

Royal London Group Pension Scheme

Annual Report and Financial Statements

for the year ended 31 December 2024

Scheme Registration Number: 100154281

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Contents

	Page
Trustee and advisers	1
Trustee's report	2
Independent Auditors' report	16
Fund account	20
Statement of net assets available for benefits	21
Notes to the financial statements	22
Independent Auditors' statement about contributions	46
Summary of contributions	47
Actuarial certificate	48
Implementation statement	49
Further information	56

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Trustee and advisers

Corporate Trustee	RLGPS Trustee Limited
Directors of the Corporate Trustee (“Trustee Directors”)	Employer appointed Andrew Evans (<i>Chair</i>) (<i>Independent Trustee</i>) Ewan Smith (<i>Deferred member</i>) Jane Perkins The Law Debenture Pension Trust Corporation P.L.C represented by Edward Levy (<i>Independent Trustee</i>) Member nominated Ian Forder (<i>Pensioner member</i>) Janet Murray (<i>Pensioner member</i>)
Scheme/Trustee secretary	Royal London Management Services Limited (represented by Charlotte Dalton)
Scheme actuary	Andrew Long FIA of Towers Watson Limited
Administrators	Towers Watson Limited
Independent Auditors	KPMG LLP (appointed 24 September 2024) PricewaterhouseCoopers LLP (resigned 27 June 2024)
Legal advisers	CMS Cameron McKenna Nabarro Olswang LLP DLA Piper UK LLP Pinsent Masons LLP Slaughter and May LLP
Covenant advisor	Penfida Limited
Investment consultant	Lane Clark & Peacock LLP
Risk Transfer Consultant	Hymans Robertson LLP
Investment manager	Royal London Asset Management Limited
Investment custodian	HSBC UK Bank plc (HSBC Securities Services)
Annuity providers	Aviva Annuity UK Limited The Royal London Mutual Insurance Society Limited
Additional Voluntary Contribution (AVC) providers	The Royal London Mutual Insurance Society Limited Scottish Widows Limited Utmost Life and Pensions Limited
Bankers	HSBC UK Bank plc National Westminster Bank plc
Principal employer	The Royal London Mutual Insurance Society Limited (“the Company”)
Contact for enquiries	Provided on “Further information” page 57

The Royal London Mutual Insurance Society Limited is the parent company of Royal London Asset Management Limited and RLGPS Trustee Limited. Throughout this report the term “Royal London Group” refers to The Royal London Mutual Insurance Society Limited.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

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 2024.

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 Royal London Group. 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, as defined by the Scheme Rules, prior to leaving the service of Royal London Group.

The Scheme is governed by a definitive Trust Deed and Scheme Rules. 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 Rules of the Scheme 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 three monthly intervals. The full Trustee Board also met for three 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 2024 were Edward Levy (Chair), Ewan Smith, Ian Forder and Jane Perkins. The Committee met seven times in 2024 for the four quarterly meetings and three ad hoc meetings – one meeting to receive training on Stewardship; one project meeting to discuss the Task Force on Climate-Related Financial Disclosures (TCFD) Report; and one meeting to discuss investment strategy.

Administration and Risk Committee members during the year to 31 December 2024 were Andrew Evans (Chair), Janet Murray and Edward Levy. The Committee met five times in 2024 for the four quarterly meetings and for one ad hoc meeting in relation to Guaranteed Minimum Pensions (GMP) Rectification.

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 Limited (the "Company") 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 2024 were Andrew Evans (Chair), Ewan Smith and Ian Forder. The JSG met three times during the year.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Trustee's report (continued)

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 20 to 45.

Independent auditors

PricewaterhouseCoopers LLP resigned as auditor during the year and have declared that there are no circumstances connected with their resignation which, in their opinion, significantly affect the interest of the members or prospective members of, or beneficiaries under, the Scheme. KPMG LLP were subsequently appointed as statutory auditor and have declared their willingness to continue in office.

Membership

Details of membership of the Scheme as at 31 December 2024 are given below:

Membership movements	Deferred members	Pensioner members	Beneficiaries	Total
At 1 January 2024	8,029	8,988	2,011	19,028
Adjustments to prior year figures	(19)	2	7	(10)
At 1 January 2024 revised	8,010	8,990	2,018	19,018
New entrants	-	1	129	130
Transfers out	(29)	-	-	(29)
Retirements	(351)	350	-	(1)
Deaths	(19)	(276)	(121)	(416)
Trivial commutations	(12)	(2)	(36)	(50)
Ceased dependant's pension	-	-	(1)	(1)
At 31 December 2024	7,599	9,063	1,989	18,651

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 2024 and largely arose due to late notifications.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Trustee's report (continued)

Pension increases

The Trust Deed and Rules makes 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
	2024	2023	2024	2023	2024	2023	
RLGPS (standard benefits members)	n/a	n/a	n/a	n/a	7.5%	7.5%	1-Jul
RASF Scheme II (members joining before 1 August 2001)	4.3% ^{1,7}	7.5% ¹	4.3% ^{1,8}	7.5% ¹	4.3% ^{1,8}	7.5% ¹	1-Jul
RASF Scheme II (members joining from 1 August 2001)	n/a	n/a	7.5%	7.5%	7.5%	7.5%	1-Jul
RLSPF	2.5% ⁶	2.5% ⁶	5.0%	5.0%	7.5%	7.5%	1-Apr
UFGPS (contracted-in before 17 September 2002 leavers)	2.5% ⁶	2.5% ⁶	5.0% ³	5.0% ³	4.5%	7.5%	1-Apr
UFGPS (contracted-out before 17 September 2002 leavers)	3.0%	3.0%	5.0% ²	5.0% ²	4.5%	7.5%	1-Apr
SLORBS	3.0% ⁴	3.0% ⁴	3.0% ⁴	3.0% ⁴	7.5%	7.5%	1-Jan
SLIORBS	4.3%	5.0%	4.3%	5.0%	4.3%	7.5%	1-Jul
SLDRBS	3.0% ⁴	3.0% ⁴	3.0% ⁴	3.0% ⁴	7.5%	7.5%	1-Jan

¹Special 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% (2023: 3.0%) on RPI cumulative pension from retirement date or (b) 5.0% (2023: 5.0%) on pension in payment on the pension benefits for members contracted out before 17 September 2002.

³ Increase of 5.0% (2023: 5.0%) for those contracted in after 17 September 2002.

⁴ Increase of between 3.0% (2023: 3.0%) and 5.3% (2023: 14%). Leavers before 1 April 1975 received a discretionary increase of 2.5% (2023: 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 57.

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 (see note 7) 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.

(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.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Trustee's report (continued)

Pension increases (continued)

During 2024, the Company granted a discretionary increase at the rate of 2.5% (2023: 2.5%) to pensions in payment with no guaranteed increases (in excess of guaranteed minimum pensions). As the Scheme was in surplus at 30 September 2023, 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's 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's Rules) or to the increase produced by the application of 5% per annum, whichever is the lower.

Pensions in deferment accrued after 5 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 do not include discretionary 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 Pension between May 1990 and April 1997 must be equalised between men and women, and a further ruling in November 2020 determined that past transfers must also be equalised. The Trustee is in the process of reviewing the implication of the ruling on members' benefits from the Scheme. Some of the affected current pensioner and dependant members were communicated with regarding any adjustments required to their benefits, which were put in place during the year, and the Trustee will continue to review the remaining members. Not all members will see a change to their pensions as a result of GMP equalisation.

