Royal London Group Pension Scheme

Annual Report and Financial Statements

for the year ended 31 December 2025

Scheme Registration Number: 100154281

Contents

Trustee and advisers

Corporate Trustee	RLGPS Trustee Limited
Directors of the Corporate Trustee ("Trustee Directors")	**Employer appointed** Andrew Evans *(Chair) (Independent Trustee)* Ewan Smith *(Deferred member/pensioner member from Nov 2025) (retired 31 December 2025)* Ben Dearing *(Deferred member) (appointed 1 January 2026)* Jane Perkins The Law Debenture Pension Trust Corporation P.L.C. represented by Edward Levy *(Independent Trustee)*
	Member nominated Ian Forder *(Pensioner member) (retired 31 December 2025)* Christian Riley *(Deferred member) (appointed 1 January 2026)* Janet Harvie (Nee Murray) *(Pensioner member)*
Scheme/Trustee secretary	Charlotte Dalton on behalf of Royal London's Company Secretariat, Royal London Management Services Limited (RLMS)
Scheme Actuary	Andrew Long FIA of Towers Watson Limited (WTW)
Administrator	Towers Watson Limited
Independent Auditor	KPMG LLP
Legal advisers	CMS Cameron McKenna Nabarro Olswang LLP DLA Piper UK LLP Pinsent Masons LLP Slaughter and May LLP
Covenant adviser	XPS Consulting Limited
Investment consultant	Lane Clark & Peacock LLP (LCP)
Risk Transfer Consultant	Hymans Robertson LLP
Investment manager	Royal London Asset Management Limited (RLAM)
Investment custodian	HSBC UK Bank plc (HSBC Securities Services)
Annuity providers	Aviva Annuity UK Limited
	The Royal London Mutual Insurance Society Limited (RLMIS)
Additional Voluntary Contribution (AVC) providers	RLMIS Scottish Widows Limited Utmost Life and Pensions Limited
Bankers	HSBC UK Bank plc National Westminster Bank plc
Principal employer	RLMIS ("the Company")
Contact for enquiries	Provided on "Further information" page 61

RLGPS Trustee Limited is a subsidiary of The Royal London Mutual Insurance Society Limited which, together with other subsidiaries, including RLAM, form the Royal London Group ("Royal London" or "Group").

Trustee's report

Introduction

The Trustee Directors of RLGPS Trustee Limited ("the Trustee") present their annual report and financial statements of the Royal London Group Pension Scheme ("the Scheme") for the year ended 31 December 2025.

Scheme constitution and management

The Scheme is an occupational pension scheme established under trust to provide retirement benefits to all eligible employees and ex-employees of the Royal London Group. The Scheme was closed to new members on 1 September 2005 and to future benefits accrual for existing members on 31 March 2016.

The Scheme is governed by a definitive Trust Deed and Scheme Rules. The Scheme is a final salary pension scheme whereby benefits are payable to members in accordance with the Scheme Rules based on their length of service, accrual rate and their pensionable earnings, prior to leaving service. The provisions governing the Scheme reflect historical transfers in and the "harmonisation" of benefits in 2001. The Trustee completed a project to review and consolidate the Scheme Rules in 2021.

The Scheme is overseen by a Corporate Trustee whose Trustee Directors are responsible for setting the strategy and for managing the Scheme. The Trustee Directors are required to act in accordance with the Trust Deed, the Scheme Rules and the Memorandum and Articles of Association of the Trustee within the framework of pension and trust law.

The Trustee Directors are appointed and removed in accordance with the Trust Deed, the Articles of Association of the Corporate Trustee and the overriding provisions in the Pensions Act 2004. The Company has power under the Trust Deed to appoint or remove the Corporate Trustee. The Trustee ordinarily has six Trustee Directors, four of whom are appointed by the Company and two by the Scheme's members. The member nominated Trustee arrangements are determined by the Trustee. The persons who acted as Trustee Directors are listed on page 1.

The full Trustee Board normally meets at quarterly intervals and also met for seven additional ad hoc meetings during the year to cover strategy, training and projects.

The Trustee Board operates two Sub Committees: the Investment Committee and the Administration and Risk Committee. These Sub Committees typically meet quarterly and undertake work delegated by the Trustee Board. The Trustee Board receives updates from the Sub Committees at each quarterly meeting.

Investment Committee members during the year to 31 December 2025 were Edward Levy (Chair), Ewan Smith, Ian Forder and Jane Perkins. The Committee met five times in 2025 for the four quarterly meetings and one ad hoc meeting to discuss Stewardship.

Administration and Risk Committee members during the year to 31 December 2025 were Andrew Evans (Chair), Janet Harvie and Edward Levy. The Committee met four times in 2025 for the usual quarterly meetings.

Working groups are also established on an ad hoc basis; such working groups meet when necessary and report to the Trustee at the subsequent Trustee Board meeting. In December 2022, the Trustee Board formed a Joint Steering Group (JSG) with RLMIS to consider the long-term journey plan for the Scheme and potential risk transfer options. The Trustee representatives of the JSG during the year to 31 December 2025 were Andrew Evans (Chair), Ewan Smith and Ian Forder. The JSG met three times during the year.

Trustee's report (continued)

Review of financial developments and financial statements

The financial statements included in this annual report are the accounts required by the Pensions Act 1995. They have been prepared and audited in compliance with the regulations made under sections 41(1) and 41(6) of the Act.

The financial statements are provided on pages 21 to 46.

The value of the Scheme's net assets decreased from £1,778 million at the start of the year to £1,735 million at the year end. The decrease was accounted for by net withdrawals from dealings with members of £105 million, partially offset by net return on investments of £62 million.

Contributions

There were no contributions paid or payable to the Scheme during the year as the Scheme is closed to future benefits accrual. This is in accordance with the Schedule of Contributions following the actuarial valuation.

There was no self-investment during the year (2024: £nil).

Membership

Details of membership of the Scheme as at 31 December 2025 are given below:

Membership movements	**Deferred members**	**Pensioner members**	**Beneficiaries**	**Total**
At 1 January 2025	**7,599**	**9,063**	**1,989**	**18,651**
Adjustments to prior year figures	(30)	9	(3)	(24)
At 1 January 2025 revised	**7,569**	**9,072**	**1,986**	**18,627**
New entrants	-	-	129	129
Transfers out	(29)	-	-	(29)
Retirements	(322)	322	-	-
Deaths	(18)	(282)	(117)	(417)
Trivial commutations	(19)	(4)	(38)	(61)
Other movements	1	-	(4)	(3)
At 31 December 2025	**7,182**	**9,108**	**1,956**	**18,246**

Adjustments were made to the prior year figures to reflect an up-to-date position of the membership of the Scheme as at 1 January 2025 and largely arose due to late notifications.

Trustee's report (continued)

Pension increases

The Trust Deed and Scheme Rules make provision for increases in pensions in payment and deferred pensions. Entitlement to pension increases depends on the legacy scheme and the period in which the pension is earned.

(a). Pensions accrued before 1 April 2011

Pension increases in respect of pensions accrued before 1 April 2011 in excess of the guaranteed minimum pension were awarded as provided in the table below by the legacy schemes:

Legacy scheme[5]	**Pension in excess of Guaranteed Minimum Pension accrued before 6 April 1997**		**Pension accrued after 5 April 1997 and before 30 November 2001**		**Pension accrued after 29 November 2001 and before 1 April 2011**		**Pension increase date**
	2025	**2024**	**2025**	**2024**	**2025**	**2024**	
RLGPS (standard benefits members)	**n/a**	**n/a**	**n/a**	**n/a**	**2.7%**	**7.5%**	1-Jul
RASF Scheme II (members joining before 1 August 2001)	**3.2%**[1,7]	**4.3%**[1,7]	**3.2%**[1,8]	**4.3%**[1,8]	**3.2%**[1,8]	**4.3%**[1,8]	1-Jul
RASF Scheme II (members joining from 1 August 2001)	**n/a**	**n/a**	**2.7%**	**7.5%**	**2.7%**	**7.5%**	1-Jul
RLSPF	**1.7%**[6]	**2.5%**[6]	**1.7%**	**5.0%**	**2.7%**	**7.5%**	1-Apr
UFGPS (contracted-in before 17 September 2002 leavers)	**1.7%**[6]	**2.5%**[6]	**1.7%**[3]	**5.0%**[3]	**3.4%**	**4.5%**	1-Apr
UFGPS (contracted-out before 17 September 2002 leavers)	**3.0%**	**3.0%**	**3.0%**[2]	**5.0%**[2]	**3.4%**	**4.5%**	1-Apr
SLORBS	**3.0%**[4]	**3.0%**[4]	**3.0%**[4]	**3.0%**[4]	**2.7%**	**7.5%**	1-Jan
SLIORBS	**3.2%**	**4.3%**	**3.2%**	**4.3%**	**3.2%**	**4.3%**	1-Jul
SLDRBS	**3.0%**[4]	**3.0%**[4]	**3.0%**[4]	**3.0%**[4]	**2.7%**	**7.5%**	1-Jan

[1] Special arrangements in first year following retirement apply. No increase was applied at 1 July in the calendar year of retirement.
[2] Increase of higher of (a) 3.0% (2024: 3.0%) on Retail Prices Index ("RPI") cumulative pension from retirement date or (b) 1.7% (2024: 5.0%) on pension in payment on the pension benefits for members contracted out before 17 September 2002.
[3] Increase of 3.4% (2024: 5.0%) for those contracted in after 17 September 2002.
[4] Increase of between 3.0% (2024: 3.0%) and 3.6% (2024: 5.3%). Leavers before 1 April 1975 received a discretionary increase of 2.5% (2024: 2.5%).
[5] There are some other small categories of members within the legacy schemes whose increases differ slightly to those shown in the table above. Those affected have been communicated to separately. The full names of the legacy schemes can be obtained from the contact details provided on page 61.
[6] Discretionary increase.
[7] Old Rule 7C: an increase of 7.5%, limited where necessary to restrict the resulting pension to a maximum of the initial pension increased in line with the increase in cumulative RPI from 4 months prior to date of retirement to 4 months prior to date of increase. First increase occurs at 1 July in calendar year following retirement.
[8] Greater of Old Rule 7C and New Rule 7C. New Rule 7C may be summarised as an increase of RPI subject to a maximum of 7.5%. First increase occurs at first 1 July following date of retirement and is calculated on a pro-rata basis.

Trustee's report (continued)

Pension increases (continued)

(b). Pensions accrued from 1 April 2011

Pension benefits accrued from 1 April 2011 were increased at a rate equal to the Consumer Prices Index ("CPI") subject to a maximum of 2.5%. The increases were applied from the effective dates indicated in the table above.

New pensions commencing after the pensions increase date were increased on a proportional basis. The increases were applied to both guaranteed and discretionary elements as appropriate.

During 2025, the Company granted a discretionary increase at the rate of 2.5% (2024: 2.5%) to pensions in payment with no guaranteed increases (in excess of guaranteed minimum pensions). 30 September is the agreed date at which to assess the surplus to determine whether a contribution is payable in respect of any augmentations. As the Scheme was in surplus at 30 September 2024, no contribution was made by the Royal London Group to cover the cost of the discretionary increase. All other pensions in payment increased in line with either the Scheme Rules and/or pensions legislation.

(c). Pensions in deferment

Pensions in deferment accrued prior to 6 April 2009 are revalued in accordance with the Pension Schemes Act 1993, at a rate equal to the increase in the CPI except for RLSPF members (whose increase remains linked to the RPI in accordance with the Scheme Rules) or to the increase produced by the application of 5% per annum, whichever is the lower.

Pensions in deferment accrued from 6 April 2009 are revalued in accordance with the Pension Schemes Act 2008, at a rate equal to the increase in the CPI or to the increase produced by the application of 2.5% per annum, whichever is the lower.

Transfer values

Cash equivalents paid during the Scheme year with respect to transfers have been calculated and verified in the manner prescribed by the Pension Schemes Act 1993 and no allowance has been made for discretionary increases on benefits.

Guaranteed Minimum Pensions (GMP) equalisation

In October 2018, the High Court determined that certain benefits provided to members who contracted out of the State Earnings Related Pension between May 1990 and April 1997 must be equalised between men and women. The Scheme Actuary has included an estimated allowance of £15.0m in the actuarial valuation as at 31 December 2022 for the possible changes to the benefits that may be required to ensure that the Scheme provisions in respect of Guaranteed Minimum Pensions do not discriminate between male and female members. This amount represents the total actuarial value of varying benefits which are already in payment and benefits which have not yet been settled. Over 2024, an exercise was completed which equalised GMPs for the majority of the Scheme's members, which included back payments being made to most of the Scheme's affected pensioner population. Reflecting this progress, pensions paid in the year ended 31 December 2024 included £10.3m of GMP equalisation and rectification back-payments. Significant progress has been made during the year, with the majority of affected pensioner and dependant members having been contacted and any required benefit adjustments implemented. The Trustee is continuing its review of the remaining population to ensure full compliance with the rulings. It should be noted that not all members are expected to experience a change to their benefits as a result of this exercise.

