				382

From 1 January 2024 the results of RLUM Limited have been reported internally to the Company's Board of Directors within the Asset Management segment, reflecting changes in the operational management of this subsidiary. Previously the results of this subsidiary were reported within the UK segment. To ensure consistency, the segmental reporting for the year ended 31 December 2023 has been represented to reflect this change. This has resulted in an increase in the result of the Asset Management segment, and equivalent decrease in the result of the UK segment, of £31m for the year ended 31 December 2023.

Revenues, assets, and liabilities by segment are not given as this information is not provided to the Company's Board of Directors and consequently there is no reconciliation of reportable segments' revenues, assets, or liabilities to the Group totals.

(c) Geographical analysis

The table below presents income split by geographic region.

	Group – 2024			Group – 2023		
	UK	Ireland	Total	UK	Ireland	Total
	£m	£m	£m	£m	£m	£m
Revenues						
Earned premiums, net of reinsurance	1,430	63	1,493	971	52	1,023
Investment income	4,642	1	4,643	6,226	1	6,227
Unrealised gains on investments	5,033	13	5,046	2,439	4	2,443
Other income	715	13	728	619	7	626
Total income	11,820	90	11,910	10,255	64	10,319

The directors consider the Group and Company's external customers to be individual policyholders and investment clients. As such, the Group and the Company are not reliant on any individual customer.

3. Premiums

Accounting for premiums

Gross premiums written and outwards reinsurance premiums relate to insurance and non-hybrid participating investment contracts. Recurring single premiums, as well as premiums in respect of unit-linked and bulk purchase annuity business, are accounted for when the related liabilities are established. Other premiums are accounted for when due for payment.

For non-participating (unit-linked) investment and certain hybrid participating investment contracts the amounts received as premiums are not included in the statement of comprehensive income but are accounted for as deposits received and are added to investment contract liabilities in the balance sheet.

(a) Gross premiums written

	Group	
	2024	2023
	£m	£m
Premiums under individual schemes	1,317	1,229
Premiums under group schemes	534	252
	1,851	1,481
Regular premiums	1,095	1,005
Single premiums	756	476
	1,851	1,481
Non-profit insurance contracts	1,632	1,238
Participating insurance contracts	113	134
Participating investment contracts	8	7
Unit-linked insurance contracts	98	102
	1,851	1,481

As explained more fully in note 38, on 1 July 2024 the Group completed the Part VII transfer of the Aegon UK individual protection book. Prior to the date of transfer and pursuant to the acquisition, the Group entered into a Framework Agreement and Transitional Services Agreement and a Reinsurance Agreement with Aegon UK. Premiums received under the Reinsurance Agreement, up to the effective date of the transfer, of £31m (2023: £52m) have been recognised within 'Individual premiums', 'Regular premiums' and 'Non-profit insurance contracts' in the table above.

Included within 'Premiums under group schemes', 'Single premiums' and 'Non-profit insurance contracts' is an amount of £527m (2023: £246m) recognised in relation to bulk purchase annuity transactions entered into by the Group.

(b) Premiums received on investment contracts

The amounts received in relation to non-participating (unit-linked) and certain hybrid participating investment contracts by the Group during the year were £11,257m (2023: £9,876m) in respect of non-participating contracts and £11m (2023: £8m) in respect of hybrid participating contracts.

(c) Outwards reinsurance premiums

Total outwards reinsurance premiums for the Group were a charge of £358m (2023: charge of £458m) and include a credit of £104m (2023: charge of £101m) relating to the fair value movement on a liability owed to a major reinsurer under a reinsurance agreement covering a proportion of the Group's obligations in respect of deferred annuities and annuities in payment of the RL (CIS) With-Profits Fund. Under the reinsurance agreement, the RL (CIS) With-Profits Fund is contracted to pay premiums in accordance with a schedule of payments covering a period up to 2066. At inception of the contract, which was before RL (CIS) was acquired by the Group, it recognised its premium obligation in full within the statement of comprehensive income by a charge representing the net present value of the contracted payments. The Group and Company continue to recognise a financial liability to the extent that the premium has yet to fall due for payment.

At inception of the contract, RL (CIS) also purchased a debt security, cash flows from which will fund the discharge of the financial liability as amounts fall due for payment. The movement in the fair value of the debt security is included within investment return and resulted in an equal and opposite charge of £104m (2023: credit of £101m), see note 4.

Notes to the financial statements continued

4. Investment return

Accounting for investment return

Investment return comprises all investment income, including property rental income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges.

Investment income derived from assets held at FVTPL includes dividends and interest income. Dividends are recorded on the date on which the shares are declared ex-dividend. Dividends are recorded gross, with the related withholding tax included within the tax expense as foreign tax. Interest income is recognised on an accruals basis. Rental income from investment property, net of any lease incentives received or paid, is recognised on a straight-line basis over the term of the lease. Realised gains and losses on investments held at FVTPL are calculated as the difference between net sales proceeds and purchase price.

Movements in unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and the valuation at the last balance sheet date or their purchase price for those acquired during the period, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

Net unrealised gains on investments are included in the statement of comprehensive income within 'Total income'.

	Group	
	2024	2023
	£m	£m
Investment income		
Income from financial investments held at FVTPL	2,830	2,352
Income from investment property	268	282
Net realised gains/(losses) on investment property	10	(2)
Net realised gains on other investments held at FVTPL	1,488	3,507
Interest income from cash at bank	118	91
Net foreign exchange (loss)/gain	(71)	13
Group's share of the results of associates accounted for using the equity method	—	(16)
Total investment income	4,643	6,227
Net unrealised gains/(losses) on investment property	26	(278)
Net unrealised gains on financial investments held at FVTPL	5,020	2,721
Net unrealised gains on investments	5,046	2,443
Investment expenses and charges (note 10)	(409)	(346)
Total investment return	9,280	8,324

Investment return includes a loss of £104m (2023: gain of £101m) in respect of an unquoted debt security held in respect of a reinsurance arrangement (see note 3(c)).

5. Other income

Accounting for other income

Management fees arising from investment and fund management contracts are recorded in the statement of comprehensive income in the period in which the services are provided. Initial fees relating to the provision of future services are deferred and recognised in the statement of comprehensive income over the anticipated period in which the services will be provided. Such deferred fee income is shown as a liability within accruals and deferred income in the balance sheet.

Commission income and profit commission received on the underwriting results of third-party insurers is recognised in the statement of comprehensive income as the related services are provided.

The amortisation of negative goodwill is recognised in profit or loss as set out in note 13.

	Group	
	2024	2023
	£m	£m
Fee income from investment contracts	417	342
Fund management fee income	253	229
Change in deferred fee income	9	6
Commission income	19	19
Amortisation of negative goodwill (note 13)	7	5
Other	23	25
Total other income	728	626

Notes to the financial statements continued

6. Claims

Accounting for claims

Gross claims paid and the reinsurers' share of claims paid, relate to insurance contracts and non-hybrid participating investment contracts. For non-linked policies, maturity claims and annuities are accounted for when due for payment. Surrenders are accounted for when paid or, if earlier, on the date when the policy ceases to be included within the calculation of the related contract liabilities. Death claims and all other non-linked claims are accounted for when accepted. For linked policies, claims are accounted for on cancellation of the associated units.

Claims paid include related claims handling costs. The reinsurers' share of claims paid is accounted for in the same period as the related claim.

Amounts repaid as claims on non-participating (unit-linked) investment and certain hybrid participating investment contracts are not included in the statement of comprehensive income but are accounted for as deposits repaid and are deducted from investment contract liabilities.

(a) Claims incurred

	Group					
	2024			2023		
	Gross £m	Reinsurers' share £m	Net £m	Gross £m	Reinsurers' share £m	Net £m
Claims paid						
Insurance contracts	3,186	(616)	2,570	2,971	(606)	2,365
Participating investment contracts	132	—	132	124	—	124
	3,318	(616)	2,702	3,095	(606)	2,489
Change in provisions for claims						
Insurance contracts	(11)	(46)	(57)	(23)	30	7
Participating investment contracts	—	—	—	—	—	—
	(11)	(46)	(57)	(23)	30	7
Claims incurred						
Insurance contracts	3,175	(662)	2,513	2,948	(576)	2,372
Participating investment contracts	132	—	132	124	—	124
	3,307	(662)	2,645	3,072	(576)	2,496

As explained more fully in note 38, on 1 July 2024 the Group completed the Part VII transfer of the Aegon UK individual protection book. Prior to the date of transfer and pursuant to the acquisition, the Group entered into a Framework Agreement and Transitional Services Agreement and a Reinsurance Agreement with Aegon UK. Claims paid under the Reinsurance Agreement, up to the effective date of the transfer, of £2m (2023: £10m) have been recognised within 'Claims paid - Insurance contracts' in the table above.

(b) Deposits repaid on investment contracts

The deposits repaid by the Group during the year totalled £7,940m (2023: £6,610m) in respect of non-participating investment contracts and £91m (2023: £75m) in respect of hybrid participating investment contracts.

7. Net operating expenses

	Group	
	2024 £m	2023 £m
Staff costs (note 9)	225	204
Amortisation of deferred acquisition costs on investment contracts (note 22)	23	22
Acquisition commission	144	129
Consideration for the acquisition of Aegon's protection business and initial reinsurance commission	—	148
Renewal commission	26	25
Depreciation of tangible fixed assets (note 21)	7	6
Information technology costs	98	93
Property costs	20	18
Regulatory, professional and administration fees	71	63
(Credit)/charge to provision for future commission (note 30)	(2)	8
Amortisation of goodwill and other intangible assets (note 13)	15	8
Other expenses	25	13
	652	737

As detailed in note 38, in 2023 the Group entered into a Framework Agreement and Transitional Services Agreement and a Reinsurance Agreement with Aegon UK in relation to the acquisition of a portfolio of protection contracts, related reinsurance contracts and net current liabilities. As a result, a charge of £148m was recognised in 2023 as 'Consideration for the acquisition of Aegon's protection business and initial reinsurance commission' in the table above, being the consideration paid and the initial recognition of certain net current liabilities.

Information technology costs exclude the amortisation of software costs capitalised by the Group. These costs are disclosed separately above and in note 10.

Notes to the financial statements continued

8. Auditor's remuneration, net of VAT

KPMG replaced PwC as the Group's auditor for the year ended 31 December 2024. During the year, PwC continued to perform a number of audit and audit-related assurance services for the Group, primarily as a result of non-December period end dates for certain audit and assurance services. Fees payable to PwC during 2024 have been presented separately to those payable to KPMG.

	Group			PwC 2023 £000
	PwC 2024 £000	KPMG 2024 £000	Total 2024 £000	
Fees payable for the audit of the Company and consolidated financial statements	—	3,494	3,494	2,894
Fees payable for other services:				
Audit of the Company's subsidiaries	13	1,929	1,942	1,319
Audit-related assurance services	579	606	1,185	1,065
Other assurance services	360	216	576	664
Other non-audit services	4	—	4	90
	956	6,245	7,201	6,032

The appointment of the auditor to the Group's pension schemes and the fees paid in respect of those audits are agreed by the trustees of the schemes who act independently from the management of the Group.

	KPMG 2024 £000	PwC 2023 £000
Audit fees in respect of the Royal London Group Pension Scheme	85	88
Audit fees in respect of the Royal Liver Assurance Superannuation Fund	30	29
Audit fees in respect of the Royal Liver Assurance Limited Superannuation Fund (ROI)	19	16
Audit fees in respect of Royal London Ireland Pension Plan	13	7
Audit fees in respect of the R. L. Pensions Trustees (R.O.I.) Company Limited By Guarantee	—	1
	147	141

In accordance with The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 the Company has not disclosed the fees payable to the Company's auditor for 'other services' as this information is included in the Group disclosure above.

9. Staff costs

(a) Analysis of staff costs

	Group		Company	
	2024	2023	2024	2023
	£m	£m	£m	£m
Wages and salaries	353	316	326	296
Social security contributions	36	29	34	27
Other pension costs – defined contribution arrangements (note 23)	32	29	31	27
Other pension costs – defined benefit schemes (note 23)	4	5	4	5
Termination benefits	1	13	1	13
	426	392	396	368

The Company pays its employees via a subsidiary company. The total staff costs of the Group of £426m (2023: £392m) are included within the consolidated statement of comprehensive income within the following lines:

	Group	
	2024	2023
	£m	£m
Net operating expenses (note 7)	225	204
Investment expenses and charges (note 10)	145	118
Other charges (note 11)	56	70
	426	392

	Group		Company	
	2024	2023	2024	2023
	Number	Number	Number	Number
The average number of persons (including executive directors) employed during the year was:				
UK and Group functions	3,671	3,567	3,530	3,481
Asset Management	544	493	539	493
Ireland	168	166	—	—
	4,383	4,226	4,069	3,974

The categories disclosed for the average number of employees have been updated for 2024 to reflect the business segment in which the employee primarily operates. The comparative figures have been represented on a consistent basis. There is no change to the overall average number of employees disclosed for 2023.

(b) Directors' emoluments

	Group and Company	
	2024	2023
	£m	£m
Total emoluments	5	5

Full details of the directors' emoluments are included in the Directors' Remuneration Report on pages 102 to 116. The information included therein, together with the table above, encompasses the disclosures required by the Companies Act 2006.

Notes to the financial statements continued

9. Staff costs (continued)

(c) Key management compensation payable

Key management includes the directors and members of the Group Executive Committee. Total compensation paid or payable to key management, including executive directors, is shown in the table below.

	Group and Company	
	2024	2023
	£m	£m
Total key management compensation	17	13

The total amount receivable by key management, including executive directors, under long-term incentive plans was £12m as at 31 December 2024 (2023: £8m).

10. Investment expenses and charges

	Group	
	2024	2023
	£m	£m
Property expenses	78	74
Costs of in-house investment management operations – staff costs (note 9)	145	118
Costs of in-house investment management operations – other	126	113
Amortisation of other intangible assets (note 13)	6	–
Interest payable on investment accounts	32	23
Other	22	18
	409	346

11. Other charges

Accounting for other charges

Interest payable and related costs includes interest payable on subordinated liabilities and other financing-related costs of the Group. Interest is calculated using the effective interest method and includes the amortisation of any discount and attributable transaction costs (see note 24).

Other project staff costs and other project costs relate to non-recurring spend, other than that incurred as part of our in-house investment management business, and are charged to the statement of comprehensive income as they are incurred. These costs include staff costs to the extent that the staff are working on the project and the work is outside business-as-usual processes. The classification of such costs is determined by reviewing the nature and type of expenditure incurred.

	Group	
	2024	2023
	£m	£m
Interest payable and related costs	90	88
Other project staff costs (note 9)	56	70
Other project costs	140	92
	286	250

12. Tax attributable to long-term business

Accounting for tax

Tax expense comprises current and deferred tax and is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is also recognised directly in other comprehensive income. Both current and deferred tax are calculated using tax rates enacted or substantively enacted at the balance sheet date.

Current tax

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

(a) Tax attributable to long-term business in the statement of comprehensive income

	Group	
	2024	2023
	£m	£m
Tax has been provided as follows:		
UK corporation tax charge		
Current year	16	6
Adjustments in respect of prior periods	9	(3)
ROI corporation tax charge		
Current year	2	1
	27	4
Overseas withholding taxes	6	6
Deferred tax charge (note 29)	60	75
	93	85

(b) Reconciliation of the effective tax rate

Tax on the Group's result before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the result of the Group as follows:

	Group	
	2024	2023
	£m	£m
Profit before tax and before transfer to the fund for future appropriations	260	467
Tax calculated at the applicable tax rate ¹	54	90
Factors affecting tax charge:		
Accounting profit not subject to corporation tax	(36)	(106)
Items taxed on a different basis for life assurance companies	60	91
Items disallowed in tax computation	—	4
Overseas withholding taxes	6	6
Adjustments in respect of prior periods	9	—
Tax charge for the year	93	85

1. Corporation tax in the consolidated statement of comprehensive income has been calculated at a rate of 20% (2023: 20%) on the taxable profits in respect of insurance business of the Company, at 15% (2023: 12.5%) on the taxable profits of the Irish subsidiaries of the Company, 15% (2023: 12.5%) on the taxable profits of the Irish branch of the Group's UK management services company and at 25% (2023: 23.5%) on the taxable profits of the UK subsidiaries of the Company.

From 1 January 2024, the Group has been impacted by the OECD Pillar II rules designed to ensure that large multinational enterprises pay a minimum effective tax rate of 15% on the income arising in each jurisdiction where they operate. No top-up tax is expected to be due in relation to UK entities. In response to these rules the Republic of Ireland has introduced an Irish Domestic top-up tax, so that in-scope companies pay additional tax to bring their effective tax rate up to the 15% global minimal standard. This rate has been recognised in the measurement of relevant tax balances in these financial statements. The amount of Pillar II top-up tax payable in the Republic of Ireland for the current year was £0.3m.

Notes to the financial statements continued

13. Intangible assets

Accounting for intangible assets

Goodwill

Goodwill is the excess of the fair value of the consideration paid for a business combination plus directly attributable costs, over the fair value of the identifiable net assets acquired. It is capitalised at cost and amortised through the statement of comprehensive income on a straight-line basis over its useful economic life (the period over which the benefits of the business combination are expected to be realised). The amortisation charge is recognised within 'Net operating expenses'.

Negative goodwill is the excess of the fair value of identifiable net assets acquired in a business combination over the fair value of the consideration and directly attributable costs. It is capitalised at cost and shown as a negative asset.

Subsequently, the value of negative goodwill up to the fair value of non-monetary assets acquired is recognised in 'Other income' in the periods in which those non-monetary assets are realised. Non-monetary assets are those that are not realised as cash but rather by utilisation of the asset. Any remaining value of negative goodwill in excess of the value of non-monetary assets acquired is recognised in 'Other income' in the periods expected to benefit.

The gain or loss on any subsequent disposal of a subsidiary would include any attributable remaining balance of positive or negative goodwill.

Other intangible assets

Other intangible assets include computer software. Directly attributable costs necessary to create, produce and prepare the software asset to be capable of operating in the manner intended are included in the cost of the intangible asset.

Intangible assets are carried at cost less accumulated amortisation and impairment losses and are amortised on a straight-line basis over their useful lives, which range from three to ten years. The useful lives are determined by considering relevant factors such as the remaining term of agreements and the expected lives of related products.

Amortisation begins when the intangible asset is available for use, in other words, when it is in the location and condition necessary for it to be useable in the manner intended by management.

Impairment of intangible assets

The carrying amounts of intangible assets, including goodwill, are reviewed whenever there is any indication of impairment or events and circumstances indicate that their carrying amount may not be recoverable, in which case an impairment test is performed. An impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

Impairment losses are recognised in the statement of comprehensive income. With the exception of goodwill, an impairment loss is reversed if the reasons for the impairment loss have ceased to apply. An impairment loss is reversed only to the extent that after the reversal, the asset's carrying amount is no greater than the amount that would have been determined, net of amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is never reversed.

13. Intangible assets (continued)

The following tables show the movements in the intangible assets of the Group and the Company.

	Group – 2024			
	Goodwill £m	Negative goodwill £m	Other intangible assets £m	Total £m
Cost				
At 1 January	31	(206)	461	286
Additions	18	—	8	26
Disposals	—	—	(10)	(10)
At 31 December	49	(206)	459	302
Accumulated amortisation, impairment losses and disposals				
At 1 January	(12)	174	(318)	(156)
Amortisation	(4)	7	(17)	(14)
Disposals	—	—	10	10
At 31 December	(16)	181	(325)	(160)
Net book value				
At 1 January	19	(32)	143	130
At 31 December	33	(25)	134	142

	Company – 2024			
	Goodwill £m	Negative goodwill £m	Other intangible assets £m	Total £m
Cost				
At 1 January	29	(87)	357	299
Additions	—	—	6	6
At 31 December	29	(87)	363	305
Accumulated amortisation, impairment losses and disposals				
At 1 January	(10)	82	(243)	(171)
Amortisation	(2)	2	(11)	(11)
At 31 December	(12)	84	(254)	(182)
Net book value				
At 1 January	19	(5)	114	128
At 31 December	17	(3)	109	123

The balance of goodwill at the balance sheet date relates to the acquisitions of Police Mutual in 2020 and of Responsible Life Limited and Responsible Lending Limited during 2024 (see note 38). The value is being amortised on a straight-line basis over 10 years from their respective acquisition dates. The Police Mutual goodwill relates to the acquisition of Police Mutual Assurance Society in 2020 and is not impacted by the sale of its former subsidiaries PMGI Limited and PMHC Limited completed during the year.

The balance of negative goodwill at the balance sheet date relates to the acquisitions of Royal Liver Assurance Limited (Royal Liver) in 2011 and Royal London (CIS) Limited (RL (CIS)) in 2013. For these acquisitions the value of negative goodwill is being amortised on a straight-line basis over 15 and 20 years respectively, which are the periods over which the benefits are expected to be realised.

Other intangible assets relate to software assets. Amortisation is charged on software assets once the assets are considered available for use.

Group amortisation of negative goodwill of £7m is presented within other income (see note 5). Group amortisation of other intangible assets totalling £6m relates to the investment management business and is presented within investment expenses and charges (see note 10). All other Group amortisation of goodwill and other intangibles, totalling £15m, is presented within net operating expenses (see note 7).

Notes to the financial statements continued

14. Land and buildings

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Investment property	40	72	75	109
Owner-occupied property	35	37	—	—
Total Land and buildings	75	109	75	109

All land and buildings are held on a freehold basis, with the exception of one leasehold property valued at £19m (2023: £20m).

(a) Investment property

Accounting for investment property

The Group and Company have applied a fair value model to investment property, including investment property rented to another Group entity.

Investment property is property held for rental, capital growth or both, excluding that occupied by the Group.

Investment property is initially measured at cost, which comprises the fair value of the consideration paid plus the associated transaction costs. All investment property is subsequently measured at fair value in the balance sheet. Fair value is determined by independent professional valuers, who are members of the Royal Institute of Chartered Surveyors, based on market evidence. Any gain or loss arising from a change in fair value is recognised in the statement of comprehensive income.

When the Group or the Company has given a lease incentive, the carrying value of the investment property is reduced by the value of the debtor arising from the lease incentive, which is shown separately within 'Other debtors'.

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Investment property				
Fair value				
At 1 January	72	78	109	122
Disposals	(33)	(2)	(33)	(2)
Net gain/(loss) from fair value adjustments	1	(4)	(1)	(11)
At 31 December	40	72	75	109

The cost of investment property above was £19m (2023: £61m) for the Group and £86m (2023: £127m) for the Company.

Investment property is revalued to fair value annually with an effective date of 31 December. The principal valuers used were CBRE Limited and Cushman & Wakefield. Fair value is determined using market comparison and income capitalisation approaches (see note 17 (a)). There has been no change to the valuation methodology during the year. The net gain/(loss) from fair value adjustments shown above represents the net fair value gain/(loss) on the revaluation of properties held at the balance sheet date and does not include gains or losses realised on properties disposed of during the year.

Investment properties are leased to third parties under operating leases. Under the terms of certain leases, the Group is required to repair and maintain the related properties. At the balance sheet date, the future minimum lease payments receivable under non-cancellable leases are shown in the following table. For the purposes of this table, the minimum lease period has been taken as the period to the first possible date that the lease can be terminated by the lessee.

The total future minimum lease payments receivable can be analysed as follows:

	Group and Company	
	2024 £m	2023 £m
Not later than one year	2	3
Later than one year and not later than five years	6	8
Later than five years	4	3
	12	14

14. Land and buildings (continued)

(b) Owner-occupied land and buildings

Accounting for owner-occupied land and buildings

The Group and Company have applied a fair value model to owner-occupied land and buildings. The fair value model has been used in order to match asset valuations to the valuation of the related policyholder liabilities.

Owner-occupied land and buildings are initially measured at cost, which comprises the fair value of the consideration paid plus the associated transaction costs. Costs incurred after initial recognition are included in an asset's carrying value only to the extent that it is probable that there will be future economic benefits associated with the item and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the period in which they are incurred.

All owner-occupied land and buildings are subsequently carried at fair value in the balance sheet. Fair value is determined annually by independent professional valuers, who are members of the Royal Institution of Chartered Surveyors and is based on market evidence. An increase in fair value is recognised in other comprehensive income, except to the extent that it is the reversal of a previous revaluation decrease which was recognised in profit or loss. A decrease in fair value is recognised immediately in profit or loss, except to the extent that it reverses a previous revaluation surplus recognised in other comprehensive income.

Owner-occupied land and buildings are not depreciated.

Gains and losses on disposals are included in the statement of comprehensive income and are determined by comparing proceeds with carrying amounts.

	Group	
	2024	2023
	£m	£m
Owner-occupied land and buildings		
Fair value		
At 1 January	37	44
Net loss from fair value adjustments	(2)	(7)
At 31 December	35	37

Owner-occupied land and buildings are held on a fair value basis. If the owner-occupied land and buildings were stated on a historical cost basis, the amounts would be as follows:

	Group	
	2024	2023
	£m	£m
Cost	66	66
Accumulated depreciation and impairment losses	(31)	(29)
Net book value	35	37

Notes to the financial statements continued

15. Investments in Group undertakings and participating interests

Accounting for investment in Group undertakings and participating interests

Subsidiaries

Subsidiaries are those entities (including OEICs and other investment funds) over which the Group has control. The Group controls an entity when it has power to govern its financial and operating policies. The Group considers all relevant facts and circumstances when determining whether control exists and makes a re-assessment whenever those facts and circumstances change.

The Group invests in investment funds, which themselves invest mainly in equities, bonds, property and cash. Some of these funds are managed by Group companies. For these funds, where the Group's holding is greater than 50% it is presumed that it has the power to govern the fund's financial and operating policies; in such cases the fund is classified as a subsidiary. Where the Group's holding of internal investment funds is less than 50% it is classified as an associate, unless the Group's interest is less than 20% in which case the Group is not considered to have significant influence over the fund and the fund is accounted for within 'Other financial investments' at fair value.

The Group also invests in certain private equity funds and property unit trusts, which are managed by external third-party administrators. The structure of each fund, the terms of the relevant agreements and the Group's ownership percentage are all taken into consideration in determining whether the Group has control and therefore whether the unit trust/ fund should be classified as a subsidiary.

The Company has elected to present investments in subsidiaries in the Company balance sheet measured at FVTPL, as permitted by FRS 102 Section 9. The fair value of investments in Group undertakings which are unit trusts, OEICs and other pooled funds is the bid price quoted on the last day of the accounting period on which investments in such funds could be redeemed. Fair value for those entities which are not unit trusts, OEICs and other pooled funds is determined using the same valuation techniques as used for unquoted investments, as described in note 17(a).

In accordance with FRS 102, subsidiaries that are held as part of an investment portfolio are not consolidated and are held on the Group balance sheet as 'Other financial investments' measured at FVTPL. The inclusion of these subsidiaries at FVTPL is a departure from the requirements of paragraph 30 to Schedule 3 of the Regulations as set out in note 1(b).

For subsidiaries sold or acquired during the period that are not held as part of an investment portfolio, their profits or losses are included in the consolidated results up to the date that control ceases or from the date of gaining control.

Special purpose entities (SPE)

An SPE is an entity established to achieve a specific, narrow objective. Consistent with other subsidiaries, an SPE is consolidated when the Group is deemed to control the SPE, unless the SPE is held as part of an investment portfolio. Circumstances that may indicate that the Group controls an SPE include:

- the activities of the SPE are being conducted on behalf of the Group according to its specific business needs;
- the Group has the ultimate decision-making powers over the SPE even if the day-to-day decisions have been delegated;
- the Group has rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks incidental to the activities of the SPE; and
- the Group retains the majority of the residual or ownership risks related to the SPE or its assets.

Associates

Associates are entities over which the Group has significant influence but not control or joint control, generally accompanying an ownership interest of between 20% and 50%. The Company has elected to present investments in associates in the Company balance sheet measured at FVTPL, as permitted by FRS 102 Section 9.

The Group's investments in associates which are investment funds are held as part of an investment portfolio and are measured at FVTPL, in accordance with Section 14 of FRS 102. The inclusion of these assets at FVTPL is a departure from the requirements of paragraph 21 of Schedule 6 to the Regulations, as set out in note 1(b). The Group's investments in associates which are not held as part of an investment portfolio are accounted for using the equity method as set out in note 1(b). Investments in associates are held on the Group balance sheet as 'Other financial investments'.

Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement, and can take the form of jointly controlled operations, jointly controlled assets, or jointly controlled entities. The Group's interests in joint ventures are all jointly controlled entities that are held as part of an investment portfolio, hence under FRS 102 Section 15 they are measured at FVTPL in both the Company and Group balance sheets.

15. Investments in Group undertakings and participating interests (continued)

	Company	
	2024	2023
	£m	£m
Shares in subsidiaries	862	841
Loans to subsidiaries	2	2
Shares in associates	—	9
OEICs and other investment funds – subsidiaries	12,258	12,910
OEICs and other investment funds – associates	918	740
	14,040	14,502

The OEICs and other investment funds represent the Company's investment in funds which are managed by subsidiaries of the Group. The funds classified as subsidiaries are those over which the Group has control. The funds classified as associates are those over which the Group has significant influence but not control. The investments in Group undertakings includes £nil in respect of directly held listed investments (2023: £nil).