Virgin Media Ltd v. NTL Pension Trustees

A High Court legal ruling in June 2023 (Virgin Media Limited v NTL Pension Trustees II Limited) decided that certain rule amendments were invalid if they were not accompanied by the correct actuarial Section 37 certificate confirmation. While the ruling only applied to the specific pension scheme in question, it could be expected to apply across other pension schemes that were contracted out on a salary-related basis and made amendments between 6 April 1997 and 6 April 2016. The ruling was appealed but, in July 2024, the Court of Appeal dismissed the appeal. The Trustee has been liaising with its legal advisers and with the Employer to consider the implications of the case on the scheme. Review of deeds for the RLGPS scheme is ongoing, however for the period reviewed to date there has been sufficient evidence of Section 37 certification. Based on this, the Trustee's expectation is there is no additional liability as a result of the Virgin Media case.

Expression of wish forms

The Trustee wishes to emphasise to members the importance of indicating to the Trustee the person(s) to whom they wish benefits to be paid in the event of death. The Trustee normally takes members' wishes into account, although they are not obliged to do so.

Members are urged to review their nomination of beneficiary form should their circumstances change. A change can be made online or through a form available from the Scheme's Administrator whose address is on page 57.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Trustee's report (continued)

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 2023 a copy of which is available to members on request from the address set out on page 57.

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. Funding updates were carried out as at 31 December 2024 and 31 December 2023. The results of these funding updates and the full actuarial valuation as at 31 December 2022 are provided in the table below:

Actuarial report date: 31 December	2024	2023	2022
	Funding Update	Funding Update	Full valuation
	£'000	£'000	£'000
Value of technical provisions	1,734,900	1,901,400	1,917,000
Value of assets available to meet technical provisions (excluding AVCs)	1,776,724	1,981,628	1,965,700
Funding surplus	41,824	80,228	48,700
Funding level as a percentage of technical provisions	102.4%	104.2%	102.5%

The 2024 and 2023 funding update figures are based on the assumption methodology agreed as part of the 2022 full valuation.

The value of liabilities (technical provisions) in the above table excludes those in respect of Additional Voluntary Contributions 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.

Over the two-year period since the actuarial valuation as at 31 December 2022 the funding level is estimated to have decreased slightly to 102.4% from 102.5%. Funding liabilities reduced over the period mainly due to an increase in gilt yields and a reduction in future life expectancies. This has been partially offset due to lower future expected returns from the Scheme's assets following the buy-in transaction, as well as two discretionary increases granted over the period. Since the actuarial valuation, the Scheme's investments have moved similarly to the movements in the liabilities due to the high level of hedging in the Scheme.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

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.

The method and significant assumptions used in the calculations are as follows:

Method

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.

It is a legal requirement for the Trustee to agree a schedule of contributions for the Scheme following a triennial actuarial valuation even if no regular contributions will be payable. A schedule of contributions showing zero regular contributions was therefore certified by the Scheme Actuary on 20 June 2023. A copy of the Scheme actuary's certification of the schedule of contributions is included on page 48 of this annual report and financial statements.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Trustee's report (continued)

Investment report

Investment principles and strategy

The ultimate responsibility for deciding investment policy lies with the Trustee.

The 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 investment strategy is set out in the Scheme's Statement of Investment Principles ("SIP").

The target investment strategy is to hold:

- 25.0% (2023: 35.0%) in return seeking investments comprising equities, UK property and multi-asset credit.
- 75.0% (2023: 65.0%) 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 a buy-in insurance policy which provides 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 £485.1 million (2023: £642.2 million) representing 27.8% (2023: 32.6%) of the total investment portfolio.

As at the year end, the LDI portfolio, including the buy-in insurance policy, had a total value of £1,260.2 million (2023: £1,328.3 million) representing 72.2% (2023: 67.4%) of the total investment portfolio.

During the year, the Trustee reduced the Scheme's strategic equity (return seeking) allocation by 10% following an improved funding position. The Scheme also purchased a buy-in insurance policy covering a portion of the Scheme's pensioner liabilities.

The Trustee maintains a 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 January 2025. The Scheme's Implementation Statement for 2024 can be found on pages 49 to 55 and forms an integral part of this Trustee's report.

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>.

Details of the Scheme's investments are given in note 11 to the financial statements.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Trustee's report (continued)

Investment report (continued)

Management of investments

The Trustee has appointed Royal London Asset Management Limited ("RLAM") to manage the Scheme's investments on a day-to-day basis. RLAM have full discretion to invest world wide 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 are 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 the 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 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 manager is taking account of these issues in practice and encourages its 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.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

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 is 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 2020 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 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 manager, the Trustee does not monitor or engage directly with issuers or other holders of debt or equity.

The Trustee monitors the 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 manager each year and updates them if appropriate.

If the monitoring identifies areas of concern, the Trustee will engage with the 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 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 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 manager's investment 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 manager.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

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 available. 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 overall long-term objectives, taking account of risk, the need for diversification and liquidity. The 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 gross of fees.

Annualised return by asset class over	1 year	3 years (p.a)	5 years (p.a)
Sterling corporate bonds	0.5%	-6.1%	-2.2%
<i>Benchmark</i>	<i>-2.0%</i>	<i>-7.4%</i>	<i>-3.3%</i>
Global Index linked	-10.3%	-17.0%	-7.6%
<i>Benchmark</i>	<i>-10.3%</i>	<i>-17.3%</i>	<i>-7.9%</i>
Global high yield bonds	0.0%	-2.2%	0.7%
<i>Benchmark</i>	<i>0.0%</i>	<i>-2.5%</i>	<i>-0.1%</i>
Multi asset credit	8.0%	2.9%	3.7%
<i>Benchmark</i>	<i>8.1%</i>	<i>4.0%</i>	<i>4.1%</i>
UK equities	0.0%	0.8%	1.9%
<i>Benchmark</i>	<i>0.0%</i>	<i>2.9%</i>	<i>2.9%</i>
Overseas equities	20.5%	10.5%	14.1%
<i>Benchmark</i>	<i>20.5%</i>	<i>8.6%</i>	<i>12.1%</i>
Global equities	20.9%	11.1%	N/A
<i>Benchmark</i>	<i>20.8%</i>	<i>9.2%</i>	<i>N/A</i>
Emerging market equities	13.1%	-0.5%	2.6%
<i>Benchmark</i>	<i>14.9%</i>	<i>0.0%</i>	<i>1.8%</i>
Property	6.1%	-1.2%	2.0%
<i>Benchmark</i>	<i>5.4%</i>	<i>-2.0%</i>	<i>1.9%</i>
Money market*	5.8%	1.9%	0.4%
<i>Benchmark</i>	<i>5.1%</i>	<i>3.7%</i>	<i>2.2%</i>
Scheme	1.0%	-5.7%	-0.6%
<i>Benchmark</i>	<i>0.4%</i>	<i>-6.1%</i>	<i>-1.0%</i>

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

The Scheme returns shown in the table above excludes the LDI hedging portfolio and takes account of the tactical asset allocation decisions taken by the Scheme's investment manager during the year, in accordance with the investment mandate agreed by the Trustee, and the returns achieved on certain other financial instruments such as derivatives which are not reflected in the individual asset classes listed in the table above.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

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) and was -13.9% for the year ended 31 December 2024 (-16.3% per annum for the 3 years ended 31 December 2024). These two returns are calculated on different bases 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 (6.5% of Scheme assets excluding the buy-in insurance policy; 2023: 6.7%), which are deemed to be less readily marketable. In addition, the buy-in insurance policy is 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 marketplace. 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")

Over the year to 31 December 2024, there were two instances where the Trustee's investment arrangements departed from the SIP.

