INDEPENDENT GOVERNANCE COMMITTEE

Annual Report 2025

Royal London
INDEPENDENT
GOVERNANCE COMMITTEE

Contents

3 At a glance
10 About this report
11 Costs and charges
18 Investment, including responsible investment and stewardship
32 Service
45 Appendices
63 Glossary

Navigation

You can navigate the document using the buttons in the navigation bar:

Progress to the next page or return to the previous

Return to the Contents page

Royal London
INDEPENDENT GOVERNANCE COMMITTEE

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

An introduction from the Chair

Colin Stewart
Chair of the Royal London Independent Governance Committee

Welcome to the 2025 Royal London Independent Governance Committee (IGC) Annual Report.

In this report, the IGC explains how we have acted in your interests, as a Royal London Workplace Pension or Investment Pathways customer, to assess the value for money you have received during 2025.

> Your IGC believes Royal London provided value for money to its Workplace Pension and Investment Pathways customers in 2025.

This is my first Annual Report as Chair of the IGC, following my appointment on 1 October 2025, when I took over from Peter Dorward. Peter served the Committee for 10 years and I would like to thank him for his leadership and valued contribution.

I joined the IGC as an Independent Member on 1 January 2025 and worked closely with Peter during a full handover. This means I have served throughout the period covered by this report, helping to oversee the matters described that affect you and your pension.

Value for money

In this report, we provide our assessment of the value for money you received during 2025. We also review Royal London's approach to responsible investment and stewardship.

This section provides a short summary of our key findings. You can find our value for money principles in → Appendix 1 of the report.

The IGC assesses whether Royal London is providing you with value for money. It does this by reviewing information provided by Royal London, comparing its performance with other providers and discussing key topics with Royal London's leadership.

Our value for money assessment focuses on three areas:

Costs and charges	→ See page 11
Investment	→ See page 18
Service	→ See page 32

We also assess Royal London's policies on responsible investment and stewardship.

Taking all of this into account, I am pleased to report the IGC has concluded that Royal London is providing value for money to its Workplace Pension customers invested in Retirement Solutions, its modern pension product.

Retirement Solutions holds over 98% (circa 2 million) of Royal London's Workplace Pension customers. The remaining Workplace Pension customers, who are invested in other Royal London products, account for only 1.4% of the total Workplace Pension customer base, down from 2% in 2024. This group is known as Royal London's longstanding customers.

As confirmed in our 2024 report, Royal London upgraded longstanding customers' pensions to its Retirement Solutions product where appropriate. Royal London completed the planned upgrade project in 2025, with a small number of longstanding customers remaining. More information on this can be found on page 15 of the report.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

An introduction from the Chair

In our 2024 report, we also explained that there are two groups of longstanding customers that Royal London concluded were not appropriate for transfer to Retirement Solutions. We committed to undertaking more work to determine whether the value for money provided to these customers could be improved. Further information on this can be found on page 15 of the report.

In last year's report, we stated that Royal London had committed to reducing charges for some Investment Pathways customers with smaller pots. I am pleased to confirm that the maximum charge for new Investment Pathways customers with smaller pots was reduced in April 2025, from 0.90% to 0.75%. I can also report that a review is underway to consider the appropriateness of charges for smaller pots where plans had started before April 2025. We expect the outcome of this in 2026 and will provide you with an update in our next report. You can find more information on Investment Pathways charges on page 15.

During 2025, responsible investment continued to evolve against a changing political and regulatory backdrop, with a small number of global firms diluting their climate commitments. Despite this, it is clear from the regular updates we receive from Royal London that it has remained committed to developing its responsible investment and stewardship policies and continues to place importance on them. You can read more information about this in the report.

INTRODUCTION
AT A GLANCE
Costs and charges
Investment
Responsible investment and stewardship
Service
Overall assessment
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

AT A GLANCE

INTRODUCTION
AT A GLANCE
Costs and charges
Investment
Responsible investment and stewardship
Service
Overall assessment
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

Costs and charges

Workplace Pensions	2024	2025
Value for money principle		
Appropriate ongoing charges	Green	Green
Balanced charging	Green	Green

Investment Pathways	2024	2025
Value for money principle		
Appropriate ongoing charges	Amber	Amber
Balanced charging	Green	Green

Full details

Full details of our assessment of costs and charges are available on → page 11.

When we assess value for money, we consider the charges Royal London applies and the benefits, service and investment options you receive in return. We also take ProfitShare into account where customers are eligible, as it effectively reduces the impact of charges.

- For Workplace Pension customers, average charges continued to reduce in 2025. The average charge across Workplace Pension plans fell to 0.58%, with new customers paying an average of 0.51%. Almost all Workplace Pension plans have charges of 1% p.a. or lower, and we do not consider any Workplace Pension charges to be excessive.
- Most Workplace Pension customers are now in Royal London's Retirement Solutions products. Charges for these products remain broadly in line with comparable schemes in the market, especially schemes of a similar size. Many Retirement Solutions customers also benefit from ProfitShare, which has increased eligible unit-linked pension pots by 0.15% in each of the past seven years.
- In 2025, Royal London completed its planned upgrade programme for certain longstanding customers. The project moved five products, 14,700 plans and £134m of funds under management to Retirement Solutions or equivalent arrangements. This has given many customers access to broader investment choices, enhanced governance, modern digital features and, in some cases, lower charges. A small group of longstanding customers remains outside Retirement Solutions. We will continue to assess the value for money these customers receive and challenge Royal London to improve value where appropriate.
- From April 2025, Royal London reduced the maximum charge for new Investment Pathways customers with smaller pots from 0.90% to 0.75%. This is a positive change, meaning new customers with smaller pension pots are less reliant on ProfitShare to receive value for money, even if their pot value places them in the highest charging tier. For policies established before April 2025, charges on smaller pots remain slightly above market levels so we have assigned an amber rating for 2025. We will keep the position under review and monitor the number of customers falling over the 0.75% charge band as part of our ongoing value for money assessment.
- Royal London no longer applies exit charges to any pension products within the scope of the IGC's work. This is positive as it keeps the charging structure simple and easier to explain. We also remain satisfied that charges are disclosed clearly through annual statements, online services, the mobile app where available, and the published costs and charges information on Royal London's website.

The IGC rates Royal London against our value for money principles using the following criteria:

- Green: Measures that have been delivered within an agreed range, where our expectations in terms of quality and delivery have been met in key areas.
- Amber: Delivery against our agreed measures is not as anticipated, or the expected quality has not been achieved in some key areas. We have agreed with Royal London on the actions and timelines to achieve a green rating (or that future performance is expected to achieve a green rating).
- Red: Areas in which we have provided a material challenge to Royal London (via its Board) and have been unable to agree a way forward.

INTRODUCTION
AT A GLANCE
Costs and charges
Investment
Responsible investment and stewardship
Service
Overall assessment
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

Investment

Workplace Pensions	2024	2025
Value for money principle		
Investment strategy	Green	Green
Appropriate investment returns	Green	Green

Investment Pathways	2024	2025
Value for money principle		
Investment strategy	Green	Green
Appropriate investment returns	Green	Green

Full details

Full details of our assessment of investment performance are available on → page 18.

Investment performance is a key part of the value you receive from your pension. We therefore assess how Royal London invests your money and whether the investment returns achieved are appropriate for the level of risk taken.

- For Workplace Pension customers, we focus mainly on default investment strategies. In 2025, approximately 93% of Retirement Solutions Workplace Pension customers were invested in default investment strategies. We are satisfied that Royal London's default investment strategies continue to be designed and managed with customers' interests in mind, with clear objectives and ongoing oversight.
- In 2025, Royal London made some changes to how customers' pensions are invested. The portfolio used in the growth stage of the default changed so that customers with more than 10 years to retirement now have a greater share of their pension invested in assets with higher expected long-term growth. These investments may be more volatile in the short term, but customers at this stage generally have more time to ride out market movements. As customers move closer to retirement, Royal London gradually reduces investment risk. This helps protect customers' pension savings as they get nearer to accessing them. Having reviewed Royal London's reasons for making the change, we agree it is appropriate.
- The planned upgrade programme for certain longstanding customers was completed in 2025, giving more customers access to modern, diversified investment options and stronger governance. We continue to monitor the CIS Group Stakeholder default investment, where outcomes have remained broadly in line with Royal London's medium-growth default strategy over relevant periods, despite a different investment design.
- For Investment Pathways, Royal London reviewed each pathway to confirm it remained suitable for customers' intended retirement choices. It identified that Investment Pathway 2 should move to a long corporate bond fund to better support customers who plan to buy a guaranteed income, such as an annuity. We agreed with the rationale and will monitor the change and its impact on customers once introduced.
- Royal London also reviewed the investment mix across its Governed Range, adding new investment types and checking the balance between growth assets and lower-risk options. This is intended to keep customers' pensions diversified across different types of investments and markets. Royal London also signed the Mansion House Accord, supporting the industry's aim of investing more pension savings in productive assets such as real assets, infrastructure, private equity and private credit, where this could improve long-term customer outcomes.
- Overall, investment performance in 2025 was satisfactory for the level of risk taken. Returns were positive across all portfolios and reflected the benefits of Royal London's diversified investment approach. While performance relative to benchmark was mixed across the range during the year, longer-term performance remained broadly in line with, or ahead of, benchmark and aligned with the objectives of the strategies. Transaction costs were lower than in 2024 and we are satisfied that they were managed appropriately.

The IGC rates Royal London against our value for money principles using the following criteria:

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INTRODUCTION
AT A GLANCE
Costs and charges
Investment
Responsible investment and stewardship
Service
Overall assessment
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

Responsible investment and stewardship

Environmental, social and governance (ESG)	2024	2025
Principle		
Internal policy	🟢	🟢
Investment strategy	🟢	🟢
Investment solutions	🟠	🟢
Value for money	🟢	🟢
Communication and reporting	🟢	🟢

Full details

Full details of our assessment of responsible investment and stewardship are available on → page 23.

Royal London's approach to responsible investment, including stewardship, is central to our value for money framework. This includes an assessment of how Royal London approaches environmental, social and governance issues when it designs investments, manages policies and communicates with customers.

- During 2025, Royal London strengthened its responsible investment approach. It updated its policy framework, introduced an Exclusions Policy to be applied consistently across Royal London and added a new exclusion to investing in companies heavily involved in thermal coal. Royal London also reported a 32% reduction in the carbon footprint of its corporate bond and listed equity portfolios compared with 2020.
- Customers also gained access to a wider range of investment options during the year. Royal London broadened its Sustainable Fund Range to nine funds, including options available to Workplace Pension and Investment Pathways customers. It also completed the acquisition of Dalmore Capital, supporting its aim to give customers access to a broader range of investments, including infrastructure and private assets.
- Royal London published its first Climate Transition Plan, its annual Climate Report and fund-level climate information. The Royal London Mutual Insurance Society Limited (RLMIS) and Royal London Asset Management (RLAM) both remained signatories to the UK Stewardship Code.
- Overall, we believe Royal London made good progress in 2025. Responsible investment is increasingly embedded in how it designs and manages investments for customers. Nevertheless, this is a dynamic area and we will continue to monitor further work planned for 2026 to ensure progress matches Royal London's stated ambitions.

The IGC rates Royal London against our value for money principles using the following criteria:

🟢 Expectations met across key areas and best practice being implemented.

🟠 Expectations met and best practice being implemented across many aspects but further work is required in some key areas.

🔴 Material action required to meet expectations and for best practice to be implemented.

INTRODUCTION
AT A GLANCE
Costs and charges
Investment
Responsible investment and stewardship
Service
Overall assessment
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

Service

Workplace Pensions	2024	2025
Value for money principle		
Clear communication	Amber	Amber
Effective service	Amber	Green
Regular reviews	Green	Green

Investment Pathways	2024	2025
Value for money principle		
Clear communication	Green	Green
Effective service	Green	Green
Regular reviews	Green	Green

Full details

Full details of our assessment of service are available here on → page 32.

Service is an important part of value for money. Customers need clear communications, accessible support and reliable administration to help understand and manage their pension.

- In 2025, email coverage for active Workplace Pension customers increased from 59% to around 78%. This means that more than 700,000 active customers can now be reached more easily with useful information and support.
- Digital engagement also improved. Mobile app registrations increased from 505,000 to more than 683,000, and more than 500,000 active Workplace Pension customers have received personalised video pension statements since launch.
- Royal London also continued to provide newsletters, webinars and pension awareness activity, helping customers understand their options and take action. It has also improved digital routes for customers who want to bring pensions together, with transfer activity more than tripling between 2022 and 2025.
- We welcome this progress, but further work is needed to reach some customer groups digitally, particularly customers who have left their employer but kept their pension with Royal London, and longstanding customers. Royal London is taking action to improve the email data it holds and to send more helpful, educational communications.
- Service levels improved during 2025, and complaint volumes continued to compare favourably with other providers. Royal London also strengthened support for customers in vulnerable circumstances.
- Overall, we have seen good progress. However, we want further improvements in digital reach and clearer evidence that communications and tools are helping customers understand their pensions, take action and achieve better outcomes.

The IGC rates Royal London against our value for money principles using the following criteria:

- Green: Measures that have been delivered within an agreed range, where our expectations in terms of quality and delivery have been met in key areas.
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- Red: Areas in which we have provided a material challenge to Royal London (via its Board) and have been unable to agree a way forward.

INTRODUCTION
AT A GLANCE
Costs and charges
Investment
Responsible investment and stewardship
Service
Overall assessment
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

Overall assessment

Having considered the costs and charges, investment and services Royal London provides to you, we conclude that it provides value for money overall. This does not mean Royal London cannot improve the value and services provided in certain areas and we discuss this further within the full report.

If we have serious concerns about the value for money you are receiving, we can raise these with the Royal London Board. If we are not satisfied with the response, we have several ways to escalate the issue, including contacting the Financial Conduct Authority (FCA) or contacting customers or employers directly.

I am pleased to advise you that we did not identify any material concerns in 2025 that required escalation.

Key themes and looking ahead

During 2025, investment markets experienced intermittent volatility, driven by global events, including geopolitical developments and changing economic conditions. In the first half of 2026, volatility became more pronounced, reflecting uncertainty over interest rates alongside ongoing geopolitical and economic pressures. In response, Royal London has continued to offer guidance and support to customers, including information explaining the impact of market volatility on investments. Ensuring customers receive clear and timely communication during uncertain times remains an important area of focus for us as an IGC.

In 2025, changes announced in the UK Autumn Budget included a cap on the National Insurance advantages associated with salary sacrifice arrangements for pension contributions. From April 2029, only the first £2,000 of pension contributions made through salary sacrifice will be exempt from National Insurance contributions. Royal London is preparing to support Workplace Pension customers and employers in understanding and responding to this change.

During 2025, the government also progressed changes to the inheritance tax (IHT) treatment of pensions, confirming that, from April 2027, most unused pension savings may be included when calculating the value of a person's estate. This change may influence how customers choose to use their pension savings and plan for the future. Again, Royal London is preparing to support its customers and employers ahead of implementation through clear communications and guidance to help them understand the changes and consider any actions they may need to take.

We are encouraged by the service-level improvements made across 2025 and will continue to monitor servicing performance throughout 2026, seeking assurance that recent pressures are being effectively managed and that service levels remain sustainable over the longer term.

We will continue to work with Royal London to ensure that customers are well supported on these issues in the coming year.

Update to the Value for Money Framework

As we explained in our 2024 report, the FCA has been consulting on changes to how IGCs and trustees assess value for money. Proposals include using common metrics to assess value for money, changes to how comparative assessments are undertaken and clearer consequences where schemes fail to demonstrate value for money.

In March 2026, we responded to the FCA's follow-up consultation, published in January 2026. In our response, we supported its aim of helping pension savers achieve good long-term outcomes. We also shared our views on areas such as service, customer engagement and the future role of IGCs.

During 2025 and into 2026, we engaged with other IGCs and pension providers, government and regulators to consider various aspects of the proposed changes to the Value for Money Framework. The ultimate aim of this work is to discuss our findings and recommendations with the FCA. We hope this engagement will support the FCA's objective of improving outcomes for pension savers and contribute to the effective implementation of the new framework.

Pension Schemes Act 2026

The Pension Schemes Act 2026 was introduced to Parliament in June 2025 and became law in April 2026.

The Act introduces a wide range of changes to the UK pensions system, aimed at improving outcomes for pension savers and strengthening the focus on value for money.

Key measures are designed to make pensions easier to manage and help more customers benefit from well-governed, better-value arrangements. These include enabling the consolidation of smaller or underperforming schemes into larger arrangements, automatically bringing together small pension pots, and simplifying the process for transferring members between schemes where it is in their best interests.

The Act also supports a broader approach to investment, which may lead to a greater proportion of pension savings being invested in a wider range of assets, including infrastructure and private markets. The aim is to improve long-term returns for members, while also supporting investment in the UK economy.

Royal London became a signatory to the Mansion House Accord in May 2025, reflecting its support for the direction of travel across the industry. As Royal London develops its investment approach and overall proposition, we will continue to monitor and challenge proposals to ensure it maintains appropriate levels of risk and diversification, and remains focused on delivering the best outcomes for you.

INTRODUCTION
AT A GLANCE
Costs and charges
Investment
Responsible investment and stewardship
Service
Overall assessment
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

Guidance and support for customers

We are committed to ensuring that you receive value for money from Royal London. As a mutual, Royal London is focused on supporting your long-term financial resilience, while giving you access to the service and support you need when making important decisions – whether online or by speaking to Royal London's customer service team.

In our 2024 report, we provided an update on the FCA consultation outlining Targeted Support measures to help pension savers receive affordable, accessible and trustworthy support. In 2025, the FCA published its policy statement on Targeted Support and introduced the new framework. Royal London worked closely with the regulator to develop the policy and support its effective implementation.

In 2026, Royal London launched its first Targeted Support service for its ISA customers. You can find more information on this and future developments in respect of Targeted Support on page 33 in this report. We will continue to monitor the progress of this important service and provide an update in our next report.

The Pensions Act 2026 mentioned above also introduced changes to help people make more confident decisions about how to use their pension savings in retirement. This includes a requirement that providers offer guided retirement solutions to help people choose the retirement option that best meets their needs. We will keep you updated on these developments in our next report.

Digital developments

We continually receive updates on the digital enhancements that Royal London is making to improve your customer experience. Royal London's digital strategy is focused on providing customers with a range of ways to interact with the business, while embedding AI to automate routine tasks and enable Royal London colleagues to work more efficiently for you.

We welcome the progress Royal London has made in preparing for pensions dashboards (a new service that will help you find and view all your pension savings in one place) and recognise the potential this has to help you locate and engage with your pension savings more effectively. We will continue to monitor developments and the benefits delivered as pensions dashboards are introduced.

We regularly review progress in these areas, consider any associated risks and monitor progress in cyber security. Further information on digital advances and cyber security can be found in the report.

Membership changes to the IGC

I would like to update you on some changes to the membership of the IGC.

Jo Kite left Royal London on 31 December 2025 and, as a result, ceased to be a member of the IGC. I would like to thank Jo for her valued service to the IGC during her tenure with us. In Jo's place, we are pleased to welcome Val Rogerson, Customer Outcome and Insight Director, who joined the IGC as a Company Member on 6 May 2026.

Ewan Smith also left Royal London on 31 December 2025 but has continued to serve on the IGC as a Non-Independent Member. I greatly value his contribution and am pleased that he remains a member of the Committee.

You can read more about the IGC members in the Membership section of this report, in → Appendix 10.

Finally, I would like to thank my fellow IGC members for their continued support and contribution. Their commitment and expertise enable the IGC to effectively carry out its important role and look after your interests as a Workplace Pension or Investment Pathways customer.

Colin Stewart
Chair of the Royal London
Independent Governance Committee

Thank you for taking the time to read this report. We are always looking to improve our reporting and welcome any feedback you have. You can contact us at → RoyalLondonIGC@royallondon.com.

For more information about the IGC's work – including video content and previous reports – visit the IGC's dedicated webpage on the → Royal London website.

For specific questions about a product you have with Royal London, you can also visit the → Royal London website.

ABOUT THIS REPORT

The Comparison Study – how we assessed Royal London against other providers

Royal London shares a substantial amount of detailed information to help us assess whether it is providing value for money to you. We compare this with similar products from other providers through the Comparison Study. This helps us understand how Royal London compares with peers and where we may need to challenge the company on your behalf.

More information on the Comparison Study can be found in ➔ Appendix 2.

How to use this document

We recommend that you access this document online or download it for viewing with Adobe Acrobat Reader.

Wherever the symbol ➔ and underlined text appear, these links will either direct you to the relevant section in this report, or to an external web page.

Definitions of key terms are provided in the ➔ Glossary at the end of this report.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
Ongoing charges
ProfitShare
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

COSTS AND CHARGES

The charges paid by Royal London's Workplace Pension and Investment Pathways customers are an important part of our assessment of whether these products offer value for money.

We receive regular data from Royal London that enables us to monitor the range of charges you pay and to consider them in the context of the product features and service provided. We also use a Comparison Study to benchmark Royal London's charges against those of similar products offered by other providers.

Our value for money principles relating to charges are:

- Ongoing charges are fair and appropriate for the benefits provided
- Balanced charges sustainably cover the costs of providing and administering the contracts, which fall fairly between policyholders.

We consider all costs and charges, including administration charges and transaction costs. Transaction costs are considered in more detail in the Investment section of this report, as they are specific to each fund. Fund performance is shown after allowing for these transaction costs.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
Ongoing charges
ProfitShare
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

Ongoing charges

The annual management charge (AMC) is an ongoing charge you pay for the service you receive. For Royal London's Workplace Pension and Investment Pathways customers, the AMC is the only ongoing charge. We can confirm that exit charges are not applied to any products within the scope of the IGC.

Relevant IGC principle being assessed:

Appropriate ongoing charges

Royal London's ongoing charges are fair and appropriate and offer value for money compared to the benefits provided by the product and service. This assessment includes a comparison against similar market alternatives.