(a) Subsidiaries

The Company has the following direct and indirect subsidiaries, including OEICs and other investment funds classified as subsidiaries and held within unit-linked funds. All subsidiaries have been incorporated in England and have a registered office of 80 Fenchurch Street, London, EC3M 4BY, except where noted by a letter which corresponds to the addresses and respective country of incorporation listed in the table on page 156. Subsidiary undertakings consolidated in the Group financial statements are listed in the table below and have a financial reporting date of 31 December, unless otherwise stated.

Subsidiaries consolidated within the Group financial statements

Name	% holding		Share class	Registered Office
	2024	2023		
Abacus Limited	100.0	100.0	Ordinary	–
Brightgrey Limited ¹⁵	N/A	100.0	Ordinary	–
Cambridge Research Park Management Company Limited ¹	95.0	69.0	Ordinary	A
Canterbury Life Assurance Company Limited	100.0	100.0	Ordinary	–
Capitol Way Commercial No. 1 Limited	100.0	100.0	Ordinary	–
Capitol Way Commercial No. 2 Limited	100.0	100.0	Ordinary	–
Capitol Way Estate Management Limited ¹⁶	100.0	100.0	N/A	–
Capitol Way Estate No. 1 Limited	100.0	100.0	Ordinary	–
Capitol Way Estate No. 2 Limited	100.0	100.0	Ordinary	–
Hornby Road Investments Limited ²	100.0	100.0	Ordinary	–
Leyburn Developments Limited	100.0	100.0	Ordinary	–
Mortgage Excellence Limited	100.0	100.0	Ordinary	–
PM Advisory Limited ²	100.0	100.0	Ordinary	–
PM Central Services Limited ²	100.0	100.0	Ordinary	–
PM Holdings Limited ²	100.0	100.0	Ordinary	–
PMGI Limited ³	N/A	100.0	Ordinary	U
PMHC Limited ³	N/A	100.0	Ordinary	U
Police Housing Fund Limited ²	100.0	100.0	Ordinary	–
ProperTies Living Limited	75.0	75.0	A Ordinary	–
R L Schedule 2C Holdings Limited ²	100.0	100.0	Ordinary	–
R. L. Pensions Trustees (R.O.I.) Company Limited by Guarantee ¹⁶	100.0	100.0	N/A	B
R.A.Securities Limited ¹⁵	N/A	100.0	Ordinary	–
R.L. Pensions Trustees Limited	100.0	100.0	Ordinary	–

Notes to the financial statements continued

15. Investments in Group undertakings and participating interests (continued)

Subsidiaries consolidated within the Group financial statements (continued)

Name	% holding		Share class	Registered Office
	2024	2023		
Refuge Assurance Limited	100.0	100.0	Ordinary	–
Refuge Investments Limited ¹⁵	N/A	100.0	Ordinary	–
Refuge Life Assurance Consultants Limited	100.0	100.0	Ordinary	–
Refuge Portfolio Managers Limited	100.0	100.0	Ordinary	–
Responsible Lending Limited ⁶	100.0	N/A	Ordinary, Redeemable Preference	S
Responsible Life Limited ⁶	100.0	N/A	Ordinary, Redeemable Preference	S
RL Finance Bonds Limited	100.0	100.0	Ordinary	–
RL Finance Bonds No. 2 plc ²	100.0	100.0	Ordinary	–
RL Finance Bonds No. 3 plc	100.0	100.0	Ordinary	–
RL Finance Bonds No. 4 plc	100.0	100.0	Ordinary	–
RL Finance Bonds No. 6 plc	100.0	100.0	Ordinary	–
RL LA Limited	100.0	100.0	Ordinary	E
RL Marketing (CIS) Limited ²	100.0	100.0	Ordinary	–
RL Marketing ISA Nominees Limited	100.0	100.0	Ordinary	–
RL NPB Services Limited	100.0	100.0	Ordinary	–
RL Wizard Holdings Limited ²	100.0	100.0	Ordinary	–
RLAM (Nominees) Limited	100.0	100.0	Ordinary	–
RLAM Natural Capital General Partner Limited ²	100.0	100.0	Ordinary	O
RLAM NC Unitholder No.2 Limited ²	100.0	100.0	Ordinary	O
RLAM Property Holdings Limited ²	100.0	100.0	Ordinary	–
RLAM Living General Partner Limited ²	100.0	100.0	Ordinary	P
RLGPS Trustee Limited	100.0	100.0	Ordinary	–
RLM Finance Limited ²	100.0	100.0	Ordinary, Deferred Redeemable	–
RLPPF Abingdon Limited ¹⁵	N/A	100.0	Ordinary	F
RLS Nominees Limited	100.0	100.0	Ordinary	–
RLUM Limited	100.0	100.0	Ordinary	–
Royal Liver (IFA Holdings) Limited	100.0	100.0	Ordinary	–
Royal Liver Pension Trustee Services Limited	100.0	100.0	Ordinary	–
Royal Liver Trustee Services Ireland Limited	100.0	100.0	Ordinary	B
Royal Liver Trustees Limited ¹⁶	100.0	100.0	N/A	–
Royal London (CIS) Limited	100.0	100.0	Ordinary	–
Royal London (UK) Holdings Limited ²	100.0	100.0	Ordinary	–
Royal London Asset Management Holdings Limited	100.0	100.0	Ordinary	–
Royal London Asset Management Limited	100.0	100.0	Ordinary	–
Royal London Cambridge Limited ²	100.0	100.0	Ordinary	–
Royal London Homebuy Limited	100.0	100.0	Ordinary	–
Royal London Insurance Designated Activity Company	100.0	100.0	Ordinary	B
Royal London Management Services Limited	100.0	100.0	Ordinary	–

15. Investments in Group undertakings and participating interests (continued)

Subsidiaries consolidated within the Group financial statements (continued)

Name	% holding		Share class	Registered Office
	2024	2023		
Royal London Marketing Limited	100.0	100.0	Ordinary	–
Royal London Pooled Pensions Company Limited	100.0	100.0	Ordinary	E
Royal London Savings Limited	100.0	100.0	Ordinary	–
Royal London Trustee Services Limited	100.0	100.0	Ordinary	–
Royal London Unit Trust Managers Limited	100.0	100.0	Ordinary	–
S.L. (Davenport Green) Limited	100.0	100.0	Ordinary	E
Scottish Life (Coventry) Property Limited ⁷	100.0	100.0	Ordinary	E
The Scottish Life Assurance Company ^{8,17}	100.0	100.0	N/A	E
United Assurance Group Limited ²	100.0	100.0	Ordinary, Special Deferred	–
United Friendly Group Limited	100.0	100.0	Ordinary	–
United Friendly Insurance Limited ²	100.0	100.0	Ordinary, Preference	–
United Friendly Life Assurance Limited ¹⁵	N/A	100.0	Ordinary	–
United Friendly Staff Pension Fund Limited ¹⁵	N/A	100.0	Ordinary	–
Vision Park Management Limited ⁵	86.0	86.0	Ordinary	C
Wealth Wizards Advisers Limited	100.0	100.0	Ordinary	D
Wealth Wizards Benefits Limited ²	100.0	100.0	Ordinary	D
Wealth Wizards Limited	100.0	100.0	Ordinary	D

Unit trusts, OEICs and other investment funds and legal entities held as part of an investment portfolio reported as subsidiaries under FRS 102 but not consolidated within the Group financial statements.

Name	% holding ⁹		Share class	Latest financial reporting date	Aggregate of capital and reserves £m	Profit/(loss) for the period £m	Registered Office
	2024	2023					
Elli Healthcare Properties Limited	100.0	100.0	Ordinary	31-Dec-24	4	8	G
F.H. Bowser Limited ⁴	53.4	N/A	Ordinary	31-Dec-24	1	–	O
Fleet Lodge Farm Limited ⁴	53.4	N/A	Ordinary	31-Dec-24	3	–	O
Holbeach Farms Limited ⁴	53.4	N/A	Ordinary	31-Dec-24	3	–	O
Moulton Seas End Farms Limited ⁴	53.4	N/A	Ordinary	31-Dec-24	2	–	O
No1 Holborn RCO Limited ⁴	100.0	N/A	Ordinary	31-Dec-24	–	–	–
No1 Holborn S.A.R.L. ⁴	100.0	N/A	Ordinary	31-Dec-24	–	–	R
RHR Aldershot Limited	100.0	100.0	Ordinary	31-Dec-24	4	3	O
RHR Basildon Limited	100.0	100.0	Ordinary	31-Dec-24	3	2	O
RHR Burnley Limited	100.0	100.0	Ordinary	31-Dec-24	2	1	O
RHR Derby Limited	100.0	100.0	Ordinary	31-Dec-24	3	2	O
RHR Ipswich Limited ⁴	100.0	N/A	Ordinary	31-Dec-24	1	1	O
RHR Milton Keynes Limited	100.0	100.0	Ordinary	31-Dec-24	(2)	(2)	O
RHR Newark Limited	100.0	100.0	Ordinary	31-Dec-24	2	2	O
RHR Norwich Limited	100.0	100.0	Ordinary	31-Dec-24	3	1	O
RHR Swindon Limited	100.0	100.0	Ordinary	31-Dec-24	4	3	O

Notes to the financial statements continued

15. Investments in Group undertakings and participating interests (continued)

Unit trusts, OEICs and other investment funds and legal entities held as part of an investment portfolio reported as subsidiaries under FRS 102 but not consolidated within the Group financial statements (continued).

Name	% holding ⁹		Share class	Latest financial reporting date	Aggregate of capital and reserves £m	Profit/(loss) for the period £m	Registered Office
	2024	2023					
RHR Uttoxeter Limited	100.0	100.0	Ordinary	31-Dec-24	—	—	O
RHR Wesham Limited	100.0	100.0	Ordinary	31-Dec-24	2	1	O
RLAM Healthcare General Partner Limited ⁴	100.0	N/A	Ordinary	31-Dec-24	—	—	P
RLAM Healthcare MidCo Limited ⁴	100.0	N/A	Ordinary	31-Dec-24	—	—	P
RLAM Healthcare RCo Limited ⁴	100.0	N/A	Ordinary	31-Dec-24	—	—	P
RLAM Living Limited Partnership	100.0	100.0	Ordinary	31-Dec-24	106	(1)	—
RLAM Living MidCo Limited	100.0	100.0	Ordinary	31-Dec-24	104	—	P
RLAM Living RCO Limited	100.0	100.0	Ordinary	31-Dec-24	104	—	P
RLAM Natural Capital JPUT ⁴	53.4	N/A	Ordinary	31-Dec-24	125	(14)	O
RLAM Natural Capital Limited Partnership	53.4	100.0	Ordinary	31-Dec-24	153	(19)	O
RLR Bracknell OpCo Limited ⁴	100.0	N/A	Ordinary	31-Dec-24	—	—	—
RLR Bracknell PropCo Limited ⁴	100.0	N/A	Ordinary	31-Dec-24	39	(2)	—
RLR Slough OpCo Limited ⁴	100.0	N/A	Ordinary	31-Dec-24	51	—	O
RLR Slough PropCo Limited ⁴	100.0	N/A	Ordinary	31-Dec-24	49	(2)	O
RLR Sydenham OpCo Limited ⁴	100.0	N/A	Ordinary	31-Dec-24	—	—	—
RLR Sydenham PropCo Limited ⁴	100.0	N/A	Ordinary	31-Dec-24	—	—	—
RLR TQW Barking OpCo Limited ⁴	100.0	N/A	Ordinary	31-Dec-24	—	—	—
RLR TQW Barking ProCo Limited ⁴	100.0	N/A	Ordinary	31-Dec-24	10	(1)	—
Royal London Absolute Return Government Bond Fund	85.6	92.0	Units held	30-Jun-24	1,247	106	H
Royal London Asia Pacific ex Japan Equity Tilt Fund	95.3	94.4	Units held	31-Aug-24	1,670	170	—
Royal London Asset Management Funds plc ¹⁰	99.9	99.9	Units held	30-Jun-24	N/A	N/A	H
Royal London Asset Management Investment Funds ICAV ¹⁰	100.0	100.0	Units held	30-Jun-24	N/A	N/A	H
Royal London Emerging Markets Corporate Bond Fund	100.0	100.0	Units held	30-Jun-24	27	2	H
Royal London Emerging Markets Equity Tilt Fund (formerly 'Royal London Emerging Markets ESG Leaders Equity Tracker Fund')	95.0	94.9	Units held	31-Aug-24	5,395	397	—
Royal London Europe ex UK Equity Tilt Fund	91.2	89.6	Units held	31-Aug-24	1,231	127	—
Royal London European Growth Fund	99.6	99.6	Units held	31-Aug-24	2,429	254	—
Royal London European Sustainable Credit Fund	89.9	92.7	Units held	30-Jun-24	109	8	H
Royal London Global Equity Diversified Fund	80.0	88.6	Units held	31-Aug-24	5,959	797	—
Royal London Global Equity Enhanced Fund	92.5	95.1	Units held	30-Jun-24	2,692	439	H
Royal London Global Equity Income Fund	60.3	55.6	Units held	31-Aug-24	1,165	172	—
Royal London Global Equity Transitions Fund	98.7	99.6	Units held	30-Jun-24	103	21	H
Royal London Global High Yield Bond Fund	94.2	95.5	Units held	30-Jun-24	3,040	251	H
Royal London Global Sustainable Credit Fund	72.8	76.6	Units held	30-Jun-24	362	20	H
Royal London Global Sustainable Equity Fund (Irl)	91.1	83.9	Units held	30-Jun-24	111	15	H
Royal London GMAP Adventurous Fund	57.1	69.7	Units held	30-Jun-24	473	68	—
Royal London GMAP Balanced Fund	63.0	67.4	Units held	30-Jun-24	584	40	—

15. Investments in Group undertakings and participating interests (continued)

Unit trusts, OEICs and other investment funds and legal entities held as part of an investment portfolio reported as subsidiaries under FRS 102 but not consolidated within the Group financial statements (continued).

Name	% holding ⁹		Share class	Latest financial reporting date	Aggregate of capital and reserves £m	Profit/(loss) for the period £m	Registered Office
	2024	2023					
Royal London GMAP Diversified Bond Fund (formerly 'Royal London GMAP Conservative Fund')	99.5	99.5	Units held	30-Jun-24	488	(10)	–
Royal London GMAP Dynamic Equity Fund (formerly 'Royal London GMAP Dynamic Fund')	81.8	83.4	Units held	30-Jun-24	208	36	–
Royal London GMAP Growth Fund	60.2	72.7	Units held	30-Jun-24	791	94	–
Royal London GMAP Moderate Growth Fund ¹¹	99.4	N/A	Units held	N/A	–	–	–
Royal London Japan Equity Tilt Fund	79.8	78.7	Units held	31-Aug-24	397	48	–
Royal London Japan Equity Tilt TTF ¹³	100.0	100.0	Units held	31-Aug-24	1,251	129	–
Royal London Multi Asset Adventurous Fund (Irl)	100.0	100.0	Units held	30-Jun-24	48	6	H
Royal London Multi Asset Balanced Fund (Irl)	100.0	100.0	Units held	30-Jun-24	43	3	H
Royal London Multi Asset Credit Fund	54.8	50.3	Units held	30-Jun-24	824	66	H
Royal London Multi Asset Defensive Fund (Irl)	100.0	100.0	Units held	30-Jun-24	35	3	H
Royal London Multi Asset Growth Fund (Irl)	100.0	100.0	Units held	30-Jun-24	41	5	H
Royal London Multi Asset Strategies Fund	87.8	88.1	Units held	30-Jun-24	919	64	–
Royal London Short Duration Emerging Markets Corporate Bond Fund	100.0	100.0	Units held	30-Jun-24	27	1	H
Royal London Short Duration Global High Yield Bond Fund ¹⁴	55.6	N/A	Units held	30-Jun-24	1,253	77	H
Royal London Short Term Fixed Income Fund ¹²	N/A	55.3	Units held	31-Oct-24	3,939	9	–
Royal London Sterling Liquidity Money Market Fund	85.9	95.6	Units held	30-Jun-24	6,717	–	H
Royal London Sustainable Growth Fund	85.5	97.7	Units held	31-Aug-24	142	16	–
Royal London Sustainable Short Duration Corporate Bond Fund	58.1	59.1	Units held	31-Jul-24	155	1	–
Royal London UK Broad Equity Tilt Fund ¹⁴	60.0	N/A	Units held	31-Aug-24	749	80	–
Royal London UK Core Equity Tilt Fund	98.6	98.9	Units held	31-Aug-24	5,234	744	–
Royal London UK Dividend Growth Fund	96.4	94.8	Units held	31-Aug-24	1,215	173	–
Royal London UK Equity Fund	94.5	93.4	Units held	31-Aug-24	800	80	–
Royal London UK Mid Cap Growth Fund	93.8	91.1	Units held	31-Aug-24	383	65	–
Royal London UK Opportunities Fund	99.9	99.8	Units held	31-Aug-24	306	40	–
Royal London UK Real Estate Fund ¹³	96.5	100.0	Units held	30-Jun-24	3,316	115	–
Royal London UK Smaller Companies Fund	88.5	93.8	Units held	31-Aug-24	344	47	–
Royal London US Equity Fund ¹¹	99.8	N/A	Units held	30-Jun-24	108	6	H
Royal London US Equity Tilt Fund	80.5	78.1	Units held	31-Aug-24	1,309	213	–
Royal London US Equity Tilt TTF ¹³	100.0	100.0	Units held	31-Aug-24	11,224	1,799	–
Royal London US Growth Trust ¹²	N/A	56.5	Units held	30-Jun-24	362	109	–
The Royal London Property Fund	79.9	68.1	Class A	31-Dec-24	391	12	–
The Royal London Property Trust	100.0	100.0	Class A	31-Dec-24	312	8	–
Waldersey Farms Limited ⁴	53.4	N/A	Ordinary	31-Dec-24	6	1	Q

Notes to the financial statements continued

15. Investments in Group undertakings and participating interests (continued)

1. Company has a financial reporting date of 30 June.
2. UK subsidiaries that will take advantage of the audit exemption by virtue of section 479A of the Companies Act 2006 for the year ended 31 December 2024.
3. The Group completed the sale of this company to Bspoke Group on 29 February 2024.
4. Company incorporated/acquired during the year.
5. Company has a financial reporting date of 24 December.
6. The Group completed the acquisition of the remaining 60% stake in this company on 31 January 2024, it was previously reported as an associate. Further details can be found in note 38.
7. General Partner of The Coventry (SL) Limited Partnership.
8. Limited Partner of The Coventry (SL) Limited Partnership.
9. The percentage holdings shown include the holding of the Group's unit-linked funds which are included within assets held to cover linked liabilities.
10. These entities are collective asset management vehicles. The results for the period are not presented on the basis that the results of the individual funds are separately disclosed.
11. Royal London US Equity Fund and Royal London GMAP Moderate Growth Fund were launched during the year.
12. The Group's holding in these funds has fallen in the year. The funds are now reported as associates as shown in note 15(c).
13. Royal London Japan Equity Tilt TTF, Royal London UK Real Estate Fund and Royal London US Equity Tilt TTF are Authorised Contractual Schemes (ACS).
14. The Group's holding in the fund has increased in the year. The fund was previously reported as an associate.
15. Company was dissolved during the year.
16. Company is limited by guarantee without share capital.
17. Unregistered company constituted by Act of Parliament. RLMIS is sole member with full voting rights

The addresses of the registered office of those Company subsidiaries, associates and other significant holdings which have a registered office other than 80 Fenchurch Street, London, EC3M 4BY, are noted below by letter.

Reference	Registered address
A	Forum 4, Solent Business Park Parkway South, Whiteley, Fareham, Hampshire, PO15 7AD
B	47-49 St Stephen's Green, Dublin 2
C	50/60 Station Road, Cambridge, CB1 2JH
D	Wizards House, 8 Athena Court, Tachbrook Park, Leamington Spa, CV34 6RT
E	22 Haymarket Yards, Edinburgh, EH12 5BH
F	27 Esplanade, St Helier, Jersey, JE1 1SG
G	Aztec Group House, 11-15 Seaton Place, St. Helier, Jersey, JE4 0QH
H	70 Sir John Rogerson's Quay, Dublin 2
I	155 North Wacker Drive, Suite 4400, Chicago, IL60606
J	Oak House, Hirzel Street, St Peter Port, Guernsey, GY1 2NP
K	Enterprise Ventures (General Partner Rising Stars II Limited), Preston Technology Management Centre, Preston, PR1 8UQ
L	9 West 57th Street, Suite 4200, New York, 10019
M	120 New Cavendish Street, London, W1W 6XX
N	PO Box 650, 1st Floor Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 3JX
O	140 Aldersgate Street 4th Floor, London, EC1A 4HY
P	125 London Wall, London, EC2Y 5AS
Q	Northfield Farm, Lynn Road Southery, Downham Market, Norfolk, PE38 0HT
R	4 Rue Du Fort Wallis, Luxembourg City, Luxembourg, 2714
S	Princess Court, 23 Princess Street, Plymouth, PL1 2EX
T	Nations House, 3rd Floor, 103 Wigmore Street, London, W1U 1QS
U	Brookfield Court, Selby Road, Garforth, Leeds, LS25 1NB

15. Investments in Group undertakings and participating interests (continued)

(b) Interest in special purpose entity

The Group owns 100% of the issued preference shares in the Pinkerton segregated account (within Artex Axcell Re (Bermuda) Limited), a reinsurance transformer platform incorporated in Bermuda. Its principal activity is reinsurance of general insurance policies. In accordance with FRS 102 Section 9 Pinkerton meets the definition of a 'special purpose entity' and in accordance with the requirements of that section, Pinkerton is consolidated within the Group financial statements.

(c) Interests in associates

Those of the Group's associates that are investment funds are accounted for as financial assets held at FVTPL. All associates have a registered office of 80 Fenchurch Street, London, EC3M 4BY, except where noted by a letter which corresponds to the addresses listed in the table on page 156. At 31 December 2024, the following funds have been recognised as associates:

Name	Group's % holding		Registered office
	2024	2023	
Ashford Investor (General Partner) Limited	25.0	25.0	T
Ashford Investor (Partnership Trustco) Limited	25.0	25.0	T
Royal London Corporate Bond Monthly Income Trust	26.8	26.8	–
Royal London European Growth Trust	28.3	28.5	–
Royal London Global Bond Opportunities Fund ²	N/A	21.7	H
Royal London Global Equity Diversified Fund (Irl)	26.6	26.6	H
Royal London Global Equity Select Fund ³	22.5	N/A	–
Royal London Global Equity Select Fund (Irl)	38.1	21.2	H
Royal London Global Sustainable Equity Fund	47.8	49.0	–
Royal London GMAP Defensive Fund	30.1	34.8	–
Royal London Index Linked Fund	44.5	44.6	–
Royal London International Government Bond Fund	24.4	30.6	–
Royal London Investment Grade Short Dated Credit Fund	20.8	23.4	–
Royal London Short Duration Global High Yield Bond Fund ⁴	N/A	48.0	H
Royal London Short Term Fixed Income Enhanced Fund	20.4	33.9	–
Royal London Short Term Fixed Income Fund ¹	49.8	N/A	–
Royal London Short Term Money Market Fund	30.4	36.7	–
Royal London Sterling Extra Yield Bond Fund	27.0	26.4	H
Royal London Sustainable Corporate Bond Trust (formerly 'Royal London Sustainable Managed Income Trust')	34.7	30.4	–
Royal London Sustainable Diversified Trust	24.0	23.3	–
Royal London Sustainable Managed Growth Trust ³	22.2	N/A	–
Royal London Sustainable World Trust	22.5	20.6	–
Royal London UK Broad Equity Tilt Fund ⁴	N/A	43.7	–
Royal London UK Equity Income Fund	29.6	28.7	–
Royal London UK Growth Trust	24.5	24.2	–
Royal London US Growth Trust ¹	49.7	N/A	–
The Ashford Investor Limited Partnership	25.0	25.0	T

1. The Group's holdings in these funds have fallen in the year. The funds were previously reported as subsidiaries as shown in note 15(a).

2. The Group's holdings in the fund have fallen below 20% in the year. The fund is now reported as an investment fund.

3. The Group's holdings in the fund have increased in the year. The fund was previously reported as an investment fund.

4. The Group's holdings in the fund have increased above 50% in the year. The fund is now reported as a subsidiary as shown in note 15(a).

During the year, the Company received dividends from associates that are investment funds amounting to £353m (2023: £227m).

Notes to the financial statements continued

15. Investments in Group undertakings and participating interests (continued)

(d) Interests in other significant holdings

The Group and Company invest in the following private equity funds, which represent an ownership interest of greater than 20%. These are all managed by external administrators and the Group and Company have no involvement in the management, operation or decision making of the funds. As such, the presumption that significant influence exists is overcome and these investments have not been recognised as associates but have been treated as unquoted equity securities within 'Other financial investments'. The registered addresses of the private equity funds are included in the table on page 156.

	% holding		Latest financial reporting date	Aggregate of capital and reserves £m	Profit/(loss) for the period £m	Registered Office
	2024	2023				
Core Alpha Private Equity Partners	29.9	29.9	31-Dec-24	8.7	(2.2)	I
Cubera RL Nordic PE LP	100.0	100.0	31-Dec-24	52.3	4.2	J
Enterprise Ventures Growth Ltd	45.2	45.2	31-Mar-24	0.1	—	K
KKR CIS Global Investor L.P.	100.0	100.0	31-Dec-24	32.5	0.6	L
Rising Star Growth Fund II	21.8	21.8	31-Mar-24	0.3	0.1	K
RJD Private Equity Fund III 'A' L.P.	31.9	31.9	31-Dec-24	23.7	7.3	M
SPL ARL Private Finance	99.4	99.4	31-Mar-24	0.2	(0.1)	N
WP Global Mezzanine Private Equity	100.0	100.0	31-Dec-24	24.8	0.8	I

(e) Interests in joint ventures

The Group has an interest in a jointly controlled entity giving rise to a 7.5% (2023: 7.5%) beneficial interest in a property, the Bluewater Shopping Centre, Kent. The arrangement entitles the Group to 7.5% (2023: 7.5%) of the net rental income of the property.

RLMIS has a 50% holding (2023: 50%) in a joint venture with RLW Estates Limited in relation to land at Waterbeach, Cambridgeshire. RLMIS' wholly owned subsidiary, Royal London Cambridge Limited, also has a 41.25% holding (2023: 41.25%) in a joint venture in relation to land at Waterbeach with Waterbeach Development Company LLP. A convertible funding arrangement for £4m (2023: £3m) has been provided by Royal London Cambridge Limited to Waterbeach Development Company LLP.

The Group, via a Jersey unit trust, has a 50% interest (2023: 50%) in No.1 Farringdon (London) Limited Partnership giving rise to a 50% interest in a property at 1 St John's Lane, London, EC1. As part of that investment, the Group also holds a 50% shareholding in No.1 Farringdon (London) General Partner Limited and its subsidiaries, No.1 Farringdon (London) SubCo 1 Limited and No.1 Farringdon (London) SubCo 2 Limited.

During the year the Group acquired a 50% interest in One Triton Holding Limited giving rise to a 50% interest in a property at 1 Triton Square, London, NW1.

The Group acquired a 50% interest in Hermes CMK Unit Trust giving rise to a 50% interest in a property at Centre MK: Milton Keynes, Buckinghamshire, MK9. As part of that investment, the Group also holds a 50% shareholding in Hermes CMK General Partner Limited and its subsidiaries, Hermes CMK Nominees No.1 Limited and Hermes CMK Nominees No.2 Limited.

16. Financial investments

Accounting for financial investments

All investment transactions are recognised at trade date, in other words, the date the Group commits to purchase the asset from, or deliver the asset to, the counterparty.

Financial investments are classified on the basis of an assessment of the Group's business model for managing the financial assets and whether the cash flows represent solely payments of principal and interest. Financial assets are classified at FVTPL where they are within a portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis, or they do not meet the criteria to be measured at amortised cost.

With the exception of associates accounted for using the equity method in the Group balance sheet, all of the financial assets of the Group's non-linked funds, included on the balance sheet within 'Other financial investments', are part of a group of financial assets that are managed on a fair value basis and are classified upon initial recognition as held at FVTPL. All of the financial assets within the Group's unit-linked funds, included on the balance sheet within 'Assets held to cover linked liabilities', are also a group of financial assets that are managed on a fair value basis and are classified upon initial recognition as held at FVTPL.

Financial assets classified as FVTPL are initially recognised at the fair value of the consideration paid. They are subsequently measured at fair value with any resultant gain or loss recognised in the statement of comprehensive income.

Fair value for quoted investments in an active market is the bid price, which management believe is representative of fair value. For investments in unit trusts, OEICs and other pooled funds (including those classified as investments in Group undertakings) it is the bid price quoted on the last day of the accounting period in which investments in such funds could be redeemed. If the market for a quoted financial investment is not active or the investment is unquoted the fair value is determined using valuation techniques. For these investments, the fair value is established using quotations from independent third parties, such as brokers or pricing services, or by using internally developed pricing models. Priority is given to publicly available prices from independent sources, when available, but overall, the source of pricing and/or valuation technique is chosen with the objective of arriving at a fair value measurement which reflects the price at which an orderly transaction would take place between market participants on the measurement date. Valuation techniques include the use of recent arm's length transactions, reference to the current fair value of other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs from independent sources and relying as little as possible on entity-specific inputs.

Derecognition and offset of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to receive the cash flows from the asset have expired or where they have been transferred and the Group has also transferred substantially all the risks and rewards of ownership.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets and liabilities are offset, and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. All derivatives are accounted for on a contract-by-contract basis and are not offset in the balance sheet.

