



The **mutual** difference

Annual Report and Accounts 2025



The mutual difference

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

Being a mutual means that we are customer-owned, and that we share our profits with them, not shareholders. Driven by our Purpose, we focus continually on our customers' long-term interests.

We also use our profits to improve our products and services, to maintain our financial strength and to support social impact initiatives.

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Scan the QR code to view
explanations of key terms at
www.royallondon.com

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



Understanding our Purpose



Our Purpose sets out the positive outcomes we want to achieve:



**Helping build
financial resilience**



**Playing our part in
moving fairly to a
sustainable world**



**Strengthening the
mutual choice
for customers**

Our performance

Highlights



APM

Group adjusted operating profit¹

£327m

(2024: £277m)

Group adjusted operating profit increased by 18%, supported by the strength of our Pensions business, higher Protection contribution and a full year of trading from our Bulk Purchase Annuities (BPA) proposition.

ProfitShare

£199m

(2024: £181m)

ProfitShare is our mechanism for rewarding our eligible customers directly. ProfitShare of £199m is to be shared in April 2026 with eligible customers who have pensions and life policies with Royal London.

APM

Assets under management (AUM)

£199bn

(2024: £173bn)

Assets under management increased to a record £199bn, including £6bn from the acquisition of Dalmore Capital and positive market movements of £16bn.

Transfer to the fund for future appropriations

£167m

(2024: £167m)

This metric represents our statutory profit after tax and reflects operating profit, a one-off charge to reflect the expected impact of transitioning a number of legacy servicing arrangements from the Capita plc group over the next five years and other non-operating items including economic movements and the allocation of ProfitShare.

APM

Life and pensions new business sales

£12,200m

(2024: £10,804m)

Life and pensions new business sales were up 13%, with our Pensions business continuing to deliver good new business flows and growth supported by a £1.1bn increase from our BPA business.

APM

Investor View capital cover ratio

188%

(2024: 203%)

Our robust capital position supported investment in the business and is after a 5% impact from the acquisition of Dalmore Capital and a 4% capital strain from writing BPA business.

APM

These metrics are classed as Alternative Performance Measures. See page 230 for further details.

1. In previous periods, this Alternative Performance Measure (APM) was referred to as 'Group operating profit before tax'. There has been no change to the basis of calculation of this APM. All references to 'operating profit' and 'Group operating profit' in this document represent the APM measure 'Group adjusted operating profit'.



Customer Value Statement (CVS) score

44%

(2024: 43%)

Customer satisfaction continues to rise, with 44% of customers rating Royal London 9 or 10 out of 10 across seven key measures, up 12 percentage points since its introduction in 2020, with 70% now rating us 7 or higher.

Total contributions to social impact initiatives

£3.5m

(2024: £2.8m)

£3.5m was contributed to social impact initiatives in 2025, including extending our partnership with Turn2us, a charity working to address financial insecurity across the UK, by another three years.



Read more on our key performance indicators (KPIs) on [pages 14 to 15](#)

Governed Range inflows

£2.6bn

(2024: £3.2bn)

Our flagship Governed Range, where most of our pensions customers are invested, attracted net inflows of £2.6bn (2024: £3.2bn), with AUM reaching £83bn (2024: £72bn).

Total number of members

2.4 million

(2024: 2.3 million)

Our total number of members increased by 6% through 2025.

The Strategic report on pages 1 to 71 was approved by the Board and signed on its behalf by:

Barry O'Dwyer

Group Chief Executive Officer

5 March 2026

Our Purpose outcomes

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



The positive outcomes we want to achieve:



Helping build financial resilience

We aim to:

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

Our progress in 2025

- Our Financial Wellbeing service enabled over 9,000 customers to complete their first financial health check in 2025 – and since it was launched in 2022, over 38,000 customers have used this service.
- The acquisition of Dalmore Capital helps to extend the ability for Governed Range customers to access the potential benefits of diversified returns from private assets, such as property and infrastructure.
- We paid out a total of £821m in protection claims – representing over 62,000 claims overall.
- We extended our partnership with Turn2us, funding research to help tackle stigma that can discourage people in financial insecurity from seeking help.

Scan the QR code to read case studies about our progress in 2025 at www.royallondon.com



98%

of protection claims paid out to customers in 2025



Playing our part in moving fairly to a sustainable world

We aim to:

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

Our progress in 2025

- We published our Climate Transition Plan – and, through our Net Zero Stewardship Programme, our Asset Management business continued to assess the credibility of companies' climate transition plans.
- All eight of our UK-based Sustainable funds adopted the Financial Conduct Authority's (FCA) Sustainability Focus label, underlining our commitment to setting high sustainability standards across asset classes.
- The 'Creating a Future Ready Economy' report, which we launched in partnership with Business in the Community, set out the importance of a fair transition to an economy resilient to social, geopolitical and environmental shocks.
- In line with the objectives set out in our Fossil Fuel Investments Position, we continued to engage with the fossil fuels sector and phased out investment in companies heavily involved in thermal coal.

1%

of our operating profits committed each year to our social impact work, over the past five years



Strengthening the mutual choice for customers

We aim to:

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

Our progress in 2025

- The launch of our Stocks and Shares ISA enhanced the savings choices available to Individual and Workplace Pensions customers.
- Our continued financial strength enabled us to distribute £199m to eligible customers through ProfitShare.
- Our BPA business, the only mutual BPA option in the market, completed 18 transactions in 2025 with external pension schemes.
- As part of the FCA's consultation on 'Targeted Support', a new form of regulated financial advice, we collaborated on its design and customer testing – ahead of launching our own Targeted Support offering in 2026.

Over £2bn

distributed to eligible customers since we began sharing our profits with them in 2007

Chair's statement

Mutual strength for a changing world



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

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

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



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

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

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

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

The strength of mutuality

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

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

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

Being a responsible business

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

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



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

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

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

Corporate governance and Board engagement

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

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

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

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

Outlook

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

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

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

Isabel Hudson

Chair

Group Chief Executive Officer's review

Delivering value over the long term



Our Purpose – Protecting today, investing in tomorrow. Together we are mutually responsible. – drives us to grow our business over the long term for the benefit of our customers.

Since setting out our strategy in 2020 – to be an insight-led modern mutual, growing sustainably by deepening customer relationships – we have made great progress, growing and diversifying our business while delivering substantial change. In 2025, we continued to build momentum and lay further foundations to deliver for our customers.

Our trading performance

Our performance in 2025 reflected the strength of our mutual offering and the positive momentum across our business. Group adjusted operating profit grew by 18% to £327m (2024: £277m), with our Pensions business remaining core to this. Our growth in profit was also supported by our first full year in the BPA market, which saw a series of key transactions among trustees and employers. We saw a 17% increase in Protection new business sales to £991m (2024: £846m), driven by enhancements to our proposition and an increasing market share, while life and pensions new business sales were up 13% to £12,200m (2024: £10,804m).

The Group's assets under management increased to a record £199bn (31 December 2024: £173bn), which included £6bn from our acquisition of Dalmore Capital. Gross inflows rose to £42.5bn (2024: £31.8bn), with net inflows of £4.1bn (2024: £1.0bn net outflows) boosted by a new £4.6bn multi asset mandate with St. James's Place. Our capital position remains robust and supports ongoing investment in our business.

You can read more about the strategic progress being made within each of our business units on pages 44 to 53.

Resilience starts with protection

The first part of our Purpose is about helping customers to protect themselves and their families. In 2025, 98% of protection claims were paid out – representing over 62,000 claims and a total of £821m. Following the proposed changes to inheritance tax announced in the 2024 Budget, we evolved our proposition to support estate planning needs, with our 'Joint Life Second Death' term product, alongside our Whole-of-Life offering, seeing strong demand. Our five-star ratings at the 2025 Financial Adviser Service Awards, for both protection and pensions, reflected our ongoing commitment to delivering outstanding service and continuous improvement. For the 12th year in a row, we also retained our five-star investment provider rating.

In Ireland, we retained our leading position for protection in the financial broker market. For the third consecutive year, we awarded ValueShare – the equivalent to ProfitShare in the UK – to eligible pensions customers across Ireland. Alongside ProfitShare, this reflects our dedication to ensuring that eligible customers benefit from the growth and success of the business.

Broadening our solutions

Offering diversified investment solutions that support the needs of customers, and their advisers, is critical to the relationships we build with them. For many people in the UK, building their financial resilience involves saving as much as they can both through the workplace pension that their employer puts in place, and by putting money aside in an ISA. In September we launched our new Stocks and Shares ISA, designed to help our customers to manage their different investment products in one place. Our ISA offers tailored digital experiences, the same investment choices as our pension products and, like our pension, qualifies for ProfitShare.

In addition, we have introduced new functionality across our digital platforms, including forms for ad hoc payments and live web chat for Protection customers. Our digital services, such as our mobile app, are central to how customers interact with their plans, reflecting our commitment to delivering accessible and personalised services.

In May, we confirmed that Royal London was one of the first cohort of pension providers connected to the Pensions Dashboard ecosystem. As an early adopter, we are helping to bring forward a more transparent and accessible retirement landscape by enabling customers to view all their pensions in one place.

Our Workplace Pensions business is our largest source of new customers. We welcomed 230,000 new Workplace Pensions members in 2025, taking the total we support to 2.2 million – most of whom are invested in our Governed Range, which offers valuable diversification. We are committed to offering a market-leading mutual solution to a growing number of employers. Over the next three years, we will invest £100m to enhance our Workplace Pensions offering and support an increasing number of employees with their retirement savings.

Alongside our acquisition of Dalmore Capital, which will help to broaden the selection of assets being invested in the Governed Range, we further expanded our Asset Management offering through the launch of three asset-backed securities funds and our entry into the collateralised loan obligation market. Through the launch of four new Australian unit trusts, we also continued to build our international presence.

In October, we announced the launch of three additional funds in the Sustainable range available to our pension and ISA customers, taking the total to nine and offering more choice and flexibility. In 2025, all eight of the underlying UK-based Sustainable funds managed by our Asset Management business adopted the 'Sustainability Focus' label, under the FCA's Sustainability Disclosure Requirements. This is a significant milestone that underlines our long-term track record in sustainable investing.

Our BPA offering, the only mutual option in the market, continues to support our growth. We completed 18 buy-in transactions with external pension schemes in the first full year since our launch into this market in September 2024, generating £1.3bn in new business sales. This will help thousands of people to achieve greater security in retirement.

Driving purposeful relationships

Our commitment to our Purpose helps us to establish enduring relationships with like-minded customers and clients. To support this, we continue to invest in ways of working that drive innovation, enabling our colleagues to deliver good customer outcomes and help us run our business efficiently. With interest in AI growing, giving all colleagues access to Microsoft Copilot was a key milestone in 2025. To maintain trust, ensure transparency and protect sensitive data, we will retain our focus on using AI ethically, safely and with clear controls in place, alongside our efforts to ensure that colleagues are alert to cyber risks.

Through our partnerships, we look for opportunities to drive positive change in the world around us. Levelling the playing field for women in sport continues to be the objective of our partnership with The British & Irish Lions.

Research findings that we published in October showed that, although participation in women's team sport in the UK has surged since 2023, there is still much more to do. While progress at the elite level of rugby is encouraging, we invest at grassroots level to empower local rugby clubs to grow the game, create more opportunities for participation and inspire ambitions – to support the build of a strong pipeline of talent for future Lions Women's teams. With the team's first ever tour taking place in 2027 to New Zealand, we hope that this will serve as a tangible reminder to a new generation of what they can achieve.

Looking ahead

As we look ahead, we are progressing our strategy to deliver even more for a greater number of customers. We want to empower millions of people to take better financial decisions, harnessing technology to make it engaging and easy. Workplace pensions are the primary savings vehicle for the majority of UK pension savers and will play an increasingly prominent role in the future. This is where we will have the greatest impact, and we are continuing to invest in strengthening our proposition.

Following the changes announced in the Budgets over the last 18 months – around inheritance tax, cash ISA contributions and salary sacrifice pension contributions – it is likely that many people will need to reassess the ways in which they save for the future. However, with only 9% of the UK population paying for personal financial advice, the vast majority of customers are navigating complex financial decisions on their own. Our modelling suggests that Targeted Support could benefit 21.5 million people in the UK through the actionable advice it provides. In 2026, we will launch our Targeted Support offering, designed to complement our continued commitment to offering advisers the support and tools they need to deliver positive outcomes to their clients.

Our propositions are only part of our future success. Talent, commitment and strong colleague engagement are equally important components. We have a culture that empowers colleagues to perform at their best, and I am proud that Royal London was named in the top 10 places to work in the UK by Glassdoor for 2026. We will keep investing in our people and their skills – helping to ensure that they keep pace with advancements in technology, and that Royal London remains a great place to work.

By continuing to champion the value of mutuality, it will help us sustain a culture that supports colleagues to thrive and grow, and that positions us well to achieve our Purpose. We will continue putting our customers first, while playing our part in creating an environment and society that they can look forward to retiring into.

Barry O'Dwyer

Group Chief Executive Officer

Market trends

Our strategy is informed by trends shaping the changing needs of our members and customers, intermediaries and wider society. In 2025, we maintained our focus on being an insight-led modern mutual, growing sustainably by deepening customer relationships.



Evolving nature of retirement

73%

of working age people in the UK are not saving enough for a moderate standard of living when they reach State Pension age

Market context

Navigating retirement and long-term savings continues to be complex for UK consumers – a result of the shift from Defined Benefit to Defined Contribution pensions, and an ageing population. The retirement income market is growing, but around 73% of working age people are not saving enough for a moderate standard of living when they reach State Pension age,¹ partly because of the low mandatory contribution rate for auto-enrolment. This highlights the need to build lasting financial resilience as retirement becomes a gradual process.

How we are responding

- Providing digital budgeting and savings tools to help customers manage short-term financial pressures, while maintaining long-term goals.
- Offering personalised planning resources and data insights for advisers to support customers in building financial resilience.
- Developing webinars to support customers, emphasising the importance of long-term savings and retirement planning during economic uncertainty.

Digital and AI: shaping the industry

75%

of UK financial services firms are using AI

Market context

Digital-first engagement is rising in UK financial services, with providers using online channels to meet consumer demands for convenience, speed and accessibility. In particular, AI has the potential to transform financial services by broadening access, enabling personalised support, and challenging traditional distribution and advice models. Recent regulatory research found that 75% of UK financial services firms are already using AI and another 10% plan to adopt it over the next three years.² According to our 2025 Meaning of Value research, 55% of consumers earning £60,000 or more are also using AI for financial management.

How we are responding

- Offering a digital platform for individual pensions, making it easier for financial advisers to manage client plans and deliver efficiencies for their business.
- Continuing to invest in our mobile app to increase customer self-service – with 505,000 engaged users by the end of 2025.
- Embedding AI across our business to unlock data-driven insights, automate routine tasks and empower colleagues to work more efficiently.

1. 'Analysis of Future Pension Incomes 2025', 21 July 2025, Department for Work & Pensions

2. 'Artificial intelligence in UK financial services - 2024', survey by the Bank of England and the Financial Conduct Authority

UK growth agenda

2030

is the target for Mansion House Accord signatories to allocate 10% of Defined Contribution default funds to private assets

Market context

We have been expanding our Private Assets capabilities over the last few years. Through initiatives like the Mansion House Accord, and the Leeds Reforms – which aim to simplify regulation in our industry – the government has demonstrated its aim to unlock private capital for long-term, sustainable investment in infrastructure and productive finance. The FCA's 2025-2030 strategy aims to support innovation and strengthen the UK's global financial hub status. Both the government and the regulator have a focus on growth, fiscal discipline, reducing regulatory barriers, and empowering informed financial choices.

How we are responding

- Private assets already play a key role in the diversified multi asset portfolios we offer. For example, across the main default arrangement we offer for Defined Contribution pensions, between 7% and 11% of those portfolios were allocated to our property fund at the end of 2025.
- Broadening our Asset Management capabilities, including the range of private assets available to invest in our Governed Range – supported by the acquisition of Dalmore Capital.
- As a signatory to the Mansion House Accord, supporting the Accord's ambition to encourage greater investment into UK private assets on a voluntary basis, where it is in customers' best interests.
- Continuous engagement with external bodies to ensure changes to policy and regulation align to the needs of our customers.

Continuing global uncertainty

33%

of UK trading businesses cited economic uncertainty as the biggest challenge to turnover in 2025⁴

Market context

Heightened global uncertainty and the armed conflict in the Middle East are contributing to volatility in the UK long-term savings market and investment performance internationally. UK households and businesses also face ongoing challenges around tax reform and public spending priorities. With pressure on consumers' day-to-day finances expected to remain – particularly with the unemployment rate, which has increased to 5.2%, likely to persist in 2026³ – helping build financial resilience will be critical to them achieving good outcomes over the long term.

How we are responding

- Providing transparent guidance and support to customers to help navigate periods of uncertainty and market volatility.
- Publishing regular 'market outlook' content on our website, to help reassure our customers about their pension savings and investments.
- Taking a diversified investment approach in our Governed Range, helping to protect customers from the effects of inflation and market shocks.
- Promoting our financial wellbeing and Retirement Lifestyle tools to help customers better understand their financial resilience.
- Providing timely and transparent communications and responses to events such as the Budget.

Climate and sustainability

65%

of UK pension funds are committed to net zero

Market context

Sustainability and climate change are central to the strategies of many UK financial institutions. In 2025, the UK's Transition Plan Taskforce guidance – which Royal London helped to develop – and the government's Carbon Budget and Growth delivery plan helped to shape how businesses disclose and implement credible plans for a low-emissions, climate-resilient economy. These frameworks are now reference points for asset owners and managers, with pension funds increasingly aligning to net zero goals. By December 2024, 65% of UK pension funds had made net zero commitments, with one in five of the remaining 35% planning to do so within five years.⁵

How we are responding

- Continuing to engage with government and regulators to shape a policy environment that supports a fair transition to net zero, credible sustainability regulations and effective transition planning.
- Engaging with the companies we invest in on the credibility of their transition plans via the Net Zero Stewardship Programme.
- Establishing a new partnership with Groundwork, focused on a fairer, greener future for people, communities and nature.
- Continuing to pursue our net zero targets across our direct operations and value chain, from a baseline year of 2019.

3. 'Employment in the UK: February 2026', Office for National Statistics

4. 'Business insights and impact on the UK economy: 18 December 2025', Office for National Statistics

5. Press release, 4 December 2024, Pensions UK

How we create and deliver value

We invest with purpose – focused on delivering good outcomes.
We also share our success with eligible customers.

We make the most of our competitive advantages...

Owned by our customers

As a customer-owned business, our focus is on putting the long-term interests of customers and their families first.

Evolving capabilities to meet customer needs

We continually invest in accessible and personalised digital services – to make it easier for our customers to track, manage and understand their products.

Integrated insurance-asset management model

By combining our strengths as an insurer and an asset manager, we offer customers value and choice to help them grow their financial resilience.

A preferred provider

Customers and advisers recognise us for the quality of our products and services across pensions, protection and investments.

Scale of our business

With 8.5 million policies in force and £199bn of assets under management, customers benefit from the long-term stability, efficiency and strength of the UK's largest mutual life, pensions and investment company.

Financial strength

Through our financial strength and robust capital position, we are able to distribute ProfitShare to eligible customers – and have been doing so since 2007.

...to create propositions that deliver value for customers and clients...



Customers and clients pay us fees or charges to manage their investments

Most of our customers invest in the Governed Range – a series of investment options graded by level of risk, with the Dynamic risk level currently holding the largest share of assets – returning 54.2% over the five years to the end of 2025.



Customers pay premiums to insure themselves and their families

In 2025, we paid 98% of all protection claims, amounting to a total of £821m and over 62,000 claims – for customers, families and businesses.

...with a focus on offering a diversified range of products...

UK

Providing propositions to customers, employers and pension scheme trustees, primarily through intermediaries¹

Long-term savings:

- Workplace Pensions
- Individual Pensions
- Stocks and Shares ISA

3,260,000
policies

Protection:

- Life Insurance
- Illness and Income Protection
- Business Protection

4,530,000
policies

Later Life:

- Equity Release
- Bulk Purchase Annuities²
- Individual Annuities

214,000
policies

Asset Management

Providing investment propositions to Royal London's life and pensions customers, and to external institutional and intermediary clients

Collective investment funds and segregated mandates:

- Equities
- Fixed Income
- Multi Asset
- Private Assets

£199bn

Assets under management³

- Life and pensions £130bn
- Asset Management £69bn

Ireland

Providing long-term savings and protection propositions, exclusively through brokers

Long-term savings:

- Individual Pensions

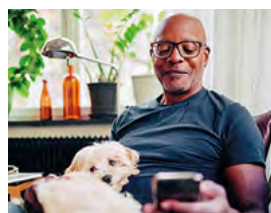
Protection:

- Life Insurance
- Illness and Income Protection
- Business Protection

485,000

long-term savings and
protection policies

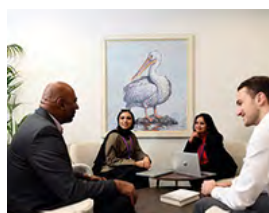
...and driving good outcomes for our stakeholders.



Members and
customers



UK
employers



Financial advisers
and brokers



Our colleagues



Society and
communities

1. Included in the UK policy numbers shown above are 3,565,000 policies we manage for longstanding customers. These products are closed to new business and include 869,000 pensions policies, 214,000 annuity policies and 2,482,000 protection policies.
2. All of our BPA business is currently at the buy-in stage so there is one policy in place with each pension scheme.
3. The total of assets managed by, or on behalf of, the Group, including funds managed on behalf of third parties.

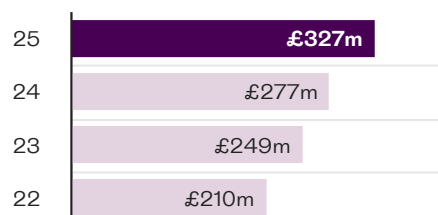
Measuring our performance

Our performance

We use financial and non-financial metrics to measure and assess our performance. The financial KPIs include Alternative Performance Measures (APMs), which are not set by accounting standards but give relevant insights into our performance.

Financial

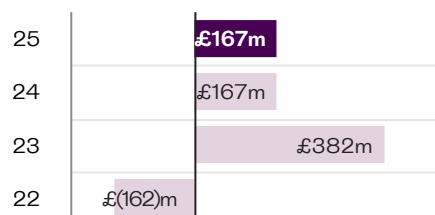
Group adjusted operating profit

APM
REM

Group adjusted operating profit provides a measure of our underlying trading performance and increased by 18% year over year.

Our Pensions business continues to be the largest contributor to our results, with growth in 2025 driven by higher contribution from our Protection business and the first full year of trading from our BPA proposition.

Transfer to/(from) the fund for future appropriations¹

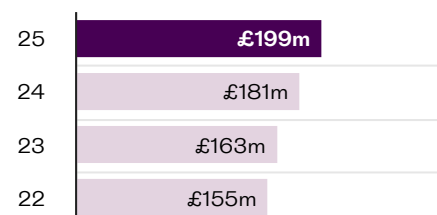


Transfer to the fund for future appropriations reflects our statutory profit after tax.

The Group transferred £167m to the fund for future appropriations, including a one-off charge of £51m to reflect the expected impact of transitioning a number of legacy servicing arrangements from the Capita plc group over the next five years, ProfitShare allocations and tax charges, partially offset by positive economic movements during the year.

ProfitShare³

APM

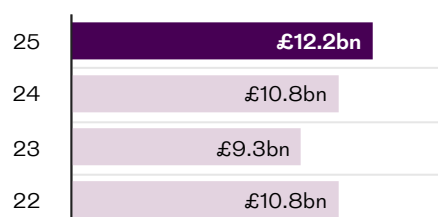


ProfitShare is our mechanism for rewarding our eligible customers directly. Our mutual status means that when Royal London does well, so do our eligible customers.

The ProfitShare allocation rate was maintained, sharing £199m, in line with the aggregate value of eligible policies.

Present value of new business premiums (PVNBP)

APM



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

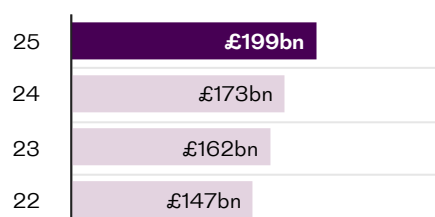
New business sales increased by 13% for 2025. Our Workplace and Individual Pensions business maintained sales levels year-on-year, and we delivered significant sales increases in our Protection and BPA businesses.

These metrics are classed as our APMs. See page 230 for further details.

APM

Assets under management (AUM)²

APM



AUM is a key indicator of the scale of our Asset Management business and reflects the potential to generate income through investment returns and management fees.

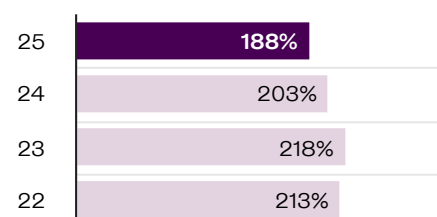
The Group's AUM increased to a record £199bn driven by positive market movements (£16bn), our acquisition of Dalmore Capital (£6bn) and net inflows of (£4bn).

These metrics align to measures used in the Group's Short-Term and/or Long-Term Incentive Plans for colleagues including executive directors. See pages 96 to 122 for more details.

REM

Investor View capital cover ratio⁴

APM

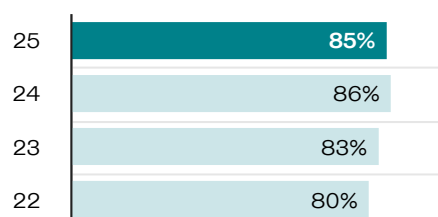


The strength of our capital base is essential to ensuring that we can fund further growth in our business and that we can meet the commitments we make to our customers.

Our estimated Investor View capital cover ratio decreased to 188% as we have used our capital position to support the acquisition of Dalmore Capital and to write new BPA business during the year.

Non-financial

Employee engagement⁵

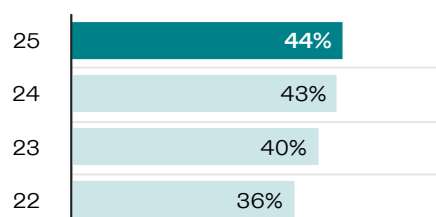


Our culture empowers colleagues to perform at their best, to achieve better outcomes for our customers and members. Monitoring colleague engagement and acting on feedback helps us to maintain this culture.

Our engagement index score of 85% remains high, with colleagues completing our engagement survey increasing to 80% (2024: 79%).

Customer Value Statement (CVS)

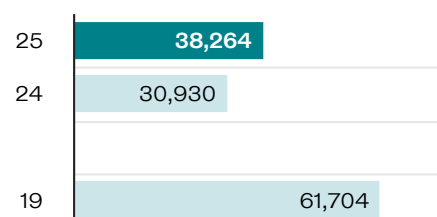
REM



Our CVS model measures customer sentiment towards Royal London by tracking seven factors⁶ across approximately 2,800 customers twice a year, measuring the percentage of customers rating the Company 9 or 10 out of 10 overall.

Since its introduction in 2020, we have seen a 12 percentage point rise in the measure to 44%, with 70% (2024: 69%) of our customers surveyed in 2025 scoring us 7 or higher.

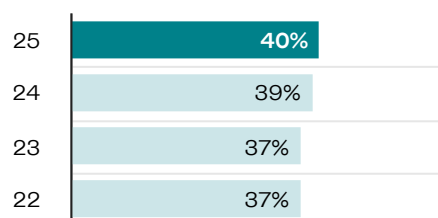
Operational and value chain emissions (tCO₂e)⁹



Our commitment to reduce our direct and indirect colleague, operational estate and supply chain emissions is reflected in the market-based emissions reported for our own operations (Scopes 1 and 2) and non-investment value chain (Scope 3) against our 2019 baseline.

Our total market-based Scope 1, 2 and 3 emissions increased by 24% in 2025 due to higher Scope 3 non-investment emissions, but remain 38% lower than our 2019 baseline.

Percentage of senior roles held by women⁷

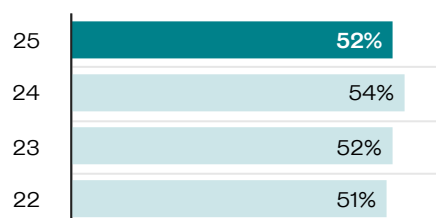


We are committed to improving our diversity and inclusion, and we believe attracting women and supporting their career progression is key to achieving this ambition. We define this population as grade C and above, these roles typically being as leaders and subject matter experts.

Women hold 40% of senior roles across our business, up 1 percentage point since the end of 2024.