A further judgement in November 2020 extended this requirement to former members who transferred out of the Scheme after 1990. The allowance referred to above that has been included in the actuarial valuation excludes the potential cost of any transfers out paid prior to October 2018. No detailed calculations or estimates have been performed. However, based on a high-level estimate, the Trustee is of the opinion that the amount is not material to these financial statements. The Trustee is reviewing the implications of these rulings on members' benefits from the Scheme. As soon as this review is finalised affected members will be communicated with. No accrual has been made in these financial statements for any back payments potentially payable.

Trustee’s report (continued)

Virgin Media Limited v NTL Pension Trustees

In June 2023, the High Court issued its judgment in Virgin Media Limited v NTL Pension Trustees II Limited and others, concluding that certain historical scheme rule amendments may be invalid where they were not supported by the required actuarial certification under Section 37 of the Pension Schemes Act 1993. Although the case related to a specific scheme, it is considered potentially relevant to other schemes that were contracted out on a salary-related basis and which implemented amendments between 6 April 1997 and 6 April 2016 (the “Relevant Period”). The decision was appealed; however, the Court of Appeal dismissed the appeal in July 2024, thereby upholding the original judgment.

The Trustee has engaged legal advisers and the Employer to assess the implications for the Scheme. This included a review of definitive deeds, deeds of amendment, and Trustee resolutions executed during the Relevant Period, with particular focus on the availability of actuarial evidence and the impact of the Virgin Media judgment.

On 29 April 2026, the Pension Schemes Act 2026 received Royal Assent, introducing a statutory framework enabling trustees of affected schemes to obtain retrospective actuarial confirmation where contemporaneous certification is unavailable. In parallel, the Financial Reporting Council issued guidance for scheme actuaries, emphasising a proportionate approach and permitting reliance on available or indirect evidence. The guidance clarifies that actuaries are not required to reconstruct the exact historical position but may instead form reasonable conclusions based on the information available. The Trustee will consider the application and implications of this legislation in consultation with its advisers.

Transfer of Liabilities from Unapproved Unfunded Retirement Benefits Scheme

On 1 December 2025, the Scheme assumed liabilities of approximately £8 million from an Unapproved Unfunded Retirement Benefits Scheme sponsored by the Principal Employer. No assets or contributions were received in respect of this transfer. The transaction was undertaken following actuarial and legal advice, and the Trustee was satisfied that it was appropriate and consistent with the Scheme’s funding arrangements. The liabilities have been recognised within the actuarial liabilities of the Scheme.

Report on actuarial liabilities

The Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (FRS 102), does not require the financial statements to include liabilities in respect of promised retirement benefits.

The Scheme is subject to a Statutory Funding Objective as required under section 222 of the Pensions Act 2004, which requires a scheme to have sufficient and appropriate assets to cover its technical provisions. The technical provisions are calculated by projecting the benefits expected to be paid in each year after the valuation date and discounting the cash flows to obtain the present value. This assessment is carried out every 3 years using the method and assumptions agreed between the Trustee and the Company. The method and assumptions are documented in the Statement of Funding Principles dated 20 June 2024, a copy of which is available to members on request from the address set out on page 61.

Trustee's report (continued)

Report on Actuarial liabilities (continued)

The most recent completed triennial actuarial valuation was performed as at 31 December 2022. The next triennial actuarial valuation is due to be performed as at 31 December 2025 and the preliminary results have been agreed between the Trustee and the Company with formal documentation expected to be signed shortly after these Annual Report and financial statements have been signed. The results of the full actuarial valuation as at 31 December 2022 are provided in the table below:

Actuarial report date: 31 December	2022
	Full valuation
	£'000
Value of technical provisions	1,917,000
Value of assets available to meet technical provisions (excluding AVCs)	1,965,700
Funding surplus	48,700
Funding level as a percentage of technical provisions	102.5%

The value of liabilities (technical provisions) in the above table excludes those in respect of Additional Voluntary Contributions (AVCs) which are fully met by matching assets and exclude any allowance for advance funding of non-guaranteed discretionary pension increases.

The value of liabilities is based on pensionable service to the valuation date and assumptions about various factors that will influence the Scheme in the future, such as the levels of investment returns, when members will retire and how long members will live.

The preliminary results of the 31 December 2025 valuation indicate that the funding level has increased slightly from 102.5% to 102.8%.

Trustee's report (continued)

Report on Actuarial liabilities (continued)

Recovery plan

As the full actuarial valuation as at 31 December 2022 showed a funding surplus, no recovery plan was required to be agreed by the Trustee and the Company and the Trustee agreed that no regular contributions will be paid to the Scheme by the Company. No recovery plan will be required in respect of the 31 December 2025 valuation.

Method

The method and significant assumptions used in the valuation as at 31 December 2022 are as follows:

The assumptions below have been expressed as single equivalent rates based on the overall duration of the Scheme's liabilities. The assumptions used in the valuation calculations are based on full curves. The actuarial method used in the calculation of the liabilities is the Projected Unit Method.

Significant actuarial assumptions

The assumptions used to calculate the Scheme's technical provisions set out in the triennial actuarial valuation report as at 31 December 2022 are summarised in the following main categories. All percentage rates are per annum:

- Discount interest rate: term dependent discount rate based on WTW Zero Coupon Gilt Nominal Yield Curve with an additional margin of 1.25% per annum to the end of 2034 and a 0.5% addition thereafter. This was equivalent to a single discount rate of 4.85% per annum.
- Retail Price Inflation (RPI): based on the WTW Zero Coupon Gilt-Impaired Breakeven Inflation Curve. This was equivalent to adopting a single RPI assumption of 3.51% per annum.
- Consumer Price Inflation (CPI): based on RPI inflation assumption, deducting an appropriate margin to reflect the differences between RPI and CPI. At 31 December 2022, the Trustee adopted a margin of 1.0% per annum until 2030 and no margin after 2030. This was the equivalent to adopting a single CPI assumption of 3.04% per annum.
- Pension increases linked to RPI but subject to:
  - a minimum of 0% and a maximum of 7.5% at 3.45% per annum
  - a minimum of 0% and a maximum of 5.0% at 3.46% per annum
  - a minimum of 0% and a maximum of 3.0% at 2.75% per annum
- Pension increases linked to CPI but subject to:
  - a minimum of 0% and a maximum of 5.0% at 3.14% per annum
  - a minimum of 0% and a maximum of 3.0% at 2.58% per annum
  - a minimum of 0% and a maximum of 2.5% at 2.29% per annum
- Mortality for the period in retirement applying the SAPS "S3" series tables with a relevant multiplier factor.
- Mortality future improvements in longevity applying the CMI core 2021 projection model with long-term trend improvements of 1.50% per annum, an initial addition of 0.5% per annum, weighting of 5% to mortality experience in 2020 and 2021 and the core smoothing parameter of 7.0.

The Scheme Actuary's certification of the schedule of contributions agreed following the 2022 valuation is on page 49.

Next actuarial valuation

The next full actuarial valuation is due as at 31 December 2025 and the preliminary results show a slight increase in the funding level. The formal documentation will be signed during July 2026 and the methodology and significant actuarial assumptions will be disclosed in next year's Annual Report and financial statements.

Trustee's report (continued)

Investment report

Investment principles and strategy

The ultimate responsibility for deciding investment policy lies with the Trustee. The investment responsibilities of the Trustee are governed by the Scheme's Trust Deed and Scheme Rules as well as relevant legislation.

The Trustee determines its investment strategy after taking advice from a professional investment consultant. The Scheme has exposure to risks because of the investments it makes in following the investment strategy. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreement in place with the Scheme's investment manager and monitored by the Trustee via regular reviews of the investment portfolio.

The Trustee maintains a Statement of Investment Principles ("SIP") as required by section 35 of the Pensions Act 1995 and meets the requirements of the Occupational Pension Schemes (Investment) Regulations 2005. The Trustee reviews the SIP for appropriateness from time to time and last updated it in April 2026. A copy of the SIP is available on the Royal London Group website: https://www.royallondon.com/about-us/our-performance/regulatory-and-governance-reports/group-pension-schemes/

The Scheme's Implementation Statement for 2025 can be found on pages 50 to 59 and forms an integral part of this Trustee's report.

The Scheme's investment objective is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with any future contributions, the benefits payable under the trust deed and rules as they fall due.

The Trustee sets the investment strategy taking into account considerations such as the strength of the employer covenant, the long-term liabilities and the funding plan agreed with the employer. The target investment strategy is to hold:

- 22.0% (2024: 25.0%) in return-seeking investments comprising equities, UK property and multi-asset credit.

- 78.0% (2024: 75.0%) in liability driven investments (LDI) that are expected to move in line with the long-term liabilities of the Scheme. This is referred to as matching assets and comprises UK government and corporate bonds, derivatives and repurchase agreements, the purpose of which is to hedge against the impact of interest rate and inflation movements of the long-term liabilities. This also includes two buy-in insurance policies which provide income to match the pension payments for a section of the Scheme's pensioner members. The LDI strategy targets a hedge ratio of 95% of the interest rate and inflation sensitivity of the liability cashflows within an agreed tolerance range.

As at the year end, the Scheme's return-seeking assets had a total value of £457.7 million (2024: £485.1 million) representing 26.6% (2024: 27.8%) of the total investment portfolio.

As at the year end, the LDI portfolio, including the buy-in insurance policies, had a total value of £1,264.5 million (2024: £1,260.2 million) representing 73.4% (2024: 72.2%) of the total investment portfolio.

During the year, the Trustee reduced the Scheme's strategic allocation to return-seeking assets by 3%, including a partial redemption from the Scheme's property portfolio, to implement a second bulk annuity policy. Details of the Scheme's investments are given in note 10 to the financial statements.

Trustee's report (continued)

Investment report (continued)

Management of investments

The Trustee has appointed RLAM to manage the Scheme's investments on a day-to-day basis. RLAM has full discretion to invest worldwide subject to the restrictions set out in the investment management agreement which is designed to ensure that the objectives and investment policies set out in the SIP are followed.

RLAM is authorised and regulated by the Financial Conduct Authority in the United Kingdom under the Financial Services and Markets Act 2000.

Custodial arrangements

The Trustee has appointed HSBC UK Bank plc (HSBC Securities Services) as custodian of the Scheme's investments other than pooled investment vehicles, insurance policies and AVCs. The Scheme's direct investment assets are held in the names of nominees by the Scheme's custodian. The custodian operates a system of internal controls to ensure the security of the Scheme's assets.

The custody of underlying assets in pooled investment vehicles and AVCs is arranged by the manager of those investments.

Financially material considerations and non-financial matters

The Trustee considers how Environmental, Social and Governance (ESG) considerations (including but not limited to climate change) should be addressed in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members.

The Trustee influences the Scheme's approach to ESG and other financially material factors through its investment strategy and investment manager selection decisions. The Trustee expects the investment manager to take account of financially material factors (including climate change and other ESG factors) within the parameters of the mandates it is set. The Trustee reviews how its investment manager is taking account of these issues in practice and encourages its investment manager to improve its ESG practices, although acknowledges that the Trustee has limited influence where assets are held in pooled funds.

The Trustee's ambition is to align the assets with net zero greenhouse gas emissions by 2050 by investing with an investment manager with a credible net zero target.

The Trustee does not take into account any matters that are purely non financial in nature (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments. However, the line between financial and non-financial factors is not always clear and some non-financial factors that may not immediately present as financially material may have the potential to become so in the future. The Trustee keeps this under review as part of the overall ESG considerations.

Trustee's report (continued)

Investment report (continued)

Voting and engagement

The Trustee recognises its responsibilities as owners of capital and believes that good stewardship practices, including monitoring and engaging with investee companies and exercising voting rights attaching to investments, protect and enhance the long-term value of investments and are in the best interests of members.

The Trustee seeks to appoint investment managers with strong stewardship policies and processes, reflecting the principles of the UK Stewardship Code issued by the Financial Reporting Council.

The Trustee has delegated to the investment manager the exercise of rights attaching to investments, including voting rights and engagement with relevant persons such as issuers of debt and equity, stakeholders and other investors about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG factors. The Trustee expects its investment manager to undertake voting and engagement in line with its stewardship policies, considering the long-term financial interests of investors.

As all of the non buy-in investments are held through the investment manager, the Trustee does not monitor or engage directly with issuers or other holders of debt or equity.

The Trustee monitors the investment manager's activities in relation to ESG factors, voting and engagement on a regular basis. The Trustee seeks to understand how it is implementing its stewardship policies in practice to check that its stewardship is effective and aligned with the Trustee's expectations.

The Trustee has selected some priority ESG themes to provide a focus for monitoring of investment managers' voting and engagement activities. The Trustee reviews the themes regularly and updates them if appropriate. The Trustee communicates these stewardship priorities to its investment manager each year and updates them if appropriate.

If the monitoring identifies areas of concern, the Trustee will engage with the investment manager to encourage improvements. The Trustee will set objectives and target dates for each formal engagement, review progress and have an escalation process which it will follow if progress is unsatisfactory.

Matters relating to the Trustee's arrangement with any asset manager

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser as to whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

The Trustee has signed an agreement with its investment manager setting out the terms on which the portfolio is to be managed. The Trustee may terminate the agreement with the investment manager at any time by written notice to the investment manager. The Trustee reviews and encourages its investment manager to improve its practices within the parameters of the portfolio it is managing.