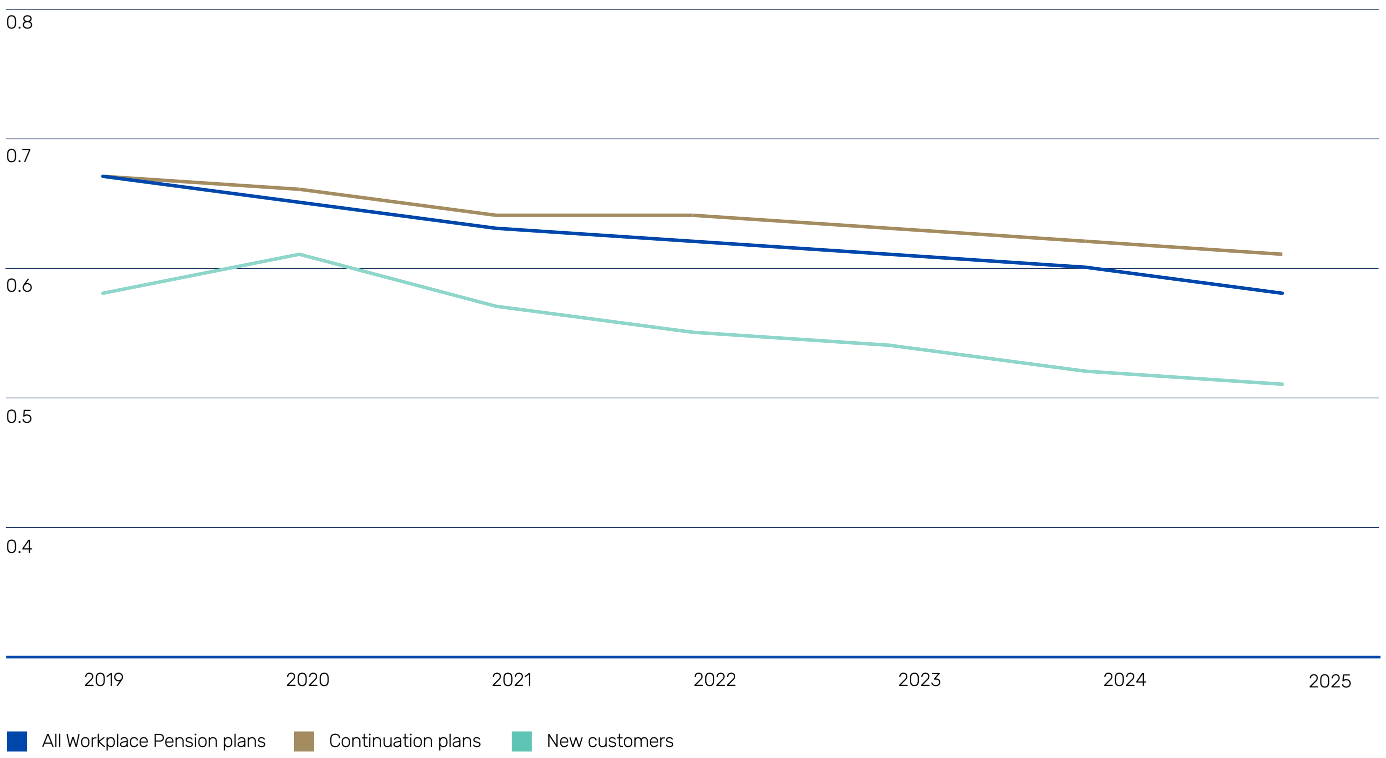
Timely and accurate information is published by Royal London in relation to the costs and charges of each employer's scheme, improving cost transparency and making it easier for customers to access such information.

Ongoing charges – Workplace Pension plans

We have monitored the AMC for various customer groups across Royal London's Workplace Pension plans since the Royal London IGC was established in 2015.

The following chart shows the average AMC for a high-level grouping over the last seven years.

Average AMC (%)*



* This is shown for all plans at the end of each year, as well as separately for new customers joining during the year and for those who had left their employer but kept their funds with Royal London in their own plan (known as continuation plans).

The average charge for new customers continues to fall and reflects the increasing competitiveness of the Workplace Pensions market. Over time, these reductions have contributed to a fall in the average charge across all Workplace Pension plans. Charges for continuation plans reflect the rates that applied to a previous employer's scheme and are typically higher than for new customers. These charges remain static on a policy basis but the average falls as more continuation plans come from schemes written more recently.

Ongoing charges

The table below outlines the range of charges applicable to Workplace Pension customers, along with the number of scheme categories and policies in each charge bracket. Over the past year, the number of schemes in higher charging bands (0.76% p.a. and over) has continued to decline. The proportion of schemes in lower charging bands (below 0.60% p.a.) has increased, reflecting the introduction of new schemes offered through the Retirement Solutions product. The table excludes any plans where customers have left their employer's scheme.

AMC on plan value

	2024		2025	
AMC on plan value	**Total scheme categories**	**Total members**	**Total scheme categories**	**Total members**
1.25% or greater	47	397	47	377
1.01% to 1.24%	22	101	22	103
0.76% to 1.00%	5,902	43,729	5,208	37,993
0.60% to 0.75%	19,324	423,697	18,835	412,229
0.50% to 0.59%	4,212	161,921	4,268	154,373
0.40% to 0.49%	3,600	167,571	3,766	177,976
0.30% to 0.39%	2,018	146,458	2,257	148,584
0.29% or lower	518	61,017	650	73,179
Totals	35,643	1,004,891	35,053	1,004,814

Some Workplace Pension schemes have different categories. This can mean there are different contribution levels, default investments, and costs and charges within an individual employer's scheme. As charges can differ across the membership of some schemes, we have shown the range of charges by number of scheme categories, which is higher than the total number of employers' schemes.

The table below sets out the average AMC for Royal London's Workplace Pension plans alongside the number of customers in each plan type.

Product type	Number of customers at year end		Percentage of total customers	Change in customers over year	Average AMC for customers at year end	
	2024	2025			2024	2025
Retirement Solutions Group Personal Pension[1]	1,941,106	2,076,908	94.2%	▲	0.59%	0.58%
Retirement Solutions Group Stakeholder[1]	91,171	97,319	4.4%	▲	0.55%	0.51%
Royal London Talisman Group Pension Scheme[1]	21,133	19,504	0.9%	▼	0.97%	0.97%
Royal London Talisman Group Personal Pension	853	767	0.0%	▼	1.00%	1.00%
CIS Group Stakeholder Pension	6,614	6,223	0.3%	▼	0.92%	0.92%
Phoenix Life Group Stakeholder Pension[2]	13,484	0	0.0%	◆	0.56%	N/A
Phoenix Life Group Flexible Pension[2]	50	0	0.0%	◆	0.98%	N/A
Phoenix Life Group Stakeholder Pension[3]	N/A	3,874	0.2%	N/A	N/A	0.86%
Totals	2,074,411	2,204,595				

1. Includes continuation plans.
2. These products were moved to the Retirement Solutions Group Personal Pension product in 2025 as detailed on page 15.
3. Individual pension contract that originated in a Workplace Pension scheme identified as part of the Retirement Solutions upgrade in 2025, detailed on page 15.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
Ongoing charges
ProfitShare
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

Ongoing charges

Most of Royal London's Workplace Pension customers are invested in the two Retirement Solutions products, as shown in the table. The number of customers in these products has continued to increase, as they are actively marketed by Royal London and are open to new members.

Workplace Pension customers in products other than Retirement Solutions account for only 1.4% of total Workplace Pension customers, down from 2% in 2024. Throughout this report, we refer to these customers as longstanding customers. While they represent a small proportion of the overall number of customers, we consider it important to continue to assess the value for money they receive. Each product is reviewed separately, reflecting differences in terms and conditions, product features and service levels. Royal London has upgraded some longstanding customers' pensions to the Retirement Solutions product, as described on page 15.

Almost all (99.9%) of Royal London's Workplace Pension plans have AMCs of 1% p.a. or lower. Charges above this level arise only where:

- You chose to increase the value of a transfer payment into the scheme to maintain the death benefits provided by your previous scheme. This is known as the Transfer Value Enhancement Option.
- You specifically asked for charges to be deducted from the plan to pay for advice.
- You made a personal choice to invest in funds with additional management charges.

Employer administration charges are applied to 598 Workplace Pension schemes; 466 of these have no end date and 132 are temporary. As these charges apply only to the employer, they have no direct impact on the value for money you receive as a customer.

Having considered the ongoing charges paid by Workplace Pension customers, we do not regard any charges as excessive. In addition to the small number of cases with charges above 1% p.a. described above, a small proportion of customers pay an AMC at or near this level. These higher-charge plans are typically linked to schemes that were not subject to the charge cap or moved into a continuation plan before the charge cap came into effect. While some customers may be able to access lower charges through alternative pension products available in the wider market, this will depend on individual circumstances.

Average charges for customers in Retirement Solutions plans continue to decrease. We consider the level of charges appropriate relative to the quality of product features, the investment offering and the service delivered.

Comparative value for money

In addition to the information we receive from Royal London, we also consider information from other Workplace Pension providers to help us assess whether Royal London is providing you with value for money. As in previous years, we participated in a Comparison Study that enabled us to compare Retirement Solutions contracts with other major competitors in the market. This included a comparison of charges on default investments, as well as investment and service information.

We note that the overall level of charging in the market has slightly decreased compared to previous Comparison Studies. Royal London's charges are broadly in line with its peer group for schemes of a similar size but appear higher than other providers when assessed at a total level. The cost per policy of managing schemes with more customers and assets is lower as administration costs are spread over a larger base, resulting in lower charges. We noted that Royal London's schemes tend to have fewer members than other providers, leading to higher average charges. When assessing the more detailed breakdown of charges for schemes of a similar size to Royal London's, the Comparison Study shows that charges remain in line with competitors.

Most of Royal London's Retirement Solutions Workplace Pension customers also benefit from ProfitShare, a feature that is not captured in the Comparison Study. When assessing value for money, the IGC treats ProfitShare as being akin to a reduction in charges. ProfitShare has been distributed annually to qualifying Workplace Pension customers since 2017. Over each of the last seven years (including that paid in April 2026), 0.15% has been added to the value of eligible customers' pension pots. This effectively offsets part of the charges paid and enhances the overall value for money received. Further information on ProfitShare is provided on page 17.

Although no external Comparison Study has been carried out for longstanding customer plans, Royal London conducted an internal comparison with the Retirement Solutions products in 2025 to inform our value for money assessment. We remain satisfied that the AMCs applied to the remaining longstanding customers lie within the range of comparable market offerings. Although open products often benefit from lower charges, many longstanding customer schemes are relatively small, which hinders the ability of these customers to realistically achieve lower charges elsewhere. Some longstanding customers also have access to valuable benefits and investment options not available to new Royal London customers.

Ongoing charges

Royal London has committed to a programme of actions to further improve value for longstanding customers in an enduring way. Although some employers and scheme members may identify potential value for money advantages elsewhere, any such savings should be balanced against the benefits, guarantees, investment choices and service features offered within their existing arrangement before making changes. More details of the charges for longstanding customers are given in → Appendix 3.

Longstanding customers upgrade

In last year's report, we explained that Royal London is in the middle of a multi-year project upgrading some longstanding customers' Workplace Pension products to Retirement Solutions, its most modern pension product.

We are pleased to report that during 2025, Royal London successfully completed the remaining upgrades. Both the Phoenix Life Group Flexible Pension and Phoenix Life Group Stakeholder Pension were upgraded to the equivalent Retirement Solutions product. If you have one of the upgraded pensions, you are eligible for the following benefits:

- ProfitShare
- Access to a broader range of investment options, should you wish to use these, and enhanced investment governance
- Enhanced product and service features – for example, access to Royal London's mobile app and Financial Wellbeing service
- A wider range of retirement options when accessing your pension savings.

In some cases, the upgrade led to a reduction in charges applied.

Since the project commenced in 2023, Royal London has upgraded five products, 14,700 plans and £134m in funds under management, helping to deliver further value for money for thousands of longstanding customers.

There are two longstanding customer products not expected to transfer to Retirement Solutions – Talisman and CIS Group Stakeholder – as referenced in last year's report, comprising c.26,000 customers. The proposition available to the Talisman customers (c.20,000) is already similar to Retirement Solutions customers in terms of service and investment options, and there is also some ProfitShare eligibility. A number of these customers also receive valuable additional benefits such as loyalty bonuses.

In December 2025, Royal London announced that the administration and servicing of some of its longstanding customer policies will transition from an outsourced service provider to Royal London over the next five years. This transition includes the remaining CIS Group Stakeholder Plan customers (c.6,000), who are expected to transition in 2028. Bringing the administration and servicing of these policies in-house will enable Royal London to use advanced digital tools and automation to deliver an enhanced service to these customers in the future.

A small number of Phoenix Life customers, who came from Workplace Pension schemes, were not included in the upgrade. We continue to receive information about these customers through our regular reporting process.

These customers are supported by systems that are broadly the same as those used for Phoenix Life individual pension customers. However, individual pension customers who did not come from a Workplace Pension scheme are outside the scope of the IGC. The former Workplace Pension customers, referred to above, are expected to benefit from the wider programme of system improvements, which should enhance the value for money they receive. We will continue to track the delivery of these improvements, and Royal London has committed to providing us with progress updates.

Ongoing charges – Investment Pathways

As an Investment Pathways customer, you are subject to a single charging structure, regardless of which of the four Investment Pathway options you select. Charges vary according to the value of your pension pot, with the standard AMC of 1% p.a. reduced through a rebate that increases as your investment value grows.

In last year's report, we noted that Royal London intended to review the appropriateness of charges for policies with smaller pots that commenced before April 2025. This followed the reduction in April 2025 of the maximum charge for new Investment Pathways customers from 0.90% to 0.75%. We understand that this review is currently underway, with a final decision expected during 2026. We will provide an update in next year's annual report on the review's outcome.

Value of investments[1]	Base AMC	Rebate	Net AMC
£0 – £48,300	1%	0.25%[2]	0.75%[2]
£48,300 – £96,700	1%	0.50%	0.50%
£96,700 – £290,000	1%	0.55%	0.45%
£290,000 – £967,000	1%	0.60%	0.40%
£967,000 +	1%	0.65%	0.35%

1. These ranges are applicable from 6 April 2026 and increase each year on 6 April in line with the Retail Price Index.
2. For policies that started prior to April 2025 the rebate is 0.10%, meaning a net AMC of 0.90%.

Ongoing charges

Retirement Solutions Workplace Pension customers who choose to invest in an Investment Pathway with Royal London have their charges capped at their existing level. In practice, customers pay the lower of the charge that applies to their Retirement Solutions Workplace Pension plan, or the net AMC shown in the table above.

Comparing Investment Pathways ongoing charges to other providers

We regularly assess whether Investment Pathways customers are receiving value for money, drawing on the findings from the Comparison Study. As a Royal London Investment Pathways customer, you also benefit from ProfitShare, which effectively reduces the impact of charges, currently by 0.15%. Taking ProfitShare into account, the charges applicable to new business from April 2025 are in line with typical rates for smaller pots. Policies started before April 2025 with smaller pots have slightly higher charges compared to the market. Royal London's charges for either cohort are competitive for pots over £48,300. We will continue to monitor outcomes for customers with smaller pots whose policies started before April 2025 as part of our ongoing value for money assessment.

How Workplace Pension and Investment Pathways charges are disclosed to customers

If you have a Workplace Pension or Investment Pathways plan, you can find details of your relevant charges in your annual statement and, in most cases, via the online service. If you have an Investment Pathways plan or a Retirement Solutions plan, you can view your plan charges through Royal London's mobile app.

Royal London publishes the range of administration charges and transaction costs for each default investment strategy used in Workplace Pension plans, along with projection tables showing the potential impact of these costs over time.

The costs and charges information published on the Royal London website, in accordance with the requirements of the FCA, relates specifically to 2025. Data for previous years may differ.

→ Visit royallondon.com/workplacecostsandcharges

We encourage you to review this information to gain a clearer understanding of the costs and charges linked to your Workplace Pension scheme. Your IGC remains committed to closely monitoring these charges and ensuring Royal London is providing you with value for money across its Workplace Pension offering.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
Ongoing charges
ProfitShare
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

ProfitShare

As a mutual organisation, Royal London is customer owned, allowing profits to be distributed to eligible members, rather than external shareholders. ProfitShare is an exclusive benefit of Royal London's mutual status, supporting a fair approach to charging. While the vast majority of Royal London's customers are eligible for ProfitShare, eligibility does not extend to all customers.

Relevant IGC principle being assessed:

Balanced charging

Charges made by Royal London should sustainably cover the costs of providing and administering the contracts. Such charges should fall fairly between policyholders.

If you have taken out a pension plan with Royal London since 1 July 2001, you are eligible for ProfitShare. If you have an eligible with-profits policy, you will also receive enhanced bonus rates. ProfitShare benefits are available to most Retirement Solutions customers and a select number of Talisman schemes. If you have an Investment Pathways plan, you are also eligible for ProfitShare.

ProfitShare was introduced in 2016, and the 2025 award was granted on 1 April 2026. Royal London has consistently delivered ProfitShare awards and, for unit-linked policies, the award rate has remained steady at 0.15% of fund value for each of the past seven years.

ProfitShare effectively reduces charges, and, although not guaranteed, we believe it should be taken into account when comparing benefits and charges from different providers.

→ Visit royallondon.com/profitshare

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
- Investment strategy and design
- Responsible investment and stewardship
- Investment returns and transaction costs

SERVICE
APPENDICES
GLOSSARY

INVESTMENT

including responsible investment and stewardship

The level of returns generated from investing pension funds is a key component of the value for money delivered to you by Royal London. This depends on two core factors:

- How your money is invested, including the design of the investment solutions and the quality of investment decisions taken on your behalf. This is known as the investment strategy.
- The performance of those investments over time.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
Investment strategy and design
Responsible investment and stewardship
Investment returns and transaction costs
SERVICE
APPENDICES
GLOSSARY

Investment strategy and design

While investment performance is important, we also monitor the appropriateness of investment strategy and the quality of decision making. This is particularly important given that the majority of customers are invested in default strategies, where Royal London makes investment decisions on their behalf. We therefore seek assurance that the strategy is designed to deliver appropriate outcomes, particularly over the long term.

In this section, we consider:

- whether the investment strategies are designed to deliver appropriate outcomes for Workplace Pension and Investment Pathways customers
- how the costs of implementing and administering investments are managed
- whether Royal London's approach to responsible investment and stewardship is appropriate and consistently applied when managing customers' investments.

To support our assessment, we receive regular factual information and updates from Royal London's senior investment managers.

Not sure where you're invested?

You can check which investment option you're invested in through your annual statement. Workplace Pension customers can also check this via their Royal London online account or via the Royal London mobile app. This will help identify which of the following commentary is most relevant to your investment choice.
If you are unsure of your investment choice you can also contact Royal London for further information.

Relevant IGC principle being assessed:

Investment strategy

Royal London's long-term investment strategy should be designed to deliver appropriate returns within an agreed level of risk and volatility.
This should be achieved in a measured and efficient manner and clearly communicated to customers.

Royal London should have appropriate policies and governance in place to ensure that returns are delivered cost-effectively, including management and oversight of execution and transaction costs.

Royal London should have appropriate policies around responsible investment and effective stewardship, so that ESG investment risks and opportunities are managed appropriately.

Investment strategy – Workplace Pensions

The role of an investment strategy is to balance expected returns with an appropriate level of risk, reflecting the needs of the customers for whom it is designed. Royal London achieves this within its Workplace Pension default offerings through a suite of lifestyle strategies. These strategies are supported by portfolios, which are constructed from a selection of individual funds.

We assess Royal London's Workplace Pension investment strategy by considering:

- the types of assets in which it is invested and how responsible investment and stewardship considerations are incorporated
- how those funds are combined to create investments with a level of risk appropriate for customers
- how that level of risk is managed as customers approach retirement.

Default investment

As a Workplace Pension customer, you have access to a range of investment options, including individual self-selected funds. Over 90% of Royal London's Workplace Pension customers are invested in a default fund or default lifestyle strategy, which is the default investment used when neither the employer or customer chooses an alternative fund or strategy. We therefore monitor these default investments closely.

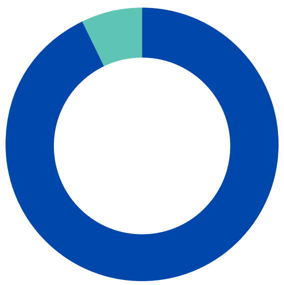
Royal London offers a number of lifestyle strategies that employers, in conjunction with their advisers, can select as the default investment for their scheme. In a small number of cases, employers work with advisers to design a tailored default strategy to meet the specific needs of their workforce. We consider the steps Royal London has taken to oversee both standard and tailored defaults, and assess the value for money and customer outcomes they are intended to deliver.

Here, we provide an update on the investment strategy for Royal London's Governed Range, which underpins the primary Workplace Pension default investment – the Balanced Lifestyle Strategy (drawdown). Further details on this can be found in → Appendix 4.

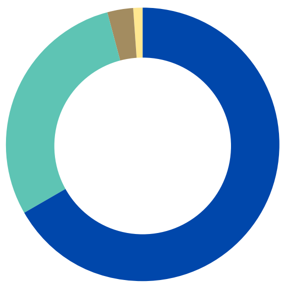
INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
Investment strategy and design
Responsible investment and stewardship
Investment returns and transaction costs
SERVICE
APPENDICES
GLOSSARY

Investment strategy and design

Workplace Pension customers invested in default investment strategies



Default investment choice[1]



1. Values rounded for display – actual total is 100%.

If you are a Royal London customer in its Retirement Solutions product, you can select an investment from a range of funds, portfolios or lifestyle strategies. Details of these are included in → Appendix 4.

Longstanding customers typically have a more limited range of investment options, reflecting the nature of these legacy products. In the relevant sections of this report, we discuss the actions being taken to improve the available options to longstanding customers, as well as the associated challenges.

> We are satisfied that the Royal London default investment strategy is both designed and managed with customers' interests in mind, supported by clearly defined objectives and intended outcomes.

Royal London Workplace Pension default and Target Lifestyle Strategies

In 2025, as part of its ongoing monitoring of default investment design, Royal London conducted a review of the asset allocation used in the growth stage of the default lifestyle strategy. This review considered the long-term investment outlook for customers in the early and middle stages of the savings journey, as well as the expected risk and return characteristics of the existing allocation. These features were then compared to market conditions and the approach of other pension firms.

Following this review, in July 2025, Royal London increased its exposure to growth assets within the early stage of the default lifestyle strategy. This involved changing the portfolio used for customers further from retirement (more than 15 years to selected requirement date), from Governed Portfolio Enhanced to Governed Portfolio Dynamic, which contains a higher allocation to growth assets. The objective was to improve expected long-term outcomes for customers who are many years from retirement, while continuing to operate within Royal London's established investment principles and risk management framework.

The Investment team kept us informed of the changes as part of its regular updates, including an overview of the rationale for the change, how it was communicated to customers and an update on performance following implementation.