Percentage of financed emissions under net zero engagement

REM



Through active engagement with our highest carbon-emitting investee companies, we seek to benefit our members, clients and wider society. This metric represents the percentage of relevant RLAM financed emissions⁸ subject to our Net Zero Engagement Programme.

Although we engaged with 25 more companies than in 2024, each company contributed less to our financed emissions, resulting in a reduction of the percentage of financed emissions under engagement.

1. Transfer to the fund for future appropriations represents the statutory UK GAAP measure 'Transfer to the fund for future appropriations' in the technical account within the Consolidated statement of comprehensive income.
2. AUM represent the total of assets managed by, or on behalf of, the Group, including funds managed on behalf of third parties.
3. 2025 figure is an estimate based on eligible policy values as at 31 December 2025. The actual payment will be based on policy values at the time of payment in April 2026.
4. 2025 capital figures are estimated and unaudited.
5. During 2023 we enhanced our survey methodology to deliver even deeper, industry-leading insight, resulting in a new baseline for 2023's survey results of 83%. As a result, 2022's result of 80% is not directly comparable.
6. The seven factors are: Communicate, Membership, Resolution, Be Personal, Pay out, Investment and Reputation.
7. Represents the percentage of senior roles held by women as stated in our annual HM Treasury Women in Finance Charter and Gender Pay Gap reporting.
8. Relevant RLAM financed emissions are total RLAM Scope 1, 2 and 3 corporate fixed income and listed equity financed emissions.
9. 2019 rather than 2022 and 2023 is shown as this is the baseline year for our operational and value chain emissions reduction targets. 2024 comparatives have been restated as explained on page 42.



Understanding and meeting the needs of all of our stakeholders is key to delivering our strategy. It means holding ourselves to high standards and taking mutual responsibility for playing our part in driving positive change in the world around us. It also requires talent and commitment – and a supportive culture that empowers colleagues to thrive and grow.

Engaging with our stakeholders

Members and customers

We are committed to helping our customers build their financial resilience, not only through our products, but also through the services and support we offer.

How we primarily engage

- Research studies throughout the year
- 'My Royal London' online service
- UK customer mobile app
- Live seminars and webinars
- Regular newsletters to customers
- Dedicated website content

Actions and outcomes in 2025

Understanding customer and client views

- Across our Group, we conducted 92 research studies with customers, employers and advisers in 2025. Areas of focus included feedback on proposition developments, understanding of our communications and support materials – particularly ahead of the launch of our Stocks and Shares ISA – and perspectives on our climate strategy.
- Our 2025 Customer Relationship Study showed that customers who engage with our mobile app are more likely to feel financially resilient.

Encouraging digital engagement

- By the end of 2025, more than 534,000 customers had registered to use the 'My Royal London' online service (2024: 399,000), and 233,000 had logged in at least once in the previous 12 months (2024: 241,000).
- Our mobile app had over 505,000 engaged users by the end of 2025 (2024: 393,000) – defined as those who have logged in at least once in the last 12 months.
- We made it easier for our customers to access tools via our mobile app – including our Financial Wellbeing service, and our retirement planner tool which more than 36,000 customers used in 2025.

Communications to help build financial resilience

- An average of more than 900,000 received our monthly newsletter, The Pelican Post, each month – covering topics ranging from how to track lost pensions, to how to nominate a beneficiary.
- We were a proud ambassador of Pensions Awareness Week again and hosted a live online session called 'Your pension made simple', which nearly 5,000 people joined.
- To support the launch of our new Stocks and Shares ISA, we created content including webpages, guides and videos to improve customers' knowledge of ISAs and investing.

Supporting vulnerable customers

- In 2025, we enhanced our systems and ways of working to improve how we identify, support and understand the needs of vulnerable customers. This included:
 - enhancing our centralised system for capturing customer needs, and launching a new online tool allowing customers to inform us of their support needs through our mobile app, the My Royal London service, or our website.
 - research to understand barriers that might discourage customers from disclosing details of vulnerability, to help promote transparent, empathetic communication.
 - engaging with external experts through the Collaboration Network, which offers our colleagues access to events and forums to improve their understanding.

Investment expertise

- With US trade tariffs creating significant market uncertainty, we offered expertise and guidance to our customers and clients – including a half-year outlook focused on how volatility can both help and hinder investors.
- We hosted four interactive webinars on the same day as the Bank of England's rate announcements – discussing the impact on markets for treasury investors and effective ways to manage portfolios. Overall, nearly 500 people joined these webinars.
- Our Chief Investment Officer and members of our fixed income team hosted a Fixed Income Market Outlook event for clients at our offices in November – covering current risks and volatility, and making long-term decisions in public and private markets. Attendees included clients, prospects, consultants and treasury representatives.

Customers in Ireland

- In Ireland, we launched an online 'suitability tool', and supporting resources, to help brokers and customers assess a customer's attitude to risk and sustainable investing – with the aim of helping them decide which investments are suitable for them.
- We introduced the SureMed digital underwriting service. When medical evidence is needed as part of the claims application process, this service makes the process three times faster than the paper method.

92

research studies
were conducted

505,000

people logged into our mobile app at
least once in the last 12 months

900,000

pensions and protection customers on
average received our monthly newsletter,
The Pelican Post, each month

Engaging with our stakeholders *continued*

UK employers

We work with employers to support the delivery of their workplace pension schemes. We provide them with resources to help their employees build their financial resilience and understand the value of their pension benefits.

How we primarily engage

- Webinars and seminars
- Emails and newsletters
- Digital platforms
- Dedicated website for employers
- Communications toolkit

- Our employee engagement team delivered over 160 presentations to around 9,000 members, which have helped to drive registrations for our mobile app and online services.
- These presentations included live Q&A sessions and provided guidance for employees on planning for retirement, managing their benefits, exploring investment and consolidation options, and using our online tools.

Actions and outcomes in 2025

Regular engagement channels

- We launched quarterly webinars to help employers understand tools and insights available for building financial resilience among their employees. Three webinars took place in 2025 – with the average rating from participants being 4.5 out of 5 for the first session, and 8.8 out of 10 for the final two. There were over 2,000 attendees across these webinars.
- One of these webinars, which over 300 employers joined in June, focused on the benefits of our Financial Wellbeing service – and following this webinar, we saw nearly three times as many monthly downloads of our Financial Wellbeing tools than in the previous months of 2025.
- We introduced new monthly webinars for our Workplace Pensions customers to help them better understand how their pension works – with 94% of participants surveyed rating the webinars as 'good' or better, and all those surveyed saying they felt motivated to take action.
- An average of 45% of employers – compared to the industry average of 37% for opening business-to-business emails – opened our targeted monthly emails offering practical guidance, insights from our research and information about regulatory developments.

Self-service tools

- In response to direct feedback from employers and servicing teams, we launched The Help Centre on our dedicated employer website – a self-service digital platform with practical and easy-to-understand guidance to help them manage their pension scheme and understand their regulatory obligations.
- In 2025, 38% of traffic to our employer website visited The Help Centre, with 36% of returning monthly users visiting this section specifically – making it the most popular section of the site.

A communications toolkit for employers

- Our communications toolkit provides campaign material to help employers engage employees with workplace pensions, simplifying complex topics.
- We added a pension checklist to the toolkit, which offers tips to new pension scheme members on how to manage their plan effectively.
- We promoted the toolkit through our new webinars and at key moments throughout the year – for example, during the lead-up to Pension Awareness Week.



8.8

was the average rating out of 10 for our final two quarterly employer webinars

94%

of participants rated our Workplace Pensions webinars as 'good' or better

160

presentations were made to Workplace Pensions customers on planning for retirement effectively

Financial advisers and brokers

We continue to champion the benefits of financial advice. By enhancing our propositions, sharing knowledge and providing technical support and tools, we are committed to helping advisers and brokers deliver value to their clients.

How we primarily engage

- Technical support
- Seminars and webinars
- Podcasts
- Dedicated adviser website
- Research studies

Actions and outcomes in 2025

Strengthening our proposition to meet adviser needs

- Since the launch of our Stocks and Shares ISA, advisers have fed back positively on its ease of use, competitive charges and investment options.
- We launched our new 'case studies' hub, giving advisers easy access to resources that help bring to life the benefits of protection for their clients.
- We launched new guidance to help advisers understand the benefits of setting up a Centralised Retirement Proposition – a framework for providing effective and consistent advice to their clients.
- We developed a toolkit which includes guides and materials about workplace pensions and business protection, to help advisers engage specifically with clients who are business owners.
- For Protection, we continued to improve our online adviser dashboard – introducing a new section for advisers to view plans that have previously started, as well as adding a wider range of documents they can view.
- Through our Equity Release business we launched our new online service for brokers, which includes an integrated quote-to-application system, simple case tracking and streamlined product selection.

Supporting brokers in Ireland

- In Ireland, we remained focused exclusively on distributing our products through financial brokers – and we continued our work with brokers to highlight the strength of our pension products and our service.
- The number of brokers recommending our Approved Retirement Fund, Personal Retirement Bond and Personal Retirement Savings Account products increased by 40% in 2025, helping to grow financial resilience among customers in their retirement planning.

Helping advisers adapt to external developments

- Our research in 2025 highlighted that three in 10 adults believe they will be affected by inheritance tax changes coming into effect from April 2027. In 2025, we developed new support for advisers – including refreshed technical content, and an online hub that signposts tools, support and potential solutions for their clients – ahead of its launch in January 2026.
- Advisers shared in 2025 that 97% of client queries they received related to speculation surrounding the Budget. Our third annual 'Meaning of Value' report, which we launched in November, therefore included detailed guidance for advisers on navigating volatility.
- The Meaning of Value report also revealed that 68% of consumers who pay for advice believe it represents value for money, up from 53% in the first report in 2023.
- Following the 2025 Budget, we ran a webinar for advisers on the key changes they should consider – including the new limits announced on cash ISA contributions and salary sacrifice pension contributions. Over 800 advisers joined this webinar live, which received an average rating of 4.7 out of 5 from those who provided feedback.

Sharing insights with advisers

- In 2025, we ran 10 webinars for advisers, with over 7,000 attending across the sessions. We also hosted webinars for corporate advisers and employee benefits consultants, focusing on issues impacting workplace pensions.
- We ran a series of seminars for advisers in February 2025 on 'The Universe of Value', which explored themes including defining value, creating resilient investors and risk taking. Nearly 300 people attended across seven events, with 99% of those who gave feedback saying that they would attend a future event.
- Through our Asset Management business, we continued to deliver our Sustainable Investing roadshow series in 2025 – covering 10 cities across the UK, giving advisers the opportunity to meet fund managers and hear their views on investment trends.
- Our regular research helps our Asset Management business to understand the investment topics that advisers want to know about – which has led to developing a suite of guides they can use with their clients, on topics such as sustainable investing.

5-star

ratings for pensions, protection and investments at the FASA Awards 2025

7,000

people attended our webinars for advisers in 2025

40%

increase in the number of brokers in Ireland recommending our retirement products in 2025

Engaging with our stakeholders *continued*

Our colleagues

Achieving our Purpose outcomes relies on the commitment of our 5,169 colleagues – and a culture that empowers everyone to contribute fully.

How we primarily engage

- Colleague engagement survey
- Colleague Representative Forum
- Colleague-led networks
- Learning and development opportunities
- Recognition initiatives
- Board engagement sessions

Actions and outcomes in 2025

Delivering our People Promise

Our 'People Promise' is that our colleagues will work somewhere inclusive, responsible, enjoyable and fulfilling. Bringing our People Promise to life requires action, guided by our values and our annual People Commitments, as well as an openness to feedback from our colleagues.

Through our engagement survey, our Colleague Representative Forum and our inclusion networks, we ensure that our colleagues can voice their opinions and help shape our business priorities.

Our 'Spirit of Royal London' values

Our values help shape our expectations of one another, foster mutual respect and guide everything we do:

- **We are Empowered**
- **We are Trustworthy**
- **We Achieve**
- **We Collaborate**

Our People Commitments for 2025



85%

was our overall
colleague engagement
score for 2025

Top 10

in Glassdoor's top 50
of the Best Places to
Work in the UK

A focus on our People Commitments

Empowered development

Having the support to manage our own development and career progression

Ensuring our colleagues have the skills to thrive and help our business succeed

- During 2025, we focused on improving colleagues' digital, data and AI skills, with 191 colleagues completing learning pathways in data through our Data Academy.
- We launched our Learning Academy, a virtual home for all of our learning materials. Colleagues can curate their own learning through our online digital learning catalogue. During the year, colleagues spent a total of 2,932 hours engaging with 1,917 pieces of content.
- All colleagues received access to Microsoft Copilot, in total completing over 2,400 hours of introductory training. To support on-the-job learning, 227 colleagues volunteered to champion Copilot across the business.
- We also ran a successful 'Learning at Work' week, with 627 colleagues participating in events themed around connections and growth.

Helping colleagues take more control of their career development

- Our enhanced online career service now shares inspiring career stories from colleagues and highlights job opportunities.
- Our first internal careers fair gave colleagues the chance to get expert advice and explore internal opportunities. By the end of 2025, 201 colleagues had also registered for our mentoring matching service.

Investing in leadership

- 47 colleagues completed our people leadership programme, to build the skills to lead teams effectively.
- We also welcomed the third cohort onto our senior leadership programme, and continued to invest in our future leaders through our graduate and summer internship programmes.
- Our first cohort of enterprise leadership graduates, who joined in 2023, completed their programme in 2025, and a further 10 graduates joined the 2025 cohort.
- 25 students took part in our paid summer internships.

Ensuring equal career opportunities

- 156 colleagues joined the third cohort of our Career Confidence programme, aimed at developing talent among colleagues from underrepresented backgrounds.
- Colleagues also participated in external programmes supporting career development for women across our industry, including the Insurance Supper Club and Women in Banking & Finance.

Mutual benefit

Making the most of everything that working at Royal London can bring

Policies to mutually support organisational goals and colleague growth

- We continue to develop and review our policies to ensure alignment to our Purpose and strategy, legislation and industry best practice – and that they are mutually beneficial to our colleagues and our overall business.
- We introduced new guidance to accompany our existing zero tolerance policy towards sexual harassment, as well as providing support for colleagues regarding domestic abuse.
- Our hybrid working, flexible working and family friendly policies help colleagues maintain a good work-life balance.

Equipping colleagues to make the most of our financial wellbeing expertise

- We surveyed colleagues to guide how we support their financial wellbeing and to help tailor the benefits we offer.
- 149 colleagues took part in workshops during Pensions Awareness Week, and 386 in retirement planning sessions.



Connected community

Deepening connections to share experiences and achieve great outcomes

Encouraging openness and transparency

- Our intranet connects colleagues with information on all aspects of our business and is a forum to build awareness, learn, share news and enable collaboration.
- We ran 22 Group-wide events for colleagues, virtually and in person – including focused sessions for leaders, and opportunities for colleagues to put questions to our Board, Group Executive Committee and Senior Leaders.

Maintaining a strong culture by acting on colleague feedback

- 80% of colleagues participated in our engagement survey, providing valuable and actionable insights.
- Our overall engagement score of 85% (2024: 86%) remained strong, with positive feedback on belief and pride in our Purpose, and a sense of belonging and inclusion.

Recognition for our colleagues and our culture

- We came eighth in Glassdoor's UK top 50 of Best Places to Work. This is based on reviews by colleagues through Glassdoor's website, for the year up to 24 October 2025.
- We were shortlisted for our diversity and inclusion initiatives at the Women in Tech Employer Awards and the Insurance Post Awards. In Ireland, we won a Menopause Workplace Excellence Award.
- Colleagues continue to celebrate each other's achievements, particularly those directly supporting customers. There were 769 colleague recognition nominations, leading up to our annual awards.

Diversity, inclusion and wellbeing

We are committed to promoting diversity and inclusion (D&I), ensuring our workforce reflects the communities and customers we serve. Leaders across our business champion local action plans supporting a central strategy, with data on ethnicity, gender identity and disability guiding progress. 88% of colleagues chose to share this information in 2025.

We remain dedicated to our commitments under HM Treasury's Women in Finance Charter and the Race at Work Charter. We also have maintained our 'level 2' status as a Disability Confident employer – providing support and adjustments for candidates and colleagues with disabilities, long-term health conditions and neurodiversity. Supporting wellbeing is a priority, and our volunteer Mental Health First Aiders play a vital role.

We work in partnership with external organisations to benefit from best practice – such as Inclusive Employers, Women in Banking & Finance, Women in Data, Neurodiversity in Business, and We are PoWEr, which works to advance gender equality, inclusion and social mobility. Our calendar of inclusion activities is shaped by colleague feedback and input from our inclusion networks: DAWN (Disability Awareness Network including neurodiversity); PRIDE, our LGBTQ+ network; REACH (Race, Ethnicity and Cultural Heritage); and our Women's Network.

In 2025, we celebrated inclusion events such as International Women's Day, World Menopause Day, Black History Month and Disability History Month. Colleagues also attended PRIDE events. With our inclusion networks, we hosted Q&A sessions with external speakers – from business consultants to Olympic medallists – who talked about their journeys to career success.

Engaging with our stakeholders *continued*

Society and communities

Through our social impact work, we support initiatives that help build financial resilience and support the fair move to a sustainable world – aligned to our Purpose outcomes.

How we primarily engage

- Charity partnerships
- Social impact initiatives
- Charitable donations
- Colleague fundraising
- Volunteering

Actions and outcomes in 2025

For the fifth consecutive year, we are proud to have donated 1% of operating profit to further our social impact work. In 2025, we contributed £3.5m (2024: £2.8m) towards our social impact initiatives.¹

Supporting people facing financial insecurity

- We renewed our partnership with Turn2us for a further three years. We donated £789,000 in 2025 and over the next two years we aim to donate a further £1.4m, as we continue to collaborate to support those in financial insecurity.
- We funded the 'Stigma in the System' research – exploring the drivers and impacts of stigma, and the changes needed to create a system that supports people with dignity and fairness.
- Following this research, we supported the campaign 'Stop the stigma. Fix the system'. Launched at a parliamentary event in October, it aims to change the narrative around social security and encourage improved support from the Department of Work and Pensions.

Tackling cancer inequalities

- In 2025, our donation of £1.4m (2024: £1.2m) to Cancer Research UK helped to:
 - continue efforts to reduce barriers to early diagnosis and tackle regional variations in health outcomes
 - fund Talk Cancer, an awareness community training programme which equips people with the knowledge, skills and confidence to have effective conversations about cancer
 - enable a collaborative research project that looks to build a better understanding of the economic cost associated with cancer-related informal care, and of the broader financial impacts on families.
- In Ireland we donated over €200,000 to Breakthrough Cancer Research. This included a commitment to funding research into glioblastoma – a type of brain cancer that affects adults, with high rates of recurrence and resistance to treatment.

Supporting community-led nature recovery

- We donated over £395,000 to kick-start our first dedicated sustainability charity partnership with Groundwork – supporting nature-focused activities centred on community engagement and wellbeing in some of the UK's most nature-depleted and underserved communities.
- The community-led projects cover a variety of themes – including urban nature creation, the development of community hubs, woodland and wetland enhancement, and wildflower planting initiatives.

Engaging with our communities

- We were proud to highlight our colleagues' participation in significant UK-wide events, such as National Inclusion Networks Day, Volunteer Week, and Challenge Poverty Week.
- Our colleagues contributed over 2,500 volunteering hours (2024: over 1,900 hours) supporting charities close to their hearts – with activities ranging from reading with primary school children to providing one-to-one coaching to jobseekers.
- Colleagues were able to generate over £58,000 (2024: over £56,000) through these efforts, combined with company-matched funding.

Championing social enterprises

- 10 social enterprises joined our third Changemakers cohort, a programme through which we provide support and guidance to help them grow and impact more people within their communities. We have supported 30 Changemakers since 2021.

Supporting disaster relief

- By the end of 2025, we had donated £200,000 to the Disasters Emergency Committee (DEC) to support those affected by disasters across the globe. Over the year, we donated to both the DEC's Middle East Humanitarian Appeal and the Myanmar Earthquake Appeal.

Scan the QR code to read more about our social impact work at www.royallondon.com



1. We donated £3.35m directly to charities and social enterprises and funded an additional £160,000 to support related social impact activities.

£3.5m

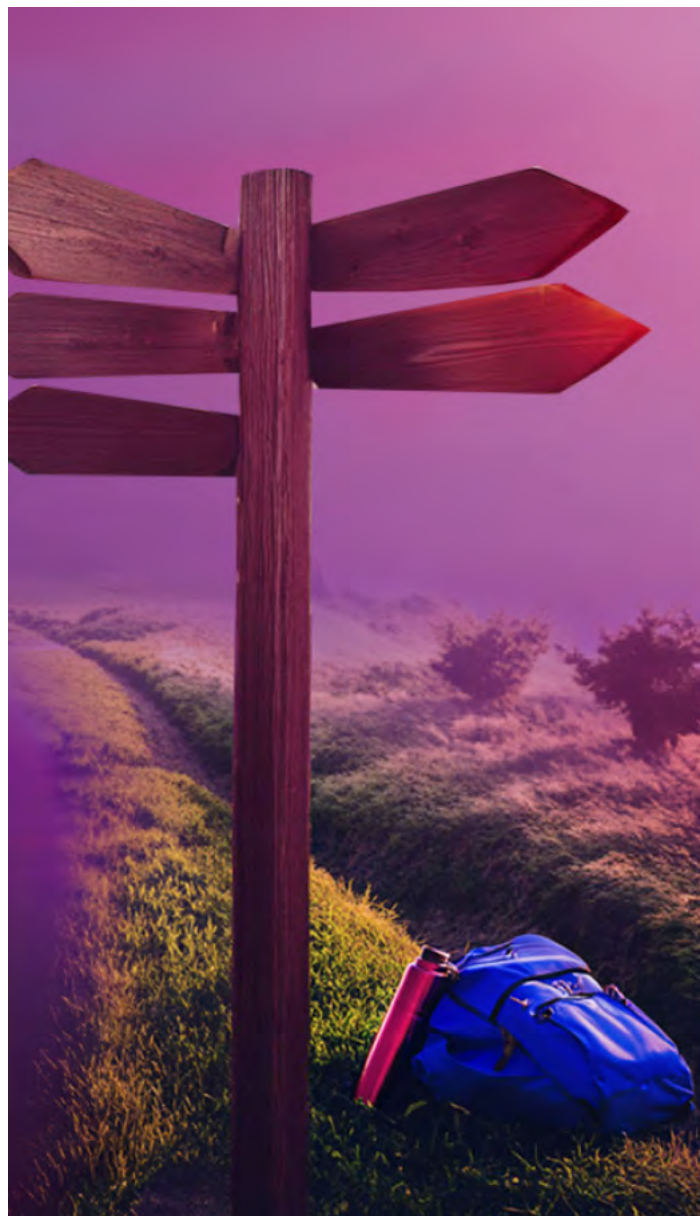
was contributed towards social impact initiatives in 2025

2,500

volunteering hours were donated by colleagues

£58,000

of company matched funding was generated by colleagues



Stewardship and climate

Our investment beliefs

Our investment beliefs describe what we believe about markets, investing and stewardship. These are convictions that shape our investment strategy and decision making.

We believe that:

- our customers want investment solutions that align to their financial goals, values, risk and reward preferences, and responsible investment priorities
- customers can achieve better outcomes from active asset management, and a well-diversified portfolio can help safeguard their money
- our investment approach should evolve over time to reflect changing market conditions and customer needs
- the best future for our customers is one where we collectively take actions to reach the goals of the Paris Agreement
- active stewardship is a fundamental part of active management – and engaging with companies, where there are issues to be addressed, should be prioritised over excluding them from investment
- transparency and robust governance build trust, and ensure our decisions are focused on delivering better long-term outcomes for our customers.

Stewardship and climate *continued*

Effective stewardship



Joanna Walker

Group Director of Responsible Business

Stewardship is how Royal London allocates and oversees the investments we manage, to create long-term sustainable value for our customers, members and clients.

Our Purpose shapes what we do on behalf of customers, members, clients, advisers, colleagues and wider society. We are committed to responsible investment, aiming to help people build financial resilience alongside playing our part in moving fairly to a sustainable world.

Our stewardship activity prioritises climate change and inclusion, with a focus on a just transition, recognising that efforts to reduce climate risks must not deepen existing inequalities in society. Our engagement with the companies we invest in – and how we use our voting rights – remains critical to promoting positive change.

However, net zero goals will not be met without a clear policy framework to support progress. We will maintain constructive dialogue with governments, policymakers and our wider industry to influence the changes needed. We will also be clear with our stakeholders – not only on our actions but also on the limitations and dependencies we face, and how we will tackle them.

Our Stewardship Reports provide more detail on our approach. You can find these, as well as our Climate Transition Plan (CTP), at www.royallondon.com.

Our stewardship approach

Asset manager oversight

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

Engagement

- We seek to influence policymakers, the companies we invest in, our peers and others to benefit our customers and wider society. See page 37 for a summary of our 2025 activities.
- With investee companies, we follow an 'engagement first' rather than 'divestment first' approach because we believe this delivers greater impact – as once divested, it is harder to influence. Where we do not see material progress, we expect our asset managers to escalate activities.
- In 2025, our Asset Management business completed 658 engagements with investee companies.

Exercising our vote

- Our bespoke approach to proxy voting complements our engagement activities.
- Through voting, we express our view on a range of issues, such as corporate governance, climate change, diversity and inclusion, and biodiversity.
- Our Group-wide Voting Policy sets out how we use our shareholder rights at the meetings of companies we invest in on behalf of customers and clients.
- During 2025, our Asset Management business voted at nearly 4,400¹ company meetings.

1. Our Asset Management business endeavours to vote in all eligible meetings, but may elect to take no action where share blocking is in place or in the event of international sanctions.

Engagement

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

Our focus areas for Group-wide engagement

In 2025, we focused on two areas across all Group engagement activity: climate change and inclusion (focused on a just transition). During the year, we carried out a review of our focus areas, by considering our Purpose, customer and client research, our Responsible Investment and Stewardship Policy, and insights from our Asset Management business. Our new Group-wide focus areas from 2026 will be climate and nature, and social and financial inclusion.

Our focus on climate change and inclusion

During 2025, we engaged to encourage a just transition and just adaptation, in alignment with our focus on climate change and inclusion.

Just transition

We continued our longstanding advocacy for a just transition – where both the social and environmental implications of moving fairly to a low-carbon economy are considered – through our engagement with four of the largest UK banks. Our Asset Management business worked with Border to Coast Pensions Partnership and Friends Provident Foundation, to evaluate how the banks incorporate just transition and benchmarking them against investor expectations. Our report was published in March 2026 and is available at www.rlam.com.

Just adaptation

In 2025, we engaged with eight companies to explore how climate adaptation plans can be implemented both effectively and equitably. These discussions aimed to identify how companies can manage physical climate risks while creating long-term value and delivering benefits for workers, communities and ecosystems. We also collaborated with NGOs, academics and policymakers to deepen our understanding and elevate adaptation on the national agenda. In December 2025, we published our investor expectations, available at www.rlam.com, to help guide companies' just adaptation plans.

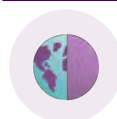
Our Asset Management business's engagement themes

In addition, our Asset Management business – which manages over 95% of our Group's assets – has its own themes on which it prioritises engagement activity. These align with the Group's themes as well as the needs of its other clients. Our Asset Management business's themes are refreshed every two years. The themes presented below relate to 2024-2026. The refresh of the 2026-2028 themes has been completed and the themes will be climate, nature, people and governance. Each refresh considers the Group's engagement themes, reviews emerging trends and involves extensive consultation with internal investment teams, responsible investment analysts, clients and other stakeholders. Further details of the 2026-2028 themes will be available in RLAM's 2025 Stewardship and responsible investment report, published in Q2 2026.



Climate change

- Net zero: Creating a Paris-aligned future
- Climate physical risk: Building resilience to climate change



Innovation, technology and society

- Cyber security: Protecting assets and infrastructure
- Technology and society: Building responsible technology, including AI



Social and financial inclusion

- Just transition: Putting the social transition at the heart of the climate transition



Governance and corporate culture

- Good governance and culture: Creating resilient businesses
- Diversity: Supporting inclusive decision making



Health

- Corporate impact on health: Supporting healthy employees, customers and communities



Biodiversity

- Corporate impact on biodiversity: Protecting our natural capital

Stewardship and climate *continued*

Playing our part on climate change

Achieving a net zero, carbon-resilient future is urgent – but it must also benefit people, communities and nature. We are committed to reducing emissions from our investments and operations, engaging our stakeholders, and developing climate-aware investment solutions.¹

Overview of our 2025 climate-related activity

Our climate strategy

In June 2025, we published our Climate Transition Plan – outlining how we will address the complex challenges of climate change and the opportunities a low-carbon future presents. We also published our Fossil Fuel Investments Position. This sets out how we will evolve our approach to investing in companies that produce or use fossil fuels to generate energy, and how we engage with companies on their own transition plans. Where companies do not have credible plans, we will consider whether those investments deliver the right outcomes for our customers and clients.

