

Chair's statement

Mutual strength for a changing world



2025 was another year marked by significant uncertainty across the world, with geopolitical shifts affecting the global economy and continuing into 2026.

Trade measures announced by the US administration, alongside persistent geopolitical tensions worldwide, including wars and conflicts in the Middle East and Europe, are maintaining apprehension about the long-term economic impact.

In the UK, after more than three years of rising costs and higher bills, we continue to see effects on people's long-term finances and daily spending. Our 2025 Financial Resilience Report highlighted how the income squeeze has impacted savings and retirement planning, with many saying that their retirement plans have been affected by the cost of living.



Scan to read our 2025
Financial Resilience Report
at www.royallondon.com

In July, the government announced the second phase of its pensions review, which includes forming a Pensions Commission to address the issue of insufficient savings. This was followed by November's Budget announcement of restrictions on salary sacrifice pension contributions from 2029. We will work with the Commission to advocate for a long-term plan to raise contributions and support greater certainty and stability for savers, employers and the pensions industry.

As a major workplace pensions provider, we are pleased to be a signatory to the Mansion House Accord. This is a voluntary initiative that encourages workplace pensions providers to increase investment in UK private assets, and we will do so where it is in our customers' best interests. We have also announced our backing for the Sterling 20 initiative, a UK-wide plan to drive regional growth and investment in infrastructure.

Within our portfolios, we already allocate substantial investments to UK real estate and expect to increase our allocation to other private asset classes over time. Our acquisition of infrastructure asset manager Dalmore Capital, which we completed in November, supports this strategy. Dalmore Capital specialises in infrastructure investments, primarily within the UK – including utilities, transport and energy networks – and has strong environmental and socially positive credentials across its portfolio.

The strength of mutuality

Being customer-owned means that we do not have the short-term pressures of delivering shareholder returns, so we can focus on the long-term interests of our customers. For many in the UK, the concept of mutuality is not always well understood. However, customers want to be able to trust their pension provider – and our research indicates that when customers know their provider is customer-owned, they see this as a feature that enhances trust and reassurance.

We are proud that eligible customers are able to share in the profits we make. The continued strength of our business in 2025 means that, in 2026, we will share £199m (2024: £181m) in ProfitShare with eligible customers. Receiving ProfitShare over the lifetime of a product, combined with growth from investing, can make a tangible difference to the value of our customers' savings. Each year since 2020 we have maintained our ProfitShare allocation rate from the previous year and, once this year's ProfitShare is allocated, we will have shared over £2bn of our profits with eligible customers since we began doing so in 2007.

Our long-term focus positions us to deliver meaningful support for customers as they prepare for and enter retirement. While the vast majority of people do not engage the personalised support of a financial adviser, they still require affordable guidance to give them the confidence to make informed financial decisions. We therefore welcome the outcomes of the FCA consultation on 'Targeted Support', which is being introduced in 2026, as an option for those consumers to receive the assistance they need. Having been at the forefront of helping to test and refine the FCA's proposals, we are passionate about building solutions that will offer value to customers, aligned with the incoming regulatory framework.

Being a responsible business

Geopolitical shifts in recent times – including growing scepticism among some politicians about the urgency of climate action – have led some global companies to signal a dilution of their commitments over the past year. As stewards of our customers' and clients' investments, we have a responsibility to manage the climate and other sustainability-related risks and opportunities that those investments present. Their standard of living in retirement will be influenced by progress made in tackling climate change, and we will play our part in this global effort.

The importance we place on environmental, social and governance (ESG) principles is evident in our climate commitments, and in our approach to responsible investment and stewardship. We remain committed to reducing emissions from our investment portfolio and operations, and our Climate Transition Plan, published in June, outlines how we will do this. In partnership with Business in the Community, we launched a report exploring how the UK can ensure a fair and inclusive transition, which includes recommendations for the government to encourage this.



[Scan to read the 'Creating a Future Ready Economy' report](#)

Engagement remains one of the most effective tools we have for driving the transition. In 2025, our Asset Management business engaged with 65 companies representing 52% of its financed emissions, and we will continue to use our voice to encourage positive change among investee companies. To achieve our climate commitments, we also rely on policymakers and regulators to deliver on the commitments that they have made. We will continue to encourage them to establish rules that enable progress towards global climate ambitions.

Each of our colleagues can help us play our part in moving fairly to a sustainable world. The launch in 2025 of business-wide sustainability training, along with a tailored Board learning programme, underlined the importance of this. We also deliver meaningful social impact through volunteering activity and charitable giving. Through our existing partnership with Turn2us, which we extended by pledging a further £2m over three years from 2025, we will continue to support those facing income shocks and financial insecurity. Meanwhile, in February of this year, we announced a new partnership with Groundwork – a federation of charities working to build a fairer, greener future for people, communities and nature.

Corporate governance and Board engagement

I was delighted to engage with members at my first Annual General Meeting (AGM) with Royal London in June. This is a key event for the Board to hear the views of our members, and we are pleased that, by hosting them both online and in person, they have greater opportunity to take part.

I was also pleased to meet with many of our colleagues over the year. During the Board's visit to our Alderley Park office in September, I hosted a 'town hall' session attended by around 1,500 colleagues online and in person, which gave them the opportunity to put their questions to the directors. It was inspiring to spend time with colleagues from our inclusion networks, to share perspectives on career development, and to speak with teams about the work they are doing to improve the services we offer to customers – particularly those faced with the most challenging of circumstances, such as bereavement.

The Board dedicates time throughout the year to reviewing our strategy, and in October we held our annual meeting to discuss how we can maximise the opportunities ahead. We expect much of our future customer growth to come from Workplace Pensions, such is the scale of this market. At the same time, Individual Pensions will continue to play an important role, as will our commitment to diversifying our Asset Management capabilities. With artificial intelligence (AI) set to revolutionise many industries, including our own, it is also clear that keeping pace with its advancements will be key – and, used responsibly, it will be capable of both improving the customer experience and offering us compelling competitive advantages.

In June, we were pleased to welcome Gregor Stewart to the Board. Gregor brings a wealth of experience from across the insurance and asset management industries. Gregor also became Chair of the Audit Committee, succeeding Tim Tookey, who retired from the Board with our best wishes following last year's AGM. In January of this year we said farewell to Kal Atwal, who retired from the Board on completion of her six years' tenure. On behalf of the Board, I would like to extend my thanks to Kal for her service.

Outlook

We remain dedicated to helping our customers build their financial resilience and navigate the challenges of a changing and uncertain economic environment. Our mutual status and strategy position us to respond to these challenges and to play our part in moving fairly to a sustainable world.

We place great emphasis on understanding our customers' diverse needs, meeting the expectations of wider society on our business and industry, and ensuring that we are representative of the communities we serve. Leaders across our business continue to champion action plans supporting diversity and inclusion, using diversity data shared voluntarily by colleagues to guide our progress.

Our colleague engagement survey in 2025 reflected a continuing belief and pride in our Purpose. I would like to thank our colleagues for their hard work and commitment throughout 2025, as we continue to drive positive change and deliver value for our members and customers. I would also like to express my thanks to our Board members, for their ongoing contribution to the strategic discussions that support our long-term success.

Isabel Hudson

Chair