In November 2023, the Trustee agreed to reduce the Scheme's strategic equity (return seeking) allocation by 5% in favour of investment grade corporate bonds (LDI allocation), reflecting an improved funding position relative to the long-term journey plan. Implementation of this change in strategy commenced in 2023 and was reflected in an updated investment management agreement and SIP in March 2024.

In May 2024 the Trustee agreed to make a further reduction to the strategic equity allocation by 5%. As at 31 December 2024 the Trustee was in the process of updating the Scheme's SIP to reflect this change alongside other strategic changes that had been agreed after the year end (most notably a reduction to the target property allocation). The SIP was updated in January 2025.

Employer related investments

There were no employer related investments held directly or indirectly by the Scheme at the year end (2023: None).

Risks and mitigations

The key risks facing the Scheme are set out below. There are some additional risks associated with financial instruments and these are set out in note 21 to the financial statements.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Trustee's report (continued)

Investment report (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 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 a buy-in insurance policy to reduce this risk for a portion of the pensioner population. The Trustee monitors the opportunities available in the market to reduce this risk.

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 assets. For the 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 2024 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 January 2024, the Scheme utilised £348m of the Scheme's assets to purchase a buy-in insurance policy with Royal London Mutual Insurance Society Limited to insure some of the pensions payable under the Scheme. The policy covers approximately 18% of the Scheme's liabilities at that date. 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 buy-in insurance policy was purchased as a natural step on the Scheme's de-risking journey. The policy reduces the level of risk in the Scheme and protects the long-term security of members' benefits. The decision to purchase the policy was made following a thorough due diligence process and on the advice of the Trustee's advisors.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

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 FRS 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:

- 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
- 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 control 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's 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 for monitoring that contributions are made to the Scheme in accordance with the schedule.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Trustee's report (continued)

Statement of Trustee's responsibilities (continued)

Further information

Any enquiries about the Scheme can be made using the contact details provided in the 'Further information' on page 57. A copy of this annual report and financial statements is available on the Royal London Group website: <https://www.royallondon.com/about-us/corporate-information/key-financial-information/group-pension-schemes/>.

Approval

The Trustee's report on pages 2 to 15 was approved by the Trustee Directors.

Signed for and on behalf of RLGPS Trustee Limited by:

Trustee Director

Date: 03-04-25

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

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 2024 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 2024 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.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

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 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.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

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 46 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 14, the Scheme Trustee is responsible for: supervising the preparation of financial statements which show a true and fair view; such internal control 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.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

**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: 4 April 2025

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Fund account for the year ended 31 December 2024

	<i>Note</i>	2024 £'000	2023 £'000
Contributions and other income			
Employer contributions	4	-	-
		<u>-</u>	<u>-</u>
Benefits and other payments			
Benefits paid or payable	5	107,093	93,941
Transfer out to other schemes	6	2,903	3,422
Administrative expenses	7	4,817	4,333
		<u>114,813</u>	<u>101,696</u>
Net withdrawals from dealings with members		<u>(114,813)</u>	<u>(101,696)</u>
Returns on investments			
Investment income	8	47,092	20,318
Change in market value of investments	11	(135,804)	99,277
Investment management expenses	9	(2,590)	(3,070)
Investment management fee rebates	10	751	1,044
Taxes on investment income		118	35
Net returns on investments		<u>(90,433)</u>	<u>117,604</u>
Net (decrease) / increase in the fund during the year		(205,246)	15,908
Opening net assets		1,983,097	1,967,189
Closing net assets		<u>1,777,851</u>	<u>1,983,097</u>

The notes to the financial statements on pages 22 to 45 form part of these financial statements.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Statement of net assets available for benefits as at 31 December 2024

	<i>Note</i>	2024	2023
		£'000	£'000
Investment assets			
Equities	<i>11</i>	88,715	172,625
Bonds	<i>11</i>	1,404,413	2,190,524
Pooled investment vehicles	<i>16</i>	396,336	469,495
Derivatives	<i>13</i>	17,152	17,700
Insurance policies	<i>14</i>	312,639	1,238
Cash	<i>17</i>	12,058	24,807
Other investment balances	<i>18</i>	31,395	32,362
AVC investments	<i>19</i>	1,127	1,469
Reverse repurchase agreements receivable	<i>11</i>	73,928	280,976
		2,337,763	3,191,196
Investment liabilities			
Bonds sold short	<i>11</i>	(39,392)	(271,415)
Derivatives	<i>13</i>	(16,259)	(28,273)
Other investment balances	<i>18</i>	(3,513)	(7,226)
Repurchase agreements payable	<i>11</i>	(519,499)	(908,349)
		(578,663)	(1,215,263)
Total net investments		1,759,100	1,975,933
Current assets	<i>24</i>	23,607	10,080
Current liabilities	<i>25</i>	(4,856)	(2,916)
Total net assets available for benefits		1,777,851	1,983,097

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 6 and 7 of the annual report, and these financial statements should be read in conjunction with this report.

The notes to the financial statements on pages 22 to 45 form part of these financial statements.

The financial statements on pages 20 to 45 were approved by the Trustee Directors.

Signed for and on behalf of RLGPS Trustee Limited by:

Trustee Director

Date: 03-04-25

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

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 the 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, 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.

c. Contributions

Contributions are accounted for in accordance with the Schedule of Contributions under which they are paid or, in the absence of a Schedule of Contributions, when received.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

d. 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.

e. 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 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.

f. Administrative and other expenses

Administrative expenses are accounted for on an accruals basis by reference to the period to which they relate.

g. 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 and short-term deposits is accounted for on an accruals basis.

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.

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.

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.

Investment management expenses and fees rebated are accounted for on an accruals basis by reference to the period to which they relate.

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

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

g. Investment income and expenses (continued)

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, stamp duty, and other fees.

h. 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.
- 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.
- The value of other equities, bonds and pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Trustee. Where the value of a pooled investment vehicle is primarily driven by the fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustment is made.
- Swaps are valued at the current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the reporting date.
- Futures contracts are traded on an active exchange market and are valued at the difference between exchange settlement prices and inception prices.
- 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 asset managers. Where there are restrictions or other factors which prevent realisation at the fair value an adjustment is made to 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.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

i. Other investment arrangements

The Scheme recognises assets delivered out 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.

j. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There were no critical judgements in applying the accounting policies.

Key accounting estimates and assumptions - 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 2 and 3 of the fair-value hierarchy.

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.

5. Benefits paid or payable

	2024 £'000	2023 £'000
Pensions	94,975	81,968
Commutations and retirement lump sums	11,919	11,855
Lump sum death benefits	199	118
	<u>107,093</u>	<u>93,941</u>

Pensions paid in the year ended 31 December 2024 includes an additional £10.3m in relation to GMP equalisation and GMP rectification back-payments (see note 27).