🔍 Read about our climate commitments on [page 35](#) and at www.royallondon.com

Advocating for a just transition

In October 2025, in partnership with Business in the Community, we published ‘Creating a Future Ready Economy’, exploring how the UK can ensure a fair and inclusive transition, to create an economy resilient to social, geopolitical and environmental shocks. We also supported Transition Finance Scotland and the Association of British Insurers’ (ABI) Investment Delivery Forum to explore barriers to scaling transition finance, and responded directly or through trade bodies to UK government consultations on climate transition plans and sustainability reporting.

🔍 Read about policymaker and industry engagement on [page 37](#)

Engaging with investee companies

Through our Net Zero Stewardship Programme (NZSP), we work with investee companies that contribute most to our financed emissions, encouraging them to integrate just transition considerations into their plans. Once a company publishes its transition plan, we assess it and engage with the company to track progress against our expectations. In 2025, we engaged with 65 companies on a total of 125 occasions.

🔍 Read about our engagement with banks on [page 25](#)

Managing climate risks across our business

We continue to be well positioned to manage climate risk impacts on our capital position and strategy. In 2025, we agreed actions to enhance our risk-management processes – helping us to meet the Prudential Regulation Authority’s (PRA) new expectations (SS5/25).² We also developed a set of climate scenario narratives to help us better understand the potential impact of climate-related risks on our business over the short term.

🔍 Read about how we identify and manage climate risks on [pages 28 to 30](#)

Working to reduce our operational impact

While our investment portfolio generates most of our emissions, we continue to take action to reduce our own operational impact that we control more directly. For 2025, our internal paper usage per policy was down 88% from our baseline, falling short of our 90% target. We met our 2025 targets for the purchase of 100% renewable electricity, and for external paper, waste and water usage. We engaged with suppliers representing 67% of our 2024 supply-chain emissions. We also ran a survey of over 2,000 colleagues, offering valuable insights on homeworking and commuting.

🔍 Read about our operational emissions on [pages 40 to 42](#)

Nature and biodiversity

Following the creation of a dedicated senior role to lead our nature and biodiversity strategy, we have begun to embed nature into our climate risk management processes, and performed a nature impact and dependencies assessment. We continue to explore opportunities to invest in nature – through sustainable and regenerative farming, a nature and biodiversity strategy for our investment property portfolio and in how we consider nature impacts more widely.

🔍 Read more in our case study at www.royallondon.com

- Our commitments are based on the expectation that governments and policymakers will deliver on their commitments to achieve the goals of the Paris Agreement, and that the required actions do not go against our legal and regulatory obligations to our members and customers.
- PRA, SS5/25 – [Enhancing banks’ and insurers’ approaches to managing climate-related risks](#), December 2025

Climate risk governance

The Board sets the strategic direction for the Group and oversees Royal London's governance framework, which is integral to delivering our Purpose and strategy. All boards and committees within the Group must demonstrate that they take ESG considerations into account through the reports they receive, including climate-related risks and opportunities. RLMIS's formal governance structure is detailed on page 73.

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

- the Group Chief Executive Officer, Barry O'Dwyer, the day-to-day management of the Group
- the Group Chief Financial Officer, Daniel Cazeaux, the regulatory responsibility for managing the financial risks arising from climate change
- the Group Chief Risk Officer, Dr James McCourt, the responsibility for maintaining the robustness of the Group's risk management systems.

The role of management

Royal London's Group Sustainability Oversight Committee (GSOC), which supports our Group Executive Committee, has responsibility for:

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

Our Sustainability and Stewardship Delivery Group, comprising Group-wide senior leaders, focuses on the delivery, development and implementation of our climate strategy. The Delivery Group reports to the GSOC. Our Group Executive Committee is also supported by the Group Executive Risk Committee, which is responsible for monitoring risk at the Group level against the Group's Risk Appetite Framework, including climate-related and sustainability-related risks. Supervision from the GSOC complements how climate-related risks are assessed and managed across the business in accordance with Royal London's risk management processes, including our risk management framework.

Frequency of climate risk reporting

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

The GSOC, the Investment Committee and the Risk and Capital Committee meet at least quarterly and, in line with their terms of reference, consider and discuss relevant climate-related matters. Our internal Group Climate Risk Report is presented to the Group Executive Risk Committee biannually.

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



Stewardship and climate *continued*

Climate risk management

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

An integrated approach

Given that climate risk can manifest itself across any of the risk categories we consider, reporting of climate considerations within each subsidiary and from each subsidiary to the Group is integrated into our Group risk management system. You can read more about our risk management model on pages 62 to 64.

Under this model, individual business units – with support from our Risk function – are accountable for identifying, measuring and managing climate risks, and for monitoring and reporting these risks. This includes the design and operation of suitable internal controls and the allocation of risk and control responsibilities.

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

- the Group Responsible Business function (known as Group Sustainability and Stewardship until 31 December 2025) is accountable for the Group's responsible business strategy, including our sustainability strategy, and provides support, challenge and sustainability expertise with the aim of embedding sustainability throughout Royal London.
- the Responsible Investment (RI) team, within our Asset Management business, works closely with investment teams to analyse key climate and ESG issues for consideration in selected investment decisions. The RI team and the investment teams also engage with investee companies to encourage improvements.
- the Investment Solutions team leads on the development of climate-aware investment solutions alongside our Asset Management business. The team supports business areas across Royal London and contributes to sustainability and climate-related industry consultations.
- the Group Actuarial team conducts climate scenario stress testing to assess the impact of climate change on our capital position and to address regulatory expectations.
- Group Risk and Compliance specialists support the development of Group-wide climate risk reporting and embedding of climate-related risks into our risk management framework.

Climate risk appetite

Our climate change risk appetite statement outlines our appetite towards the strategic, financial and operational risks arising from climate change. In 2025, the Board reviewed our risk appetite statements and no changes were made in respect of climate risk.

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

We present the key climate-related risks and opportunities identified across our business on pages 33 to 34. Climate change is also noted as one of Royal London's principal risks and uncertainties (see page 66).

Our investment strategy

Consideration of climate risks

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

To help oversee aspects of climate risk, in particular transition risk,¹ the Group's Investment Office monitors and assesses our asset managers' responsible investing activity and performance against the requirements of our Asset Manager Oversight Framework.

We also continue to be committed to developing investment solutions that enable customers and clients to align their investments to the low-carbon transition. For further details, see page 40.

Integrating ESG risks

Across our investment solutions, our Asset Management business typically considers a number of factors when analysing companies, including but not limited to company financials, operations, corporate governance, company strategy, market context and risks. While some investment strategies seek an explicit ESG objective, others do not but may still consider ESG risks and inefficiencies as part of their investment process. We believe integrating ESG considerations are not solely for the purpose of any explicit sustainability outcome, but to help us make informed long-term decisions based on a holistic view of the potential risks.

1. Transition risks are risks arising from the transition to a low-carbon economy. See page 29 for further details.

Strategic asset allocation

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

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

Monitoring our key asset managers

To support our climate commitments, and as part of our Asset Manager Oversight Framework, RLMIS monitors our key asset managers (those asset managers who manage over £100m each on our behalf and 'Matrix' fund¹ asset managers) against the following expectations on a 'comply or explain' basis:

- Develop a climate transition plan and demonstrate progress against climate commitments.
- Exercise voting rights on all eligible investments and ensure voting takes the principles of the Group Voting Policy into consideration.

- Set clear investor engagement priorities on climate change, taking into consideration the level of influence (the size of their investments) and the materiality of climate change to company risk and performance.

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

External assurance

We engaged KPMG LLP to perform independent limited assurance on selected emissions metrics across Scope 1, 2 and 3 as referenced on pages 39 and 41. Visit www.royallondon.com to read KPMG's unqualified assurance statement, which includes full details of the scope, procedures, limitations and conclusions of the assurance engagement. Our 2025 Emissions Metrics Reporting Criteria, which details how we prepared our data, is available at www.royallondon.com.

Identifying and assessing climate-related risks

Climate risk landscape

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

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

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

Stewardship and climate *continued*

Identification and assessment

The methods we use to identify and assess risks arising from climate change include horizon scanning, which aims to identify upcoming and existing risks, regulations and trends; and climate risk assessments, which seek to identify physical and transition climate-related risks in the short, medium and long term.

We also consider the interdependence of these risks, the direct impact they have on our business, and a range of potential knock-on impacts. We use this complete understanding of each risk to assess its relative significance and inform our risk management process and prioritisation.

Materiality assessment

In determining whether climate-related risks are material or principal risks to the Group, we apply a structured assessment process that integrates both qualitative and quantitative inputs. This includes:

- scenario analysis and stress testing to evaluate the financial impact of plausible climate pathways on our capital position, investment portfolios and customer outcomes
- engagement with subject matter experts across the Group to assess strategic, operational and reputational exposures
- review of external factors such as policy developments, market sentiment and scientific consensus on climate and nature risks.

Material and principal risks are reviewed by the Group Executive Risk Committee and principal risks are escalated to the Risk and Capital Committee. Climate change is noted as one of Royal London's principal risks and uncertainties (see page 66). Pages 33 to 34 detail the climate risks and opportunities we deem most material to our business, over each timeframe.

Climate change scenario analysis

By analysing the possible impacts of climate-related risks over a range of potential transition pathways and time horizons, we can improve our understanding of:

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

This scenario modelling helps to inform the development of our investment and business strategies, to mitigate both physical and transition risks while maximising opportunities.

Our 2025 climate pathways

In 2025, our climate pathway analysis modelled outcomes from three climate pathways based on those developed by the Network for Greening the Financial System (NGFS). As in previous years, we aligned our analysis with the five-year time horizon for our business planning. This approach enables us to examine the potential impact of a range of future climate scenarios, while recognising the uncertainty attached to the timing and effectiveness of climate policy.

We assessed three pathways, as described in the table on page 31. These pathways include differences in how physical and transition risks could be realised and the scale of impacts on financial markets and the wider economy. These differences make a direct comparison of the effects on our business over a range of timeframes problematic.

Results from our 2025 climate pathways analysis

Our 2025 pathway analysis supported the examination of potential impacts to the value of different asset classes up to 2060. The results remained in line with previous years' analysis: across each pathway, the results indicated a negative year-on-year impact to the value of all our asset classes. As in previous years, the most significant effects were observed in the Current policies scenario, where the modelling anticipates a range of adverse economic and social impacts as a result of rising temperatures.

Similarly, our assessment of the risk to our capital position over a medium-term business planning horizon also pointed to the most significant negative impact arising from the Current policies scenario. These impacts remained within acceptable tolerance limits, however – with our equity hedging strategy playing a key role in dampening the effects.

2025 climate pathways

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

1. Representative Concentration Pathways.

Stewardship and climate *continued*

Modelling limitations

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

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

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

Considerations for 2026

During 2025, we continued to use an external third-party model to support our quantitative climate risk modelling capabilities. We also developed a set of climate scenario narratives to help us better understand the potential impact of climate-related risks on our business over the medium-term business planning horizon. This will also support meeting the expectations of the PRA's Supervisory Statement SS5/25, published in December 2025.

For 2026, we will start to embed these narratives across the Group. In particular, we will begin to develop the scenarios for use in qualitative and quantitative analysis of climate-related risks. As we work to meet the expectations of SS5/25, we will consider how to move beyond existing analysis of capital impact assessments and strategic asset allocation stress testing. We will explore how we use climate scenarios within our Asset Management business.

Qualitative risks and opportunities assessment

Our qualitative assessment of climate-related risks and opportunities for our business is in the following tables. Each risk and opportunity is assigned one or more timeframes — short- (S, up to one year), medium- (M, one to five years) or long-term (L, over five years) — to indicate when we expect it to impact our business. This supports our risk management response, prioritisation and mobilisation. We take mitigating actions as appropriate to address climate-related risks – including actions outlined in our stewardship approach on page 24, and in our Climate Transition Plan available at www.royallondon.com.

Transition risks and opportunities

Risks	Opportunities
Risk category: Strategic	
Reputational Inability to meet customer and client requirements or expectations, regulatory commitments or own commitments, causing reputational damage to our brand, which leads to loss of new business and increased lapse rates or outflows. [S,M,L]	Market An opportunity to increase market share resulting from the successful development of existing propositions to meet the demand for products that align with or seek to aid the transition to net zero. [S,M,L]
Policy Lack of consistency in the international regulatory approach to ESG and/or net zero implementation — with differing approaches to labelling and disclosure, implementation timing and expectations relating to consumer-facing materials resulting in challenges on how products are communicated, reported and distributed in both existing and new jurisdictions. [S,M]	Products and services A growing demand from customers and clients for ESG investing and net zero-aligned investments could open opportunities for new products and services. [S,M,L]
Market We may lose market share if we fail either to develop new propositions, or to modify existing ones to adapt to changing consumer or client sentiment. [S,M]	
Policy Government or regulatory policy developments designed to address the physical and transitional impacts of climate change may impact the viability of our propositions. [M,L]	
Risk category: Operational	
Reputational Our ability to recruit and retain talent may be negatively impacted if the Group's response to climate change is perceived as inadequate by current and potential future colleagues. [S,M,L]	Suppliers Engagement with suppliers could help them transition towards the lower-carbon economy. [S,M,L]
Policy Stakeholder interest has increased the potential for legal and/or regulatory challenge, exacerbated by the fast pace of regulatory change. [M,L]	
Risk category: Financial	
Policy Action from regulators and governments to meet the Paris Agreement targets and respond to public sentiment may lead to significant market repricing of asset values and increase the risk of counterparty default. [S,M,L]	Resource efficiency Through energy efficiency improvements from both operations and refurbishment, we will expect to see reduced operating costs. This opportunity is likely to be compounded by volatility and price fluctuations seen recently in the energy market. [S, M]

Stewardship and climate *continued*

Risks	Opportunities
Risk category: Financial <i>continued</i>	
Market Disruptive green technologies may provide a competitive advantage to our peers if we fail to anticipate them in our funds. [M,L]	Products and services As more occupiers set net zero carbon targets, energy efficient and sustainable certified buildings will become increasingly desirable. Through our Asset Management business's net zero carbon audits, we can identify the potential interventions required to improve a property's operational performance to achieve net zero. We believe this places our Asset Management business in a favourable position to respond to changing occupier preferences and demand for net zero buildings. [S,M]
Regulation There is a risk associated with the cost to comply with regulations impacting our property investments, including the UK's current Minimum Energy Efficiency Standard (MEES) regulations. [S,M,L]	Climate transition investments Returns from investment in companies and sectors that are supporting the climate transition could be enhanced through innovation (for example, battery technology). This reflects changes in the investment landscape and in policy relating to prioritisation of green strategic objectives. [S,M]
	Energy security To reduce reliance on the UK National Grid, there is the opportunity to install solar PV panels on the roofs of buildings to generate onsite renewable energy. This can then be sold to the occupier, creating a financial return. [S,M]

Physical risks and opportunities

Risks	Opportunities
Risk category: Operational	
Acute: Weather-related business disruption may become more frequent due to climate change, as a result of direct impacts to our offices or data centres and those of our key suppliers, and/or impact travel between our offices. [M, L]	Suppliers Opportunity to build resilience in our supply chain through engagement with our suppliers. [M,L]
Risk category: Financial	
Chronic: Our portfolios with significant investments in physical assets, including property and asset-backed securities, may be directly impacted by the physical effects of climate change. [M,L] An increase in average temperatures, resulting in more regular extreme weather and temperature fluctuations that affect our customers in the UK and Ireland, may lead to inaccuracies in our assumed rates of mortality and morbidity. [M, L] Temperature changes resulting from climate change may increase the frequency of global infectious disease pandemics, in turn impacting the accuracy of our mortality and morbidity assumptions. [M, L] Political instability, resource shortages and mass migration resulting from climate change may negatively impact levels of mortality, morbidity and expense inflation. [M, L]	Market An opportunity to increase market share resulting from the successful development of existing propositions to meet the demand for products that align with or seek to aid the transition to net zero. [S,M,L]
Acute: Extreme weather, such as flooding, poses a risk to property assets in terms of repair costs, disruption to construction, and reduced asset value due to extreme weather exposure. [M,L]	Products and services A growing demand from customers and clients for ESG investing and net zero-aligned investments could open opportunities for new products and services. [S,M, L]
Acute/chronic: Indirect physical effects from climate change may impact the value of assets in our portfolio, for example due to supply chain disruption, mass migration and political instability. [M, L]	

Our climate commitments

Royal London’s climate commitments contribute to the effective management of climate-related risks and opportunities for our customers and clients. Our commitments are made at Group level and do not apply to all individual products and strategies because each has different investment objectives. For details of a specific product, see the product prospectus.

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

Further details of the basis and assumptions underlying our climate targets and metrics are provided on page 36. We list our commitments and summarise our progress during 2025 in the table below. Our Climate Transition Plan describes our plans for how we will play our part in tackling climate change. For more on our climate strategy see www.royallondon.com.

Progress against our climate commitments

1. Engagement	2. Portfolio emissions	3. Climate-aware investment solutions	4. Operational and value chain emissions
Our commitments			
We are committed to engaging with our stakeholders – including policymakers, the companies we invest in and our peers – to play our part in moving fairly to a sustainable world.	We are committed to reducing the emissions from our investment portfolio by 50% by 2030, ¹ as part of our transition to net zero by 2050. ²	We are committed to developing investment solutions that will enable our customers and clients to invest in the low-carbon transition.	We are committed to achieving net zero direct operational emissions by 2030 (Scopes 1 and 2) and net zero in our Scope 3 non-investment value chain by 2050. ⁴ We will purchase 100% renewable electricity for our operations (Scope 2) by 2025.
Summary of progress over 2025			
We published recommendations on a just transition for the UK government and continued working with industry bodies on how to remove barriers to scaling transition finance. RLAM engaged with 65 investee companies, representing 52% of its financed emissions, as part of its NZSP.	As at 31 December 2025, the carbon footprint (Scope 1 and 2 tCO ₂ e/\$m invested) from our corporate fixed income and listed equity portfolio reduced by 32% since 2020, our baseline year, and increased by 5% from 2024, partially driven by changes in the weighting of investee companies in the portfolio.	We evolved our tilted equity solutions, ³ including the introduction of an investment goal aligned to our Group net zero targets. We acquired Dalmore Capital, a leading infrastructure investment manager delivering essential UK infrastructure and supporting the transition to a more sustainable economy.	As at 31 December 2025, our Scope 1 and Scope 2 location-based emissions, where we have direct control, reduced by 14% since 2024 and 73% since 2019, our baseline year. Our non-investment value chain Scope 3 emissions reduced by 34% since 2019 and increased by 24% since 2024, primarily driven by our supply chain emissions. We achieved our 2025 renewable electricity target.
 Read more on page 37	 Read more on pages 38 to 39	 Read more on page 40	 Read more on pages 40 to 42

1. tCO₂e/\$m invested, relative to a 2020 baseline.

2. Our investment portfolio generates over 99% of our emissions.

3. A ‘tilted equity solution’ prioritises or de-emphasises the weight or amount invested in certain stocks, based on ESG criteria.

4. tCO₂e, relative to a 2019 baseline.

Building our internal capabilities

We strengthened our multi-year Sustainability Learning and Capability Plan in 2025, with new mandatory annual e-learning to build understanding of how colleagues can contribute to our sustainability goals. We also supported people leaders to embed this learning with their teams. Our biannual colleague engagement survey found 79% of colleagues understood how their role contributes, and 74% were aware of Royal London’s sustainability commitments – similar to the 2024 results.

Partnering with Cranfield University, we conducted tailored development for the RLMIS and Royal London Ireland Boards, and delivered an ‘Investing with Purpose’ masterclass to engage investment professionals in Royal London with expert insight on responsible investment.

Stewardship and climate *continued*

The basis and assumptions underlying our targets and metrics

Our climate targets are based on the expectation that governments and policymakers will deliver on commitments to achieve the goals of the Paris Agreement, and that the required actions do not contravene our legal and regulatory obligations to our members and customers. See our 2025 Emissions Metrics Reporting Criteria at www.royallondon.com for the methodology used to calculate our emissions detailed on pages 38 to 42.

Portfolio emissions targets

Our portfolio emissions targets¹ include assets controlled by RLMIS and RLI DAC and managed by our Asset Management business. Within the wider Royal London Group, the portfolio emissions commitment also covers the regulated investment funds managed by our Asset Management business. It excludes segregated mandates managed on behalf of external clients, unless those clients have made an explicit commitment to achieving net zero.

The RLMIS reported portfolio emissions baseline and progress on page 39 are referred to as 'in-scope investment assets', and are also disclosed in the Group Climate Report. These assets comprise the Group's investment portfolio (investments plus assets held to cover linked liabilities in the Group's UK GAAP balance sheet) plus assets held by the Group's sponsored defined benefit pension schemes, excluding BPA policies purchased from the Group to avoid duplication with the assets already held by the Group's Matching Adjustment portfolio. Emissions from RLMIS 'in-scope investment assets' are measured against a 2020 baseline and tracked using our Scope 1 and 2 carbon footprint metric, an intensity metric of corporate fixed income and listed equity (tCO₂e/\$m invested). The scope of this is broader than that of our portfolio emissions target, as it includes externally managed assets, but it provides an indication of progress against the target. The portfolio emissions of assets managed by our Asset Management business are disclosed in the RLAM entity-level disclosure of our Group Climate report.

Our net zero portfolio emissions commitment includes our investee companies' own Scope 1 and 2 emissions but does not currently include their Scope 3 (value chain) emissions. We will regularly reconsider this position as the viability of including investee companies' own Scope 3 emissions develops, with a view to supporting customer and client objectives.

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

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

The limitations of portfolio emissions data

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

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

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

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

Operational and value chain emissions targets

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

The limitations of value chain emissions and other environmental data

There are limitations to value chain emissions and other environmental metrics. As our data collection and methodologies improve, reported data is subject to revisions. We apply estimates where data is not available. See our 2025 Emissions Metrics Reporting Criteria at www.royallondon.com for details of assumptions and estimates.

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

1. Our commitments are made at Group level and do not apply to all individual products and strategies because each has different investment objectives. For details of a specific product, see the product prospectus.

Engagement

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

Investee engagement

We actively exercise the rights we gain from holding shares in companies, including our right to vote at company meetings. We do this primarily through our Asset Management business. We also ask our other key asset managers to drive conversations with investee companies, on our behalf, on topics that align to our engagement focus areas. We reserve the right to decide on the exclusions that are important to our customers.

Our Asset Management business held 658 engagements with 356 investee companies during 2025, which addressed 20 unique ESG topics, ranging from biodiversity and health to ethnic diversity. Of these engagements, 181 were climate-related. Through our Asset Management business, we also engaged with 65 companies as part of the Net Zero Stewardship Programme, accounting for 52% of financed emissions, and engaged with 21 companies on topics related to a just transition.

Within our Asset Management business, the Responsible Investment team works closely with other senior leaders to oversee stewardship, ESG, and climate performance activities. The Engagement Delivery Group, along with other relevant teams, aligns engagement with investment strategies and manages escalation. When engagement with companies stalls or fails to deliver progress, a structured escalation framework – ranging from enhanced engagement to investment actions – ensures robust governance, transparent oversight, and effective delivery of RI objectives.

Policymaker engagement

Financial institutions cannot deliver on their climate ambitions without clear leadership from policymakers. Through membership of industry bodies and other collaborative opportunities, we encourage policymakers to support the transition to a low-carbon economy, in a way that considers the impact on society. In 2025, we proactively engaged on three priorities¹ which support our engagement focus areas.

1. UK long-term infrastructure strategy	2. Blended finance	3. Value for Money (VfM)
Policymaker engagement priorities		
We will seek to influence the UK government towards providing more clarity and certainty on developing the UK’s long-term infrastructure strategy to encourage investment in the UK’s net zero transition.	We will continue to work with policymakers including the UK government, both directly and through industry groups, to identify and encourage blended finance ² opportunities.	We will work with policymakers to help move from a focus on cost towards value considerations, including investment in solutions needed to enable the net zero transition.
2025 highlights		
In October 2025, alongside Business in the Community, we launched the ‘Creating a Future Ready Economy’ report at an event at the Houses of Parliament. The report recommended that government, businesses and civil society should work together to deliver economic, social and environmental benefits, and that a clearer and more consistent policy framework is needed to enable private sector investment in strategic infrastructure.	We supported the creation of Transition Finance Scotland, aiming to combine public and private capital to unlock energy transition investment. We also contributed to a combined PRA and Green Finance Institute pilot, addressing barriers to scaling transition finance. As a member of the ABI Investment Delivery Forum, we also explored how annuity capital can be deployed to help finance investment in UK growth that aligns with sustainable development goals.	Our responses to the UK government’s Pensions Review and the FCA’s VfM Framework consultations argued for a focus on long-term value over short-term cost, and for explicit recognition of the role of illiquid investments that typically deliver value over decades. This supports investment in infrastructure that enables the UK’s transition to net zero and can improve portfolio resilience to climate change.

We also contribute to discussions and consultations relating to disclosures, climate investment taxonomies, labelling activities and interoperability across jurisdictions. In 2025, this included responding to the UK government’s consultations on sustainability reporting and transition plans, either directly or through industry bodies, and providing feedback to the FRC to help them shape the UK Stewardship Code 2026.

1. These priorities are based on the assumption that the UK government will not, now or in the future, renege on its legal obligation to reduce the UK’s GHG emissions to net zero by 2050.

2. Blended finance combines public and private sector funds to support projects or initiatives with social or environmental goals.

Stewardship and climate *continued*

Portfolio emissions¹

We know the global transition to net zero, and therefore our own journey to decarbonise our portfolios, will not be linear. Our reported Group-wide emissions may fluctuate year on year due to our dependency on the underlying activity of companies and other issuers in our portfolio, as well as other drivers such as emissions reporting technicalities – for example, changes to asset values can impact reported emissions.

RLMIS portfolio GHG emissions disclosure

We actively monitor emissions from our investments to track progress against our climate goals. During 2025, RLMIS in-scope investment assets² increased from £127bn to £140bn. The table on page 39 shows the emissions arising from our corporate fixed income, listed equity, sovereign debt and property investments. Financed emissions refer to the absolute carbon emissions associated with our investment portfolio, whereas carbon footprint and Weighted Average Carbon Intensity (WACI) are intensity-based metrics.

Corporate fixed income and listed equity

We continue to use a range of metrics to understand the drivers of our portfolio emissions, including attribution analysis where possible, and to identify areas for action.

For our in-scope corporate fixed income and listed equity assets, financed emissions have fallen by 8% from 2020, our baseline year – but have increased by 21% since 2024, driven in particular by an increase in in-scope assets, and changes in the weighting of investee companies (the size of the investment as a proportion of the total portfolio).

The carbon footprint (tCO₂e/\$m invested) of these assets has fallen by 32% since 2020, with a 5% increase since 2024. Changes in weighting were the most material driver, contributing an 11% increase in carbon footprint, partly offset by a 4% reduction driven by changes in issuer emissions.

A combination of other factors, including changes from divested and new investments, and changes in investee companies' Enterprise Value Including Cash (EVIC), among others, contributed to a total reduction of 2%. EVIC is used to normalise emissions across investee companies to quantify issuer-level carbon footprints. The WACI (tCO₂e/\$m revenue) – which is less sensitive to share price fluctuations – has fallen by 33% since 2020, remaining broadly stable year on-year with a 1% increase.

In line with our Climate Transition Plan, we take action to support emission reductions in the wider economy, as well as in our own portfolio, by engaging with policymakers and the companies we invest in, rather than simply divesting from high-emitting industries.

We will continue to refine our climate strategy as the external environment and good practice evolve, including through ongoing engagement and further developing our climate-aware investment solutions. There is further information on pages 37 and 40, respectively.

Sovereign debt

Financed emissions associated with our sovereign debt in-scope assets have fallen 26% from 2020 but have increased by 15% since 2024, with the main driver being a growth in the assets of 23% in the same period. This is partially offset by the change reflected in intensity metrics, where consumption emissions intensity fell by 7% over the past year, and production emissions intensity reduced by 15% since 2024. Consumption emissions are attributed to goods and services consumed within a domestic territory, while production emissions originate from goods and services produced within a domestic territory.

Property

Our Asset Management business manages Royal London's property investment portfolio. We aim to achieve net zero carbon by 2030 across our directly managed property assets and developments, and by 2040 across our indirectly managed property assets.