Notes to the financial statements continued

16. Financial investments (continued)

(a) Other financial investments

The carrying values of the Group and Company's other financial investments and their original cost are summarised by category below:

	Group			
	Fair value		Cost	
	2024 £m	2023 £m	2024 £m	2023 £m
Derivative assets (note 18)	2,108	1,637	(1,755)	(140)
Equity securities				
Quoted	5,235	5,358	2,904	3,500
Unquoted	619	454	557	446
	5,854	5,812	3,461	3,946
Debt and fixed income securities				
Government bonds	3,029	3,212	3,262	3,356
Other quoted	5,709	5,634	5,985	5,879
Deposits with credit institutions	476	285	476	223
Other unquoted				
Security held in respect of a reinsurance arrangement	1,519	1,720	1,562	1,553
Private placements	79	64	75	59
Other	22	46	38	60
	10,834	10,961	11,398	11,130
Unit trusts and other pooled investments	14,352	14,850	13,166	14,225
Loans				
Commercial real estate loans	120	86	124	89
Other	7	2	6	2
	127	88	130	91
Total other financial investments	33,275	33,348	26,400	29,252

The cost of derivative assets represents the amount paid (or received) at the inception of the derivative contract, where applicable.

Included in the figure for Government bonds above are corporate bonds issued by companies and guaranteed by their respective governments of £102m (2023: £110m). The figure for deposits with credit institutions above includes £92m (2023: £48m) of reverse repurchase agreements. Included in the figure for unit trusts and other pooled investments above is £13,354m (2023: £13,814m) of OEICs and other investment funds that are not consolidated within the Group financial statements, as well as investments in joint ventures.

The reinsurance arrangement referred to above is explained in note 3(c).

In addition to the quoted equity securities, government bonds and quoted debt and fixed income securities disclosed above, £383m (2023: £401m) of the unit trust and other pooled investments held by the Group are quoted instruments.

16. Financial investments (continued)

	Company			
	Fair value		Cost	
	2024 £m	2023 £m	2024 £m	2023 £m
Derivative assets (note 18)	2,108	1,637	(1,755)	(140)
Equity securities				
Quoted	5,235	5,358	2,904	3,500
Unquoted	619	445	557	418
	5,854	5,803	3,461	3,918
Debt and fixed income securities				
Government bonds	3,029	3,206	3,262	3,351
Other quoted	5,709	5,634	5,985	5,879
Deposits with credit institutions	476	285	476	223
Other unquoted				
Security held in respect of a reinsurance arrangement	1,519	1,720	1,562	1,553
Private placements	79	64	75	59
Other	22	46	38	60
	10,834	10,955	11,398	11,125
Unit trusts and other pooled investments	961	1,009	911	995
Loans				
Commercial real estate loans	120	86	124	89
Other	7	2	6	2
	127	88	130	91
Total other financial investments	19,884	19,492	14,145	15,989

The cost of derivative assets represents the amount paid (or received) at the inception of the derivative contract.

Included in the figure for Government bonds above are corporate bonds issued by companies and guaranteed by their respective governments of £102m (2023: £110m). The figure for deposits with credit institutions above includes £92m (2023: £48m) of reverse repurchase agreements.

The reinsurance arrangement referred to above is explained in note 3(c).

In addition to the quoted equity securities, government bonds and quoted debt and fixed income securities disclosed above, £383m (2023: £401m) of the unit trust and other pooled investments held by the Company are quoted instruments.

Notes to the financial statements continued

16. Financial investments (continued)

(b) Assets held to cover linked liabilities

The carrying values of the Group and Company's assets held to cover linked liabilities are summarised by category below:

	Group			
	Fair value		Cost	
	2024	2023	2024	2023
	£m	£m	£m	£m
Investment property	4,196	4,094	4,564	4,526
Derivative assets (note 18)	87	129	—	—
Derivative liabilities (note 18)	(58)	(162)	—	—
Equity securities	742	771	625	668
Debt and fixed income securities	20,646	18,543	21,003	18,695
Unit trusts and other pooled investments	7,664	6,760	6,378	5,857
OEICs and other investment funds - subsidiaries	50,312	43,172	40,661	37,939
OEICs and other investment funds - associates	6,517	6,083	5,828	5,563
Cash at bank	307	525	307	525
Net current assets	866	313	866	313
	91,279	80,228	80,232	74,086

The OEICs and other investment funds represent the Company's investment in funds which are managed by subsidiaries of the Group. The funds classified as subsidiaries are those over which the Group has control. The funds classified as associates are those over which the Group has a significant influence but not control.

The total assets held to cover linked liabilities for the Group of £91,279m (2023: £80,228m) are greater than the technical provisions for linked liabilities of £91,072m (2023: £79,935m). This difference comprises £199m relating to the value of future profits for non-participating insurance contracts included within the technical provisions for linked liabilities (2023: £133m) and the inclusion within the assets held to cover linked liabilities of £8m of surplus units held for box management purposes (2023: £160m).

	Company			
	Fair value		Cost	
	2024	2023	2024	2023
	£m	£m	£m	£m
Investment property	4,196	4,094	4,564	4,526
Derivative assets (note 18)	87	129	—	—
Derivative liabilities (note 18)	(58)	(162)	—	—
Equity securities	742	771	625	668
Debt and fixed income securities	20,646	18,543	21,003	18,695
Unit trusts and other pooled investments	7,595	6,734	6,314	5,833
OEICs and other investment funds - subsidiaries	50,220	43,139	40,577	37,906
OEICs and other investment funds - associates	6,513	6,083	5,825	5,563
Cash at bank	309	525	309	525
Net current assets	863	313	863	313
	91,113	80,169	80,080	74,029

The total assets held to cover linked liabilities for the Company of £91,113m (2023: £80,169m) are greater than the technical provisions for linked liabilities of £90,906m (2023: £79,877m). This difference comprises £199m relating to the value of future profits for non-participating insurance contracts included within the technical provisions for linked liabilities (2023: £134m) and the inclusion within the assets held to cover linked liabilities of £8m of surplus units held for box management purposes (2023: £158m).

17. Fair value measurement

(a) Fair value measurement techniques and inputs

The following table gives information about the valuation techniques and inputs used to develop the Group and the Company's fair value measurements.

Asset / liability	Valuation techniques and key inputs	Fair value hierarchy level
Derivative assets and liabilities	Mark to model technique using market inputs to pricing models. Market inputs vary by derivative type and include (i) market swap rates (interest rate swaps, total return swaps and inflation swaps); (ii) forward swap rates and interest rate volatility (interest rate swaptions); and (iii) foreign exchange rates (currency forwards and currency swaps). Where discounted cash flow techniques are used, estimated future cash flows are based on contractual cash flows using current market conditions, and market-calibrated discount rates and assumptions.	Level 2
Equity securities – quoted	Quoted prices in active markets	Level 1
Equity securities - unquoted	Unquoted Private equity and Property funds are valued at net asset value (NAV), reflecting the fair value of the net assets of the underlying investments	Level 3
Debt and fixed income securities – Government bonds	Quoted prices - FTSE Russell Tradeweb Third-party quoted prices	Level 1 Level 2
Debt and fixed income securities – other quoted	Third-party quoted prices Quoted prices for similar assets in an active market Mark to model	Level 2 Level 2 Level 3
Debt and fixed income securities – other unquoted (Security held in respect of a reinsurance arrangement)	Mark to model technique using contractual cash flows and a market-calibrated discount rate	Level 2
Debt and fixed income securities – other unquoted (private placements)	Net present value of future cash flows, adjusted for credit risk of underlying assets and illiquidity premium	Level 3
Debt and fixed income securities – other unquoted	Net present value of future cash flows	Level 3
Unit trusts and other pooled investments – quoted	Quoted prices in active market Quoted prices (insufficient activity to confirm active market)	Level 1 Level 2
Unit trusts and other pooled investments – unquoted	Third-party price using broker quotes NAV reflecting the fair value of the net assets of the underlying investments	Level 3
Loans - Commercial real estate loans	Net present value of future cash flows, adjusted for credit risk of underlying loans	Level 3
Loans - other	Equity Release Mortgage loans - net present value of future cash flows, adjusted for the No-Negative Equity Guarantees (NNEG) of the underlying mortgages.	Level 3
Owner-occupied land and buildings (Group only)	Income capitalisation and market comparison	Level 3
Investment property	Income capitalisation and market comparison	Level 3
Investment in Group undertakings – shares (Company only)	NAV plus VIF, PE multiple, NAV/Carrying value	Level 3
Investment in Group undertakings – investment funds and joint ventures (Company only)	Quoted prices in an active market NAV provided by fund manager, reflecting the fair value of the net assets of the underlying investments	Level 1 Level 3

Notes to the financial statements continued

17. Fair value measurement (continued)

Asset / liability	Valuation techniques and key inputs	Fair value hierarchy level
Assets held to cover linked liabilities	Individual assets within this category are valued using the applicable technique and key inputs for the asset type as shown above	Level 1, 2 and 3
Unit-linked investment contract liability	Determined by the fair value of the net assets of the underlying unitised investment fund	Level 2
Reinsurance liability	Present value of projected future cash flows	Level 3
Provision for future commission	Present value of projected future cash flows	Level 3

The majority of the Group's financial investments are held at fair value and use quoted market prices or observable market inputs in their valuation. The use of quoted market prices and market inputs to determine fair value takes into account current expectations of the short-term effects of climate change. The longer-term effects of climate change are uncertain, however the fair values reported take into account current market expectations of the impact on investment valuations. The Group's external property valuers in the UK comply with the 'Sustainability and ESG in commercial property valuation and strategic advice' professional standard issued by the Royal Institution of Chartered Surveyors. In the context of investment valuation, sustainability involves the consideration of matters that include environment and climate change, health and wellbeing, and personal and corporate responsibility that can or do impact the valuation of an asset. The Group's investment strategy incorporates ESG into its investment process by integrating material ESG factors into investment decisions. This includes consideration of ESG issues within the property purchase process (including energy performance, flood risk, onsite renewable infrastructure and sustainable building certifications) and all development and refurbishment projects follow sustainability standards to ensure ESG is embedded into their design and delivery. The investment property portfolio is monitored on a regular basis to determine any impact of climate change, including the level of flood risk, to enable mitigation measures to be identified and implemented. Further information on how the Group manages climate change related risks is included in the Strategic report on page 68.

(b) Fair value hierarchy

Assets and liabilities held at fair value have been classified using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The position assigned to the asset or liability in the fair value hierarchy must be determined by the lowest level of any input to its valuation that is considered to be significant to the valuation of the asset or liability in its entirety. The hierarchy only reflects the methodology used to derive the assets or liabilities fair value. The three levels of the hierarchy are as follows:

Level 1 – Quoted prices in active markets

Inputs to Level 1 fair values are quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market is one in which transactions occur with sufficient frequency and at sufficient volumes to provide pricing information on an ongoing basis.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable

Inputs to Level 2 fair values are those other than quoted prices included within Level 1, which are observable for the asset or liability, either directly as prices or indirectly, in other words, derived from prices. Level 2 inputs include:

- quoted prices for identical assets in markets that are not active;
- quoted prices for similar assets in active markets; and
- inputs to valuation models that are observable for the asset. For example, interest rates and yield curves observable at commonly quoted intervals, volatilities, and swap rates.

Level 3 – Inputs not based on observable data

Inputs to Level 3 fair values are unobservable inputs for the asset or liability. Unobservable inputs are typically used where observable inputs are not available.

The Group and Company's assets and liabilities classified into the three levels of the fair value hierarchy are shown in the following tables.

17. Fair value measurement (continued)

	Group – 2024					
	Fair value hierarchy				Non-fair value	Total carrying value
	Level 1 £m	Level 2 £m	Level 3 £m	Sub-total Fair value £m		
Assets						
Derivative assets	—	2,108	—	2,108	—	2,108
Equity securities						
Quoted	5,235	—	—	5,235	—	5,235
Unquoted	—	—	619	619	—	619
Debt and fixed income securities						
Government bonds	2,598	431	—	3,029	—	3,029
Other quoted	—	5,641	68	5,709	—	5,709
Deposits with credit institutions ¹	—	—	—	476	—	476
Other unquoted						
Security held in respect of a reinsurance arrangement	—	1,519	—	1,519	—	1,519
Private placements	—	—	79	79	—	79
Other	—	—	22	22	—	22
Other investments						
Unit trusts and other pooled investments	11,299	—	3,053	14,352	—	14,352
Loans						
Commercial real estate loans	—	—	120	120	—	120
Other	—	—	7	7	—	7
Total other financial investments	19,132	9,699	3,968	33,275	—	33,275
Other assets						
Owner-occupied land and buildings (note 14)	—	—	35	35	—	35
Investment property (note 14)	—	—	40	40	—	40
Assets held to cover linked liabilities (note 16 (b)) ¹	69,115	14,870	5,452	91,279	—	91,279
Total assets at fair value	88,247	24,569	9,495	124,629	—	124,629
Other liabilities						
Unit-linked investment contract liabilities (note 26 (b))	—	(90,067)	—	(90,067)	—	(90,067)
Reinsurance liability (note 31 (b))	—	—	(1,519)	(1,519)	(21)	(1,540)
Derivative liabilities (note 31 (d))	—	(4,171)	—	(4,171)	—	(4,171)
Provision for future commission (note 30)	—	—	(107)	(107)	—	(107)
Total liabilities at fair value	—	(94,238)	(1,626)	(95,864)	(21)	(95,885)

1. Deposits with credit institutions and £1,842m (2023: £902m) of net current assets within Assets held to cover linked liabilities are held as part of an investment portfolio which is managed on a fair value basis. Given their nature, these balances are not assigned a fair value hierarchy level.

Notes to the financial statements continued

17. Fair value measurement (continued)

	Group – 2023					
	Fair value hierarchy					Total carrying value
	Level 1	Level 2	Level 3	Sub-total Fair value	Non-fair value	
	£m	£m	£m	£m	£m	£m
Assets						
Derivative assets	–	1,637	–	1,637	–	1,637
Equity securities						
Quoted	5,358	–	–	5,358	–	5,358
Unquoted	–	–	445	445	9	454
Debt and fixed income securities						
Government bonds	2,715	497	–	3,212	–	3,212
Other quoted	–	5,613	21	5,634	–	5,634
Deposits with credit institutions ¹	–	–	–	285	–	285
Other unquoted						
Security held in respect of a reinsurance arrangement	–	1,720	–	1,720	–	1,720
Private placements	–	–	64	64	–	64
Other	–	–	46	46	–	46
Other investments						
Unit trusts and other pooled investments	11,700	–	3,150	14,850	–	14,850
Loans						
Commercial real estate loans	–	–	86	86	–	86
Other	–	–	2	2	–	2
Total other financial investments	19,773	9,467	3,814	33,339	9	33,348
Other assets						
Owner-occupied land and buildings (note 14)	–	–	37	37	–	37
Investment property (note 14)	–	–	72	72	–	72
Assets held to cover linked liabilities (note 16 (b)) ¹	61,970	12,590	4,766	80,228	–	80,228
Total assets at fair value	81,743	22,057	8,689	113,676	9	113,685
Other liabilities						
Unit-linked investment contract liabilities (note 26 (b))	–	(78,832)	–	(78,832)	–	(78,832)
Reinsurance liability (note 31 (b))	–	–	(1,720)	(1,720)	(58)	(1,778)
Derivative liabilities (note 31 (d))	–	(3,071)	–	(3,071)	–	(3,071)
Provision for future commission (note 30)	–	–	(117)	(117)	–	(117)
Total liabilities at fair value	–	(81,903)	(1,837)	(83,740)	(58)	(83,798)

17. Fair value measurement (continued)

	Company – 2024					
	Fair value hierarchy				Non-fair value	Total carrying value
	Level 1 £m	Level 2 £m	Level 3 £m	Sub-total Fair value £m		
Assets						
Derivative assets	—	2,108	—	2,108	—	2,108
Equity securities						
Quoted	5,234	—	—	5,234	—	5,234
Unquoted	—	—	620	620	—	620
Debt and fixed income securities						
Government bonds	2,598	431	—	3,029	—	3,029
Other quoted	—	5,641	68	5,709	—	5,709
Deposits with credit institutions ¹	—	—	—	476	—	476
Other unquoted						
Security held in respect of a reinsurance arrangement	—	1,519	—	1,519	—	1,519
Private placements	—	—	79	79	—	79
Other	—	—	22	22	—	22
Other investments						
Unit trusts and other pooled investments	828	—	133	961	—	961
Loans						
Commercial real estate loans	—	—	120	120	—	120
Other	—	—	7	7	—	7
Total other financial investments	8,660	9,699	1,049	19,884	—	19,884
Other assets						
Investment property (note 14)	—	—	75	75	—	75
Investment in Group undertakings (note 15)	10,270	—	3,770	14,040	—	14,040
Assets held to cover linked liabilities (note 16 (b)) ¹	68,949	14,870	5,452	91,113	—	91,113
Total assets at fair value	87,879	24,569	10,346	125,112	—	125,112
Other liabilities						
Unit-linked investment contract liabilities (note 26 (b))	—	(89,901)	—	(89,901)	—	(89,901)
Reinsurance liability (note 31 (b))	—	—	(1,519)	(1,519)	(11)	(1,530)
Derivative liabilities (note 31 (d))	—	(4,171)	—	(4,171)	—	(4,171)
Provision for future commission (note 30)	—	—	(103)	(103)	—	(103)
Total liabilities at fair value	—	(94,072)	(1,622)	(95,694)	(11)	(95,705)

1. Deposits with credit institutions and £1,842m (2023: £903m) of net current assets within Assets held to cover linked liabilities are held as part of an investment portfolio which is managed on a fair value basis. Given their nature, these balances are not assigned a fair value hierarchy level.

Notes to the financial statements continued

17. Fair value measurement (continued)

	Company – 2023					
	Fair value hierarchy					
	Level 1	Level 2	Level 3	Sub-total	Non-fair	Total
	£m	£m	£m	Fair value	value	carrying
				£m	£m	value
						£m
Assets						
Derivative assets	–	1,637	–	1,637	–	1,637
Equity securities						
Quoted	5,358	–	–	5,358	–	5,358
Unquoted	–	–	445	445	–	445
Debt and fixed income securities						
Government bonds	2,715	491	–	3,206	–	3,206
Other quoted	–	5,612	22	5,634	–	5,634
Deposits with credit institutions ¹	–	–	–	285	–	285
Other unquoted						
Security held in respect of a reinsurance arrangement	–	1,720	–	1,720	–	1,720
Private placements	–	–	64	64	–	64
Other		–	46	46	–	46
Other investments						
Unit trusts and other pooled investments	874	–	135	1,009	–	1,009
Loans						
Commercial real estate loans	–	–	86	86	–	86
Other	–	–	2	2	–	2
Total other financial investments	8,947	9,460	800	19,492	–	19,492
Other assets						
Investment property (note 14)	–	–	109	109	–	109
Investment in Group undertakings (note 15)	10,647	–	3,855	14,502	–	14,502
Assets held to cover linked liabilities (note 16 (b)) ¹	61,910	12,590	4,766	80,169	–	80,169
Total assets at fair value	81,504	22,050	9,530	114,272	–	114,272
Other liabilities						
Unit-linked investment contract liabilities (note 26 (b))	–	(78,774)	–	(78,774)	–	(78,774)
Reinsurance liability (note 31 (b))	–	–	(1,720)	(1,720)	(37)	(1,757)
Derivative liabilities (note 31 (d))	–	(3,071)	–	(3,071)	–	(3,071)
Provision for future commission (note 30)	–	–	(116)	(116)	–	(116)
Total liabilities at fair value	–	(81,845)	(1,836)	(83,681)	(37)	(83,718)

17. Fair value measurement (continued)

(c) Level 3 assets and liabilities

The majority of the assets and liabilities measured at fair value are based on quoted prices in active markets or observable market data. Of the total Group assets and liabilities measured at fair value, 7.6% (2023: 7.7%) of assets and 1.7% (2023: 2.2%) of liabilities are recorded as Level 3. At the Company level, 8.3% (2023: 8.4%) of assets and 1.7% (2023: 2.2%) of liabilities are recorded as Level 3.

For the majority of Level 3 investments, the Group and the Company do not use internal models to value the investments but rather obtain valuations from external parties. The Group's Level 3 investments are predominantly property assets and investments in property-based investment vehicles, representing 88% (2023: 88%) of all Level 3 assets. The following table shows how these Level 3 assets are presented on the Group balance sheet.

	Group					
	Property-related	Non Property-related	Total	Property-related	Non Property-related	Total
	2024 £m	2024 £m	2024 £m	2023 £m	2023 £m	2023 £m
Equity securities	153	467	620	12	433	445
Debt and fixed income securities	—	169	169	—	131	131
Unit trusts and other pooled investments	2,872	181	3,053	2,971	179	3,150
Loans	—	127	127	—	88	88
Level 3 other financial investments (note 17 (b))	3,025	944	3,969	2,983	831	3,814
Owner-occupied land and buildings	35	—	35	37	—	37
Investment property	40	—	40	72	—	72
Assets held to cover linked liabilities	5,227	225	5,452	4,584	182	4,766
Total Level 3 assets (note 17 (b))	8,327	1,169	9,496	7,676	1,013	8,689

The Group reviews the appropriateness of these valuations on the following basis:

- For investment and owner-occupied property, the valuations are obtained from external valuers and are assessed on an individual property basis. The principal assumptions will differ depending on the valuation technique employed and sensitivities are determined by flexing the key inputs listed in the table below using knowledge of the investment property market; and
- For property investments held via investment vehicles, the valuations of the underlying property assets are sourced by the administrators of the collective investment vehicles from external valuers and are assessed on the same basis as for directly held investment property. These individual property values are incorporated within the net asset values of the investment vehicles.

For Level 3 investment property, property funds and owner-occupied land and buildings, a 10% increase or decrease in the property prices at 31 December 2024 would result in a £833m (2023: £768m) increase or decrease in the Group's total assets.

This change in Level 3 investment valuations from using reasonably possible alternative assumptions would have a significantly smaller impact on the Group's result after tax for the year due to the following:

- Changes in unit-linked and closed funds are offset by a similar opposite movement in investment and insurance contract liabilities. Therefore, only changes in assets held by the Royal London Main Fund would impact the Group's result after tax for the year; and
- Where property assets back With-Profits policies in the Royal London Main Fund, the impact of an increase or decrease in the value of the assets would be offset to a significant extent by a corresponding decrease or increase respectively in the value of the related insurance contract liabilities.

As disclosed under market risk in note 35, the impact on the Group's result after tax for the year of a 10% increase or decrease in property prices would be a corresponding increase or decrease of £44m (2023: £53m) respectively.

For the Group's other Level 3 assets and liabilities, changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would not result in a significant change in the Group's total assets, liabilities, or result after tax at both 31 December 2024 and 31 December 2023.

Notes to the financial statements continued

17. Fair value measurement (continued)

The following table shows information about fair value measurements for Level 3 assets and liabilities using significant unobservable inputs.

Asset/liability	Valuation technique	Unobservable input	Range (weighted average)
Owner-occupied property and investment property	Income capitalisation	Equivalent yield Estimated rental value per square foot	7.13% - 10.50% (7.4%) £9.01 - £33.19 (£18)
Equity securities – unquoted	Adjusted net asset value	Adjustment to net asset value, based on fund manager statements and movements including subscriptions and redemptions.	N/A
Debt and fixed income securities – other quoted	Mark to model	Internally modelled with credit spread derived from comparable securities	N/A
Debt and fixed income securities – other unquoted (private placements)	Present value of future projected cash flows	Contractual cash flows Discount rate reflecting the underlying loan quality, credit rating risk and illiquidity premium	N/A 5.40% - 6.78% (5.9%)
Debt and fixed income securities – other unquoted (other)	Present value of future projected cash flows	Contractual cash flows Adjusted discount rate	N/A 6.36% - 8.19% (7.15%)
Unit trusts and other pooled investments – unquoted	Adjusted net asset value	Adjustments to net asset value, for example recent sales of the underlying investments in the fund	N/A
Loans - Commercial real estate loans	Present value of projected future cash flows	Contractual cash flows Discount rate reflecting underlying loan quality and credit rating risk	N/A 3.50% - 6.34% (5.52%)
Loans - other	Equity Release Mortgage loans - present value of projected future cash flows	Equity Release Mortgage loans - contractual cash flows Discount rate reflecting the underlying mortgage, no-negative equity guarantees and illiquidity premium	N/A 5.52% - 6.58% (5.98%)
Investments in Group undertakings – shares (Company only)	RL Wizard Holdings Limited, holding company of Wealth Wizards Limited, held at adjusted net asset value	Adjustment to net asset value	N/A

17. Fair value measurement (continued)

Asset/liability	Valuation technique	Unobservable input	Range (weighted average)
	Royal London (UK) Holdings Limited, holding company of RLUM Limited, and Royal London Asset Management Holdings Ltd, holding company of RLAM and Royal London Unit Trust Managers, based on PE multiple applied to adjusted external profit after tax	Average PE ratio of listed peer group companies	10.1
	RLI DAC based on NAV plus VIF	Per policy expenses Margin on expenses Expense inflation Provision for future commission	£21.80 - £87.79 7.21% - 7.50% ROI CPI + 5.26% N/A
	Responsible Life Limited and Responsible Lending Limited based on present value of projected future cash flows	Cash flow projections derived from internal business planning process Discount rate	N/A 12.75%
Investment in Group undertakings – investment funds and joint ventures (Company only)	NAV provided by fund manager, reflecting the fair value of the net assets of the underlying investments	Net asset value based on underlying investment property valuations using unobservable inputs (equivalent yield, estimated rental value per square foot and price per acre)	N/A
Reinsurance liability	Present value of projected future cash flows	Cash flows Discount rate	N/A
Provision for future commission	Present value of future projected cash flows	Future based renewal commission rate (%) p.a. Investment return (%) p.a. Surrender rate (%) p.a. Value of underlying funds at 31 December 2024 (£m)	0.05%- 1.00% (0.54%) SII risk-free discount rate 0.00% - 42.30% (2.68%) 2,469

Notes to the financial statements continued

18. Derivative instruments and collateral

Accounting for derivative instruments

Derivatives are accounted for as financial investments in accordance with the related accounting policies set out in note 16.

Embedded derivatives

The Group does not separately measure embedded derivatives that meet the definition of an insurance contract or embedded options to surrender insurance contracts for a fixed amount (or a fixed amount and an interest rate). All other embedded derivatives are separated and carried at fair value if they are not closely related to the host contract, and they meet the definition of a derivative.

Collateral received and pledged

For non-cash collateral received and pledged the risks and rewards of ownership are not transferred by the transaction (unless there is a default by the counterparty). Therefore, non-cash collateral received by the Group is not recognised as an asset on the balance sheet and non-cash collateral pledged by the Group remains on the balance sheet and is not derecognised. For cash collateral received and pledged the risks and rewards of ownership are transferred. Therefore, cash collateral received is recognised as an asset with a corresponding liability to repay the collateral. For cash collateral pledged the cash asset is derecognised and an equivalent debtor for the repayment of the collateral is recognised.

The Group and the Company utilise derivative instruments to hedge market risk (see note 35 (b)) for efficient portfolio management and for the matching of liabilities to policyholders. Derivatives are either 'exchange-traded' (regulated by an exchange), which have a quoted market price, or 'over-the-counter' (individually negotiated between the parties to the contract), which are unquoted.

The Group is exposed to credit risk on the carrying value of derivatives in the same way as it is exposed to credit risk on other financial investments. To mitigate this risk, a portion of the fair value of the derivatives held by the Group at any point in time is matched by collateral and cash margin received from the counterparty to the transaction. Cash margin is collateral in the form of cash. Initial cash margin is exchanged at the outset of the contract. Variation margin is exchanged during the life of the contract in response to changes in the value of the derivative. The remaining credit risk is managed within the Group's risk management framework, which is discussed further in note 35.

The Group and Company utilise the following derivatives:

Futures

A futures contract is an agreement to buy or sell a given quantity of a financial instrument, at a specified future date at a pre-determined price. The Group uses futures to manage its exposure to fluctuations in equity markets.

Interest rate swaps

An interest rate swap is a contract under which interest payments at a fixed interest rate are exchanged for interest payments at a variable interest rate (or vice versa) based on an agreed principal amount. Only the net interest payments are exchanged. No exchange of principal takes place.

Interest rate swaptions

Interest rate swaptions are options to enter into an interest rate swap at a future date and are used to limit exposure to fluctuations in interest rates over the long term.

Total return swaps

A total return swap is a contract under which one party makes payments based on a set rate, fixed or variable, while the other party makes payments based on the return of an underlying item.

Interest rate swaptions, interest rate swaps and total return swaps are principally used to mitigate the interest rate risk inherent in guaranteed annuity rates granted by the Group.

18. Derivative instruments and collateral (continued)

Inflation swaps

An inflation swap is a contract under which there is an exchange of cash flows in order to transfer inflation risk. One party pays a fixed rate while the other party pays a floating rate that is linked to an inflation index.

Currency forwards

A currency forward is a contract to exchange an agreed amount of currency at a specified exchange rate and on a specified date. The Group uses currency forwards to reduce exposure to movements in exchange rates.

Currency swaps

A currency swap is a contract under which interest payments in one currency are exchanged for interest payments in another currency. Typically, there is also an exchange of principal in the different currencies at the inception and termination of the contract.