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

It is the Trustee's responsibility to ensure that the investment manager's approach is consistent with its policies before any new appointment, and to monitor and to consider terminating any arrangements that appear to be investing contrary to those policies. The Trustee expects its investment manager to make decisions based on assessments of the longer-term performance of debt/equity issuers, and to engage with issuers to improve their performance (or, where this is not appropriate, to explain why). The Trustee assesses this when selecting new investment mandates and monitoring the investment manager.

Annual report and financial statements for the year ended 31 December 2025

Trustee's report (continued)

Investment report (continued)

Matters relating to the Trustee's arrangement with any asset manager (continued)

The Trustee evaluates investment manager performance over both shorter- and longer-term periods as applicable. If the manager is not meeting its performance objectives, the Trustee will consider alternative arrangements.

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

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management. Since the impact of these costs is reflected in performance figures used in the assessment of the investment manager, the Trustee does not explicitly monitor portfolio turnover. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme's investment mandates.

Review of investment performance

The table below shows the performance of the Scheme's investment assets over various periods relative to the appropriate benchmarks. All returns are stated gross of fees.

Annualised return by asset class over	**1 year**	**3 years (p.a.)**	**5 years (p.a.)**
Sterling corporate bonds	**7.8%**	**6.2%**	**-2.8%**
Benchmark	*6.6%*	*4.6%*	*-4.2%*
Global Index linked	**1.5%**	**-2.9%**	**-9.5%**
Benchmark	*0.9%*	*-3.2%*	*-9.9%*
Multi asset credit	**7.4%**	**8.7%**	**4.2%**
Benchmark	*7.9%*	*9.2%*	*4.8%*
Global equities	**12.6%**	**18%**	**n/a**
Benchmark	*12.8%*	*16.7%*	**n/a**
Emerging market equities	**26.4%**	**12.7%**	**4.4%**
Benchmark	*24.7%*	*12.8%*	*4.3%*
Property	**6.1%**	**1.9%**	**3.8%**
Benchmark	4.7%	*2.6%*	*3.1%*
Money market*	**4.6%**	**3.4%**	**2.1%**
Benchmark	*4.2%*	*4.6%*	*3.0%*
Scheme (total excluding LDI)	**6.7%**	**4.9%**	**-0.8%**
Benchmark	*6.1%*	*4.5%*	*-1.5%*

*The Money market asset class includes gains and losses on currency and foreign exchange contracts.

The Scheme returns presented in the table above exclude the LDI hedging portfolio. They reflect the impact of tactical asset allocation decisions implemented by the Scheme's investment manager throughout the year, in line with the Trustee-approved investment mandate. In addition, they incorporate returns generated from certain financial instruments, including derivatives, which are not captured within the individual asset classes shown in the table.

Trustee’s report (continued)

Investment report (continued)

Review of investment performance (continued)

The performance of the LDI hedging portfolio (which is an overlay to hedge the Scheme’s liability at certain hedge ratios) is calculated differently (by reference to the LDI liability benchmark market value). It was –2.4% for the year ended 31 December 2025, -6.3% per annum for the 3 years ended 31 December 2025 and -9.6% per annum for the 5 years ended 31 December 2025. These returns are calculated on a different basis and the Trustee manages the portfolio in a disaggregated manner; hence an overall Scheme return has not been provided.

The Trustee has considered the nature, disposition, marketability, security and valuation of the Scheme’s investments and considers them to be appropriate to justify the holding of each class of the investments.

The Trustee considers that the spread of investments both geographically and by investment category enables the Scheme to benefit from potentially higher rates of investment growth in different markets whilst also decreasing the effect that price fluctuations within a particular market may have on the Scheme. The proportion of the Scheme's assets invested in a particular market is determined by reference to the relative rate of return and the relative level of risk associated with that market.

The Trustee considers that all the Scheme's investments are readily marketable, with the exception of pooled investment vehicles in property (4.0% of Scheme assets excluding the buy-in insurance policies; 2024: 6.5%), which are deemed to be less readily marketable. In addition, the buy-in insurance policies are not marketable. If there was a material disposal of units in the Royal London Property Fund and/or the Royal London UK Real Estate Fund, the funds’ prospectuses provide for deferred redemption (on a normal basis, redemption requests must be received three months in advance, but this may be deferred for one further month) as the underlying assets would have to be sold in the market. Whilst the Royal London Multi-Asset Credit fund has no such restriction it is acknowledged that the fund is comprised of asset classes which might be more difficult to sell quickly at a fair price in difficult market conditions, but the vehicle can otherwise be traded.

Departures from the Statement of Investment Principles (“SIP”)

As at 31 December 2025 the Trustee was in the process of updating the Scheme’s SIP to reflect changes in the asset allocation following the purchase of a second bulk annuity policy and a reduction in the property allocation. As a result, the assets held at the year-end were not in line with the allocations per the SIP. The SIP was updated following these changes in April 2026. There were no other departures from the SIP over the year.

Employer-related investments

There were no employer-related investments held directly or indirectly by the Scheme at the year-end (2024: None).

Risks and mitigations

The key risks facing the Scheme are set out below. Additional risks associated with financial instruments are set out in note 19 to the financial statements.

Trustee's report (continued)

Investment report (continued)

Risks and mitigations (continued)

Interest rate risk

The Scheme has interest bearing assets including fixed interest securities and cash balances, which earn interest at variable rates. The value of the Scheme's liabilities is directly affected by interest rates. The asset allocation strategy is developed in consideration of these risks and a liability driven investment portfolio, including repurchase agreements, is held to reduce the effect of variations in interest rates.

Inflation risk

The Scheme has exposure to the impact of inflation because the majority of the benefits payable from the Scheme are inflation linked. The Trustee's investment strategy is developed in consideration of this risk and a liability driven investment portfolio is held to reduce the effect of variations in inflation.

Longevity risk

The Scheme has exposure to the impact of the longevity of each member (i.e. the risk of members living longer than expected). The risk is monitored by regular actuarial input about trends in longevity. The Trustee has purchased buy-in insurance policies to reduce this risk for portions of the pensioner population. The Trustee monitors the opportunities available in the market to reduce this risk further.

Covenant risk

As the sponsor of the Scheme, the Company is responsible for supporting it and ensuring that there are sufficient funds to pay members' benefits. The Scheme is therefore exposed to the risk of the Company not being able to do this. The Trustee regularly monitors the covenant of the Company.

Liquidity risk

The investment manager has discretion to maintain a positive cash position as part of the benchmark set by the Trustee and is forewarned by the Trustee if there is likely to be a need for a cash withdrawal from the Scheme's assets. For day-to-day needs, the Administrator monitors cash requirements and may initiate the withdrawal of monies from the investment manager to the extent required to meet immediate benefits and expenses.

Task Force on Climate-Related Financial Disclosures (TCFD)

The Scheme's TCFD statement relating to the period ended 31 December 2025 is available on the Royal London Group website: https://www.royallondon.com/about-us/our-performance/regulatory-and-governance-reports/group-pension-schemes/.

Buy-in insurance policy

In August 2025, the Scheme utilised £362 million of the Scheme's assets to purchase a second buy-in insurance policy with RLMIS to insure some of the pensions payable under the Scheme. This followed the previous buy-in for £348 million transacted with RLMIS in January 2024. Under a buy-in insurance policy, the insurer makes payments to the pension scheme that are intended to exactly match the insured benefits payable from the pension scheme to certain of its members. The policies are held as assets of the Scheme for the benefit of all scheme members.

The buy-in insurance policies were purchased as a natural step on the Scheme's de-risking journey. The policies reduce the level of risk in the Scheme and protect the long-term security of members' benefits. The decisions to purchase the policies were made following a thorough due diligence process and input from the Trustee's advisers.

Trustee's report (continued)

Statement of Trustee's responsibilities

The Trustee's responsibilities for the financial statements

The audited financial statements, which are required to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland, are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

i) show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
ii) contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice - Financial Reports of Pension Schemes.

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. It is also responsible for:

- assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless it either intends to wind up the Scheme, or has no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustee's annual report, information about the Scheme prescribed by pensions legislation, which it should ensure is fair and impartial.

The Trustee also has certain responsibilities in respect of contributions which are set out in the statement of Trustee's responsibilities accompanying the Trustee's summary of contributions.

The Trustee is responsible for such internal controls as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the Scheme and financial information on the Royal London Group website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustee's responsibilities in respect of contributions

The Scheme's Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Scheme's Trustee is also responsible for keeping records of contributions received in respect of any member of the Scheme and monitoring that contributions are made to the Scheme in accordance with the Schedule.

Trustee’s report (continued)

Further information

Any enquiries about the Scheme can be made using the contact details provided in the ‘Further information’ on page 61. A copy of this annual report and financial statements is available on the Royal London Group website: https://www.royallondon.com/about-us/our-performance/regulatory-and-governance-reports/group-pension-schemes

Approval

The Trustee’s report on pages 2 to 16 was approved by the Trustee Directors on 1 July 2026.

Signed for and on behalf of RLGPS Trustee Limited by:

Trustee Director

Date: 2 July 2026

Independent auditor's report to the Trustee of the Royal London Group Pension Scheme

Opinion

We have audited the financial statements of Royal London Group Pension Scheme ("the Scheme") for the year ended 31 December 2025 which comprise the Fund Account and the Statement of Net Assets (available for benefits) and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year ended 31 December 2025 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Scheme in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Trustee has prepared the financial statements on the going concern basis as it does not intend to wind up the Scheme, and as it has concluded that the Scheme's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Trustee's conclusions, we considered the inherent risks to the Scheme and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified and concur with the Trustee's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Scheme will continue in operation.

Independent auditor's report to the Trustee of the Royal London Group Pension Scheme (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included

- Enquiring of the Trustee and inspection of policy documentation, as to the Scheme's high-level policies and procedures to prevent and detect fraud, as well as enquiring whether it has knowledge of any actual, suspected or alleged fraud.
- Reading Trustee Board and Administration and Risk Committee minutes and the Scheme's breach log.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, the risk that the Trustee (or its delegates including the scheme administrator) may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as the valuation of the buy-in. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedule or pre-determined by the Trustee; there are no subjective issues or judgements required.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted after the first draft of the financial statements have been prepared and unexpected journals to cash and seldom used accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustee and its delegates (as required by auditing standards), and discussed with the Trustee and its delegates the policies and procedures regarding compliance with laws and regulations.

As the Scheme is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment including the Scheme's procedures for complying with regulatory requirements and reading the minutes of Trustee meetings.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Scheme is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related pensions legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Independent auditor's report to the Trustee of the Royal London Group Pension Scheme (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement related to compliance with laws and regulations (continued)

Secondly, the Scheme is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation, or the loss of the Scheme's registration. We identified the following areas as those most likely to have such an effect: pensions legislation and data protection legislation, recognising the financial and regulated nature of the Scheme's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustee and its delegates and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on contributions payable under the Schedule of Contributions in our Statement about Contributions on page 47 of the annual report.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Trustee is responsible for the other information, which comprises the Trustee's report, the Report on Actuarial Liabilities, the Summary of Contributions and the Actuarial Certification of the Schedule of Contributions. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

Trustee's responsibilities

As explained more fully in its statement set out on page 15, the Scheme Trustee is responsible for: supervising the preparation of financial statements which show a true and fair view; such internal controls as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to wind up the Scheme, or has no realistic alternative but to do so.

Independent auditor's report to the Trustee of the Royal London Group Pension Scheme (continued)

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Scheme Trustee in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme Trustee, for our audit work, for this report, or for the opinions we have formed.

Gemma Broom
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

Date: 03 July 2026

Fund account for the year ended 31 December 2025

	Note	**2025** **£'000**	2024 £'000
Contributions and other income			
Employer contributions	*4*	**-**	-
Benefits and other payments			
Benefits paid or payable	*5*	**97,461**	107,093
Payments to and on account of leavers	*6*	**2,363**	2,903
Administrative expenses	*7*	**4,676**	4,817
		104,500	114,813
Net withdrawals from dealings with members		**(104,500)**	(114,813)
Returns on investments			
Investment income	*8*	**67,373**	47,092
Change in market value of investments	*10*	**(2,895)**	(135,804)
Investment management expenses	*9*	**(2,935)**	(2,590)
Investment management fee rebates		**487**	751
Taxes on investment income		**(141)**	118
Net returns on investments		**61,889**	(90,433)
Net decrease in the fund during the year		**(42,611)**	(205,246)
Opening net assets		**1,777,851**	1,983,097
Closing net assets		**1,735,240**	1,777,851

The notes to the financial statements on pages 23 to 46 form part of these financial statements.

Annual report and financial statements for the year ended 31 December 2025

Statement of net assets available for benefits as at 31 December 2025

	Note	**2025 £'000**	2024 £'000
Investment assets			
Equities	*10*	**83,579**	88,715
Bonds	*10*	**1,087,618**	1,404,413
Pooled investment vehicles	*15*	**374,147**	396,336
Derivatives	*12*	**18,543**	17,152
Insurance policies	*13*	**654,694**	312,639
Cash	*10*	**14,068**	12,058
Other investment balances	*16*	**16,505**	31,395
AVC investments	*17*	**1,297**	1,127
Reverse repurchase agreements	*10*	**146,704**	73,928
		2,397,155	2,337,763
Investment liabilities			
Bonds sold short	*10*	**(146,923)**	(39,392)
Derivatives	*12*	**(19,344)**	(16,259)
Other investment balances	*16*	**(4,385)**	(3,513)
Repurchase agreements	*10*	**(504,270)**	(519,499)
		(674,922)	(578,663)
Total net investments		**1,722,233**	1,759,100
Current assets	*22*	**16,107**	23,607
Current liabilities	*23*	**(3,100)**	(4,856)
Total net assets available for benefits		**1,735,240**	1,777,851

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations, is dealt with in the Report on Actuarial liabilities on pages 7 and 8 of the annual report, and these financial statements should be read in conjunction with this report.