We noted that the change was targeted at customers with longer time horizons and did not increase risk for customers closer to retirement. We have agreed that Royal London should continue to monitor the default investment strategy, including the impact of this change on customer outcomes, and provide us with ongoing updates.

Any proposals for future material changes to the default's long-term asset allocation will also be shared with us. We want to ensure that Royal London continues to assess the ongoing suitability and value of the default investment strategy, and that we can provide appropriate challenge where necessary. → Appendix 4 provides more details on the changes.

The later stage phases of the default lifestyle strategy, designed to reduce investment risk as customers approach retirement, were not altered in 2025.

Update to Governed Range's strategic asset allocation

During 2025, we discussed Royal London's annual strategic asset allocation (SAA) review for the Governed Range. This review covered the full suite of Governed Portfolios and Governed Retirement Income Portfolios (GRIPs), which support the range of Target Lifestyle Strategies, including the Royal London Workplace Pension default investment strategy.

The review assessed expected returns, risks and diversification across asset classes, as well as the continued suitability of the existing asset mix in the context of market conditions and evolving customer needs.

As part of the 2025 review, Royal London considered opportunities to improve diversification within the fixed income and credit allocation of the Governed Range. Consequently, asset-backed securities (ABS) were introduced, reflecting their potential to provide diversified sources of return alongside existing credit holdings.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
Investment strategy and design
Responsible investment and stewardship
Investment returns and transaction costs
SERVICE
APPENDICES
GLOSSARY

Investment strategy and design

In addition to the introduction of ABS, the review supported a moderate shift in allocation to longer-dated bonds to improve portfolio resilience in adverse economic scenarios. Overall equity allocation weights for some Governed Range portfolios were adjusted to meet revised propositional risk targets. Further changes included a minor but deliberate adjustment of regional equity allocations towards UK equities, trimming other developed equity markets. Lastly, Royal London adjusted investment in property assets and high-yield bonds across various portfolios, paring overall high-yield bond allocations marginally in the process.

These return-enhancing changes were made through Royal London's existing processes and ongoing monitoring, and were consistent with its investment beliefs and risk management framework.

In response to the government's productive finance agenda, Royal London signed up to the Mansion House Accord, which aims to increase investment in real assets, infrastructure, private equity and private credit. In practice, the Royal London Workplace Pension default scheme already broadly meets these requirements, given its diversified asset allocation, particularly its holdings in commercial real estate.

We receive regular updates from Royal London on any work affecting the Governed Range, as it is where most of the customers within our scope are invested. We discuss and challenge any material changes arising from these reviews to ensure strong, ongoing oversight of the investment strategy, clear customer suitability and value to customers. We are satisfied that the changes made to the Governed Range as a result of this review are appropriate.

Improving investment options for longstanding customers

Royal London applies consistent investment governance and value for money principles across all Workplace Pension customers, including longstanding customers.

A small number of customers remain invested in legacy products, as set out in → Appendix 8. These arrangements reflect historical product design and administration systems and therefore provide access to a different range of investment options from the Royal London Governed Range.

Where appropriate, Royal London has undertaken a programme to move customers to the Retirement Solutions product. This gives customers access to modern, well-governed investment solutions, as well as enhanced servicing and communications.

As part of this programme, Royal London upgraded the default investment strategy used by the Royal London Talisman Group Pension Scheme in 2021, moving members into a suite of Governed Range lifestyle strategies. These strategies are built using the same Governed Portfolio funds that underpin Royal London's Workplace Pension default investment strategy, benefitting from the same diversified investment approach, governance framework and ongoing oversight, while providing a retirement journey tailored to scheme members.

The Phoenix Life Group Stakeholder Pension and the Phoenix Life Group Flexible Pension are part of Royal London's wider migration programme to its Retirement Solutions platform. All relevant customers have been successfully migrated, and they have been mapped to their equivalent solution on the Retirement Solutions platform.

Once the programme is complete, both Phoenix Life Assurance Limited (PLAL) contracts will operate on the same investment basis as Retirement Solutions customers, with access to the full Royal London Governed Range, including the full range of supporting Target Lifestyle Strategies.

Most customers in the Royal London CIS Group Stakeholder Pension are invested in the Royal London With-Profits Stakeholder Fund.

In 2025, returns for this fund were broadly comparable to those of the medium-growth Royal London default investment, the Balanced Lifestyle Strategy (drawdown), which targets drawdown, over equivalent time horizons.

While the two approaches differ in design, their outcomes remain aligned. The With-Profits Fund provides diversified market exposure with smoothing, resulting in more stable returns and lower short-term volatility, whereas the unit-linked default strategy uses strategic asset allocation and a structured glidepath to manage risk.

CIS customers typically remain invested in the With-Profits Fund until around five years before retirement, rather than the phased de-risking approach used in Royal London's default strategy. Despite these different approaches, medium-term outcomes have not materially differed over three and five years.

We continue to monitor the performance and suitability of the CIS default relative to the Royal London Governed Range, taking into account both investment returns and the different risk management approaches, to ensure that outcomes remain appropriate for customers as they approach retirement. Further detail is provided in → Appendix 8.

Overall, these changes support improved customer outcomes by increasing access to modern, diversified investment solutions, while strengthening governance oversight and expanding the availability of risk-managed lifestyle strategies and portfolios. Further details on the programme's progress are included on page 15.

Customer communications

Royal London communicates its investment approach in a number of ways. This includes:

- Regular annual updates, for example, customer annual statements.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
Investment strategy and design
Responsible investment and stewardship
Investment returns and transaction costs
SERVICE
APPENDICES
GLOSSARY

Investment strategy and design

- On-demand access through the mobile app and via the online service. Customers can access information on how their money is invested and the resulting performance, taking into account charges and ProfitShare. For customers approaching retirement, Royal London provides a framework to help ensure they remain invested appropriately for their individual circumstances. We provide details about the mobile app on page 33, in the Service section.
- Themed and ad hoc investment updates, providing customers with insights and updates in response to significant market events and relevant investment-related topics. These are mainly provided through the Royal London website and the Pelican Post, which is sent monthly. Royal London also communicates its approach to responsible investment, which we cover separately on page 25.

What funds and strategies do customers use?

The vast majority of Royal London Workplace Pension customers invest through Royal London's Target Lifestyle investment strategies, with more than 95% using one of these options.

The most widely adopted default is the Balanced Lifestyle Strategy (drawdown), which is aimed at customers who expect to take their pension savings flexibly over time, rather than using them to buy an annuity. In addition, customers can make an active investment choice by selecting funds from Royal London's broader fund range.

In a small number of cases, less than 1% of Workplace Pension schemes, employers have chosen not to use a Royal London default strategy and instead work with an adviser to create a default strategy tailored to the specific needs of the employer and employee.

During 2025, at our request, Royal London provided further details of these adviser-designed default strategies. This identified a number of schemes where we believe the governance oversight may no longer be appropriate, for example, where the adviser that originally designed the default is no longer in business.

Royal London has set out proposals to support affected employers and customers. These include communicating with employers on ways to improve governance, such as adopting one of Royal London's default strategies, strengthening control processes and further work on the performance of remaining default strategies. In addition, to further support employers and customers, work is ongoing to ensure there is a clear escalation pathway between Royal London and advisers should any concerns arise.

Given the heightened regulatory scrutiny arising from the Pensions Bill and the value for money framework, we will continue to require Royal London to assess the value delivered by adviser-designed default strategies and challenge the relevant advisers where necessary.

Investment strategy – Investment Pathways

There are four Investment Pathways, each aiming to meet different customer objectives. Each Investment Pathway is supported by an appropriate investment strategy designed to meet the specific needs and objectives of the customers using it.

We apply the same value for money principles when assessing Investment Pathways plans as we do for Workplace Pension investments. However, the nature of the underlying investments can be different, as they are designed for customers who are beginning to access their retirement savings. Details of the investments underpinning each Investment Pathway are set out in → Appendix 4.

During 2025, Royal London carried out its annual review of the Investment Pathways to assess whether the underlying investment strategies remained appropriate to customers' stated retirement objectives and likely behaviour.

The review considered a range of factors, including customer outcomes, investment performance, risk characteristics and the alignment of each Investment Pathway with its intended objective. Particular attention was given to ensuring that the investment strategies continued to provide a suitable balance between risk management and return potential, reflecting the differing needs of customers accessing their pension savings in retirement.

We discussed the conclusions of the review and their impact on customers.

As part of its 2025 review, Royal London identified that Investment Pathway 2 needed to change so that it could better support customers who plan to buy a guaranteed income, such as an annuity, within the next five years.

Although Investment Pathway 2 has performed well compared with similar investments, changes in the wider market meant that a different investment mix was expected to be more suitable looking ahead. Royal London therefore moved Investment Pathway 2 from GRIP 1 to the RLS Long Corporate Bond Fund. This is designed to provide greater certainty about the level of guaranteed income you may be able to buy when you come to access your pension savings. We agreed with Royal London's rationale for making this change.

Royal London intends to make these changes by Q1 2026, and we will monitor how they are implemented and the impact of them throughout the year.

In addition to the annual review process, we receive regular updates on the performance of the Investment Pathways and are able to regularly challenge investment leadership on the Pathways' ongoing suitability and the value they provide to customers.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
Investment strategy and design
Responsible investment and stewardship
Investment returns and transaction costs
SERVICE
APPENDICES
GLOSSARY

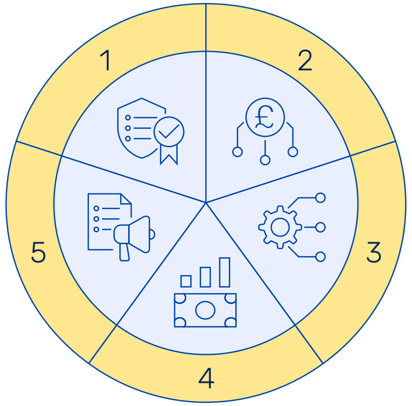
Responsible investment and stewardship

As a purpose-driven business, Royal London is determined to play its part in moving fairly to a sustainable world. This drives responsibility to consider the wider environmental and social effects of its business practices and investment activity, and underpins its approach to responsible investment. We independently review performance in this area and are kept informed through regular updates on activity and progress.

Our conclusion is that Royal London further strengthened its approach to responsible investment in 2025, building on existing foundations across investment policy frameworks and implementation. There is evidence that responsible investment considerations are increasingly embedded within its investment strategy, solution design and stewardship activity.

While further work is planned for 2026, including policy enhancements and ongoing reviews in key areas, we consider that Royal London has made meaningful progress and continues to evolve its approach in line with its stated Purpose and long-term ambitions. This is a dynamic area and we will continue to monitor Royal London's performance across these principles, relative to its peer group.

We measure the effectiveness of Royal London's responsible investment approach by testing its policies and implementation against a set of agreed principles. Consistent with our value for money assessment, we review the evidence and reporting for each principle that we believe is important for Workplace Pension and Investment Pathways customers.



Our five principles relating to responsible investment are:

1. **Internal policy:** whether Royal London's Purpose – 'Protecting today, investing in tomorrow. Together we are mutually responsible' – and beliefs enable responsible investment activities.
2. **Investment strategy:** the investment policy framework within which Royal London develops solutions.
3. **Investment solution design:** the strength and suitability of the investments themselves.
4. **Value for money:** the fairness of costs and charges incurred by customers.
5. **Communications and reporting:** how Royal London communicates with customers and other stakeholders about its responsible investment activities.

Our assessment as at the end of 2025 is as follows:

1. Internal policy

We consider Royal London's ambitions in relation to sustainability, including whether its Purpose, strategy and culture are appropriately aligned to deliver responsible investment outcomes for you. Through our ongoing engagement with Royal London, we have developed a clear understanding of both the arrangements already in place and the firm's longer-term objectives.

Royal London positions itself as a purpose-driven business, focused on three core outcomes:

- Helping build financial resilience
- Playing its part in moving fairly to a sustainable world
- Strengthening the mutual choice for customers.

Embedding responsible investment in a meaningful and practical way is an important part of delivering this Purpose.

In 2025, Royal London created a new 'Head of Responsible Investment Proposition' role to drive the responsible investment strategy and oversee its delivery, working closely with colleagues across Royal London. Alongside two other team members, we believe this has brought additional expertise and greater focus to the integration of responsible investment within Royal London's investment solutions.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
Investment strategy and design
Responsible investment and stewardship
Investment returns and transaction costs
SERVICE
APPENDICES
GLOSSARY

Responsible investment and stewardship

As part of our assessment, we reviewed Royal London's internal policies, governance arrangements and disclosures, including those relating to emissions measurement and net zero targets, workforce demographics and pay gaps. Overall, we believe the business places a high level of priority on these issues. To inform our assessment, we met with senior leaders in responsible investment, who provided updates on progress since last year and shared further evidence of how these policies continue to be embedded across Royal London's operations.

Royal London also demonstrates strong governance in responsible investment. The Board is responsible for promoting the long-term sustainable success of the business, taking into account the interests of members and wider stakeholders, the impact on the environment and its contribution to society. In particular, the Board and its committees actively engage on climate-related matters, with clear accountability through established governance structures. Social impact, in terms of improving financial resilience, is also at the business's core.

2. Investment strategy

Royal London aims to play its part in moving fairly to a sustainable world, while also delivering strong financial returns. Its investment approach plays a critical role in achieving this.

To support this aim, Royal London operates a Responsible Investment and Stewardship (RI&S) Policy Framework, which sets out the standards expected of Royal London's asset owners and asset managers in respect of responsible investment and stewardship. This includes asset manager oversight, engagement with policymakers, investee companies and others, as well as exclusions and exercising voting rights.

In 2025, Royal London continued to develop the RI&S Policy, establishing more robust processes and controls. A Royal London Exclusions Policy was implemented to provide a consistent approach to exclusions across the business, replacing the previously separate entity-level policies. The policy included introducing an exclusion to companies heavily involved in thermal coal, as part of its approach to investing in fossil fuels. More details are provided under principle 5 – Communications and reporting.

In 2026, Royal London plans to review the ESG and Sustainability section of the RI&S Policy. The review will embed enhanced regulatory expectations from the Prudential Regulation Authority (PRA) on climate-related risk and the FCA's Sustainability Disclosure Requirements, along with Royal London's progress on its nature strategy. A further review will be carried out of the activities excluded under Royal London's Exclusions Policy as well as the triennial review of the Voting Policy.

Royal London is a signatory to the United Nations Principles for Responsible Investment. As at the end of 2025, Royal London confirmed that the carbon footprint (Scope 1 and Scope 2 tCO_2e/\$m invested) of its corporate fixed income and listed equity portfolios had reduced by 32% since the baseline year of 2020. This broadly aligns with Royal London's target for a 50% reduction by 2030, though we recognise progress will be non-linear and may be volatile year on year.

However, Royal London has been clear that, to achieve its climate commitments, it relies on policymakers and regulators to deliver on the commitments that they have made, and it will continue to encourage them to establish rules that enable progress towards net zero.

In addition to assessing governance arrangements and actions taken, we consider whether investment policies and risk frameworks are properly integrated across the business and give sufficient regard to sustainability. Overall, we believe that Royal London's responsible investment strategy and associated policies are well developed and embedded. Approaches to voting, stewardship, engagement and exclusions are effectively integrated into governance and help influence how customers' pensions are invested and managed.

3. Investment solution design

The funds used within Royal London's default investment strategies invest across a broad set of asset classes, the majority of which integrate responsible investment considerations.

In 2021, within equities, Royal London moved its core holdings from traditional passive investments to tilted funds. This helped increase exposure to companies with stronger environmental and governance characteristics and was informed by both external data and internal research. Then in 2024, Royal London extended this approach to include the Emerging Markets Equity Fund.

In 2025, its tilted equity solutions evolved further by introducing an investment goal aligned to its existing net zero targets, with an interim 50% reduction target for 2030. All fixed income holdings are actively managed, with responsible investment considerations incorporated into investment decisions.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
Investment strategy and design
Responsible investment and stewardship
Investment returns and transaction costs
SERVICE
APPENDICES
GLOSSARY

Responsible investment and stewardship

Royal London also operates its own property fund, through RLAM, which is included within the default investment strategy. In this fund, properties are managed to defined standards. RLAM has committed to achieving net zero by 2030 for directly managed property assets and by 2040 for indirectly managed property assets.

In 2025, Royal London broadened the availability of its Sustainable Fund Range, offering three additional funds to Workplace Pension and Investment Pathways customers, bringing the total to nine. If you are one of these customers, this means you have access to funds meeting the FCA's Sustainability Focus label.

Royal London also completed its acquisition of Dalmore Capital in 2025. Dalmore Capital increases RLAM's capability to invest in essential UK infrastructure and support the transition to a more sustainable economy, for the benefit of Royal London customers and third-party RLAM clients.

The acquisition reflects Royal London's strategic ambition to grow its private assets capabilities and respond to growing demand for access to this asset class. It also extends Workplace Pension and Investment Pathways customers' access to the potential benefits of diversified returns and stable income, while supporting Royal London's ambition to drive positive environmental impact.

Royal London will continue to seek and consider your views when designing and developing its investment solutions. Details of customers' views on ESG-related matters can be found on pages 38 and 39.

Based on our review, we consider that Royal London's investment solutions are aligned with its Purpose and designed to deliver appropriate and sustainable outcomes. We have therefore raised our rating on this factor from amber to green for 2025.

4. Value for money

We consider whether the costs associated with responsible investment integration are appropriate and whether any impact on customer charges and outcomes is effectively managed.

We conclude that Royal London is performing appropriately in this area. The Governed Range of funds has continued to evolve to reflect responsible investment considerations, while remaining available at the same cost in terms of AMCs and other fund charges. Transaction costs in the portfolio used for members in the growth stage of the default strategy, with over 15 years to retirement, have remained stable and consistently below 0.15% p.a. over the past five years.

Alongside the default investment strategy, Royal London offers a range of alternative strategies and funds for those who wish to make an active investment choice. While the Governed Range reflects Royal London's approach to responsible investment, customers with specific preferences can access funds from RLAM's Sustainable Fund Range at no additional cost.

5. Communications and reporting

We reviewed whether Royal London makes information on its sustainability and responsible investment approach available to customers, employers and advisers, and whether it provides regular updates and thought leadership in this area.

In our view, Royal London communicates its responsible investment approach effectively. We have seen evidence of this through communications on investment strategy changes, engagement case studies and wider materials aimed at advisers, employers and members.

Royal London also provides articles and webinars to help customers understand how their Workplace Pension is invested, including key aspects of responsible investment. This information is also available via the Royal London mobile app, which includes a breakdown of investments.

Both regulators and consumers are increasingly concerned about the risk of inaccurate or misleading claims regarding the environmental credentials of financial products (greenwashing). The FCA's Sustainability Disclosure Requirements, including the anti-greenwashing rule, came into effect on 31 May 2024. Any communications referring to the sustainability characteristics of a product or service must therefore be fair, clear and not misleading, and supported by appropriate evidence. Royal London has established internal guidance and governance processes to help ensure these requirements are met.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
Investment strategy and design
Responsible investment and stewardship
Investment returns and transaction costs
SERVICE
APPENDICES
GLOSSARY

Responsible investment and stewardship

In June 2025, Royal London published its inaugural Climate Transition Plan (CTP). The CTP is the company's forward-looking strategic roadmap for evolving its operations, investments and policies to support a low-carbon, climate-resilient future, delivering good customer outcomes while aligning with the goals of the Paris Agreement. It outlines four core areas of action to support Royal London's ongoing journey to delivering its climate commitments:

- Stakeholder engagement
- Portfolio emissions reduction
- Climate-aware investment solutions
- Operational emissions management.

Royal London created the plan using guidelines from the Transition Plan Taskforce's framework, recognised as best practice in the industry. The CTP will support Royal London's regular review of progress against its climate commitments, alongside the potential risks and opportunities its plans may pose to customer outcomes.

Royal London also published its annual Climate Report in June 2025. The Climate Report sets out how Royal London considers climate-related risks and opportunities when managing investments on behalf of customers and in the company's prudential management.

Following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the report details Royal London's approach and progress across four pillars:

- **Governance** – the organisation's governance around climate-related risks and opportunities.
- **Strategy** – the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.
- **Risk management** – the processes used by the organisation to identify, assess, and manage climate-related risks.
- **Metrics and targets** – the metrics and targets used to assess and manage relevant climate-related risks and opportunities within governance, strategy, metrics and risks.

In addition, Royal London published product-level disclosures for each individual fund, providing consistent and comparable information on the carbon emissions associated with those investments.

In 2025, both RLMIS and RLAM, as Royal London's asset owner and asset manager respectively, retained their signatory status to the UK Stewardship Code, which sets high standards for stewardship on behalf of UK savers and pensioners. Both entities published accompanying stewardship reports, detailing related activities carried out during 2024.

RLMIS's stewardship report explains Royal London's customer-focused approach to stewardship as an 'asset owner' in line with the 12 principles of the FRC's UK Stewardship Code. Topics covered include governance, customer needs, ESG integration, investment oversight and external collaboration.

RLAM's stewardship report addresses the same principles but from the perspective of an asset manager and includes detailed explanations of stewardship activities across asset classes and responsible investment themes. RLAM's report also highlights relevant case studies of engagement with investee companies on ESG topics, carried out on behalf of RLMIS and its other clients.

To accompany the previously mentioned Exclusions Policy amendment, Royal London also published a Fossil Fuel Investments Position. This statement sets out how Royal London will evolve its approach to investing in companies that produce or use fossil fuels to generate energy, including:

- engagement with companies on their own transition plans
- phasing out investment in companies heavily involved in thermal coal
- engaging with UK policymakers to support policies that promote low-carbon energy.

During the second half of 2025, Royal London revised its responsible investment communication approach for customers, advisers and employers. These revisions to core messaging were published in early 2026, aimed at simplifying content while bringing clarity on how Royal London's responsible investment activity is relevant and supportive to customers' investment outcomes.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
Investment strategy and design
Responsible investment and stewardship
Investment returns and transaction costs
SERVICE
APPENDICES
GLOSSARY

Investment returns and transaction costs

Investment performance is a critical component of the value for money delivered to customers, as investment returns contribute to the growth of your pension savings over time. We therefore monitor investment returns closely. Transaction costs, which arise from managing and dealing in investments, are also an important consideration and are subject to ongoing monitoring and oversight.