(a) Fair value of derivative instruments held

	Group and Company					
	2024			2023		
	Contract/ notional amount £m	Fair values		Contract/ notional amount £m	Fair values	
		Assets £m	Liabilities £m		Assets £m	Liabilities £m
Interest rate swaps	18,661	1,290	(4,133)	18,655	957	(2,990)
Interest rate swaptions	4,173	639	—	4,485	488	—
Total return swaps	4,542	30	(33)	3,213	11	(95)
Inflation swaps	1,241	165	(2)	1,058	180	(3)
Currency forwards	8,750	71	(59)	16,818	130	(145)
Currency swaps	78	—	(2)	—	—	—
Total derivative assets/(liabilities)	37,445	2,195	(4,229)	44,229	1,766	(3,233)
Included in the balance sheet within:						
Other financial investments (note 16 (a))		2,108	—		1,637	—
Other creditors (note (31 (d)))		—	(4,171)		—	(3,071)
Assets held to cover linked liabilities (note 16 (b))		87	(58)		129	(162)
		2,195	(4,229)		1,766	(3,233)

In addition to the above, the Group and Company make use of futures contracts. At 31 December 2024, the Group and the Company had entered into equity futures trades giving exposure to equities with a notional value of £13,362m (2023: £6,639m). The equity futures had no market value at the balance sheet date because all variation margin on these contracts is settled on a daily basis.

The Group and the Company paid an initial cash margin of £51m (2023: £28m) in respect of these futures trades, included within 'Other debtors'.

The net variation margin receivable by the Group and the Company was £503m at 31 December 2024 (2023: receivable £251m), being the amount due for the movement on the last business day of 2024, which was settled on the first business day of 2025.

(b) Collateral and other arrangements

(i) Collateral received

Collateral was received in respect of derivatives. Non-cash collateral was £16m for both the Group and the Company (2023: £2m). The collateral received was in the form of UK gilts that may be sold or re-pledged in the absence of default. No collateral was sold or re-pledged in the year (2023: £nil) and there were no defaults in the year (2023: none).

Cash margin received was £598m (2023: £421m) for both the Group and the Company, of which £589m is included within 'Other financial investments' and £9m (2023: £nil) is included within 'Assets held to cover linked liabilities' with the obligation to return the collateral. The corresponding obligation to return the collateral in respect of non-linked assets is included within 'Other creditors including taxation and social security'.

Notes to the financial statements continued

18. Derivative instruments and collateral (continued)

The fair value of derivatives in respect of which collateral and cash margin were received was £611m for both the Group and the Company (2023: £433m).

Collateral of £1,528m was received for both the Group and the Company (2023: £1,713m) in respect of an unlisted debt security. The collateral received was in the form of UK and European Government bonds, other fixed income debt securities and floating rate notes.

The fair value of the debt security in respect of which the collateral was received was £1,519m (2023: £1,720m).

(ii) Collateral pledged

Collateral was also pledged in respect of derivatives. Non-cash collateral was £3m for both the Group and the Company (2023: £33m). The collateral pledged was primarily in the form of UK gilts, European Government bonds and other fixed income debt securities that may be sold or re-pledged in the absence of default.

Cash margin pledged in respect of derivatives was £2,687m (2023: £1,818m) for both the Group and Company, a corresponding asset of £2,685m is included within 'Other debtors' (2023: £1,818m) and £2m (2023: £nil) is included within 'Assets held to cover linked liabilities'.

The fair value of derivatives in respect of which collateral and cash margin were pledged was £2,657m for both the Group and the Company (2023: £1,885m). In addition, the Group and Company pledged £1,354m of initial stock margin (2023: £1,390m) in respect of derivatives. This was pledged primarily in the form of UK gilts.

The Company has also pledged Government and corporate bonds of £660m (2023: £706m) to its wholly owned subsidiary, Royal London Insurance DAC (RLI DAC), in respect of the internal reinsurance arrangement between the Company and RLI DAC.

(iii) Stock lending collateral arrangements

The Group and Company have entered into a number of stock lending transactions that transfer legal title to third parties, but not the exposure to the income and market value movements arising from those assets. As a result, the Group and Company retain the risks and rewards of ownership and the assets continue to be recognised in full on the Group and Company balance sheets. There are no restrictions arising from the transfers.

The assets transferred under these agreements are secured by the receipt of collateral. The level of collateral held is monitored regularly and adjusted as necessary to manage exposure to credit risk.

The collateral received was primarily in the form of Government bonds and quoted equities. There were no borrower defaults in the year (2023: none).

The following table shows the assets within the Group and Company balance sheets that have been transferred under stock loan agreements and the related collateral received.

	Group and Company	
	2024	2023
	£m	£m
Stock loan agreements		
Listed equities	299	285
Corporate bonds	712	594
Government bonds	2,077	1,468
	3,088	2,347
Collateral received	3,273	2,479

(iv) Reverse repurchase agreements

The Group and Company have entered into reverse repurchase agreement transactions under which it purchased securities and has taken on the obligation to resell the securities. The fair value of the collateral held in respect of these transactions was £92m (2023: £48m).

19. Debtors arising out of direct insurance operations and reinsurance operations

Accounting for debtors arising out of direct insurance operations and reinsurance operations

Debtors arising out of direct insurance operations and debtors arising out of reinsurance operations are measured at amortised cost as they are financial assets that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest. They are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

	Group		Company	
	2024	2023	2024	2023
	£m	£m	£m	£m
Debtors arising from direct insurance operations at amortised cost				
Amounts due from policyholders	19	46	18	45
Amounts due from intermediaries	2	4	1	2
	21	50	19	47
Debtors arising from reinsurance operations at amortised cost				
Reinsurance receivable from external insurers	61	92	46	73
	61	92	46	73

All of the above debtors arising out of direct insurance operations or debtors arising out of reinsurance operations are expected to be recovered within one year of the balance sheet date (2023: All).

Notes to the financial statements continued

20. Other debtors

Accounting for other debtors

Investment income receivable, receivables for the amount of cash collateral pledged, amounts due from other Group entities, and all other receivables excluding current tax assets, are measured at amortised cost as they are financial assets that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Accounting for current tax assets

Current tax assets are measured at the amount of tax expected to be recovered using tax rates substantively enacted at the balance sheet date.

	Group		Company	
	2024	2023	2024	2023
	£m	£m	£m	£m
Investment income receivable	52	58	52	57
Cash collateral pledged	2,685	1,818	2,685	1,818
Amounts due from brokers	225	28	225	28
Amounts due from other Group entities	—	—	8	2
Management fees receivable	78	68	69	60
Other receivables	187	308	70	108
Current tax asset	53	61	52	55
	3,280	2,341	3,161	2,128

Cash collateral pledged is considered receivable within one year after the balance sheet date due to settlements that may be required in the event of valuation changes in the associated derivative asset position. All of the above other debtors are expected to be recovered within one year of the balance sheet date (2023: All).

21. Tangible fixed assets

Accounting for tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost comprises the original purchase price and expenditure directly attributable to bringing the asset to its working condition for its intended use.

Depreciation on tangible fixed assets is charged to the statement of comprehensive income and is calculated so as to reduce the value of the assets to their estimated residual values on a straight-line basis over the estimated useful lives of the assets concerned, which range from three to ten years. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The carrying amounts of tangible fixed assets are reviewed whenever there is any indication of impairment or events and circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. Impairment losses are recognised in the statement of comprehensive income.

Gains and losses on disposals included in the statement of comprehensive income are determined by comparing proceeds with carrying amounts.

	Group	
	2024	2023
	Computers, office equipment and vehicles £m	Computers, office equipment and vehicles £m
Cost		
At 1 January	87	73
Additions	5	14
Disposals	(7)	—
At 31 December	85	87
Accumulated depreciation		
At 1 January	(60)	(54)
Depreciation charge (note 7)	(7)	(6)
Disposals	7	—
At 31 December	(60)	(60)
Net book value		
At 1 January	27	19
At 31 December	25	27

The Company did not hold any tangible fixed assets at the balance sheet date or at the previous balance sheet date.

Notes to the financial statements continued

22. Deferred acquisition costs on investment contracts

Accounting for deferred acquisition costs (DAC)

Incremental costs that are directly attributable to the acquisition of new non-participating investment and hybrid participating investment contracts are recognised as a DAC asset, provided those costs are considered to be recoverable. Incremental costs comprise both initial commission and an amount representing the present value of future commission payable to third parties. All other acquisition costs are expensed as incurred. The asset is amortised over the period in which we expect to receive the related investment management services fees. An impairment assessment is performed if the expected value of the related future investment management service fees is lower than the carrying value of the DAC asset.

All acquisition costs on insurance and non-hybrid participating investment contracts are recognised as an expense in the statement of comprehensive income when incurred.

	Group		Company	
	2024	2023	2024	2023
	£m	£m	£m	£m
Carrying amount at 1 January	67	87	65	87
Additions	6	2	—	—
Amortisation (note 7)	(23)	(22)	(23)	(22)
Carrying amount at 31 December	50	67	42	65

23. Pension scheme asset

Accounting for pensions

The Group operates three defined benefit schemes and two defined contribution arrangements.

(i) Defined benefit schemes

The defined benefit schemes provide benefits based on pensionable pay. The assets of the schemes are held in separate trustee-administered funds. Insurance policies are included with pension scheme assets if the policies are transferable, both legally and in substance. The position of each scheme is assessed annually by an independent qualified actuary using the projected unit credit method.

The pension scheme asset recognised in the balance sheet is the excess that is recoverable of the fair value of the plan assets in a scheme over the present value of that scheme's liabilities. The 'Administration costs' and 'Net interest (income)/cost' are included within 'Net operating expenses' on an incurred basis. 'Past service costs' arising on a plan amendment or curtailment are included immediately within 'Net operating expenses'. Remeasurements are recognised in Other Comprehensive Income in the period in which they arise.

(ii) Defined contribution arrangements

The Group operates two defined contribution arrangements for employees. The Group pays contractual contributions in respect of these arrangements, which are recognised as an expense when they fall due.

Defined contribution arrangements

The Group provides pension benefits for its employees in order to support recruitment, retention, and motivation of talented people. The Group's principal defined contribution arrangements are the Royal London Group Personal Pension (RLGPP) and the Royal London Ireland Pension Plan (RLIPP). These defined contribution arrangements are benchmarked to ensure that the reward package overall is competitive. Where possible under local regulation, employees are auto-enrolled and the Group sees a correspondingly high take up across employees.

The Group pays contributions in respect of its defined contribution arrangements and these amounts are recognised as an expense as the related employee services are provided. The Group's expense recognised in 2024 is £32m (2023: £29m) and is reported within staff costs (note 9).

Defined benefit schemes

In addition to the above arrangements, the Group operates three legacy funded defined benefit schemes, which are established under separate trusts.

The ability of the defined benefit pension schemes to meet the projected pension payments is maintained through investments and, where applicable, contributions from the Group. Risk arises because the estimated market value of the pension fund assets might decline; or their investment returns might reduce; or the estimated value of the pension liabilities might increase. In these circumstances, the Group could be required to make additional contributions.

The largest defined benefit scheme is the Royal London Group Pension Scheme ('RLGPS'). RLGPS closed to new entrants on 1 September 2005 and to future accrual of benefits on 31 March 2016.

As a result of the Royal Liver acquisition on 1 July 2011, the Group took responsibility for two further defined benefit pension schemes: the Royal Liver Assurance Limited Superannuation Fund ('Royal Liver UK') and the Royal Liver Assurance Limited (ROI) Superannuation Fund ('Royal Liver ROI'). Royal Liver employees in these schemes stopped earning additional defined benefit pensions on 30 June 2011.

In addition, the Group also operates a small, legacy unfunded unapproved arrangement for certain executives who joined before 1 September 2005, which provides mirroring of the RLGPS accrual benefits. The liability for this arrangement is £10m (2023: £10m) and is recorded within other provisions (see note 30).

The Group has agreed a funding framework with the RLGPS trustee, which includes an agreement on the approach to be taken in the event of a funding deficit. As at the most recent completed triennial valuation dated 31 December 2022, RLGPS had a funding level of 102% and no contributions were required to be paid. Consequently, as the scheme is closed to future accrual, the only contributions payable is, if RLGPS has insufficient surplus, in respect of costs of any augmentations including the award of discretionary pension increases.

Notes to the financial statements continued

23. Pension scheme asset (continued)

The Royal Liver schemes are supported via a guarantee from the Company to the schemes' trustees. Both the Royal Liver schemes were in surplus at the most recent triennial valuation dated 31 December 2021. As these schemes are closed to future accrual, no contributions are currently payable.

The obligation figures below include an allowance for the impact of allowing for Guaranteed Minimum Pension (GMP) equalisation, following the Lloyds Banking Group High Court ruling in October 2018. The allowance reflects the costs to cover higher future payments for affected members plus interest and arrears. Following the further judgment on 20 November 2020, an additional allowance has been included for the estimated cost of equalising GMPs for pension scheme members who have previously transferred out.

(a) Key assumptions and sensitivity analysis

The major assumptions used to calculate the pension scheme assets for both the Group and the Company are shown below.

	2024		2023	
	UK %	ROI %	UK %	ROI %
Discount rate	5.4	3.4	4.5	3.2
Price inflation (RPI)	3.3	N/A	3.2	N/A
Price inflation (CPI) ¹	2.8	2.0	2.6	2.1

1. Figures shown for ROI are Irish CPI used for increasing deferred pensions between leaving and retirement. Pension increases for ROI pensions in payment are based on UK CPI.

The most significant non-financial assumption is the assumed rate of mortality. The table below shows the life expectancy assumptions for a scheme pensioner aged 60 and a non-pensioner from the age of 60 who is currently aged 45.

	Group and Company					
	2024			2023		
	RLGPS	Royal Liver UK	Royal Liver ROI	RLGPS	Royal Liver UK	Royal Liver ROI
Pensioner						
Male	25	26	27	25	26	27
Female	29	28	29	29	28	29
Non-pensioner						
Male	27	27	28	27	28	28
Female	30	29	30	30	29	30

The sensitivity of the defined benefit obligations to changes in the principal assumptions is shown in the table below.

	Increase / (decrease) in defined benefit obligation	
	2024 £m	2023 £m
100 basis point increase in discount rates	(205)	(256)
100 basis point decrease in discount rates	249	317
5% proportionate increase in mortality	(29)	(30)
5% proportionate decrease in mortality	30	31
100 basis point increase in price inflation (RPI & CPI)	150	193
100 basis point decrease in price inflation (RPI & CPI)	(157)	(198)

This sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognised within the balance sheet.

The information provided above shows the sensitivity of the schemes' liabilities to changes in the key assumptions. Sensitivities have been calculated for each scheme individually, with the combined result disclosed. Due to the asset-liability matching strategies, the impact of changes in discount rates and inflation will also impact the schemes' asset values, thereby mitigating the effect of such changes on the Group.

23. Pension scheme asset (continued)

(b) Amounts recognised in the financial statements

The amounts recognised in profit and loss and other comprehensive income in respect of these defined benefit schemes are as follows:

	2024 £m	2023 £m
Costs recognised in profit and loss:		
Administration costs	(7)	(7)
Net interest income	7	10
Past service costs	(4)	(8)
Total costs recognised in profit and loss	(4)	(5)
Remeasurements recognised in other comprehensive income:		
Return on plan assets excluding amounts included in interest income	(218)	3
Actuarial gains and (losses):		
Changes in demographic assumptions	15	62
Changes in financial assumptions	218	(70)
Experience losses	(23)	(19)
Total remeasurement loss recognised in other comprehensive income	(8)	(24)
Deferred tax on remeasurements of defined benefit pension schemes (note 29 (a))	1	2
Total remeasurement loss recognised in other comprehensive income	(7)	(22)

The past service cost for 2024 is in respect of a 2.5% discretionary pension increase that was granted to RLGPS during 2024. Future increases of this type are not included within the pension scheme obligation for RLGPS as these are discretionary in nature and are therefore not guaranteed. The cost of awarding the discretionary pension increase is accounted for in the pension scheme obligation in the year that it is granted. If RLMIS were to award a discretionary pension increase of 1.7% in all future years, the impact of this would be an increase in the pension scheme obligation of approximately £33m.

The past service cost for 2023 included the value of a discretionary increase of 2.5% that was granted to the RLGPS during 2023 and the value of an augmentation that was granted to the Royal Liver UK scheme on 24 November 2023 as part of an agreed buy-in transaction.

The amounts recognised in the balance sheet for the Group and Company are shown below:

	Total		RLGPS		Royal Liver UK		Royal Liver ROI	
	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m
Fair value of plan assets	2,161	2,422	1,760	1,981	229	254	172	187
Pension scheme obligation	(1,997)	(2,245)	(1,652)	(1,860)	(206)	(231)	(139)	(154)
Net pension scheme asset	164	177	108	121	23	23	33	33

No contributions were required to be paid to RLGPS in the year to 31 December 2024 in relation to discretionary pension increases (2023: £nil).

In accordance with the requirements of FRS 102, the value of the net pension scheme asset that can be recognised in the balance sheet is restricted to the present value of economic benefits available in the form of refunds from the scheme or reductions in future contributions. The Group believes that it has an unconditional right to a refund of surplus and thus the gross pension surplus can be recognised in full in all three schemes.

Notes to the financial statements continued

23. Pension scheme asset (continued)

(c) Reconciliation of net pension scheme asset

Movements in the present value of defined benefit obligations were as follows:

	2024 £m	2023 £m
At 1 January	(2,245)	(2,228)
Interest cost	(96)	(102)
Past service costs	(4)	(8)
Net actuarial gains/(losses)	210	(27)
Benefits paid	131	117
Exchange differences	7	3
31 December	(1,997)	(2,245)

Movements in the fair value of scheme assets were as follows:

	2024 £m	2023 £m
At 1 January	2,422	2,435
Interest income	103	112
Return on plan assets (excluding amounts included in interest income)	(218)	3
Administration costs	(7)	(7)
Benefits paid	(131)	(117)
Exchange differences	(8)	(4)
31 December	2,161	2,422

(d) Analysis of plan assets

	Total					
	2024			2023		
	Quoted £m	Unquoted £m	Total £m	Quoted £m	Unquoted £m	Total £m
Bonds	1,517	2	1,519	2,097	8	2,105
Equities	89	—	89	173	—	173
Pooled Investment Vehicles	76	365	441	86	412	498
Derivatives	—	9	9	—	1	1
Repos/reverse repos	—	(446)	(446)	—	(627)	(627)
Insurance policies	—	501	501	—	231	231
Cash	—	39	39	—	45	45
Current assets	—	10	10	—	1	1
Other investment receivables	—	17	17	—	18	18
Other investment liabilities	—	(11)	(11)	—	(18)	(18)
Current liabilities	—	(7)	(7)	—	(5)	(5)
Fair value of plan assets	1,682	479	2,161	2,356	66	2,422

RLGPS plan assets include a total of £396m (2023: £469m) investment in Group managed funds. RLGPS plan assets include £295m (2023: £nil) within 'Insurance policies' in the table above that relates to a bulk purchase annuity policy purchased from the Company on 31 January 2024. Further details of this transaction are set out in note 36 'Related party transactions'.

Royal Liver UK plan assets include £205m (2023: £230m) within 'Insurance policies' in the table above that relates to a bulk purchase annuity policy purchased from the Company on 24 November 2023.

In accordance with FRS 102 Section 28, insurance policies are valued on the same basis as the pension scheme liabilities subject to the policy. At the inception of the policy, the difference between the amount of plan asset recognised and the premium paid results in a reduction in the pension scheme asset recognised in the Company and Group balance sheet. This reduction is recognised within 'Return on plan assets excluding amounts included in interest income' within the 'Total remeasurement loss taken to Other comprehensive income' (see note 23(b) above).

23. Pension scheme asset (continued)

Because the Royal Liver UK scheme pension scheme asset is matched by a planned enhancement liability within technical provisions, the reduction in the pension scheme asset on inception of the contract was matched by an equivalent reduction in technical provisions which was recognised as a gain within the 'Change in long-term business provision, net of reinsurance' during the year ended 31 December 2023.

(e) Risks

All three schemes are exposed to differing levels of interest rate, inflation, credit, and market risk. The Group has agreed with the trustee boards of each pension scheme that, where appropriate, each scheme's risks will be managed in line with the Group's risk appetite. In particular, the schemes' investment strategies are designed to minimise interest rate, inflation, and market risk exposure where this is cost and capital effective.

On 24 November 2023, the trustee of the Royal Liver UK scheme transacted a bulk annuity buy-in policy with RLMIS. This covered all the benefits of the scheme (other than any GMP equalisation), removing from the scheme all investment and longevity risks associated with these benefits.

On 31 January 2024, the trustee of the RLGPS transacted a bulk annuity buy-in policy with RLMIS, covering approximately 18% of the scheme's liabilities. This has removed the investment and longevity risk from the scheme for those benefits covered by the insurance contract.

Both RLGPS and the Royal Liver ROI scheme have active liability-driven investment strategies using a combination of corporate and sovereign debt and derivative instruments, such as interest rate and inflation swaps. Allowing for the buy-in policy, the trustee of the RLGPS hedges around 95% of interest rate and inflation exposure on a self-sufficiency basis.

RLGPS and Royal Liver ROI's exposure to market risk is reduced by a combination of restricting the allocation to growth assets such as equities and by diversification both within the asset classes (for example, geographically and across industry sectors) and across asset classes (for example, within RLGPS by allocations to property and to multi asset credit).

Credit risk is managed via a strategy of diversification across industry, issuer, credit rating and stock selection. The schemes, and therefore the Group, are also exposed to longevity risk.

A High Court legal ruling in June 2023 (*Virgin Media Limited v NTL Pension Trustees II Limited*) decided that certain rule amendments were invalid if they were not accompanied by the correct actuarial Section 37 certificate confirmation. While the ruling only applied to the specific pension scheme in question, it could be expected to apply across other pension schemes that were contracted out on a salary-related basis and made amendments between 6 April 1997 and 6 April 2016. The ruling was appealed but, in July 2024, the Court of Appeal dismissed the appeal. The Group has been liaising with the trustee and their legal advisers of the RLGPS and the trustee and their legal advisers of the Liver UK scheme to consider the implications of the case on these schemes. Initial investigations show that there is sufficient evidence of Section 37 certification for all changes in respect of the Liver UK scheme. Review of deeds for the RLGPS scheme is ongoing, however for the period reviewed to date there has been sufficient evidence of Section 37 certification. Based on this, the Group's expectation is there is no additional liability as a result of the Virgin Media case. At 31 December 2024, the Group's defined benefit pension scheme obligations were calculated on the basis of the pension benefits currently being administered.

Further information on the schemes' risk management strategies can be found in the schemes' most recent annual reports and accounts which are available on the Group's website at: www.royallondon.com/about-us/our-performance/annual-reports.

(f) Maturity profile

The weighted average duration of the defined benefit obligation is 12 years (2023: 13 years).

Notes to the financial statements continued

24. Subordinated liabilities

Accounting for subordinated liabilities

Subordinated liabilities are recognised initially at the fair value of the proceeds received, net of any discount and less attributable transaction costs. Subsequent to initial recognition, they are stated at amortised cost. The transaction costs and discount are amortised over the period to the earliest possible redemption date on an effective interest rate basis.

The amortisation charge is included in the statement of comprehensive income within 'Interest payable and related costs' within 'Other charges'. An equivalent amount is added to the carrying value of the liability such that at the redemption date the value of the liability equals the redemption value. Interest costs are expensed as they are incurred.

	Group and Company			
	2024	2023	Effective interest rate	
			2024	2023
	£m	£m	%	%
Guaranteed Subordinated Notes due 2028	349	349	6.20	6.20
Fixed Rate Reset Callable Guaranteed Subordinated Notes due 2049	589	588	5.08	5.08
Fixed Rate Reset Perpetual Restricted Tier 1 (RT1)	346	346	10.32	10.32
	1,284	1,283		

Guaranteed Subordinated Notes due 2028

On 13 November 2015, RL Finance Bonds No. 3 plc, a wholly owned subsidiary of the Company, issued the Guaranteed Subordinated Notes due 2028 (the 2028 Notes). The 2028 Notes were issued at par (£350m). The costs directly related to the issue of the 2028 Notes of £2m have been capitalised as part of the carrying amount and are being amortised on an effective interest basis over the period to the fixed redemption date of 13 November 2028.

The 2028 Notes are guaranteed on a subordinated basis by the Company. The proceeds of the issue were loaned to the Company on the same interest, repayment, and subordination terms as those applicable to the 2028 Notes.

The 2028 Notes mature on 13 November 2028, on which date the issuer will redeem the 2028 Notes at their principal amount. Interest is payable on the 2028 Notes at a fixed rate of 6.125% per annum payable annually in arrears on each interest payment date.

Fixed Rate Reset Callable Guaranteed Subordinated Notes due 2049

On 7 October 2019, RL Finance Bonds No. 4 plc, a wholly owned subsidiary of the Company, issued the Fixed Rate Reset Callable Guaranteed Subordinated Notes due 2049 (the 2049 Notes). The issue price of the 2049 Notes was 97.976% of the principal amount of £600m. The discount of £12m and the directly related costs incurred to issue the 2049 Notes of £4m have been capitalised as part of the carrying value and are being amortised on an effective interest basis over the period to the first possible redemption date.

The 2049 Notes are guaranteed on a subordinated basis by the Company. The proceeds of the issue were loaned to the Company on the same interest, repayment, and subordination terms as those applicable to the 2049 Notes.

The 2049 Notes mature on 7 October 2049. The issuer has the option to redeem all the 2049 Notes at their principal amount on any day falling in the period commencing on 7 April 2039 and ending on 7 October 2039 and on each interest payment date thereafter. Interest is payable on the 2049 Notes at a fixed rate of 4.875% per annum for the period to 7 October 2039, payable annually in arrears on 7 October each year. If the 2049 Notes are not redeemed on 7 October 2039, the interest rate will be reset on that date and on the fifth anniversary of that date thereafter, at a rate equal to the five-year gilt rate plus 5.10%.

24. Subordinated liabilities (continued)

Fixed Rate Reset Perpetual Restricted Tier 1 (RT1) Contingent Convertible Notes

On 25 May 2023, RL Finance Bonds No. 6 plc, a wholly owned subsidiary of the Company, issued the Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes (the RT1 Notes). The RT1 Notes were issued at par (£350m). The RT1 Notes have been classified as a debt instrument as the Group does not have an unconditional right to avoid delivering payments to noteholders in the event that the RT1 Notes were no longer to qualify as a Restricted Tier 1 instrument. The costs directly related to the issue of the RT1 Notes of £4m have been capitalised as part of the carrying value and are being amortised on an effective interest basis over the period to the first possible redemption date.

The RT1 Notes are guaranteed on a direct, unsecured and subordinated basis by the Company. The proceeds of the issue were loaned to the Company on the same interest, repayment, and subordination terms as those applicable to the RT1 Notes.

The RT1 Notes are perpetual and have no fixed redemption date. The issuer has the option to redeem all the RT1 Notes at their principal amount on any day falling in the period commencing on 25 May 2033 and ending on 25 November 2033 and on each interest payment date thereafter. Interest is payable on the RT1 Notes at a fixed rate of 10.125% per annum for the period to 25 November 2033, payable semi-annually in arrears on 25 May and 25 November each year. If the RT1 Notes are not redeemed on 25 November 2033, the interest rate will be reset on that date and on the fifth anniversary of that date thereafter, at a rate equal to the five-year gilt rate plus 6.344%.

25. Fund for future appropriations

Accounting for the fund for future appropriations

The nature of benefits for participating contracts is such that the allocation of surplus between participating policyholders is uncertain. The amount not allocated at the balance sheet date is classified within liabilities as the fund for future appropriations (FFA).

The movement in the FFA during the year is shown in the table below.

	Group		Company	
	2024	2023	2024	2023
	£m	£m	£m	£m
At 1 January	4,106	3,751	4,432	3,992
Deduction from the technical account	167	382	104	462
Transfer to other comprehensive income	(17)	(27)	(7)	(22)
At 31 December	4,256	4,106	4,529	4,432

The closing balance of FFA for the Group and Company represents amounts attributable to the Group and Company's respective open funds. The surpluses in the closed funds are included within the participating contract liabilities because they are not available for distribution to other policyholders or for other business purposes.

The Group's closed funds are the RL(CIS) With-Profits Fund, the Royal Liver Ireland With-Profits Fund and the German Bond With-Profits Fund. The Company's closed fund is the RL(CIS) With-Profits Fund.

Notes to the financial statements continued

26. Technical provisions

Accounting for insurance contracts and participating investment contracts

Insurance and participating investment contracts are valued under FRS 103 using accounting policies consistent with those adopted prior to the application of FRS 103. Non-participating investment contracts are financial liabilities, measured in accordance with IFRS 9 as permitted by FRS 102 section 12, at amortised cost (non-linked business) or at FVTPL (unit-linked business).

The estimation techniques and assumptions used are periodically reviewed, with any changes in estimates reflected in the consolidated statement of comprehensive income as they occur.