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Notes to the financial statements (continued)

6. Transfer out to other schemes

	2024	2023
	£'000	£'000
Individual transfers to other schemes	2,903	3,422
	<u>2,903</u>	<u>3,422</u>

7. Administrative expenses

	2024	2023
	£'000	£'000
Administration fees	3,385	2,626
Actuarial fees	551	566
Levies paid to the Pensions Regulator	109	123
Trusteeship fees and expenses	183	176
Audit fees	102	104
Legal fees	169	459
Consultancy	219	251
Members advisory fees	75	24
Sundry expenses	24	4
	<u>4,817</u>	<u>4,333</u>

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 provided in note 26 (Related party transactions).

Trusteeship fees comprise fees paid directly to the Trustee Directors as disclosed in note 26 (Related party transactions).

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Notes to the financial statements (continued)

8. Investment income

	2024 £'000	2023 £'000
Dividends from equities	2,354	3,306
Interest from bonds	43,018	41,144
Interest paid on bonds sold short	(2,662)	(1,803)
Net payments on swaps	(3,631)	(1,387)
Income from pooled investment vehicles	9,534	5,791
Interest on cash deposits	1,783	2,249
Other investment income	(125)	902
Income from reverse repurchase agreements	10,472	17,656
Interest paid/payable on repurchase agreements	(35,948)	(47,811)
Net income from stock lending	62	166
Annuity income	22,235	105
	<u>47,092</u>	<u>20,318</u>

9. Investment management expenses

	2024 £'000	2023 £'000
Administration and management fees	1,585	2,029
Custodian charges	139	134
Investment advisory fees	759	769
Bank interest charges	65	105
Commission on futures	42	18
Other investment charges	-	15
	<u>2,590</u>	<u>3,070</u>

10. Investment management fee rebates

	2024 £'000	2023 £'000
Investment management fee rebates	751	1,044

The fee rebates represent amounts received from the Scheme's investment manager as reimbursement representing a proportion of investment management charges on pooled investment vehicles.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Notes to the financial statements (continued)

11. Reconciliation of net investments

	Value as at 1 January 2024	Purchases at cost and derivative payments	Sale proceeds and derivative receipts	Change in market value	Value as at 31 December 2024
	£'000	£'000	£'000	£'000	£'000
Equities	172,625	25,863	(133,544)	23,771	88,715
Bonds - Net	1,919,109	1,822,541	(2,220,296)	(156,333)	1,365,021
Derivatives - Net	(10,573)	(164)	7,230	4,400	893
Pooled investment vehicles	469,495	310,881	(406,158)	22,118	396,336
Insurance policies	1,238	341,389	-	(29,988)	312,639
AVC investments	1,469	-	(346)	4	1,127
	<u>2,553,363</u>	<u>2,160,359</u>	<u>(2,753,114)</u>	<u>(136,028)</u>	<u>2,164,731</u>
Cash	24,807			224	12,058
Other investment balances - Net	25,136				27,882
Reverse repurchase agreements receivable	280,976				73,928
Repurchase agreements payable	(908,349)				(519,499)
	<u>(577,430)</u>			<u>224</u>	<u>(405,631)</u>
	<u>1,975,933</u>			<u>(135,804)</u>	<u>1,759,100</u>

In January 2024, the Scheme utilised £348m of the Scheme's assets to purchase a buy-in insurance policy with Royal London Mutual Insurance Society Limited to insure some of the pensions payable under the Scheme. The initial purchase cost was subsequently reduced by £7.1m for an adjustment relating to the notification of pre-trade deaths. The corresponding receivable is disclosed within amounts due from related parties within note 24.

In the table above, Bonds reflects a net position comprising £1,404.4 million (2023: £2,190.5 million) of bond assets and £39.4 million (2023: £271.4 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 2024 of £70.1 million (2023: £294.1 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 2024 of £484.3 million (2023: £949.5 million) were delivered under the repurchase agreements. These bonds are recognised as assets of the Scheme and are included in the bonds.

Details of collateral arrangements in relation to repurchase agreements are set out in note 15.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Notes to the financial statements (continued)

12. 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 proceeds of investments. These costs include fees, commissions, stamp duty and other fees. Direct transaction costs incurred during the year are analysed as follows:

	2024	2023
	£'000	£'000
Fees - Equities	3	12
Commission – Equities	18	25
Commission – Futures	21	28
Taxes – Equities	6	29
	<u>48</u>	<u>94</u>
	<u> </u>	<u> </u>

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 has not been possible for the Scheme to quantify such indirect transaction costs.

13. Derivatives

	2024			2023		
	Assets £'000	Liabilities £'000	Total £'000	Assets £'000	Liabilities £'000	Total £'000
Over the counter contracts						
Forward foreign currency contracts	56	(297)	(241)	747	(1,103)	(356)
	<u>56</u>	<u>(297)</u>	<u>(241)</u>	<u>747</u>	<u>(1,103)</u>	<u>(356)</u>
Exchange traded contracts						
Swaps	16,072	(15,268)	804	16,091	(26,770)	(10,679)
Futures	1,024	(694)	330	862	(400)	462
	<u>17,096</u>	<u>(15,962)</u>	<u>1,134</u>	<u>16,953</u>	<u>(27,170)</u>	<u>(10,217)</u>
	<u>17,152</u>	<u>(16,259)</u>	<u>893</u>	<u>17,700</u>	<u>(28,273)</u>	<u>(10,573)</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Notes to the financial statements (continued)

13. 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 the 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 swaps, futures and forward foreign currency contracts. Details of collateral arrangements held in relation to these instruments are set out in note 15.

Swaps

The Scheme used exchange traded swaps and fair value is the current value of future expected net cash flows arising from the swap, taking into account the time value of money. Fair value is normally calculated using discounted cash flow models and using market data at the reporting date. The Scheme participated in inflation swaps during the year, which are contracts under which inflation-indexed payments are exchanged for fixed payments based on an agreed principal amount. Only the net interest payments are exchanged. No exchange of principal takes place.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Notes to the financial statements (continued)

13. 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	2024 Net £'000
Inflation swaps						
Pay fixed interest for variable (RPI)	1 – 5 years	6	350,000	12,612	(1,929)	10,683
Pay fixed interest for variable (RPI)	10 – 20 years	1	30,000	1,448	-	1,448
Pay fixed interest for variable (RPI)	20 years +	6	116,000	1,187	(2,993)	(1,806)
Pay variable (RPI) for fixed interest	1 – 5 years	2	75,000	-	(6,952)	(6,952)
Pay variable (RPI) for fixed interest	10 – 20 years	1	30,000	-	(947)	(947)
Pay variable (RPI) for fixed interest	20 years +	2	60,000	825	(2,447)	(1,622)
				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.