Relevant IGC principle being assessed:

Appropriate investment returns

Actual investment returns should be appropriate relative to the risk that a customer has taken. In particular, Royal London should:

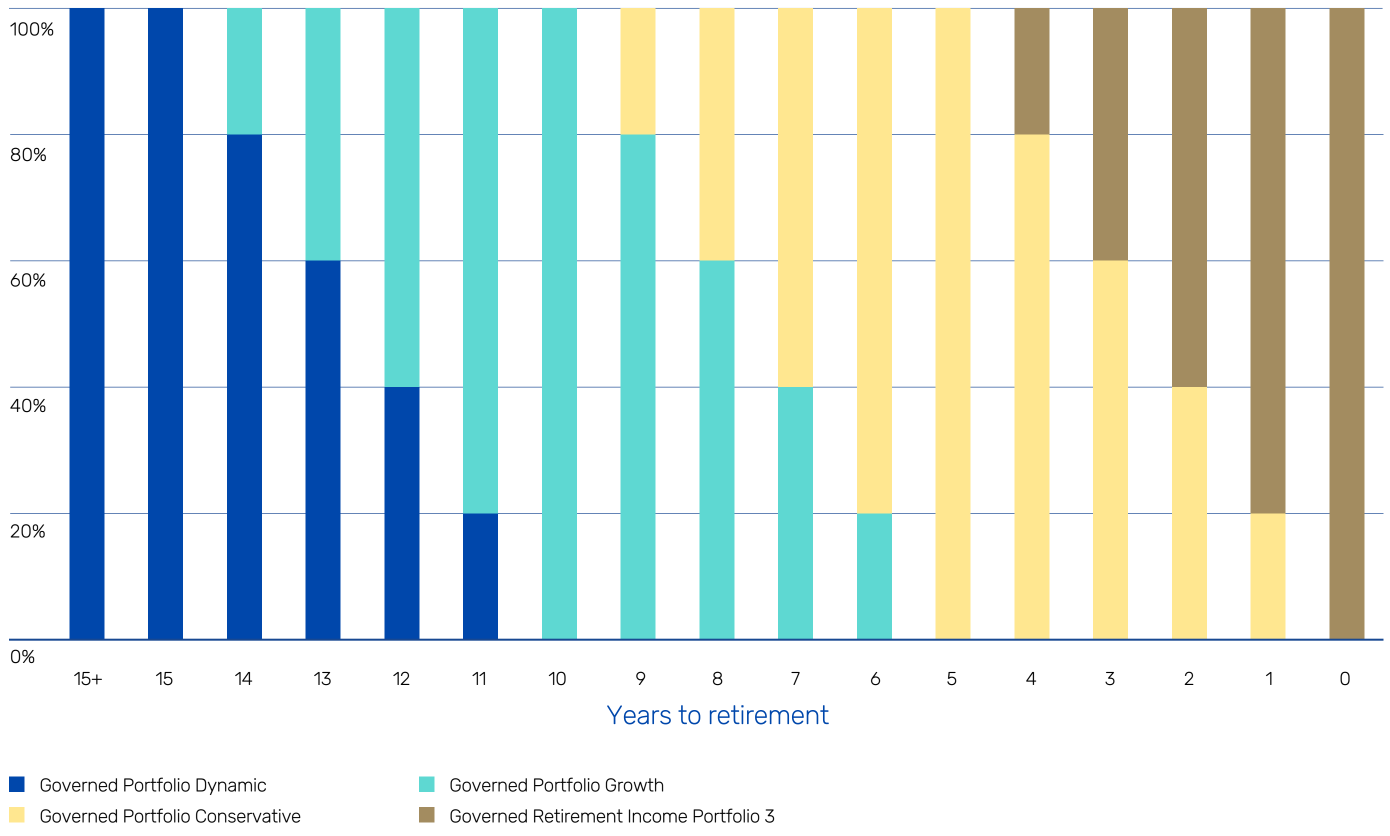
- effectively communicate the investment returns and potential risks of their investment to customers
- set realistic expectations of future returns and measure actual returns against these expectations
- identify where returns fall below appropriate benchmarks and competitor returns
- ensure efficient trading execution.

Royal London Workplace Pension default investment strategy

The majority of Workplace Pension customers are invested in the Balanced Lifestyle Strategy (drawdown). This strategy automatically moves you through the Governed Portfolios as you get closer to your nominated retirement date. If you are 15 years or more from the date that you intend to start using your pension pot, you start in Governed Portfolio Dynamic, which aims to deliver high, long-term growth by taking on more investment risk.

As you approach retirement, investments are gradually shifted into Governed Portfolio Growth, and then Governed Portfolio Conservative. In the final phase, savings move into Governed Retirement Income Portfolio 3, designed for customers who expect to take a regular income from their pension savings.

Percentage invested



INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
Investment strategy and design
Responsible investment and stewardship
Investment returns and transaction costs
SERVICE
APPENDICES
GLOSSARY

Investment returns and transaction costs

Investment returns and transaction costs – Workplace Pensions

The performance of the component portfolios that make up the Royal London Workplace Pension default investment strategy is shown in the following table.

Portfolio name	Percentage change					Compound annual growth rate (%)	
	31/12/24 31/12/25	31/12/23 31/12/24	31/12/22 31/12/23	31/12/21 31/12/22	31/12/20 31/12/21	3 years	5 years
Governed Portfolio Dynamic	13.78	13.21	9.23	-5.14	17.91	12.05	9.48
Benchmark	15.18	13.20	8.82	-4.75	15.49	12.35	9.31
Difference	-1.40	0.01	0.41	-0.39	2.42	-0.30	0.17
Governed Portfolio Growth (drawdown)	11.41	11.14	8.68	-7.06	14.69	10.39	7.47
Benchmark	12.20	11.01	8.21	-7.01	12.64	10.45	7.13
Difference	-0.79	0.13	0.47	-0.05	2.05	-0.06	0.34
Governed Portfolio Conservative (drawdown)	9.50	7.87	7.27	-9.59	9.54	8.20	4.65
Benchmark	9.29	7.46	6.72	-10.49	7.79	7.81	3.87
Difference	0.21	0.41	0.55	0.90	1.75	0.39	0.78
Governed Retirement Income Portfolio 3	9.67	7.30	7.28	-7.29	9.56	8.07	5.10
Benchmark	9.45	6.50	6.82	-8.58	7.19	7.58	4.06
Difference	0.22	0.80	0.46	1.29	2.37	0.49	1.04

These figures are presented gross of the AMC that customers pay. The charge customers pay varies from scheme to scheme and is never more than 0.75% for automatic enrolment schemes. Customers can see their true performance, net of the actual charges they incur, on their annual statements, and most customers can also access this information on Royal London's mobile app. The figures do not include the benefit of any ProfitShare.

Benchmark is the target investment return based on the returns from market indices, set for each Governed Portfolio / GRIP.

Investment markets experienced periods of volatility during 2025, reflecting ongoing uncertainty around inflation, interest rates and the broader economic outlook.

Equities (company shares) delivered positive returns overall, although performance varied across regions. Fixed income investments, such as bonds, provided more stable but generally lower returns, as interest rates remained higher than in recent years. Other asset classes, including commodities and real assets, contributed positively, helping support overall portfolio returns.

The default investment strategy benefits from diversification across a wide range of asset types. This approach helps to manage risk and reduce the impact of short-term market movements on members' savings.

As pensions are long-term investments, returns can vary from year to year. We therefore place greater emphasis on longer-term outcomes. Taking this into account, investment performance during the year was broadly in line with expectations, relative to the level of risk taken. Although performance was below benchmark over the one-year period, which also weighed on three-year relative returns, members continued to benefit from positive absolute returns over both the three- and five-year periods.

Analysis from the Comparison Study confirmed that Royal London's Workplace Pension default investments in the growth stage were performing in line with those of other providers over five years, but with significantly lower volatility. Over the one-year period, Royal London's lower allocation to US equities was beneficial, as US markets underperformed many other equity markets. However, over the three- and five-year periods, this lower allocation detracted from relative performance, as US equities outperformed most major equity markets over those longer time horizons.

Changes made to the default strategy in 2025 provide reassurance that Royal London is increasing the expected return profile of the growth stage on a forward-looking basis. Performance at the retirement stage remained strong compared with peers, delivering competitive returns with lower volatility over three, five and ten years.

In our previous report, we noted a concern that Royal London does not systematically emphasise risk warnings to customers who are moved back into higher-risk assets when they delay their retirement date. We suggested that more could be done to improve customers' understanding of the associated investment risks. Royal London informed us that initiatives are now underway to address this issue, with planned changes set to be implemented in 2026.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
Investment strategy and design
Responsible investment and stewardship
Investment returns and transaction costs
SERVICE
APPENDICES
GLOSSARY

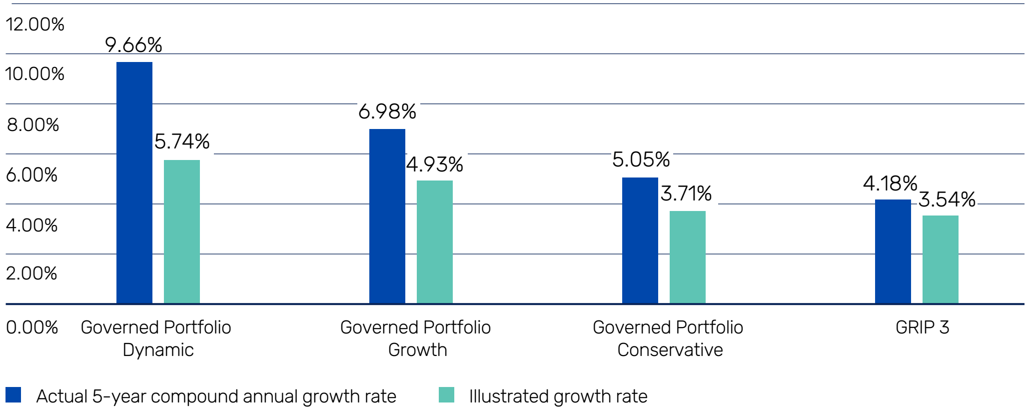
Investment returns and transaction costs

Performance against expectations set in Royal London's annual statements

We consider it important that Royal London monitors actual investment performance against the expectations set out in your annual statements. While these illustrations are produced in line with Financial Reporting Council rules, they can influence expectations of future returns and play an important role in how you perceive the value for money delivered by your Workplace Pension.

The following chart compares the five-year performance of the Governed Portfolios and GRIP used within the Royal London Workplace Pension default against the mid-growth rate that was shown on customers' annual statements five years ago. The illustrated growth rate reflects the underlying investment assumptions used at that time, before any adjustments for inflation.

Actual versus annual statement illustrated performance[1]



1. All portfolios have performed ahead of the illustration rate that would have been used in customers' annual statements as at 31 December 2020.

Real performance versus current illustration rates

Every quarter, Royal London's Investment Advisory Committee reviews the performance of the Governed Range portfolios against growth rates used in new customer illustrations and shares the results with us. We use this information to assess the performance of the default investments, in which the majority of Workplace Pension customers are invested, and to compare actual investment returns with the expectations currently being communicated to customers.

The following table shows the position as at 31 December 2025 and reflects the returns delivered over three and five years. It also shows the illustration growth rates for each portfolio in the default investment strategy as at 31 December 2025.

Investment	Illustration rate[2]	Annual compound real return[3]			
		3 years	5 years	10 years	Since launch
>15 years from retirement: Governed Portfolio Dynamic	2.00%	7.97%	4.21%	4.81%	5.80%
10 years from retirement: Governed Portfolio Growth	1.90%	5.50%	1.63%	3.04%	4.50%
5 years from retirement: Governed Portfolio Conservative	1.70%	3.24%	-0.23%	1.20%	2.70%
At retirement: Governed Retirement Income Portfolio 3	1.70%	3.14%	-1.06%	1.49%	2.40%

2. Illustration rate is the expected growth rate (FCA capped rates) detailed on illustrations sent to customers on 31 December 2025. These rates are net of a 1% annual management charge.
3. Annual compound real return is the net return achieved in excess of actual inflation (CPI) over the same period.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
Investment strategy and design
Responsible investment and stewardship
Investment returns and transaction costs
SERVICE
APPENDICES
GLOSSARY

Investment returns and transaction costs

Strong performance in 2025 provided a positive outcome for customers. However, higher-than-expected inflation over recent years, combined with continued geopolitical risks, has had a significant impact on five-year figures. Despite these challenges, we consider the inflation-adjusted rates of return achieved since launch to be strong, contributing positively to the value for money received by customers.

Comparisons against other providers

We regularly assess the performance of Royal London's Governed Range portfolios by comparing them with broadly similar funds offered by major competitors. This benchmarking is important to ensure the portfolios continue to deliver strong performance in relative terms.

We use two main approaches for this comparison.

1. The Comparison Study – a structured analysis that evaluates Royal London's portfolios against a defined peer group.
2. Provider comparisons – analysis using risk and return data provided by Royal London. This offers a broad market view focusing on the growth stage of default investment strategies from other providers and compares both performance and the level of risk taken to achieve that performance. This dual perspective ensures a balanced and meaningful comparison. Further details and results are provided in Appendix 6.

The comparison tables show that Royal London's performance is close to the median for longer-term portfolios while taking the lowest level of investment risk among peers. As part of its ongoing strategic asset allocation, Royal London continually reviews the level of risk taken at each stage of the default investment strategy. Although returns have been below those of some of its peers over a shorter time horizon, due to a lower allocation to growth assets, the changes made to increase exposure to growth assets within the default for younger savers bring Royal London back in line with competitors and position it well for the future.

Transaction costs

Transaction costs are the expenses associated with managing and dealing in investments in a fund. These costs are not new or additional costs; they are already included in the investment returns we show on page 28.

Transaction cost information is also important for investment firms. It helps them ensure they get the best value for the trades they make and that they are processed efficiently. We cover this under the best execution section on the following page.

We have included graphs in Appendix 7 that provide more information on the composition of transaction costs.

Overall, transaction costs were lower in 2025 than in 2024. This is primarily due to the following reasons:

- Reduction in implicit costs – Implicit costs decreased in 2025 relative to 2024, largely due to lower market volatility in 2025 and reduced trading activity across the portfolios. Lower turnover and fewer transactions reduced market impact and bid-offer costs, which are the primary drivers of implicit costs.
- UK Equity Tilt – Implicit costs were higher for both the UK Core Equity Tilt and UK Broad Equity Tilt funds in 2025, driven by an increase in purchases compared to 2024. As UK equity transactions are subject to stamp duty, higher buying activity resulted in increased transaction costs for these strategies.
- Broker commission – Broker commission payments were lower in 2025 compared to 2024. This reflects reduced trading volumes during the year and is consistent with the overall reduction in portfolio turnover and lower transaction activity across the underlying strategies.

Transaction costs for 2025 are as expected based on the level of trading across the Governed Range and underlying investment strategies. RLAM continues to trade efficiently, including using index futures in equities to support flows during periods of tactical asset allocation implementation.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
Investment strategy and design
Responsible investment and stewardship
Investment returns and transaction costs
SERVICE
APPENDICES
GLOSSARY

Investment returns and transaction costs – Investment Pathways

The investments underpinning each Investment Pathway are described in Appendix 4. The investment performance of each strategy is shown in the table below:

Pathway	Investment strategy		Percentage growth (cumulative) 31/12/2024 To 31/12/2025 Value 1 year	31/12/2022 To 31/12/2025 Value 3 years	01/02/2021 To 31/12/2025 Value since launch
Investment Pathway 1 (investing for growth)	Governed Portfolio Conservative	Actual	8.94	26.08	25.09
		Benchmark	9.35	25.46	21.16
		Difference	-0.40	0.62	3.93
Investment Pathway 2 (annuity purchase)	Governed Retirement Income Portfolio 1	Actual	7.33	15.80	2.31
		Benchmark	7.14	15.04	-2.72
		Difference	0.19	0.75	5.03
Investment Pathway 3 (investing for income)	Governed Retirement Income Portfolio 3	Actual	9.30	25.83	27.74
		Benchmark	9.54	24.68	22.11
		Difference	-0.24	1.15	5.63
Investment Pathway 4 (withdraw all)	Governed Portfolio Defensive	Actual	7.74	20.73	21.77
		Benchmark	7.68	19.35	18.16
		Difference	0.06	1.38	3.61

Benchmark is the target investment return based on the returns from market indices representing the asset of each Investment Pathways fund.

All Investment Pathways have outperformed their respective benchmarks since launch in February 2021, with the exception of Investment Pathway 1 and Investment Pathway 3 over a one-year period. Their short-term underperformance was primarily driven by the performance of the RLP Global Managed equity fund, reflecting the larger equity allocation of around 30% of these portfolios. The low return since launch on Investment Pathway 2 reflects the significant rise in bond yields over that period. However, Royal London has advised us that Investment Pathway 2's strategy has substantially outperformed its benchmark and has delivered its objective, preserving the level of annuity income that customers could purchase given the corresponding change in annuity rates over the same period.

Following the 2025 annual review, Royal London concluded that the RLS Long (15yr) Corporate Bond Fund was better aligned with the key objective of Investment Pathway 2 (to give more certainty around the level of annuity a customer can buy in the future) than the Governed Retirement Income Portfolio 1. As this change took place in February 2026, it is not reflected in the table above.

Appendix 9 compares the performance of each Investment Pathway with others in the market. Please note this information covers the period from the launch of Royal London's Investment Pathways in February 2021 to 31 December 2025. Performance since launch, over three years and for the 2025 calendar year is shown in the table above.

Investment Pathways transaction costs

Transaction costs for Investment Pathways are calculated in the same manner as they are for all other funds, including the Governed Range. You can read a full explanation on page 30 and a table showing the transaction costs for each Investment Pathway can be found in Appendix 7.

Best execution

Part of ensuring you receive an appropriate return on your investment requires the asset manager (RLAM) to execute trades in assets in the relevant markets. It is important that these are done in the best way at the best price. We therefore engage with RLAM to ensure this is done. In our discussions with them, we found that RLAM is committed to achieving 'best execution', meaning that it takes all reasonable steps to obtain the best possible results for clients when executing trades. The Dealing Management Committee oversees all execution activity to ensure commitments to clients are met, monitoring regulatory changes and keeping up with evolving market practice.

RLAM uses independent transaction cost analysis (TCA) to compare trades against market benchmarks in order to evidence 'best execution'. Price is a key factor, but the analysis also takes into account other elements such as costs, speed, execution risk and trade size. In 2025, RLAM selected a new TCA provider to deliver more sophisticated analysis that will enhance the coverage and quality of TCA over the course of 2026.

Overall, we consider that investment performance for Workplace Pension and Investment Pathways customers was satisfactory relative to the level of risk taken during 2025, and that transaction costs and best execution risks are managed appropriately.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
Clear communication and customer engagement
Effective service
Product reviews
APPENDICES
GLOSSARY

SERVICE

This section focuses on the standard of service Royal London delivers to you, including how clearly and effectively it engages with you.

Assessing service quality is essential, as the level of support customers receive can help drive engagement, understanding and eventual outcomes. For this reason, service quality is a core component of our wider value for money assessment.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
Clear communication and customer engagement
Effective service
Product reviews
APPENDICES
GLOSSARY

Clear communication and customer engagement

Royal London provides regular reporting and data on key customer engagement activities, enabling us to monitor effectiveness.

Over the course of the year, we met with the Royal London team to review key customer communications and the support available. The team also walked us through a number of core customer touchpoints, helping us build a clearer view of the overall service and engagement experience customers receive.

Relevant IGC principle being assessed:

Clear communication

Royal London should communicate with customers in a clear and timely manner and ensure customers are aware of product features, terms and conditions at relevant points in order to make informed decisions. Royal London should also communicate the value of any guarantees or other benefits to customers clearly and communicate the implication of actions which would result in the loss of these benefits.

In the last few IGC reports, we highlighted the need for Royal London to improve the quality of its customer data so that it can communicate and engage with more customers through key digital channels. This remains an area of focus for us, although we have seen some welcome improvements.

Technology enhancements, data improvements and the migration of many legacy customers to the modern Retirement Solutions proposition have all helped expand the breadth of digital communication channels available to customers. The vast majority of customers (over 98%) now sit within Royal London's more modern, digitally enabled solutions.

While this is positive progress, increasing Royal London's digital reach remains challenging. Among active Workplace Pension customers, the proportion with an email address on record rose from 59% to approximately 78% (over 700,000 customers) by the end of 2025. This improvement reflects better email collection during onboarding, resolving data issues and sending out mail campaigns designed to encourage online activation, and demonstrates Royal London's commitment to making progress on this issue for active Workplace Pension customers.

For Continuation Plan customers (those who have left their employer), communicating via an employer-related email address is no longer possible. This represents a sizeable population (circa 1.2 million customers). Of those, Royal London holds personal email addresses for only around 31%, while around half have provided marketing permissions. A concerted effort is now underway to collect personal email addresses and increase digital engagement across this population.

With better data and digital reach, more customers will have access to improved digital services, including the mobile app and online tools. These can help you take positive action such as nominating beneficiaries, making more informed savings and retirement decisions, and improving your financial knowledge and confidence.

Below are some examples of Royal London's specific communication and engagement activities.

- Monthly newsletter, The Pelican Post, which reaches an average of more than 900,000 customers each month.
- Quarterly webinars covering topics on pension transfers, retirement and tax, attended by nearly 9,000 customers.
- A monthly member webinar where customers can learn more about their Workplace Pension and ask questions – these have had very positive feedback.
- Royal London was a partner of the Association of British Insurers and Pensions UK 'Pay your Pension Some Attention' campaign. It was also an ambassador of Pension Awareness Week, where it hosted the best-attended live show since the event launched.

These activities allow Royal London to reach more customers with relevant, timely and actionable communications.

In 2025, the FCA published its policy statement on Targeted Support, introducing a new framework to help firms deliver more accessible, personalised financial guidance at scale. As noted in our previous report, we welcomed Royal London's participation in the trial innovation sprint of Targeted Support and committed to monitoring developments in this area.

Targeted Support has the potential to enhance customer engagement by providing more timely and relevant prompts to support decision making. We note that Royal London has made progress in establishing a supporting framework and governance, including oversight of how Targeted Support journeys are developed, controlled and monitored for its customers.

In April 2026, Royal London launched its first Targeted Support service, focused on helping customers assess whether investing in an ISA is appropriate and, where relevant, how to invest. ISA products are not within our direct scope, however, as these products and support are provided to Workplace Pension customers, we believe it is important that we consider how they can help improve the financial resilience of these customers. In addition, Royal London intends to use the learning from this work to develop Targeted Support for customers at retirement. We will continue to monitor the rollout of this service, including its impact on customer understanding, confidence and outcomes.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
Clear communication and customer engagement
Effective service
Product reviews
APPENDICES
GLOSSARY

Clear communication and customer engagement

Royal London does not offer access to financial advice, although it does promote the importance of obtaining advice through its website.