The notes to the financial statements on pages 23 to 46 form part of these financial statements.

The financial statements on pages 21 to 46 were approved by the Trustee Directors on 1 July 2026.

Signed for and on behalf of RLGPS Trustee Limited by:

Trustee Director

Date: 2 July 2026

Annual report and financial statements for the year ended 31 December 2025

Notes to the financial statements

1. General information

The Royal London Group Pension Scheme (the "Scheme") is an occupational pension scheme established by the Trust Deed dated 5 October 1988 under English law. The Scheme is a defined benefit ("DB") scheme which was established to provide retirement benefits for its members. The beneficial members of the Scheme are eligible employees of the Royal London Group who commenced service on or before 1 September 2005. The benefits are payable to members in accordance with the Scheme Rules based on their length of service, accrual rate and their pensionable earnings, as defined by the Scheme Rules, prior to leaving the service of Royal London Group.

The Trustee's registered office address is at 80 Fenchurch Street, London, EC3M 4BY.

The Scheme is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief and income and capital gains earned by the Scheme receive preferential tax treatment.

2. Basis of preparation

The financial statements of the Scheme have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) ("the SORP").

The Trustee has prepared the financial statements on the going concern basis as it does not intend to wind up the Scheme during the going concern period, and as it has concluded that the Scheme's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

3. Summary of significant accounting policies

The principal accounting policies set out below have been consistently applied in the preparation of the financial statements.

a. Currency

The functional and presentation currency of the Scheme is Great British Pound Sterling (GBP (£)).

b. Foreign currency conversion

Assets and liabilities in foreign currencies are expressed in GBP at the rates of exchange ruling at the year end. Foreign currency transactions are translated into GBP at the spot rate at the date of the transaction.

Gains and losses arising on conversion are dealt with as part of change in market value of investments.

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Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

c. Benefit payments

Where a member can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken or if there is no member choice, on the date of retirement or leaving. Tax liability arising on a member's excess annual or lifetime allowance settled by the Scheme is recovered from the member.

Pensions in payment are accounted for in the period to which they relate.

d. Transfers to other schemes

Transfer values represent the amounts payable during the year for members who have left the Scheme. All values are based on methods and assumptions determined by the Trustee after taking advice from the Scheme Actuary. The values are accounted for upon liability being accepted by the receiving scheme. In the case of individual transfers, this is normally when the payment of the transfer value is made.

e. Administrative and other expenses

Administrative expenses are accounted for on an accruals basis.

f. Investment income and expenses

Dividends from equities and any income from pooled investment vehicles which distribute income are accounted for on an accruals basis on the date when stock is quoted ex-dividend and in the case of unquoted instruments, when the income is declared.

Interest on bonds, including income bought and sold on purchases and sales of bonds, is accounted for on an accruals basis.

Interest on cash is accounted for on an accruals basis.

Receipts or payments under swap contracts representing the difference between the swapped cash flows are recognised in investment income when received or paid.

Interest paid and interest received on repurchase and reverse repurchase arrangements is accounted for on an accruals basis.

Other investment income represents interest on short term deposits (accounted for on accruals basis) and interest received (or paid) on variation margin balances (accounted for on receipts basis).

Receipts from insurance policies are accounted for on an accruals basis.

Investment income includes any reclaimable tax credits. Withholding tax is accrued on the same basis as investment income. Where withholding tax is not recoverable, this is shown as a separate expense within investment returns.

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. The change in market value also includes realised profits and losses on closed derivative contracts and unrealised profits and losses on open derivative contracts.

Income generated by pooled investment vehicles which are accumulation funds is retained within the funds without issue of further units and is reflected in the change in market value of the units. The tax element on the income from property pooled investment vehicles is reclaimed and reinvested through the purchase of additional units and is reflected in the purchases.

Investment management expenses and fees rebated are accounted for on an accruals basis.

Transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions and stamp duty.

Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

g. Valuation and classification of investments

Investment assets and liabilities are included in the financial statements at fair value. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing single price, single dealing price or most recent transaction price is used. Where quoted or other unit prices are not available, the Trustee adopts valuation techniques appropriate to the class of investment. Details of the valuation techniques and principal assumptions are given in the notes to the financial statements where used.

The methods of determining fair value for the principal classes of investments are:

- Equities, bonds and certain pooled investment vehicles which are traded on an active market are included at the quoted price, which is normally the bid price.
- Bonds which are unquoted or not actively traded on a quoted market are valued by the fund manager using mark-to-model techniques with credit spread derived from comparable securities.
- Pooled investment vehicles are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads as provided by the investment manager.
- Unquoted pooled investment vehicles are included at the net asset value advised by the fund administrator which is based on the fair value of the net assets of the underlying investments.
- Swaps are valued by mark-to-model techniques using market inputs to pricing models. Where discounted cashflow techniques are used, estimated future cashflows are based on contractual cashflows using current market conditions, and market calibrated discount rates and assumptions.
- Futures contracts are traded on an active exchange market and are valued at fair value, which is the unrealised profit or loss at the current bid or offer market quoted price of the contract, as determined by the closing exchange price.
- Forward exchange contracts are valued at the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.
- Annuity (insurance) policies are valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent Scheme funding valuation assumptions updated for market conditions at the reporting date.
- The value of AVCs and other investment balances which are unquoted or not actively traded on a quoted market is driven by the fair value of its underlying assets as advised by the AVC Providers. Where there are restrictions or other factors which prevent realisation at the fair value an adjustment is made to the value of the asset.
- Accrued interest on bonds and bonds sold short is excluded from the reported market value and is included within other investments.
- The Scheme recognises assets delivered under repurchase agreements to reflect its ongoing interest in those securities. Cash received from repurchase agreements is recognised as an investment asset and an investment liability is recognised for the value of the repurchase obligation including accrued interest.

  The Scheme does not recognise assets received under reverse repurchase agreements. Cash delivered under such agreements is recognised as an investment receivable.

Annual report and financial statements for the year ended 31 December 2025

Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

h. Other investment arrangements

The Scheme recognises assets delivered under stock-lending arrangements and as collateral under derivative contracts to reflect its ongoing interest in those securities.

Collateral securities received in respect of stock-lending arrangements and derivative contracts are disclosed but not recognised as Scheme assets.

The value of collateral received in respect of derivative contracts reflects the exposure value of the derivatives at the middle of bid and offer prices including interest accrual.

i. Critical accounting judgements and estimation uncertainty

The preparation of the financial statements may require the use of certain critical accounting estimates and assumptions that affect the amounts reported in the Fund account and Statement of net assets. These estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Scheme, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Scheme investments and, in particular, those classified in Level 3 of the fair-value hierarchy, where determination of the fair value involves the use of inputs which are not observable in the market. See note 18 for further information on the valuation of investments.

There were no critical judgements in applying the accounting policies.

4. Employer contributions

Additional Employer contributions were not required to fund discretionary pension increases this year, as per the Schedule of Contributions certified on 20 June 2023 and as referenced in the Trustee's report (see page 3).

5. Benefits paid or payable

	2025	2024
	£'000	£'000
Pensions	**87,477**	94,975
Commutations and retirement lump sums	**9,706**	11,919
Lump sum death benefits	**278**	199
	97,461	107,093

Pensions paid in the prior year include back payments relating to GMP equalisation and GMP rectification of £10.3 million.

Notes to the financial statements (continued)

6. Payments to and on account of leavers

	2025 **£'000**	2024 £'000
Individual transfers to other schemes	**2,363**	2,903

7. Administrative expenses

	2025 **£'000**	2024 £'000
Administration fees	**3,133**	3,385
Actuarial fees	**603**	551
Levies paid to the Pensions Regulator	**127**	109
Trusteeship fees and expenses	**201**	183
Audit fees	**106**	102
Legal fees	**362**	169
Consultancy	**89**	219
Members advisory fees	**52**	75
Sundry expenses	**3**	24
	4,676	4,817

Some of the administration of the Scheme is provided by the Company. The direct costs of the Company employees involved in the administration are recharged to the Scheme. Indirect costs incurred by the Company are recharged to the Scheme on an allocation methodology agreed by the Trustee. These costs are included in the administration fees and are disclosed as related party transactions (see note 23).

Trusteeship fees comprise fees paid directly to the Trustee Directors as disclosed in note 23.

Notes to the financial statements (continued)

8. Investment income

	2025	2024
	£'000	£'000
Dividends from equities	**1,403**	2,354
Interest from bonds	**41,035**	43,018
Interest paid on bonds sold short	**(2,465)**	(2,662)
Net receipts/(payments) on swaps	**42**	(3,631)
Income from pooled investment vehicles	**8,638**	9,534
Interest on cash deposits	**1,036**	1,783
Other investment income/(losses)	**331**	(125)
Interest from reverse repurchase agreements	**5,352**	10,472
Interest paid on repurchase agreements	**(23,829)**	(35,948)
Net income from stock lending	**16**	62
Income from insurance policies	**35,814**	22,235
	67,373	47,092

9. Investment management expenses

	2025	2024
	£'000	£'000
Administration and management fees	**1,274**	1,585
Custodian charges	**131**	139
Investment advisory fees	**1,164**	759
Investment transaction costs	**327**	-
Bank interest charges	**25**	65
Commission on futures	**14**	42
	2,935	2,590

Notes to the financial statements (continued)

10. Reconciliation of net investments

	Value as at 31 December 2024 £'000	Purchases at cost and derivative payments £'000	Sale proceeds and derivative receipts £'000	Change in market value £'000	**Value as at 31 December 2025 £'000**
Equities	88,715	23,644	(38,003)	9,223	**83,579**
Bonds - Net	1,365,021	1,387,580	(1,800,311)	(11,595)	**940,695**
Derivatives - Net	893	99,375	(100,532)	(537)	**(801)**
Pooled investment vehicles	396,336	153,001	(194,522)	19,332	**374,147**
Insurance policies	312,639	361,876	-	(19,821)	**654,694**
AVC investments	1,127	-	(49)	219	**1,297**
	2,164,731	2,025,476	(2,133,417)	(3,179)	**2,053,611**
Cash	12,058			284	**14,068**
Other investment balances - Net	27,882				**12,120**
Reverse repurchase agreements	73,928				**146,704**
Repurchase agreements	(519,499)				**(504,270)**
	(405,631)			284	**(331,378)**
	1,759,100			(2,895)	**1,722,233**

In August 2025, the Scheme utilised £362.0 million of the Scheme's assets to purchase a further buy-in insurance policy with RLMIS to insure some of the pensions payable under the Scheme. The remaining purchases amount for 2025 relates to premium adjustments recorded in relation to the first buy-in policy.

In the table above, Bonds reflects a net position comprising £1,087.6 million (2024: £1,404.4 million) of bond assets and £146.9 million (2024: £39.4 million) of bond liabilities due to short selling of one of the bonds received under the reverse repurchase agreements.

Bonds with a market value as at 31 December 2025 of £147.7 million (2024: £70.1 million) were received under the reverse repurchase agreements. These bonds are not recognised as assets of the Scheme.

Bonds with a market value as at 31 December 2025 of £509.2 million (2024: £484.3 million) were delivered under the repurchase agreements. These bonds are recognised as assets of the Scheme and are included in the table above.

Details of collateral arrangements in relation to repurchase agreements are set out in note 14.

Notes to the financial statements (continued)

11. Investment transaction costs

Transaction costs relating to purchases of investments are added to the cost of investments and those relating to sales of investments are netted against the proceeds. These costs include fees, commissions and stamp duty. Direct transaction costs incurred during the year are analysed as follows:

	2025	2024
	£'000	£'000
Fees - Equities	**-**	3
Commission – Equities	**12**	18
Commission – Futures	**10**	21
Taxes – Equities	**8**	6
	30	48

In addition to these transaction costs, indirect costs are incurred through the bid-offer spread on investments within the pooled investment vehicles and charges within those vehicles. It is not possible for the Scheme to separately quantify such indirect transaction costs.

12. Derivatives

			2025			2024
	Assets £'000	**Liabilities £'000**	**Total £'000**	Assets £'000	Liabilities £'000	Total £'000
Derivative type						
Total Return Swaps	**2,812**	**(50)**	**2,762**	-	-	-
Inflation Swaps	**15,353**	**(19,276)**	**(3,923)**	16,072	(15,268)	804
Forward currency	**40**	**-**	**40**	56	(297)	(241)
Futures	**338**	**(18)**	**320**	1,024	(694)	330
	18,543	**(19,344)**	**(801)**	17,152	(16,259)	893

Notes to the financial statements (continued)

12. Derivatives (continued)

Objectives and policies for holding derivatives

The Trustee allows RLAM the discretion to use derivatives to support the investment strategy. These are financial instruments whose value is dependent on the value of an underlying index, currency, commodity or other asset.