Long-term business provision - participating insurance, non-participating insurance, and participating investment contracts

Participating insurance, non-participating insurance and participating investment contracts are measured using the requirements of the Solvency II (SII) regulatory regime, with the following adjustments:

- Remove the volatility adjustment (VA) from the discount rate so that a SII risk-free rate is used, other than for certain non-profit insurance business, for which the discount rate is the SII risk-free rate plus an illiquidity premium.
- Exclude the SII risk margin and instead include margins of prudence within demographic assumptions in a consistent way to the approach applied before the adoption of SII.
- Remove the SII transitional measure on technical provisions (TMTP).
- Include all excluded future premium payments restricted within the SII balance sheet.
- Closed fund surpluses. For the closed funds, any excess of the UK GAAP value of assets over liabilities is included in the participating contract liabilities because it is not available for distribution to other policyholders or for other business purposes.
- Increase participating liabilities by the excess of the UK GAAP FRS 102 surplus less any deferred tax liability arising on the Royal Liver UK and Royal Liver ROI defined benefit pension schemes. This surplus is only available for distribution to Royal Liver policyholders.

The participating contract liabilities include an assessment of the cost of any future options and guarantees granted to policyholders measured on a market consistent basis. The calculations also take into account bonus decisions which are consistent with the Company's Principles and Practices of Financial Management.

Non-profit insurance contracts

For non-linked, non-participating insurance contracts, the liability is calculated as the discounted value of all the cash flows expected to arise on those contracts. The discount rate is the SII risk-free rate, other than for annuity contracts within the Matching Adjustment portfolio, for which the discount rate is the SII risk-free rate plus an illiquidity premium. The illiquidity premium is determined from the yield on the assets in a ring-fenced portfolio, allowing for deductions for downgrade and default risk.

Long-term business provision – non-participating investment contracts

The financial liabilities for non-linked, non-participating investment contracts are measured at amortised cost. The liability is calculated as the discounted value of all the cash flows expected to arise on those contracts, using the SII risk-free discount rate.

Technical provisions for linked liabilities

The technical provisions for linked liabilities include liabilities for unit-linked insurance contracts and unit-linked investment contracts.

Unit-linked insurance contracts are measured using the requirements of the SII regulatory regime, adjusted for the items shown above for participating contracts, where applicable. The liability is calculated as the discounted value of all the cash flows expected to arise on those contracts, using the SII risk-free discount rate. The cash flows are determined on a best estimate basis plus an allowance for risk, which is made by including margins within the assumptions used, determined on a basis consistent with that applied prior to the adoption of SII.

The financial liabilities for unit-linked investment contracts are designated at inception as at FVTPL. This classification has been used because the unit-linked liabilities are part of a group of financial assets and financial liabilities that are managed and whose performance is evaluated on a fair value basis. The fair value is determined using the current unit prices, which reflect the fair values of the financial assets contained within the Group's unitised investment funds linked to the financial liability, multiplied by the number of units held by the contract holder at the balance sheet date. If the investment contract is subject to a surrender option, the fair value of the financial liability is never less than the amount payable on surrender, discounted for the required notice period, where applicable.

26. Technical provisions (continued)

Liability adequacy test

A liability adequacy test is performed on insurance liabilities to ensure that the carrying amount of liabilities (less related intangible assets) is sufficient to cover current estimates of future cash flows. When performing the liability adequacy test, all contractual cash flows are discounted and compared against the carrying value of the liability. Any shortfall is charged immediately to the statement of comprehensive income.

Claims outstanding

The claims outstanding provision represents the estimated cost of settling claims reported by the balance sheet date. The gross outstanding claims balance is subject to a valuation adjustment, based on an ageing analysis and historical settlement data, in order to calculate the claims outstanding provision.

Reinsurers' share of technical provisions

The reinsurers' share of technical provisions is dependent on the expected claims and benefits arising under the related reinsured insurance contracts. They are measured on a consistent basis to the underlying insurance contracts.

ProfitShare and ValueShare

The amount of any ProfitShare or ValueShare award is approved by the board of the respective Royal London entity subsequent to each year end. The estimated ProfitShare and ValueShare allocation for the year, based on eligible policy values at the year end date, is recorded as an increase in the long-term business provision (or, for unit-linked business, as a reduction in the value of non-participating value of in-force business) at the year end date. As ProfitShare and ValueShare are discretionary enhancements to asset shares and unit fund values of eligible policies, no provision is made at the year end for any awards relating to future periods.

(a) Long-term business provision

(i) Summary

	Group		Company	
	2024	2023	2024	2023
	£m	£m	£m	£m
Gross				
Participating insurance contract liabilities	24,687	25,527	24,680	25,520
Participating investment contract liabilities	1,779	1,847	1,778	1,845
Non-profit insurance contract liabilities	4,440	3,879	4,543	3,981
Total long-term business provision	30,906	31,253	31,001	31,346
Reinsurers' share				
Participating insurance contract liabilities	(481)	(613)	(481)	(613)
Non-profit insurance contract liabilities	(2,797)	(2,654)	(2,750)	(2,606)
Total reinsurers' share of long-term business provision	(3,278)	(3,267)	(3,231)	(3,219)
Net of reinsurance				
Participating insurance contract liabilities	24,206	24,914	24,199	24,907
Participating investment contract liabilities	1,779	1,847	1,778	1,845
Non-profit insurance contract liabilities	1,643	1,225	1,793	1,375
Total long-term business provision, net of reinsurance	27,628	27,986	27,770	28,127

Notes to the financial statements continued

26. Technical provisions (continued)

(ii) Movement analysis

The movement in the long-term business provision in the year is shown in the following tables.

	Group – 2024							
	Long-term business provision, gross of reinsurance			Reinsurers' share		Long-term business provision, net of reinsurance		
	Participating insurance £m	Participating investment £m	Non-profit insurance £m	Participating insurance £m	Non-profit insurance £m	Participating insurance £m	Participating investment £m	Non-profit insurance £m
At 1 January	25,527	1,847	3,879	(613)	(2,654)	24,914	1,847	1,225
Expected changes during the year	(1,378)	(123)	168	107	60	(1,271)	(123)	228
Expected closing position	24,149	1,724	4,047	(506)	(2,594)	23,643	1,724	1,453
New business	—	—	194	—	(83)	—	—	111
Experience variations	1,082	40	25	(50)	1	1,032	40	26
Changes in assumptions	(606)	12	(439)	75	159	(531)	12	(280)
Acquisitions	—	—	280	—	(280)	—	—	—
ProfitShare and ValueShare	62	3	—	—	—	62	3	—
Other	—	—	333	—	—	—	—	333
At 31 December	24,687	1,779	4,440	(481)	(2,797)	24,206	1,779	1,643

	Group – 2023							
	Long-term business provision, gross of reinsurance			Reinsurers' share		Long-term business provision, net of reinsurance		
	Participating insurance £m	Participating investment £m	Non-profit insurance £m	Participating insurance £m	Non-profit insurance £m	Participating insurance £m	Participating investment £m	Non-profit insurance £m
At 1 January	25,876	1,903	3,565	(648)	(2,586)	25,228	1,903	979
Expected changes during the year	(1,236)	(95)	170	86	47	(1,150)	(95)	217
Expected closing position	24,640	1,808	3,735	(562)	(2,539)	24,078	1,808	1,196
New business	—	—	25	—	(86)	—	—	(61)
Experience variations	984	60	12	(46)	30	938	60	42
Changes in assumptions	(149)	(8)	43	(5)	(58)	(154)	(8)	(15)
Acquisitions	—	—	(136)	—	—	—	—	(136)
ProfitShare and ValueShare	58	3	—	—	—	58	3	—
Other	(6)	(16)	200	—	(1)	(6)	(16)	199
At 31 December	25,527	1,847	3,879	(613)	(2,654)	24,914	1,847	1,225

26. Technical provisions (continued)

	Company – 2024							
	Long-term business provision, gross of reinsurance			Reinsurers' share		Long-term business provision, net of reinsurance		
	Participating insurance £m	Participating investment £m	Non-profit insurance £m	Participating insurance £m	Non-profit insurance £m	Participating insurance £m	Participating investment £m	Non-profit insurance £m
At 1 January	25,520	1,845	3,981	(613)	(2,606)	24,907	1,845	1,375
Expected changes during the year	(1,378)	(122)	124	107	60	(1,271)	(122)	184
Expected closing position	24,142	1,723	4,105	(506)	(2,546)	23,636	1,723	1,559
New business	—	—	245	—	(85)	—	—	160
Experience variations	1,082	40	24	(50)	—	1,032	40	24
Changes in assumptions	(606)	12	(444)	75	161	(531)	12	(283)
Acquisitions	—	—	280	—	(280)	—	—	—
ProfitShare	62	3	—	—	—	62	3	—
Other	—	—	333	—	—	—	—	333
At 31 December	24,680	1,778	4,543	(481)	(2,750)	24,199	1,778	1,793

	Company – 2023							
	Long-term business provision, gross of reinsurance			Reinsurers' share		Long-term business provision, net of reinsurance		
	Participating insurance £m	Participating investment £m	Non-profit insurance £m	Participating insurance £m	Non-profit insurance £m	Participating insurance £m	Participating investment £m	Non-profit insurance £m
At 1 January	25,880	1,903	3,658	(648)	(2,543)	25,232	1,903	1,115
Expected changes during the year	(1,237)	(95)	134	86	49	(1,151)	(95)	183
Expected closing position	24,643	1,808	3,792	(562)	(2,494)	24,081	1,808	1,298
New business	—	—	74	—	(87)	—	—	(13)
Experience variations	983	60	11	(46)	29	937	60	40
Changes in assumptions	(149)	(8)	40	(5)	(53)	(154)	(8)	(13)
Acquisitions	—	—	(136)	—	—	—	—	(136)
ProfitShare	58	3	—	—	—	58	3	—
Other	(15)	(18)	200	—	(1)	(15)	(18)	199
At 31 December	25,520	1,845	3,981	(613)	(2,606)	24,907	1,845	1,375

As explained more fully in note 38, on 1 July 2024 the Group completed the Part VII transfer of the Aegon UK individual protection book. Prior to the date of the transfer and pursuant to the acquisition, the Group had entered into a Framework Agreement, Transitional Services Agreement and Reinsurance Agreement with Aegon UK. On completion of the Part VII transfer, the reinsurance balance was replaced by the gross long-term business provision and reinsurers' share for the portfolio of insurance contracts acquired. The impact on completion of the Part VII transfer is shown within the 'Acquisitions' line in the 2024 Group and Company tables above. The 'Acquisitions' row in the 2023 Group and Company tables represents the initial amount of long-term business provision recognised on entering into the Framework Agreement, Transitional Services Agreement and Reinsurance Agreement with Aegon UK.

The increase in the long-term business provision arising from the partial buy-in of the Royal London Group Pension Scheme liabilities during the year, and the buy-in Royal Liver UK scheme liabilities during 2023 is included within the 'Other' row of the above tables. Increases relating to external bulk purchase annuity transactions transacted during 2024 are included within 'New business'.

Notes to the financial statements continued

26. Technical provisions (continued)

(b) Technical provisions for linked liabilities

(i) Summary

	Group		Company	
	2024	2023	2024	2023
	£m	£m	£m	£m
Gross				
Unit-linked insurance contract liabilities	1,005	1,103	1,005	1,103
Unit-linked investment contract liabilities	90,067	78,832	89,901	78,774
Total technical provisions for linked liabilities	91,072	79,935	90,906	79,877
Reinsurers' share				
Unit-linked insurance contract liabilities	57	47	57	47
Total reinsurers' share of technical provisions for linked liabilities	57	47	57	47
Net of reinsurance				
Unit-linked insurance contract liabilities	1,062	1,150	1,062	1,150
Unit-linked investment contract liabilities	90,067	78,832	89,901	78,774
Total technical provisions for linked liabilities, net of reinsurance	91,129	79,982	90,963	79,924

(ii) Movement analysis

The movement in the technical provisions for linked liabilities in the year is shown in the following tables.

	Group – 2024				
	Technical provisions for linked liabilities, gross of reinsurance		Reinsurers' share	Technical provisions for linked liabilities, net of reinsurance	
	Unit-linked insurance £m	Unit-linked investment £m	Unit-linked insurance £m	Unit-linked insurance £m	Unit-linked investment £m
At 1 January	1,103	78,832	47	1,150	78,832
Allocation of 2023 ProfitShare and ValueShare to policies	—	102	—	—	102
Expected changes during the year	(143)	(1,350)	(4)	(147)	(1,350)
Expected closing position	960	77,584	43	1,003	77,584
New business	—	6,440	—	—	6,440
Experience variations	96	6,053	5	101	6,053
Changes in assumptions	(51)	(10)	9	(42)	(10)
At 31 December	1,005	90,067	57	1,062	90,067

26. Technical provisions (continued)

Group – 2023					
	Technical provisions for linked liabilities, gross of reinsurance		Reinsurers' share	Technical provisions for linked liabilities, net of reinsurance	
	Unit-linked insurance £m	Unit-linked investment £m	Unit-linked insurance £m	Unit-linked insurance £m	Unit-linked investment £m
At 1 January	1,136	69,486	51	1,187	69,486
Allocation of 2022 ProfitShare to policies	—	89	—	—	89
Expected changes during the year	(61)	(731)	(3)	(64)	(731)
Expected closing position	1,075	68,844	48	1,123	68,844
New business	1	5,721	—	1	5,721
Experience variations	76	4,174	(1)	75	4,174
Changes in assumptions	(49)	93	—	(49)	93
At 31 December	1,103	78,832	47	1,150	78,832

Company – 2024					
	Technical provisions for linked liabilities, gross of reinsurance		Reinsurers' share	Technical provisions for linked liabilities, net of reinsurance	
	Unit-linked insurance £m	Unit-linked investment £m	Unit-linked insurance £m	Unit-linked insurance £m	Unit-linked investment £m
At 1 January	1,103	78,774	47	1,150	78,774
Allocation of 2023 ProfitShare to policies	—	102	—	—	102
Expected changes during the year	(143)	(1,343)	(4)	(147)	(1,343)
Expected closing position	960	77,533	43	1,003	77,533
New business	—	6,337	—	—	6,337
Experience variations	96	6,041	5	101	6,041
Changes in assumptions	(51)	(10)	9	(42)	(10)
At 31 December	1,005	89,901	57	1,062	89,901

Notes to the financial statements continued

26. Technical provisions (continued)

	Company – 2023				
	Technical provisions for linked liabilities, gross of reinsurance		Reinsurers' share	Technical provisions for linked liabilities, net of reinsurance	
	Unit-linked insurance £m	Unit-linked investment £m	Unit-linked insurance £m	Unit-linked insurance £m	Unit-linked investment £m
At 1 January	1,136	69,481	51	1,187	69,481
Allocation of 2022 ProfitShare to policies	—	89	—	—	89
Expected changes during the year	(61)	(730)	(3)	(64)	(730)
Expected closing position	1,075	68,840	48	1,123	68,840
 New business	 1	 5,678	 —	 1	 5,678
Experience variations	76	4,164	(1)	75	4,164
Changes in assumptions	(49)	92	—	(49)	92
At 31 December	1,103	78,774	47	1,150	78,774

(c) ProfitShare and ValueShare

The Group and Company have allocated 2024 ProfitShare of £181m (2023: £163m). These allocations are shown in the movement analysis in the notes referenced in the table below.

	Group and Company	
	2024 £m	2023 £m
Participating insurance contracts (note 26(a)(ii))	62	58
Participating investment contracts (note 26(a)(ii))	3	3
Unit-linked contracts (note 27)	116	102
	181	163

2024 ProfitShare of £181m will be allocated to eligible policies on 1 April 2025. The £163m included in the table above relates to the allocation of the 2023 ProfitShare and ValueShare on 1 April 2024. Amounts disclosed above are based on policy values at 31 December and the relevant approved ProfitShare or ValueShare rate for the relevant year. Variances arising from movements in policy values between the end of the year and the allocation date of 1 April are included within experience variances in analysis tables.

27. Non-participating value of in-force business

Present value of future profits on non-participating investment contracts and With-Profits fund transfers

The present value of future profits on non-participating investment contracts are accounted for as part of the calculation of the participating contract liabilities. However, these values cannot be allocated to particular participating liabilities and so, in accordance with FRS 103, they are shown as a separate asset on the face of the balance sheet, the 'Non-participating value of in-force business'.

The movement in the non-participating value of in-force business in the year is shown in the table below.

	Group		Company	
	2024	2023	2024	2023
	£m	£m	£m	£m
At 1 January				
Non-participating value of in-force business	2,776	2,474	2,775	2,476
Deferred acquisition costs arising on investment contracts (note 22)	67	87	65	87
Provision for future commission (note 30)	(117)	(118)	(116)	(118)
Deferred fee income on investment contracts (note 32)	(21)	(27)	(21)	(27)
Total value of in-force business at 1 January	2,705	2,416	2,703	2,418
Allocation of ProfitShare and ValueShare	102	89	102	89
Expected changes during the year	(174)	(69)	(167)	(69)
Expected closing position	2,633	2,436	2,638	2,438
New business	183	160	181	159
Experience variations	264	166	260	165
Changes in assumptions	36	52	36	51
ProfitShare and ValueShare	(116)	(102)	(116)	(102)
Other movements	16	(7)	13	(8)
At 31 December	3,016	2,705	3,012	2,703
At 31 December				
Non-participating value of in-force business	3,085	2,776	3,085	2,775
Deferred acquisition costs arising on investment contracts (note 22)	50	67	42	65
Provision for future commission (note 30)	(107)	(117)	(103)	(116)
Deferred fee income on investment contracts (note 32)	(12)	(21)	(12)	(21)
Total value of in-force business at 31 December	3,016	2,705	3,012	2,703

2024 ProfitShare of £116m will be allocated to eligible policies on 1 April 2025. The £102m included in the table above relates to the allocation of the 2023 ProfitShare on 1 April 2024.

Notes to the financial statements continued

28. Technical provisions and reinsurance assets - valuation assumptions

(a) Assumptions

The assumptions used to determine insurance and investment contract liabilities are approved by the Audit Committee based on advice given by the Group Chief Actuary. These assumptions are updated at least at each reporting date to reflect latest estimates. The potential impact of climate change on the valuation assumptions has been considered including the effects of both physical risks and transition risks. In particular, the possible impact on longevity, mortality and persistency assumptions has been taken into consideration although the currently available data is limited. Based on the range of likely scenarios, the impact of climate risk is not expected to affect the best estimate demographic assumptions materially and as such no specific allowance has been made as at 31 December 2024 or 31 December 2023. Information on the Group's climate commitments is given on page 40. The anticipated costs of known activities over the Group's planning horizon which will contribute to achieving our operational emission and non-investment value chain emission goals are incorporated in the Group's business plan. As referenced in section (ii), the process for setting maintenance expense assumptions takes into consideration the level of projected expenses in the business plan.

The assumptions used can be summarised as follows:

(i) Demographic

Mortality and morbidity

Mortality and morbidity risks are inherent in most lines of business. For protection business an increase in mortality and morbidity rates leads to increased claim levels and hence an increase in liabilities. For individual annuity business and bulk-purchase annuity (BPA) transactions, the risk is that policyholders live longer than expected. Reinsurance arrangements have been put in place to mitigate mortality and morbidity risks.

The rates of mortality and morbidity are set in line with recent Group experience, where it is available in sufficient volume to provide reliable results. Where Group experience is not considered sufficient, bases have been set by reference to either industry experience or the terms on which the business is reinsured.

A margin is included to provide for potential adverse variations in experience. The margins are typically 2% for mortality risks, 4.8% for morbidity risks with reviewable premiums and 8.9% for morbidity business with guaranteed premiums.

Class of business	2024	2023
Ordinary long-term assurances		
RL Legacy (Royal London Mutual (RLM) and Ex-United Assurance Group (UAG)) non-linked	AMC00/AFC00 adjusted	AMC00/AFC00 adjusted
RL Intermediary Pensions	AMC00/AFC00 adjusted	AMC00/AFC00 adjusted
RL Legacy (Ex-Royal Liver UK) and RLI DAC	AMC00/AFC00 adjusted	AMC00/AFC00 adjusted
RL Legacy (Ex-RL (CIS))	AMC00 adjusted	AMC00 adjusted
RL Legacy non-linked term assurances (level benefits)	TM08/TF08 adjusted	TM08/TF08 adjusted
RL Intermediary UK Protection term assurances (level benefits)	TM16/TF16 adjusted	TM08/TF08 adjusted
RL Intermediary UK Protection critical illness (guaranteed premiums)	ACM16/ACF16 adjusted	ACM08/ACF08 adjusted
RL Intermediary UK Protection unit-linked term assurances	TM16/TF16 adjusted	TM08/TF08 adjusted
Pensions – in deferment	AM00/AF00 or PPMD00/PPFD00 adjusted	AM00/AF00 or PPMD00/PPFD00 adjusted

28. Technical provisions and reinsurance assets - valuation assumptions (continued)

The principal mortality assumptions are shown in the following table.

Class of business	2024	2023
Pensions – immediate annuities and deferred annuities in payment		
RL Legacy (Royal London Mutual and Ex-UAG) non-linked	PML08/PFL08 adjusted or bespoke mortality tables Improvements based on CMI (2023) Advanced ¹ $S_k=7$, 1.5% p.a.	PML08/PFL08 adjusted or bespoke mortality tables Improvements based on CMI (2019) Advanced ¹ $S_k=7$, 1.5% p.a.
RL Intermediary Pensions	PML08/PFL08 adjusted Improvements based on CMI (2023) Advanced ¹ $S_k=7$, 1.5% p.a.	PML08/PFL08 adjusted Improvements based on CMI (2019) Advanced ¹ $S_k=7$, 1.5% p.a.
RL Legacy (Ex-RL (CIS)) immediate annuities in payment	Bespoke mortality tables for immediate annuities in payment Improvements based on CMI (2023) Advanced ¹ $S_k=7$, 1.5% p.a.	Bespoke mortality tables for immediate annuities in payment Improvements based on CMI (2019) Advanced ¹ $S_k=7$, 1.5% p.a.
Pensions buy-in	Bespoke mortality tables for deferred and annuities in payment Improvements based on CMI (2023) Advanced ¹ $S_k=7$, 1.5% p.a.	Bespoke mortality tables for deferred and annuities in payment Improvements based on CMI (2019) Advanced ¹ $S_k=7$, 1.5% p.a.
RL Legacy (Ex-RL (CIS)) deferred annuities in payment	Bespoke mortality tables for deferred annuities in payment Improvements based on CMI (2023) Advanced ¹ $S_k=7$, 1.5% p.a.	Bespoke mortality tables for deferred annuities in payment Improvements based on CMI (2019) Advanced ¹ $S_k=7$, 1.5% p.a.
Industrial assurance	ELT17 (males) adjusted	ELT17 (males) adjusted

1. The model parameters used within CMI (2023) and CMI (2019) allow for a bespoke in-house calibration.

Persistency

Persistency is the extent to which policies remain in force and are not for any reason lapsed, made paid-up, surrendered, or transferred prior to maturity or expiry. The rates of persistency are set in line with recent internal experience. Where appropriate these rates are adjusted to allow for expected future experience being different from past experience, including ongoing consideration of the expected short-term impact of the Covid-19 pandemic and recent economic conditions. The rates vary by product line, sales channel, duration in force and, for some products, by fund size. A margin is included to provide for potential adverse variations in experience. The margin is typically 5%.

For individual pensions business the rate at which relevant policyholders take drawdown is assessed using the same high-level approach as for the other persistency assumptions.

(ii) Expenses

For the main classes of business, maintenance expenses are set in accordance with management service agreements and, for business transferred to the Company, in accordance with the appropriate scheme of transfer. Expenses for those classes of business not covered by either a management service agreement or a scheme of transfer are based on the actual expenses incurred.

A check is carried out that the projected valuation expenses sufficiently cover the projected business plan expenses.

A margin is included to provide for potential adverse variations in experience. The margin is typically 2%.

Notes to the financial statements continued

28. Technical provisions and reinsurance assets - valuation assumptions (continued)

Expense inflation assumptions are generally set relative to the domestic measure of inflation for the country in which the business is derived unless the business is subject to a rate card agreement that specifies the inflation assumption to apply. UK inflation is based on the UK Retail Price Index (UK RPI) and Republic of Ireland (ROI) inflation is based on the ROI Consumer Price Index (ROI CPI). These inflation assumptions, which vary by duration, are set by fitting a curve to market-implied inflation based on sterling-denominated inflation linked swaps for UK RPI and euro-denominated inflation-linked swaps for ROI CPI.

Expenses for open books of business are assumed to inflate in line with the change in UK RPI plus 0.5% (2023: UK RPI +0.5%) for UK business and ROI CPI plus 0.95% (2023: ROI CPI +0.86%) for Irish business.

Higher rates of expense inflation are assumed for closed books of business:

- For RL (CIS) business, the costs arising under the rate card are assumed to increase in line with the change in the UK RPI +0.9% (2023: UK RPI +0.9%) except for post-vesting Guaranteed Annuity Option (GAO) expenses which are assumed to increase at UK RPI +0.5% (2023: UK RPI +0.5%). The actual expenses incurred from servicing this business are assumed to increase in line with the change in the UK RPI +0.5% (2023: UK RPI +0.5%) for post-vesting GAO business and UK RPI +2.8% (2023: UK RPI +2.8%) for other business.
- For Liver fund business, the costs are assumed to increase at UK RPI +4% (2023: UK RPI +4%) for UK business and ROI CPI +5.26% (2023: ROI CPI +5.21%) for Irish business.
- For other closed books, the assumptions are UK RPI +2% for PLAL business (2023: UK RPI +2%), UK RPI +2% for Scottish Provident business (2023: UK RPI +2%), and UK RPI +4% for legacy business within the Royal London Main Fund (2023: UK RPI +4%).
- The per policy expense assumptions for core pension and non-profit protection products open to new business range from £20.10 p.a. to £81.41 p.a. (2023: £20.13 p.a. to £92.14 p.a.).

(b) Economic

- Non-participating liabilities: The non-participating liabilities have been calculated on a market-consistent basis. Future investment returns and discount rates are set by reference to a risk-free rate from the forward swap curve adjusted for risk of default. A reduction in interest rates will increase the liabilities.
- For annuity business within the Matching Adjustment portfolio, an illiquidity premium is applied as a flat increase to the above discount rate. The illiquidity premium is determined by calculating how much of the credit spread above the risk-free rate is attributed to the cost of downgrade and default risk with the remainder being attributed to other risks such as illiquidity.
- Participating liabilities: The majority of the participating liabilities are calculated as the aggregate asset share for the business in force. This is a retrospective calculation based on actual experience. The values of financial options (including premium rate guarantees and guaranteed annuity options) and future deductions from asset shares are calculated using market-consistent techniques. Market consistency is achieved by running a large number of economically credible scenarios through a stochastic valuation model. Each scenario is discounted at a rate consistent with the individual simulation. The economic scenarios achieve market consistency by:
 - deriving the underlying risk-free rate from the forward swap curve adjusted for risk of default; and
 - calibrating equity and interest rate volatility to observed market data by duration and price, subject to interpolation/extrapolation where traded security prices do not exist.
- Non-participating value of in-force business: The non-participating value of in-force business has been calculated on a market-consistent basis. Future investment returns and discount rates are set by reference to risk-free yields.

29. Deferred taxation

Accounting for deferred taxation

Deferred tax is provided based on timing differences that arise from the inclusion of income and expenses in tax assessments in different periods from those in which they are recognised in the financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. The following timing differences are not provided for:

- the initial recognition of goodwill not deductible for tax purposes; and
- timing differences arising on investments in subsidiaries where the Group controls the timing of the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(a) Net deferred tax balance

The tables below show the movement in the net deferred tax balance in the year. The deferred tax assets and liabilities are considered to be non-current.

Group – 2024					
	At 1 January 2024 £m	Acquisitions and disposals £m	Recognised in the technical account – long-term business £m	Recognised in other comprehensive income £m	At 31 December 2024 £m
Deferred acquisition expenses	(2)	—	1	—	(1)
Excess management expenses carried forward	(104)	—	32	—	(72)
Revaluation of investments	148	—	28	—	176
Defined benefit pension schemes	8	—	—	(1)	7
Other short-term timing differences	(4)	(1)	(1)	—	(6)
Net deferred tax liability	46	(1)	60	(1)	104
Presented as:					
Deferred tax asset					(3)
Deferred tax liability					107
					104

Group – 2023					
	At 1 January 2023 £m	Acquisitions and Disposals £m	Recognised in the technical account – long-term business £m	Recognised in other comprehensive income £m	At 31 December 2023 £m
Deferred acquisition expenses	(3)	—	1	—	(2)
Excess management expenses carried forward	(152)	—	48	—	(104)
Revaluation of investments	136	—	12	—	148
Defined benefit pension schemes	10	—	—	(2)	8
Other short-term timing differences	(18)	—	14	—	(4)
Net deferred tax (asset)/liability	(27)	—	75	(2)	46

Notes to the financial statements continued

29. Deferred taxation (continued)

Company – 2024				
	At 1 January 2024 £m	Recognised in the technical account – long-term business £m	Recognised in other comprehensive income £m	At 31 December 2024 £m
Deferred acquisition expenses	(2)	1	—	(1)
Excess management expenses carried forward	(102)	31	—	(71)
Revaluation of investments	148	29	—	177
Defined benefit pension schemes	9	—	(1)	8
Other short-term timing differences	(4)	—	—	(4)
Net deferred tax liability	49	61	(1)	109

Company – 2023				
	At 1 January 2023 £m	Recognised in the technical account – long-term business £m	Recognised in other comprehensive income £m	At 31 December 2023 £m
Deferred acquisition expenses	(3)	1	—	(2)
Excess management expenses carried forward	(152)	50	—	(102)
Revaluation of investments	137	11	—	148
Defined benefit pension schemes	10	—	(1)	9
Other short-term timing differences	(6)	2	—	(4)
Net deferred tax (asset)/liability	(14)	64	(1)	49

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred taxes relate to the same fiscal authority.