Outstanding forward foreign currency contracts at the year end are detailed as follows:

Settlement date	Number of contracts	Currency bought	Currency Sold	Contract /notional amount £'000	Assets £'000	Liabilities £'000	2024 Net £'000
Within							
1 Month	1	AUD	GBP	2,032	-	(84)	(84)
1 Month	1	CAD	GBP	58	-	(1)	(1)
1 Month	1	EUR	GBP	5,545	-	(75)	(75)
1 Month	1	GBP	CHF	1,237	28	-	28
1 Month	1	GBP	JPY	1,378	22	-	22
1 Month	1	GBP	USD	13,865	-	(125)	(125)
1 Month	1	NOK	GBP	119	-	(3)	(3)
1 Month	1	SEK	GBP	499	-	-	-
1 Month	1	SGD	GBP	277	-	(3)	(3)
1 Month	1	USD	GBP	1,823	6	-	6
3 Months	1	GBP	USD	1,817	-	(6)	(6)
					56	(297)	(241)

The contract or notional amount represents the sterling value of the foreign currency amount of the contract translated at the year-end spot rate.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Notes to the financial statements (continued)

13. 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			2024
				Assets £'000	Liabilities £'000	Total £'000
Equity futures bought						
CME S&P500 EMINI FUT Mar25	USD	1 year	13,982	-	(455)	(455)
HKG HANG SENG IDX FUT Jan25	HKD	1 year	1,032	15	-	15
ICF FTSE 100 IDX FUT MAR25	JPY	1 year	10,062	-	(101)	(101)
KFE KOSPI2 INX FUT Mar25	KRW	1 year	1,081	5	-	5
NYF MSCI EmgMkt Mar25	USD	1 year	2,787	-	(99)	(99)
OSE TOPIX INDX FUTR Mar25	JPY	1 year	12,034	220	-	220
SFE SPI 200 FUTURES Mar25	AUD	1 year	2,518	-	(36)	(36)
				240	(691)	(451)
Equity futures sold						
EUX EURO STOXX 50 Mar25	EUR	1 year	(1,493)	36	-	36
				36	-	36
Interest Rate futures sold						
CBT US 2YR NOTE (CBT) Mar25	USD	1 year	(10,179)	-	(3)	(3)
EUX EURO-SCHATZ FUT Mar25	EUR	1 year	(10,261)	44	-	44
ICF Long Gilt Future MAR 2025	GBP	1 year	(22,733)	704	-	704
				748	(3)	745
				1,024	(694)	330

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Notes to the financial statements (continued)

14. Insurance Policies

In January 2024, the Scheme utilised £348m of the Scheme's assets to purchase a buy-in insurance policy with Royal London Mutual Insurance Society Limited to insure some of the pensions payable under the Scheme. The policy covers approximately 18% of the Scheme's liabilities at that date. 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 buy-in insurance policy was purchased as a natural step on the Scheme's de-risking journey. The policy reduces the level of risk in the Scheme and protects the long-term security of members' benefits. The decision to purchase the policy was made following a thorough due diligence process and on the advice of the Trustee's advisors. At 31 December 2024 the policy was valued at £311.4m. 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 2024 the policy was valued at £1.3m (2023: £1.2m).

Both 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 2024
Discount Rate	Nominal gilt yield curve + 0.25% 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 2024
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 2024 in line with the CMI 2023 projection model
Future improvements in longevity	In line with the CMI 2023 projection model with a long-term improvement rate of 1.50% pa, the core smoothing parameter of 7.0, the core 15% weighting on 2022 and 2023 mortality data, 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

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Notes to the financial statements (continued)

15. Collateral and stock lending arrangements

Cash collateral of £nil was pledged by the Scheme in respect of derivative contracts outstanding as at 31 December 2024 (2023: £10.8m). The cash collateral is 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 2024 of £15.4m (2023: £12.6m). The pledged assets are included in the net investment assets.

Bonds with a market value as at 31 December 2024 of £29.7m (2023: £nil) were delivered as collateral under the repurchase and reverse repurchase agreements.

Bonds with a market value as at 31 December 2024 of £0.7m (2023: £28.6m) were received as collateral under the repurchase and reverse repurchase agreements.

Cash collateral of £3.2m was delivered by the Scheme under the repurchase and reverse repurchase agreements (2023: £4.3m received). The cash collateral is included within other investment balances.

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 2024 amounted to £2.6m (2023: £86.3m) and is included in the net investment assets within Bonds £2.3m (2023: £63.9m) and Equities £0.3m (2023: £22.4m).

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 2024 was £2.8m (2023: £90.9m) and is not included in the net investment assets.

16. Pooled investment vehicles

	2024	2023
	£'000	£'000
Equities	4,513	8,757
Multi Asset Credit	260,117	281,705
Money Market	46,060	45,946
Property	85,646	133,087
	<u>396,336</u>	<u>469,495</u>

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 2024 was £36.4m (2023: £55.3m).

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Notes to the financial statements (continued)

17. Cash

	2024	2023
	£'000	£'000
UK GBP Sterling	11,643	23,387
Foreign currency	415	1,420
	<u>12,058</u>	<u>24,807</u>

18. Other investment balances

	2024	2023
	£'000	£'000
Accrued interest receivable	14,077	14,484
Dividends and investment income receivable	(16)	2,179
Trade settlements due from brokers	10,000	236
Futures margin receivable	3,920	4,439
Cash collateral receivable	3,155	10,752
Tax reclaims	259	272
	<u>31,395</u>	<u>32,362</u>
Accrued interest payable	(35)	(326)
Trade settlements due to brokers	(1,823)	-
Futures margin payable	(1,119)	(2,577)
Swap margin payable	(533)	-
Cash collateral payable	-	(4,320)
Tax payable	(3)	(3)
	<u>(3,513)</u>	<u>(7,226)</u>
	<u>27,882</u>	<u>25,136</u>

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Notes to the financial statements (continued)

19. 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 additional voluntary contributions. 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:

	£'000	£'000	2024 £'000	2023 £'000
	Unit Linked	With Profits	Total	Total
Scottish Widows Limited	670	108	778	863
The Royal London Mutual Insurance Society Limited	218	-	218	386
Utmost Life and Pensions Limited	131	-	131	220
	<u>1,019</u>	<u>108</u>	<u>1,127</u>	<u>1,469</u>

20. Fair value of investments

The fair value of investments in the statement of net assets available for benefits has been determined using an analysis of the level in the following hierarchy:

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 (i.e. developed using market data) for the instrument, either directly or indirectly	2
Inputs are unobservable, i.e. for which market data is unavailable.	3

Pooled investment vehicles which are traded regularly are included in level 2. Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for fair value applies, valuation techniques are adopted and the vehicles are included in level 3.

The value of other pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Trustee. Where the value of the pooled investment vehicle is primarily driven by fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustments are made. No such adjustments have been made to the valuations as at 31 December 2024 or 31 December 2023.

Property funds are fair valued based on values estimated by underlying fund managers using accepted valuation methodologies and use market information in the absence of observable market data and are included in Level 3.