→ Visit royallondon.com/find-a-financial-adviser

Having reviewed the activities undertaken and the supporting evidence, we conclude that Royal London communicates clearly and continues to place appropriate emphasis on customer engagement, with good progress made during the year. Further improvements to customer data, and increased digital reach and engagement remain important priorities. More progress is also required to strengthen the evidence that engagement activities are driving meaningful customer understanding and action, and ultimately leading to better outcomes. We will continue to monitor progress in this area.

Workplace Pension schemes

Digital innovation and engagement

Royal London's strategic ambition is to be a 'digital first' business and drive greater digital adoption among its customers. Evidence of progress includes:

- Over 500,000 active Workplace Pension customers have received an email link to a personalised video statement since the launch of its video statements, with 92.8% of videos played watched to completion, demonstrating strong engagement. A follow-up survey of more than 500 users found that 87% reported a very positive experience and plan to engage with the video statement next year. Given the positive experience noted, we would like Royal London to consider providing this capability to customers who have continuation plans. Royal London has not been able to commit to this request, given other priorities. We have discussed the customer enhancement work which is ahead of this plan and we understand why the current scheduling is necessary.
- Mobile app registrations increased from 505,000 at the end of 2024 to over 683,000 by the end of 2025, helped by improved data and engagement activity. This compares favourably to other providers in the Comparison Study, however, actual use of online capabilities was below average when compared to others.
- Royal London continued to optimise the email welcome journey for new Workplace Pension customers to include dynamic content, making it more relevant and personalised.
- Digital channels have been developed, enabling Workplace Pension members to consolidate pensions via the app and website. Transfer activity has increased more than threefold between 2022 and 2025, supported by ongoing process improvements.
- Digital engagement activity is focused on supporting better customer outcomes, including encouraging beneficiary nominations and raising awareness of relevant support tools, such as Financial Wellbeing services and the Retirement Income and Lifestyle Planner.

Royal London continues to make progress with digital innovation and adoption, and we have requested regular updates on new developments, data improvements, engagement levels and customer outcomes. We will provide an update on this in our next report.

Employer support

Royal London continued to provide a wide range of support to employers, helping them manage their Workplace Pension schemes effectively and engage their employees.

Some of their largest employers benefit from a team of Relationship Managers, while Employee Engagement Consultants deliver presentations to members of new and existing schemes. These sessions explain how pensions work, support employee engagement and can be tailored to the investment and retirement needs of specific workforce groups.

Royal London's updated employer website and dashboards offer quick, self-service support, including a toolkit with ready-made resources. These are enhanced by access to telephone support teams.

In addition, the monthly employer newsletter, Pension Matters, provides practical hints and tips, updates, research findings and important regulatory information. It reaches around 35,000 employers each month and demonstrates strong engagement, with a 45% open rate.

Royal London also runs a quarterly webinar programme, covering topics including tax year-end planning, financial resilience and pension awareness season.

Longstanding Workplace Pension schemes

Core communications

For the small population of customers remaining in older legacy products, we continue to challenge Royal London to improve the data it holds, open up wider communication channels and create broader access to digital content and tools. There has been some improvement in this area, with more work underway to determine what further enhancements could be made.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
Clear communication and customer engagement
Effective service
Product reviews
APPENDICES
GLOSSARY

Clear communication and customer engagement

Longstanding customers receive core communications, such as annual statements, and for certain products, video pension statements. During production, all communications are assessed against a set of requirements to ensure they are fit for purpose and supportive of good decision making.

Our most recent assessment of the framework used to produce such communications raised no concerns, and the comparative analysis at the time concluded that communications issued by Royal London were better than others.

Digital innovation and engagement

Having an up-to-date email address for longstanding customers enables more timely and relevant communication and engagement. Currently, around 32% of this group has an email address on record, and again, Royal London is focused on improving this.

Where an email address is held, customers receive communications including the monthly Pelican Post newsletter, invitations to webinars and information about Royal London's Financial Wellbeing services. However, fewer customers have given Royal London permission to send marketing communications, which continues to limit the distribution of some communications.

To help address this, Royal London introduced a new 'support' category of communications (successfully tested in 2025). This allows the business to share educational, outcomes focused content without requiring marketing permissions. These communications are expected to be rolled out more widely in 2026, helping to extend the reach of guidance and customer support for longstanding and other customers.

Investment Pathways customers

As retirement approaches, the quality of planning tools and communications becomes critical. We therefore review how effectively Royal London supports customers with timely, clear guidance and the resources needed to make well-informed decisions, both at the outset and on an ongoing basis.

Digital innovation and engagement

Last year, the business carried out a range of marketing activities to support engagement with the retirement guidance tools, helping customers plan how much income they needed in retirement and the best way to withdraw lump sums. Promotion was delivered across different media channels, with targeted, personalised content when key pre-retirement milestones were met.

Royal London has continued to enhance its range of digital retirement tools, resulting in higher online process completion rates and positive feedback. The strong online completion rates are perhaps indicative of both the ease of process and the confidence it instils in customers to make key decisions at this important life stage.

In 2026, Royal London plans to authenticate and pre-populate customer information in the lump sum guidance process to provide a more integrated digital customer experience. It also intends to focus on increasing repeat usage of the retirement planner tool by further developing the 'next best actions' for customers to consider.

We welcome the continued focus on supporting customers approaching retirement and the evidence that Investment Pathway's customers are directed to relevant guidance and planning tools. We will continue to monitor progress in this area, especially as more developments are made with Targeted Support. We will provide an update in our next report.

Customer insight

Royal London seeks to understand customer needs, experiences and preferences to ensure its products and services continue to support good financial outcomes. It does this through the bi-annual Customer Relationship Study (CRS), which measures customers' financial resilience, and its long-established sentiment model, the Customer Value Statements (CVS). Together, these help track how well Royal London is meeting customer needs and expectations, and where improvements can be made.

Customer Value Statements model

The CVS model measures customer sentiment by tracking seven key pillars of influence designed to determine the extent to which customers trust and recommend Royal London. Customers rate Royal London from 0 to 10 based on their agreement with the following statements.

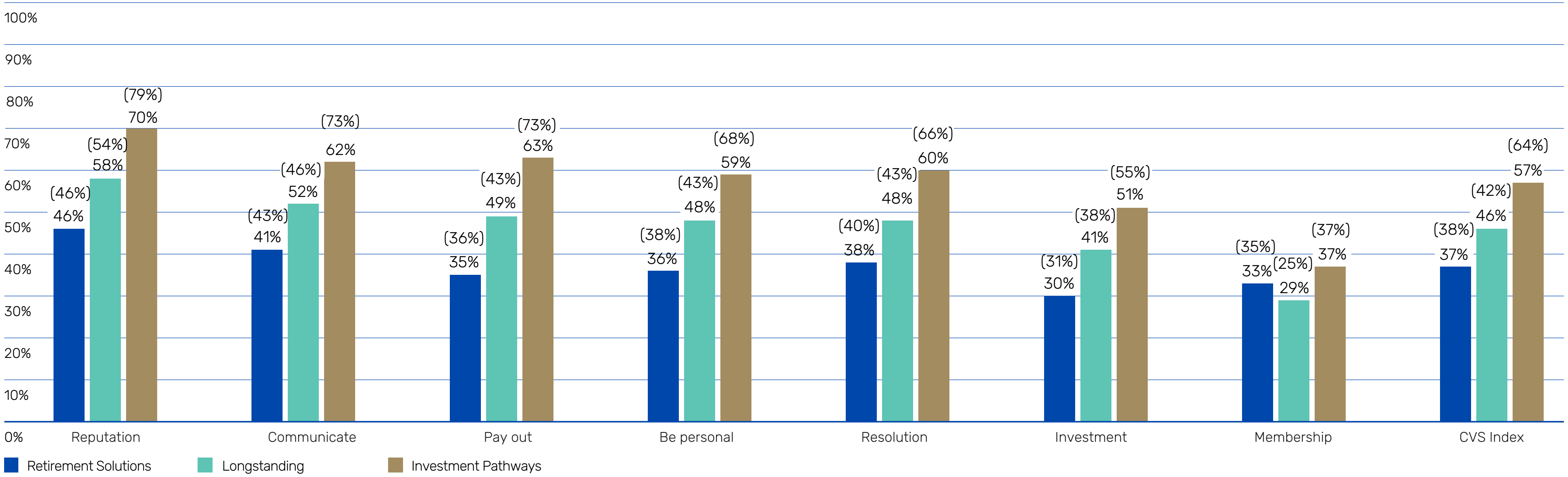
- **Reputation** – Royal London is a reliable, established company that will still be around when I need my money.
- **Communicate** – Royal London communicates clearly so I can understand my options and make decisions.
- **Pay out** – Royal London will pay out what I expect and will be easy to deal with.
- **Be personal** – Royal London treats me as an individual, and its products and services meet my needs.
- **Resolution** – Royal London takes ownership and resolves any queries or problems I may have.
- **Investment** – Royal London will provide the investment returns I expect.
- **Membership** – I get extra benefits and Profit/Value share for being a customer of Royal London.

Clear communication and customer engagement

CVS metrics and Index across customer groups – 2025[1]

(2024 results are in brackets)

The following chart illustrates the views of Retirement Solutions Workplace Pension, longstanding[2] and Investment Pathways customers. Figures shown are the percentage of customers who score Royal London as nine or 10 out of 10 for each statement. The scores are aggregated into one overall composite score of all seven statements.



From the chart, we can see that Investment Pathways customers continue to report the highest levels of satisfaction, although sentiment has softened since November 2024. In 2025, scores in some areas, particularly communication and pay out, were lower. Wider external uncertainty and perceptions of financial services organisations may be influencing customer confidence and contributing to these scores. However, despite this softening, scores across all areas remain higher than in 2023.

For Retirement Solutions customers, the CVS Index shows minor fluctuations across most metrics, with performance broadly maintained in 2025. For longstanding customers, almost all metrics have improved since 2024, resulting in a 4-percentage-point increase in the CVS Index. The improved sentiment reflects enhancements to digital access and tools, as well as promotion of Royal London's Stocks and Shares ISA.

1. The data for Investment Pathways customers is for November 2025 only. The average score (June and November 2025) is presented for Retirement Solutions and longstanding customers.
2. The scores labelled as 'longstanding' refer to longstanding customers (CIS and Insourced) that hold pensions and protection products with Royal London and are closed books of business.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
Clear communication and customer engagement
Effective service
Product reviews
APPENDICES
GLOSSARY

Clear communication and customer engagement

Financial Resilience model

A key outcome of Royal London's Purpose is supporting customers' financial resilience. This is measured through its Financial Resilience model, which focuses on the areas that Royal London can influence by measuring customers' knowledge, confidence and behaviour across the following three outcomes:

Outcome 1:
Customers have enough money for the retirement they planned.

Outcome 2:
Customers feel confident in making decisions about their long-term savings and investments.

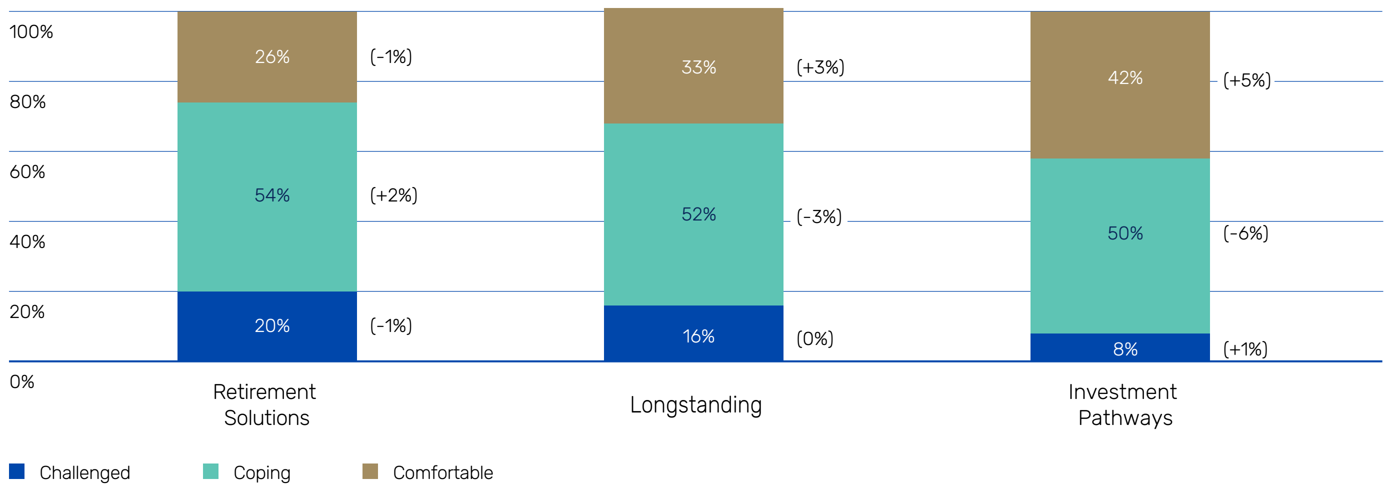
Outcome 3:
In times of ill health or bereavement, customers and their family don't have to worry about money.

Research participants score themselves on a series of key metrics, which determine the extent of their resilience for each specific outcome and overall. Those with high resilience are classed as comfortable; those with medium resilience, as coping; and those with low resilience, as challenged. The scores are then aggregated together to give an overall view of each participant's financial resilience, again rated as comfortable, coping or challenged.

Financial resilience across the three customer groups – November 2025 versus November 2024

(difference versus November 2024 results is shown in brackets)

The following chart shows the November 2025 results for the three groups of customers that fall within the remit of the IGC.



Values rounded for display – actual total is 100%.

The data shows that over half of Retirement Solutions customers are currently classified as coping, indicating moderate levels of financial resilience. These customers report lower confidence about having enough money for retirement and coping with financial shocks. In 2025, longstanding customers showed small improvements, with a 3-percentage-point increase in the proportion classified as comfortable.

Investment Pathways customers continue to demonstrate higher financial resilience than other groups, with the proportion of those who feel comfortable increasing by 5 percentage points in November 2025. More customers report feeling more confident making decisions about their long-term savings and investments. These improvements represent a positive outcome, particularly given the prolonged external uncertainty customers have experienced, including economic pressures and wider policy change.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
Clear communication and customer engagement
Effective service
Product reviews
APPENDICES
GLOSSARY

Clear communication and customer engagement

Investing responsibly – ESG

Royal London considers customers' views on ESG-related factors when designing investment solutions and its climate strategy. In 2025, customer views on responsible investment were captured through ongoing research, including similar questions to those asked in 2024.

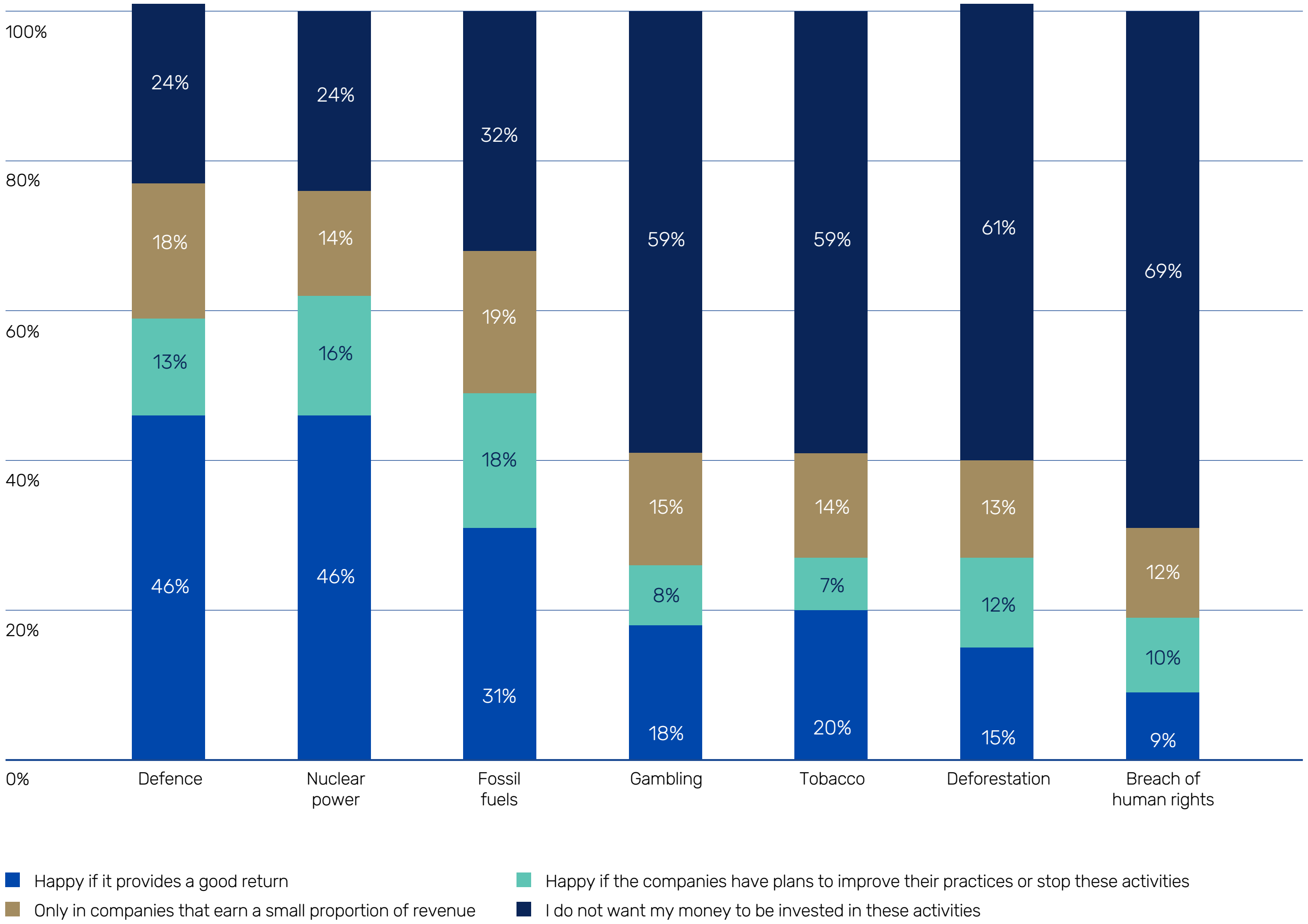
Customers were asked how they feel about their money being invested in companies earning revenue from a range of activities. Over half of Retirement Solutions and longstanding customers do not want their money invested in tobacco, gambling, deforestation or activities linked to human rights breaches.

Views on fossil fuels and defence were more nuanced. While just over three in ten customers in both groups would prefer not to invest in fossil fuels, the majority are open to doing so under certain conditions, such as where an engagement-led approach is taken or where only a small share of revenue is earned from that activity (37% of Retirement Solutions customers and 36% of longstanding customers).

Defence was explored for the first time in 2025 and shows a similar pattern. Although around one fifth of customers in both groups would prefer not to invest in defence, a larger proportion (over two fifths) are willing to do so where investments deliver strong financial returns.

Overall, this suggests that customers are balancing ethical considerations with financial outcomes, albeit with limited consensus on how best to achieve this.

Retirement Solutions – How do you feel about your money being invested in companies that earn revenue from the following activities:

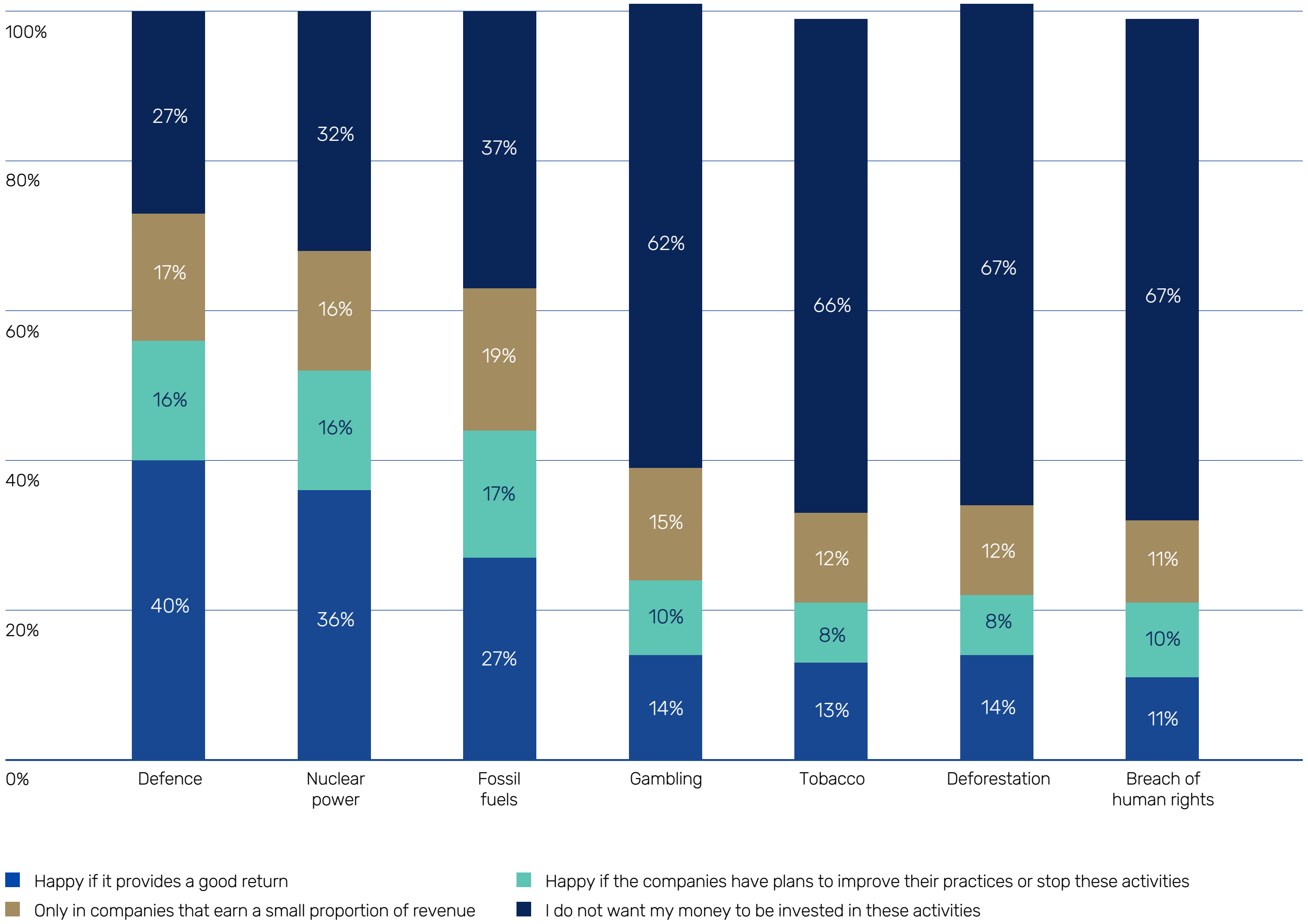


Values rounded for display – actual total is 100%.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
Clear communication and customer engagement
Effective service
Product reviews
APPENDICES
GLOSSARY

Clear communication and customer engagement

Longstanding customers – How do you feel about your money being invested in companies that earn revenue from the following activities:



Values rounded for display – actual total is 100%.