In the next 12 months it is expected there will be a reversal in net deferred tax assets and deferred tax liabilities of £18m (2023: £12m) for the Group and Company. The expected reversal for the Group and Company is due to the spreading over seven years of specific gains and deferred expenses.

(b) Unrecognised deferred tax balances

(i) Unrecognised deferred tax assets

Deferred tax assets arising from certain capital losses, excess management expenses, surplus trading losses and capital allowances are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of £29m (2023: £30m), of which £nil (2023: £nil) related to the Company. These unused losses and allowances can be carried forward and utilised as long as the company in which they arose is active or trading.

30. Other provisions

Accounting for provisions

The provision for future commission relates to payments that the Group is contractually committed to make in future periods for investment contracts sold as at the balance sheet date. These payments are contingent on the related policies remaining in force. They are classified as financial liabilities and recognised at fair value through profit and loss.

A provision is recognised in the balance sheet when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future losses. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

	Group		Company	
	2024	2023	2024	2023
	£m	£m	£m	£m
Provision for future commission	107	117	103	116
Other provisions	69	60	69	57
	176	177	172	173

Other provisions include:

- Rectifications of £47m (2023: £37m) which are the expected costs of addressing past sales practices and other servicing issues. The provision is estimated by multiplying the population of issues by the forecast costs to resolve each issue. The provision is expected to be utilised across 2025 and 2026;
- Long-term incentive schemes of £12m (2023: £10m). The Group provides certain executives with cash-settled long-term incentive schemes. Amounts payable are dependent on a basket of individual performance measures, with performance assessed using a balanced scorecard of three-year performance measures. The amount provided is expected to be paid between 2025 and 2027; and
- A provision of £10m (2023: £10m) relating to the unfunded unapproved retirement benefits schemes for certain executives who joined before 1 September 2005. The provision is expected to be utilised across the retirement period of the members. Further information is disclosed in note 23.

The provision for future commission is expected to be utilised over the remaining life of the impacted policies, which has a weighted average run-off of approximately 7 years.

The movement in provisions during the year is shown in the following table.

	Group		Company	
	Provision for future commission £m	Other provisions £m	Provision for future commission £m	Other provisions £m
At 1 January	117	60	116	57
Additions in the year	2	31	—	31
Releases for the year	—	(10)	—	(10)
Experience variations	(2)	—	(3)	—
Derecognised on disposal of subsidiary	—	(1)	—	—
Utilised during the year	(10)	(11)	(10)	(9)
At 31 December	107	69	103	69

Notes to the financial statements continued

31. Creditors

Accounting for creditors

Creditors are measured at amortised cost with the exception of derivative liabilities and a reinsurance liability designated at FVTPL.

The creditors measured at amortised cost are initially measured at fair value, being consideration received plus any directly attributable transaction costs. Subsequently they are measured at amortised cost using the effective interest method.

Derivative liabilities are classified at FVTPL in accordance with IFRS 9 as permitted by FRS 102 section 12. Movements in the fair value of the liabilities are recognised within unrealised gains/losses on investments.

The Group has a financial creditor in respect of a reinsurance arrangement and holds an unquoted debt security which has cash flows exactly matching those of the reinsurance liability. Consequently, the reinsurance liability is designated at FVTPL in order to avoid a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch'), see note 3(c) for further details. Movements in the fair value of the liability are recognised in the statement of comprehensive income within outwards reinsurance premiums. The matching movement in the fair value of the debt security is shown in the statement of comprehensive income within Investment return (see note 4).

(a) Creditors arising out of direct insurance operations at amortised cost

	Group		Company	
	2024	2023	2024	2023
	£m	£m	£m	£m
Amounts due to customers	300	264	280	248

(b) Creditors arising out of reinsurance operations

	Group		Company	
	2024	2023	2024	2023
	£m	£m	£m	£m
Creditors arising out of reinsurance operations with external insurers at FVTPL	1,519	1,720	1,519	1,720
Creditors arising out of reinsurance operations with external insurers at amortised cost	21	58	5	37
Creditors arising out of reinsurance operations with other Group entities at amortised cost	—	—	6	—
	1,540	1,778	1,530	1,757

(c) Amounts owed to credit institutions

	Group		Company	
	2024	2023	2024	2023
	£m	£m	£m	£m
Bank overdrafts	27	48	27	47

The bank overdrafts are repayable on demand.

The Company has a £500m multi-currency revolving credit facility entered into in December 2023 for an initial term of five years, with two further one-year extension options. The first extension option was exercised during the year. Interest on amounts drawn under the facility is charged based on floating benchmark rates for the relevant currency, plus a margin of between 0.35% and 0.85%. The facility was fully undrawn as at 31 December 2024 and 31 December 2023.

31. Creditors (continued)

(d) Other creditors including taxation and social security

	Group		Company	
	2024	2023	2024	2023
	£m	£m	£m	£m
Cash collateral received	589	421	589	421
Derivative liabilities	4,171	3,071	4,171	3,071
Amounts due to brokers	113	31	94	—
Amounts due to other Group entities	—	—	104	74
Current tax liability	1	—	—	—
Other	249	253	160	93
	5,123	3,776	5,118	3,659

The ageing of derivative liabilities is included in note 35(d). A maturity analysis is not disclosed for cash collateral received as it is considered due on demand because it is dependent on fluctuations in the value of the collateralised derivative. All of the other creditors are expected to be repaid in less than one year after the balance sheet date (2023: All).

32. Accruals and deferred income

	Group		Company	
	2024	2023	2024	2023
	£m	£m	£m	£m
Accrued expenses	176	174	—	—
Deferred fee income on investment contracts (note 27)	12	21	12	21
	188	195	12	21

Deferred fee income refers to front-end fees received from investment contract holders as a prepayment for investment management and related services. These amounts are non-refundable and are released to income as the services are rendered.

33. Contingent assets and liabilities

Accounting for contingent assets and liabilities

Contingent liabilities are disclosed if:

- there is a possible obligation as a result of a past event; or
- there is a present obligation as a result of a past event, but a liability is not recognised either because a payment is not probable, or the amount cannot be reliably estimated.

Contingent assets are disclosed when an inflow of economic benefit is considered probable.

During the year, the Group and the Company continued to address issues from past selling practices, taxation, and other regulatory matters. Potential liabilities are influenced by several factors including the actions and requirements of the external bodies including regulators and tax authorities as well as Financial Ombudsman Service rulings, industry compensation schemes and court judgments.

In the course of conducting business, the Group companies receive liability claims, and become involved in actual or threatened related litigation. In the opinion of the directors, adequate provisions have been established for such claims and no material losses will arise in this respect.

In addition, in line with standard business practice, the Company has given guarantees, indemnities and warranties in connection with the disposal of entities previously owned by the Group. In the opinion of the directors, no material unprovisioned loss will arise in respect of these guarantees, indemnities, and warranties.

Notes to the financial statements continued

34. Commitments

(a) Capital expenditure

The Group and Company have the following commitments to make capital purchases as at the balance sheet date.

	Group		Company	
	2024	2023	2024	2023
	£m	£m	£m	£m
Investment property	40	9	40	9

(b) Investments in private equity funds

The Group and Company have a portfolio of investments in private equity funds. The structure of these funds is such that the commitment is drawn down during the life of the fund to make investments and to pay approved costs of the fund. The total amount committed but undrawn at the balance sheet date for the Group and Company is £280m (2023: £340m).

(c) Operating lease commitments

Accounting for operating lease payments

Leases, where a significant portion of the risks and rewards of ownership is retained by the lessor, are classified as operating leases. Payments under operating leases, net of lease incentives received, are recognised as an expense in the statement of comprehensive income on a straight-line basis over the term of the lease.

Operating lease payments represent rentals payable by the Group for land and buildings. The total lease payments recognised as an expense in the year were £7m (2023: £7m). The total future minimum lease payments due under these arrangements, net of any related sub-lease receipts, are shown in the following table.

	Group		Company	
	2024	2023	2024	2023
	£m	£m	£m	£m
Total future minimum lease payments under non-cancellable leases:				
Not later than one year	8	8	2	2
Later than one year and not later than five years	27	26	5	7
Later than five years	33	35	—	—
	68	69	7	9

35. Risk management

As a financial services provider, the Group's business is the managed acceptance of risk. The Group has a set of risk preferences for the types of risk the Group is exposed to. These preferences form a core part of the Group's risk management system and control techniques. The Group aims to manage its risk exposures within acceptable tolerances agreed by the Board. This is carried out through its risk management system. The risk management system established within the Group is designed to manage, rather than eliminate, the risk of failure to meet business objectives as well as to ensure that the Group is well capitalised. The Strategic report section of this Annual Report and Accounts includes a summary of the Group's risk management approach on page 66. The key control techniques for the major categories of risk exposure are summarised in the following sections.

(a) Insurance risk

Insurance risk is defined as the risk that arises from the uncertainty in the occurrence, amount and timing of asset and liability cash flows resulting from factors such as:

- changes in the health circumstances of policyholders and members of the Royal London Staff Pension Schemes;
- the choices made by Royal London policyholders and pension scheme members with respect to their policy options and ability to surrender their policy with Royal London.

The Group has an appetite to write long-term insurance business that includes insurance risk to deliver value for our customers and create a balanced, diversified insurance risk profile. The exposure of the Group depends to a significant extent on the value of claims to be paid in the future, relative to the assets accumulated to the date of claim. The amount of such future obligations is assessed by reference to assumptions regarding future experience, in particular mortality or (if applicable) morbidity rates, persistency rates, expenses, investment returns, interest rates and tax rates.

The main insurance risks can be summarised as follows:

- mortality – the risk that policyholders die sooner than expected. Mortality risk only applies to liabilities which increase under these circumstances;
- morbidity – the risk that policyholders make morbidity-related claims more frequently or for a longer period of time than expected;
- persistency – the risk that the rate of policy lapses, terminations, renewals, partial withdrawals, income drawdown, retirements and surrenders, or the number of policies converting to paid-up status, is different from that expected, resulting in an increase in liabilities;
- longevity – the risk that policyholders live longer than expected resulting in higher payments under annuity or similar obligations and so an increase in liabilities;
- expense – the risk that the expense associated with investing in assets, or of administering pensions, insurance or reinsurance contracts held within the Group is higher than expected resulting in an increase in liabilities. The impact of long-term inflation on expenses is part of this risk; and
- option take-up – the risk that the take-up rate of options, in particular guaranteed annuity options, provided to policyholders is different from expected, resulting in an increase in benefit payments and therefore liabilities.

Insurance risk is monitored, managed, and largely mitigated by the business units/divisions within the Group that are exposed to insurance risk. Insurance risks are managed through the following mechanisms:

- The use of the Group's Insurance Risk Policy to provide Group-wide guidelines around the identification, assessment, mitigation, monitoring, reporting and control of insurance risks;
- Regular monitoring of actual exposures compared to agreed limits to ensure that the insurance risk accepted remains within risk appetite;
- Members of the Group's Insurance Risk Committee are responsible for considering matters arising concerning all aspects of the identification, assessment, management and reporting of insurance risk;
- Members of the Group's Technical Review Committee are responsible for reviewing and approving all key demographic and expense assumption changes;
- The use of reinsurance to mitigate exposures in excess of risk appetite, to limit the Group's exposure to large single claims and catastrophes and to alleviate the impact of new business strain;
- The diversification of business over several classes of insurance and over large numbers of individual risks to reduce variability in loss experience; and
- Control over product development and pricing: members of the Product Pricing Approval Committee are responsible for assessing the pricing of new products and the repricing of existing products manufactured by the Group.

Notes to the financial statements continued

35. Risk management (continued)

These techniques are supported using actuarial models to calculate premiums, monitor claims patterns and calculate liabilities. The derivation of the assumptions uses industry-standard actuarial and statistical methods based on up-to-date and credible information.

The primary responsibility for ongoing oversight and effectiveness of the management of insurance risk falls to the Insurance Risk Committee.

Another process for monitoring the continued effectiveness of these risk-mitigation techniques is the requirement within the Group's Insurance Risk Policy for an annual review of the policy by the policy content owner. The policy provides Group-wide guidelines around the identification, assessment, mitigation, monitoring, reporting and control of insurance risks. The policy content owner makes sure that the policy is implemented appropriately within the Group. The Insurance Risk Committee is also responsible for reviewing the policy on an annual basis.

Risk relating to the Group's final salary pension schemes is managed separately by a specialist area in the Group, supported by external advisers.

(i) Concentration of insurance risk

The Group and Company write a diverse mix of business across a broad customer base. The most material concentration of insurance risk relates to persistency risk in respect of unit-linked pension business. As the Group has written substantially all of its business in the UK, results are also sensitive to demographic and economic changes arising in the UK. The Group seeks to mitigate the risk of excessive concentrations of risk through portfolio analysis and limits on retained risk (including limits on individual lives).

The Group's diverse portfolio of business helps mitigate concentration risk across sectors (pensions, protection, intermediated, direct), but there is some concentration risk within sectors. In particular, there is a risk associated with legislative changes affecting pension business, which could result in a marked worsening in persistency. However, although the Group's portfolio of employer-sponsored pension schemes includes some large schemes, there are no schemes that represent an excessive percentage of the relevant portfolio. The Group's recent acquisition of the Aegon UK protection book of business does not represent an excessive percentage of the Group's insurance risk exposure. Due to the nature of the UK market, another potential area of concentration is the reliance of the Group on new business from key IFA networks but exposure to any single IFA is not considered to be material.

(ii) Sensitivity analysis

The following table shows the impact on the Group fund for future appropriations from changes in key demographic assumptions. Each sensitivity is performed with all other variables held constant. The sensitivity scenarios used are as follows:

- **Mortality and morbidity**
5% proportionate decrease and increase in base mortality and morbidity rates. This sensitivity demonstrates the effect of a decrease and increase in the rate of deaths and serious illness. The impact of such a change on the fund for future appropriations varies depending on the type of business written. In the case of a reduction in mortality rates:
 - for life assurance business, a decrease in mortality rates will typically increase the fund for future appropriations as there will be fewer payouts for early death resulting in lower liabilities;
 - for annuities in payment, the defined benefit pension schemes or policies which contain a guaranteed annuity option, the fund for future appropriations decreases as the length of time over which the annuity will be paid is longer, increasing liabilities.
 - An increase in mortality rates will have the opposite effect.
- **Persistency**
10% proportionate decrease and increase in rates of lapse, conversion to paid-up and, for pensions business, retirement, partial withdrawal and income drawdown. In the case of the proportionate decrease, the sensitivity reflects a single, downward movement in these lapse rates resulting in fewer policies being surrendered or terminated early, with the result that more policies are assumed to remain in force. An increase in rates of lapse will have the opposite effect.
- **Expenses**
10% decrease and increase in maintenance expenses – the ongoing cost of administering contracts. This sensitivity is applied to the projected level of expenses. There is no change to the assumed rate of future expense inflation. A reduction in expenses will increase the fund for future appropriations for most classes of business. For some unit-linked contracts where future charges cover expenses, however, the liability may be unaffected. An increase in expenses will have the opposite effect.

35. Risk management (continued)

	Group	
	2024	2023
	£m	£m
Impact after tax on the fund for future appropriations		
Mortality/morbidity rates +5%	28	26
Mortality/morbidity rates -5%	(32)	(30)
Lapse/paid-up/retirement rates +10%	(271)	(237)
Lapse/paid-up/retirement rates -10%	322	282
Expenses +10%	(200)	(219)
Expenses -10%	200	218

Limitations of sensitivity analysis

The above table demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. The impact of Pensions business persistency risk is set out under lapse/paid-up/retirement rates. In practice, there may be dependencies between the underlying risks. It should be noted that the impact on the fund for future appropriations from changes in these assumptions may not be linear as implied by these results. Larger or smaller impacts should not be interpolated or extrapolated from these results.

(b) Market risk

Market risk is where fluctuations in values of assets (including income) or financial variables (including interest rates, exchange rates or inflation) cause a mismatch between the value of the Group's assets and liabilities.

The Group manages market risk within the risk management system outlined above and in accordance with the relevant regulatory requirements. The principal techniques employed are the establishment of asset allocation and performance benchmarks consistent with the Group's risk appetite and asset-liability matching. This balances the risks relating to the liabilities under the Group's insurance and investment contracts against the risks inherent in its assets and the capital available. The Group has established approaches for matching assets and liabilities, including hedging customer options and, where cost effective, unrewarded risks. Where appropriate matching cannot be achieved, management actions are in place to manage the market risk resulting from the mismatch. The Group's Investment Strategy Committee and Capital Management Committee provide regular monitoring of these processes.

The Group is not materially exposed to market risk in respect of assets held to cover unit-linked liabilities as these risks are borne by the holders of the contracts concerned, except to the extent that income from the fund-based management charges levied on these contracts varies directly with the value of the underlying assets. Such assets are managed to meet customers' risk and reward expectations and comprise diversified portfolios of assets. In addition, regulatory requirements constrain the type and quality of assets that can be held to support these liabilities.

The Group's exposure to market risk arises principally from equity risk and property risk, interest rate risk, inflation risk, credit spread risk and currency risk.

(i) Equity risk and property risk

Equity risk and property risk are the risks that the fair value or future cash flows of an asset or liability will fluctuate because of changes in market prices of equities or investment properties, other than those arising from interest rate or currency risks. Those changes may be caused by factors specific to the asset or liability, or its issuer, or by factors affecting all similar assets or liabilities.

The Board sets the Group's investment policy and strategy. Day-to-day responsibility for implementation is principally given to the Group's asset management subsidiary, RLAM, as the main asset manager for the Group, as well as third parties and external asset managers involved in delivering the investment strategy with monitoring procedures in place.

The investment management agreement in place between the Company and RLAM specifies the limits for holdings in certain asset categories. Asset allocation and performance benchmarks are set, which ensure that each fund has an appropriate mix of assets and is not over or under-exposed to a particular asset category or specific investment. The Investment Strategy Committee and Capital Management Committee along with the Group's Investment Committee monitor the actual asset allocation and performance against benchmark. The Group hedges some of its equity risk arising from investment guarantees and unit-linked charges using equity derivatives.

A sensitivity analysis to changes in the market prices of equities and property is included in section (vi). Note 16 provides an analysis of assets by class.

Notes to the financial statements continued

35. Risk management (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will vary as market rates of interest vary. For the Group, interest rate risk arises from holding assets and liabilities with different maturity or re-pricing dates, creating exposure to changes in the level of interest rates, whether real or nominal. It mainly arises from the Group's investments in debt and fixed income securities, which are exposed to changes in interest rates. It also arises in certain products sold by the Group, which include guarantees as they can lead to claim values being higher than the value of the backing assets where interest rates change.

Exposure to interest rate risk is monitored using scenario testing, stress testing, Value-at-Risk analysis and asset and liability duration control.

The Group manages interest rate risk using performance benchmarks with appropriate durations and, in some instances, using derivatives to achieve a closer cash flow match. The Company uses interest rate swaps to provide interest rate sensitivity matching.

A sensitivity analysis to interest rate risk is included in section (vi).

(iii) Inflation risk

Inflation risk is the risk that inflation results in the value of the Group's liabilities increasing by more than the value of its assets. It arises principally in the Group's defined benefit pension schemes, where higher inflation would result in higher increases in deferred pensions and would be expected to be associated with higher increases in pensions in payment. The risk associated with expense inflation is treated as an insurance risk.

The Group mitigates some inflation risk with inflation swaps. Inflation exposures are monitored monthly and reported to the Group's Capital Management Committee. The Group's Capital Management Framework, Capital Plans and regular capital reporting also assist in the Group's management of inflation risk.

(iv) Credit spread risk

Credit spread risk is the risk that the difference between the yields on non-sovereign investment bonds and the yields on interest rate swaps increase from current levels, causing the value of the Group's holdings of non-sovereign bonds to reduce by more than the value of the associated liabilities. The Group manages its exposures to spread risks through its hedging strategy and regular review of its hedging arrangements.

(v) Currency risk

Currency risk is defined as the risk that the fair value or future cash flows of an asset or liability will change because of a change in foreign exchange rates. As the Group operates principally in the UK its assets and liabilities are mainly denominated in sterling. For investment assets, the Group's investment management policies and procedures allow for some exposure to overseas markets, via both equities and fixed interest securities. The resulting currency risk is managed using exposure limits, currency derivatives as hedging instruments, and authorisation controls operated within the Group's risk management system.

The following tables demonstrate the extent to which the assets and liabilities of the Group and the Company are exposed to currency risk. Linked assets do not subject the Group and Company to significant currency risk as this risk is borne by the customers concerned. A sensitivity analysis of the Group and Company's exposure to currency risk is included in section (vi).

35. Risk management (continued)

	Group		Company	
	2024	2023	2024	2023
	£m	£m	£m	£m
Non-linked assets denominated in GBP	39,182	38,566	39,312	38,636
Non-linked assets denominated in non-GBP	4,922	4,427	4,908	4,408
	44,104	42,993	44,220	43,044
Assets held to cover linked liabilities	91,279	80,228	91,113	80,169
	135,383	123,221	135,333	123,213
Non-linked liabilities denominated in GBP	43,837	42,818	43,858	42,775
Non-linked liabilities denominated in non-GBP	474	468	569	561
	44,311	43,286	44,427	43,336
Technical provisions for linked liabilities	91,072	79,935	90,906	79,877
	135,383	123,221	135,333	123,213

At 31 December 2024, the Group and Company held currency forwards with a sterling notional value of £436m (2023: Group and Company £377m) in respect of the non-linked assets denominated in currencies other than sterling. These are included in the table above.

The Group monitors its foreign currency exposure arising from its investment in operations in Ireland. This exposure does not currently have a material impact on the Group and so is not actively hedged.

(vi) Market risk sensitivity analysis

The following table shows the impact, on the Group fund for future appropriations (after tax), from changes in key market variables. Each sensitivity is performed with all other variables held constant. The sensitivity scenarios used are as follows.

Interest rates

100 basis point per annum reduction and increase in market interest rates. For example, if current market rates are 4%, the impact of an immediate change to 3% and 5%. A reduction in interest rates increases the current market value of fixed interest assets but reduces future reinvestment rates. The value of liabilities increases when interest rates fall as the discount rate used in their calculation will be reduced. An increase in rates will have the opposite effect.

Currency rates

10% increase and decrease in the rates of exchange between sterling and the overseas currencies to which the Group is exposed. An increase in the value of sterling relative to another currency will reduce the sterling value of assets and liabilities denominated in that currency. The value of liabilities will decrease when asset values fall, but other than for unit-linked business, the decrease will be less than the fall in asset values because of the presence of financial guarantees and options in the underlying contracts. For unit-linked business, the decrease in liabilities will be less than the fall in asset values due to a reduction in the value of future charge income. As the Group holds relatively few liabilities in overseas currencies, an increase in the value of sterling will reduce the fund for future appropriations.

Equity/property capital values

10% increase and decrease in equity and property capital values at the valuation date, without a corresponding fall or rise in dividend or rental yield. This sensitivity shows the impact of a sudden change in the market value of assets in these separate asset classes. The value of liabilities will decrease when asset values fall but, other than for unit-linked business, the decrease will be less than the fall in asset values because of the presence of financial guarantees and options in the underlying contracts. For unit-linked business, the decrease in liabilities will be less than the fall in asset values due to a reduction in the value of future charge income. Consequently, the fund for future appropriations will be reduced by a fall in asset values.

Notes to the financial statements continued

35. Risk management (continued)

	Group	
	2024	2023
	£m	£m
Impact after tax on the fund for future appropriations		
Interest rates +100bp	(38)	(39)
Interest rates -100bp	17	21
10% increase in non-GBP exchange rate	(111)	(102)
10% decrease in non-GBP exchange rate	107	98
Equity prices +10%	171	149
Equity prices -10%	(175)	(152)
Property prices +10%	44	53
Property prices -10%	(44)	(53)

Limitations of sensitivity analysis

The table above demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In practice, there may be dependencies between the underlying risks.

The Group's assets and liabilities are actively managed. For example, the Group's financial risk management strategy aims to manage the exposure to market fluctuations. As investment market conditions change, management actions could include selling investments, changing investment portfolio allocation, adjusting bonuses credited to With-Profits policyholders and taking other protective action.

It should also be noted that the impact on the fund for future appropriations from changes in these assumptions may not be linear as implied by these results. Larger or smaller impacts should not be interpolated or extrapolated from these results.

(c) Credit counterparty risk

Counterparty risk is the likelihood or probability that one of the parties in a transaction defaults on its contractual obligation. Counterparty risk can exist in investments or bilateral transactions and contractual relationships with financial or non-financial counterparties.

The Group's exposure to credit counterparty risk arises principally from its investment portfolio, from its holdings in bonds, commercial real estate loans, derivatives, from cash and from reinsurance arrangements. The Market risk policy sets out various high-level requirements relating to the identification, measurement, modelling, management, monitoring, reporting and documentation of credit risk. The Market risk policy also sets out other specific requirements relating to legal, collateral, and valuation arrangements. Where possible, significant counterparty exposures, particularly in respect of stock lending and derivatives, are mitigated using collateral.

A comprehensive system of limits is in place to control exposure to this risk. While ratings provided by external agencies such as Standard & Poor's and Moody's and expert investment advice are considered when setting limits to individual counterparties, there are separate limits for exposures in respect of cash and deposits and for corporate bond and sovereign debt exposures defined by asset class and in aggregate. The one exception is exposure to the UK Government – investment in Government debt is a key part of the Group's investment and asset liability management strategies and it has been decided that no limit should be set. If the UK's credit standing were to deteriorate significantly, however, this decision would be reviewed.

Exposures to individual counterparties are monitored against the agreed limits set in the Concentration Risk Framework, which is reviewed by the Group's Investment Strategy Committee. For bond holdings, exposures are also monitored by industry sector and by credit rating.

The Group is also exposed to credit risk in respect of its reinsurance arrangements. The credit exposures for reinsurance contracts are monitored by the Group's Capital Management and Insurance Risk Committees.

The Group's Matching Adjustment Committee, reporting to the Group's Capital Management Committee, provides oversight of the operation of the Matching Adjustment portfolio and compliance with the Matching Adjustment requirements. It also acts as a forum for reviewing and approving or rejecting Commercial Real Estate Loan and Private Placement investment opportunities as and when they arise.

35. Risk management (continued)

The following tables show an analysis of the credit quality of those assets of the Group that are subject to credit counterparty risk, using credit ratings issued by companies such as Standard & Poor's, where these are available. The credit risk in respect of linked assets is borne by the holders of the contracts concerned, except where investment is made in the funds of other life companies via reinsurance contracts and the linked assets are therefore excluded from the table. The Company has a similar risk profile to that shown for the Group and therefore it has not been analysed separately.

AAA is the highest rating possible for assets exposed to credit risk. The credit ratings in respect of derivative financial investments are those of the counterparties to the derivative contracts. The debt and fixed income securities which have not been rated by an external agency are subject to internal analysis to provide an internal rating, which at 31 December 2024 was predominantly AA or A (2023: either AA or A).

The internal rating process used by the Group is to assess credit risk within the context of the bond issuer's financial position, the bond's covenants and structure and the likely recovery should default occur. Three major sectors that are significant issuers of sterling-denominated unrated bonds, namely social housing, investment trusts and property, are each asset rich. For these sectors, documented specific credit analysis is undertaken, which assesses the individual risks of bonds in the sector and relates the risk of loss to that implied by the rating bands of the rating agencies. The internal ratings produced are compared for consistency with formally rated, broadly equivalent stocks in the same sector and for consistency with the market pricing of the underlying bond. For stocks in other sectors, the background of the issuer and the bond characteristics are assessed within a framework similar, where possible, to credit rating agency methodology. The Company's credit risk profile is aligned to the Group. To minimise its exposure to credit risk, the Group and Company invest primarily in higher-graded assets, rated BBB or above. The Group and Company also make use of collateral arrangements in respect of their derivative exposures and stock lending activity, wherever possible. Further details of the collateral held are shown in note 18.

Group – 2024							
	AAA £m	AA £m	A £m	BBB £m	BB or lower £m	Not rated £m	Total £m
Stage 1 assets at amortised cost							
Cash at bank	—	255	213	6	22	3	499
Exposure to credit risk	—	255	213	6	22	3	499
Simplified approach assets held at amortised cost							
Debtors arising out of direct insurance operations	—	—	—	—	—	21	21
Debtors arising out of reinsurance operations	—	43	11	—	—	7	61
Other debtors	—	2,685	—	—	—	605	3,290
Loss allowance	—	—	—	—	—	(10)	(10)
Exposure to credit risk	—	2,728	11	—	—	623	3,362
Assets at FVTPL							
Other financial investments:							
Derivative assets	—	1,572	536	—	—	—	2,108
Debt and fixed income securities	701	5,188	2,559	1,885	181	320	10,834
Commercial real estate loans	—	—	—	—	—	120	120
Other loans	—	—	—	—	—	7	7
Other							
Reinsurers' share of technical provisions	—	2,861	417	—	—	—	3,278
	701	12,604	3,736	1,891	203	1,073	20,208

Notes to the financial statements continued

35. Risk management (continued)

	Group – 2023						Total £m
	AAA £m	AA £m	A £m	BBB £m	BB or lower £m	Not rated £m	
Stage 1 assets at amortised cost							
Cash at bank	—	254	206	5	25	—	490
Exposure to credit risk	—	254	206	5	25	—	490
Simplified approach assets held at amortised cost							
Debtors arising out of direct insurance operations	—	—	—	—	—	50	50
Debtors arising out of reinsurance operations	—	—	—	—	—	92	92
Other debtors	—	1,791	—	—	—	559	2,350
Loss allowance	—	—	—	—	—	(9)	(9)
Exposure to credit risk	—	1,791	—	—	—	692	2,483
Assets at FVTPL							
Other financial investments:							
Derivative assets	—	1,232	405	—	—	—	1,637
Debt and fixed income securities	860	5,231	2,398	1,971	166	335	10,961
Commercial real estate loans	—	—	—	—	—	86	86
Other loans	—	—	—	—	—	2	2
Other							
Reinsurers' share of technical provisions	—	2,871	396	—	—	—	3,267
	860	11,379	3,405	1,976	191	1,115	18,926

Allowance is made for expected credit losses for Stage 1 assets based on default events that are possible within the next 12 months. Expected credit losses are calculated using three key input parameters: the probability of default, the expected loss given default and the exposure at default. The probability of default is estimated using quoted credit default swap spreads and the loss given default is taken to be 100%.