The Trustee authorised the use of derivatives for hedging purposes and to enhance the efficient management of the investment portfolios where they provide opportunities to achieve the overall portfolio objective more efficiently than would be the case through direct dealing in the underlying securities.

Derivatives are not used for speculative purposes. Furthermore, restrictions are in place with RLAM to limit the overall extent of derivatives usage and exposure to certain types of derivatives.

Derivative contracts are included in the financial statements at fair value. During the year the Scheme used inflation swaps, total return swaps, futures and forward foreign currency contracts. Details of collateral arrangements held in relation to these instruments are set out in note 14.

Swaps

The Scheme participated in two types of swaps during the year: inflation swaps, which are contracts under which inflation-indexed payments are exchanged for fixed payments based on an agreed principal amount; and total return swaps, under which fixed payments based on an agreed principal amount are exchanged for the returns on gilts. Only the net interest payments are exchanged. No exchange of principal takes place.

Notes to the financial statements (continued)

12. Derivatives (continued)

Outstanding swap contracts at the year-end are detailed as follows:

Nature of Swap	Expires	Number of Contracts	Notional principal £'000	Assets £'000	Liabilities £'000	2025 Net £'000
Inflation swaps						
Pay fixed interest for variable (RPI)	1 – 5 years	6	350,000	12,009	(7,526)	**4,483**
Pay fixed interest for variable (RPI)	10 – 20 years	2	44,000	286	(97)	**189**
Pay fixed interest for variable (RPI)	20 years +	8	128,700	837	(3,916)	**(3,079)**
Pay variable (RPI) for fixed interest	1 – 5 years	2	75,000	-	(5,899)	**(5,899)**
Pay variable (RPI) for fixed interest	10 – 20 years	1	30,000	186	-	**186**
Pay variable (RPI) for fixed interest	20 years +	2	60,000	2,034	(1,837)	**197**
				15,353	(19,276)	**(3,923)**
Total Return Swaps						
Pay fixed interest for total return (Gilts)	0 – 1 Years	8	132,938	2,812	(50)	**2,762**
				18,165	**(19,326)**	**(1,161)**
						2024
				16,072	(15,268)	804

The notional principal of a swap is the amount used to determine the swapped receipts and payments.

Forward foreign currency contracts

A forward foreign currency contract is an agreement to exchange an agreed amount of currency (contract or notional amount) at a specified exchange rate and on a specified date. The contract is used to reduce exposure to movements in exchange rates.

The contract or notional amount represents the sterling value of the foreign currency amount of the contract translated at the year-end spot rate. Outstanding forward foreign currency contracts at the year-end are detailed as follows:

Settlement date Within	Number of contracts	Currency bought	Currency Sold	Contract/ notional amount £'000	Assets £'000	Liabilities £'000	2025 Net £'000
1 Month	1	GBP	EUR	349	-	-	-
3 Months	2	GBP	AUD	5,623	32	-	**32**
3 Months	1	GBP	JPY	543	8	-	**8**
					40	-	**40**
							2024
					56	(297)	(241)

Notes to the financial statements (continued)

12. Derivatives (continued)

Futures contracts

Futures are derivative financial contracts that obligate the parties to transact an asset at a predetermined future date and price. The contracts outline details of the quantity of the underlying asset and are standardised to facilitate trading on a futures exchange.

Outstanding futures contracts at the year-end are detailed as shown below:

Nature of futures	Currency	Expires within	Economic exposure £'000	Assets £'000	Liabilities £'000	2025 Net £'000
Equity futures bought						
CME S&P500 EMINI FUT Mar26	USD	1 year	5,378	3	-	**3**
EUX EURO STOXX 50 Mar26	EUR	1 year	1,062	9	-	**9**
ICF FTSE 100 IDX FUT MAR26	JPY	1 year	5,660	105	-	**105**
KFE KOSPI2 INX FUT Mar26	KRW	1 year	1,362	51	-	**51**
NYF MSCI EmgMkt Mar26	USD	1 year	3,960	80	-	**80**
OSE TOPIX INDX FUTR Mar26	JPY	1 year	9,962	76	-	**76**
				324	-	**324**
Equity futures sold						
HKG HANG SENG IDX FUT Jan26	HKD	1 year	(1,851)	14	-	**14**
SFE SPI 200 FUTURES Mar26	AUD	1 year	(1,600)	-	(13)	**(13)**
				14	**(13)**	**1**
Interest Rate futures sold						
ICF Long Gilt Future Mar 26	GBP	1 year	(1,000)	-	(5)	**(5)**
				-	**(5)**	**(5)**
				338	**(18)**	**320**
						2024
				1,024	(694)	(330)

Notes to the financial statements (continued)

13. Insurance policies

In August 2025, the Scheme utilised £362.0 million of the Scheme's assets to purchase a further buy-in insurance policy with RLMIS to insure some of the pensions payable under the Scheme. Under a buy-in insurance policy, the insurer makes payments to the pension scheme that are intended to exactly match the insured benefits payable from the pension scheme to certain of its members. The policy is held as an asset of the Scheme for the benefit of all scheme members.

The Scheme had previously bought its first buy-in insurance policy with RLMIS in January 2024. The buy-in insurance policies were purchased as a natural step on the Scheme's de-risking journey. Together, the policies cover approximately 40% (2024: 18%) of the Scheme's liabilities. The policies reduce the level of risk in the Scheme and protect the long-term security of members' benefits. The decision to purchase the policies was made following a thorough due diligence process and input from the Trustee's advisers. At 31 December 2025 the policies were valued at £654.0 million (2024: £311.4 million). This differs from the purchase cost due to changes in market conditions and differences in assumptions adopted by the Scheme Actuary and the insurer.

The Trustee additionally holds an annuity policy with Aviva Annuity UK Limited. At 31 December 2025 the policy was valued at £0.7 million (2024: £1.3 million).

All of the annuity policies are valued by the Scheme Actuary as the amount of the related obligation determined using the most recent Funding valuation updated for market conditions at the reporting date. A summary of the main assumptions adopted for this valuation are shown in the table below:

Financial Assumptions	**31 December 2025**
Discount Rate	Nominal gilt yield curve + 0.35% pa
Price Inflation (CPI)	Gilt-implied RPI inflation curve minus 1.0% pa up to 2030 and nil thereafter
Pension increases: (in line with RPI floored at 0% pa and capped at 7.5% pa)	Set using the RPI inflation curve, considering the effect of inflation volatility set at 1% pa, and the pension increase floor of 0% pa and cap of 7.5% pa
Pension increases: (in line with CPI floored at 0% pa and capped at 2.5% pa)	Set using the CPI inflation curve, considering the effect of inflation volatility set at 1% pa, and the pension increase floor of 0% pa and cap of 2.5% pa
Pension increases (in line with RPI floored at 0% pa)	Set using the RPI inflation curve, considering the effect of inflation volatility set at 1% pa, and the pension increase floor of 0% pa

Demographic Assumptions	**31 December 2025**
Mortality base tables (pensioners)	110% / 106% for the member and 129% / 101% for the dependant of the SAPS "S3" all pensioner tables for males / females respectively, projected to 2025 in line with the CMI 2024 projection model
Future improvements in longevity	In line with the CMI 2024 projection model with a long-term improvement rate of 1.50% pa, the core smoothing parameter of 7.0, the core half-life parameter, and an initial additional parameter of 0.50% pa
Proportion married	85% (male) and 65% (female) of members married at retirement
Age difference	Male members are 3 years older than their spouse Female members are the same age as their spouse

Notes to the financial statements (continued)

14. Collateral and stock lending arrangements

Cash collateral of £2.7 million was received by the Scheme in respect of (non-centrally cleared) swap contracts outstanding as at 31 December 2025 (2024: £nil). Cash collateral of £0.7 million was delivered by the Scheme under repurchase and reverse repurchase agreements (2024: £3.2 million delivered). The cash collateral is included within other investment balances.

The Scheme paid an initial cash margin of £1.8 million in respect of futures (2024: £3.9 million) and received variation cash margin of £0.4 million (2024: £1.1 million) in respect of futures. The futures margins are included within other investment balances.

The Scheme paid a variation cash margin of £4.4 million (2024: £nil) and received a variation cash margin in respect of centrally cleared swaps of £0.6 million (2024: £0.5 million). The swap margins are included within other investment balances.

Stock collateral was pledged by the Scheme in respect of derivative contracts outstanding at the year-end in the form of bonds with a market value as at 31 December 2025 of £17.6 million (2024: £15.4 million). The pledged assets are included in the net investment assets.

Bonds with a market value as at 31 December 2025 of £2.5 million (2024: £29.7 million) were delivered as collateral under repurchase and reverse repurchase agreements.

Bonds with a market value as at 31 December 2025 of £6.9 million (2024: £0.7 million) were received as collateral under repurchase and reverse repurchase agreements.

The Scheme has undertaken stock-loan transactions during the year, which transfer the legal title to an asset to a third party but not the right to the income and change in market value of the asset. The Scheme retains the risks and rewards of ownership of assets under stock-loan arrangements. The market value of the assets under such arrangements as at 31 December 2025 amounted to £5.7 million (2024: £2.6 million) and is included in the net investment assets within Bonds (£nil, 2024: £2.3 million) and Equities (£5.7 million, 2024: £0.3 million).

The assets transferred under stock-loan arrangements are secured by the receipt of collateral from the third party in the form of government bonds, corporate bonds and quoted equities, which may be re-pledged or sold if there is default. The market value of collateral held by the Scheme as at 31 December 2025 was £6.0 million (2024: £2.8million) and is not included in the net investment assets.

15. Pooled investment vehicles

	2025	2024
	£'000	£'000
Equities	**21,772**	4,513
Multi-Asset Credit	**236,579**	260,117
Money Market	**77,780**	46,060
Property	**38,016**	85,646
	374,147	396,336

Included within Property is a pooled arrangement in which the Scheme is the sole investor. The underlying investment of the sole investor fund is 100% in one property pooled fund. The value of assets held by the Scheme as at 31 December 2025 was £37.6 million (2024: £36.4 million).

Notes to the financial statements (continued)

16. Other investment balances

	2025	2024
	£'000	£'000
Accrued interest receivable	**9,364**	14,077
Dividends and investment income receivable	**82**	(16)
Trade settlements due from brokers	**-**	10,000
Futures margin receivable	**1,840**	3,920
Swap margin receivable	**4,369**	-
Cash collateral receivable	**734**	3,155
Tax reclaims	**116**	259
	16,505	31,395
Accrued interest payable	**(712)**	(35)
Trade settlements due to brokers	**(7)**	(1,823)
Futures margin payable	**(386)**	(1,119)
Swap margin payable	**(558)**	(533)
Cash collateral payable	**(2,718)**	-
Tax payable	**(4)**	(3)
	(4,385)	(3,513)
	12,120	27,882

Notes to the financial statements (continued)

17. AVC investments

The Trustee holds assets invested separately from the main fund in the form of insurance policies, which secure additional benefits on a money purchase basis for those members electing to pay AVCs. Members participating in this arrangement each receive an annual statement confirming the amounts held on their behalf and the movements in the year. The aggregate amounts of AVC investments are shown below:

			2025	2024
	£'000	**£'000**	**£'000**	£'000
	Unit Linked	**With Profits**	**Total**	Total
Scottish Widows Limited	**817**	**110**	**927**	778
The Royal London Mutual Insurance Society Limited	**219**	**-**	**219**	218
Utmost Life and Pensions Limited	**151**	**-**	**151**	131
	1,187	**110**	**1,297**	1,127

18. Fair value of investments

Assets and liabilities held at fair value have been classified using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The position assigned to the asset or liability in the fair value hierarchy must be determined by the lowest level of any input to its valuation that is considered to be significant to the valuation of the asset or liability in its entirety. The hierarchy only reflects the methodology used to derive the assets or liabilities fair value. The three levels of the hierarchy are as follows:

Valuation methodology	**Level**
Unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date	1
Inputs (other than quoted prices) that are observable for the instrument, either directly or indirectly	2
Inputs are unobservable, i.e. for which market data is unavailable.	3

During the year, certain bonds have been presented as Level 1 of the fair value hierarchy, following additional assessment performed confirming that there was regular trade in an active market. Transfers between hierarchy levels are recognised at the reporting date. If the same presentation were applied as at 31 December 2024, this would have resulted in £913.1 million bonds being presented as Level 1 rather than Level 2.

Bonds included within Level 3 are valued using valuation techniques based on market-observed data where available, supplemented by significant unobservable inputs. These include credit spreads estimated by reference to comparable securities, applied within mark-to-market models.

Investments in pooled property funds classified within Level 3 of the fair value hierarchy are valued using valuation techniques based on estimates provided by the underlying fund managers, applying recognised valuation methodologies. These valuations incorporate market-based inputs where available, with significant unobservable inputs used where observable market data is not available.

Annuity insurance policies are valued by the Scheme Actuary at the value of the corresponding obligations, based on the latest funding valuation updated for market conditions at the reporting date, and are classified within Level 3. Further details of the valuation technique and significant unobservable inputs are provided in note 13.