The Scheme's investment assets and liabilities have been included at fair value within the hierarchical levels as shown on the following page:

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Notes to the financial statements (continued)

20. Fair value of investments (continued)

Asset category	Hierarchy level			2024
	1	2	3	Total
	£000	£000	£000	£000
Investment assets				
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 receivable	-	73,928	-	73,928
	<u>133,192</u>	<u>1,745,956</u>	<u>419,223</u>	<u>2,298,371</u>
Investment liabilities				
Derivatives	(694)	(15,565)	-	(16,259)
Other investment balances	(3,513)	-	-	(3,513)
Repurchase agreements payable	-	(519,499)	-	(519,499)
	<u>(4,207)</u>	<u>(535,064)</u>	<u>-</u>	<u>(539,271)</u>
Total investments	<u>128,985</u>	<u>1,210,892</u>	<u>419,223</u>	<u>1,759,100</u>

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Notes to the financial statements (continued)

20. Fair value of investments (continued)

An analysis for the prior year end is as follows:

Asset category	Hierarchy level			2023
	1	2	3	Total
	£000	£000	£000	£000
Investment assets				
Equities	172,625	-	-	172,625
Bonds – Net	1,115,973	778,509	24,627	1,919,109
Derivatives	862	16,838	-	17,700
Pooled investment vehicles	-	336,408	133,087	469,495
Insurance policies	-	-	1,238	1,238
Cash	24,807	-	-	24,807
Other investment balances	32,362	-	-	32,362
AVC investments	-	1,297	172	1,469
Reverse repurchase agreements receivable	-	280,976	-	280,976
	<u>1,346,629</u>	<u>1,414,028</u>	<u>159,124</u>	<u>2,919,781</u>
Investment liabilities				
Derivatives	(400)	(27,873)	-	(28,273)
Other investment balances	(7,226)	-	-	(7,226)
Repurchase agreements payable	-	(908,349)	-	(908,349)
	<u>(7,626)</u>	<u>(936,222)</u>	<u>-</u>	<u>(943,848)</u>
Total investments	<u>1,339,003</u>	<u>477,806</u>	<u>159,124</u>	<u>1,975,933</u>

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Notes to the financial statements (continued)

21. 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 SORP recommends these risk disclosures are made for all investments.

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.

As at 31 December 2024, the investment strategy for the Scheme was to invest:

- 25.0% (2023: 35.0%) in return seeking investments comprising equities, UK property and multi-asset credit.
- 75.0% (2023: 65.0%) 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 a buy-in policy which provides 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 10% reduction in target allocation to return seeking investments reflects the Trustee's decision to reduce the Scheme's equity allocation by 5% in November 2023 (not reflected in the Statement of Investment Principles, "SIP" as at 31 December 2023) and a further 5% in May 2024.

As at 31 December 2024, 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 sponsoring employer's website.

As at the year end, the Scheme's return seeking assets had a total value of £485.1 million (2023: £642.2 million) representing 27.8% (2023: 32.6%) of the total investment portfolio.

As at the year end, the LDI portfolio, including the buy-in insurance policy, had a total value of £1,260.2 million (2023: £1,328.3 million) representing 72.2% (2023: 67.4%) of the total investment portfolio.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Notes to the financial statements (continued)

21. Investment risks (continued)

Investment strategy (continued)

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

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.

The Scheme held investments in the following pooled investment vehicles by their legal form as at 31 December 2024.

Legal form	2024	2023
	£’000	£’000
Open-ended Investment Company (OEIC)	50,573	54,703
Irish Collective Asset-management Vehicle (ICAV)	260,117	281,705
Property Authorised Investment Fund (PAIF)	85,646	133,087
	396,336	469,495

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 11) is mitigated by investing in government bonds of £925.7 million (2023: £1,249.5 million) where the credit risk is minimal or holding corporate bonds & fixed interest securities of £410.9 million (2023: £639.7 million) with an investment-grade credit rating, across a diversified exposure of different credit issuers. There is a further £28.4 million (2023: £29.9 million) holding in below investment grade corporate bonds & 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.

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 (rather than OTC), which uses a clearing house to remove the direct relationship between the Trustee and the counterparty, further reducing credit risk (see note 11).

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 held are set out in note 15.

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

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Notes to the financial statements (continued)

21. Investment risks (continued)

Credit risk (continued)

The Scheme is exposed to direct credit risk through its bulk annuity (“buy-in”) contract (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). This is consistent with regulations in force throughout the UK insurance industry.

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 16). 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.

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% (2023: 10.0%) of the total portfolio value which is achieved through a currency hedging policy utilising forward foreign currency contracts (see note 13). 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	2024	2023
				Net exposure after hedging £000	Net exposure after hedging £000
Euros	EUR	5,641	5,545	11,186	19,128
Japanese Yen	JPY	6,314	(1,356)	4,958	9,524
US dollars	USD	66,442	(13,990)	52,452	114,860
Other currencies		8,641	1,777	10,418	17,382
		<u>87,038</u>	<u>(8,024)</u>	<u>79,014</u>	<u>160,894</u>

The table above excludes indirect currency exposure through pooled investment vehicles.

Interest rate risk

The Scheme is subject to interest rate risk as some of the Scheme’s investments are held in bonds (either as segregated investments or through pooled investment vehicles), interest rate swaps, repurchase arrangements, insurance policies (including a bulk annuity contract), and cash. The Scheme’s liabilities are also subject to interest rate movement. The Trustee seeks to reduce the Scheme’s exposure to this risk by investing some of the Scheme’s assets in bonds and derivatives (such as interest rate swaps) and repurchase arrangements, whose values move in a similar way to the value of the liabilities. The net effect is to reduce the volatility of the funding level. As at the year end, the LDI portfolio, including the buy-in insurance policy, had a total value of £1,260.2 million (2023: £1,328.3 million) representing 72.2% (2023: 67.4%) 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. 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 £485.1 million (2023: £642.2 million) representing 27.8% (2023: 32.6%) of the total investment portfolio.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Notes to the financial statements (continued)

21. Investment risks (continued)

Sole investor pooled arrangements

Included within pooled investment vehicles (see note 16) 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 2024 was £36.4m (2023: £55.3m).

Other matters

During 2024, geopolitical and economic issues continued to have a profound effect on domestic and global economies, with disruption and volatility in the financial markets. The Trustee, in conjunction with its advisers, monitors the situation closely and determines any actions that are considered to be necessary. This includes monitoring the Scheme's investment portfolio, the operational impact on the Scheme and the covenant of the Principal Employer.

The extent of the impact on the Scheme's investment portfolio, including financial performance, will depend on future developments in financial markets and the overall economy, all of which are uncertain and cannot be predicted. Since the year end, the value of the Scheme's investment assets and investment liabilities will have fluctuated.

Whilst the Trustee monitors the overall position, it has not, at this time, quantified the change (being an increase or decrease) in market value of the investment assets and investment liabilities as markets remain fluid and unpredictable and therefore such an estimate cannot be made.

22. Concentration of investments

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

	2024		2023	
	£'000	%	£'000	%
Buy-in insurance policy with The Royal London Mutual Insurance Society Limited	311,376	17.5	-	-
Royal London Multi-Asset Credit Fund	260,117	14.6	281,705	14.2
	<u>571,493</u>		<u>281,705</u>	

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.

23. Employer related investments

There were no employer related investments held directly or indirectly by the Scheme at the year-end (2023: None). The Trustee has concluded that the buy-in insurance policy, held with The Royal London Mutual Insurance Society Limited, is not an employer-related investment as defined in Pensions Regulations.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Notes to the financial statements (continued)**24. Current assets**

	2024	2023
	£'000	£'000
Cash balances	16,453	9,503
Prepayments	26	29
Amounts due from other related parties	7,128	-
Other debtors	-	548
	<u>23,607</u>	<u>10,080</u>

The amounts due from other related parties fall due after more than one year. The £7.1m balance relates to an adjustment to the buy-in insurance policy purchased from The Royal London Mutual Insurance Society Limited relating to the notification of pre-trade deaths. The amount is repayable during 2026. Other debtors as at 31 December 2023 included £528,000 due from the Investment custodian that was recovered in 2024.