Royal London takes an engagement-led approach to investing, seeking to influence company behaviour rather than divesting outright. While only a minority of customers actively favour engagement-led investing, qualitative feedback indicates that Royal London's climate strategy resonates as credible and proactive, though some customers would welcome clearer evidence of its impact.

Conclusions and actions from customer insight

Customer sentiment continues to improve despite ongoing uncertainty. Engagement plays a key role in supporting financial resilience as it is impacted by knowledge, confidence and behaviours.

The findings indicate that clear communication about investment strategy matters, and that customers value transparent explanations that address concerns and demonstrate how investment approaches are designed to deliver positive outcomes over time.

Results also highlight the importance of maintaining a strong focus on clear communications, accessible tools and streamlined customer journeys to help them build resilience and achieve their long-term goals. Ongoing simplification and process improvements are expected to enhance the service delivered to customers in 2026.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
Clear communication and customer engagement
Effective service
Product reviews
APPENDICES
GLOSSARY

Effective service

We continually monitor and evaluate the effectiveness of Royal London's services by reviewing detailed reports and evidence from its service teams, as well as insights from the Comparison Study.

To deepen our understanding of the customer experience, we visited Royal London's office at Waverley Gate in Edinburgh, observing first-hand the work of teams responsible for engaging with employers and members. The visit also provided the opportunity to speak directly with customer-facing colleagues and senior leaders, giving us valuable insight into Royal London's ongoing commitment to delivering high-quality customer service and outcomes for you.

Relevant IGC principle being assessed:

Effective service

Royal London should provide a service that makes it easy for customers to manage their pension and engage with Royal London effectively when they need help.

In particular, key scheme and member transactions should be carried out promptly and accurately.

Service for Retirement Solutions Workplace Pension customers

Monitoring of customer service

Royal London runs a structured and continuous programme of monitoring and evaluation to gain valuable insight into the effectiveness of its service. Each quarter, we receive detailed data which we use to assess performance across key service metrics.

These insights help identify strengths and challenges, understand emerging trends and evaluate the quality and consistency of its service. In addition to the internal monitoring, data from the Comparison Study provides an important external benchmark, enabling us to understand how its service compares across the wider market.

Royal London has increased its customer service capacity through a new, limited outsourcing arrangement for non-core tasks. This frees up its UK-based Workplace Pensions team to deal with more complex work and direct customer engagement.

Timely issue of annual pension statements

Most pension statements continue to be issued in a timely manner. Additionally, Royal London continues to enhance the customer experience by transforming traditional pension information into personalised video benefit statements, helping bring each customer's retirement journey to life.

These tailored videos present complex information in a clear, visual and engaging format, helping customers better understand their savings, projected outcomes and the actions that matter most. By making this information more accessible and easier to follow, Royal London is strengthening customers' understanding and supporting more confident financial decision making.

We noted that management actions taken to improve service levels from 2024 have contributed to improved performance during 2025. Complaint volumes continue to compare favourably against peers.

Responsiveness, quality and timeliness of customer transaction processing

Royal London continues to invest heavily in automating key processes, aiming to improve the customer experience by increasing the speed and accuracy of dealing with requests.

The Comparison Study highlighted that Royal London demonstrated higher levels of automation than other providers in the study. As a result, a significant majority of customer transactions are processed quickly and accurately. Where manual intervention was required on more complex processes, Royal London took slightly longer than its competitors to complete some of these transactions. However, notably, it was quicker than most to settle death claims and transfers out.

Royal London maintained its dual approach to quality assurance throughout 2025, with operational teams undertaking in-house checks while the Quality Assurance team conducted independent thematic reviews.

Royal London uses a quality evaluation methodology that distinguishes errors that directly impact its customers from more general process or control failures.

Only a small proportion of errors resulting in customer impact were identified during the year, and were rectified by Royal London.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
Clear communication and customer engagement
Effective service
Product reviews
APPENDICES
GLOSSARY

Effective service

How promptly customer calls are answered

In 2025, Royal London's telephone service saw a marked improvement compared to 2024, with reduced call volumes (due to greater digital adoption) leading to shorter wait times and fewer abandoned calls.

As a result, the service has operated more efficiently, enabling you to receive quicker and more consistent support.

When comparing performance with other providers, call wait times were broadly similar, however, call abandonment rates were slightly higher. This was partly driven by a temporary peak in customer demand, following changes to the online login process.

These enhancements were introduced to strengthen security, better protect customer information, and support the development of more advanced digital services in the future. Although this created a short-term deterioration in service levels, it has ultimately improved the resilience and capability of the digital platform, enabling a smoother and more secure experience going forward.

The level and nature of complaints

Complaints are an important source of insight into the service being provided to you. They help us assess service quality, identify any emerging issues and inform continuous improvements.

Complaints levels for Royal London are among the lowest in the market. Royal London has also continued to see low rates of complaints escalated to The Pensions Ombudsman.

Due to an increase in customer requests to the service teams in 2025, processing volumes were higher than in the previous year. As a result, the highest number of upheld complaints in 2025 related to backlogs in this area. We are satisfied that the position has improved and have not found any concerning trends in the complaints data for 2025.

Royal London has some of the quickest complaints resolution timescales compared to other providers. This is due to an approach that aims to resolve complaints on the telephone at first point of contact.

Historically, transfer transactions have been a source of some complaints. However, service in this area has improved over time, in part due to increased digital adoption. Enhanced digital processes have helped streamline transfer journeys, reduce manual intervention and improve both timeliness and customer experience, contributing to a reduction in related complaints.

Service for longstanding customers

Longstanding customers represent a small proportion of Royal London's Workplace Pension customer base, totalling around 30,000 customers. They are serviced through a combination of in-house administration and an outsourced arrangement.

Early in 2025, the outsourced supplier experienced operational issues linked to industrial action. This ended in early April, and recovery activity began immediately. From mid year onwards, servicing was stable, backlogs were cleared, and no systemic customer detriment was identified. Royal London maintained consistent oversight and regular challenge, underpinning our assessment that longstanding customers received an appropriate level of service during 2025.

Royal London kept us well informed throughout the year, providing clear updates on service performance and operational challenges.

At the end of 2025, Royal London announced its intention to transition the administration of its longstanding outsourced customers to an in-house model. This does not affect our assessment of service performance during 2025. However, we will monitor this transition during 2026 to ensure that service continuity and customer outcomes are maintained.

Service for Investment Pathways customers

Monitoring of customer service

Royal London continued to make improvements to automation and digital customer journeys in 2025. Similar to 2024, due to Budget speculation, Royal London experienced increased customer demand between September and October 2025. We are satisfied that Royal London handled this effectively, largely thanks to the expansion of the digital tax-free cash application process and the range of cash access options this process covers.

We continue to discuss with Royal London whether such customer reactions, such as those influenced by Budget speculation, could lead to poorer outcomes. Royal London will monitor these customers and keep us informed.

As Investment Pathways reach their five-year anniversary, Royal London conducted a review which identified evidence of some divergence between customers' initial Investment Pathway selections and their subsequent behaviour, a pattern also observed in wider third-party comparison analysis.

In response, Royal London is issuing targeted five-year review communications to encourage customers to reassess their pathway choice, with further enhancements to messaging and prompts to be developed in light of the findings.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
Clear communication and customer engagement
Effective service
Product reviews
APPENDICES
GLOSSARY

Effective service

Service quality

Royal London continued to apply a quality-assurance approach to Investment Pathways, based on the same in-house checking used for Workplace Pensions. This helped support the consistent assessment of customer impact and outcomes.

Quality checking activity carried out by the operational teams during 2025 covered a broad range of processes, with a particular focus on areas presenting higher potential risk of customer detriment.

Building on previous reports, Royal London maintained its focus on encouraging customers to 'shop around' and compare options available in the market before entering income drawdown. Call scripts and online guidance continued to promote this during 2025, supporting you to make more informed decisions and consider value for money alongside your individual circumstances.

Complaints from drawdown and Investment Pathways customers

Complaint volumes from non-advised drawdown customers decreased slightly in 2025. As in the previous year, the main source of dissatisfaction was where processes took longer than customers expected.

Royal London's commitment to 'do more digitally', alongside wider improvements, should continue to help reduce delays over time. Royal London also recognises that accessing pension savings is a significant life event for many of you and that prioritising speed alone may not support good outcomes. At this point of the customer journey, processes need to balance efficiency and ease with appropriate time and support so that customers understand their options and make well-informed decisions.

Royal London has committed to ongoing monitoring of customer behaviour, outcomes and complaints in this area and to keep us fully informed.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
Clear communication and customer engagement
Effective service
Product reviews
APPENDICES
GLOSSARY

Product reviews

Regular product reviews help ensure that Royal London's products continue to meet customer needs and support good outcomes. We receive regular reporting from relevant teams across Royal London, which enables us to assess performance against this principle.

Relevant IGC principle being assessed:

Regular reviews

Royal London's Workplace Pension and Investment Pathways solutions should be regularly reviewed to ensure they remain relevant to the needs of customers. Reviews should:

- take account of the changing market environment
- ensure products continue to provide good customer outcomes
- ensure the products remain fair relative to the original terms and conditions
- take account of any inappropriate outcomes for customers
- make appropriate recommendations and track their implementation.

We are satisfied that Royal London has continued to embed the Consumer Duty effectively throughout 2025. There is clear evidence that the Customer Outcomes Framework remains central to the governance of its proposition and to the identification and prevention of potential customer harm.

We have observed continued improvement in how Royal London monitors outcomes, including broader data coverage and clearer insights feeding into product reviews and governance decision making.

Royal London has committed to engaging with us further in 2026 to support our understanding of how quantitative and qualitative measures are used in practice, including greater transparency over the metrics it uses and how these inform assessments and decision making.

Overall, we are assured that Royal London is taking a proactive and increasingly mature approach to Consumer Duty, with governance arrangements and monitoring processes that continue to evolve positively.

From our discussions with Royal London, it is clear that the ongoing suitability of its products and services for customers continues to be reviewed, with evidence of strengthened outcomes monitoring and insight increasingly informing product reviews and governance decision making. These developments provide us with assurance that its product review and governance processes remain effective and continue to evolve.

Customers in vulnerable circumstances

In 2025, Royal London continued to strengthen its approach to identifying and supporting customers in vulnerable circumstances. Although a low proportion of customers are flagged as vulnerable, we are confident that when interacting with Royal London, these customers will be identified and handled appropriately.

In the previous year, the organisation had identified ten areas for improvement against the FCA's vulnerable customer guidance. By the end of 2025, seven of these improvements had been made.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
Clear communication and customer engagement
Effective service
Product reviews
APPENDICES
GLOSSARY

Product reviews

The number of customers with recorded support needs continued to increase. This reflected greater colleague awareness as well as improved digital channels that make it easier for customers to disclose their support needs. Enhanced data also provided deeper insights into the challenges that customers face, enabling more targeted improvements across key customer journeys.

Royal London further strengthened its customer support by partnering with the National Support Network (NSN) and Convo. NSN provides access to a comprehensive directory of helplines, self-help resources and specialist services, enabling effective signposting to external support. Convo enhances accessibility for customers who use British Sign Language through more secure and consistent engagement with interpreters. These initiatives support appropriate and timely assistance to customers with additional needs.

Throughout 2025, Royal London continued to assess whether vulnerable customers receive outcomes equivalent to those of non-vulnerable customers. This identified opportunities to improve communication accuracy, vulnerability recognition and signposting, which are now being used to inform ongoing enhancements to the business's outcomes-testing framework.

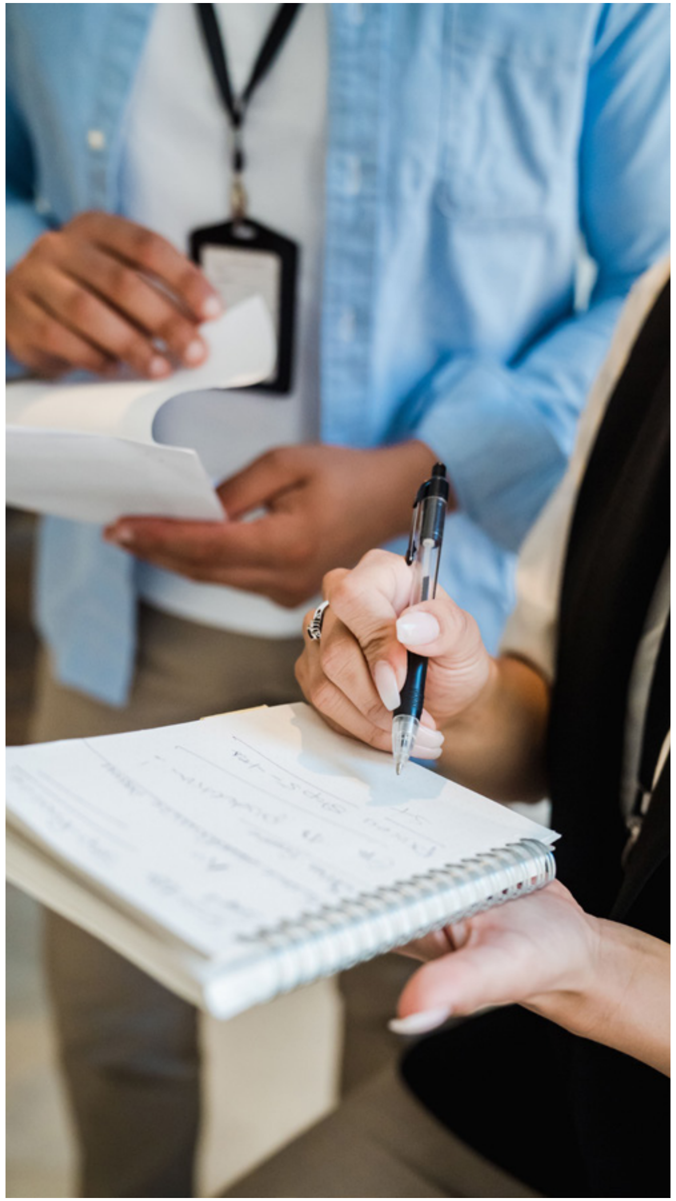
Royal London remains committed to continually improving the benefits, products and services available to vulnerable customers. It acknowledges that ongoing work is required to improve further against FCA guidance and best practice. The priority for 2026 is to close the final three actions by delivering a scalable digital disclosure solution that enables customers to disclose, view and update their support needs, with information automatically retained for future reference.

Cyber security

Strong cyber security is essential to protect customers' personal and financial information, maintain the resilience and continuity of business-critical services and ensure that cyber risks are proactively and effectively managed. It is also fundamental to maintaining the trust of customers, colleagues, partners, suppliers and regulators.

During 2025, Royal London made significant progress in strengthening its cyber security and reducing residual risk through independent testing and targeted improvement activity.

Collectively, these improvements demonstrate sustained progress and provide a strong platform for continued maturity. Royal London remains committed to ongoing improvement activities, and monitoring and oversight to support customer outcomes and deliver reliable, secure services. We will continue to monitor activity in this important area.



APPENDICES

46	Appendix 1 – Value for money principles
48	Appendix 2 – How we have carried out our comparative assessments
49	Appendix 3 – Longstanding customer product charges
50	Appendix 4 – Royal London's Governed Range funds and strategy
52	Appendix 5 – Governed Range asset allocations
54	Appendix 6 – Provider investment returns data
55	Appendix 7 – Transaction costs
57	Appendix 8 – Longstanding scheme investment defaults
58	Appendix 9 – Investment Pathways comparative performance
60	Appendix 10 – Current membership

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

Appendix 1

Value for money principles

We monitor how well Royal London performs across a number of key areas, for both Workplace Pension and Investment Pathways customers. We call these the value for money principles.

Costs and charges

Appropriate ongoing charges	Royal London's ongoing charges are fair and appropriate and offer value for money compared to the benefits provided by the product and service. This assessment includes a comparison against similar market alternatives. Timely and accurate information is published by Royal London in relation to the costs and charges of each employer's scheme, improving cost transparency and making it easier for members to access such information.
Fair exit charges	This principle has been removed as Royal London has not applied exit charges to any pension plan within the scope of the IGC since 1 April 2024.
Balanced charging	Charges made by Royal London should sustainably cover the costs of providing and administering the contracts. Such charges should fall fairly between policyholders.

Investment performance

Investment strategy	Royal London's long-term investment strategy should be designed to deliver appropriate returns within an agreed level of risk and volatility. This should be achieved in a measured and efficient manner and be clearly communicated to customers. Royal London should have appropriate policies and governance in place to ensure returns are delivered cost effectively, including management and oversight of execution and transaction costs. Royal London should have appropriate policies around responsible investment and effective stewardship, so that ESG investment risks and opportunities are managed appropriately.
Appropriate investment returns	Actual investment returns should be appropriate relative to the risk that a customer has taken. In particular, Royal London should: • effectively communicate the investment returns and potential risks of their investment to customers • set realistic expectations of future returns and measure actual returns against these expectations • identify where returns fall below appropriate benchmarks and competitor returns • ensure efficient trading execution.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

Appendix 1

Service

Clear communication	Royal London should communicate with customers in a clear and timely manner and ensure customers are aware of product features, terms and conditions at relevant points in order to make informed decisions. Royal London should also communicate the value of any guarantees or other benefits to customers clearly and communicate the implication of actions which would result in the loss of these benefits.
Effective service	Royal London should provide a service that makes it easy for customers to manage their pension and engage with Royal London effectively when they need help. In particular, key scheme and member transactions should be carried out promptly and accurately.
Regular reviews	Royal London's Workplace Pension and Investment Pathways solutions should be regularly reviewed to ensure they remain relevant to the needs of customers. Reviews should: • take account of the changing market environment • ensure products continue to provide good customer outcomes • ensure the products remain fair relative to the original terms and conditions • take account of any inappropriate outcomes for customers • make appropriate recommendations and track their implementation.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

Appendix 2

How we have carried out our comparative assessments

Under FCA requirements, IGCs must assess value for money by comparing the arrangements they oversee with comparable arrangements offered by other providers.

Each pension provider's IGC is expected to use its judgement to decide the most appropriate way to carry out this comparison. There are two main approaches:

1. **Individual basis**
   Each individual employer scheme, including each category within it, or each Investment Pathways contract is assessed separately against a sufficiently similar arrangement.
2. **Aggregate basis**
   Groups of sufficiently similar employer pension arrangements or Investment Pathways contracts from one provider are compared with similar groups from other providers, enabling the IGC to form its assessment.

IGCs may also choose to use both approaches in combination.

During the year, we undertook a further Value for Money Comparison Study covering active Workplace Pension customers. This allowed us to benchmark Royal London against seven major contract-based pension providers, representing around 150,000 schemes, over 11.9 million customers and more than £293bn in assets under management. For Investment Pathways, we compared Royal London's proposition with five comparable providers, assessing investment performance, charges and customer outcomes.

We are satisfied that the arrangements included within the study provide a meaningful basis for comparison, given their broad similarity to Royal London's products and services. We recognise that alternative providers may, in some circumstances, offer stronger value for money when considering charges, investment outcomes or service standards. To support the assessment, participating providers supplied data across these areas. Charges were analysed across a range of cohorts reflecting factors that can influence pricing, including scheme size and membership levels. Where the analysis highlighted notable differences between Royal London and its peers, we sought further explanation and challenge from Royal London. Our findings reflect the conclusions of those discussions.

We also considered whether any comparator provider clearly offers customers better overall value for money. Based on the evidence currently available, we have not concluded that this is the case for any specific cohort. While charges vary across Workplace Pension schemes and Investment Pathways customers, it is not evident that lower-cost alternatives would necessarily be available to customers with similar characteristics. Equally, our assessment has not identified any consistent weaknesses in investment performance or service quality that would lead us to conclude that customers are receiving poor overall value for money from Royal London.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

Appendix 3

Longstanding customer product charges

In addition to its actively marketed Retirement Solutions for Workplace Pensions, Royal London has several longstanding customer products. The level of charges and what is offered varies across these plans.

The following two tables show the number of members and schemes in these products across a range of charge bands. Customers can find the actual charges for their pension in their annual statement or by visiting → www.royallondon.com/workplacecostsandcharges.

Several longstanding customer products were transferred to Retirement Solutions during 2025 and are therefore no longer included in the tables. More detail is provided in the Costs and charges section of this report

Members

Product name	Up to 0.3%	Greater than 0.3% up to 0.4%	Greater than 0.4% up to 0.5%	Greater than 0.5% up to 0.6%	Greater than 0.6% up to 0.7%	Greater than 0.7% up to 0.8%	Greater than 0.8% up to 0.9%	Greater than 0.9% up to 1%	Above 1%	Total
CIS Group Stakeholder Pension	0	152	448	26	0	581	119	4,897	0	6,223
Talisman Group Pension Scheme	54	31	270	242	213	546	546	17,043	559	19,504
Talisman Group Personal Pension	0	0	0	0	0	0	0	767	0	767
Phoenix Life Group Stakeholder Pension	0	0	0	0	0	990	0	2,884	0	3,874
Total	54	183	718	268	213	2,117	665	25,591	559	30,368

Schemes

Product name[1]	Up to 0.3%	Greater than 0.3% up to 0.4%	Greater than 0.4% up to 0.5%	Greater than 0.5% up to 0.6%	Greater than 0.6% up to 0.7%	Greater than 0.7% up to 0.8%	Greater than 0.8% up to 0.9%	Greater than 0.9% up to 1%	Above 1%	Total
CIS Group Stakeholder Pension	0	2	13	1	0	33	1	1,282	0	1,332
Talisman Group Pension Scheme	0	1	8	16	27	34	48	1,302	111	1,547
Talisman Group Personal Pension	0	0	0	0	0	0	0	240	0	240
Total	0	3	21	17	27	67	49	2,824	111	3,119

1. Scheme information for the Phoenix Life Group Stakeholder Pension has not been included as these plans were converted to an individual product.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

Appendix 4

Royal London's Governed Range funds and strategy

Royal London's investment strategy operates through a layered structure comprising the Governed Portfolios and the lifestyle strategies. Lifestyle strategies are constructed using Governed Portfolios, which themselves are built by combining a range of funds managed by RLAM. In addition to these funds, a selection of externally managed funds is available to customers, although these are not included within the Governed Range portfolios or lifestyle strategies. The relationship between the different layers of the investment structure is illustrated in the following diagram.