Scope 1 and 2 emissions from our property investments have fallen by 14% since 2020, as of 30 September 2025.³ This highlights our success in increasing the energy efficiency of landlord-controlled areas.

During 2025, work towards our property targets included:

- Implementing a new ESG data platform to harness insights across our portfolio, including energy and water usage, waste generation and carbon emissions. This helps us track progress against industry benchmarks and identify opportunities to reduce our impact.
- Developing metering guidance for office and non-office asset types to improve the granularity of energy usage data. This will help us engage with occupants and work with them to maximise energy efficiency.
- Certifying three offices under the National Australian Built Environment Rating System (NABERS) UK Energy for Offices rating, with two assets achieving three-star ratings and one asset achieving four stars (the maximum is six). These measure actual energy performance, and are a key aid to understanding assets' operational performance and identifying potential improvements. This includes enhancing submetering infrastructure to gain better visibility of energy consumption patterns and deploying smart building technologies to identify operational inefficiencies.

1. Our commitments are made at Group level and do not apply to all individual products and strategies because each has different investment objectives. For details of a specific product, see the product prospectus.

2. Investments within the scope of calculating RLMIS GHG emissions for Scope 3 category 15 are referred to as 'in-scope investment assets'. These assets comprise the Group's investment portfolio, plus assets held by the Group's sponsored defined benefit pension schemes, excluding BPA policies purchased from the Group to avoid duplication with the assets already held by the Group's Matching Adjustment portfolio. Over 99% of the Group's investment portfolio is owned by RLMIS, with £0.5bn owned by RLI DAC. Royal London completed the acquisition of Dalmore Capital in November 2025. Data for Dalmore Capital has not been included in the portfolio metrics for 2025 and is not material to our reported emissions and metrics. Dalmore Capital emissions will be included in future reporting as appropriate.

3. The investment property reporting period for carbon emissions is 1 October 2024 to 30 September 2025, due to the timing of data availability.

Independent assurance

We engaged KPMG LLP to perform independent limited assurance over selected emissions metrics, marked with a ● symbol. Selected metrics can be found in the table below and on page 41.

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

RLMIS portfolio emissions disclosure

	2025	2024	2020 (baseline year)	Year-on-year change ²	Change against baseline year ²
RLMIS in-scope investment assets (£bn)¹	140	127	114	11%	23%
Corporate fixed income and listed equity in-scope investment assets (£bn)³	96	90	70	7%	37%
Scope 1 and 2					
Financed emissions (MtCO ₂ e) ⁴	● 4.8	3.9	5.1	21%	(8)%
Carbon footprint (tCO ₂ e ⁴ /\$m invested)	● 37	35	54	5%	(32)%
Data coverage (%) ⁵	● 87%	88%	67%	– %	31%
Weighted Average Carbon Intensity (tCO ₂ e/\$m revenue)	● 78	78	117	1%	(33)%
Data coverage (%) ⁵	● 87%	88%	67%	(1)%	31%
Sovereign debt in-scope investment assets (£bn)⁶	20	16	20	23%	– %
Sovereign emissions					
Financed emissions (MtCO ₂ e)	● 5.3	4.6	7.1	15%	(26)%
Production emissions intensity (tCO ₂ e/\$m Purchasing Power Parity adj. Gross Domestic Product)	● 128	151	160	(15)%	(20)%
Consumption emissions intensity (tCO ₂ e/capita)	● 11	12	11	(7)%	(1)%
Data coverage (%) ⁵	● 93%	96%	98%	(3)%	(4)%
Property in-scope investment assets (£bn)⁷	9	8	8	11%	12%
Scope 1 and 2					
Financed emissions (tCO ₂ e) ^{8,9}	9,060	10,441	10,504	(13)%	(14)%

- Investments within the scope of calculating RLMIS GHG emissions for Scope 3 category 15 are referred to as 'in-scope investment assets'. These assets comprise the Group's investment portfolio (£139.1bn) plus assets held by the Group's sponsored defined benefit pension schemes (£2.1bn, note 23b), excluding BPA policies purchased from the Group to avoid duplication with the assets already held by the Group's Matching Adjustment portfolio (RLGPS and Royal Liver UK plan assets totalling £0.9bn, note 23d). Over 99% of the Group's investment portfolio is owned by RLMIS, with £0.5bn owned by RLI DAC.
- Year-on-year change represents the percentage change in the year ended 2025 metric from the year ended 2024 metric. Change against baseline year represents the percentage change in the year ended 2025 metric from our baseline year, the year ended 2020 metric. Percentages are derived from the underlying figures.
- Corporate fixed income and listed equity in-scope investment assets includes some private investments and short-term debt, such as commercial paper and money market instruments.
- tCO₂e represents the estimated amount of emissions, measured in metric tonnes of carbon dioxide equivalent. MtCO₂e represents one million metric tonnes of carbon dioxide equivalent.
- Proportion of assets with complete data. Complete data is defined as the available issuer-level data for all data points required for calculating a metric. For all metrics, this includes data on investment value and issuer emissions. Beyond this, corporate fixed income and listed equity carbon footprint and financed emissions metrics also require data on issuer EVIC; Weighted Average Carbon Intensity requires issuer revenue; sovereign debt financed emissions and production intensity metrics require data on Purchasing Power Parity adjusted Gross Domestic Product; and sovereign debt consumption intensity requires capita data.
- Sovereign debt in-scope investment assets includes a small amount of non-sovereign investments such as supranational and municipal investments. These are among the assets for which we have no coverage (<7% total in-scope investment assets).
- The investment property reporting period is 1 October 2024 to 30 September 2025, due to the timing of data availability.
- Property Scope 2 emissions reflect location-based emissions.
- 2024 data for this metric has been recalculated to reflect actual data replacing estimates and updates of emissions between scopes following the identification of errors. For further information on this restatement, refer to page 36 of our 2025 Emissions Metrics Reporting Criteria (available at www.royallondon.com).

Data quality

In 2025, our corporate fixed income and listed equity assets data coverage for financed emissions and carbon footprint remained stable at 87% (2024: 88%). Issuer-level reported emissions covered 80% of these assets in 2025 (2024: 79%). We remain committed to transparent reporting on data quality and coverage and will continue to seek improvements to our emissions disclosures. We use USD (\$) as the reporting currency for attributing carbon emissions, in line with the primary methodology applied by our data provider, MSCI. Further details on MSCI's methodology can be found at www.msci.com.

Stewardship and climate *continued*

Climate-aware investment solutions

We are committed to enabling our customers and clients to align their investments with the transition to a lower-carbon economy, helping to meet their long-term needs and those of wider society.

To support this, we will continue to expand and adapt the choice of climate-aware investment solutions we offer, enabling exposure to companies and other assets that:

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

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

Over 2025, we evolved our carbon-tilted equity solutions, including the introduction of an investment goal aligned to our Group net zero 2050 target, with an interim 50% reduction target for 2030. In December 2025, RLAM launched a Global Equity Tilt Fund, expanding its Equity Tilt range.

We also completed our acquisition of Dalmore Capital, as described on page 6. Dalmore Capital is delivering essential UK infrastructure and supporting the transition to a more sustainable economy. The acquisition reflects Royal London's strategic ambition to grow its Private Assets capabilities and respond to the growing demand for access to this asset class – providing diversification and stable income while also helping to facilitate Royal London's ambition to drive positive environmental impact.

Our operations and value chain

Our operations

In 2025, we achieved reductions in our Scope 1 and 2 operational emissions. Our location-based emissions fell by 14%, and market-based emissions by 9%. From our 2019 baseline year, we have reduced location-based emissions by 73% and market-based emissions by 94%. This reduction relates to ongoing energy efficiency initiatives and changes in the operational estate in 2025. Our UK business accounted for 95% (2024: 89%) of Scope 1 and 2 operational emissions and 96% (2024: 98%) of our energy consumption.

In 2025, we purchased separate renewable energy certificates for the UK and Ireland to cover 100% of electricity consumption from our operational buildings. We also completed the installation of 226 solar panels at our Alderley Park office, generating over 39,000 kWh of renewable energy over the year.

Our non-investment value chain

Our Scope 3 non-investment emissions increased by 24% in 2025 but remain 34% down on our 2019 baseline year. The year-on-year increase is primarily driven by our supply chain emissions, which were impacted by several factors including increased spend, improved availability of 2025 actual data (which can cause emissions to fluctuate year-on-year and affects comparability between years) and increased supplier emissions. We are actively engaged with suppliers on initiatives to reduce emissions. In 2025, we engaged with suppliers representing 67% of our 2024 supply-chain emissions. We have also seen increases in employee-related emissions, driven by growth in our colleague population.

Other environmental metrics

We met our 2025 targets to reduce waste and water use per full-time equivalent compared with our baseline year. Since 2019, we have achieved substantial reductions in paper usage per policy, with externally distributed paper falling 57% and internal usage by 88%. While we narrowly missed our internal paper target by 0.2 tCO₂e, we will continue to monitor usage and reduce levels as operational needs allow. Our 'My Royal London' service has continued to allow customers to access their plan digitally. By the end of 2025, more than 534,000 customers had registered on the service, up from 399,000 in 2024. We will continue to work with our suppliers to identify areas for further enhancement.

During 2025, we worked to obtain additional waste data for our landlord-managed properties, reducing reliance on estimates, and reducing reported Category 5 waste emissions by 11% from 2024.

Carbon offsetting

We prioritise reducing operational emissions through our own actions and by influencing others. We also make use of carbon offsetting for residual operational emissions: our Group has utilised carbon credits to offset our direct operations (Scope 1 and 2) since 2020, as part of our aim to be carbon neutral by 2030 for these emissions.

We continue to shift from carbon avoidance to carbon removal credits to offset residual emissions.¹ Our offsetting to date has been through purchasing credits for projects certified to the highest standard, including a Gold Standard project providing solar energy systems to communities in India, and a Verified Carbon Standard reforestation and community development project in Ghana.² We are also supporting a programme to invest in innovative future carbon removal technologies.

We will monitor good practice as the voluntary carbon market continues to evolve. We seek to align with the Oxford Principles for Net Zero Aligned Carbon Offsetting,³ to ensure a robust approach in our offsetting strategy.

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

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

3. These Principles are available at: www.smithschool.ox.ac.uk/sites/default/files/2024-02/Oxford-Principles-for-Net-Zero-Aligned-Carbon-Offsetting-revised-2024.pdf

Operational and value chain metrics

Our 2025 operational and value chain emissions, and other environmental metrics, are shown below against equivalent measurements (restated where applicable – see footnotes on the following page) over the previous year, 2024, and our baseline year, 2019.

		2025	2024	2019 (baseline year)	Year-on-year change	Change against baseline year	Target
Scope 1 direct GHG emissions (tCO ₂ e) ^{1, 2, 3}	●	211	228	1,262	(7)%	(83)%	60% absolute reduction by 2025 and net zero by 2030
Scope 2 indirect GHG emissions (tCO ₂ e) ³							Purchase 100% renewable electricity for our operations (Scope 2) by 2025 ⁴
Market-based ⁴	●	44	53	2,802	(19)%	(98)%	
Location-based ²	●	696	824	2,089	(16)%	(67)%	
Total Scope 1 and 2 (market-based) emissions (tCO ₂ e) per FTE ^{5,6}	●	0.04	0.05	0.82	(22)%	(95)%	
Scope 3 GHG (value chain) emissions (tCO ₂ e) consisting of the following categories:							
Category 1. Purchased goods and services ⁷		33,335	26,620	50,724	25%	(34)%	
Category 2. Capital goods ⁷		813	626	816	30%	– %	
Category 3. Fuel and energy-related activities		409	310	699	32%	(42)%	
Category 4. Upstream transportation and distribution		3	2	14	51%	(80)%	
Category 5. Waste generated in operations		3	4	45	(11)%	(93)%	
Category 6. Business travel ⁸		1,327	1,117	2,537	19%	(48)%	
Category 7. Employee commuting and homeworking		2,111	1,960	2,552	8%	(17)%	
Category 8. Upstream leased assets ²		8	10	–	(17)%	– %	
Category 13. Downstream leased assets		–	–	253	–	(100)%	
Total Scope 3 GHG (value chain) emissions (tCO ₂ e) ^{3,9}	●	38,009	30,649	57,640	24%	(34)%	Reduction of 50% by 2030 and net zero by 2050
Total Scope 3 emissions (tCO ₂ e) per FTE ⁶	●	6.02	5.63	11.61	7%	(48)%	
Other environmental metrics							
Paper (t) ¹⁰	Total	523	590	1,111	(11)%	(53)%	
	Internal paper per policy (g) ¹¹	1	2	9	(27)%	(88)%	Reduction of 90% per policy by 2025
	External paper per policy (g) ¹²	83	94	191	(12)%	(57)%	Reduction of 50% per policy by 2025
Waste (t)	Total	156	222	802	(30)%	(81)%	
	Per FTE	0.02	0.05	0.17	(49)%	(85)%	Reduction of 50% per FTE by 2025
Water (m ³) ¹³	Total	14,574	12,086	39,650	21%	(63)%	
	Per FTE	2.31	2.67	8.32	(13)%	(72)%	Reduction of 15% per FTE by 2025

● Limited Assurance as described on page 39.

Stewardship and climate *continued*

Streamlined energy and carbon reporting: operations and investment properties¹⁴

Our 2025 operational emissions and the emissions associated with our investment property portfolio are shown below. These are presented against equivalent measurements (restated where applicable – see footnotes) for the previous year, 2024, and our baseline year, 2019.

	2025	2024	2019 (baseline year)	% change from baseline
Scope 1 (tCO ₂ e) ^{1,2,16}	8,453	8,995	4,228	100%
Scope 2 (market-based) (tCO ₂ e)	44	53	2,802	(98)%
Scope 2 (location-based) (tCO ₂ e) ^{2,16}	10,917	13,177	8,211	33%
Scopes 1 and 2 (market-based) emissions per m ² (tCO ₂ e) ^{2,15,16}	0.01	0.02	0.02	(29)%
Scopes 1 and 2 energy consumption (kWh) ^{2,16}	88,794,041	103,896,371	64,305,121	38%

Footnotes for Operational and value chain metrics table on page 41

- tCO₂e represents the estimated amount of emissions, measured in metric tonnes of carbon dioxide equivalent.
- 2024 Scope 1 and 2 emissions have been restated, as consumption (48 MWh) and related emissions (10 tCO₂e in total) from one property (West George Street, Glasgow) should be accounted for in Scope 3, category 8. For further information on this restatement, refer to pages 36 to 37 of our 2025 Emissions Metrics Reporting Criteria (available at www.royallondon.com).
- Royal London announced the acquisition of Dalmore Capital in May 2025, which completed in November 2025. Data for Dalmore Capital has not been included in the operational and value chain metrics for 2025 and is not material to our reported emissions and metrics. Dalmore Capital emissions will be included in future reporting.
- In 2025, we purchased separate renewable energy certificates for the UK and Ireland to cover 100% of electricity consumption from our operational buildings. This is an enhancement compared to 2024, where we purchased a renewable energy certificate for 100% of our total electricity consumption which was eligible for UK energy only.
- Full-time equivalent.
- Intensity metrics have been updated from emissions per square metre to emissions per full-time equivalent to better reflect the nature of the Group's operations.
- Data excludes Wealth Wizards and Responsible Life Limited and Responsible Lending Limited due to data availability.
- Data excludes Wealth Wizards. Responsible Life Limited and Responsible Lending Limited data is included from July 2025.
- Categories 9, 10, 11, 12, 13 and 14 of Scope 3 were not applicable to Royal London in 2025 or 2024. Category 15 (investments) emissions data is reported on page 39.
- Internal and external paper per policy does not include policies administered by Capita as these are outside of Royal London's operational control. The policy count is, therefore, different to the policy totals stated on page 13.
- Internal paper data is based on volumes purchased for internal use from known paper suppliers. This data excludes Wealth Wizards. Responsible Life Limited and Responsible Lending Limited data is included from July 2025. No historical data has been included due to availability.
- External paper data (paper for external use) is based on reported volumes from known paper suppliers. This data excludes third-party providers and Wealth Wizards. Responsible Life Limited and Responsible Lending Limited data is included from July 2025. No historical data has been included due to availability.
- Cubic metres.

Footnotes for Streamlined energy and carbon reporting table

- The operational reporting period is 1 January 2025 to 31 December 2025. However, the investment property reporting period is 1 October 2024 to 30 September 2025, due to the timing of data availability.
- Metres squared.
- 2024 data for this metric has been recalculated to reflect actual data replacing estimates, reclassification of emissions between scopes and correction of errors identified. For further information on this restatement, refer to pages 36 and 37 of our 2025 Emissions Metrics Reporting Criteria (available at www.royallondon.com).

Our climate reporting

The mandatory climate-related financial disclosures (CFD) required under 'The Companies (Strategic report) (Climate-related Financial Disclosure) Regulations 2022' consist of disclosure requirements that fall under four pillars: Governance, Risk Management, Strategy, and Metrics and Targets. This section within our Strategic report sets out the CFDs for the Royal London Group and covers in brief the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Portfolio data and metrics in this section apply to our RLMIS in-scope investment assets as defined on page 39. The operational and value chain metrics apply to our wider Group.

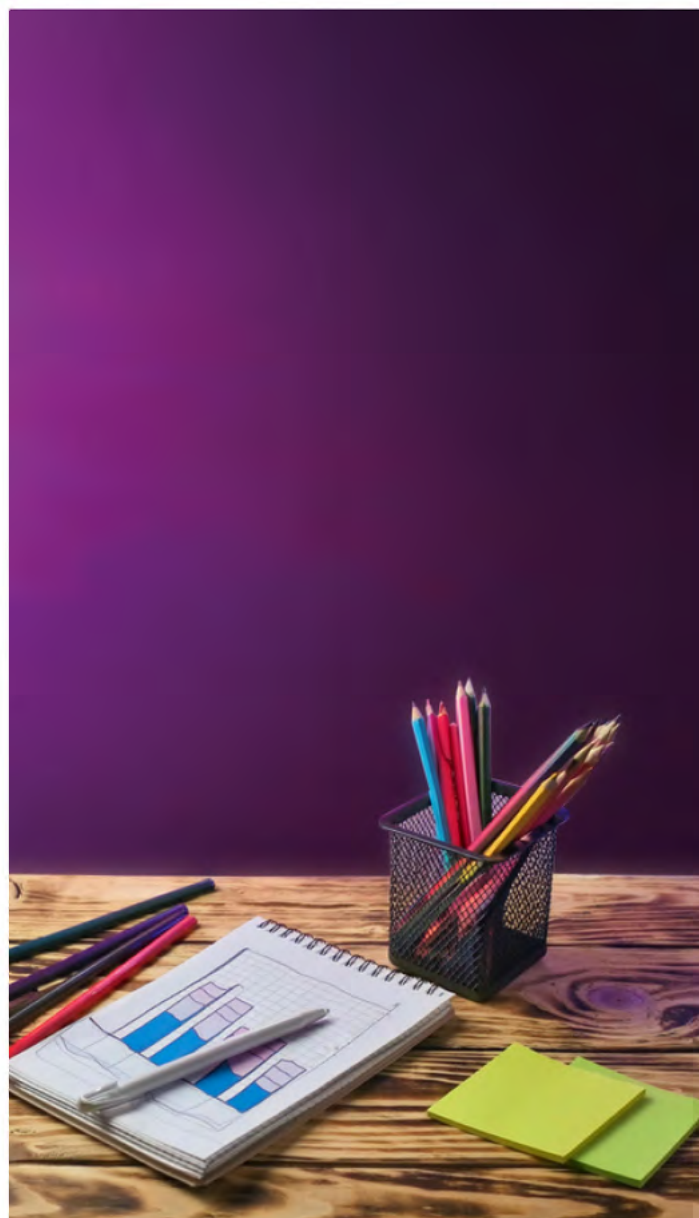
Full details of our climate disclosures, in line with the TCFD, including our progress against our climate commitments is in our Climate Report and on our website. We document our climate strategy and how we plan to meet our climate commitments in our Climate Transition Plan. In line with FCA rules, we will publish our 2025 entity-level and product-level Climate Reports (TCFD) by the end of June 2026. Our product-level TCFD reporting is available at www.royallondon.com. RLAM's 2024 Sustainability Entity Report, the first published, is available at www.rlam.com.

Non-financial and sustainability information statement

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

Reporting requirement	Relevant policies and disclosures reference on website ¹	Annual Report and Accounts page
Environmental matters including climate-related financial disclosures	Our climate strategy	- Chair's statement on pages 6 to 7 - Playing our part on climate change on pages 26 to 42
Employees	Inclusion – Royal London	- Group Chief Executive Officer's review on pages 8 to 9 - Our colleagues on pages 20 to 21
Social matters	Social impact – Royal London	- Chair's statement on pages 6 to 7 - Our Purpose outcomes on pages 4 to 5 - Society and communities on page 22
Human rights	Modern Slavery Statement – Royal London	Section 172 statement on pages 77 to 78
Anti-bribery and anti-corruption	Fraud and Scams - Royal London	Risk overview on pages 62 to 64
Business model	Our business – Royal London	Our Purpose outcomes on pages 4 to 5
Non-financial key performance indicators (KPIs)		Measuring our performance on pages 14 to 15
Principal risks and uncertainties		- Principal risks and uncertainties on pages 65 to 70 - Longer-term viability statement on page 71 - Risk and Capital Committee report on pages 90 to 91

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



Business review

UK

UK awards

- Financial Adviser Service Awards 2025: Received Reader's Choice award and five-star rating for Protection and Pensions
- Corporate Adviser Awards 2025: Five-star service rating for Workplace Pensions for fifth consecutive year
- Workplace Savings and Benefits Awards 2025: Pension Provider of the Year
- Royal London named by Which? as Recommended Provider for Pensions Drawdown Products 2025
- Benefits Guru 2025: Gold ratings for both Workplace Pension and Auto-Enrolment for fifth consecutive year
- UK Health & Protection Awards 2025: winner of Best Individual Protection Provider
- Cover Excellence Awards 2025: Outstanding Business Protection provider.

Highlights

UK operating profit grew by 15% to

£425m

(2024: £368m)

Governed Range AUM reached

£83bn

(2024: £72bn) and attracted net inflows of

£2.6bn

(2024: £3.2bn)

Broadened our savings offering with the launch of our new Stocks and Shares ISA

Protection new business sales increased **17% to £991m** (2024: £846m) driven by a buoyant market and enhancements to our proposition

Completed **18 BPA** transactions representing **£1.3bn** of premiums in our first full year of trading

Market overview

The pensions market continued to grow in 2025 supported by resilient levels of employment and saving through workplace pensions. The industry continues to see increasing levels of pension consolidation as more customers bring their pension savings together when changing employer or approaching retirement. With many working age people not on track for an adequate level of retirement income, the overall rate of saving remains an industry concern. Fiscal uncertainty, particularly in the run-up to the Autumn Budget, has also meant that more customers have accessed their pension savings early.

The individual protection market grew strongly through a rebound in mortgage lending and increased demand for propositions supporting customers impacted by proposed changes to inheritance tax. These changes have increased demand for our whole-of-life products as advisers continue to support customers' estate planning needs.

The advice gap remains a challenge, with cost, accessibility, and awareness continuing to limit access to financial advice. In response, the FCA has finalised its framework governing the provision of a new regulated form of advice called Targeted Support, designed to help more consumers make informed financial decisions. These proposals represent a significant opportunity to give advice to millions more people who do not want to, or are unable to, pay for individual advice. Consumer Duty remained a central focus. While advisers continue to welcome its principles more broadly, the increased regulatory burden has led some firms to reduce their client base to ensure they maintain service quality and compliance with the standards.

Business performance

Our Workplace and Individual Pensions business maintained sales levels year-on-year. We delivered significant sales increases and market share growth in Protection and also in our BPA business in its first full year of trading. This new

business growth supported an increase in UK operating profit to £425m (2024: £368m), demonstrating our increasingly diversified business model.

Continued investment in digital services improved experiences for our customers and advisers, with the number of customers logging into our mobile app at least once in the last 12 months increasing from 393,000 to 505,000. Our Retirement Planner service won Best Retirement Initiative at the 2025 Professional Adviser Awards, and our work to automate manual customer processes is helping to deliver better customer outcomes within our servicing teams. As more individuals are taking an active role in managing their savings, these improvements helped to deliver an 8% increase in the number of workplace pensions transferring to Royal London in 2025.

Supporting customers to understand their savings, income and protection options remains a key focus. We enhanced our mobile app to give customers a simpler, more personalised customer experience, with clearer content and new visual and audio guides. We also expanded our Workplace customer engagement programmes to support employees who are joining their employer's pension scheme, considering transferring a pension, or preparing for retirement.

We measure the impact our service enhancements have on customer satisfaction through our Customer Value Statement (CVS) score, across seven aspects that are important to customers (Communicate, Membership, Resolution, Be Personal, Pay Out, Investment and Reputation). Since 2020, when the measure was introduced, we have seen a 12 percentage point rise, to 44%, in customers who scored Royal London as 9 or 10 out of 10 across the seven measures, with 70% of customers now scoring us 7 or higher.



Business review *continued*

Pensions

Workplace Pensions new business sales in 2025 were in line with 2024 at £4.5bn following a significant increase in sales in recent years. We welcomed a further 230,000 Workplace members during the year (2024: 240,000), taking the total to 2.2m (2024: 2.1m). Supported by further enhancements to our digital transfer hub and a consolidation awareness campaign, we saw a growing number of customers transferring their pension savings to Royal London. We expanded our client management capabilities to support larger employers in managing their pension schemes. Gross Workplace Pensions flows increased by 10% reflecting our growing book of workplace schemes as well as the impact of wage inflation, although we continue to see more customers transferring their savings to alternative providers as they consolidate their pension pots. We want to support an ever-increasing number of employers to provide quality retirement savings solutions and so, over the next three years, we will be investing £100m to enhance our Workplace Pensions offering, allowing us to support an increasing number of employees with their retirement savings.

Our flagship Governed Range, where most pensions customers are invested, attracted net inflows of £2.6bn in 2025, with AUM at 31 December 2025 growing by 15% to £83bn (31 December 2024: £72bn). Our Workplace AUM grew 23% over 2025 to £38bn reflecting strong net inflows of £2.8bn and market growth.

In 2025 we launched new governance and insight tools to empower employers. We introduced a range of education sessions, delivered by our pensions experts, to help employees engage with their pension and build financial resilience. We also enhanced our video benefits statements to include expanded content promoting our mobile app and financial wellbeing support to improve accessibility for visually impaired customers.

New business sales from Individual Pensions were stable at £4.8bn (2024: £4.9bn). We saw further growth in non-advised business to £833m (2024: £643m) as more customers chose to move into retirement with Royal London. We streamlined services for advisers through improved connectivity to multiple back-office systems, including becoming an early adopter of the digital Letter of Authority service. Overall Individual Pensions gross flows were in line with last year. Net outflows of £0.4bn reflected higher withdrawal activity, particularly in the second half of the year, influenced in part by customers responding to Budget speculation.

Innovations in mobile app functionality and retirement planning tools helped over 36,000 Workplace and Individual Pensions customers make informed decisions, while our service teams were recognised for excellence by regaining a five-star rating for Pensions at the Financial Adviser Service Awards. We retained our five-star Investment Provider rating for the 12th consecutive year.

We broadened our savings offering for our Individual and Workplace Pensions customers by successfully launching our Stocks and Shares ISA in September. This is designed to be simple for individuals to access via our mobile app or website and easy for employers to offer alongside our workplace pension. The expansion of our savings offering reflects our commitment to helping customers to save for their future and feel more secure today. Take-up has been positive so far with over 1,800 customers already opening an ISA account.

Protection

Protection new business sales increased 17% to £991m (2024: £846m). Growth was driven by further momentum in Mortgage related business and high net-worth business, benefitting from our proposition which supports estate planning needs where demand has increased following the 2024 Budget. This includes strong performance in our 'Joint Life Second Death' term product, which was launched in late 2024 alongside our Whole-of-Life offering. The strength of our proposition, service and distribution support has been recognised through multiple industry awards. We continue to evolve and improve our Protection offering, expanding customer choice, supporting our distribution partners and enhancing our digital capability. We have redesigned our adviser website, allowing advisers to see real-time policy changes, and supporting retention activity.

Delivering good customer outcomes remains at the heart of our approach. 532,000 customers are now registered with our online service and nearly a quarter of a million customers actively use it to access their information and better understand their plans and options. 98% of protection claims were paid out during 2025, providing £771m to over 57,000 UK customers and their families.

Royal London engaged with the FCA on its Pure Protection Market Study into whether the market is delivering fair value and good outcomes for consumers, providing input to emphasise the importance of reaching more customers, transparency, customer value, and market integrity. We continue to work with industry bodies such as the ABI to ensure this leads to meaningful improvements for customers, advisers and providers and enables as many people as possible get the cover they need.