25. Current liabilities

	2024	2023
	£'000	£'000
Unpaid benefits	404	198
Amounts due to other related parties	770	528
Accrued expenses	894	914
Tax deducted from pensions due to HMRC	2,788	1,276
	<u>4,856</u>	<u>2,916</u>

26. Related party transactions**a. Transactions with key management personnel****Trustee Directors**

The following fees were incurred in respect of Trustee services.

	2024	2023
	£'000	£'000
Chair	60	60
Other Trustee Directors	120	114
	<u>180</u>	<u>174</u>

In addition, three (2023: two) Trustee Directors claimed expenses amounting to £2,485 (2023: £1,408) for attendance at the Trustee meetings. The fees and expenses are included in note 7. Included in accrued expenses in note 25 are fees amounting to £7,500 (2023: £14,000) payable by the Scheme as at the year end to The Law Debenture Pension Trust Corporation P.L.C.

During the year two (2023: two) Trustee Directors were in receipt of a pension from the Scheme.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Notes to the financial statements (continued)

26. Related party transactions (continued)

b. Transactions with other related parties

i. Royal London Management Services Limited

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 £364,133 (2023: £316,588) in respect of these services which are included in note 7, of which £105,767 was payable (2023: £72,324) at the year end and are included in note 25. Further to this, £22,500 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 an insurance policy with The Royal London Mutual Insurance Society Limited to insure some of the pensions payable under the Scheme (see note 14).

A certain section of AVC investments is managed by The Royal London Mutual Insurance Society Limited. As at 31 December 2024, these investments which are held on behalf of the members had a market value of £217,695 (2023: £385,877) and are included in note 19.

iii. The Investment manager

Royal London Asset Management Limited (RLAM) is a subsidiary of The Royal London Mutual Insurance Society Limited. 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 £1,584,409 (2023: £1,908,223) are in respect of this remuneration for the year ended 31 December 2024 which is included in note 9, of which £771,498 (2023: £610,912) was payable at the year end and are included in note 25.

The Scheme received investment management fee rebates of £750,745 (2023: £1,043,140) from RLAM and Royal London Unit Trust Managers Limited (RLUTM), a subsidiary of RLAM, for the year ended 31 December 2024. 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 and are included in note 10. An amount of £130,091 (2023: £177,965) was receivable at the year end and is included in note 25 as an offset of amounts due to investment manager.

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

Fund	2024		2023	
	£'000	%	£'000	%
Royal London Multi-Asset Credit Fund	260,117	14.6	281,705	14.2
Royal London Property Authorised Investment Fund	49,217	2.8	77,820	3.9
Royal London Sterling Liquidity Money Market Fund	46,059	2.6	45,946	2.3
Royal London UK Real Estate Feeder Fund	36,430	2.1	55,267	2.8
Royal London Emerging Markets Equity Tilt Fund	4,513	0.3	-	-
Royal London Emerging Markets ESG Leaders Tracker Fund	-	-	8,757	0.4
	396,336		469,495	

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Notes to the financial statements (continued)

27. Contingent liabilities and contractual commitments

In the opinion of the Trustee, the Scheme had no contingent liabilities as at 31 December 2024 other than GMP benefits equalisation below (2023: nil other than GMP benefits equalisation).

In October 2018, the High Court determined that certain benefits provided to members who contracted out of the State 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. It has been subsequently agreed that, given materiality and practicality, the current allowance will not be reviewed before the 31 December 2025 valuation. The calculations for remaining members are still to be undertaken and are expected to be completed during the course of 2025.

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.

A High Court legal ruling in June 2023 (*Virgin Media Limited v NTL Pension Trustees II Limited*) decided that certain rule amendments were invalid if they were not accompanied by the correct actuarial Section 37 certificate confirmation. While the ruling only applied to the specific pension scheme in question, it could be expected to apply across other pension schemes that were contracted out on a salary-related basis and made amendments between 6 April 1997 and 6 April 2016. The ruling was appealed but, in July 2024, the Court of Appeal dismissed the appeal. The Trustee has been liaising with its legal advisers and with the Employer to consider the implications of the case on the scheme. Review of deeds for the RLGPS scheme is ongoing, however for the period reviewed to date there has been sufficient evidence of Section 37 certification. Based on this, the Trustee's expectation is there is no additional liability as a result of the *Virgin Media* case.

As at 31 December 2024 the Scheme had contractual commitments in the form of stock collateral arrangements which are disclosed in note 15.

28. Subsequent events

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

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Independent auditors' 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 2024 which is set out on page 47.

In our opinion contributions for the scheme year ended 31 December 2024 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 14, 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: 4 April 2025

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Trustee's Summary of Contributions payable under the Schedule in respect of the Scheme year ended 31 December 2024

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 2024. The Scheme Auditor reports on contributions payable under the Schedule in the Auditor's Statement about Contributions.

Contributions required under the schedule of contributions	£000 -
Per the Fund account	<hr/> - <hr/> <hr/>

Approval

The Summary of Contributions was approved by the Trustee Directors.

Signed for and on behalf of RLGPS Trustee Limited by:

Trustee Director

Date: 03-04-25

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

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 JULY 2023

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

51 Lime Street
London
EC3M 7DQ

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Implementation Statement, covering the Scheme Year from 1 January 2024 to 31 December 2024

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 guidance 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 as 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 (“RLAM”), the Scheme’s investment adviser, LCP, incorporated its assessment of the nature and effectiveness of RLAM’s approach to voting and engagement. In particular:

- The Trustee received an annual report from LCP in February 2024, which provided an update on RLAM’s investment capabilities alongside an assessment of how Responsible Investment matters are incorporated into its processes.
- The Trustee received an ESG dashboard prepared by LCP and the investment manager, 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.

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:

- Training on systemic risks (i.e. risks that affect an entire market or economy, rather than a single company) such as climate change, including their potential impact on pension scheme investments, funding, employer covenant and members. Stewardship was identified as one way of helping to assess and reduce exposure to these types of risks.
- A session jointly prepared by the investment manager and LCP, including a summary from the investment manager of how it prioritises engagement on the Trustee’s behalf, and a comparison of sample investment manager voting decisions vs its peers.
- Considering the potential investment in an alternative global equity fund, with a greater focus on companies that prioritise climate transition, natural capital preservation, health and wellbeing, and equality of opportunity.
- Reviewing the Trustee’s key “engagement themes”, which feature a strong focus on climate change. The Trustee remained comfortable that these were well aligned with RLAM’s key engagement themes.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Implementation Statement, covering the Scheme Year from 1 January 2024 to 31 December 2024 (continued)

2. Voting and engagement (continued)

- Receiving an update 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.
- Planning a roadmap for Responsible Investment in 2025, with a particular focus on climate-related objectives and a focused session on RLAM's approach to stewardship.

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.

These priorities were selected because 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 very 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 the Trustee's 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 Markets Equity Tilt Mandate

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

Over the 12 month period to 31 December 2024, the Trustee implemented a partial buy-in for a subset of the Scheme's members. This bulk annuity policy did not have any voting opportunities over the period covered by this Statement.