Debtor balances are assessed using the simplified method, which means that the not-rated assets default to Stage 2 and a lifetime expected credit loss is calculated. Expected credit losses are measured for these assets based on the ageing of the balances and historical payment experience or by the use of discounted cash flow techniques.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

(d) Liquidity risk

Liquidity risk is the risk that a firm, though solvent, either does not have sufficient financial resources available to enable it to meet its obligations as they fall due or can secure them only at excessive cost. Liquidity risk can emerge over a number of timeframes, this includes both fast-moving scenarios as well as more sustained scenarios where the liquidity position deteriorates slowly.

Liquidity risk management strategy sets out the Group's overall approach for managing liquidity risk, covering both day-to-day and longer-term management of liquidity risk. Sources of liquidity risk have been identified to ensure adherence to the liquidity appetite as approved by the Board. The Group recognises that extreme liquidity issues could have a severe impact on the Group and manages its liquidity risk through ensuring sufficient availability of liquid assets ('liquidity buffer'). The Group's liquidity management process includes:

- monitoring of liquidity risk limits, primarily through Liquidity Coverage Ratios (LCRs). The metric is the ratio of the sources of liquidity (the liquidity buffer) over the uses of liquidity under stressed conditions. The Group's use of liquidity arises principally from its insurance, reinsurance, derivative and investment contracts. Projected cash flows and stressed liquidity reserves are incorporated in the LCR, and are calculated in line with the liquidity risk appetite;

35. Risk management (continued)

- holding an appropriate liquidity buffer. The composition includes assets that are unencumbered, and of high credit quality, readily marketable and have a proven record as a reliable source of liquidity during stressed conditions to enable meeting short-term obligations as they fall due;
- setting minimum amounts of cash balances in each of its long-term funds. These are set by reference to recent and expected cash outflows and include a margin above reasonably expected amounts to reduce risk;
- maintaining a contingency funding plan that includes a clear management process and plan for recognising and addressing a liquidity stress providing an analysis of available financing options, regular and alternative sources of liquidity and an evaluation of a range of possible adverse scenarios;
- maintaining a diversified pool of short-term funding / liquidity available to the Group. As part of this, in 2023 the Company entered into a £500m revolving credit facility for an initial period of five years, with an option for two further one-year extensions. The first extension option was exercised in 2024;
- maintaining a recovery plan that identifies triggers for action, a clear management action plan providing an analysis of available financing options, regular and alternative sources of liquidity and an evaluation of a range of possible adverse scenarios; and
- appropriate matching of the maturities of assets and liabilities. The Group's market risk policy covers asset liability management to ensure the duration of liabilities is matched by assets.

These processes are regularly reviewed and updated to ensure their continued effectiveness.

The Group's exposure to liquidity risk principally arises from insurance and investment contracts and the use of derivatives. The following tables show a maturity analysis for the Group's insurance and investment contract liabilities. As permitted by FRS 103, for insurance and participating investment contracts, this has been presented as the expected future cash outflows arising from the liabilities. The analysis for the unit-linked investment contracts has been shown on the same basis for consistency. Had the analysis for these liabilities been presented on the basis of the earliest contractual maturity date (as required by FRS 102 Section 34) then the whole balance would have been included in the '0–5 years' column, as customers can exercise surrender options at their discretion. In such a scenario the liability may be reduced by the application of surrender penalties (if applicable). The tables also show a maturity analysis for the Group's derivative liabilities and the reinsurance liabilities presented on a contractual cash flow basis. The maturity analysis for cash collateral has not been disclosed as it is due on demand because it is dependent on fluctuations in the value of the collateralised derivatives.

The longer-term matching of assets and liabilities is covered within market risk, note 35(b). As a result of the policies and procedures in place for managing its exposure to liquidity risk, the Group considers the residual long-term liquidity risk arising from its activities to be immaterial. Therefore, an analysis of the Group's asset cash flows by contractual maturity is not considered necessary to evaluate the nature and extent of the Group's long-term liquidity risk. The Company has a similar liquidity risk profile to that of the Group and therefore it has not been analysed separately.

	Group 2024						
	Balance sheet carrying value £m	Cash flows (undiscounted)					Total £m
		0–5 years £m	5–10 years £m	10–15 years £m	15–20 years £m	20+ years £m	
Participating insurance contract liabilities	(24,687)	(12,143)	(9,551)	(7,101)	(2,923)	(2,515)	(34,233)
Participating investment contract liabilities	(1,779)	(761)	(586)	(474)	(656)	(298)	(2,775)
Non-profit insurance contract liabilities	(4,440)	(1,087)	(1,538)	(1,563)	(1,353)	(2,855)	(8,396)
Unit-linked insurance contract liabilities	(1,005)	(496)	(424)	(206)	(111)	(124)	(1,361)
Unit-linked investment contract liabilities	(90,067)	(33,008)	(29,736)	(24,771)	(20,077)	(43,830)	(151,422)
Derivative liabilities	(4,171)	(1,594)	(1,580)	(1,471)	(1,308)	(2,779)	(8,732)
Reinsurance liabilities	(1,540)	(579)	(544)	(465)	(364)	(561)	(2,513)

Notes to the financial statements continued

35. Risk management (continued)

	Balance sheet carrying value £m	Group 2023 Cash flows (undiscounted)					
		0–5 years £m	5–10 years £m	10–15 years £m	15–20 years £m	20+ years £m	Total £m
Participating insurance contract liabilities	(25,527)	(11,147)	(10,365)	(7,189)	(2,680)	(2,337)	(33,718)
Participating investment contract liabilities	(1,847)	(768)	(602)	(395)	(565)	(403)	(2,733)
Non-profit insurance contract liabilities	(3,879)	(893)	(1,258)	(1,262)	(1,086)	(2,193)	(6,692)
Unit-linked insurance contract liabilities	(1,103)	(508)	(479)	(210)	(108)	(109)	(1,414)
Unit-linked investment contract liabilities	(78,832)	(26,716)	(24,439)	(20,525)	(16,227)	(32,198)	(120,105)
Derivative liabilities	(3,071)	(1,628)	(1,695)	(1,620)	(1,467)	(3,376)	(9,786)
Reinsurance liabilities	(1,778)	(611)	(558)	(488)	(390)	(651)	(2,698)

(e) Pension scheme risk

The Group maintains three defined benefit pension schemes for past and current employees. The ability of the pension schemes to meet the projected pension payments is maintained through investments and, when required, regular contributions from the Group. Risk arises because the estimated market value of the pension fund assets might decline; or their investment returns might reduce; or the estimated value of the pension liabilities might increase. In these circumstances, the Group could be required to make additional contributions. All three schemes are exposed to differing levels of equity, interest rate, inflation, and longevity risk. As detailed in note 23, during 2023 and 2024 the trustees of two of the Group's schemes entered into bulk annuity buy-in policies with RLMIS, which removed the investment and longevity risk from the schemes for those benefits covered by the insurance contracts. This means that for these schemes, the ability to meet projected pension payments is also directly linked to RLMIS. Management of the assets of the pension schemes is the responsibility of each scheme's trustees, who also appoint the Scheme Actuaries to perform triennial valuations to assess the level of funding required to meet the schemes' liabilities. For further information on pension scheme assets and liabilities, see note 23. The Group monitors its pension schemes' exposure using a variety of metrics which are regularly reviewed by the Group's Capital Management Committee and are used in discussions with the trustees, through whom any risk management activity must be conducted.

(f) Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. Operational risks include, but are not limited to, information technology, information security, operational resilience, people, change management, legal and regulatory, financial crime, customer outcomes and processing. Senior management has primary responsibility for the management of operational risks through developing policies, procedures and controls across the different products, activities, processes, and systems under their control.

Details of risks on inherent (before controls) and residual (after controls) bases are maintained on risk registers, with each part of the business being responsible for identifying, assessing, managing, and reporting on its operational risks and for implementing and maintaining controls in accordance with the Group's risk management system. In performing these assessments, account is taken of the Group's risk appetite with greater significance being placed on those risks that fall outside these parameters. This is used as a basis for review and challenge by senior management, risk committees, and the Board of Directors. Management attention is focused upon those controls identified as not working as effectively as desired and upon action plans which are put in place when any weakness is identified. In addition, the Group conducts a series of operational risk scenarios. These scenarios allow the Group to consider how effective controls would be should an extreme event occur and to make improvements where necessary. The scenarios also provide data that is used to calculate the capital held by the Group for operational risk. Within the Group's management of operational risks significant consideration is given to conduct risk and the risk of unfair outcomes to our customers and members.

35. Risk management (continued)

(g) Climate change risks

Climate change has the potential to affect the Group across multiple risk categories. For example, it is important that we:

- appropriately manage climate-related impacts on market risk;
- develop or modify propositions in line with changing Government or regulatory policy and/or market sentiment;
- effectively report our response to climate change to meet evolving disclosure requirements;
- transparently communicate the progress we have made toward delivery of our climate commitments, including associated dependencies and limitations.

In addition to these examples, the Group is exposed to a range of other financial, strategic and operational risks arising from climate change.

The Group's approach to climate risk recognises the breadth of risks faced by the Group that arise from climate change. As part of this, the climate risk appetite statement references the embedding of these risks into risk management disciplines across the Group. In 2023, we established an internal biannual climate risk report to help refine climate risk management across the business. The report was expanded in 2024 to incorporate all business areas across the Group, in accordance with the Group's climate risk appetite statement.

Further information on the potential risks and uncertainties that climate change poses to our business is included on page 68. Our approach to managing climate risks is outlined in detail on pages 33 to 34.

(h) Emerging risk

All insurers may be impacted by risks that are potentially significant but are currently only just beginning to emerge. The Group has defined emerging risks as newly developing or changing risks that are difficult to quantify and which may have a major impact on the Group. Typically, these risks will arise from the external environment and will be as a of changes that are technological, economic, environmental or geopolitical in their nature.

Emerging risks are considered by the Emerging and Strategic Risk Forum (ESRF) on a bi-annual basis. The Forum comprises members from across the Group who determine the appropriateness of the evaluation of these risks and associated activity in place to monitor and manage these risk exposures going forward. Where an emerging risk is relevant and has an impact on the Group, the ESRF will recommend that it is moved from the Group's Emerging Risk Profile and should be reported as per other significant risks. When a previously reported emerging risk has already occurred or is no longer deemed relevant and is not going to have an impact on the Group, the ESRF will recommend that it is removed from the Group's Emerging Risk Profile. The findings from the ESRF are presented to the Group Executive Risk Committee (GERC) for review.

(i) Risk governance

An independent Risk and Compliance function provides challenge to the business on the effectiveness of the risk management practices being followed on the risks identified, the strength of the controls in place, and any actions being progressed. The independent function provides advice and guidance on the impact of regulatory change and undertakes risk-based compliance monitoring reviews to assess the quality of business processes and controls, reporting the results of its findings to management and to the Board monthly.

Notes to the financial statements continued

35. Risk management (continued)

(j) Stress and scenario testing

The Group conducts a range of sensitivity analysis and stress and scenario testing activity in order to help it understand its risk profile and assess and manage its risks. This is a key element of the Group's risk management system, as well as being a regulatory requirement.

Stress and scenario testing in various forms is carried out on a regular basis as part of business as usual and in response to specific regulatory initiatives and can involve either:

- straightforward stress tests/sensitivity analysis: analyses of the sensitivity of financial and operational metrics and the risk profile to discrete changes in market values or demographic experience; or
- scenarios that involve a combination of changes in economic parameters or that concentrate on specific operational, non-market and/or market risks.

The following regular outputs are produced and include results from one or both of the tests described above:

- Capital Monitoring Reports and Group Treasury Reports, produced monthly for the Capital Management Committee;
- Reports on the capital requirements of the Company, produced annually;
- Own Risk and Solvency Assessment (ORSA) analysis, produced annually;
- Recovery and Resolution Plans, produced annually;
- Internal Capital and Risk Assessment (ICARA) results for regulated non-insurance firms (where applicable), produced annually; and
- Business Plans, produced annually.

The stress testing performed includes changes in market risk, credit risk, insurance risks and operational risks, as well as combinations of these risk types. Key assumptions are varied from their best estimate assumption and the outcome provides detail of the sensitivity of these assumptions and the resultant impact on various financial metrics. This informs the business of the key risks that need to be managed and monitored.

Operational risk stresses and scenarios are completed to calculate the capital required for this risk. The stresses allow an assessment of the extreme impacts arising from a given risk by way of assessment of the frequency of occurrence and the distribution of the value of impacts. A top-down approach is used for determining the Company's capital requirements which involves the analysis of single, but potentially catastrophic, events/risks which cover all risks used for modelling the capital requirement.

Various broad-based scenarios and reverse stress tests have been considered in the Group over the year, as well as business model analysis activity. These scenarios provide a top-down analysis of events that would affect the Group in a significant way. These events could be in relation to issues such as the markets in which the Group operates, financial strength, long-term strategy, and liquidity. The outcome of these scenarios informs the Group of any areas of potential weakness, so appropriate controls and mitigating actions can be put in place. Reverse stress tests are specifically used to identify the high-impact stress events which may cause a firm's business model to fail.

Business continuity planning workshops take place to consider where the Group's ability to carry out its business activities would be severely impacted. Participants include senior managers and key contacts from relevant business areas. The lessons learned in these workshops lead to improved business continuity plans and ensure the Group is better equipped to handle possible future events.

36. Related party transactions

Accounting for related party transactions

The Company is the ultimate parent undertaking of the Group. The Group and Company have taken advantage of the exemption in FRS 102 Section 33 not to disclose related party transactions between two or more members of the Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The Group and Company have carried out the following transactions with related parties not covered by the disclosure exemption in FRS 102 Section 33:

(i) Transactions with Group pension schemes

During the year, the Company completed a bulk annuity buy-in transaction with the Royal London Group Pension Scheme (RLGPS), which is a related party of the Group and the Company. £340m was recognised relating to premiums paid by RLGPS in return for the Company issuing to the scheme a transferable bulk purchase annuity insurance policy. This premium has been recorded within 'Premiums under group contracts' in note 3, within Gross premiums written.

Following this transaction, the bulk annuity purchase insurance policy has been recognised within the Company and Group net pension scheme asset as a transferable plan asset of RLGPS (see note 23(d)) and as an insurance liability within the Company and Group long-term business provision (see note 26(a)(ii)).

Our Group asset management company, RLAM Limited, manages the assets held by the Group's pension schemes (RLGPS, Royal Liver UK, and Royal Liver ROI), for which it charges fees based on the level of funds under management. The total fees for the year are £2m (2023: £3m).

RLGPS holds investments in Group-managed funds, as explained in note 23(d).

(ii) Transactions with OEICs and other investment funds

The Group markets a portfolio of OEICs and other investment funds. A number of these funds are classified as subsidiaries and associates for the purposes of financial reporting. However, as set out in note 15 these funds are not consolidated in the Group financial statements as the funds are held as part of an investment portfolio. These funds are therefore all related parties of the Group and Company.

For those funds which are subsidiaries (excluding wholly owned) or associates and are not consolidated within the Group, the transactions during the year were as follows:

	Group	
	2024	2023
	£m	£m
Management fees earned during the year	144	115

Notes to the financial statements continued

36. Related party transactions (continued)

The net outstanding amount payable by the Group to the funds at 31 December 2024 was £19m (2023: £83m), which relates to the creation and redemption of shares within OEICs as part of its day to day business. The outstanding amount payable by the Company to the funds at 31 December 2024 was £nil (2023: £nil). The total value of units held by the Company at 31 December 2024 in the funds that are subsidiaries (excluding wholly owned) or associates was £55,301m (2023: £49,161m). The acquisition and sale of units in the funds during the year were as follows:

	2024 £m	2023 £m
Acquisition of funds	14,828	23,446
Proceeds from sale of funds	15,262	31,860

(iii) Other income received from subsidiaries that are not wholly owned

	Group and Company	
	2024 £m	2023 £m
OEIC distributions	1,503	1,315

OEIC distributions are those received from all OEIC investment holdings which are subsidiaries (excluding wholly owned) and associates for financial reporting purposes.

(iv) Outstanding balances with other related entities at the year end

The subsidiaries of the Company are shown in note 15. As set out above, the Group has taken advantage of the exemption in FRS 102 Section 33 not to disclose transactions with its wholly owned subsidiaries. At the year end, the following balances were outstanding with those Group undertakings and other related entities that are not wholly owned subsidiaries:

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Loans	8	7	2	2

The loans from the Group are not secured. A total of £6m (2023: £5m) is repayable in 2029, with other amounts repayable on demand. The loans from the Company are repayable on demand and are not secured.

(v) Transactions with key management personnel

No director or key management personnel had transactions or arrangements with the Group that require disclosure, other than those given in the Directors' Remuneration Report or for key management remuneration disclosed in note 9(c).

37. Capital management

(a) Capital management policies and objectives

The Group's capital management objectives are:

- to protect the Group's financial strength, providing security to policyholders;
- to ensure that the Group's capital position is sufficient to enable it to invest in the development of the business in order to fulfil its stated core strategic objectives as determined by the Board; and
- to comply with SII's capital requirements.

Royal London manages its capital on an Investor View basis and has an acceptable range for its solvency coverage ratio (the investor ratio), the lower end of which is 165%. In practice, the Group expects to operate with an investor ratio above 180% under normal circumstances. Given the business is managed for the benefit of its members on a long-term basis, the level of the investor ratio of the business may be higher to provide flexibility for future investment in the business.

The capital position of the closed fund is managed on a standalone basis. The Group expects the Regulatory View solvency coverage ratio to be above 150% under normal circumstances.

The Group's capital position is monitored on a regular basis and reviewed formally by the Board. The Group's capital requirements are forecast on a regular basis and those forecasts are compared against the available capital.

(b) Regulatory capital

(i) Regulatory capital framework

In November 2024, the Prudential Regulation Authority (PRA) announced the final policy statement to implement reforms to the Solvency II (SII) framework previously applicable in the UK. The resultant new prudential regime for UK insurers became effective on 31 December 2024 and will eventually be known as 'Solvency UK'. However, in line with the approach outlined in the PRA's policy statement, the UK regime will continue to be referred to as Solvency II until such time as the PRA has changed all references from Solvency II to Solvency UK across all their relevant materials.

Royal London is an insurance Group under SII rules, which operates in both the UK and Ireland. Consequently, regulatory capital of RLMIS is reported to the PRA and, for RLI DAC, to the Central Bank of Ireland (CBI). Group regulatory capital is reported to both the PRA and the CBI. As referenced above, SII reporting to the PRA is completed under the reformed UK framework, while the reporting of RLI DAC continues to comply with the Solvency II Directive.

Under SII, the Group and Company are required to hold sufficient capital to withstand adverse outcomes from their key risks, for example, that equity markets fall. This 'Solvency Capital Requirement' (SCR) is calibrated so that it is broadly equal to the adverse experience likely to occur once in every 200 years. The PRA has approved the use of a Partial Internal Model to calculate the capital requirements of the Group and the Company. The capital assessment of RLI DAC is on a Standard Formula basis.

(ii) Regulatory capital position (unaudited)

The table below sets out the estimated Group and Company's eligible Own Funds, SCR, solvency surplus and capital cover ratio on an Investor View basis and a Regulatory View basis¹.

	Group		Company	
	2024 ²	2023	2024 ²	2023
Investor View (£m)¹				
Eligible Own Funds (A)	5,414	5,330	5,425	5,356
Solvency capital requirement (SCR) (B)	2,669	2,450	2,516	2,279
Solvency surplus	2,745	2,880	2,909	3,077
Capital cover ratio (A/B) ³	203%	218%	216%	235%
Regulatory View (£m)¹				
Eligible Own Funds (A)	5,607	5,601	5,610	5,620
Solvency capital requirement (SCR) (B)	2,862	2,721	2,701	2,543
Solvency surplus	2,745	2,880	2,909	3,077
Capital cover ratio (A/B) ³	196%	206%	208%	221%

1. In common with other, we present two views of our capital position: an Investor View, which equals the RL Main Fund capital position (i.e. excluding ring-fenced funds), for analysts and investors in our subordinated debt, and a Regulatory View where the closed funds' surplus is excluded as a restriction to Own Funds.
2. The 2024 figures are estimated. The final figures will be presented in the 2024 Single Group SFCR, which will be published on the Group's website by April 2025. This SFCR meets the SII disclosure requirements of the Group and the Company and removes the requirement to produce a separate SFCR for the Company.
3. Figures presented in this table are rounded and the capital cover ratio is calculated based on exact figures.

Notes to the financial statements continued

37. Capital management (continued)

The Financial review provides an explanation of the change in the Group Investor View and Group Regulatory View capital ratios in 2024 (see pages 58 to 64).

(iii) Reconciliation of Group UK GAAP fund for future appropriations to regulatory capital eligible Own Funds

The SII eligible Own Funds are determined by aggregating assets and liabilities recognised and measured on a SII basis. A reconciliation of the UK GAAP fund for future appropriations (FFA) attributable to members on a UK GAAP basis to estimated SII eligible Own Funds is set out in the table below.

	Group		Company	
	2024	2023 ⁸	2024	2023 ⁸
	£m	£m	£m	£m
UK GAAP Fund for future appropriations	4,256	4,106	4,529	4,432
Adjustments to a SII basis:				
Adjustment to the value of technical provisions and reinsurance assets ^{1,8}	216	507	221	507
Goodwill, other intangible assets and deferred acquisition costs ²	(192)	(197)	(165)	(193)
Other valuation differences ^{3,8}	165	165	(146)	(155)
Inclusion of closed funds surplus classified as a UK GAAP liability ^{4,8}	1,919	1,900	1,919	1,900
Excess of assets over liabilities in SII balance sheet	6,364	6,481	6,358	6,491
Subordinated liabilities ⁵	1,245	1,221	1,245	1,221
Deferred tax adjustment ^{6,8}	(7)	(6)	—	—
Ring-fenced fund adjustment ^{7,8}	(1,995)	(2,095)	(1,993)	(2,092)
SII eligible Own Funds (Regulatory View) - estimate	5,607	5,601	5,610	5,620
Remove closed funds restricted Own Funds ⁸	(193)	(271)	(185)	(264)
SII eligible Own Funds (Investor View) – estimate	5,414	5,330	5,425	5,356

- The adjustment to the value of technical provisions and reinsurance assets results from the recalculation of these balances using SII requirements. This includes the removal of the margins of prudence included in the UK GAAP values (so that assumptions are all best estimates), the inclusion of the SII risk margin, the use of the SII yield curve including the volatility adjustment for appropriate lines of business, the adoption of SII contract boundary definitions (mainly affecting unit-linked business), the benefit from the SII transitional provisions and also the removal of a UK GAAP-only liability to offset the surplus arising in the two Liver pension schemes.
- Goodwill, other intangible assets and deferred acquisition costs are recognised in the UK GAAP balance sheet. Under the SII valuation rules, these assets are valued at £nil.
- Other valuation differences relate principally to the value of participations, renewal commission liabilities and subordinated liabilities. In the UK GAAP balance sheet participations are valued at fair value, and for SII the valuation equates to the value of net assets on a SII basis. A renewal commission liability is recognised in the UK GAAP balance sheet but not on a SII basis. Subordinated liabilities are held at amortised cost for UK GAAP and at fair value for SII.
- For UK GAAP any excess of assets over liabilities within the closed funds is included within liabilities, so the FFA includes amounts relating to the Royal London Main Fund only. For SII, the excess within the closed funds is included within total eligible Own Funds, but only up to the value of the solvency capital requirement (SCR) of the closed funds.
- Subordinated liabilities are included within eligible Own Funds on a SII basis.
- The Group and Company have deferred tax assets that can be restricted under SII rules.
- The ring-fenced fund adjustment is where the closed funds' surplus in excess of the SCR is excluded from total eligible Own Funds and treated as a liability.
- The 2024 figures are estimated and unaudited. The final figures will be presented in the 2024 Single Group SFCR, which will be published on the Group's website by April 2025. 2023 numbers have been restated to match the published 2023 Single Group SFCR.

38. Corporate transactions

On 4 April 2023, the Group entered into a Framework Agreement and Transitional Services Agreement with Aegon UK for a portfolio of protection contracts, related reinsurance contracts and net current liabilities via a Scheme of transfer under Part VII of the Financial Services and Markets Act ('Part VII transfer'). During the year, the Group completed the Part VII transfer with an effective date of 1 July 2024.

In the period up to the effective date of the Part VII transfer, Royal London had entered into a Reinsurance Agreement with Aegon UK to 100% reinsure the element of the book not already reinsured with third parties. A charge of £148m was recognised in 2023 within 'Net operating expenses' (see note 7), being the consideration paid and the initial recognition of certain net current liabilities. An offsetting credit of £148m was recognised in 2023 in 'Change in long-term business provision, net of reinsurance'. All amounts received under the reinsurance agreement, up to the effective date of the transfer, have been recognised within 'Gross premiums written' (see note 3(a)) and 'Claims paid' (see note 6(a)), with changes in our reinsurance liabilities recognised in 'Change in long-term business provision, net of reinsurance' accordingly (see note 26(a)).

Following the Part VII transfer effective date, the amounts recorded under the Reinsurance Agreement were derecognised, and replaced by the long-term business provision, gross of reinsurance, for protection contracts now held directly with former Aegon UK customers. At the same time, a balance was also recognised for the relevant reinsurers' share of the long-term business provision in relation to the element of the book reinsured with third parties. Subsequent to the effective date of the transfer, premiums received, claims paid and changes in insurance liabilities relating to the acquired portfolio have been recognised within 'Gross premiums written', 'Claims paid' and 'Change in long-term business provision, net of reinsurance' respectively. There was no gain or loss recognised at the date of the initial transaction in 2023 or at the effective date of the transfer in 2024. The following table summarises the impacts to individual Group balance sheet line items at the date of the Part VII transfer.

	£m
Reinsurers' share of technical provisions	
Long-term business provision	280
Debtors	
Debtors arising out of direct insurance operations	2
Debtors arising out of reinsurance operations	42
Other assets	
Cash at bank and in hand	2
Total assets	326
Technical provisions	
Long-term business provision	280
Claims outstanding	57
Creditors	
Creditors arising out of reinsurance operations	(11)
Total liabilities	326

On 31 January 2024, the Group completed the acquisition of the remaining 60% stake not already owned in Responsible Life Limited and Responsible Lending Limited. The consideration payable for the transaction was an initial £12m, plus up to an additional £11m based on subsequent business performance. The net assets acquired and impact on the statement of comprehensive income of the Group for the year were not material. Goodwill of £18m was recognised as part of the acquisition.

On 29 February 2024, the Group completed the sale to Bspoke Group of the general insurance and healthcare elements of the Police and Forces Mutual businesses (PMGI Limited and PMHC Limited). The sale did not have a material impact on the assets, liabilities or statement of comprehensive income of the Group.

Notes to the financial statements continued

39. Alternative performance measures

The Group assesses its financial performance based on a number of measures, some of which are not defined or specified in accordance with relevant financial reporting frameworks such as UK GAAP or Solvency II. These measures are known as Alternative Performance Measures (APMs).

APMs are disclosed to provide further information on the performance of the Group and should be viewed as complementary to, rather than a substitute for, the measures determined according to UK GAAP and Solvency II requirements. Accordingly, these APMs may not be comparable with similarly titled measures and disclosures by other companies.

Operating profit before tax

Operating profit before tax is an APM that supports decision making and internal performance of the Group's operating segments that incorporates an expected return on investments supporting its long-term business. The Group considers this measure meaningful to stakeholders as it enhances the understanding of the underlying trading performance of the Group over time by separately identifying and excluding non-operating items. Operating profit before tax excludes short-term investment return variances and economic assumption changes (economic movements); (charges)/credits arising from mergers and acquisitions; ProfitShare; ValueShare; tax; and one-off items of an unusual nature that are not related to the underlying trading of the Group. Profits or losses arising within the closed funds are held within the respective closed fund surplus, therefore operating profit before tax represents the result of the Royal London Main Fund and the RLI DAC Open Fund. A reconciliation to the UK GAAP transfer to the fund for future appropriations is included on page 60.

ProfitShare

ProfitShare is an allocation of part of the Group's operating profits by means of a discretionary enhancement to asset shares and unit fund values of eligible policies. Further detail on how the ProfitShare allocation is presented within the UK GAAP results is provided in note 26(c).