Annuities and Later Life

2025 marked our first full year in the BPA market, following our entry in September 2024. During the year we completed 18 buy-in transactions with external pension schemes, covering over 7,800 individuals' benefits and £1.3bn of premiums. These transactions ranged in size from £7m up to our £275m transaction with the Grant Thornton Pensions Fund in May. We have now completed transactions with eight professional trustee firms and 10 different advisory firms, demonstrating the wide appeal of the only mutual-led offering in this market.

We continue to expect a significant flow of BPA to come to market over the coming years, but the addition of new private equity capital will increase competition. Our BPA offering is benefitting from the Private Assets capabilities we are building in our Asset Management business, as we are now able to source a broader range of private asset classes, such as infrastructure debt and income producing real estate, with attractive risk-adjusted returns. We are well positioned to meet the needs of trustees and pension scheme members in our target range of small and mid-sized schemes, but we will continue to exercise pricing discipline in a rapidly changing market.

In addition to the transactions with external schemes, we also completed a £362m partial buy-in with the Royal London Group Pension Scheme in August. This second tranche, which follows on from last year's initial buy-in, means that we have now insured the benefits of more than 6,500 members of this scheme.

Our Individual Annuities proposition is available to Longstanding customers invested in the RL (CIS) With-Profits Fund with pension policies that have guaranteed annuity rates. The total new business volumes over 2025 were £123m (2024: £165m), reflecting the continuing impact of higher interest rates on annuity take-up rates and premium levels.

Following the rebrand of Responsible Lending Limited to Royal London Equity Release in 2024, we have now completed the integration of the business into our core operating model and processes. We launched a new online 'quote and apply' service, with over 1,000 advisers now registered, and introduced a drawdown option and lower early repayment charges for our Royal London-funded proposition. Our advice service, Royal London Equity Release Advisers, has continued to expand in 2025, with over 2,000 customers receiving specialist advice on their later life lending options. The service offers access to specialist whole-of-market advisers for equity release and other later-life lending products, such as retirement interest-only mortgages.

Longstanding customers

During 2025, our focus has been on delivering good outcomes for our Longstanding customers (customers of products that are no longer open to new business). We have taken steps to re-engage with 51,000 Industrial Branch customers, resulting in 5,700 policy benefits being claimed. In addition, we reduced annual charges by £1.2m on Unit Linked policies, benefitting 43,000 customers.

We aim to distribute the estate of the closed RL (CIS) With-Profits Fund (CIS Fund) to relevant policyholders fairly over time. Since our acquisition of the CIS business in 2013, distributions to eligible Longstanding customers from the CIS Fund estate have steadily increased, highlighting our continued focus on managing risks. In April 2025, with-profits policyholders benefitted from a 5% enhancement to their asset shares, increasing the potential for them to receive higher payouts in the future.

In December 2025 we entered into an agreement to bring in-house the administration of a significant number of Longstanding customer policies which are currently outsourced to the Capita plc group (Capita). The move reflects our commitment to ensuring long-term service quality for our customers, with the transition of services being carried out in phases over the next five years.

Looking ahead

Continued investment in our core propositions will create further opportunities to enhance customer outcomes. We plan to expand the integration of Private Asset capabilities within our Governed Range, increasing diversification options for customers. Our planned major investment in our Workplace Pensions proposition over the next three years will support more employers with a high-quality solution, further improving the experience for members. In addition, we expect to enter into the first of our BPA buy-in to buy-out conversions.

We remain committed to championing the value of impartial financial advice and supporting advisers in delivering positive outcomes for their customers. At the same time, we recognise that full, personalised advice is not accessible or affordable for everyone. To address this, we will continue to invest in high-quality financial guidance and embed this support across our digital tools and customer experiences. The introduction of Targeted Support should broaden access to advice for many more customers. By strengthening our digital guidance capabilities and deepening partnerships with advisers, we aim to help more customers build long-term financial resilience.

Business review *continued*

Asset Management



Asset Management awards

- Investment Week: Fund Manager of the Year 2025 – Sterling Strategic Bond & Global Bond
- Alpha Manager Awards 2025: Best Responsible Alpha Manager – Matthew Franklin and Shalin Shah
- Morningstar Awards for Investing Excellence 2025: Best Asset Manager
- Insurance Asset Management Awards 2025: Multi Asset Manager of the Year
- Professional Pensions Investment Awards 2025: Manager of the Year – Absolute Return Bond Strategy (ARBS)
- Pan Finance Awards 2025: UK Asset Manager of the Year
- Financial Adviser Service Awards (FASA): Investment provider – 5 stars
- Insurance Asset Risk Awards 2025 (UK and Europe): Equity Manager of the Year
- Professional Adviser Awards 2025: Best Sustainable Fund – Royal London Sustainable World Trust.

Highlights

Assets under management increased to a record
£199bn
 (2024: £173bn)

Accelerated our Private Assets build-out with new capabilities in private placements and asset-backed securities

Acquired Dalmore Capital, enabling us to offer our Governed Range customers access to infrastructure investments

80% (2024: 81%)
 of actively managed funds outperformed their three-year benchmark¹ on an equally weighted basis and

51% (2024: 60%) outperformed on an AUM weighted basis

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

Market overview

Global equity markets delivered positive returns in 2025 despite periods of volatility. Global markets began the year positively, although US equities initially lagged while other regions outperformed. Concerns over the new US administration's tariffs, initiatives from the Department of Government Efficiency, and the release of a Chinese AI large language model by DeepSeek, dented the narrative of US exceptionalism in the early part of the year. Confidence subsequently returned, with performance into the second half of 2025 increasingly dominated by US equities, particularly large tech firm stocks. By the end of the year, major global indices had reached new all-time highs, reflecting robust investor sentiment and resilience across markets, although some investors are rotating toward money market funds as a defensive move amid bubble fears.

Bond markets also experienced heightened volatility during the year. Despite this, sterling credit markets delivered positive returns, primarily driven by income. Corporate bonds initially underperformed relative to government bonds, but over the year benefitted from strong investor demand and modest declines in underlying government bond yields, resulting in positive annual returns.

Responsible investing has faced renewed scrutiny amid political debate, concerns about greenwashing, and the short-term outperformance of sectors such as defence and tobacco compared to traditionally sustainable industries. In contrast to this, some firms have gained mandates from ESG-focused investors who are divesting from managers perceived to be retreating from sustainability commitments, creating an opportunity we are well positioned to benefit from.

Business performance

Asset Management operating profit decreased to £39m in 2025 (2024: £59m). This reflects our continued strategic investment in Private Assets and Property, which we expected to reduce profitability as we build our capabilities. It also includes the impact on fee revenues from the effect of Global Equity and Sustainable outflows across 2024 and 2025 and actions taken to reduce costs to mitigate the overall impact on profitability.

Our Private Assets business continues to build momentum and we have now launched two public and one private asset-backed securities funds. These asset-backed strategies, alongside our growing Private Placements activity and the first elements of our Commercial Real Estate Finance capability, strengthen our ability to source a broader range of assets with attractive risk-adjusted returns to support new business inflows as well as the development of our BPA business. To accelerate growth and enhance our capabilities in Private Assets, we completed the acquisition of Dalmore Capital, a leading UK-based infrastructure asset manager, in November. The acquisition broadens our investment proposition and enables the ability to offer retail savers access to the potential long-term returns from private assets through our Governed Range.

We delivered significant investment and product developments in 2025. We launched our first Collateralised Loan Obligation (CLO) at the end of 2025 and our second in February this year. We expanded our global footprint, making our first hire in Australia and launching four funds in the country. Our short-term money market fund surpassed £10bn AUM during the year, and we also launched a Healthcare REIT demonstrating the ongoing development of our Property business.

Flows and funds

Strong investment performance is fundamental to sustaining long-term growth and client confidence. Investment performance of actively managed funds remains competitive with 80% (2024: 81%) of funds outperforming their three-year benchmark on an equally weighted basis. On an AUM weighted basis over the three years, 51% (2024: 60%) outperformed their benchmark. Peer rankings are positive for key open-ended investment companies (OEICs), with 85% (2024: 64%) of funds in the top two quartiles over the three-year period.

The Group's AUM grew to £199.2bn (2024: £173.4bn) driven by positive market movements of £16.1bn, net inflows of £4.1bn and the acquisition of Dalmore Capital which contributed £5.6bn. Overall net inflows for the year of £4.1bn (2024: net outflows of £1.0bn) comprised £2.2bn of net inflows from Asset Management clients and a further £1.9bn from customers in the life and pensions business of the Group.

Asset Management net inflows were underpinned by a £4.6bn multi asset solutions mandate win from St. James's Place and flows into our liquidity funds, partially offset by reduced Global Equities outflows in the year of £2.3bn (2024: £4.3bn), following the departure of several members of the team in 2024, and £1.2bn from Sustainable funds.

Life and pensions net inflows increased to £1.9bn (2024: £1.4bn) supported by BPA transactions and positive net pensions flows.

Responsible investment

Our Asset Management business takes a distinctive approach to active management. As part of a customer-owned mutual, we are free from the pressures of short-term shareholder expectations. Our priority is our clients, and we focus on delivering long-term investment outcomes. Responsible investing is at the heart of what we do because we believe that companies with strong governance and sound management practices make better investments over time. During 2025, our Asset Management business completed 658 engagements with investee companies and voted at nearly 4,400 company meetings.

Acting as trusted stewards of our clients' assets has always been central to our Purpose and will remain so in the future. This commitment aligns closely with Royal London's strategic objectives, which naturally reinforce a strong responsible investment philosophy.

Business review *continued*

We believe that integrating responsible investment principles not only benefits society, it also enhances returns for our investors. Recognising the opportunities in this space, we are continually evolving our approach - investing in our people and infrastructure to play our part in building a more sustainable world. In April 2025 all eight UK-based funds in our £11bn Sustainable fund range adopted a Sustainability Focus label under the FCA's Sustainable Disclosure Requirements (SDR). This milestone highlights our experience and long-term track record in sustainable investing and underscores our commitment to help investors navigate the evolving regulatory landscape. The Sustainability Focus label demonstrates to clients how sustainability considerations are consistently integrated in our investment decisions, helping them to make informed decisions. Underlying everything we do is our commitment to transparency and the belief that interconnectedness – between our clients, society, and the environment – creates stronger, more resilient outcomes for all.

Looking ahead

We will continue to enhance our proposition through product innovation, leveraging modern fund structures such as Exchange Traded Funds and CLOs to meet an increasingly diverse set of client needs. At the same time, we are harnessing our Private Assets expertise to generate new revenues as well as reinforcing our Royal London customer propositions, including the Governed Range and the BPA business.

Our aim is to be an asset manager that puts clients at the heart of everything we do. To deliver on this promise we are partnering with leading technology and service providers to deliver a first-class client experience, with a unified client interface, on a scalable operating platform. We also continue to strengthen our organisational commitment to responsible investing, supporting our Purpose outcomes of helping build financial resilience and playing our part in moving fairly to a sustainable world.



Ireland



Ireland awards

- Brokers Ireland Awards 2025: winner of Overall Financial Services, Service Provider, Broker Support, and Protection Provider awards
- bonkers.ie Awards 2025: Best Income Protection Provider
- Irish Mortgage Advisors Awards 2025: winner of Best Protection Service Provider, Best Mortgage Protection Product and Best Protection Product Range.

Highlights

Ireland operating profit grew by 71% to

£17m

(2024: £10m)

Continued to be **the leading provider** of protection products in the broker market

Pensions new business sales more than doubled to

£286m

(2024: £109m)

ValueShare awarded to eligible pensions customers for third consecutive year

Business review *continued*

Market overview

The Irish pensions and protection markets continued to show strong growth in 2025, supported by a resilient economy and stable employment, which helped to sustain customer confidence in long-term financial planning. Modified Domestic Demand – a core measure of underlying Irish economic activity – grew by approximately 4% during the year.

Financial brokers remain the leading influence on customers' financial product choices and are our sole distribution channel in Ireland. Brokers hold the largest share of the market and play a vital role in delivering high-quality advice and a broad range of options to customers. We continue to work closely with brokers to support their businesses – providing tools, technical guidance and service enhancements to help them meet evolving customer needs and deliver good long-term outcomes.

Business performance

In 2025, new business sales grew 64% to £488m. This strong growth was across both Protection and Pensions and resulted in an Ireland operating profit of £17m (2024: £10m).

Royal London Ireland remains the leading provider of protection products in the broker market, and our position as pensions provider continues to grow, driven by our strong product proposition and consistently high service standards. We were recognised for the eighth consecutive year by Brokers Ireland for the service we deliver to brokers and their customers.

Customer service remains central to our proposition. Our Trustpilot reviews consistently averaged five stars throughout 2025, reflecting our focus on clear communication and customer support. Towards the end of the year, we launched a nationwide advertising campaign highlighting our five-star Trustpilot score across radio, print, out-of-home and social media. The campaign conveyed our pride in delivering consistent excellent customer service and encouraged people to engage with their financial broker.



Protection

Sales of our Protection products grew to £202m (2024: £188m) reflecting our continued focus on maintaining our strong Protection position and helping customers and their families protect and build their financial resilience. Sales of our core Protection products have increased year-on-year with significant growth in Serious Illness volumes in particular following product enhancements introduced in late 2024.

Financial brokers continued to rate Royal London Ireland as the best provider for protection products in 2025. Our competitive value for customers and claims ethos were factors contributing to this award.

This year, we introduced a further digital enhancement to our underwriting service. This offers a faster and more secure option for customers' general practitioners to provide medical reports, so that customers can get the cover they need quickly and with confidence.

In 2025, we paid out 99% of claims – totalling £50m to 4,800 customers and their families in Ireland – providing vital support when it mattered most. In addition, with our Helping Hand support service, customers have access to specialist nurses, counselling and practical help, offering care that goes beyond financial protection.

Pensions

Our Pensions new business sales more than doubled to £286m for the year (2024: £109m) as we saw more financial brokers choosing to recommend our pension products – giving customers even more choice across Approved Retirement Funds, Personal Retirement Bonds and Personal Retirement Savings Accounts (PRSAs) to help secure their futures. This growth is reflective of our first full year providing PRSAs, which launched in November 2024, with our regular premium PRSA already our most popular product.

We introduced an online suitability tool and sustainable investing resources, making it easier for brokers and customers to match sustainable investing goals, risks and values with more confidence. We celebrated four years since our Multi-Asset funds launched in the Irish market, and also reclassified our Multi-Asset Funds as Article 8 under the Sustainable Finance Disclosure Regulation (SFDR), to improve transparency, so customers can see how their investments align with environmental and social standards.

In April 2025, we announced our third ValueShare award – another way we share our success – giving eligible customers a boost of 0.13% to their policies. This feature is unique in the Irish market and is demonstrative of our mutual mindset.



Looking ahead

We are investing in digital tools and systems to enhance our offering to customers and brokers, and to continue to offer compelling products that meet their needs. We remain a firm advocate of the benefits of impartial financial advice in helping customers to build and secure their financial resilience and are focused on delivering the best possible outcomes for customers and brokers.

With the Irish government's auto-enrolment initiative, MyFutureFund, which launched in January 2026, more people will have access to pensions – an important step towards wider pension coverage. With this increased focus on pensions, the role that financial brokers play becomes more important than ever, helping to provide the necessary advice to employers and employees and to explore other product options that may better suit individual needs within the existing pension taxation regime.



Financial review



Group operating profit increased by 18% to £327m, supported by the strength of our Pensions business and increased new business contribution from our Protection and BPA propositions.”

Daniel Cazeaux

Group Chief Financial Officer

Group operating profit¹ for the year ended 31 December 2025 increased by 18% to £327m (2024: £277m). Our Pensions business is the largest contributor to our results which has been supported by strong growth in Workplace Pensions over recent years. Having launched our Stocks and Shares ISA, we are now focused on how we support millions more customers with their retirement savings and will be investing £100m over the next three years in our Workplace proposition. The increasing breadth of products we offer has driven the growth in 2025 operating profit with higher new business contribution from our Protection business and the first full year of trading from our BPA proposition, launched in the second half of 2024.

1. References to 'Group operating profit' represent the APM measure 'Group adjusted operating profit'

Assets under management rose to a record £199bn, supported by market growth and the acquisition of Dalmore Capital. As expected, the contribution from our Asset Management business decreased as a consequence of our continued investment in new capabilities to support future growth, combined with the full year impact of net outflows from our Global Equities strategies across 2024 and 2025.

ProfitShare for the year totalled £199m (2024: £181m), with allocation rates consistent with previous years. This reflects our ongoing commitment to sharing returns with eligible customers, helping to enhance the long-term value of their savings.

The transfer to the fund for future appropriations (FFA) of £167m (2024: £167m) includes additional items not recognised in operating profit, including a one-off charge of £51m to reflect the expected impact of transitioning a number of legacy servicing arrangements to Royal London from Capita over the next five years, ProfitShare allocations and tax charges, partially offset by positive economic movements during the year.

Our capital position remains robust with an estimated Solvency II Investor View capital cover ratio of 188% (31 December 2024: 203%). Over 2025 we have used our capital position to support the acquisition of Dalmore Capital and to write new BPA business during the year. The estimated Solvency II Regulatory View capital cover ratio decreased to 183% (31 December 2024: 196%).

Group adjusted operating profit

The following table shows Group operating profit for the year ended 31 December 2025. Further details of the Group's segmental reporting is included in note 2 of the financial statements.

	2025 £m	2024 £m	Change £m
Long-term business			
New business contribution	281	209	72
Existing business contribution	287	289	(2)
Contribution from AUM and other businesses	74	81	(7)
Business development costs	(68)	(54)	(14)
Strategic development costs	(75)	(71)	(4)
Amortisation of intangibles	(18)	(17)	(1)
Result from operating segments	481	437	44
Corporate items	(67)	(73)	6
Financing costs	(87)	(87)	—
Group adjusted operating profit	327	277	50

New business contribution

New business contribution increased to £281m (2024: £209m), including £45m from the first full year of trading in our BPA business. New business margin for the year improved to 2.3% (2024: 1.9%). Performance was particularly strong in our Protection business, reflecting growth in sales to the high net-worth segment, with the favourable product mix supporting the growth in margins. While new business sales on a present value of new business premiums (PVNBP) basis in our pension products were flat year on year, new business contribution reduced, reflecting changing new business mix and higher relative costs.

	New business contribution		PVNBP		New business margin	
	2025 £m	2024 £m	2025 £m	2024 £m	2025 %	2024 %
Individual Pensions	55	66	4,797	4,850	1.1	1.4
Workplace Pensions	80	85	4,501	4,459	1.8	1.9
Protection	77	27	991	846	7.7	3.2
Bulk Purchase Annuities	45	7	1,262	187	3.6	4.0
Individual Annuities and other	7	11	161	165	4.2	6.6
UK	264	196	11,712	10,507	2.2	1.9
Ireland	17	13	488	297	3.6	4.3
Total	281	209	12,200	10,804	2.3	1.9

Financial review *continued*

UK

Individual Pensions new business sales were £4,797m (2024: £4,850m). The reduction in volumes year on year reflected lower levels of advised business across both accumulation and drawdown, although we saw growth in our non-advised Income Release proposition. The changing mix and the impact of lower charges for customers with smaller pension pots led to new business margins decreasing to 1.1% (2024: 1.4%), with new business contribution reducing to £55m (2024: £66m) as a result.

Workplace Pensions new business sales rose slightly to £4,501m (2024: £4,459m). We saw 3% growth in both transfers and new entrants into existing schemes supported by continued enhancements to our digital transfer hub and broader developments in our Workplace proposition. New scheme sales volumes were lower, primarily as a result of two larger scheme wins in 2024. The changing mix of new business and higher relative costs resulted in new business contribution and margin decreasing to £80m (2024: £85m) and 1.8% (2024: 1.9%) respectively.

Protection new business sales grew by 17% to £991m. Growth was driven by increased demand for Whole-of-Life and 'Joint Life Second Death' term products, particularly among high-net-worth customers focusing on estate planning following Budget changes to inheritance tax announced in late 2024. This shift to higher-case sizes and resulting favourable product mix improved new business margin to 7.7% (2024: 3.2%), with new business contribution rising to £77m (2024: £27m).

Following our launch into the BPA market during the second half of 2024, we successfully transacted with a further 18 new external pension schemes in 2025, generating new business sales of £1,262m (2024: £187m) at a new business margin of 3.6% (2024: 4.0%). Individual Annuities and other new business sales were £161m (2024: £165m), including £38m relating to our newly launched Stocks and Shares ISA. Individual Annuities sales fell due to lower take-up of guaranteed annuity rates in a higher interest rate environment. New business contribution decreased to £7m (2024: £11m) with margins also lower at 4.2% (2024: 6.6%).

Ireland

New business sales grew to £488m (2024: £297m), primarily through increased Pensions sales of £286m (2024: £109m) following the launch of our regular premium Personal Retirement Savings Account product in late 2024. Protection new business sales rose to £202m (2024: £188m) due to increased volumes in serious illness and income protection. New business contribution increased to £17m (2024: £13m), while new business margin decreased to 3.6% (2024: 4.3%) reflecting the increasing proportion of Pensions sales within overall volumes.

Existing business contribution

Existing business contribution increased to £287m (2024: £289m), summarised in the table below.

	2025 £m	2024 £m	Change £m
Expected return	283	255	28
Experience variances and assumption changes	47	(9)	56
Modelling and other changes	(43)	43	(86)
Total	287	289	(2)

Expected return for the year increased by £28m to £283m, mainly due to a half percentage-point increase in the risk-free rate compared to the rate applied in 2024.

Experience variances and assumption changes represented a gain of £47m (2024: £9m charge). This includes the positive impact of higher than expected Workplace Pensions premiums received during the year and a charge for persistency assumption changes, particularly with respect to the assumed level of pension transfers as customers consolidate their pension pots.

Modelling and other changes represented a charge of £43m (2024: £43m gain) as part of ongoing refinements to ensure that our actuarial models remain as reliable as possible.

Contribution from AUM and other businesses

Contribution from AUM and other businesses decreased to £74m (2024: £81m), primarily due to expected reductions in the contribution from our Asset Management business. This followed investment in new capabilities to support future growth including in Private Assets and Property, and a reduction in margins following outflows on Global Equities and Sustainable funds across 2024 and 2025.

Business development costs

Business development costs increased to £68m (2024: £54m) as we continued to strengthen our propositions in our UK and Asset Management businesses. In the UK, costs of £46m (2024: £38m) included those to enhance our digital services, including our mobile app and website, and to improve our customer experience. Asset Management costs of £22m (2024: £16m) were incurred as we continued to develop data and technology to enhance client service and reporting, alongside investment in new capabilities such as Private Assets and CLOs.

Strategic development costs

Strategic development costs of £75m (2024: £71m) reflect the costs of ongoing longer-term investment we are making across our businesses. £73m relates to the UK business as we launched our Stocks and Shares ISA, further developed our BPA capabilities ahead of our first buy-out in 2026, and enhancements to our digital advice tools in preparation for the launch of Targeted Support in 2026. Costs in our Asset Management and Ireland segments reduced following the completion of their respective key projects during 2024.

Amortisation of intangibles

Amortisation of intangibles of £18m (2024: £17m) relates to capitalised software assets.

Corporate items and financing costs

The net charge for Corporate items of £67m (2024: £73m) includes costs arising from strengthening the Group's operational resilience, investing in our data capabilities, responding to regulatory change and items relating to the Group's defined benefit pension schemes.

Financing costs of £87m (2024: £87m) primarily represent the interest payable on the Group's subordinated debt.

Reconciliation of Group adjusted operating profit to transfer to the FFA

The transfer to the FFA of £167m (2024: £167m) was lower than our operating profit primarily due to ProfitShare allocations and tax.

	2025 £m	2024 £m	Change £m
Group adjusted operating profit	327	277	50
Economic movements	176	179	(3)
Loss arising from acquisitions and other corporate transactions	(43)	(15)	(28)
ProfitShare	(199)	(181)	(18)
Profit before tax and before transfer to the fund for future appropriations	261	260	1
Tax attributable to long-term business	(94)	(93)	(1)
Transfer to the fund for future appropriations	167	167	—

Economic movements

Economic movements include £180m (2024: £66m charge) of short-term investment return variances from our longer-term expected return assumptions on the surplus assets of the RL Main Fund, for which the overall return was 8.9% during 2025 (2024: 5.1%). It also includes a £70m gain (2024: £258m gain) from changes to economic assumptions used to value liabilities, primarily due to changes in risk-free rates. The remaining charge of £74m (2024: £13m charge) comprises other economic-related modelling and other changes.

Loss arising from acquisitions and other corporate transactions

The loss arising from acquisitions and other corporate transactions comprises amortisation of goodwill and acquisition-related intangible assets, adjustments in respect of prior acquisitions and a one-off charge to reflect the expected impact of transitioning a number of legacy servicing arrangements to Royal London from Capita over the next five years.

During the year the Group purchased Dalmore Capital, a UK-based infrastructure asset manager, for an initial cash consideration of £103m plus deferred consideration of up to £35m. Goodwill and intangible assets totalling £151m were recognised as part of the transaction which is now being amortised.

In December 2025, the Group reached an agreement with Capita to bring in-house the administration of longstanding customer policies currently outsourced to Capita. The transition of services will be carried out in phases over the next five years. Pursuant to the agreement, Royal London received approximately 4.96% of Capita plc's issued share capital, subject to customary lock-up arrangements during the migration, with a further three payments of £10m each to be received in stages on the first, second and third anniversary of the migration completion. Included within the loss arising from acquisitions and other corporate transactions is a charge of £51m for the estimated costs of migrating operations and the impact on the insurance contract liabilities for the change in post-migration servicing costs resulting from the agreement, partially offset by the recognition of the present value of Capita plc shares transferred and future completion milestone payments to be paid by Capita.

ProfitShare

ProfitShare represents an allocation of part of the Group's profits by means of a discretionary enhancement to asset shares and unit fund values of eligible policies of UK customers. Also included is ValueShare, which provides a discretionary enhancement to unit fund values for eligible policies in Ireland.

ProfitShare allocation rates for 2025 were maintained, with total ProfitShare for the year increasing to an estimated £199m (2024: £181m). The enhancements from ProfitShare were 1.2% or 0.3% for eligible With-Profits policies (2024: 1.2% and 0.3% respectively) and 0.15% for eligible unit-linked policies (2024: 0.15%).

Financial review *continued*

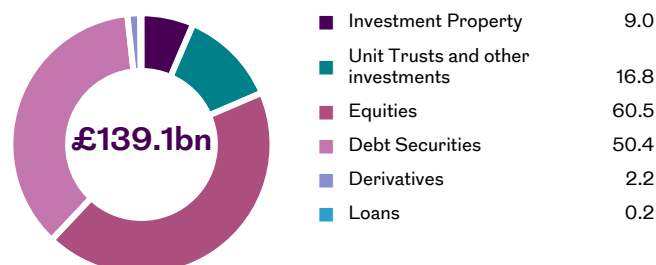
Balance sheet

Over the course of 2025, our total investment portfolio assets¹ increased in value to £139.1bn (31 December 2024: £124.6bn), as a result of increases in fair value, primarily in equity and bond asset classes, and positive net life and pensions flows. At 31 December 2025, £3,416m of assets were ring-fenced (31 December 2024: £1,748m) in the Matching Adjustment (MA) portfolio. The MA portfolio of assets grows as we write more BPA business. It includes a mix of corporate bonds, gilts, cash, commercial real estate loans, income producing real estate and infrastructure debt.

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

A significant portion of our debt securities portfolio is in assets with a credit rating of 'A' or above. In our non-linked debt securities and 67% (31 December 2024: 78%) of our non-linked corporate bonds had a credit rating of 'A' or better at 31 December 2025. There have been no defaults in our corporate bond portfolio.

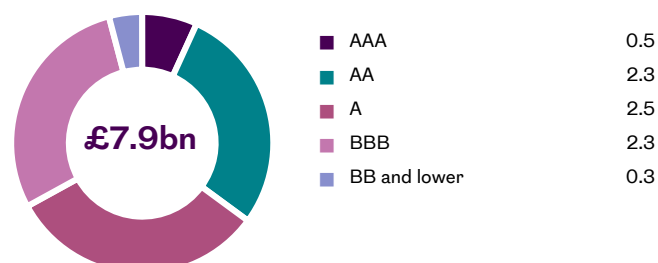
Investment portfolio assets: 31 December 2025 (£bn)



Non-linked debt security portfolio: 31 December 2025 (£bn)



Non-linked corporate bonds:



Assets under management

Assets under management (AUM) increased to £199bn (31 December 2024: £173bn) including £6bn from the acquisition of Dalmore Capital and positive market movements of £16bn.