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>

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Implementation Statement, covering the Scheme Year from 1 January 2024 to 31 December 2024 (continued)

3. Description of voting behaviour during the year (continued)

3.1. Description of voting processes (continued)

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."

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).

	<i>Royal London Global Equity Diversified Mandate</i>	<i>Royal London Emerging Market Equity Tilt Mandate</i>
Value of Scheme assets invested at end of the Scheme Year	£88.8m (6.6%)	£4.5m (0.3%)
Number of equity holdings	211	781
Number of meetings eligible to vote	186	617
Number of resolutions eligible to vote	2,694	6,009
% of resolutions voted	100%	99%
Of the resolutions on which voted, % voted with management	79%	73%
Of the resolutions on which voted, % voted against management	19%	18%
Of the resolutions on which voted, % abstained from voting	2%	2%
Of the resolutions voted, % where management's stance was not disclosed	0%	7%
Of the meetings in which the manager voted, % with at least one vote against management	81%	56%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy adviser	15%	10%

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Implementation Statement, covering the Scheme Year from 1 January 2024 to 31 December 2024 (continued)

3. 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 hold 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 they invest in on the Trustee's behalf.

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

Royal London Global Equity Diversified Mandate

Canadian Pacific Kansas City Limited, April 2024

Summary of resolution: Advisory vote on approach to climate change

Relevant stewardship priority: Climate change

Approx size of the holding at the date of the vote: 0.32%

Vote: Against

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

Outcome of the Vote: Passed (89.26% For)

Rationale: While RLAM acknowledges the positive steps taken by the Company in pursuing SBTi target certification and their development of green technologies such as their hydrogen locomotive project, they continue to have concerns about an absence of detail on decarbonisation levers and associated capex, and flat/increasing emissions on an absolute and intensity basis.

Next steps: Following RLAM's letter to the company, they have had an engagement opportunity to emphasise their concerns.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Implementation Statement, covering the Scheme Year from 1 January 2024 to 31 December 2024 (continued)

3. Description of voting behaviour during the year (continued)

3.3. Most significant votes over the year (continued)

Apple Inc, February 2024

Summary of resolution: Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report

Relevant stewardship priority: Governance and Corporate culture

Approx size of the holding at the date of the vote: 5.78%

Vote: For

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

Outcome of the Vote: Not passed (68.41% Against)

Rationale: While RLAM acknowledges the Company's current disclosures around pay equity, RLAM are supportive of the Company increasing their reporting in this area.

Next steps: Following RLAM's letter to the company, RLAM would welcome further engagement to discuss social issues.

Visa Inc, January 2024

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: 1.31%

Vote: Against

If vote was against management, whether the intention was communicated to the company: As part of RLAM's standard procedures a voting engagement letter was sent to the company after the vote detailing the rationale for voting against management.

Outcome of the Vote: Passed (89.93% For)

Rationale: RLAM remain concerned over the large area of discretion applied to bonus outcomes, and take issue with the scale of discretionary awards granted during the year.

Next steps: Following RLAM's letter to the company, RLAM held a call with Investor Relations to relay their concerns regarding the compensation framework and outcomes.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Implementation Statement, covering the Scheme Year from 1 January 2024 to 31 December 2024 (continued)

3. Description of voting behaviour during the year (continued)

3.3. Most significant votes over the year (continued)

Royal London Emerging Markets Equity Tilt Mandate

Firststrand Ltd, November 2024

Summary of resolution: Approve Remuneration Policy

Relevant stewardship priority: Governance and Corporate culture

Approx size of the holding at the date of the vote: 0.28%

Vote: Against

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

Outcome of the Vote: Not available*

Rationale: RLAM continues to find a number of concerns with the company's remuneration framework and disclosures. In particular, RLAM notes a lack of performance weightings under the LTIP, the short-term skew of award opportunities and LTIP grants settled in cash instead of shares.

Next steps: RLAM will continue to monitor Remuneration issues at the company.

Malaysia Airport Holdings Bhd, June 2024

Summary of resolution: Election of Directors

Relevant stewardship priority: Governance and Corporate culture

Approx size of the holding at the date of the vote: 0.03%

Vote: Against

If vote was against management, whether the intention was communicated to the company: As part of RLAM's standard procedures a voting engagement letter was sent to the company after the vote detailing the rationale for voting against management.

Outcome of the Vote: Not available*

Rationale: RLAM believes the board and chairman lack sufficient independence.

Next steps: RLAM will continue to monitor Governance issues at the company

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

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

Implementation Statement, covering the Scheme Year from 1 January 2024 to 31 December 2024 (continued)

3. 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.

E.ON SE, June 2024

Trustee engagement priority category: Climate change

Purpose: RLAM engaged with the company's Senior Sustainability Manager and Economic and Public Affairs Managers as part of the Climate Action 100+ (CA100+) collaborative initiative to discuss the company's preliminary climate assessment.

Outcome: RLAM believes that the company is making progress, however, the impact on the CA100+ benchmark's assessment remains to be seen. The company finds this assessment challenging as it feels the methodology does not fully consider its business structure, for example the benchmark's expectations for 'just transition' disclosures when E.ON has a few generation sites that require closing. The company welcomed RLAM's suggestion to emphasise 'transitioning-in' and transparent disclosure of employee training initiatives. The company will publish a lobbying report to address one of the assessment's indicators. RLAM facilitated dialogues with InfluenceMap and BDI (the Federation of German Industries), which the company found constructive and valuable. The conversations appear to be informative for both E.ON and BDI.

Heathrow Funding Ltd, April 2024

Trustee engagement priority category: Climate change

Purpose: RLAM engaged with Heathrow's representatives to review the company's sustainability disclosures. RLAM wanted to provide constructive feedback and recommended enhancements to their current practices, focusing on environmental and social governance aspects to better align with industry standards and stakeholder expectations.

Outcome: During RLAM's meeting, they emphasised the significance of a 'just transition' and urged the company to develop a comprehensive plan that incorporates this concept into its overall approach. Additionally, RLAM requested greater transparency regarding the decarbonisation strategies for mitigating Scope 1, 2, and 3 emissions. Specifically, RLAM highlighted the importance of focusing on positive lobbying efforts, forging strategic partnerships and biodiversity. RLAM will continue to monitor the company's disclosures and engage further if necessary.

South West Water, Feb 2024

Trustee engagement priority category: Biodiversity

Purpose: To assess how South West Water's most recent water asset management plan for the period 2025 to 2030 aligns with RLAM's water sector expectations of best practice and identify areas where improvement is needed.

Outcome: The meeting with South West Water concluded positively, with the company providing further insights into its proactive environmental initiatives and upstream thinking, aimed at addressing biodiversity concerns. The company is shifting towards integrating natural capital into its decision making. It has also piloted natural capital catchment plans and conducted detailed reviews of water challenges. In addition, South West Water is at the forefront of assessing antimicrobial resistance (AMR) risks and is collaborating with the University of Exeter to enhance its understanding in this domain. RLAM will be reassessing the company based on its latest disclosure to their investor expectations and share areas of improvement with it.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

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](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.

The Auditors and 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 www.gov.uk/find-pension-contact-details.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2024

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 Group
Royal London House
Alderley Park
Congleton Road
Nether Alderley
Macclesfield
SK10 4EL

Email: charlotte.dalton@royallondon.com
Phone: 01625 717 188