Notes to the financial statements (continued)

18. Fair value of investments (continued)

The Scheme's investment assets and liabilities classified into the three levels of the fair value hierarchy are shown in the following tables:

Asset category		**Hierarchy level**		**2025**
	1	**2**	**3**	**Total**
Investment assets	**£'000**	**£'000**	**£'000**	**£'000**
Equities	**83,579**	**-**	**-**	**83,579**
Bonds – Net	**658,092**	**274,012**	**8,591**	**940,695**
Derivatives	**338**	**18,205**	**-**	**18,543**
Pooled investment vehicles	-	**336,132**	**38,015**	**374,147**
Insurance policies	**-**	**-**	**654,694**	**654,694**
Cash	**14,068**	**-**	**-**	**14,068**
Other investment balances	**16,307**	**198**	**-**	**16,505**
AVC investments	-	**1,169**	**128**	**1,297**
Reverse repurchase agreements	-	**146,704**	**-**	**146,704**
	772,384	**776,420**	**701,428**	**2,250,232**
Investment liabilities				
Derivatives	**(18)**	**(19,326)**	-	**(19,344)**
Other investment balances	**(4,374)**	**(11)**	-	**(4,385)**
Repurchase agreements	**-**	**(504,270)**	**-**	**(504,270)**
	(4,392)	**(523,607)**	-	**(528,999)**
Total investments	**767,992**	**252,813**	**701,428**	**1,722,233**

Notes to the financial statements (continued)

18. Fair value of investments (continued)

An analysis for the prior year end is as follows:

Asset category		**Hierarchy level**		**2024**
	1	**2**	**3**	**Total**
Investment assets	**£'000**	**£'000**	**£'000**	**£'000**
Equities	88,715	-	-	88,715
Bonds – Net	-	1,344,192	20,829	1,365,021
Derivatives	1,024	16,128	-	17,152
Pooled investment vehicles	-	310,689	85,647	396,336
Insurance policies	-	-	312,639	312,639
Cash	12,058	-	-	12,058
Other investment balances	31,395	-	-	31,395
AVC investments	-	1,019	108	1,127
Reverse repurchase agreements	-	73,928	-	73,928
	133,192	1,745,956	419,223	2,298,371
Investment liabilities				
Derivatives	(694)	(15,565)	-	(16,259)
Other investment balances	(3,513)	-	-	(3,513)
Repurchase agreements	-	(519,499)	-	(519,499)
	(4,207)	(535,064)	-	(539,271)
Total investments	128,985	1,210,892	419,223	1,759,100

Notes to the financial statements (continued)

19. Investment risks

Types of risk relating to investments

FRS 102 requires the disclosure of information in relation to certain investment risks.

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- **Currency risk**: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk**: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk**: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The day-to-day management of the asset portfolio of the Scheme, including the full discretion for stock selection, is the responsibility of the investment manager appointed by the Trustee.

The Scheme has exposure to these risks because of the investments it makes in following the investment strategy. The Trustee manages investment risks within agreed risk limits which are set taking into account the Scheme’s strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme’s investment manager and monitored by the Trustee through regular reviews of the investment portfolio and are further detailed in the SIP.

Further information on the Trustee’s approach to risk management, credit and market risk is set out below. This does not include AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

Investment strategy

The Trustee determines its investment strategy after taking advice from a professional investment consultant. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme’s strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreement in place with the Scheme’s investment manager and monitored by the Trustee by regular reviews of the investment portfolio.

Notes to the financial statements (continued)

19. Investment risks (continued)

Investment strategy (continued)

As at 31 December 2025, the investment strategy for the Scheme was to invest:

- 22.0% (2024: 25.0%) in return seeking investments comprising equities, UK property and multi-asset credit.
- 78.0% (2024: 75.0%) in liability driven investments (LDI) that are expected to move in line with the long-term liabilities of the Scheme. This is referred to as matching assets and comprises UK government and corporate bonds, derivatives and repurchase agreements, the purpose of which is to hedge against the impact of interest rate and inflation movements of the long-term liabilities. This also includes two buy-in policies which provide income to match the pension payments for a section of the Scheme's pensioner members. The LDI strategy targets a hedge ratio of 95% of the interest rate and inflation sensitivity of the liability cashflows within an agreed tolerance range.

The 3% reduction in target allocation to return seeking investments reflects the Trustee's decision to implement a second bulk annuity policy during 2025, combined with a partial redemption from the Scheme's property allocation.

As at 31 December 2025, the Trustee was in the process of updating the Scheme's SIP to reflect this investment strategy, alongside other strategic changes that had been agreed following year end (most notably a reduction in the target property allocation). The SIP has now been updated and is available on the RLMIS's website.

As at the year end, the Scheme's return-seeking assets had a total value of £457.7 million (2024: £485.1 million) representing 26.6% (2024: 27.8%) of the total investment portfolio.

As at the year end, the LDI portfolio, including the buy-in insurance policy, had a total value of £1,264.5 million (2024: £1,260.2 million) representing 73.4% (2024: 72.2%) of the total investment portfolio.

Credit risk

Where the Scheme invests in pooled funds it is directly exposed to credit risk in relation to the solvency of the investment manager and the custodian of the funds. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being "ring-fenced" from the pooled fund manager, the regulatory environments in which the manager operates and diversification of investments amongst pooled arrangements. The Trustee also carries out due diligence checks before investing in new pooled investment vehicles and on an ongoing basis monitors any changes to the operating environment of the pooled fund manager. The pooled investments are not rated by credit rating agencies.

Notes to the financial statements (continued)

19. Investment risks (continued)

Credit risk (continued)

The Scheme held investments in the following pooled investment vehicles by their legal form as at 31 December 2025.

Legal form	2025	2024
	£'000	£'000
Open-ended Investment Company (OEIC)	**99,553**	50,573
Irish Collective Asset-management Vehicle (ICAV)	**236,579**	260,117
Property Authorised Investment Fund (PAIF)	**38,015**	85,646
	374,147	396,336

The Scheme is also subject to direct credit risk arising from investments in bonds, over the counter ("OTC") derivatives, repurchase agreements, reverse repurchase agreements, equity futures and cash balances. Credit risk arising on bonds held directly (see note 10) is mitigated by investing in government bonds of £675.4 million (2024: £925.7 million) where the credit risk is minimal, or holding corporate bonds and fixed interest securities of £261.6 million (2024: £410.9 million) with an investment-grade credit rating, across a diversified exposure of different credit issuers. There is a further £3.7 million (2024: £28.4 million) holding in below investment grade corporate bonds and fixed interest securities.

The Trustee considers financial instruments or counterparties to be of investment grade if they are rated at BBB- or higher by Standard & Poor's or Fitch or rated at Baa3 or higher by Moody's. Where a financial instrument does not have a rating from an independent credit rating agency, the investment manager may rely on its internal credit rating assessment to determine credit quality.

The Scheme's OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to the risk of failure of the counterparty. The credit risk for OTC derivatives is reduced by limits on the exposure to any single counterparty and a minimum credit rating that all counterparties must meet. In addition, the derivative positions are collateralised daily to ensure that the extent of the credit risk is limited to one day's market movements. Collateral in relation to the Scheme's OTC derivative contracts and manager stock lending activities is typically posted in the form of government bonds or cash held with investment banks that are at least investment grade credit rated.

In addition, the investment manager trades all new swap contracts on a centrally cleared basis which uses a clearing house to remove the direct relationship between the Trustee and the counterparty.

Where the Scheme's investment manager engages in stock-lending activities, the Trustee manages the credit risk arising from such activities by restricting the amount of overall stock that may be lent, only lending to approved borrowers who are rated investment grade, limiting the amount that can be lent to any one borrower and putting in place collateral arrangements. Details of collateral arrangements are set out in note 14.

Cash is held with financial institutions which are at least investment grade credit rated.

The Scheme is exposed to direct credit risk through its buy-in insurance policies (i.e. the risk that the insurer defaults on the contract). This risk is mitigated by the regulatory environment within which the insurer operates whereby the insurer is required to make a reserve for each policy by holding prescribed amounts (and to hold those amounts in prescribed asset classes) and additional capital reserves. This is consistent with regulations in force throughout the UK insurance industry. In addition policy holders are protected by the Financial Services Compensation Scheme ("FSCS").

The Scheme is also indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investment vehicles. Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicles (see note 15). This risk is mitigated by mainly investing in funds which hold at least investment grade credit rated investments across and/or maintain a diversified exposure of different credit issuers.

The information about exposures to and mitigation of credit risk above applied at both the current and previous year end.

Notes to the financial statements (continued)

19. Investment risks (continued)

Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets, either as segregated investments (direct exposure) or via pooled investment vehicles (indirect exposure). The Trustee has set a benchmark limit to overseas currency exposure of 5.0% (2024: 5.0%) of the total portfolio value which is achieved through a currency hedging policy utilising forward foreign currency contracts (see note 12). The net currency exposure through direct exposure and hedging at the current and previous year ends was:

Currency name	Code	Direct exposure £'000	Hedging £'000	2025 Net exposure after hedging £'000	2024 Net exposure after hedging £'000
Euros	EUR	7,779	(349)	**7,430**	11,186
Japanese Yen	JPY	5,387	(535)	**4,852**	4,958
US dollars	USD	60,978	-	**60,978**	52,452
Other currencies		12,541	(5,592)	**6,949**	10,418
		86,685	**(6,476)**	**80,209**	79,014

The table above excludes indirect currency exposure through pooled investment vehicles invested in equities and multi-asset credit (note 15).

Interest rate risk

The Scheme is exposed to interest rate risk because its liabilities are highly sensitive to changes in gilt yields used to discount future benefit payments. The Scheme's assets are also exposed to interest rate movements, particularly through its holdings in bonds (both directly and via pooled investment vehicles), interest rate derivatives (such as swaps), and insurance policies (including bulk annuity contracts), whose values are influenced by market interest rates. The Trustee manages this risk through a liability driven investment ("LDI") strategy, which combines bonds, derivatives and repurchase arrangements to broadly match the interest rate sensitivity of the Scheme's liabilities. This reduces volatility in the Scheme's funding position arising from changes in interest rates. As at the year end, the LDI portfolio, including the buy-in insurance policies, had a total value of £1,264.5 million (2024: £1,260.2 million) representing 73.4% (2024: 72.2%) of the total investment portfolio.

Other price risk

Other price risk arises principally in relation to the Scheme's equity, property and multi-asset credit investments, including indirect other price risk from investments from pooled investments vehicles. This risk will vary depending on the particular market invested in. The Trustee seeks to reduce the Scheme's exposure to overall price risk by investing in a diversified range of investments across various markets. The Scheme's exposure to other price risk will vary over time depending on any "active" asset allocation decisions taken by the investment manager to reflect its market views, or any changes to the Scheme's overall target investment strategy. As at the year end, the Scheme's return-seeking assets had a total value of £457.7 million (2024: £485.1 million) representing 26.6% (2024: 27.8%) of the total investment portfolio.

Sole investor pooled arrangements

Included within pooled investment vehicles (see note 15) is a pooled arrangement in which the Scheme is the sole investor. The underlying investment of the sole investor fund is held entirely in one property pooled fund. The value of assets held by the Scheme as at 31 December 2025 was £37.6m (2024: £36.4 million).

Notes to the financial statements (continued)

20. Concentration of investments

The Scheme has taken advantage of the exemption allowed by the Audited Accounts Regulations to exclude UK government securities that exceed 5% of the Scheme's net assets.

The following investments, excluding UK government securities, represented over 5% of the net assets of the Scheme (excluding AVCs):

	2025		2024	
	£'000	**%**	£'000	%
Buy-in insurance policies with RLMIS	**653,961**	**37.7**	311,376	17.5
Royal London Multi-Asset Credit Fund	**236,579**	**13.6**	260,117	14.6
	890,540		571,493	

21. Employer related investments

There are no employer-related investments held by the Scheme as at the year-end (2024: none). No self-investment arose during the year. The Trustee has concluded that the buy-in insurance policy, held with RLMIS, is not an employer-related investment as they are not an investment in RLMIS.

22. Current assets

	2025	2024
	£'000	£'000
Cash balances	**8,946**	16,453
Prepayments	**33**	26
Amounts due from related parties	**7,128**	7,128
	16,107	23,607

The amounts due from other related parties fall due after more than one year. The £7.1m balance relates to an adjustment made in 2024 to the buy-in insurance policy purchased from The Royal London Mutual Insurance Society Limited relating to the notification of pre-trade deaths.

23. Current liabilities

	2025	2024
	£'000	£'000
Unpaid benefits	**-**	404
Amounts due to related parties	**312**	770
Accrued expenses	**1,179**	894
Tax deducted from pensions due to HMRC	**1,609**	2,788
	3,100	4,856

Notes to the financial statements (continued)

24. Related party transactions

a. Transactions with key management personnel

Trustee Directors

The following fees were incurred in respect of Trustee services.

	2025	2024
	£'000	£'000
Chair	**70**	60
Other Trustee Directors	**128**	120
	198	180

In addition, three (2024: three) Trustee Directors claimed expenses amounting to £2,000 (2024: £2,000) for attendance at the Trustee meetings. The fees and expenses are included in note 7. Included in accrued expenses in note 22 are fees amounting to £8,000 (2024: £8,000) payable by the Scheme as at the year end to The Law Debenture Pension Trust. During the year, three (2024: two) Trustee Directors were in receipt of pension from the Scheme in accordance with the Scheme Rules.

b. Transactions with other related parties

i. Royal London Management Services Limited

RLMS provides certain administration and accountancy services to the Scheme. Costs incurred for these services are recharged to the Scheme. During the year the Scheme was recharged £374,000 (2024: £364,000) in respect of these services (note 7), of which £95,000 was payable (2024: £106,000) at the year end. Further to this, £26,000 (2024: £23,000) was payable to RLMS at the year-end in respect of Trustee Director fees settled via Royal London Group.

ii. Royal London Mutual Insurance Society Limited

During the period the Scheme purchased a further insurance policy with RLMIS to insure some of the pensions payable under the Scheme (see note 13).