	What?	Other information
Funds	Funds are the core building block, which typically hold investments of a specific type, for example equities or bonds.	ESG factors are considered at fund level and vary for different asset classes. For example, unlike other assets, equities come with voting rights which can be used to influence the companies Royal London invests in.
…are used by…		
Portfolios	Portfolios are built from a combination of funds. Funds of different asset classes allow Royal London to build portfolios with different risk characteristics.	Royal London's main portfolio range is called the Governed Range. The mix of funds here is known as the asset allocation.
…are used by…		
Lifestyles	Lifestyle strategies are built from portfolios. Over time, they move customers through different portfolios as customers near retirement.	This is how most Workplace Pension customers invest, including all customers in Royal London's default – the Balanced Lifestyle Strategy (drawdown).

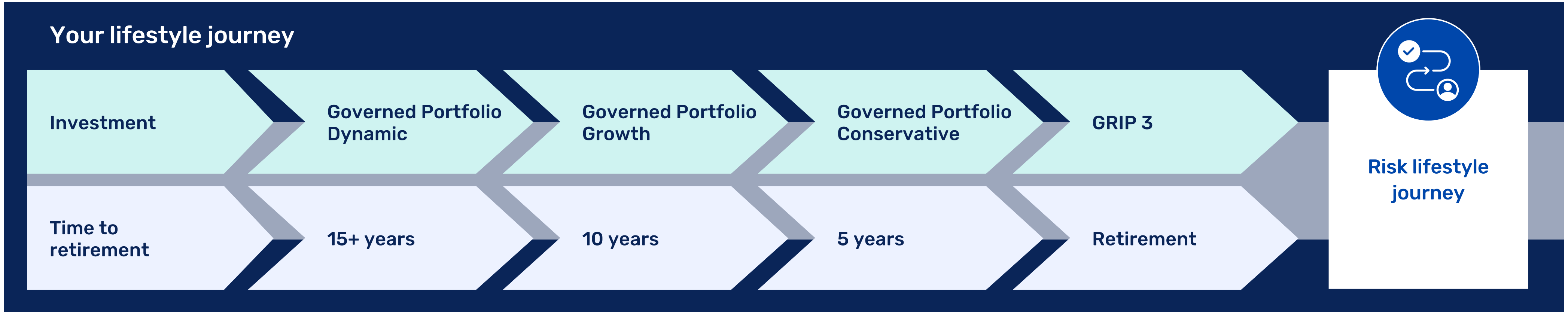
The Governed Range, comprising the Governed Portfolios and Governed Retirement Income Portfolios, forms the second layer of Royal London's investment framework. These are managed against forward-looking risk measures, with their strategic asset allocations being reviewed annually using stochastic modelling. This modelling assesses thousands of potential future market scenarios and is updated quarterly to reflect a combination of prevailing market conditions, historical experience and future return expectations. Royal London uses models and simulations provided by independent investment consultancy Moody's Analytics to support this process.

Each Governed Portfolio is then reviewed against its stated risk targets and monitored on a quarterly basis. The results are reviewed by Royal London's Investment Advisory Committee, and the outcome of each review is shared with us as part of our oversight activities. Where a portfolio falls outside its target range, the Investment Advisory Committee considers whether changes to the strategic asset allocation are appropriate.

The third layer of the framework consists of lifestyle strategies, which are built using the Governed Portfolios and represent the investment approach used by most Workplace Pension customers. These strategies are designed to reflect customers' changing investment needs as they move towards retirement.

Customers with a longer period to retirement typically have more money invested in growth-oriented assets, reflecting their ability to withstand short-term market fluctuations. As a customer gets closer to retirement, the lifestyle strategy gradually adjusts the mix of assets with the aim of reducing exposure to the peaks and troughs of the market and supporting customers' chosen retirement outcome.

Appendix 4



The diagram above shows how the mix of assets within the Balanced Lifestyle Strategy (drawdown) changes as a customer nears retirement.

This is the default investment strategy used for around 85% of Workplace Pension customers.

Investment Pathways customers invest directly in an investment solution aligned to their intended method of accessing their pension savings. Customers who do not expect to access their money in the next five years are invested in a portfolio with greater risk allocation than those who are planning to take income. Those intending to purchase an annuity invest in a fund which aims to manage the risk that the cost of securing an annuity changes significantly as retirement approaches.

The table below shows which fund/portfolio is used for each Investment Pathway.

Pathway	Investment portfolio
1 – Investing for growth	Governed Portfolio Conservative
2 – Annuity purchase	Governed Retirement Income Portfolio 1
3 – Investing for income	Governed Retirement Income Portfolio 3
4 – Withdraw all	Governed Portfolio Defensive

Consistent with our assessment in previous years, we remain satisfied that the objectives of the portfolios and lifestyle strategies are clearly defined. The strategies are designed to deliver growth above inflation over the long term. In assessing whether these objectives remain appropriate, we reviewed information on the level of risk taken and the range of outcomes that could be expected under different market conditions. Based on the evidence provided, we concluded that the investment risk within the strategies remained consistent with their stated objectives. Information on the performance achieved by these strategies is set out on page 20 of this report.

Appendix 5

Governed Range asset allocations

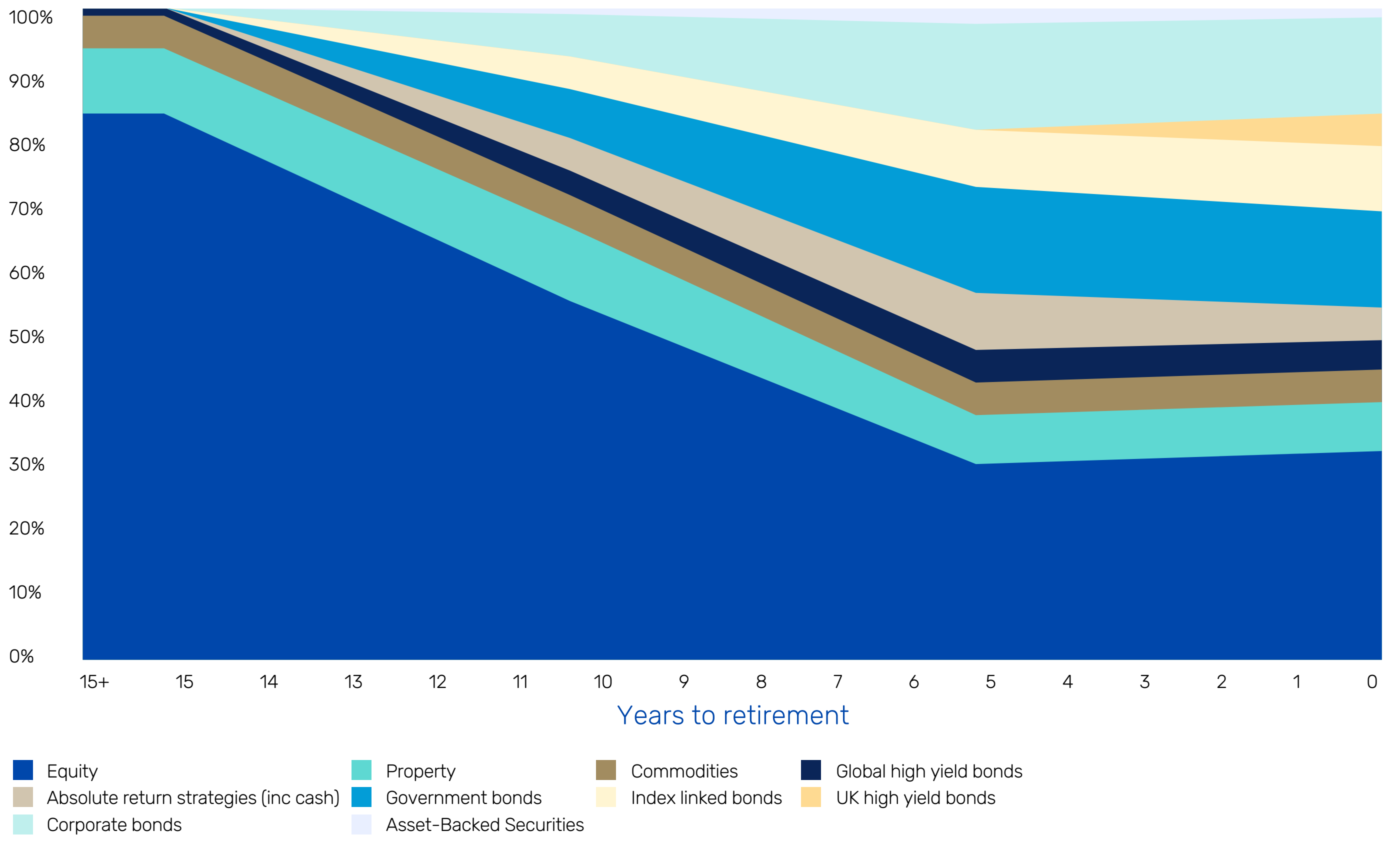
This appendix shows the asset allocations of the portfolios used within the Workplace Pension default investment strategy for the Retirement Solutions and Talisman schemes.

During the earlier stages of a customer's savings journey, investments are held in Governed Portfolio Dynamic, which forms the growth phase of the lifestyle strategy. Customers remain fully invested in this portfolio until they are 15 years away from their selected retirement age. At this stage, a greater allocation to higher-risk assets is intended to support long-term growth, as short-term volatility is generally less significant for customers with a longer investment horizon.

As retirement approaches, customers progressively move through Governed Portfolio Growth and Governed Portfolio Conservative, and eventually into Governed Retirement Income Portfolio 3.

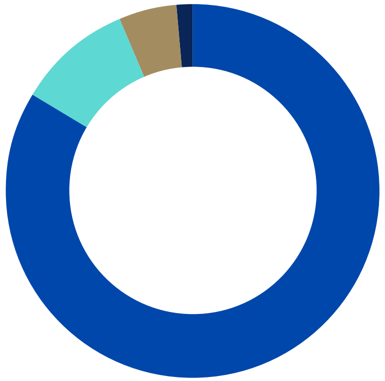
This phased approach is designed to reduce investment risk over time and better align customers' investments with their expected retirement objectives. The chart below illustrates how this transition takes place.

Balanced Lifestyle Strategy (drawdown)



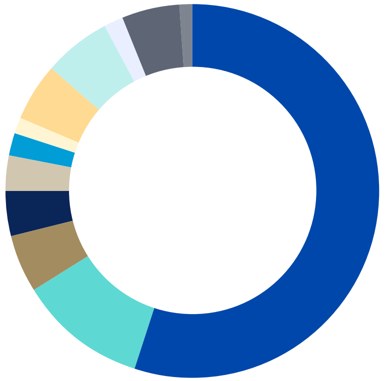
Appendix 5

Governed Portfolio Dynamic 15+ (%)



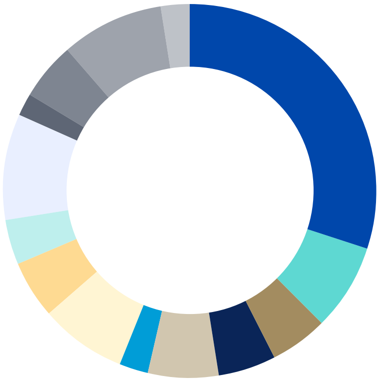
Equity	83.75
Property	10.00
Commodities	5.00
Global High Yield Bond	1.25

Governed Portfolio Growth (%)



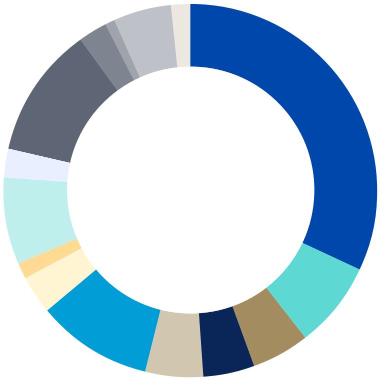
Equity	55.00
Property	11.25
Commodities	5.00
Global High Yield Bond	3.75
UK Corporate Bond	3.25
Global Corporate Bond	1.75
Short Duration UK Corporate Bond	1.50
UK Index Linked	5.00
UK Government Bond	5.75
Global Government Bond	1.75
Cash	5.00
Asset-Backed Securities	1.00

Governed Portfolio Conservative (%)



Equity	30.00
Property	7.50
Commodities	5.00
Global High Yield Bond	5.00
UK Corporate Bond	6.25
Global Corporate Bond	2.50
Short Duration UK Corporate Bond	7.50
UK Index Linked	5.00
Short Duration Global Index Linked	3.75
UK Government Bond	9.25
Global Government Bond	2.00
Short Duration UK Government Bond	5.00
Cash	8.75
Asset-Backed Securities	2.50

Governed Retirement Income Portfolio 3 (%)



Equity	32.00
Property	7.50
Commodities	5.00
Global High Yield Bond	4.50
Sterling Extra Yield Bond	5.00
UK Corporate Bond	10.00
Global Corporate Bond	3.25
Short Duration UK Corporate Bond	1.5
UK Index Linked	7.50
Short Duration Global Index Linked	2.50
UK Government Bond	11.25
Global Government Bond	2.50
Short Duration UK Government Bond	1.00
Cash	5.00
Asset-Backed Securities	1.50

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

Appendix 6

Provider investment returns data

The chart below compares the returns achieved by GP Dynamic, the growth stage component of the Balanced Lifestyle Strategy (drawdown) and the default investment option for members of the Retirement Solutions and Talisman schemes, with those of comparable strategies offered by other providers. It also shows the level of investment risk taken, measured by volatility.

Higher levels of risk can lead to stronger long-term investment growth, although they may also result in greater fluctuations in value over shorter periods. In assessing outcomes, it is therefore important to consider both return and risk.

The strategy aims to ensure that, for the level of risk taken, an efficient and competitive return is being delivered.

Risk/return – growth stage, over 5 years to end of December 2025

Source: FinXL, Royal London. All performance figures are shown gross of charges. Five-year compound annual growth rate versus standard deviation to 31 December 2025.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

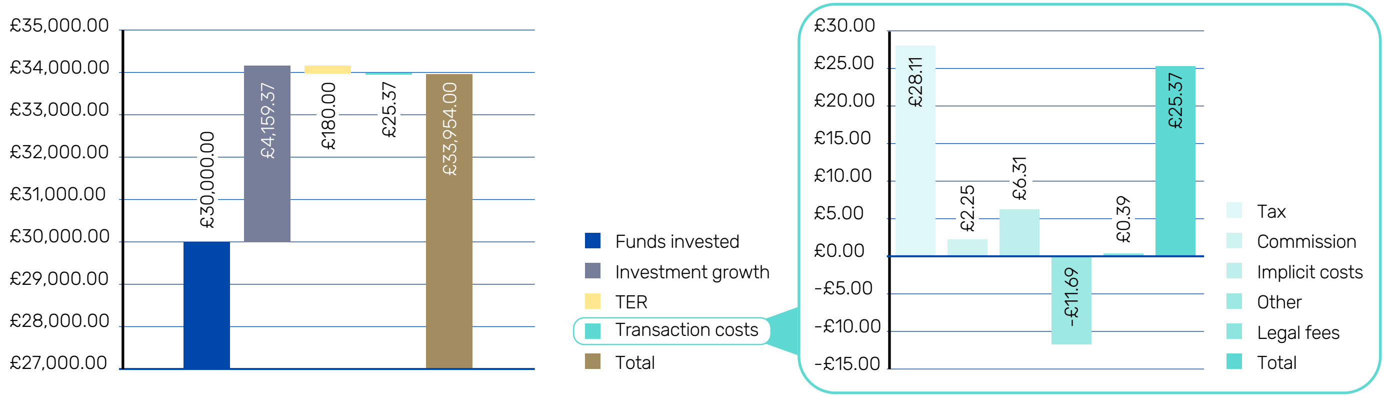
Appendix 7

Transaction costs

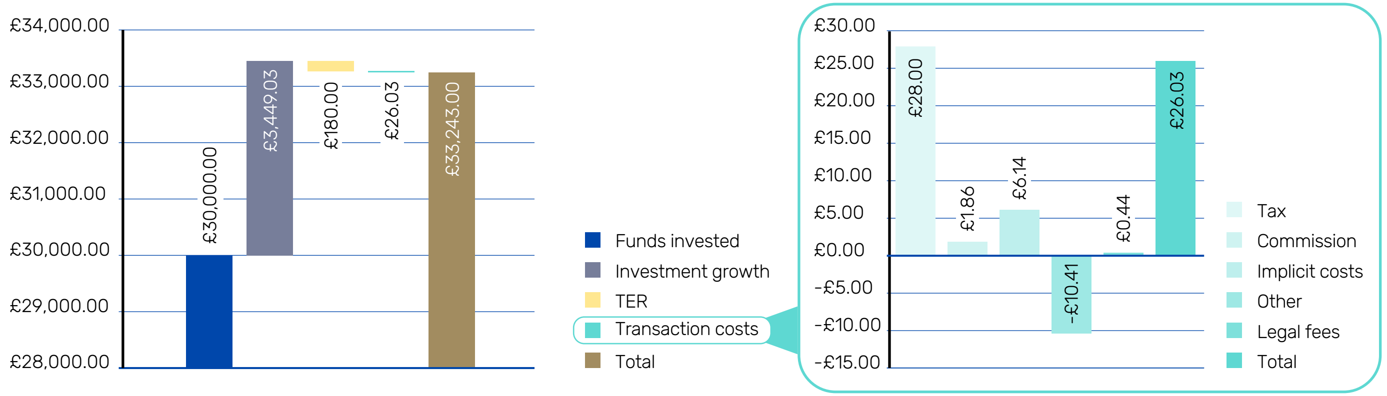
The charts below illustrate the extent to which transaction costs have affected overall investment returns and provide a breakdown of the individual elements that make up those costs. The analysis covers each investment option used within the Workplace Pensions default investment strategy available to members of the Retirement Solutions and Talisman schemes and reflects the position for the year ended 31 December 2025.

References to 'TER' in the charts refer to the 'total expense ratio' which represents the total charge on a fund/portfolio, including management, product and custodian fees.

Governed Portfolio Dynamic

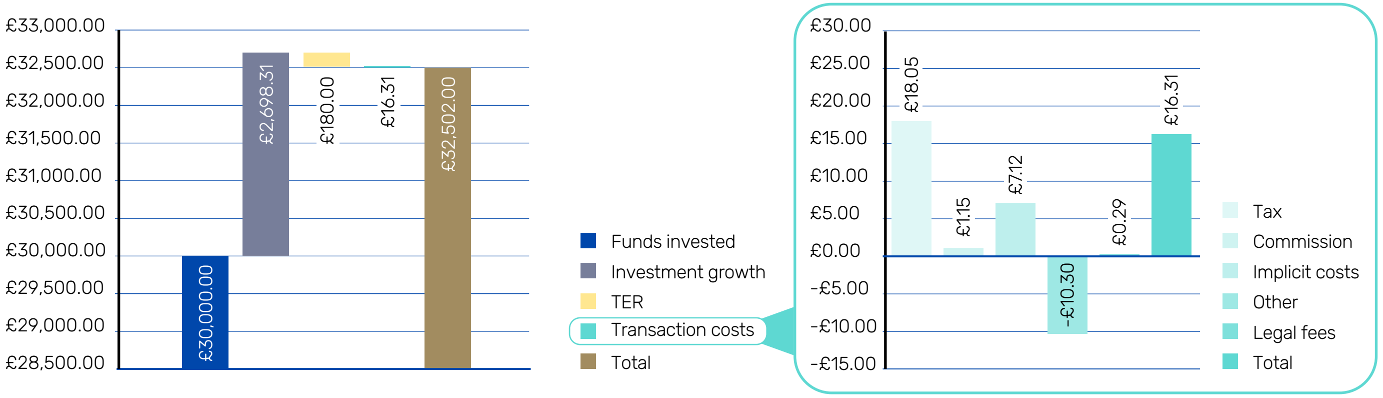


Governed Portfolio Growth

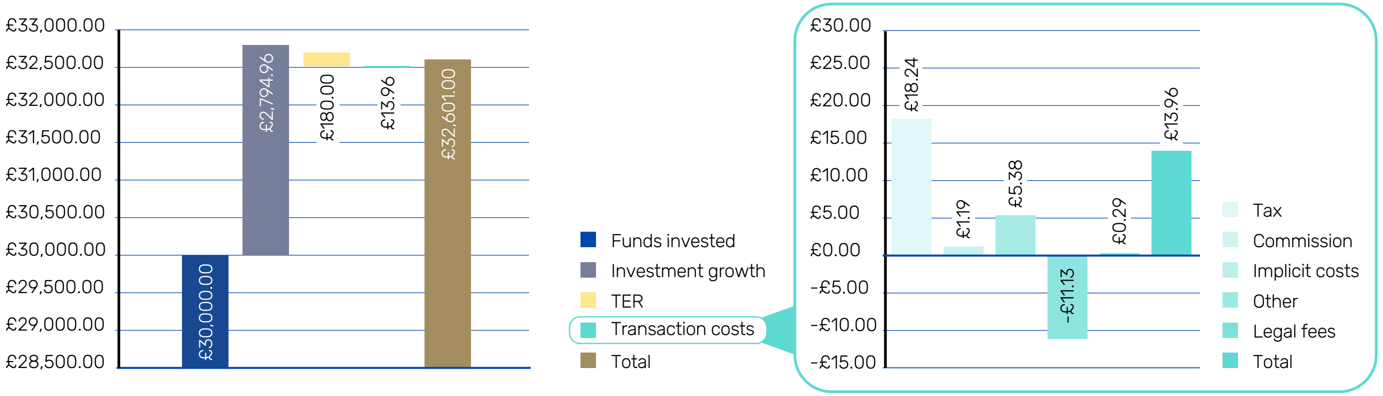


Appendix 7

Governed Portfolio Conservative



Governed Retirement Income Portfolio 3



The transaction costs for each Investment Pathway are shown below:

Pathway	Portfolio	Transaction costs
Investment Pathway 1	Governed Portfolio Conservative	0.054%
Investment Pathway 2	RLS Annuity	0.085%
Investment Pathway 3	Governed Retirement Income Portfolio 3	0.047%
Investment Pathway 4	Governed Portfolio Defensive	0.032%

These costs are modest relative to the investment returns that should be achieved over time. We are comfortable with the level of these costs and acknowledge that they are in part a reflection of the more active management style that Royal London employs.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

Appendix 8

Longstanding scheme investment defaults

Royal London has concluded a programme to upgrade some longstanding customer products to Retirement Solutions. Customers affected were mapped across to the same investment strategy (or closest matching investment strategy if this was not available) and now have access to the full self-select range of funds and strategies available to new Workplace Pension customers.