Assets under management

The total of assets managed by, or on behalf of, the Group, including funds managed on behalf of third parties. This includes assets where the beneficial ownership interest resides with third parties (and which are therefore not recognised in the UK GAAP balance sheet) but on which the Group earns fee revenue. As the total assets under management includes items which are not part of the Group's statement of financial position, this measure is not directly reconcilable to the financial statements.

Group Solvency II capital cover ratio (Investor View)

The capital cover ratio is a good indicator of our ability to withstand tough economic conditions, with higher numbers indicating more capital over and above our requirements. As explained more fully in note 37, it represents the Group's regulatory capital eligible Own Funds divided by the Group's Solvency Capital Requirement (SCR). Further details of the Group's capital position and its calculation are included in the Financial review on pages 58 to 64. A reconciliation of the Group UK GAAP fund for future appropriations to regulatory capital eligible Own Funds is included in note 37(b)(iii).

New business sales

New business sales are expressed on the present value of new business premiums (PVNBP) basis. PVNBP is calculated as a total of new single premium sales received in the year plus the discounted value, at the point of sale, of the regular premiums we expect to receive over the term of the new contracts sold in the year. The discounted value of regular premiums is calculated using the same methodology as on a Solvency II basis.



Glossary and other information

Other information

2025 financial calendar

Date	Event
27 May 2025	RL Finance Bonds No. 6 plc subordinated debt interest payment date
3 June 2025	Annual General Meeting
8 August 2025	Interim Financial Results for 2025 and conference call
7 October 2025	RL Finance Bonds No. 4 plc subordinated debt interest payment date
13 November 2025	RL Finance Bonds No. 3 plc subordinated debt interest payment date
25 November 2025	RL Finance Bonds No. 6 plc subordinated debt interest payment date

Registered office

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London EC3M 4BY

Registered in England and Wales as a private company limited by guarantee
Registered number: 99064

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Glasgow G2 4QE

London

80 Fenchurch Street
London EC3M 4BY

Dublin, Ireland

47-49 St Stephen's Green
Dublin 2
Ireland

4 Earlsfort Terrace
Saint Kevin's

Dublin 2
Ireland

Royal London Equity Release and Responsible Life

Princess Court
23 Princess Street
Plymouth PL1 2EX

Wealth Wizards

8 Athena Court
Tachbrook Park
Leamington Spa CV34 6RT

Forward-looking statements

Royal London may make verbal or written 'forward-looking statements' within this announcement, with respect to certain plans, its current goals and expectations relating to its future financial condition, performance, results, operating environment, strategy and objectives. Statements that are not historical facts, including statements about Royal London's beliefs and expectations and including, without limitation, statements containing the words 'may', 'will', 'should', 'continue', 'aims', 'estimates', 'projects', 'believes', 'intends', 'expects', 'plans', 'seeks' and 'anticipates', and words of similar meaning, are forward-looking statements. The statements are based on plans, estimates and projections as at the time they are made and involve unknown risks and uncertainties. These forward-looking statements are therefore not guarantees of future performance and undue reliance should not be placed on them.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, some of which will be beyond Royal London's control. Royal London believes factors could cause actual financial condition, performance or other indicated results to differ materially from those indicated in forward-looking statements in the announcement. Potential factors include but are not limited to: geopolitical conditions; UK and Ireland economic and business conditions; future market-related risks such as high interest rates and the performance of financial markets generally; the policies and actions of governmental and regulatory authorities (for example new government initiatives); the impact of competition; the effect on Royal London's business and results from, in particular, mortality and morbidity trends, lapse rates and policy renewal rates; and the timing, impact and other uncertainties of future mergers or combinations within relevant industries. These and other important factors may, for example, result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits.

As a result, Royal London's future financial condition, performance and results may differ materially from the plans, estimates and projections set forth in Royal London's forward-looking statements. Royal London undertakes no obligation to update the forward-looking statements in this announcement or any other forward-looking statements Royal London may make. Forward-looking statements in this announcement are current only at the date on which such statements are made. This announcement has been prepared for the members of Royal London and no one else. None of Royal London, its advisers or its employees accept or assume responsibility to any other person and any such responsibility or liability is expressly disclaimed to the extent not prohibited by law.

Glossary

Acquisition costs

The costs of acquiring and processing new business, including a share of overheads.

Alternative Performance Measure (APM)

A financial measure of performance not defined or specified by accounting standards.

Annual allowance

The maximum amount of pension savings that an individual can contribute to in a tax year without facing a tax charge.

Annual General Meeting (AGM)

Provides an important opportunity for members to receive an overview of Royal London's financial and business performance, and to vote on resolutions proposed by the Board.

Annuity

An insurance policy that provides a regular income in exchange for a lump-sum payment.

Asset Management segment

The Asset Management segment includes Royal London Asset Management Limited (RLAM), which provides investment management services to the Group and to external clients, including pension funds, local authorities, universities, and charities, as well as individuals. It also comprises subsidiary companies owned or operationally managed by RLAM, including the fund management companies RLUM Limited and Royal London Unit Trust Managers Limited.

Asset manager

A financial institution that is responsible for managing financial investments on behalf of asset owners.

Asset owner

An institution (or individual) that owns assets but entrusts day-to-day investment decisions to asset managers, typically supported by detailed mandates and policies.

Asset share

A policy's asset share is calculated by accumulating the premiums paid, deducting all applicable expenses and tax, and adding its share of the investment returns achieved by the With-Profits fund over the policy's lifetime.

Assets under management (AUM)

The total of internal assets managed on behalf of the Royal London Group, plus external assets managed on behalf of third parties.

Association of British Insurers (ABI)

A trade association which represents the collective interests of the UK's insurance industry.

Automatic enrolment

A system that requires employers to enrol their eligible workers into a workplace pension scheme.

Board

The Board of directors of The Royal London Mutual Insurance Society Limited.

Bulk purchase annuity (BPA)

An insurance policy bought by the trustees of a pension scheme to remove some or all of the risks of the scheme. The insurance policy is held as an asset by the scheme and may cover all or a proportion of its liabilities.

Business plan

An internal forecast, which is approved by the Board annually. This sets out Royal London's forecast and targets over a planning horizon.

Business unit

A sub-division of the Group that focuses on a specific product offering, market or function. A business unit may be a statutory entity or part of one or more separate statutory entities.

Capital Cover Ratio

Own Funds divided by Solvency Capital Requirement.

Carbon avoidance credits

One carbon avoidance credit represents the avoided release of one tonne of carbon that would have been emitted without the efforts of the project producing the credit. These are often known as carbon reduction or avoidance credits.

Carbon dioxide equivalent emissions (CO₂e)

The release of Greenhouse Gases (GHGs) into the atmosphere using the universal unit of measurement to indicate the global warming potential (GWP) of each of the seven greenhouse gases, expressed in terms of the GWP of one unit of carbon dioxide

Carbon removal credits

One carbon removal credit represents the removal of one tonne of carbon that has already been emitted into the atmosphere. Carbon removal strategies include reforestation, soil carbon sequestration, and wetland restoration.

CIS

Co-operative Insurance Society Limited which was purchased by the Group on 31 July 2013. On 1 August 2013 it was renamed Royal London (CIS) Limited.

Climate Biennial Exploratory Scenario (CBES)

Climate Biennial Exploratory Scenario (CBES) was originally published by the Bank of England in 2021 to explore the financial risks posed by climate change for the largest banks and insurers operating in the UK.

Climate Transition Plan

A transition plan is integral to an entity's overall strategy, setting out its plan to contribute to and prepare for a rapid global transition towards a low Greenhouse Gas-emissions economy.

Closed funds

Funds that have been closed to new business. Also known as Ring-fenced funds. See Ring-fenced fund (RFF) for further details.

Company

The Royal London Mutual Insurance Society Limited.

Consumer Duty

A duty introduced by the FCA for financial services firms to act in the best interests of consumers and provide them with good outcomes.

Consumer Price Index (CPI)

A measure of changes in the price level of a basket of consumer goods and services purchased by households.

Contract boundary

The point where the insurer can unilaterally terminate the contract, refuse to accept a premium, or amend the benefit or premium without limit.

Critical illness cover

Cover that pays a lump sum if the insured person is diagnosed with a serious illness that meets the cover's definition.

Deferred acquisition costs (DAC)

A method of accounting whereby certain acquisition costs on long-term business are deferred and therefore appear as an asset. This leads to a smoothed recognition of acquisition costs instead of recognising the full amount in the year of acquisition.

Deferred fee income

A method of accounting whereby up-front policy charges are deferred and therefore appear as a liability. This leads to a smoothed recognition of these charges instead of recognising the full amount in the year of acquisition.

Defined benefit scheme

A type of occupational pension scheme where the benefits are based on the employee's salary and service.

Discounting

The process of expressing a future cash transaction in terms of its present value using a discount rate that reflects the time value of money.

Drawdown

With a defined contribution scheme, once a policy holder reaches the age of 55, they can withdraw some or all of their savings at any time as cash lump sums, income or a combination of both.

Economic assumptions

Assumptions of future amounts of various economic parameters, such as interest rates, investment returns, inflation and tax rates. The impact of variances in these assumptions is treated as non-operating profit or loss.

Employee engagement index

A widely used measure of employee satisfaction.

Environmental, social and governance (ESG)

Financially material environmental, social and governance risks and opportunities being embedded into investment and operational decisions.

Equity release

A way of unlocking some of the value of one's home without having to move out, by either taking out a loan secured against the property or selling a share of it to a provider.

Experience variances

The impact of actual mortality, morbidity, persistency and expense experience being different to that expected at the start of the period.

Fair value

The amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's-length transaction.

Fair value through profit or loss (FVTPL)

Where, for assets and liabilities measured at fair value, the movement in that fair value is taken directly to the statement of comprehensive income.

Final salary scheme

A defined benefit pension scheme that provides a pension based on salary at retirement.

Financial Conduct Authority (FCA)

A UK financial services regulator with the primary objectives of protecting the integrity of the UK financial system and promoting effective competition in the interests of consumers.

Financial options and guarantees

For Royal London business, 'financial options' refers principally to guaranteed annuity options. 'Guarantees' refers to With-Profits business where there are guarantees that parts of the benefits will not reduce in value, or are subject to a minimum value.

Financial Reporting Data and Control Framework (FRDCF)

The framework of internal control established by Royal London to ensure that it is able to effectively mitigate the risk of material misstatement in its internal and external financial reporting.

Fund for Future Appropriations (FFA)

The amount of surplus that has not been allocated to policyholders at the balance sheet date.

Greenhouse Gas (GHG) Protocol

Establishes comprehensive global standardised frameworks to measure and manage GHG emissions from private and public sector operations, value chains and mitigation actions. Building on a 20-year partnership between the World Resources Institute and the World Business Council for Sustainable Development, the GHG Protocol works with governments, industry associations, NGOs, businesses and other organisations.

GMAP fund

The Royal London GMAPs or 'Global Multi Asset Portfolios' are RLAM's range of seven actively managed, multi asset funds. The funds cover a broad range of asset types and are designed to offer investors diversified exposure to these in line with their investment objectives and appetite for risk. The funds primarily invest in Royal London Asset Management funds, with exposure to other schemes managed by third parties.

Governed Range

As Royal London's flagship offering, these are ready-made investment options designed to suit customer needs, in which investments are automatically balanced dependent on the customer's risk appetite and length of time to retirement.

Greenhouse gases (GHG)

The seven gases included in the United Nations Framework Convention on Climate Change as drivers of climate change: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃).

Gross inflows

Flows into RLAM from external clients (external flows) and those generated from RLMIS (internal flows). External client gross inflows include cash mandates. Internal gross inflows from RLMIS represent the combined premiums and deposits received (net of reinsurance). Given its nature, non-linked protection business is not included.

Group

The Royal London Mutual Insurance Society Limited and its subsidiaries.

Group Executive Committee (GEC)

A committee that supports the Group Chief Executive Officer in the day-to-day management of the Group's business and affairs.

Group Internal Audit (GIA)

The internal audit function of the Royal London Group.

Guaranteed Annuity Option (GAO) or Guaranteed Annuity Rate (GAR)

These primarily arise in connection with pension business as either a guaranteed income rate specified in the policy, or guaranteed terms (option) for converting the pension fund of a policy into an income for life at the policy's pension date.

Income protection

A type of insurance that pays a regular income if a policy holder is unable to work due to illness or injury.

Independent financial adviser (IFA)

An individual authorised by the FCA, qualified by experience and examination to provide financial advice, who is not working for any single product provider company.

Individual pension

A pension plan for an individual policyholder.

International Financial Reporting Standards (IFRS)

Financial reporting standards issued by the International Accounting Standards Board (IASB).

Investor View

In common with the rest of the industry, Royal London presents two views of our Solvency II capital position: an Investor View for analysts and investors in our subordinated debt (which equals the RL Main Fund and excludes the capital position of the ring-fenced closed funds), and a Regulatory View where the closed funds' surplus is excluded as a restriction to Own Funds.

Ireland segment

The Ireland business comprises the Group's Irish subsidiary, Royal London Insurance Designated Authority Company (RLI DAC). The Ireland business provides propositions to customers in the Republic of Ireland through brokers. Products offered include individual pensions and protection products.

Just transition

An inclusive approach which helps avoid exacerbating existing injustices or creating new ones, considering the social implications of moving fairly to a low-carbon economy.

Key performance indicator (KPI)

An indicator used by a business to measure its development, performance or position.

Life and pensions new business sales

The present value of new business premiums (PVNBP), for life and pensions business only. It excludes RLAM, other lines of business and bulk annuity buy-ins transacted with the Group's defined benefit pension schemes.

Life insurance

A type of insurance that pays out a lump sum or a regular income to beneficiaries if a policy holder dies during the term of the policy.

Longstanding customers

Customers from Royal London's legacy businesses, including those who have longstanding protection, life and pension policies, along with annuities and tax-efficient savings plans including ISAs.

Maintenance expenses

Expenses related to the servicing of the in-force book of business, including investment and termination expenses and a share of overheads.

Market-consistent basis

A basis of valuation in which assets and liabilities are valued in line with market prices and consistently with each other. In principle, each cash flow is valued using a discount rate consistent with that applied to such a cash flow in the capital markets.

Matching Adjustment

An adjustment made to the risk-free interest rate for Solvency II purposes when the insurer sets aside a portfolio of assets to back a predictable portion of their liabilities.

Matrix fund asset managers

Matrix funds are a range of equity funds that RLMIS select and make available for customers who wish to invest in funds beyond those directly managed by RLAM. The Matrix fund asset managers are those working on RLMIS's behalf to manage the Matrix funds.

Mutual

A company owned by its members rather than shareholders.

Net asset value (NAV)

A company's total assets less its total liabilities.

Net inflows

The net position of gross inflows and outflows in the period. This comprises net flows from external clients into RLAM (external net flows) and those generated from RLMIS (internal net flows). Internal outflows include claims and redemptions paid (net of reinsurance). Given its nature, non-linked Protection business is not included.

Net zero

The term net zero means achieving a balance between the amount of greenhouse gases emitted into the atmosphere and the amount removed from it.

New business contribution

The expected present value on the UK GAAP basis of reporting of all cash flows arising from new business.

New business margin

The new business contribution as a percentage of the present value of new business premiums.

Non-profit policy

Long-term savings and insurance products other than With-Profits policies.

Open-ended investment company (OEIC)

An investment fund that pools together investors' money and invests this in a broad range of shares and other assets. They are similar to unit trusts.

Operating profit

The profit, on a UK GAAP basis, resulting from primary business operations, defined as the transfer to the Fund for Future Appropriations before other comprehensive income, excluding the following: short-term investment return variances and economic assumption changes; (charges)/credits arising from mergers and acquisitions; ProfitShare; ValueShare; tax; and one-off items of an unusual nature that are not related to the underlying trading of the Group.

Operational emissions

Direct Scope 1 and indirect Scope 2 operational greenhouse gas (GHG) emissions.

Own Funds

Regulatory capital under Solvency II. Broadly it is the excess of assets over liabilities (plus subordinated debt and less the ring-fenced fund restriction), as measured by the PRA's regulatory reporting requirements under Solvency II.

Own Risk and Solvency Assessment (ORSA)

The processes and procedures employed to identify, assess, monitor, manage and report the risks the Group faces or may face over the business planning period, and to determine the Own Funds necessary to ensure that its overall solvency needs are met at all times over that period.

Paris Agreement

A legally binding international treaty on climate change adopted by 196 parties at the UN Climate Change Conference (COP21) in December 2015. Its central aim is to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C.

Part VII transfer

A court-sanctioned legal transfer of some or all of the insurance policies of one company to another governed by Part VII of the Financial Services and Markets Act 2000.

Partial Internal Model

The processes, systems and calculations that together allow the Group to control the risks that it faces and quantify the capital needed to support those risks under the Solvency II regime. It includes a calculation engine to quantify capital requirements, the Group's risk management framework and its system of governance. Royal London's Partial Internal Model, approved by the PRA, is also used for internal capital management purposes. Also referred to in this document as the Internal Model.

Participating contracts

Contracts that are With-Profits in type.

Pension

A means of providing income in retirement for an individual and possibly their dependants. Royal London's pension products include Individual and Workplace Pensions, Stakeholder Pensions and Income Drawdown.

Pension date

The date at which income can be taken from a pension either through a cash lump sum or investment in an annuity.

Personal pension

A pension plan for an individual policyholder.

Physical risks

Risks directly or indirectly related to the physical impacts of climate change.

Police Mutual

The Police Mutual Assurance Society Limited (PMAS) and its subsidiaries, which includes Police Mutual and Forces Mutual. The business was transferred into Royal London on 1 October 2020, with the sale of the general insurance and discretionary healthcare scheme subsidiaries completed on 29 February 2024.

Portfolio emissions

The emissions of investees represented within our asset portfolio. We share ownership and/or influence over investees through our investments (for example, equity and corporate debt instruments) and are therefore accountable for a portion of their total emissions.

Present value of new business premiums (PVNBP)

The total of new single premium sales received in the year plus the discounted value, at the point of sale, of the regular premiums expected to be received over the term of the new contracts sold in the year.

Principles and Practices of Financial Management (PPFM)

A document detailing how With-Profits funds are managed. Royal London has a separate PPFM for each With-Profits fund.

ProfitShare

An allocation of part of the Group's operating profits by means of a discretionary enhancement to asset shares and unit fund values of eligible policies.

Protection policy

A policy providing a cash sum or income on the death or critical illness of the life assured.

Prudential Regulation Authority (PRA)

A UK financial services regulator responsible for the authorisation, regulation and day-to-day supervision of all insurance firms that are subject to prudential regulation.

Rating agencies

Companies that assign credit ratings to a debtor's ability to pay back debt by making timely interest payments, and indicate the likelihood of default.

Regular premiums

A series of payments for an insurance contract, typically monthly or annually.

Regulatory View

In common with the rest of the industry, Royal London presents two views of its capital position: an Investor View for analysts and investors in Royal London's subordinated debt (which equals the RL Main Fund and excludes the capital position of the ring-fenced closed funds), and a Regulatory View where the closed funds' surplus is excluded as a restriction to Own Funds.

Representative Concentration Pathways (RCP)

Scenarios that include time series of emissions and concentrations of the full suite of greenhouse gases (GHGs) and aerosols and chemically active gases, as well as land use/land cover. The word representative signifies that each RCP provides only one of many possible scenarios that would lead to the specific radiative forcing characteristics.

Responsible investment

An approach that aims to deliver long-term investment returns consistent with the investment needs of our clients and customers and does so in a way that reflects the responsibility we have, as stewards of the investments Royal London holds for the benefit of our members, customers and clients, and to wider society.

Restricted Tier 1 (capital)

High-quality capital items that form part of total Tier 1 Own Funds. A Restricted Tier 1 (RT1) instrument must meet additional eligibility requirements in relation to its ability to absorb losses and any potential redemption date.

Retail Price Index (RPI)

A measure of inflation published monthly by the Office for National Statistics. It measures the change in the cost of a representative sample of retail goods and services.

Reverse stress test

Valuation simulations carried out to assess the impact of a range of scenarios that start with a business failure outcome, in order to identify potential business vulnerabilities.

Ring-fenced fund (RFF)

RLMIS contains one ring-fenced fund (RL (CIS)). RLI DAC contains two ring-fenced funds (Liver Ireland Fund and German Bond Fund). The ring-fenced funds are closed to new business and were established when business from various acquisitions was transferred to Royal London. They are in run-off, with surpluses to be distributed to policyholders in line with the PPFM for each fund.

Risk-free rate

The theoretical rate of return of an investment with no risk of financial loss.

Risk management system

Provides assurance that the risks to which the Group may be exposed are being appropriately identified and managed within risk appetite, and that risks that may result in significant financial loss or reputational damage are being minimised.

Risk margin

Forms part of the calculation of technical provisions under Solvency II requirements and represents the amount of money needed, should all surplus and capital be used up, to transfer all obligations to another insurer. The risk margin is sensitive to interest rate changes.

Royal London

The Royal London Mutual Insurance Society Limited and its subsidiaries.

Royal London Asset Management (RLAM)

Our Asset Management business, responsible for managing Royal London's financial assets as well as funds for external clients, including multi-managers, pension funds, local authorities, universities, charities and individuals. In this report, 'RLAM' or 'our Asset Management business' encompasses one or more of the Group's subsidiaries that operate within our Asset Management business.

Royal London Asset Management Limited (RLAM Limited)

A regulated subsidiary within the Group's Asset Management business, Royal London Asset Management (RLAM).

Royal London Group

The Royal London Mutual Insurance Society Limited and its subsidiaries.

Royal London Insurance Designated Activity Company (RLI DAC)

Royal London's regulated Irish insurance subsidiary.

Royal London Long-Term Fund

The long-term business fund of Royal London, comprising the Royal London Main Fund and a number of closed sub-funds from businesses acquired in the past.

Royal London Main Fund

The part of the Royal London Long-Term Fund into which all of the Group's new pensions and insurance business is written. Also referred to in this document as the RL Main Fund or the Main Fund.

Scope 1 emissions

Greenhouse gas emissions directly resulting from business activities, for example, from company cars and direct emissions from air conditioning units.

Scope 2 emissions

Indirect greenhouse gas emissions through energy consumption, for example, resulting from fossil fuels burned to produce the electricity used to provide heat, light and power technology within Royal London's offices.

Scope 3 emissions

All other greenhouse gas emissions indirectly produced as a result of business activities. This category includes emissions from value chain and the entirety of portfolio emissions.

Section 172

Section 172 of the Companies Act 2006. This sets out the matters that a director of a company must consider when fulfilling their duty to promote the success of the company for the benefit of its members.

Senior Managers and Certification Regime (SMCR)

A regime introduced by the FCA and PRA which is designed to make individuals at financial firms more accountable.

Single premium

A single payment for an insurance contract.

Solvency II (SII)

A European Union directive applicable to European insurers and reinsurers. It covers three main areas: capital requirements, risk management and supervisory rules.

In November 2024, the Prudential Regulation Authority (PRA) announced the final policy statement to implement reforms to the Solvency II framework previously applicable in the UK. The resultant new prudential regime for UK insurers became effective on 31 December 2024 and will eventually be known as 'Solvency UK'. However, in line with the approach outlined in the PRA's policy statement, the UK regime will continue to be referred to as Solvency II until such time as the PRA has changed all references from Solvency II to Solvency UK across all their relevant materials.

Solvency II leverage ratio

Solvency II leverage ratio is the Solvency II value of the Group's outstanding debt (which is entirely subordinated liabilities) divided by the Group's Solvency II own funds.

Solvency and Financial Condition Report (SFCR)

Life insurers in the UK are required to disclose this report publicly and to report it to the PRA on an annual basis. The SFCR includes both qualitative and quantitative information, particularly in relation to the Company's and Group's capital position.

Solvency Capital Requirement (SCR)

The amount of capital that the PRA requires a UK life insurer to hold. It is calculated using Solvency II requirements. It can be calculated using either the Standard Formula or Internal Model methods.

Solvency surplus

The excess of Own Funds over the Solvency Capital Requirement.

Solvency UK

The reformed Solvency II regime for UK insurance companies in the process of being implemented. See Solvency II for further details.

Standard Formula

A prescribed method for calculating the Solvency Capital Requirement that aims under Solvency II to capture the material quantifiable risks that a life insurer is exposed to. If the Standard Formula is not appropriate for the risk profile of the business, a capital add-on may also be applied after agreement with the PRA.

Stewardship

Stewardship is the responsible allocation, management, and oversight of customers', members' and clients' money to create long-term value, supporting more sustainable benefits for the economy, the environment and society. 'Steward' shall be interpreted accordingly.

Subordinated debt

In the event of bankruptcy, dissolution or winding-up, the payments arising from this debt rank after the claims of other creditors.

Sustainability and Stewardship Delivery Group

A Royal London forum with the primary purpose of reviewing progress and ensuring delivery of the product, investment, communication and operational elements of the sustainability and stewardship strategy for the Royal London Mutual Insurance Society Limited.

Task Force on Climate-related Financial Disclosures (TCFD)

The Financial Stability Board created the TCFD to improve and increase reporting of climate-related financial information to investors, lenders, insurers and other stakeholders. It is a framework to report on climate-related risks and opportunities. As of 2023, the TCFD has fulfilled its remit and disbanded.

Technical provisions

The amount the Group requires to fulfil its insurance obligations and settle all expected commitments to policyholders and other beneficiaries arising over the lifetime of the portfolio of insurance contracts.

The Royal London Mutual Insurance Society Limited (RLMIS)

The Royal London Mutual Insurance Society Limited is authorised by the Prudential Regulation Authority and regulated by the FCA and the PRA. The firm is on the Financial Services Register, registration number 117672. The company is registered in England and Wales, company number 99064.

Three lines of defence model

A model that can be used as the primary means to demonstrate and structure roles, responsibilities and accountability for decision making, risk and control to achieve effective governance, risk management and assurance.

Tier (of capital)

There are three tiers of capital defined by Solvency II. The higher the quality, the more likely it will be available in the event that it is needed, for example to be able to pay out claims. Tier 1 capital primarily represents high-quality capital which is generally more secure and capable of absorbing losses; Tier 2 capital is of a lower quality; and Tier 3 capital is the lowest quality of capital.

Tilt strategy

An investment strategy that allows fund managers to deviate from an underlying index, by giving greater weight to securities according to a chosen measure (for example, ESG and climate practices).

Transfer to/(from) the fund for future appropriations

The statutory UK GAAP measure 'transfer to/(deduction from) the fund for future appropriations' in the technical account within the Consolidated statement of comprehensive income.

Transition risks

Risks related to market adjustments resulting from the transition to a low-carbon economy.

Transitional Measure on Technical Provisions (TMTP)

A measure that smooths the transition from the previous Solvency I regime to the Solvency II regime, and spreads the capital impact over 16 years. Once approved by the PRA, this is included within the valuation of technical provisions.

UK Corporate Governance Code (the Code)

The FRC's guidance in the form of principles and provisions on how companies should be directed and controlled to follow good governance practice.

UK Generally Accepted Accounting Practice (UK GAAP)

The body of accounting standards published by the FRC. Royal London's financial statements are prepared in accordance with these standards.

UK segment

The UK business provides propositions to customers, employers and pension scheme trustees, primarily through intermediaries. Products offered include workplace and individual pensions, as well as protection products and later life offerings. From 2024, the UK business also provides a bulk purchase annuity product to pension schemes via the scheme trustees.

UK Stewardship Code 2020

The FRC's guidance which focuses on sustainable and responsible investment and stewardship, and sets standards for asset owners and asset managers.

Unit-linked policy

A policy for which the premiums buy units in a chosen investment fund.

Unit trust

A collective investment which invests in a range of assets such as equities, fixed interest investments and cash. A unit trust might be a general fund or specialise in a particular type of asset or in a particular geographical area.

Unitised With-Profits policy

A policy for which the premiums buy units in a With-Profits fund.

Value chain

The series of stages involved in producing a product or service that is sold to consumers, with each stage adding to the value of the product or service.

Value chain emissions

Royal London's non-investment-related Scope 3 value chain greenhouse gas (GHG) emissions.

Value of in-force business (VIF)

The present value of the projected future profits after tax arising from the business in-force at the valuation date.

ValueShare

A discretionary enhancement applied to unit fund values of eligible RLI DAC policies, by means of an allocation of part of RLI DAC's operating profits.

Volatility Adjustment (VA)

An adjustment made to the risk-free interest rate for Solvency II purposes. It is designed to protect insurers with long-term liabilities from the impact of volatility on the insurers' solvency position.

With-Profits fund

A fund that may invest in companies, both in the UK and overseas, government stocks, property, and other types of assets. Instead of receiving direct investment returns, for example dividends, rents, interest and capital appreciation, policyholders of the fund receive bonuses.

With-Profits policy

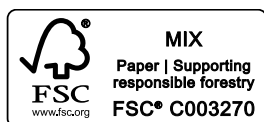
A policy that participates in the profits of a With-Profits fund. This participation may be in the form of one or more of a cash bonus, an annual bonus or a bonus paid on the exit of the policy.

Women in Finance Charter

This is a pledge for gender balance across financial services. This is a commitment by HM Treasury and signatory firms to work together to build a more balanced and fair industry. The Charter reflects the government's aspiration to see gender balance at all levels across financial services firms.

Workplace pension

A pension plan that is arranged by an individual's employer.



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