	Gross inflows		Net inflows/(outflows)	
	2025 £m	2024 £m	2025 £m	2024 £m
Asset Management	29,176	20,280	2,239	(2,432)
Pensions	11,127	10,383	2,627	3,213
Annuities	1,799	754	1,646	663
Longstanding customers and other life and pensions	387	408	(2,407)	(2,481)
Life and pensions	13,313	11,545	1,866	1,395
Total	42,489	31,825	4,105	(1,037)

Asset Management represents flows from external clients into our Asset Management business. These improved to a £2.2bn net inflow (2024: £2.4bn net outflow) which included a £4.6bn multi asset mandate from St. James's Place. Net outflows from other strategies totalled £2.4bn including net outflows of £2.3bn in Global Equities and £1.2bn from Sustainable funds partly offset by net inflows into our liquidity funds.

Life and pensions represents flows generated from our Life and Pensions business. These increased to £1.9bn (2024: £1.4bn), driven by positive Workplace Pensions net inflows and the BPA buy-in policies transacted with external pension schemes and the Royal London Group Pension Scheme (RLGPS) in the year. Longstanding customers and other life and pensions flows were a net outflow of £2.4bn (2024: £2.5bn), primarily reflecting the run-off of products that are no longer open to new business.

1. Investment portfolio assets is the total of 'Investments' and 'Assets held to cover linked liabilities' in the Group Balance sheet.

Pension schemes

The Group operates three defined benefit pension schemes. The net surplus of the three schemes at 31 December 2025 was £134m (31 December 2024: £164m). The largest scheme, RLGPS, had a surplus of £78m as at 31 December 2025 (31 December 2024: £108m). The scheme remains well funded, with high levels of hedging within the scheme and relatively low allocations to growth assets.

On 18 August 2025 the trustees of the RLGPS Scheme transacted a second BPA buy-in policy with RLMIS, with approximately 40% of the liabilities related to the scheme now being covered by buy-in policies.

The Group's two other schemes operate for former Royal Liver employees. The Royal Liver UK and Royal Liver Ireland schemes are similarly well funded and had surpluses as at 31 December 2025 of £21m and £35m respectively (31 December 2024: £23m and £33m).

Strength of our capital base

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

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

We review our capital management framework regularly, although we would not expect the ranges within which we manage our capital to change frequently. On an Investor View basis, we manage the solvency coverage ratio (the investor ratio) within an acceptable range, the lower end of which is 165%. In the ordinary course of business, we expect to operate with an investor ratio above 180%, although the ratio may fall below that level for a period as a result of investing for long-term growth or as a result of market events. Given the business is managed for the benefit of its members and customers on a long-term basis, the level of the investor ratio of the business may also be higher to provide flexibility for future investment in the business.

We expect the Regulatory View solvency coverage ratio to be above 150%.

The reduction in both Regulatory and Investor View cover ratios reflects our ongoing investment in the business including a 5% impact from the acquisition of Dalmore Capital (included in Management actions in the chart on page 60) and a 4% capital strain from writing BPA business, as well as the impact of the transition agreement reached with Capita. We expect the investor ratio to continue to reduce gradually over the short term as we write more BPA business and continue to invest in additional capabilities.

The Group's Solvency Capital Requirement reflects the diversified nature of our market and insurance risk exposures. In particular, longevity risk written through our Annuities businesses diversifies well with other risks of the in-force book of business.

We continue to broaden the range of illiquid assets we invest in within the Matching Adjustment Portfolio and entered into a new private placement credit mandate with RLAM during the year. We also successfully gained regulatory approvals for infrastructure debt and income-producing real estate debt assets, broadening the scope of illiquid debt assets available for investment.

Within the UK, Royal London has one closed fund, the RL(CIS) Fund. The capital and liquidity position of this closed fund is managed on a standalone basis. The fund continues to be well capitalised with the residual estate being distributed to policyholders over time.

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

The estimated Solvency II leverage ratio¹ is 23% (31 December 2024: 22%), with the level of outstanding debt unchanged over the year.

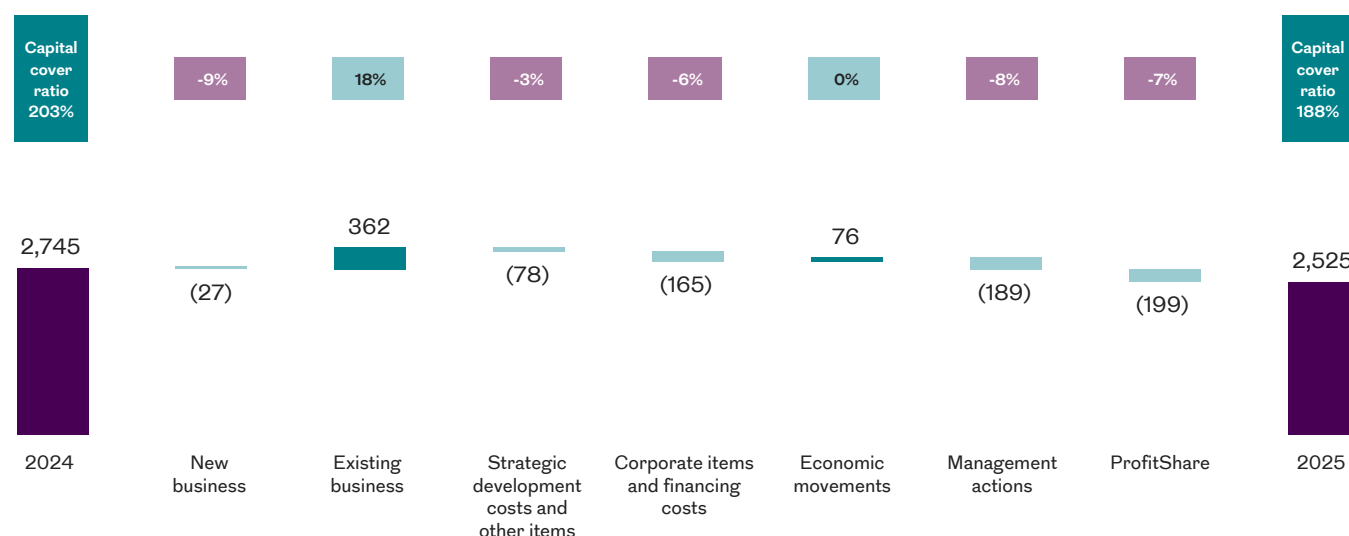
1. Solvency II leverage ratio is the Solvency II value of the Group's outstanding debt (which is entirely subordinated liabilities) divided by the Group's estimated Solvency II Own Funds (Regulatory View).

Financial review *continued*

Capital position and key Solvency II metrics (31 December 2025 is estimated and unaudited)

Group basis	Investor View £m	Closed funds £m	Regulatory View £m
Tier 1	4,101	1,663	5,764
Tier 1 (restricted)	416	—	416
Tier 2	880	—	880
Tier 3	11	4	15
Total Own Funds	5,408	1,667	7,075
Closed funds restriction	—	(1,502)	(1,502)
Tier 3 Own Funds restriction	(7)	—	(7)
Adjusted Own Funds	5,401	165	5,566
SCR	2,876	165	3,041
Solvency surplus – 31 December 2025	2,525	—	2,525
Solvency surplus – 31 December 2024	2,745	—	2,745
Capital cover ratio – 31 December 2025	188%	—	183%
Capital cover ratio – 31 December 2024	203%	—	196%

Movement in Group Investor View solvency surplus (£m)



Sensitivity analysis of Group Solvency II capital position

Our capital position is sensitive to changes in economic and non-economic assumptions. The 'Solvency II Investor View sensitivities' table on page 61 sets out a sensitivity analysis of the estimated capital cover ratio and solvency surplus based on possible different scenarios. The results of the sensitivity analysis show that the Group capital position is not materially impacted even in the event of significant external market volatility.

The 2025 Single Group Solvency and Financial Condition Report (SFCR) will be published on our website by April 2026 and will meet disclosure requirements for both the Group and the Company.

Scenario ¹	Investor View capital cover ratio (%)	Impact on solvency surplus (£bn)
Base scenario: 31 December 2025	188	2.5
25% decrease in equity investments	5	(0.1)
15% decrease in property prices	(1)	(0.1)
100bps rise in interest rates ²	2	—
100bps fall in interest rates ²	(3)	—
25bps increase in government bond yields ³	(1)	—
200bps widening in credit spreads ⁴	3	—
20% of assets downgrading in MA Portfolio ⁵	(1)	—
15% fall in GBP exchange rates	(3)	0.1
PRA Life Insurance Stress Test (LIST) 2025 ⁶	(1)	(0.4)

1. Sensitivities include movements in the Transitional Measure on Technical Provisions (TMTP), which was formally recalculated at 31 December 2025. The sensitivities do not include any subsequent rebalancing of the asset portfolio.
2. Interest rate sensitivities assume that government and other bond yields and risk-free rates all move by the same amount. Interest rates are allowed to be negative.
3. The government bond yield sensitivity assumes risk-free rates and other yields remain constant. The Matching Adjustment rate and Volatility Adjustment have been reassessed in the stressed scenario.
4. The widening in credit spreads stress assumes a widening in all ratings and an associated increase in the discount rate for the Royal London Group Pension Scheme and Royal Liver pension schemes at 25% of the asset spread stress. The Matching Adjustment rate and Volatility Adjustment have been reassessed in the stressed scenario.
5. The 20% assets downgrade scenario assumes a uniform downgrade across all asset class holdings in the Matching Adjustment (MA) portfolio, with no recovery in asset holdings. The MA rate has been reassessed in the stress scenario.
6. Relates to the results of stage 3 of the Financial markets (core) stress scenario from the PRA LIST 2025 exercise.

Rating agencies

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

Tax

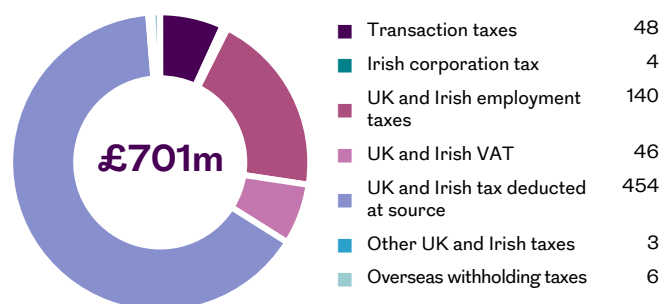
We are a major taxpayer and recognise that taxation is an essential way for businesses and individuals to contribute to society.

We are subject to various taxes, including corporate taxes, employment taxes on salaries and indirect taxes such as VAT. The corporation tax that the Company pays is a proxy for policyholder tax liabilities, paid on behalf of certain life assurance policyholders. For these life policies, tax is charged on taxable income, less expenses, and is largely driven by market movements. This tax is paid directly to HMRC by the Company as corporation tax on behalf of policyholders.

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

In 2025, the total tax contribution of the Group was £701m (2024: £651m). This is made up of £151m (2024: £132m) incurred directly by the Group and that impact our results, and £550m (2024: £519m) administered by the Group and collected from others for onward payment to HMRC and other tax authorities. During the year there was a net repayment of UK corporation tax of £7m driven by prior years. This repayment has been excluded from the numbers above. The numbers above also exclude transaction and withholding taxes suffered by investment funds that are not consolidated.

Tax contribution by Royal London (£m)



Risk overview

Risk overview



The Group is exposed to a broad spectrum of strategic, financial and operational risks. Our risk management framework underpins our ability to deliver good customer outcomes, grow our business sustainably and meet our regulatory obligations.”

Dr James McCourt

Group Chief Risk Officer

Overview

Our risk management framework sets the structure throughout the Group to identify, measure, manage, monitor and report our risks effectively. The Group Risk and Compliance (GR&C) team is a second line function which provides independent monitoring and challenge of business risks.

Ultimate accountability for the risks in the Group, and the internal controls we use to manage them, rests with the Board. It sets the Group's risk strategy, our preference for how we manage each risk and limits. GR&C supports both the Group Executive Committee and the Board by delivering clear, insightful risk assessments that inform strategic decision making.

Our approach to risk management is agile and responsive, allowing us to adapt to emerging threats and opportunities, and ensuring our strategy remains aligned with the changing external environment.

The Group has established formal committees to oversee risk reporting to the Board. These committees offer valuable insight and challenge on material risks, helping to ensure they are managed effectively and remain within agreed boundaries.

The Group is exposed to a broad spectrum of strategic, financial and operational risks. Effectively identifying these risks enables us to take proactive steps to mitigate their impact. Our risk management framework underpins our ability to deliver good customer outcomes, grow our business sustainably and meet our regulatory obligations.

Throughout the year, the GR&C function has overseen our business's management of risks including the ongoing monitoring of open and closed book customer outcomes following the implementation of the Consumer Duty. Additionally, the team supported the closure and mitigation of key operational resilience vulnerabilities ahead of the regulatory deadline in March 2025. We also continued to provide oversight and assurance across several strategic priorities, including Royal London's growth within the BPA market and the launch of our new Stocks and Shares ISA.

Our risk management approach

Our risk management system

This is designed to help us manage our risks effectively and includes our risk appetites and policies. It is underpinned by a strong risk culture.

We use **risk appetites** to define the nature and level of risk we are prepared to accept to deliver our strategy. Our risk appetites are aligned to our Group Purpose and strategy and are approved by the Board.

Our **risk policies** outline the way we manage and control risks in line with our risk appetite.

Our **risk culture** is our shared collective values, behaviours and attitudes towards risk management. It is shown most clearly in the execution of the duties and responsibilities that are outlined in our risk policies.

Our 'three lines' model

Effective risk management in day-to-day activities and decision making is demonstrated across our 'three lines' model. This defines the ownership of, and responsibilities for, risk and provides internal assurance on our risk management framework.

First line – business units and Group functions: accountable for identifying, measuring, managing, monitoring and reporting all risks relevant to their area of business. This includes the design and operation of suitable internal controls and the allocation of risk and control responsibilities.

Second line – Group Risk and Compliance function: provides specialist advice, oversight, challenge and assurance. The function maintains the risk management framework.

Third line – a Group-wide Internal Audit function: provides independent assurance and advice and has a reporting line independent of our executive management.

Across each line, we define and manage the accountabilities for all roles in line with the Senior Managers and Certification Regime (SMCR) requirements.

The Group's risk governance structure

Risk-related responsibilities of the Board

Board

Overall responsibility for the Group's risk strategy, risk preferences and risk appetite statements. It is also responsible for establishing and maintaining a framework of prudent and effective controls.

Risk-related responsibilities of the Board Committees

Risk and Capital Committee

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

Audit Committee

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

Remuneration Committee

Supports the Board including determining and implementing the Group's Remuneration Policy and the compensation of senior management by assessing risk-related performance and culture.

Risk-related responsibilities of management

Group Executive Risk Committee

Supports its members in discharging their regulatory responsibilities in respect of financial and operational risk management. This includes identifying emerging risks and monitoring strategic risks and aggregate Group exposures that may impact the Group's risk appetite and initiating action where needed.

Capital Management Committee

Supports the Group Chief Financial Officer by considering and developing proposals and recommendations in respect of the following:

- economic and regulatory landscapes
- balance sheet risk
- hedging strategies involving derivatives
- risk appetite oversight related to market, credit and liquidity risks
- performance and compliance of the Matching Adjustment portfolio
- review of capital and liquidity-related policies and risks.

Internal Model Governance Committee

Supports the Group Chief Risk Officer by developing proposals and recommendations designed to deliver and maintain an Internal Model that accurately reflects the business structure and risk profile.

Risk overview *continued*

Group risk appetite framework

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

1. The risk strategy

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

2. Risk appetite statements

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

3. Risk metrics

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

High-level risk appetite categories

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

Capital

We will maintain a robust capital position supported by good-quality assets.

Strategic

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

Liquidity

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

Insurance

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

Operational

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

Anti-corruption and Anti-bribery

We are committed to the highest standards of:

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

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

We regularly screen our policyholder, colleague and supplier databases against sanctions lists issued by the US, EU and UK governments to ensure compliance with applicable laws and regulations. We also screen these databases against lists of politically exposed persons and adverse media to identify higher-risk situations and fulfil our regulatory obligations.

Capital Model

Our PRA-approved Capital Model enables us to measure the financial and operational risks to our business. This ensures we hold sufficient capital to cover those risks. Our integrated risk and capital management processes enable effective risk-based decisions using strong capital modelling and internal controls.

The Board is responsible for the system of internal control as well as for reviewing its effectiveness. Throughout the year, the Board reviewed the Group's risk management system and internal control system effectiveness considering matters arising up to the approval date of this Annual Report and Accounts.

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

During 2025, positive steps were taken to strengthen our cyber security control, making improvements to keep pace with external threats and progressively reduce the risk profile. Given its critical importance, the Board will maintain a strong focus on this area.

In addition, the Board continued to focus heavily on the Group's approach to servicing customers, managing the delivery of its change agenda, and closing and mitigating key vulnerabilities in our operational resilience.

Principal risks and uncertainties

The principal risks and uncertainties facing our Group are set out on pages 66 to 70, including details on how we identify, manage and monitor them, along with the change in risk exposure since our 2024 Annual Report and Accounts.

The Risk and Capital Committee completes a full review of these risks and uncertainties annually before the publication of our Annual Report and Accounts. It also considers any material changes ahead of the publication of our interim report.

Throughout 2025, we prepared for the upcoming changes to the UK Corporate Governance Code, and in particular Provision 29. This is a revision to the Code which will require Boards of firms to declare whether their risk management and internal control systems are effective, and to explain the basis for that assessment.

The Group operates in an environment where risks arise from both external factors and internal activities.

Key risks, which continue to impact the environmental markets in which we operate, stem from:

- evolving government policies
- geopolitical tensions and conflicts in various regions
- the increasing sophistication of fraudulent activity and cyber crime
- ongoing developments in climate transition and other environmental factors
- changing consumer and adviser behaviour
- increased fraudulent activities and cyber crime
- ongoing changes in mortality and persistency

Alongside these external factors, we manage a range of risks within our control, including operational and financial-related risks. Through strong governance and proactive risk management frameworks, we aim to mitigate these controllable risks effectively while remaining responsive to external developments. In 2026, this will include a revision to our risk appetite framework to reflect the wider nature of environmental risk arising from climate change and nature loss.

The following pages set out the principal risks and uncertainties relevant to the Group's business operations.



Principal risks and uncertainties *continued*

Climate change

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

- respond appropriately to the climate-related risks associated with market risk
- develop or modify propositions in line with changing government or regulatory policy, and market sentiment
- deliver effectively against our climate commitments , as set out in our Climate Transition Plan and communicate the progress we are making transparently
- disclose our response to climate risks appropriately and meet climate-related regulatory and disclosure requirements.

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

 Further details of the risks and opportunities that climate change poses to our business are included on pages 33 to 34.

Mitigation and management

Our approach to managing climate risks is outlined in detail on pages 28 to 30. We continue to embed climate risk reporting across the business and enhance our climate risk appetite framework to meet the expectations of the PRA’s Supervisory Statement SS5/25. This sets out expectations for how firms manage risks from climate change and environmental factors within their governance, risk management and disclosure framework.

This includes improving our understanding of how climate and nature risks interact. We carried out an exercise to develop medium-term narrative climate scenarios to better understand the impact of climate-related risks on Royal London. We will begin to develop the scenarios for use in qualitative and quantitative analysis of climate-related risks in 2026. For more detail see page 33.

In June 2025, we published our Climate Transition Plan, detailing the actions we expect to take to progress our climate strategy and the potential impact on our business and customers. We continued to embed our enhanced Responsible Investment and Stewardship Policy across the Group and published our Fossil Fuel Investments Position – this included phasing out investments in companies heavily involved in thermal coal during 2025.

We have also established an external ESG advisory group to provide additional expert challenge to support the ongoing development of our sustainability and responsible investment strategy. This supplements internal expertise and capability with additional specialist expertise and challenge, including legal and academic knowledge.

Clear, consistent messaging along with continued progress towards climate targets are essential to maintain brand trust and market competitiveness.

Change

Geopolitical developments such as regulatory rollbacks and the backing away from industry alliances, particularly in the US, have increased uncertainty for corporate climate strategies. This is because financial institutions depend on clear leadership from governments and policymakers to achieve their climate ambitions. There is, however, no significant evidence of a uniform roll-back of climate regulation and policy. Our ongoing activities reflect our continued commitments.

Climate change continues to be a focus for UK regulation. In 2025, the government consulted on a new framework for sustainability reporting. The PRA also issued a Supervisory Statement (SS5/25) setting out enhanced expectations for how insurers manage climate-related risks. These emerging requirements will require capacity and expertise to co-ordinate implementation.

Physical and transition risks are expected to grow, potentially affecting investment performance and customer resilience.

The economy and Royal London’s key markets

Changes in market conditions can affect the Group’s capital position, profitability and long-term investment performance. The economic environment can be influenced by external inherent risk factors including:

- geopolitical conditions, including international unrest and war between nations
- the political and legislative landscape, including actions by governments, including sanctions and trading restrictions
- economic factors comprising inflationary pressures and corresponding monetary and fiscal policy
- intervention by central banks and regulators
- market and sector sentiment.

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

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

We adapt our business model to seize opportunities and address challenges driven by economic and market movements.

Mitigation and management

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

We complete regular reviews, with stress testing carried out and management actions identified where appropriate. These evaluations enable us to consider current and future changes in markets, and consumer and adviser behaviour.

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

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

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

Change

The current economic environment remains uncertain. Inflation has fallen but remains higher than the UK government’s target of 2%. In addition, ongoing and unpredictable geopolitical tensions, and conflicts in various regions, continue to amplify economic instability. For example, the war in Iran is impacting investment markets and the price of oil and gas, with rising expectations that it will impact both interest rates and inflation in the short to medium term.

The Bank of England continues to warn consumers that elevated interest rates, relative to those prevailing for the past decade, can be expected to persist. This will continue to impact economic growth in the UK and present cost of living challenges for our UK customers.

Current indicators do not point to any significant movement in risk, yet persistent inflation and geopolitical uncertainty could exert increasing strain if the environment turns less favourable or if the US-Israeli war with Iran extends for a prolonged period.

Principal risks and uncertainties *continued*

Changing political and regulatory environment

Changes to our domestic, political and regulatory environment can affect our business in several ways. These can adversely impact:

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

Mitigation and management

We closely monitor the political and regulatory landscape to assess continuously the impact of political and regulatory developments on our business and the markets we operate in. This enables us to shape propositions that remain compliant, deliver positive outcomes for our customers in line with the Consumer Duty, and align with the expectations of our distributors.

We continue to have representation on industry bodies, including senior committees of the Association of British Insurers, and respond to consultations on regulatory changes. We are a founding member of the Mutual and Co-operative Business Council which supports the government in its ambition to double the size of sector.

Our regular monitoring identifies external developments that could adversely impact our business model. These include potential regulatory changes, such as the FCA’s proposals on Targeted Support and pure protection products. We recognise that these developments also carry opportunity risk, as insufficient engagement could reduce our capacity to respond effectively and continue delivering good outcomes for our customers. We also seek to influence the course of political and legislative issues in a way that we consider to be in the best interests of our customers.

Change

In 2025, there continued to be strong policy focus on pensions and the UK’s regulatory architecture as the government sought to inject greater economic growth into the economy.

The Pensions Commission was launched to focus on the long-term adequacy of private pensions, and we will engage closely with its work ahead of its final report in 2027. The government also introduced the Pension Schemes Bill. It seeks to create bigger, more sophisticated pension schemes. Issues of particular importance to our customers in the Bill include the value for money framework, small pot consolidation and guided retirement decumulation options. Royal London signed the Mansion House Accord in May 2025, and we are well positioned to meet its asset allocation criteria for investing in private markets, especially in the UK.

The regulatory advice market is changing. We have long supported the development of Targeted Support which is due to come into operation in April 2026. The initiative presents a significant opportunity to deliver meaningful benefits for customers, while requiring careful consideration of compliance, customer outcomes and operational resilience. These elements are embedded within our risk framework and are subject to ongoing oversight to ensure robust governance.

Maintaining our operational resilience

A range of internal or external events could lead to the disruption or failure of our Important Business Services, core processes and operational capabilities. Such events can impact our ability to deliver services to customers, maintain compliance with regulatory requirements or sustain business continuity. This can lead to financial losses, reputational damage, customer detriment and loss of customer trust.

Cyber security threats continuously challenge the Group’s data and systems. Criminals increasingly target organisations with disruptive attacks like ransomware, which can offer them significant financial gains. The risk of state-sponsored cyber attacks is also rising, especially as geopolitical tensions, often unpredictable in nature, intensify. In line with other large financial services organisations, we have several material relationships with third parties. Operational disruptions or service degradation by suppliers can directly impact our ability to deliver positive outcomes for customers.

Mitigation and management

We have identified, tested and continuously monitored the important business services throughout the Group. We have robust business continuity and disaster recovery plans in place which are regularly reviewed and tested.

We continue to enhance and strengthen our security systems by investing beyond core controls to reduce vulnerabilities. Our approach is proactive, supported by advanced monitoring, prevention and testing. Cyber security awareness is embedded in our training, reinforced through exercises and assessments that promote a strong security culture. As part of this, we conduct regular stress tests and maintain ongoing reviews of emerging cyber risks.

We manage potential risk exposures from outsourced services to ensure our customers are not exposed to heightened risk. The Board approves any material outsourcing arrangements before they are entered into.

We continue to maintain our focus on cyber resilience and staying in a heightened state of readiness. We also routinely review our cyber resilience stance, drawing on insights from the National Cyber Security Centre and other trusted sources.

Change

The cyber threat environment continues to evolve, with external actors demonstrating greater sophistication and activity. The dynamic and unpredictable nature of these threats persists, alongside the increasing misuse of generative AI that could lead to an increase in customer identification fraud.

Ongoing and unpredictable conflicts in various regions have heightened the likelihood of nation-backed cyber attacks. All industry sectors continue to report a strong and steady rise in ransomware threats.

This more complex and heightened risk landscape reinforces the need for continued vigilance and resilience.

Principal risks and uncertainties *continued*

Maintaining our financial strength

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

- not having sufficient financial resources to meet obligations as they fall due or only being able to meet obligations at excessive cost
- being unable to access reliable and appropriate sources of funding to support our business at any given time
- materially understating our reserves or our assessment of capital requirements following regulatory or legislative changes, or shifts in long-term trends in factors such as mortality, lapse rates and expenses
- an increase in our funding commitments for defined benefit pension schemes
- failure or default of one or more of our counterparties
- using assumptions that are subsequently proven to be wrong, resulting in a significant financial correction.

Mitigation and management

We use our expertise to evaluate and set prices for identified risks, ensuring reserves remain suitable. Stress and scenario testing supports our calculations of reserves. It also evaluates key assumptions against combinations of extreme events. If actual claims experience proves worse than expected, our reinsurance will provide substantial mitigation.

We assess the ability of the business to withstand 'severe but plausible' financial scenarios as part of our longer-term viability statement on page 71. We also assess the ability of our hedging programmes to ensure the stability of our capital position through periods of market volatility.

We identify, assess and test liquidity and funding risks. This includes the monitoring of liquidity metrics against agreed limits to ensure we remain within agreed appetite limits, maintain appropriate levels of liquid resources and maintain access to funding lines.

We monitor our financial strength through our risk management framework, taking action as appropriate across our risk profile. Additionally, our Pensions team supports trustee boards to identify, assess and implement initiatives to reduce risk in our defined benefit schemes.

We also monitor and report on counterparty limits.

Change

While instability and uncertainty persist within the markets in which we operate, driven primarily by factors such as the economic outlook and global trade dynamics, this risk remains consistent with prior periods. We continue to monitor potential shifts in customer behaviour closely.

The Group maintains a strong capital and liquidity position, supporting resilience under a range of actual and modelled market stresses and scenarios.

Emerging risks

We define emerging risks as threats and opportunities that could emerge from the external or internal environment where the potential impact is not fully known. They can create new exposures or increase our existing exposure to known principal risks and uncertainties.

We assess the Group's emerging risks throughout the year, evaluating their potential impact on our strategy and current risk profile. These evaluations draw on insights from strategic risk owners and subject matter experts. Our risk profile reflects current strategic risks and emerging drivers that may influence our future strategic direction. Once identified, the risks are managed in line with our emerging and strategic risk management framework and monitored at our Emerging and Strategic Risk Forum.