There are two default funds still being used for Workplace Pension customers within the remaining longstanding products. These are set out in the table below.

Entity	Product	Default fund	Number / % of members in default fund
CIS	RLCIS Group Stakeholder Pension	Royal London With-Profits Stakeholder Fund	3,258 / 51.8%
Royal London	Talisman	Retirement Investment Strategies	8,231 / 42.7%

Royal London has upgraded the investment solution of the Royal London Talisman Group Pension Scheme by moving its default strategy to the Governed Range lifestyle strategies, which include a more diverse investment experience and provide stronger governance for these customers. The investment performance of these strategies is very similar to that of relevant Governed Portfolios on page 28 and therefore we see this as appropriate.

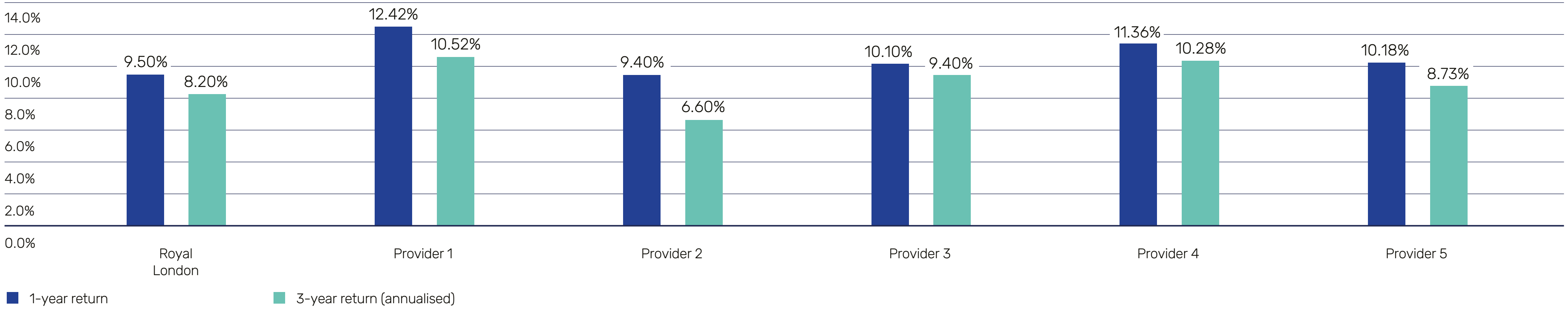
The CIS fund returns 8.9%, 6.7% and 5.5% p.a. over one, three and five years respectively. The performance of this fund includes a with-profits adjustment where returns are smoothed, reducing volatility. This can lead to reduced investment returns during strong periods in markets but can protect against market downturn. There is no similar comparator of performance for this fund as Royal London's main with-profit fund operates in a different way from the CIS fund.

Appendix 9

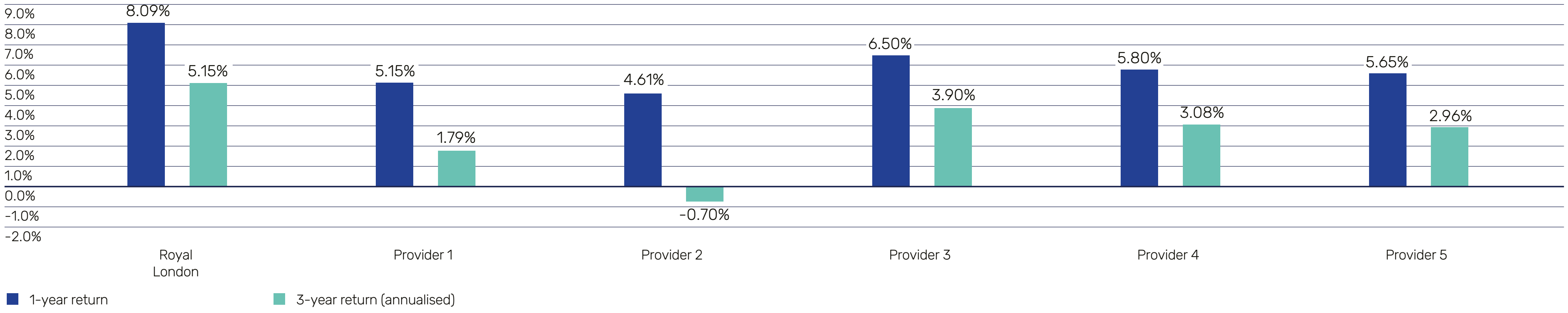
Investment Pathways comparative performance

Royal London's core asset allocation in Pathway 1 is more diversified compared to many peers and performance returns were slightly lower over both one and three years. In 2024, Royal London changed its Pathway 2 fund, making it the only provider to invest in equities in Pathway 2, resulting in higher performance than peers over both time periods. Pathway 3 has a similar core asset allocation to Pathway 1 and performance was just below the median when compared with peers. Pathway 4 includes growth-oriented assets, such as equities, and ranked second highest in the study ahead of other providers investing entirely in cash or money market assets.

Investment Pathway 1

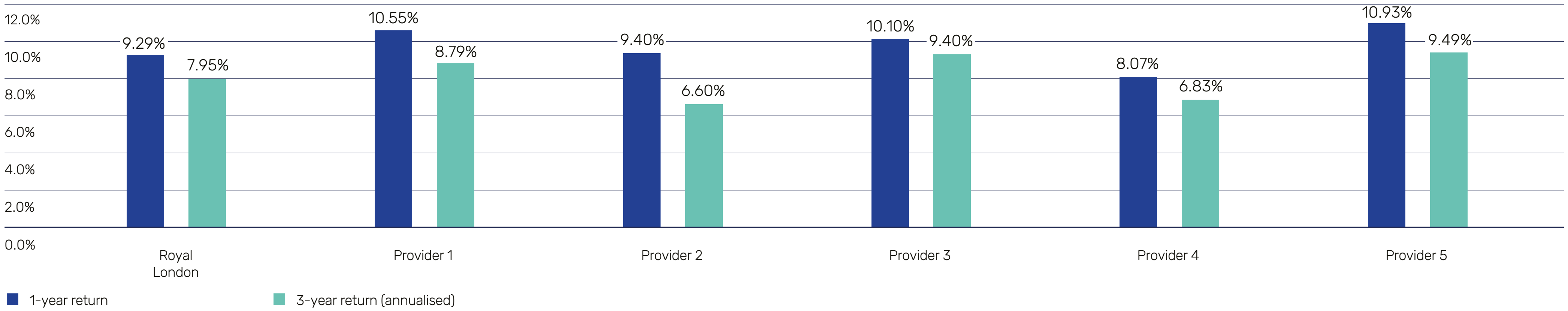


Investment Pathway 2

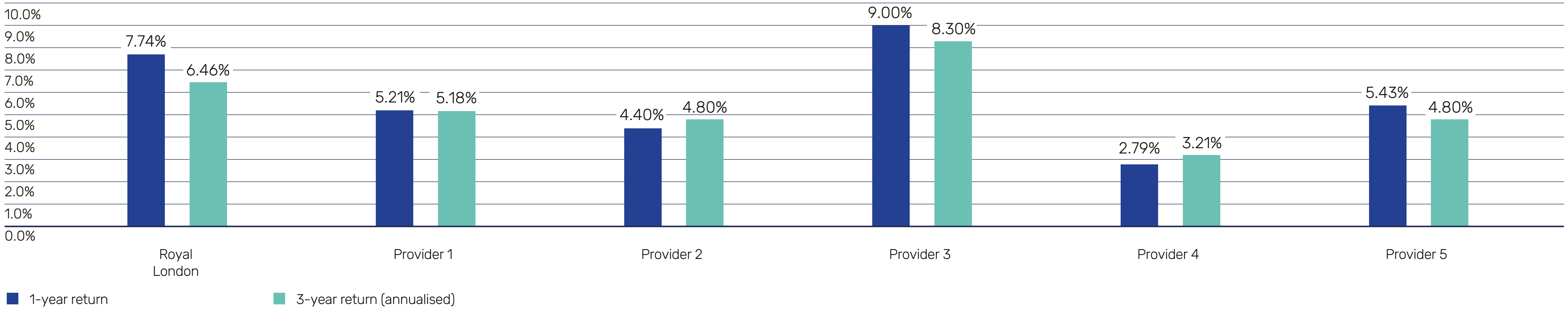


Appendix 9

Investment Pathway 3



Investment Pathway 4



Source: Redington IGC Comparative Data Study
Performance figures are shown gross of charges, with all returns calculated to 31 December 2025.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

Appendix 10

Current membership

Colin Stewart

Independent Chair

Colin is an experienced non-executive director, chair and former managing director, with a 35-year career at Citi in investment banking, capital markets, foreign exchange, derivatives, risk management and securities services. He has worked extensively in pensions, insurance and asset management, chairing Citi's UK Pension Plans and serving on advisory boards for the Bank of England, Scottish Government and Adam Smith Business School.

Colin holds an MA in Economics from the University of Glasgow and is a member of the Chartered Institute of Securities & Investments and the Pensions Management Institute, bringing deep expertise in governance, risk oversight and institutional finance.

Rosie Bichard

Independent Member

Rosie has worked in financial services since 1990, mainly as a global equity investor and analyst with a focus on the consumer sector at several leading fund management firms. Her roles have involved extensive engagement with senior management and investee company boards. Rosie holds board positions including as a non-executive director of UBS Asset Management Funds Ltd. and is Audit Chair for UBS Asset Management UK. She is a Chartered Financial Analyst and has completed executive education at London Business School and Harvard Business School, as well as the Competent Boards ESG Certificate Program in 2021. Rosie is also a Qualified Risk Director®.

Louise Eldred

Independent Member

Louise is an actuary with more than 30 years' experience in the mutual sector. As Equitable Life's With-Profits Actuary, she advised management and the Board on the fair treatment of with-profits policyholders and played a key role in implementing the 2019 business transformation that distributed the Society's surplus assets to policyholders. Currently, she is an independent member of the With-Profits Committee of Scottish Widows, advising the Board on the Scottish Widows and Clerical Medical With-Profits Funds.

Louise has worked in highly regulated positions requiring technical aptitude and commercial awareness, always prioritising customer needs and clear communication of complex policies and investments.

Appendix 10

Julie Russell

Independent Member

Julie is a Chartered Insurer with over 43 years' financial services experience. She retired from Aberdeen in 2020, having held several senior leadership and board-level roles, most recently as Executive Director Advice for 1825 financial planning and advice. Julie has developed broad expertise in strategy, business and commercial planning, omni-channel guidance, advice and service delivery, proposition design, firm acquisition and integration, and has held key positions on various boards and committees throughout her career.

Val Rogerson

Company Member

Val joined Royal London in December 2023 and brings over 30 years' experience in financial services as a qualified actuary. She has built wide-ranging expertise spanning customer insight, proposition design and strategic development, with a particular focus on service delivery and relationship management for workplace pensions. As chair of the Royal London UK Customer Committee, Val is responsible for overseeing the quality of experiences and outcomes delivered to Royal London customers, as well as leading the annual Consumer Duty Board report.

Ewan Smith

Non-Independent Member

Ewan is an actuary with 40 years of experience in financial services. At the end of 2025, Ewan stepped back from full-time work but continues as a Non-Independent Member of Royal London's IGC and a member of Royal London's Investment Advisory Committee. Ewan joined Royal London in 2001 when Scottish Life merged with Royal London, and has held several senior leadership roles, initially focusing on asset management and actuarial modelling. For 20 years, he led proposition strategy across pensions and protection. For the last five years, Ewan served as CEO Office Director on the Royal London Group Executive Committee, with specific responsibility for Group Strategy and Group Sustainability and Stewardship. Ewan also served as a director of RLAM and as a Trustee of the Royal London Group Pension Scheme.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

Glossary

Asset-backed securities
Asset backed securities, (ABS) are a type of bond that are typically issued by a bank or other lender. ABS bonds are 'secured' against an underlying pool of assets or cashflows, for example mortgages, auto loans or credit card debt.

Asset manager
The appointed party to invest, trade and manage the capital on a day-to-day basis.

Asset owner
Entity that holds the underlying investments, capital or funds on behalf of savers. They are legally responsible for the long-term stewardship of these assets.

Adviser default
A bespoke default investment designed for a particular employer by their advisers.

Annual management charge (AMC)
The ongoing charge that customers pay to cover the cost of running and administering their pension.

Annuity
A contract under which a fixed sum of money is paid to a customer each year, typically for the rest of their life.

Benchmark
A standard that investment performance is measured against to analyse how a portfolio has performed compared to the market. The Governed Portfolio benchmarks are made up of market indices which match the strategic asset allocation of each portfolio to ensure a fair comparison.

Best execution
The way in which practical steps are pursued in order to achieve the best possible outcome for each investment transaction undertaken on behalf of customers.

Bonds
In simple terms, a bond is a loan to a company or government that needs to raise money. Investment in a bond is usually for a fixed period of time with money being returned at the end of the period. Regular fixed interest payments are also received, which is why bonds are also referred to as 'fixed interest' or 'fixed income' investments.

Commodities
Commodities are goods, such as wheat, coffee, sugar, metals and oil. They often perform strongly in periods of high inflation but can be more volatile than other types of investments. There are several ways to invest in commodities. One is to physically buy them. Another way is to track the performance of commodity indices. The latter means that the portfolios can benefit when commodity prices are rising but avoid the high costs of owning, storing and transporting the physical commodities. This is how commodities are invested in within the Governed Portfolios.

Comparison Study
Analysis carried out to compare Royal London's value for money with other providers, as required by the FCA. Further details are included in → Appendix 2.

Consumer Duty
A set of rules developed by the FCA for businesses, such as Royal London, with the intention of creating a higher standard of consumer protection.

Continuation plans
Workplace Pension products held by customers who have left their employer but kept their pension savings with Royal London in their individual plan.

Customer Relationship Study
A bi-annual survey of approximately 2,500 Royal London customers across various books of business.

Default investment
The investment fund into which contributions are invested for customers who do not select other specific investment funds from the full range of funds available.

Default investment strategy
The investment fund into which contributions are invested for customers who do not select other specific investment funds from the full range of funds available. This is sometimes referred to as a default investment.

Diversification
This is a process of investing across a range of investments. The aim is to smooth out the ups and downs of investment growth, because not all investments may perform well at the same time. If one investment performs poorly, better performance from other investments helps to reduce the risk of loss.

Drawdown
The process of withdrawing money from a pension while leaving the remaining funds invested and able to grow.

Environmental, social and governance (ESG)
Non-financial factors considered to ensure investments are managed responsibly on behalf of customers, with the aim of mitigating and proactively managing risks such as climate change.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

Glossary

Equities
Companies sell shares (equities) to raise money and may also pay you a share of their profits as 'dividends'. Investors buy and sell shares on stock markets. The price goes up or down based on how well the company is doing, or what its prospects are. It's also worth bearing in mind that some overseas stock markets are more volatile than UK markets, and currency exchange rates can affect them too.

Exclusions
Where Royal London actively chooses to avoid investment in specific companies or industries due to the activities which they take part in.

Financial Conduct Authority (FCA)
Financial Regulator with oversight of the financial services industry and IGCs.

Fixed income
One of the major asset classes included when building a multi asset portfolio.

Governed Range
A range of investment portfolios to suit customers with different risk preferences and at different stages in their life. These portfolios form the basis of Royal London's Balanced Lifestyle Strategy (drawdown), which is the default investment for most Workplace Pension schemes and three of the four Investment Pathways.

Greenwashing
Exaggerated or misleading claims made by firms about the environmental credentials of their investment products.

Implicit costs
When a fund manager is instructed to carry out a transaction, it is important to do this at the best price possible. The available price may vary with the size of the sale or purchase, and it may also be possible to get different prices from various buyers/sellers. The actual price can vary between the time the order was made and when the transaction is actually carried out. The implicit costs we have shown in this report seek to capture the impact of all of these features.

Investment Advisory Committee
A committee that reviews the core investment proposition open to Royal London's UK investment customers and provides scrutiny on the design of Royal London's investment proposition.

Investment Pathways
Investment solutions, designed for customers entering drawdown. Royal London offers a choice of four Investment Pathways, based on what customers intend to do with their pension savings. Each Investment Pathway is invested in a mix of funds and asset classes and aims to meet different retirement needs.

Lifestyle strategies
A lifestyle strategy is an investment that gradually moves customers from investments that are suitable for saving to those more suited to their retirement needs over time. Typically, this means moving to lower-risk investments as customers approach their retirement age.

Longstanding customer
A customer with a pension product that is no longer actively marketed by Royal London. The only products actively marketed by Royal London are its Retirement Solutions products.

Net zero
A target of completely negating the amount of greenhouse gases produced by human activity, to be achieved by reducing emissions and implementing methods of absorbing carbon dioxide from the atmosphere.

Non-advised drawdown customers
Customers who do not seek the support of a regulated financial adviser.

Outsourced service provider
An arrangement where a service provider performs a process, service or activity on behalf of a company, which the company would otherwise carry out itself.

Portfolios
A group of investment funds, often of different types like fixed income, equities or property, that are blended together to meet a specific objective.

Passive investment
Passive investing is a simple, low-cost way to grow your money by following the market rather than trying to beat it. Instead of picking individual stocks or timing the market, your money is invested in a broad range of companies, often through a fund that tracks a market index like the FTSE 100. This approach aims to match the market's performance over time.

ProfitShare
As a mutual, Royal London is owned by its customers. ProfitShare is a mechanism through which Royal London aims to boost eligible customers' retirement savings by adding a share of its profits to their plan each year.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

Glossary

Property
Within the Governed Portfolios, property investment is in high-quality commercial and industrial property such as industrial estates, office buildings and high street retail units. The returns received are linked to the valuation of these properties and the rental income received. Royal London Asset Management, the investment company which manages the properties, makes a significant effort to redevelop them to help improve their appeal and generate increased rental income.

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.

Purpose
Royal London's Purpose is 'Protecting today, investing in tomorrow. Together we are mutually responsible'. This statement of purpose is designed to reflect why Royal London exists as an organisation.

Responsible investment
A strategy and practice of investing for a more sustainable future by incorporating ESG factors into investment decisions and active ownership.

Retirement Solutions
Most of Royal London's Workplace Pension customers have a Retirement Solutions product, and this proportion is growing year on year. This modern plan is the only one which is actively marketed by Royal London.

Royal London
The Royal London Mutual Insurance Society Limited (RLMIS) and its subsidiaries.

Royal London Asset Management (RLAM)
Royal London's Asset Management business, responsible for managing Royal London's financial assets as well as funds for external clients. This includes multi-managers, pension funds, local authorities, universities, charities and individuals. RLAM is a fully-owned subsidiary of RLMIS and a part of the Royal London Group.

Strategic asset allocation
The setting-out of a long-term portfolio strategy and mix of assets to meet specific long-term investment goals and objectives.

Stewardship
Stewardship is to use the access Royal London has to the companies in which it invests to manage material ESG risks and create a positive outcome for customers and the wider community. The aim of effective stewardship is to build trust and influence long-term positive change.

Sustainability Disclosure Requirements
A package of measures aimed at clamping down on greenwashing. This includes sustainable investment labels, disclosure requirements, and restrictions on the use of sustainability-related terms in product naming and marketing.

Task Force on Climate-related Financial Disclosures (TCFD)
Established in 2015 by the G20 to provide information to investors about what companies are doing to mitigate the risk of climate change. Royal London made climate-related financial disclosures for the first time in 2022.

tCO_2e/$m invested
Tonnes of carbon dioxide per million dollars invested. This is the standard measure for carbon emissions intensity.

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 Financial Conduct Authority and the Prudential Regulation Authority. The firm is on the Financial Services Register, registration number 117672. The company is registered in England and Wales as company number 99064.

Tilted funds
A tilted fund is an investment fund that mostly follows a broad market index but gives extra weight to companies that perform better on environmental, social, and governance (ESG) factors. Royal London's tilted funds place particular emphasis on reducing the carbon intensity of investments, meaning they favour companies that produce less carbon for the value they create. This approach helps you invest in a way that supports a lower-carbon future, while still aiming for long-term growth and keeping costs low.

Transaction costs
The costs incurred in buying, selling and holding investments in financial securities. Explicit costs can be directly tracked to a single trade and include broker commission, transaction taxes and legal fees associated with property purchases. Implicit costs are effectively the timing impact between the value of a trade when it is placed and the value when the trade is executed. The difference between these two prices is referred to as an implicit cost.

Other costs include anti-dilution levies which are the result of trades that occur due to large flows in or out of a fund. These are paid by the investor entering or exiting, and are rolled back into the fund to ensure all other investors are not negatively impacted by additional trades.

INTRODUCTION
AT A GLANCE
ABOUT THIS REPORT
COSTS AND CHARGES
INVESTMENT
SERVICE
APPENDICES
GLOSSARY

Glossary

UK Stewardship Code
A voluntary code for asset managers, asset owners and service providers with the aim of encouraging active and engaged monitoring and investing.

Unit-linked policy
A policy where contributions paid in are used to buy units in one or more investment funds. The value of these units changes over time depending on the value of the assets the funds invest in.

United Nations Principles for Responsible Investment
The world's leading proponent of responsible investment. It works to understand the investment implications of ESG factors, and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.

Value for money
The FCA requires us to assess and report on the value for money delivered by Royal London to its Workplace Pension and Investment Pathways customers, through assessing costs and charges, investment performance and quality of service.

Voting
Where Royal London owns shares in a company, it has the right to vote at that company's annual general meeting (AGM). It can use this right as a way to have a positive influence on the companies it invests in on behalf of its customers.

Vulnerable customer
An individual who, due to their personal circumstances, is especially susceptible to detriment, particularly when a company is not acting with appropriate levels of care.

Workplace Pension
Pension arrangements provided by businesses, such as Royal London, that receive contributions from employers and employees.

Royal London

Independent Governance Committee