A certain section of AVC investments is managed by RLMIS. As at 31 December 2025, these investments which are held on behalf of the members had a market value of £219,000 (2024: £219,000) and are included in note 17.

iii. The investment manager

RLAM is a subsidiary of RLMIS. RLAM manages the investments of the Scheme on an arm's length basis and is remunerated in accordance with the terms of a normal commercial contract. This covers all investment transactions for the Scheme, including purchases, sales, investment income, investment management expenses, cash and receivables. Investment management expenses totalling £1,274,000 (2024: £1,585,000) are in respect of this remuneration for the year ended 31 December 2025 and are included in note 9, of which £275,000 (2024: £771,000) was payable at the year end.

The Scheme received investment management fee rebates of £487,000 (2024: £751,000) from RLAM and Royal London Unit Trust Managers Limited (RLUTM), a subsidiary of RLAM, for the year ended 31 December 2025. The rebates are in respect of the Scheme's holdings in the Royal London Property Authorised Investment Fund and Royal London UK Real Estate Feeder Fund which are pooled funds managed by RLUTM. An amount of £84,000 (2024: £130,000) was receivable at the year end and are included in note 23 as an offset of amounts due to the investment manager.

Notes to the financial statements (continued)

24. Related party transactions (continued)

iii) The investment manager (continued)

The Scheme holds units in the following funds managed by RLUTM in proportion to the net Scheme assets as shown:

Fund		**2025**		2024
	£'000	**%**	£'000	%
Royal London Multi-Asset Credit Fund	**236,579**	**13.6**	260,117	14.6
Royal London Sterling Liquidity Money Market Fund	**77,780**	**4.5**	46,059	2.6
Royal London UK Real Estate Feeder Fund	**37,648**	**2.2**	36,430	2.1
Royal London Global Equity Transitions Fund	**17,294**	**1.0**	-	-
Royal London Emerging Markets Equity Tilt Fund	**4,478**	**0.3**	4,513	0.3
Royal London Property Authorised Investment Fund	**366**	**0.0**	49,217	2.8
	374,145		396,336	

25. Contingent liabilities and contractual commitments

In the opinion of the Trustee, the Scheme had no contingent liabilities as at 31 December 2025 (2024: £nil), other than those arising in respect of GMP equalisation, as outlined in the Trustee's Report on page 5.The Trustee has reviewed the impact of GMP equalisation on previous members of the Scheme and is in the process of contacting and paying back payments due to previous members of the Scheme. These payments are not expected to be material.

As at 31 December 2025 the Scheme had contractual commitments in the form of stock collateral arrangements which are disclosed in note 15.

The Trustee is currently assessing the implications of the Royal Assent of the Pensions Schemes Act 2026 and the implications around the Virgin Media Limited v NTL Pension Trustees case, and is undertaking consultation with its advisers, as further described in the Trustee's Report on page 6.

26. Subsequent events

There were no subsequent events requiring disclosure in the financial statements.

Independent auditor's statement about contributions to the Trustee of Royal London Group Pension Scheme

Statement about contributions

We have examined the summary of contributions payable under the Schedule of Contributions to the Royal London Group Pension Scheme in respect of the scheme year ended 31 December 2025 which is set out on page 48.

In our opinion contributions for the Scheme year ended 31 December 2025 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the actuary on 20 June 2023.

Scope of work

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of Trustee and auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 15, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of members of the Scheme and for monitoring whether contributions are made to the Scheme in accordance with the Schedule of Contributions.

It is our responsibility to provide a Statement about Contributions paid under the Schedule of Contributions to the Scheme and to report our opinion to you.

The purpose of our work and to whom we owe our responsibilities

This statement is made solely to the Scheme's Trustee, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's Statement about Contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee, for our work, for this Statement, or for the opinions we have formed.

Gemma Broom
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

Date: 03 July 2026

Trustee's Summary of Contributions payable under the Schedule in respect of the Scheme year ended 31 December 2025

This Summary of Contributions has been prepared by, and is the responsibility of, the Trustee. It sets out the contributions payable to the Scheme under the Schedule of Contributions certified by the actuary on 20 June 2023 in respect of the Scheme year ended 31 December 2025. The Scheme Auditor reports on contributions payable under the Schedule in the Auditor's Statement about Contributions.

	£'000
Contributions payable under the Schedule of Contributions (as reported on by the Scheme Auditor)	-
Total contributions reported in the financial statements and reported on by the Scheme Auditor	**-**

Approval

The Summary of Contributions was approved by the Trustee Directors.

Signed for and on behalf of RLGPS Trustee Limited on 1 July 2026 by:

Trustee Director

Date: 2 July 2026

Actuarial certificate

Actuary's certification of the schedule of contributions

Name of scheme: Royal London Group Pension Scheme

Adequacy of rates of contributions

1 I certify that, in my opinion, the rates of the contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected, on 31 December 2022, to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2 I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated 20 June 2023.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature .... Date ....20 JUNE 2023....

Andrew Long
Fellow of the Institute and Faculty of Actuaries
Towers Watson Limited, a WTW Company

51 Lime Street
London
EC3M 7DQ

Implementation Statement, covering the Scheme Year from 1 January 2025 to 31 December 2025

The Trustee of the Royal London Group Pension Scheme (the "Scheme") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles ("SIP") during the Scheme Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) and state any use of the services of a proxy voter during that year. This is provided in (Section 3).

In preparing the Statement, the Trustee has had regard to the https://www.gov.uk/government/consultations/climate-and-investment-reporting-setting-expectations-and-empowering-savers/outcome/reporting-on-stewardship-and-other-topics-through-the-statement-of-investment-principles-and-the-implementation-statement-statutory-and-non-statutory on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

The Statement does not consider the Scheme's Additional Voluntary Contribution ("AVC") arrangements.

1. Introduction

No changes were made to the voting and engagement policies in the SIP during the Scheme Year.

The Trustee has, in its opinion, followed the Scheme's voting and engagement policies during the Scheme Year, by continuing to delegate to its investment manager the exercise of rights and engagement activities in relation to its investments, as well engaging with its investment manager to encourage strong stewardship policies and processes.

2. Voting and engagement

As part of its advice on the ongoing review of the Scheme's investment manager, Royal London Asset Management Limited ("RLAM"), the Scheme's investment adviser, Lane Clark & Peacock LLP ("LCP"), incorporated its assessment of the nature and effectiveness of RLAM's approach to voting and engagement. In particular:

- The Trustee reviewed RLAM's Responsible Investment (RI) practices, benchmarking them against industry best practice as part of an RI survey conducted by LCP. The review highlighted areas for improvement, which the Trustee is now addressing through engagement with RLAM.

- The Trustee received an ESG dashboard prepared by RLAM, which scored each of the Scheme's equity and credit mandates. The Trustee used this dashboard to question RLAM on areas where scores were lower than average to encourage improvement.

LCP carried out an in-depth assessment of RLAM's stewardship approach, including a peer group comparison versus other managers with similar assets under management and investment offerings. As a result, key "asks" were identified and communicated to RLAM to support them in improving their stewardship approach. The Trustee plans to monitor progress against these "asks" regularly, through regular meetings between LCP and RLAM.

Implementation Statement, covering the Scheme Year from 1 January 2025 to 31 December 2025 (continued)

2. Voting and engagement (continued)

The Trustee also met with the investment manager and LCP on several occasions over the Scheme Year, with a focus on voting and engagement as well as the management of climate-change risk. This included:

- The Trustee reviewed its stewardship priorities, with a particular focus on the concept of 'Just Transition', which seeks to ensure the move to a net zero economy supports the social needs of workers, communities, consumers and citizens. The Trustee has since decided to adopt Just Transition as a further company engagement priority, which is well aligned with RLAM and Royal London's own engagement plans.

- The Trustee invested in RLAM's Global Equity Transitions Fund, which is a global equity fund explicitly aligned with a journey towards net zero. The fund invests in companies that are either transitioning their business to a sustainable path, enabling the transition of others, or both.

- The Trustee planned a roadmap for Responsible Investment in 2026, with a particular focus this year on reviewing the Scheme's exposure to physical and social climate risks.

- In December 2025, RLAM set a new target for the Scheme's emerging market equities fund, to maintain its carbon footprint at least 10% below its comparator benchmark alongside an explicit net zero goal for 2050.

- The Trustee received an update from LCP on RLAM's progress on increasing the proportion of companies that it engages with on the topic of climate change, with reference to portfolio carbon emissions.

Following the introduction of DWP's guidance, the Trustee has set stewardship priorities to focus engagement with RLAM on specific ESG factors. The Trustee's current stewardship priorities for the Scheme are Climate change, Biodiversity, and Governance and Corporate Culture. In early 2026, the Trustee also agreed to adopt Just Transition as a sub-priority within Climate Change.

These priorities were selected as the Trustee views these issues as market-wide areas of risk that are financially material for the investments and can be addressed by good stewardship. Therefore, the Trustee believes it is in the members' best interests that RLAM adopts strong practices in these areas.

The Trustee has communicated these stewardship priorities to RLAM, and RLAM has confirmed these priorities are well aligned with its own approach.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with RLAM to clarify expectations and encourage improvements.

3. Description of voting behaviour during the Scheme year

The Trustee did not direct how votes were exercised by RLAM and the Trustee itself has not used proxy voting services over the Scheme Year. However, the Trustee monitors RLAM's voting and engagement behaviour and challenges RLAM where activity has not been in line with expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Scheme's portfolios that hold equities as follows:

- Royal London Global Equity Diversified Mandate
- Royal London Emerging Market Mandate
- Royal London Global Equity Transitions Mandate

We have also included engagement data on the Scheme's investment grade corporate bond mandate.

Implementation Statement, covering the Scheme Year from 1 January 2025 to 31 December 2025 (continued)

Description of voting behaviour during the year (continued)

3.1. Description of voting processes

For assets with voting rights, the Trustee relies on the following voting policy which RLAM has in place. The Trustee reviews these policies, focusing on the elements which relate to its stewardship priorities, and is comfortable that the policies are aligned with the Trustee's views.

"RLAM regards voting in a responsible, informed, and consistent manner to be a fiduciary duty of institutional investors, as such proxy voting at RLAM is a highly active and integrated process led by dedicated staff within the Responsible Investment (RI) Team. The RI Team sits alongside fund managers who are involved in decision making and policy setting. RLAM reviews its voting policies on an annual basis to ensure that RLAM integrate best practice and market developments; this process is in conjunction with fund managers to ensure that RLAM arrive at a strong, consistent approach, RLAM's voting policies can be found here: https://www.rlam.com/globalassets/media/literature/policies/voting-guidelines.pdf

All votes are assessed and fully researched in-house by the RI Team, many of which are also discussed at length with the relevant fund management teams. To aid in this, RLAM purchases governance and voting research from IVIS (the voting service of the UK Investment Association) and Glass Lewis. This provides information around company meetings, and highlights items of particular interest or where there could potentially be an exception to generally agreed principles affecting RLAM's shareholder rights.

This external research is used in conjunction with internal research, information gathered from meetings with the company and any other relevant sources. RLAM does have a custom voting template implemented by Glass Lewis, but RLAM does not follow proxy recommendations and does not operate any standing instructions or auto-vote procedures. The voting recommendations are used rather as a method of flagging potential concerns. All votes are reviewed at a minimum by one member of the RI team before submission, and two members if they are controversial or differ from RLAM's policy position. Fund managers receive automated notifications of all votes submitted for their funds, where they can raise any additional questions or concerns.

All votes are publicly disclosed one month in arrears on the RLAM website, and voting records can be found at the following link: http://www.rlam-voting.co.uk/voting/. RLAM also write to any company held in their actively managed funds should RLAM vote against or abstain, providing their vote decisions and rationale for opposing management. This often leads to further dialogue and meetings with management."

Implementation Statement, covering the Scheme Year from 1 January 2025 to 31 December 2025 (continued)

Description of voting behaviour during the year (continued)

3.2. Summary of voting behaviour

A summary of voting behaviour over the Scheme Year is provided in the table below (% figures may not sum due to rounding).

	Royal London Global Equity Diversified Mandate	Royal London Emerging Markets Equity Tilt Mandate	Royal London Global Equity Transition Mandate
Value of Scheme assets invested at end of the Scheme Year	£83.6m (8.6%)	£4.5m (0.5%)	£17.3m (1.8%)
Number of equity holdings	194	762	44
Number of meetings eligible to vote	199	1,228	42
Number of resolutions eligible to vote	2,822	11,126	555
% of resolutions voted	100%	100%	100%
Of the resolutions on which voted, % voted with management	79%	76%	78%
Of the resolutions on which voted, % voted against management	20%	13%	19%
Of the resolutions on which voted, % abstained from voting	1%	3%	3%
Of the resolutions voted, % where management's stance was not disclosed	0%	8%	0%
Of the meetings in which the manager voted, % with at least one vote against management	81%	56%	79%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy adviser	16%	10%	16%

Implementation Statement, covering the Scheme Year from 1 January 2025 to 31 December 2025 (continued)

Description of voting behaviour during the year (continued)

3.3. Most significant votes over the year

Commentary on the most significant votes over the Scheme Year, from RLAM who holds listed equities, is set out below.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting RLAM provides a shortlist of votes, and suggested RLAM could use the PLSA's criteria for creating this shortlist.