Our Group Executive Risk Committee routinely reviews our strategic and emerging risk profile. Examples of the areas that it reviews include:

- unpredictable and escalating geopolitical tensions resulting in a significant shift in global geopolitics, including the impact of international unrest and conflicts
- shifts within the distribution landscape which may influence consumer behaviour and potentially lead to poor customer outcomes
- possible risks that AI might present to society, weighed against the benefits it could offer
- changes in the direction of discussions and expectation on nature-related risk within our industry
- intergenerational disparities leading to a growing reliance on the working population to support those within an ageing, non-working demographic.

Longer-term viability statement

The assessment process

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

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

The Board continues to carefully consider the impacts on the Group capital and liquidity position of wider macroeconomic factors, including from ongoing geopolitical tensions. Our hedging strategy has ensured that our capital position has remained robust, despite market volatility. Collateral calls driven by volatility in interest rates have been managed within the Group's existing liquidity and collateral arrangements, and the Board continues to ensure that the management of this risk is robust. A wide range of potential changes in future customer behaviour is also considered, with management actions available to mitigate against the plausible extreme scenarios identified. The risk surrounding the development of these and other significant external events is set out in the 'Principal risks and uncertainties' section on pages 65 to 70.

The directors have no reason to believe the Group will not be viable over a longer period, but they consider the three years up to 31 December 2028 to be the period during which they can form a reasonable expectation of the Group's longer-term viability because uncertain future changes in the economic, technological and regulatory environment make it more challenging to forecast for any longer period. Three years is within the period covered by the Group's business plan.

Approach to stress testing

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

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

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

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

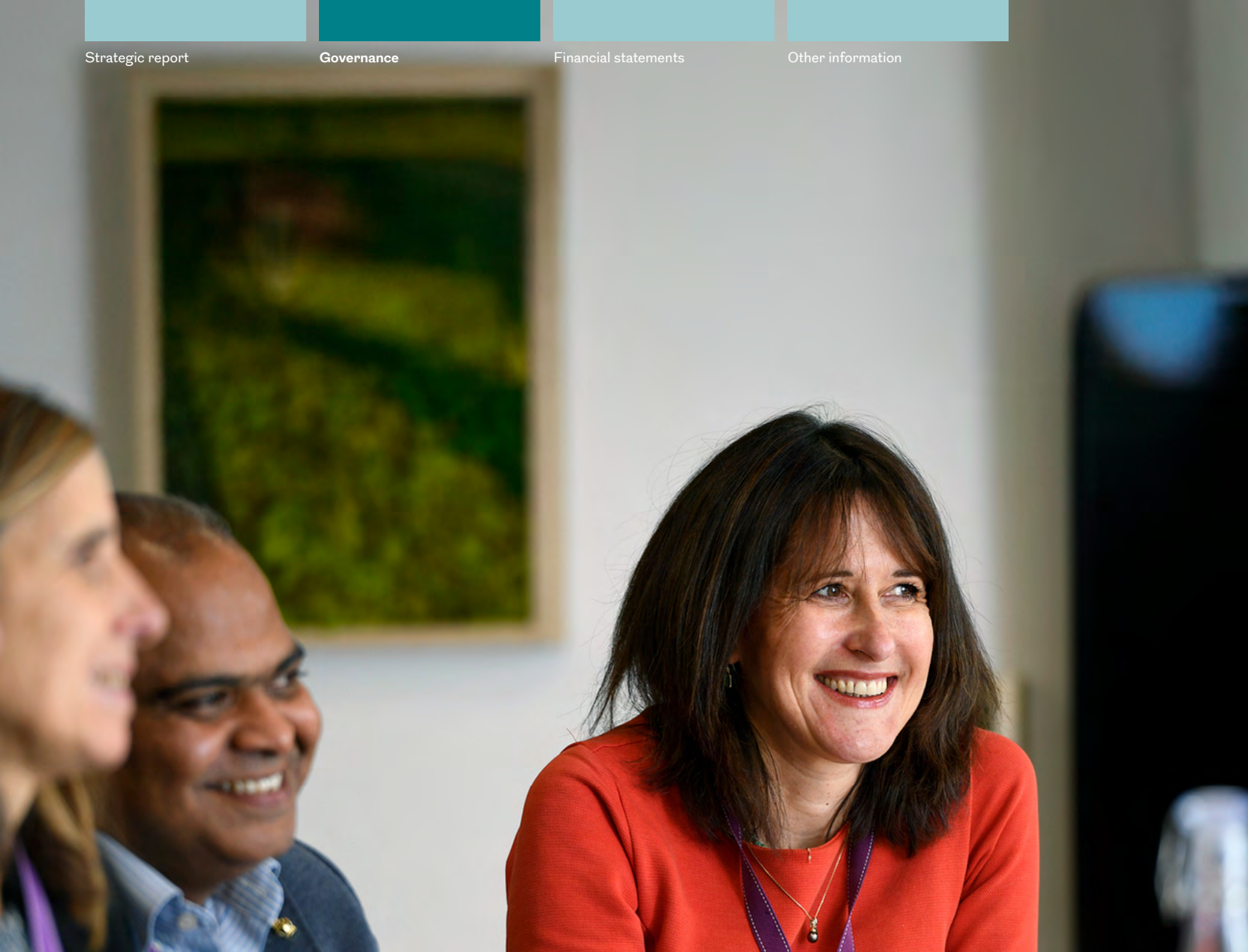
Reverse stress tests have also been conducted, which identify scenarios that may lead to the failure of the business model. The combinations of events required to cause failure of the business are extremely severe, and consequently are so remote that they are not considered to affect the directors' expectations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

Viability statement

Based on their robust assessment of the principal risks and uncertainties facing the Group and the stress testing-based assessment of the Group's prospects described above, the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation, and meet its liabilities as they fall due, over the period to 31 December 2028.

Going concern

The directors are satisfied that the Group has adequate resources to continue in business for at least 12 months from the date of approval of the financial statements. Therefore, the directors consider it appropriate to prepare the financial statements on a going concern basis, as explained in note 1 (a) to the financial statements on page 137.



Governance

Code compliance statement

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

requirements of Provision 29 of the Code relating to the effectiveness of the risk management and internal control framework will apply to the financial year beginning on 1 January 2026. Until then, the Company continues to comply with Provision 29 of the 2018 UK Corporate Governance Code.

With respect to our approach to Provision 5, the Code suggests three methods for engagement with the workforce and allows companies to adopt alternative arrangements. The Board has opted for a bespoke engagement with the workforce which it considers to be appropriate and effective. This is facilitated through a number of forums, which provide feedback and opinions that are reported to the Board during the year. In addition, Board members directly participate in live colleague engagement sessions alongside the executive. You can read about our bespoke approach on page 20.

Governance framework

Board

The Board is responsible for promoting the long-term sustainable success of the Group in a manner that seeks to generate value for its members while taking account of the interests of its stakeholders, the impact on the environment, and contribution to wider society. The Board sets the Group's strategy and objectives in line with its Purpose and monitors implementation of these by the Group's executive, while overseeing the maintenance of the Group's effective systems of risk management and controls.

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

The Board acts in accordance with the Company's Articles of Association, all relevant laws and regulations, and corporate governance and stewardship standards. To assist in the delivery of its mandate, it has established committees to which it has delegated specific authority as set out in their respective terms of reference. The Group Corporate Governance Framework, the schedule of matters reserved for the Board and the committees' terms of reference are available at www.royallondon.com.

Chair

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

Group Chief Executive Officer

Leads the day-to-day management of the Group, within authorities delegated by the Board and in line with ethical and regulatory standards, while ensuring that an inclusive culture and strong values are in place.

Senior Independent Director

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

Non-executive directors

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

Audit Committee

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

 [Read the report on pages 82 to 85](#)

Remuneration Committee

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

 [Read the report on pages 96 to 99](#)

Disclosure Committee

Supports the Board in reviewing proposed announcements by the Group and sensitive information and/or financial or regulatory information in advance of disclosure.

Risk and Capital Committee

Supports the Board in fostering a strong risk culture through overseeing the Group's risk exposures, risk strategy and capital position.

 [Read the report on pages 90 to 91](#)

Investment Committee

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

 [Read the report on pages 94 to 95](#)

Nominations and Governance Committee

Recommends the appointment of members of the Board and its committees, and members of certain subsidiaries' boards and committees, and monitors the governance arrangements within the Group.

 [Read the report on pages 86 to 89](#)

With-Profits Committee

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

 [Read the report on pages 92 to 93](#)

Independent Governance Committee

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

 [More details are available at www.royallondon.com/IGC](http://www.royallondon.com/IGC)

Group Executive Committee

Supports, in accordance with the designated SMCR roles of its members, the Group Chief Executive Officer in the day-to-day management of the Group. The names and biographies of the members of the Group Executive Committee are available at www.royallondon.com.

Our Board

Below are the names and short biographies of the directors who are members of the Board as at 5 March 2026.

Isabel Hudson

Chair

NG R



Skills and experience

Isabel has extensive experience in financial services, and in the telecommunications and house building sectors. She has held non-executive roles at BT Group plc, RSA Insurance Group plc, Phoenix Group Holdings (Jersey), Standard Life plc, QBE Insurance Group Ltd. (Australia), Marine And General Mutual Life Assurance Society, The Pensions Regulator and AXA SA. She previously also chaired the National House-Building Council.

External appointments

- Chair of The Guide Dogs for the Blind Association
- non-executive director of ISC Group, which supports the development of women in insurance.

Mark Rennison

Senior Independent Director

RC A NG R



Skills and experience

Mark is a chartered accountant with extensive experience of working with and for large financial services organisations. He was Chief Financial Officer at Nationwide Building Society for 12 years. Prior to that, he spent over 25 years at PwC, including 12 years as a partner in its banking practice. He has held non-executive roles at TSB Bank plc, TSB Banking Group plc, and Homes England.

Mark became our Senior Independent Director on 23 September 2025.

External appointments

- non-executive director of NatWest Holdings Limited, National Westminster Bank plc, The Royal Bank of Scotland plc and Coutts & Company.

Barry O'Dwyer

Group Chief Executive Officer

D



Skills and experience

Barry is an actuary with extensive financial services experience in the UK and Ireland. He has held senior roles at Standard Life, HBOS and Prudential. He joined the board of Standard Life plc in 2017 and, following its merger with Aberdeen Asset Management, he was the head of Standard Life Aberdeen plc's UK business before joining Royal London in 2019.

External appointments

- member of the board of the Association of British Insurers
- member of the board of the International Cooperative and Mutual Insurance Federation
- non-executive director of Coop Exchange Limited.

Daniel Cazeaux

Group Chief Financial Officer

D I WP



Skills and experience

Daniel is a chartered accountant. From 2008 to 2020, he was a partner at KPMG in the UK, where he led global client teams delivering audit services to UK and global insurance companies, advised on finance change programmes and transactions and performed executive secondment roles into finance functions of large UK insurers. He currently serves as a director of RLI DAC, Royal London's business in Ireland.

External appointments

None.

Baroness Ruth Davidson PC

Independent Non-Executive Director

R



Skills and experience

Baroness Davidson has extensive experience in politics. Before this, she was a news and current affairs journalist. Until recently, she was a trustee of the HALO Trust, a board member of The John Smith Centre for Public Service at the University of Glasgow and a member of the Scottish Branch of the Commonwealth Parliamentary Association.

External appointments

- non-executive director of Scottish Rugby Limited and the food manufacturer W.A. Baxter & Sons
- director of The Royal Edinburgh Military Tattoo Limited
- co-presenter of 'Electoral Dysfunction' for Sky News.

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

Jane Guyett CBE

Independent
Non-Executive
Director



Skills and experience

Jane has extensive knowledge and experience of financial markets and corporate governance in the UK and globally. She has held senior roles with Bank of America Merrill Lynch, including as COO for EMEA and Asia. She was previously a non executive director of UK Financial Investments Limited and UK Government Investment Limited, and Chair of Connect Plus (M25) Limited.

External appointments

- independent non-executive director of LCH Limited, Banque Centrale de Compensation SA, Paris
- senior independent director at Hiscox Group
- member of BDO LLP's Public Interest Committee and Oversight Board.

Eithne McManus

Independent
Non-Executive
Director



Skills and experience

Eithne is a chartered enterprise risk actuary and an experienced non-executive director in the life and pensions industry. During her executive career, she was Chief Executive of City of Westminster Assurance. She has also held non-executive directorships at Countrywide Assured, CASLP Limited, LGPS Central, UIA Insurance (a mutual insurer) and was an independent member of the With-Profits Committee at the Prudential Assurance Company.

External appointments

- non-executive director at Countrywide Assured plc, Chesnara Life (UK) Limited and SCOR Ireland DAC.

Pars Purewal

Independent
Non-Executive
Director



Skills and experience

Pars is a chartered accountant, has deep experience of asset management and currently chairs RLAM Limited. He retired as a senior partner of PwC after a career of over 37 years, including 10 years as PwC's UK Asset Management leader. More recently, he served on the boards of directors of Brewin Dolphin Holdings plc and Federated Hermes Limited. He also chaired the board of trustees of the Beyond Food Foundation.

External appointments

- Chairman of Finsbury Growth & Income plc
- non-executive director of The Law Debenture Corporation plc.

Nicky Richards

Independent
Non-Executive
Director



Skills and experience

Nicky has extensive experience of business and investment leadership. She has held executive roles at Schroders plc and Fidelity International, and was Chief Executive Officer and Chief Investment Officer of MLC Asset Management. Her non-executive experience includes being a non-executive director of RWC Partners Limited, which she chaired between 2016 and 2020, after which she remained as a non-executive until November 2024.

External appointments

- Chair of Schroder Asia Pacific Fund plc
- non-executive member of the Investment Sub-Committee of King's College London.

Gregor Stewart

Independent
Non-Executive
Director



Skills and experience

Gregor has extensive financial services experience across the insurance and asset management industries. During his 23-year career at EY, where he became partner in 1999, his focus included large audit and advisory clients across the insurance, pensions and investment management industries. He then joined Lloyds Banking Group plc as Finance Director of its Insurance Division. He was previously Chair of Alliance Trust plc, Chair of Quilter Financial Planning Ltd and non-executive director of Direct Line Insurance Group plc.

External appointments

- Chair of FNZ Group
- Chair of the Royal Scottish National Orchestra.

Scan to read the directors' comprehensive biographies at www.royallondon.com



2025 Board and committee meeting attendance

The following table lists the directors who served during the reporting year and up to the date of signing of this Annual Report and Accounts, as well as their respective dates of appointment and, where relevant, resignation. In 2025, the Board and its committees met both regularly and on an ad hoc basis, as required by business needs. Below is each director's attendance at the Board meetings, and the committee meetings of which they are a member. Directors who are unable to attend a meeting are provided with the supporting papers in advance and have the opportunity to provide comments.

Director name	Appointed to Board	Resigned from Board	Board	Audit Committee	Nominations and Governance Committee ¹	Risk and Capital Committee	With-Profits Committee ²	Investment Committee ³	Remuneration Committee
Isabel Hudson	10 February 2025	-	8/9	-	6/6	-	-	-	6/7
Mark Rennison	25 September 2020	-	11/11	6/6	7/7	8/8	-	-	3/3
Barry O'Dwyer	8 January 2020	-	11/11	-	-	-	-	-	-
Daniel Cazeaux	22 September 2020	-	11/11	-	-	-	6/6	5/5	-
Baroness Ruth Davidson PC	8 June 2021	-	11/11	-	3/3	-	-	-	10/10
Jane Guyett CBE	4 August 2021	-	11/11	-	7/7	8/8	-	-	10/10
Eithne McManus	1 April 2023	-	11/11	6/6	3/3	8/8	6/6	-	-
Pars Purewal	8 February 2023	-	11/11	5/6	2/3	-	-	-	-
Nicky Richards	5 October 2023	-	11/11	-	3/3	-	-	5/5	-
Gregor Stewart	2 June 2025	-	4/5	3/3	3/4	3/4	-	1/1	-
Kal Atwal	17 January 2020	16 January 2026	11/11	-	3/3	-	-	5/5	-
Lynne Peacock	1 December 2023	9 February 2025	2/2	-	1/1	-	-	-	3/3
Tim Tookey	6 April 2020	3 June 2025	5/5	3/3	3/3	4/4	-	-	-

1. The membership of the Nominations and Governance Committee was reviewed and reduced from ten to four members on 16 July 2025 as detailed on page 86.
2. In addition to Daniel Cazeaux and Eithne McManus as non-independent members, the With-Profits Committee composition includes the following independent members: Carl Dowthwaite, Rebecca Hall and Emmy Labovitch, each of whom attended all six meetings of the committee during 2025, and Alison Jones who attended five out of the six meetings.
3. In addition to Nicky Richards, Gregor Stewart and Daniel Cazeaux, Andrew Connell is an independent member of the Investment Committee and attended all five meetings of the committee during 2025.

Board highlights as at 5 March 2026

Gender



■ Female 50%
■ Male 50%

Board tenure



■ 0-2 years 20%
■ 2-4 years 30%
■ 4-6 years 50%

Section 172 statement



Section 172 of the Companies Act 2006 requires directors to have regard to certain matters when performing their duty to promote the success of the Company for the benefit of its shareholders, including having regard to the interests of key stakeholders. This section, including the following table, which references information contained throughout this Annual Report and Accounts, and the examples overleaf, evidence how the Board discharged its duties under Section 172, including through its delegation to its committees, and how it engaged with its key stakeholder groups during 2025:

Section 172 factor	Annual Report and Accounts page
The likely consequences of any decision in the long term	Group Chief Executive Officer's review on pages 8 to 9 Our Purpose outcomes on pages 4 to 5 Business review on pages 44 to 53
The interests of the Company's employees	Group Chief Executive Officer's review on pages 8 to 9 Our colleagues on pages 20 to 21 Remuneration Committee report and Directors' Remuneration Report on pages 96 to 122
The need to foster the Company's business relationships with suppliers, customers and others	Engaging with our stakeholders on pages 16 to 22
The impact of the Company's operations on the community and the environment	Chair's statement on pages 6 to 7 Our Purpose outcomes on pages 4 to 5 Engaging with our stakeholders on pages 16 to 22 Stewardship and climate on pages 23 to 42
The desirability of the Company maintaining a reputation for high standards of business conduct	Stewardship and climate on pages 23 to 42 Principal risks and uncertainties on pages 65 to 70 Code compliance statement on page 72 Board committee reports on pages 82 to 99
The need to act fairly as between members of the Company	Engaging with our stakeholders on pages 16 to 22 With-Profits Committee report on pages 92 to 93

Section 172 statement *continued*

Acquisition of Dalmore Capital

During 2025, the Board focused on the acquisition of Dalmore Capital, a UK-based infrastructure asset manager which manages approximately £6bn of assets across five flagship funds and with investments in several nationally significant infrastructure projects. As part of the acquisition, Royal London intends to commit up to £500m to future Dalmore Capital funds.

In advance of approving the acquisition, the Board considered the strategic benefit for Royal London in broadening its Private Assets capabilities and being able to provide customers with access to a wider range of investment options to support their retirement ambitions. The Board also reviewed all relevant risk, capital and governance arrangements.

The Board considered that the Dalmore Capital portfolio has strong environmental and socially positive credentials. Assets include the Thames Tideway Tunnel, as well as 24 operational wind farms in the UK with total capacity of 562MW and a portfolio of run-of-the-river hydro generation projects in Scotland.

The transaction completed in November 2025.

Climate Transition Plan

In June 2025, Royal London published its inaugural Climate Transition Plan. This discloses our climate strategy, in alignment with guidance from the Transition Plan Taskforce. In preparation for this, the Board had already held preparatory sessions and provided feedback during 2024. In February 2025, the Board met to review, debate and approve the final draft of the Climate Transition Plan, in advance of its publication in June. The Board stressed the need to ensure that the Climate Transition Plan should act as a single Group-wide document to describe our climate strategy, and also that it should set out our delivery plans in as much detail as possible – including in relation to Royal London's position on fossil fuel investment and on the development of climate-aware investment solutions.

The Climate Transition Plan is an important document that will support customer and client decision making by sharing the strategy to deliver on our climate commitments. It also aligns with the second pillar of our Purpose – playing our part in moving fairly to a sustainable world. Our commitments are based on the expectation that governments and policymakers will deliver on their commitments to achieve the goals of the Paris Agreement, and that the required actions do not go against our legal and regulatory obligations to our members and customers.

Supplier relationships

The relationship with suppliers and the resilience of the supply chain are essential to driving better value for the Group's business and ensuring that colleagues and systems can function effectively for members and customers. The Group, as required, reports on a half-yearly basis on its payment practices, policies and performance, with a continuous focus on avoiding negative impacts on suppliers due to late payments. In addition, the Risk and Capital Committee maintains oversight of the risks associated with material supplier relationships and annually reviews the functioning of major supplier contracts to ensure that these remain in line with the Group's expectations.

In May 2025, the Board approved a statement for 2024 in accordance with Section 54 of the Modern Slavery Act 2015, setting out the steps that the Group has taken to prevent modern slavery and human trafficking in its business and supply chain. To evidence its continuous efforts and oversight, the Board will review and approve a statement for the year 2025 before the deadline of 30 June 2026. All published statements under the Modern Slavery Act 2015 are available at www.royallondon.com.

Other focus areas of the Board during 2025

Strategy

- Debated key strategic areas, including Individual and Workplace Pensions, Asset Management and investment solutions. Preparation for the annual strategy meeting included expert external consultancy review and challenge. This helped ensure that the Board was equipped with rich insights into the market context and emerging strategic risks
- Approved the investment of around £100m to enhance Royal London's Workplace Pensions offering over the next three years
- Oversaw the progress toward the launch of the new Stocks and Shares ISA offering, noting how the product would further strengthen Royal London's customer proposition
- Approved the acquisition of Dalmore Capital and the strategic benefits that would accrue by accelerating RLAM's presence in UK infrastructure
- Approved an agreement with Capita to transfer the administration and servicing of certain of Royal London's longstanding customer policies in-house
- Received a deep dive into Royal London's technology strategy, underpinned by a focus on increased productivity, including AI-driven gains, a future-fit workforce and development of the technology stack.

Performance

- Received regular updates and detailed quarterly reports from the Group Chief Executive Officer and the Group Chief Financial Officer on the performance and financial position of the Company and its subsidiaries
- Received regular reports from the Group Chief Risk Officer on the key risks in the business and regulatory interactions
- Received regular updates from the Group Chief Operating Officer on our technology and operational priorities.

Finance and capital

- Reviewed and approved the Group's 2025 Interim Results Announcement and 2024 Annual Report and Accounts
- Reviewed and approved the 2024 ORSA and the 2024 SFCR
- Reviewed and approved the Group's business plan.

Risk management

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

Members and customers

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

People

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

Directors' report

The directors of the Company present their report, together with the Group's audited consolidated financial statements, for the year ended 31 December 2025. The names of the directors in office at the date of signing the financial statements, along with their respective biographies and Board appointment dates, are set out on pages 74 to 75.

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

Directors' conflicts of interest

In accordance with the Company's Articles of Association, the Board continuously reviews the interests of directors and their connected persons. During 2025, none of the directors' interests that conflicted or potentially conflicted with the interests of the Group, all of which related to directors' outside appointments, were found to present an actual conflict of interest. Any identified and authorised conflicts are assessed and managed on an ongoing basis.

Directors' and officers' liability insurance

In accordance with company law and the Company's Articles of Association, a directors' and officers' liability insurance policy is maintained in respect of the Company and its directors, which was in force during 2025 and through the date the Annual Report and Accounts were approved. In addition, pension trustee liability indemnity policies (which include third-party indemnity) are maintained for the boards of trustees of pension schemes, where required. Also, the directors of certain Group entities have the benefit of an indemnity which is a qualifying indemnity provision as defined in the Companies Act 2006.

Persons with significant control

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

Dividends

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

Political donations

No political donations were made in 2025 (2024: £nil).

Consideration for employees

'Our colleagues' section on pages 20 to 21 details the way in which the Company has engaged with employees, and the support and personal and professional development opportunities available to employees.

Branches

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

Annual General Meeting

The Company's 2026 AGM will be held at The Westin London City Hotel, The Westin Ballroom, Huggin Court, London, EC4V 4AY and online at 11am (BST) on Tuesday 2 June 2026.

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

Financial instruments

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

Auditor

KPMG has indicated its willingness to continue in office. A resolution to reappoint KPMG as the statutory auditor of the Group will be proposed to the members at the 2026 AGM, together with a resolution to authorise the Audit Committee to determine KPMG's remuneration.

Disclosure of information to auditor

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

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

Subsequent events

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

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

Isabel Hudson

Chair
5 March 2026

Statement of directors' responsibilities

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

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

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

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

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

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

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

Having taken into account all matters considered by the Board and brought to its attention during the year, each of the directors, whose names and functions are shown on pages 74 to 75, confirms that to the best of their knowledge:

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

By order of the Board:

Isabel Hudson

Chair

5 March 2026

Daniel Cazeaux

Group Chief Financial Officer

5 March 2026

Audit Committee



Purpose of the committee

The committee supports the Board in overseeing the Group's financial and regulatory reporting, the effectiveness of financial reporting controls, and internal and external audit processes. Details of the duties and responsibilities of the committee can be found within its terms of reference, which are reviewed annually and are available at www.royallondon.com.

Committee membership and meetings

As at March 2026, the committee comprises four independent non-executive directors. The qualifications and experience of each committee member are included in their biographies on pages 74 to 75.

The committee held six meetings in 2025. When relevant, committee meetings were also attended by the Chair of the Board, the Group Chief Executive Officer, the Group Chief Financial Officer, KPMG and members of senior management, including the Group Chief Audit Officer. The committee members' names and meeting attendance record are set out on page 76.

The committee meets privately and separately on a regular basis with KPMG, the Group Chief Audit Officer, the Group Chief Financial Officer and the Group Chief Actuary. These meetings provide an opportunity to discuss any matters such as the level of co-operation needed and adequacy of resources.

Dear member,

I am pleased to present the Audit Committee report for the year ended 31 December 2025.

I succeeded Tim Tookey as Chair of the committee following Tim's retirement from the Board in June 2025. I would like to take this opportunity to thank Tim for his service to the committee and for adding substantial value to its deliberations. In addition, as reported last year, the committee also welcomed Pars Purewal as member from 1 January 2025.

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

- the quality of the Group's financial and regulatory reporting, and associated financial reporting controls
- the integrity of the Group's financial statements, including key actuarial assumptions and accounting judgements and the accounting treatment of business developments during the year

- the work and effectiveness of the Group Internal Audit function (GIA) and the external auditor
- the preparation for meeting the requirements of the revised Provision 29 of the UK Corporate Governance Code, effective from 1 January 2026, relating to the effectiveness of the risk management and internal control framework
- GIA's assessment of the Group's risk management, control environment and governance frameworks and processes.

I would like to thank the members of the committee, and the executives supporting it, for their diligence and hard work over the year.

Gregor Stewart

Chair of the Audit Committee

Areas of focus of the committee

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

The committee oversaw the integrity of the content of the Annual Report and Accounts, and the Group's full-year results announcement, for the year ended 31 December 2025, as well as the Group's Interim Results Announcement for the six months ended 30 June 2025. In recommending each to the Board for approval, the committee reported its conclusions that each taken as a whole was fair, balanced and understandable.

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

The committee reviewed and challenged the principles underpinning the longer-term viability statement for 2025, with the process and approach being described on page 71. As a result, the committee confirmed the appropriateness of a three-year assessment period for the longer-term viability statement and the preparation of the financial statements for the year ended 31 December 2025 on a going concern basis, and recommended these to the Board for approval.

Following a review, the committee concluded that the Group's UK GAAP accounting policies remain appropriate.

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

- the accounting for the acquisition of Dalmore Capital, including the amounts and useful economic lives of the intangible asset and goodwill recognised
- the accounting treatment for bulk purchase annuities.

The committee considered the climate change disclosures set out in the Annual Report and Accounts to ensure that they present fairly the Group's climate-related strategy, governance arrangements and management of associated risks and opportunities. It obtained further comfort on the validity of certain climate-related metrics by considering the results of the public limited assurance report on such metrics provided by KPMG.

Alternative Performance Measures (APMs)

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

Actuarial liabilities valuations – methodology and assumptions

The committee reviewed and challenged the Group's 31 December 2025 UK GAAP long-term business provision, UK GAAP non-participating value of in-force business and Solvency II technical provisions valuations.

The committee reviewed the main methodology and assumptions applied in the calculation of the actuarial liabilities, and the key topics of discussion were:

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

In the Group's closed funds, the main assumption change related to guaranteed annuity option liabilities reflecting latest transfers and latest retirement experience.

In addition, the committee reviewed the impacts to actuarial liabilities in the RL Main Fund and closed RL (CIS) Fund arising from the transition agreement entered into with Capita, including the judgements applied in estimating the costs of migrating operations and the change in post-migration servicing costs resulting from the agreement.