By informing RLAM of its stewardship priorities and through regular interactions with RLAM, the Trustee believes that RLAM will understand how it expects them to vote on issues for the companies that RLAM invests in on the Trustee's behalf.

The Trustee has reported on the most significant votes for each mandate. If members wish to obtain further investment manager voting information, this is available upon request from the Trustee.

Royal London Global Equity Diversified Mandate

Microsoft Corporation, December 2025

Summary of resolution: Report on Environmental Risks of AI Use in Oil & Gas

Relevant stewardship priority: Climate change

Approx size of the holding at the date of the vote: 4.70%

Vote: Abstain

If vote was against management, whether the intention was communicated to the company: Not applicable

Outcome of the Vote: Not passed (90% Against)

Rationale: While AI in oil and gas presents climate risks, the proposal does not account for its potential to reduce emissions and enable climate solutions, and we encourage Microsoft to provide more comprehensive disclosure on both risks and opportunities across sectors. RLAM has used their vote to "Abstain" as a tool for further engagement with the company on this topic.

Next steps: RLAM will continue engagement on climate risk governance and responsible technology disclosure.

Implementation Statement, covering the Scheme Year from 1 January 2025 to 31 December 2025 (continued)

Description of voting behaviour during the year (continued)

3.3. Most significant votes over the year (continued)

Tesla Inc, November 2025

Summary of resolution: Advisory Vote on Executive Compensation

Relevant stewardship priority: Governance and Corporate culture

Approx size of the holding at the date of the vote: 0.80%

Vote: Against

If vote was against management, whether the intention was communicated to the company: RLAM send voting engagement letters to companies where they vote against management, including the rationale for their position.

Outcome of the Vote: Passed (78% For)

Rationale: While Tesla's pay structure prioritises long-term equity incentives, the proposed CEO awards raise serious concerns due to their unprecedented size and potential share concentration, discretionary one-off grants for Named Executive Officers (NEOs), selective board oversight in plan design, and generous provisions that risk undermining alignment with shareholder interests and accountability.

Next steps: RLAM will continue scrutiny on remuneration structure and Long-Term Incentive Plan (LTIP) design.

Glencore Plc, May 2025

Summary of resolution: Re-elect Kalidas Madhavpeddi as a Director

Relevant stewardship priority: Climate change & Biodiversity

Approx size of the holding at the date of the vote: 0.50%

Vote: Abstain

If vote was against management, whether the intention was communicated to the company: Not applicable.

Outcome of the Vote: Passed (95% For)

Rationale: While RLAM acknowledges the existing biodiversity policies that are in place, they are concerned about recent controversies related to a coal mine indicating that the company's biodiversity risks may not have been fully addressed. RLAM would welcome engagement with the company to further discuss the issue. RLAM has used their vote to "Abstain" as a tool for further engagement with the company on this topic.

Next steps: RLAM will continue to monitor biodiversity risk governance and engage with the company.

Implementation Statement, covering the Scheme Year from 1 January 2025 to 31 December 2025 (continued)

Description of voting behaviour during the year (continued)

3.3. Most significant votes over the year (continued)

Royal London Emerging Markets Equity Tilt Mandate

Sasol Ltd, November 2025

Summary of resolution: Approval of Climate Change Strategy

Relevant stewardship priority: Climate change

Approx size of the holding at the date of the vote: 0.04%

Vote: Against

If vote was against management, whether the intention was communicated to the company: RLAM send voting engagement letters to companies where they vote against management, including the rationale for their position.

Outcome of the Vote: Not available*

Rationale: The company's revised climate strategy reflects a concerning retreat from prior commitments, particularly on offset use and coal investment. The renewed focus on coal feedstock contradicts the principles of the Paris Agreement and weakens the credibility of its transition plan. We urge the company to realign its strategy and restore stakeholder confidence in its direction of travel.

Next steps: RLAM will continue to monitor climate risk governance and escalation where progress is insufficient.

PDD Holdings Inc, December 2025

Summary of resolution: Elect George YEO Yong-Boon

Relevant stewardship priority: Governance and corporate culture

Approx size of the holding at the date of the vote: 0.78%

Vote: Against

If vote was against management, whether the intention was communicated to the company: RLAM send voting engagement letters to companies where they vote against management, including the rationale for their position.

Outcome of the Vote: Not available*

Rationale: Company does not have at least two directors of differing genders. Senior Independent Director or equivalent has not been appointed.

Next steps: RLAM will continue to monitor board diversity and oversight.

*RLAM have informed us that outcome of the vote for the company is not yet published on their website and could not be included.

Implementation Statement, covering the Scheme Year from 1 January 2025 to 31 December 2025 (continued)

Description of voting behaviour during the year (continued)

3.3. Most significant votes over the year (continued)

Royal London Global Equity Transitions Mandate

Given the more concentrated nature of RLAM's Global Equity Transitions Fund by number of stock holdings, RLAM has provided several engagement examples relating to a single company.

Microsoft Corporation, December 2025

Summary of resolution: Elect Satya Nadella

Relevant stewardship priority: Governance and Corporate culture

Approx size of the holding at the date of the vote: 5.36%

Vote: Against

If vote was against management, whether the intention was communicated to the company: RLAM send voting engagement letters to companies where they vote against management, including the rationale for their position.

Outcome of the Vote: Passed (93% For)

Rationale: The nominee serves as both Chairman and CEO. RLAM would prefer to see these roles separated and an independent chair appointed.

Next steps: RLAM will continue to engage with the company.

Microsoft Corporation, December 2025

Summary of resolution: Advisory Vote on Executive Compensation

Relevant stewardship priority: Governance and Corporate culture

Approx size of the holding at the date of the vote: 5.36%

Vote: Abstain

If vote was against management, whether the intention was communicated to the company: Not applicable.

Outcome of the Vote: Passed (92% For)

Rationale: While CEO Pay is performance-based, with equity delivered exclusively through performance stock awards, we hold an ongoing concern over the relatively short Long-Term Incentive Plan (LTIP) performance period. RLAM has used their vote to "Abstain" as a tool for further engagement with the company on this topic.

Next steps: RLAM will continue to engage with the company.

Implementation Statement, covering the Scheme Year from 1 January 2025 to 31 December 2025 (continued)

Description of voting behaviour during the year (continued)

3.3. Most significant votes over the year (continued)

Commentary on the most significant engagement opportunities on the Trustee's behalf within the investment grade corporate bond portfolio is set out below.

<u>HSBC Holdings plc - October 2025</u>

Trustee engagement priority category: Climate change (including Just Transition)

Purpose: RLAM engaged with HSBC Holdings plc, a global bank, as part of their long-running engagement with banks on just transition, seeking for HSBC to integrate social considerations into its Net Zero transition plan.

Outcome: HSBC is updating its Net Zero transition plan and benchmarking peers to improve just transition disclosures. The bank recognised deficiencies in managing climate-related human rights risks and sector-specific social impacts, but emphasised ongoing measures, such as the implementation of enhanced vulnerability standards and various financial inclusion initiatives. HSBC emphasised challenges in retrofitting liability and Use of Proceed loans in the retail mortgage market. Following the meeting, RLAM will review their draft assessment and share it with the bank to encourage improved disclosure and integration of social considerations.

<u>Lloyds Banking Group plc - November 2025</u>

Trustee engagement priority category: Climate change (including Just Transition)

Purpose: RLAM engaged with Lloyds Banking Group plc (Lloyds), a UK-based financial institution, as part of their long-running engagement with banks on just transition. RLAM sought the integration of social considerations into the company's decarbonisation strategy.

Outcome: Lloyds continues to integrate just transition across its strategy, committing £1 billion to its Regional Impact Fund to address regional inequality and drive inclusive economic growth. The bank showcased partnerships with the Northeast Combined Authority and Office of Investment to channel private investment into green infrastructure. It also expanded its 'Eco Home Reward' scheme, offering up to £2,000 cashback for energy efficiency measures, returning over £2 million to customers in 2025. Lloyds is working with Octopus Energy to reduce heat pump installation wait times and exploring property-linked financing. Before implementing mortgage policy changes, Lloyds conducted analysis to ensure alignment with just transition principles. RLAM will continue this engagement to monitor disclosure improvements.

<u>Volkswagen AG - November 2025</u>

Trustee engagement priority category: Climate change (including Just Transition)

<u>Purpose</u>: RLAM engaged with Volkswagen AG, a global automotive manufacturer, to review its climate strategy and commitments under the Net Zero Stewardship Programme.

<u>Outcome</u>: Volkswagen's climate alignment improved following a 5% emissions reduction, though the company has not set up yet a target for Scope 3 Category 1 emissions (indirect emissions from purchased goods and services). Battery electric vehicle sales are expected to reach 11% in 2025, supported by affordable models and strategic partnerships in China. The company is preparing to meet the new EU's 2035 requirement for a 90% reduction in fleetwide emissions by transitioning towards electric and other low-emission vehicle production. Volkswagen also disclosed workforce training initiatives under its just transition approach. RLAM will continue engagement to encourage stronger Scope 3 targets and progress on the transition to zero-emissions vehicles.

Implementation Statement, covering the Scheme Year from 1 January 2025 to 31 December 2025 (continued)

Description of voting behaviour during the year (continued)

3.3. Most significant votes over the year (continued)

Yorkshire Water - December 2025

Trustee engagement priority category: Climate change

Purpose: RLAM engaged with Yorkshire Water, a UK water utility, to assess its climate resilience and pollution control strategies.

Outcome: Yorkshire Water is investing £1.5 billion to upgrade storm overflow systems and implement nature-based solutions such as wetlands and tree planting to improve water quality and biodiversity. The company is also deploying ~20,000 sewer monitors and intelligent pumps to prevent failures, supported by a broader digital transformation programme and investment in green skills for its workforce. On financing, Yorkshire Water is focusing on inflation-linked debt and reducing gearing (a measure of financial leverage) to maintain stability. RLAM will continue engagement to monitor progress on biodiversity initiatives and resilience disclosures.

Further information

The Registrar, MoneyHelper, The Pensions Ombudsman and The Pensions Regulator

In accordance with The Occupational and Personal Pensions Schemes (Disclosure of Information) Regulations 2013, members are advised that:

- information regarding the Scheme has been given to the Registrar of Occupational Pension Schemes.

- MoneyHelper, sponsored by the Department for Work and Pensions provides impartial money and pensions guidance and information (https://www.moneyhelper.org.uk/en). MoneyHelper joins up money and pensions guidance to make it quicker and easier to find the right help. MoneyHelper brings together the support and services of three government-backed financial guidance providers: the Money Advice Service, the Pensions Advisory Service and Pension Wise.

- The Pensions Ombudsman of 10 South Colonnade, Canary Wharf, London, E14 4PU may investigate and determine any complaint or dispute of fact or law which they have failed to resolve with the Trustee or the Scheme administrator, in relation to pensions (https://www.pensions-ombudsman.org.uk/).

In addition to the above, The Pensions Regulator regulates company pension schemes and enforces the law as it relates to them. It has wide ranging powers which include the power to:

- suspend, disqualify and remove a Trustee, or a director of a Trustee company, for consistently not carrying out their duties.

- wind up schemes where necessary.

- apply for injunctions to prevent the misuse and misappropriation of scheme assets and apply for restitution where necessary.

Independent auditors and the Scheme Actuary have a statutory duty to make an immediate written report to The Pensions Regulator if they believe that legal duties concerned with the running of the Scheme which are likely to be of material significance to The Pensions Regulator are not being carried out.

Internal disputes resolution procedure

A disputes resolution procedure has been agreed by the Trustee to try to resolve any queries raised by beneficiaries or potential beneficiaries of the Scheme and details of this can be obtained by writing to the contact below.

The Pension Tracing Service

The Pension Tracing Service has been set up to provide a tracing service for members and other prospective beneficiaries, of previous employers' schemes, who have lost touch with earlier employers and Trustees. This Scheme is registered, and its registration number is 100154281. To trace a benefit entitlement under a former employer's scheme, enquiries should be addressed to the Pension Tracing Service at The Pension Service, Post Handling Site A, Wolverhampton, WV98 1AF https://www.gov.uk/find-pension-contact-details.

Further information (continued)

Contact for further information

Any queries or complaints about the Scheme, including requests from individuals for information about their benefits, or for a copy of Scheme documentation, should be sent to the Trustee of Royal London Group Pension Scheme at the following addresses.

Queries from members about their benefit entitlements:

Royal London Group Pension Scheme
WTW
Sunderland
SR43 4JU
Email: royallondongroup@wtwco.com
Phone: 0113 394 9307

All other queries, including complaints or requests for Scheme documentation:

Company Secretary - Pensions
Royal London House
Alderley Park
Congleton Road
Nether Alderley
Macclesfield
SK10 4EL
Email: charlotte.dalton@royallondon.com
Phone: 01625 717 188