Other key judgements and estimates

Valuation of investments – the committee received information on the carrying value of the Group's investments, including information on how values were calculated for those investments which require more judgement. The committee satisfied itself that investments were valued appropriately. The committee also received information on the valuation approach used in the Company financial statements for subsidiaries held at 'fair value'.

Goodwill and intangible assets – the committee reviewed reports on the accounting for the Dalmore Capital acquisition, including the methodology used to value the customer contracts intangible asset. It also reviewed the appropriateness of the useful economic lives used to amortise the goodwill and intangible resulting from the acquisition.

Pension scheme asset – the committee reviewed the actuarial assumptions which determine the pension cost and the valuation of the Group's defined benefit pension schemes and concluded that they were appropriate.

Capita agreement – the committee reviewed reports on the accounting for amounts receivable as part of the transition agreement entered into with Capita, including the methodology used to value the shares received and future payments receivable.

Audit Committee *continued*

Solvency II framework

The committee reviewed and challenged the 31 December 2025 valuation of Own Funds, capital requirement and the recalculation of the Transitional Measure on Technical Provisions.

The committee reviewed the 2024 Single Group Solvency and Financial Condition Report (SFCR) and recommended it to the Board for approval.

The committee approved a new Matching Adjustment Attestation Policy, following the PRA's reforms to the Solvency II framework, requiring the Group Chief Financial Officer to attest that the fundamental spread used in the calculation of the Matching Adjustment is appropriate.

Climate reporting

The committee reviewed the Group's 2024 Climate Report and concluded that it demonstrates a clear, fair and not misleading view of the Group's approach to climate-related risks and opportunities and recommended it to the Board for approval.

Internal controls

As explained more fully on page 63, Royal London adopts the 'three lines' model for risk and control ownership and testing, risk management and independent assurance. There are various teams across the three lines of defence that have specific mandates in this regard and co-ordinate their activities to maximise coverage of assurance over internal controls, while minimising unnecessary duplication. Their plans are presented to the Audit Committee and the Risk and Capital Committee, as relevant. This coordinated process provides challenge on coverage of internal controls testing, oversight and assurance to ensure it is appropriate and proportionate. The 2025 coordinated assurance plans of the GIA, GR&C and first line controls teams, as applicable, were approved by the respective committee, and the Board was advised that the assurance plans were appropriate.

The committee reviewed management's ongoing preparations for the new requirements relating to internal controls in the revised Provision 29 of the Code that applies for the year ending 31 December 2026 onwards. The committee focused on key aspects including the material control population, the approach to assurance thereover and outcomes from a dry run of the process.

The Finance Controls Oversight team, part of the Group's first line controls teams, provided to the committee regular reports on its monitoring of the effectiveness of the Group's financial reporting control environment. These reports concluded that, while there were no material weaknesses in the financial reporting control environment, there remained several outstanding general IT controls deficiencies in some systems operated by the Group.

Additionally, the committee reviewed quarterly reports from GIA relating to the Group's governance, control environment, culture and risk management practices. Particular attention was paid to reports highlighting control weaknesses or cultural issues, their root causes and associated risk mitigation actions, which were discussed with management as relevant.

Internal audit

The committee considered a summary of internal audit reports relating to outsourced service providers' internal audit functions, which GIA reviewed.

The committee approved the GIA annual plan and charter, which sets out the purpose, activities, scope and responsibilities of GIA.

Following an annual review, the committee is comfortable that Royal London has a robust and effective internal audit team, free from restrictions in being able to execute its mandate.

External audit

The financial year ending 31 December 2025 is the second year that KPMG has acted as the Group's external auditor.

Regular reports from the external auditor were reviewed by the committee, including findings from its audit work, conclusions on areas of significant audit risk, and areas identified to improve processes related to financial reporting and internal controls.

The committee reviewed and approved KPMG's terms of engagement for the statutory audit and the audit fee. The Senior Statutory Auditor for the 2025 year end is Tom Tyler, who is completing his second audit as the lead audit partner.

The committee reviewed and was satisfied with KPMG's audit plan for the year ended 31 December 2025.

External auditor independence

The Group's policy for the independence of the external auditor seeks to safeguard the external auditor's independence and objectivity and sets out the non-audit services that can be provided by the auditor. Minor updates to the policy to ensure alignment with the FRC's revisions to the Ethical Standard, effective from 15 December 2024, were approved by the committee. Having considered compliance with the Group's policy, including fees paid to KPMG, the committee is satisfied as to the continued independence and objectivity of KPMG.

Audit and non-audit fees

In 2025, the Group paid KPMG £8,055,000 (2024: £6,245,000) for audit, audit-related and other assurance services. KPMG did not provide any other non-audit services during the current or prior year. Further details are provided in note 8 to the financial statements.

The Group is required to cap the level of non-audit fees paid to the external auditor at 70% of the average audit fees paid in the previous three consecutive financial years. The ratio of KPMG non-audit fees (each approved by the committee) to average audit and audit-related assurance fees is 19.0% for the Group. The non-audit services comprised audit-related assurance where it is normal practice for such services to be carried out by the Group's auditor as well as other assurance on the Group's ESG reporting and a report on internal controls of RLAM for sharing with its customers.

Effectiveness of KPMG

To assess the effectiveness of KPMG's audit for the year ended 31 December 2024, the Finance team issued a questionnaire to colleagues, covering management from all key parts of the business impacted by the audit and all members of the committee during 2024. The questions were designed to measure the auditor's performance against clear markers and milestones associated with the delivery of an effective and high-quality audit. Those colleagues with a senior oversight role on the audit process were also asked questions designed to measure the four key auditor evaluation elements according to the FRC (for example: mindset and culture; skills, character and knowledge; quality control; and judgement).

Based on responses to the questionnaire, outcomes of debrief processes with management and a review of the quality of the external auditor's communications, the committee was satisfied that KPMG's audit for the year ending 31 December 2024 was of a sufficiently high standard. In arriving at this assessment, the committee followed the requirements of the FRC's 'Audit Committees and the External Audit: Minimum Standard' (Minimum Standard).

As part of its annual inspection of audit firms, the Audit Quality Review (AQR) team of the FRC reviewed KPMG's audit for the year ended 31 December 2024. The inspection covered risk assessment and planning; execution of the audit plan; and completion and reporting, including the quality of communication with the committee. The committee and KPMG have discussed the report, which contained one good practice observation.

Reappointment of KPMG

The Committee recommended to the Board that KPMG is reappointed as the Group's external auditor for the year ending 31 December 2026. The Board subsequently approved a resolution reappointing KPMG as statutory auditor which will be presented to members at the AGM in June 2026.

Committee performance and outlook

The committee's performance and activities over the year were reviewed and no material concerns were raised in relation to its overall effectiveness and operations. It was also concluded that the committee continued to fulfil its duties under its terms of reference.

In 2026, the committee will continue to focus on:

- overseeing the financial reporting controls of Royal London
- monitoring the Group's implementation of the revised Code Provision 29 requirements for 2026 reporting.

Nominations and Governance Committee



Purpose of the committee

The committee plays a vital role in ensuring that Royal London is led by a Board and senior management who have the right skills, experience and range of diversity. It also monitors the corporate governance arrangements within the Group to ensure that high standards are met. Details of the duties and responsibilities of the committee can be found within its terms of reference, which are reviewed annually and are available at www.royallondon.com.

Committee membership and meetings

As at March 2026, the committee comprises the Chair of the Board, who chairs the committee, and the Chairs of the Audit Committee, the Risk and Capital Committee and the Remuneration Committee.

The committee held seven meetings in 2025. When relevant, committee meetings were also attended by the Group Chief Executive Officer and the Group Chief People Officer, as well as members of senior management. The committee members' names and meeting attendance record are set out on page 76.

Dear member,

I am pleased to present the Nominations and Governance Committee report for the year ended 31 December 2025.

The Board reviewed the committee's membership during 2025, as a result of which this was reduced from 10 to four members. The aim was to enable the committee to undertake more focused and detailed deliberations on key matters in advance of presenting these to the Board. Highlights of our work included:

- undertaking a comprehensive review of the Board's skills matrix, facilitated by an external adviser
- continuing to review Board succession plans, taking account of the skills matrix, as well as the Board's annual performance review

- overseeing a comprehensive search process to identify future directors to further strengthen the skills required on the Board
- satisfying itself that the Company continues to comply with the principles of the Code, as adapted to reflect the Company's mutual status
- reviewing the governance arrangements within the Group to remain satisfied that these were being managed effectively.

I would like to thank the members of the committee for their continued dedication to their work throughout the year.

Isabel Hudson

Chair of the Board and Chair of the Nominations and Governance Committee

Areas of focus of the committee

Independence of directors

Non-executive directors are required to exercise independent judgement and to be free from any business or other relationship that could materially interfere with that judgement. The Board, supported by the committee, annually reviews the independence of its non-executive directors and identifies and manages conflicts of interest, including through Board authorisation. Following an assessment, the Board has satisfied itself that each non-executive director continues to be independent in accordance with the criteria set out in the Code.

The Code states that at least half of the Board (excluding the Chair) should be independent non-executive directors. We can therefore confirm that, as at 5 March 2026, in accordance with the Code, the Board comprises the Chair, two executive directors and seven independent non-executive directors. The Chair was considered independent on her appointment.

Board succession planning and appointments

Throughout 2025, the committee conducted regular assessments of succession plans for the Board and its committees. As part of this work, it commissioned an external consultancy firm to conduct a review of the Board's skills matrix, with a view to providing the committee with an objective and calibrated assessment of the skills and competencies existing across the Board. This work has equipped the committee to deepen further its ongoing succession planning deliberations, as well as to consider how the Board may wish to evolve over the longer term in response to anticipated external trends. In parallel to this wider succession planning work, the committee also reviewed and satisfied itself that robust emergency succession plans are in place for all key chairing roles.

A new Board appointment was successfully concluded in the period since the start of 2025. As reported at our 2025 AGM, Gregor Stewart joined the Board on 2 June 2025 and was appointed Chair of the Audit Committee following Tim Tookey's retirement during the same month. Gregor was also appointed as a member of this committee, the Risk and Capital Committee, and the Investment Committee.

In addition, and in anticipation of Kal Atwal's retirement from the Board in January 2026, the committee oversaw a thorough selection process to identify candidates for consideration to join the Board and further enhance its skills and experience. The committee intends to be in a position to recommend a new appointment to the Board during 2026.

In overseeing Board appointments, the committee ensured that it adhered to the Board's robust appointment process. This is designed to ensure that, for all vacancies, a diverse and strong list of potential external candidates is identified, to complement the skills of the Board and bring a diversity of views to the boardroom.

This process of searching for and identifying the right candidates for appointment to the Board involves the engagement of an external consultant with no connection to the Group or any of the directors to conduct a search and selection process using the skills and experience criteria specified by the committee – and to provide a list of suitable candidates to the committee for consideration. For both Gregor's appointment and the anticipated appointment of a new director on the Board, Russell Reynolds Associates was engaged. The committee, and the Board, concluded that Gregor's financial services and investments experience across the insurance and pensions sector, and established audit and board-level leadership, would be a valuable addition to the Board.

In addition, to further strengthen the Board's ability to deliver effective oversight and challenge, the committee recommended the appointment of Mark Rennison as a member of the Remuneration Committee.

With these enhancements in place, the committee satisfied itself that the composition of the Board and its committees, including succession planning arrangements and proposed recruitment, remains robust and appropriate. Further information on the skills and experience of the Board directors can be found on pages 74 to 75.

At the end of 2025 and the start of 2026, the Chair of the Board undertook an annual performance review with each director to affirm their skills and to inform succession planning and ongoing development needs, as detailed later in this report. Having reviewed their individual performance, the Board recommends that all directors who served during 2025 and who wish to stand for reappointment are reappointed at the 2026 AGM.

Nominations and Governance Committee *continued*

Executive succession planning

The committee regularly reviews succession planning activities and, in particular, discusses Royal London's future leadership and talent needs. It received regular updates during the year on executive succession, including reviews of talent and succession planning of key functions within the organisation. In considering succession, the committee has reviewed the breadth of succession planning across the Group, in combination with retaining robust oversight of specific succession plans for key senior roles. In carrying out this work, the committee assesses both the talent available within the organisation and any need for external recruitment.

Diversity and inclusion

The directors are committed to having a balanced Board which recognises fully the benefits of diversity. The Board has a Diversity and Inclusion Policy, which is available at www.royallondon.com. This outlines the management of diversity and inclusion among the directors on the Board and is reviewed regularly by the committee. In its most recent review, the policy was updated to ensure that it will continue to comply with the expectations of the Code.

During the year, the committee was updated on the progress in relation to our Diversity and Inclusion Strategy and its five focus areas: building an inclusive culture; robust and actionable data; gender balance and increasing the number of women in senior roles; increasing wider ethnicity representation, including in senior roles; and supporting all under-represented groups.

Diversity and inclusion are important considerations in the appointment processes. All Board appointments are made on merit and based on relevant experience, against the criteria identified by the committee and with regard to the benefits of diversity, including gender.

As at March 2026, the Board comprises five men (50%) and five women (50%) (March 2025: five men (45%), six women (55%)). The Board also meets the Parker Review's ethnic diversity target with one non-white director. In addition, one of the senior roles of the Board is occupied by a woman.

The committee continues to focus on increasing the number of women working for the Group. As a signatory to the Women in Finance Charter, the Group continues its efforts to meet its gender diversity targets. Our Gender Pay Gap report for 2025, which includes detail on diversity and inclusion within the Group, is available at www.royallondon.com. As disclosed in the report, the gender balance of those in senior management and their direct reports was 40% women and 60% men as at the end of 2025 (2024: 39% women and 61% men). More detail about diversity and inclusion, and the colleague networks which support and promote these, is also available on page 21.

Board performance review

Each year, a formal and rigorous performance review is carried out of the Board, its committees and individual directors. This is an opportunity to take stock of the Board's progress and to test that the Board is well placed to respond to evolving opportunities and challenges.

The 2025 performance review was facilitated internally by the Chair of the Board, supported by the committee and the Group Company Secretary. The review was based on questionnaires being completed by each director, covering a range of topics related to the operations and effectiveness of the Board and its committees, and including an assessment of each director's performance. The Group Company Secretary shared the responses received with the Chair of the Board on an anonymised basis and drafted a summary report which was reviewed by the Chair prior to presentation to the Board in March 2026. This supported an overall view that the Board and its committees continue to be effective and engaged. The Board debated the outcomes of the review and supported the recommendations made in the summary report. These included that the Board should review its workload on a regular basis to ensure that it continues to maintain a healthy focus on strategic and risk matters, including oversight of strategic execution; that it continue its focus on oversight of senior executive succession planning by further enhancing its sight of the talent pipeline; and that it maintain focus on streamlining meeting papers to support challenge from the independent non-executive directors.

As part of this review process, the Chair of the Board met individually with each director to provide feedback on their performance and discuss any areas where they might be supported to develop further their skills and experience. In addition, the Senior Independent Director led a performance review of the Chair of the Board, based on feedback collected from each director, with the Board meeting without the Chair of the Board present to discuss matters. These reviews confirmed that each director makes an effective and valuable contribution and demonstrates commitment to their role.

As referenced in our 2024 Annual Report and Accounts, the Board will commission an externally facilitated performance review to be conducted in 2026.

Director induction, learning and development

On appointment to the Board, directors are provided with a comprehensive induction programme, which is designed around their background knowledge and experience and, where appropriate, includes induction to the Board's committees. The induction programme also includes meetings with senior management and other key stakeholders to help understand the Group's Purpose, strategy, operations, risk profile and governance structures, as well as its culture and values. Specific programmes were designed for the Chair of the Board as part of her appointment process.

The Chair of the Board, in consultation with individual directors, considers any specific ongoing or additional support that the Board needs during the year. The Board held a number of development sessions in 2025 covering topics including consumer measures and Consumer Duty, sustainability, technology, strategies for applying cloud technologies, technical debt, bulk purchase annuities, and remuneration matters.

Corporate governance activities

The committee maintained its oversight of the Group's corporate governance activities. The committee reviewed the detailed schedule of compliance with the Code which supports the Statement of directors' responsibilities on page 81. Although Royal London is not required to comply with the Code, the Board believes that the Code's principles and provisions should be adopted as relevant, and the committee supports the Board in overseeing the processes and controls in place to evidence compliance with the Code.

The committee reviewed the results of an assessment of the extent, evidence and disclosure of the Company's compliance with the Code. The committee was satisfied that the Company continues to comply with the Code, noting that the requirements of Provision 29 of the Code relating to the effectiveness of the risk management and internal control framework will apply to the financial year beginning on 1 January 2026. Until then, the Company continues to comply with Provision 29 of the 2018 UK Corporate Governance Code. The Audit Committee and the Risk and Capital Committee are focusing on the work that needs to be undertaken in line with the statement of the effectiveness of material controls that aligns with Provision 29 of the Code, which will be made as at 31 December 2026.

Committee performance and outlook

The committee's performance and activities over the year were reviewed and no material concerns were raised in relation to its overall effectiveness and operations. It was also concluded that the committee continued to fulfil its duties under its terms of reference.

In 2026, the committee will continue to focus on:

- replacing retirees and leavers with new appointees with diverse backgrounds and skill sets that sustain and enhance the required breadth and expertise.
- monitoring external developments in corporate governance to ensure that, as applicable, the Group continues to benefit from an effective and compliant corporate governance framework.

Risk and Capital Committee



Purpose of the committee

The committee supports the Board in fostering a strong risk culture through oversight of the Group's capital position and current and potential future risk exposures and risk strategy, including determination of the Group's risk appetite and tolerance. Details of the duties and responsibilities of the committee can be found within its terms of reference, which are reviewed annually and are available at www.royallondon.com.

Committee membership and meetings

As at March 2026, the committee comprises four independent non-executive directors. The committee held eight meetings in 2025. When relevant, committee meetings were also attended by the Group Chief Risk Officer, the Group Chief Audit Officer, the Chair of the Board, the Group Chief Executive Officer and the Group Chief Financial Officer, as well as KPMG and members of senior management. The meeting attendance record of committee members is set out on page 76.

Dear member,

I am pleased to present the Risk and Capital Committee report for the year ended 31 December 2025.

In line with previous years, the business has grown safely, aligned to our strategic objectives. The capital and liquidity positions are robust, and the committee has focused on the key organisational risks that may impact the business.

The committee continued to review the financial resilience of the Group. It assessed the capital management plan and the capital management framework along with consideration of multiple severe but plausible economic and operational scenarios that could affect the Group's financial position. The assessment focused on each scenario's credibility and relevance, and ensured that the mitigation strategies were appropriate.

Being operationally resilient is central to the Group's continued focus on delivering positive outcomes and long-term value. This includes ensuring that customers can access critical services like investments and insurance claims, and that they will continue to be paid, even during major disruptions. Throughout the year, the committee and the Board received various updates on the Group's operational resilience and progress in meeting regulatory expectations.

Cyber security remains a constant risk for all financial institutions as threats evolve and activity increases. The committee closely monitored the Group's 2025 activity to strengthen our cyber security defences and protect our customers. The committee recognises the need to manage and reduce this risk continually with sustained and focused improvements.

Against the backdrop of a complex and evolving regulatory agenda, the Consumer Duty standards are well embedded throughout the Group and the committee maintained close oversight of the associated business activity. These standards directly support our Purpose and the delivery of our strategy, positioning us to support and respond effectively to regulatory initiatives, such as Targeted Support. A key development in 2025 was the creation of our Customer Intelligence Hub – our in-house data insight solution that enhances our understanding of customer attributes and behaviours, and supports us in monitoring different trends, helping to drive good customer outcomes.

The committee oversaw significant change programmes throughout 2025 as detailed later in the report.

The committee also reviewed the performance and appropriateness of new and existing outsource suppliers and oversaw the controls designed to prevent financial crime across the Group.

I would like to thank my fellow committee members for their support during the year.

Mark Rennison

Chair of the Risk and Capital Committee

Areas of focus of the committee

Operational risk, including customer focus

The Group proactively manages risks that could affect its ability to support customers and members, disrupt operations, or cause financial and reputational harm. The committee plays a crucial role in monitoring risks through regular reports and targeted analysis.

Through 2025, the committee continued to review reports concentrating on the Group's control environment, including preparing for the changes introduced by the Code for 2026 and onwards, and the embedding of Consumer Duty. A strong emphasis remained on the ongoing improvements to cyber security controls, and the level of technical debt in the Group. The committee received detailed updates on activities in place to maintain operational resilience, including a new vulnerability management process, and evaluated the Group's key third-party service providers, including Capita.

Change risk

Throughout 2025, the committee oversaw the delivery of the Group's change programmes. These included our online service for advisers within our Individual Pensions business, the launch of our Stocks and Shares ISA, and the continued growth of our BPA offering. This focus is vital to uphold Royal London's Purpose and strategy, and enhance its long-term customer offering.

Financial, insurance and capital risk

The Group consistently maintains robust capital to meet customer needs, fulfil regulatory requirements and deliver its strategy. In 2025, the committee approved both the annual capital management plan and the capital management framework, and received quarterly updates regarding the Group's capital status. The committee also assessed elements of prudential risk, including the performance and validation of, and changes to, the Internal Model, the stress and scenario testing plan and associated results, and the Group's liquidity position. It also assessed the ORSA and SFCR.

Group governance matters

In assessing the Group's risk management system, the committee reviewed management self-attestations on risks and controls. The committee evaluated assurance and audit plans, approved the annual risk and compliance programme of work and reviewed and approved changes to Tier 1 policies.

The committee was updated on compliance with the Group's Whistleblowing and Financial Crime policies and remains confident that the Group's procedures are effective. The Whistleblowing Champion and the Group's Money Laundering Reporting Officer also report these updates to the Board.

The committee Chair shared the committee's assessment of the Group's risk-related performance with the Remuneration Committee. This supports informed decisions on remuneration adjustments for senior management.

The committee also assessed and recommended risk statements and disclosures on risks in the Annual Report and Accounts to the Audit Committee. This recommendation also included details of the Group's principal risks and uncertainties in the Interim Results Announcement and the Annual Report and Accounts.

Committee performance and outlook

The committee's performance and activities over the year were reviewed and no material concerns were raised in relation to its overall effectiveness and operations. It was also concluded that the committee continued to fulfil its duties under its terms of reference.

In 2026, the committee will continue to focus on:

- overseeing operational resilience and cyber security, while taking account of how global economic and political shifts shape customer behaviour
- actively scanning for emerging risks, including those driven by the rise of artificial intelligence which has become increasingly central to strategic and operational decisions
- maintaining its oversight across core areas such as the sustainability of the Internal Model, delivery of major strategic initiatives, such as the launch of our Targeted Support model, and evolving threats
- upholding Consumer Duty principles, ensuring they remain embedded and consistently result in fair and beneficial outcomes for customers.

With-Profits Committee



Purpose of the committee

The committee operates in accordance with the FCA's Conduct of Business Sourcebook, section 20.5, and the FCA's Principles for Business. The committee's main role is to support and advise the Board in managing With-Profits funds and to consider the interests of all With-Profits and Unit-Linked policyholders with an entitlement to a share in the profits of the Group. It also advises the Board on the fair treatment of those policyholders and fulfils its obligations under court schemes. Details of the duties and responsibilities of the committee can be found within its terms of reference, which are reviewed annually and are available at www.royallondon.com.

Committee membership and meetings

In line with the requirements of the FCA's Conduct of Business Sourcebook and the committee's terms of reference, the committee has a majority of independent members. As at March 2026, the committee comprises four independent members and two non-independent members. The committee held six meetings in 2025. When relevant, committee meetings were also attended by the With-Profits Actuary and the Group Chief Actuary. The committee members' names and meeting attendance record are set out on page 76.

Dear member,

I am pleased to present the With-Profits Committee report for the year ended 31 December 2025.

Throughout 2025, the committee continued to focus on its key role of ensuring fair outcomes for policyholders with an entitlement to a share in the profits of the Group. The committee focused on a number of projects during the year, including a review of ProfitShare, the introduction of new bonus-setting methodology and estate distribution for the RL (CIS) Fund, and investment proposals to improve the liquidity position of the Royal London (RL) Main Fund.

It also reviewed Consumer Duty Fair Value Assessments and ongoing work in relation to the service experience and communications for Royal London's longstanding customers; and preparations for implementing the Pensions Dashboard for customers.

I would like to thank my fellow committee members for their continued input into the business of the committee. I would also like to thank the executives and team who support the committee for their valuable work throughout 2025.

Eithne McManus

Chair of the With-Profits Committee

Areas of focus of the committee

ProfitShare

The committee discussed the development of ProfitShare and its core components, including the amount, recipients and form of benefit. It also reviewed the proposed annual ProfitShare award and recommended it to the Board for approval.

With-Profits strategy

The committee received training on the history and nuances of the different types of the Group's With-Profits products that have accumulated over the last 30 years. It reviewed proposals for simplifying and aligning actuarial methodologies and bonus setting for different types of business to improve efficiency, consistency and fairness for different types of policyholders.

Bonus setting

The committee reviewed the level of estate distribution for the RL (CIS) Fund. It also reviewed the regular and final bonus distribution proposals and recommended them to the Board for approval.

Longstanding customers

The committee received updates and training on implementation of the Group's strategy for longstanding customers. These included updates on efforts to increase customer engagement, and development of mapping key customer journeys, with a focus on the 'key moments' for With-Profits customers. The committee also received training on customer service operations, with a spotlight on the bereavements process.

An overview of the suite of communications that are issued to With-Profits customers was presented to the committee. This included details of communications that seek to explain complex terms such as guaranteed annuity options, estate distribution, and the With-Profits policy guides.

The committee discussed the proposals to bring in-house the administration of certain policies in the RL CIS With-Profits Fund and RL Main Fund currently outsourced to Capita. In particular, it provided views to the Board on the fairness of the allocation of the financial impacts between the relevant groups of policyholders, in accordance with the historic Scheme of Transfer.

Consumer Duty

The committee was updated on the Group's compliance with the Consumer Duty requirements for the year to 31 December 2024. It was kept informed on plans for improvement relevant to With-Profits policyholders, including enhanced metrics for assessing price and value for these policyholders.

Investment

Throughout 2025, the committee reviewed the investment performance and investment strategy of the Group. This included the performance of our Asset Management business, with particular focus on key activity covered by the Group's Investment Office.

The committee discussed the outcome of the annual Strategic Asset Allocation Reviews and considered the approach to risk taking in the RL (CIS) Fund with a view to enhancing distributions for eligible policyholders. It also discussed proposals for the Group to invest in other asset classes, including asset-based finance and collateralised loan obligations.

The committee reviewed regular updates from our Asset Management business. These covered its investment views, the economic outlook and asset allocation, as well as its business positioning and long-term outlook. They also covered its continued work and focus on responsible investment and stewardship, following the publication of RLAM's 2024 Responsible Investment and Stewardship Report and the Group's Climate Transition Plan.

Committee performance and outlook

The committee's performance and activities over the year were reviewed and no material concerns were raised in relation to its overall effectiveness and operations. It was also concluded that the committee continued to fulfil its duties under its terms of reference.

In 2026, the committee will continue to focus on:

- ensuring that policyholders with an entitlement to a share in the profits of the Group are treated fairly
- assessing the longstanding customer strategy, including the process of bringing in-house the administration of the policies currently serviced by Capita
- monitoring developments and opportunities for how the Group's with-profits funds are managed.

Investment Committee



Purpose of the committee

The role of the committee is to support the Board in managing investments held by the Company as principal, in a manner that is consistent with the Group's Investment Philosophy and Beliefs, which the committee recommends for approval by the Board each year. The committee is responsible for assessing whether assets remain appropriately invested to meet the needs of the Group's members and customers, as well as for monitoring the Group's investment strategy and investment performance. Details of the duties and responsibilities of the committee can be found within its terms of reference, which are reviewed annually and are available at www.royallondon.com.

Committee membership and meetings

As at March 2026, the committee comprises two independent non-executive directors, one independent member and the Group Chief Financial Officer. The committee held five meetings in 2025. When relevant, committee meetings were also attended by the Chair of the Board, the Group Chief Executive Officer, the Group Investment Director, and the Group Chief Risk Officer. Members of senior management, as well as an external speaker, were also invited to meetings by the committee Chair. The meeting attendance record of committee members is set out on page 76.

Dear member,

I am pleased to present the Investment Committee report for the year ended 31 December 2025.

During the year, the committee continued to oversee the Group's investment strategy and activity, with a particular focus on evolving asset allocations, responsible investment, seeding, and the introduction of four new asset classes to support long-term value creation for members and customers. The committee's work reflected a dynamic investment environment, where macroeconomic and geopolitical uncertainty has continued, as well as significant regulatory and policy developments.

I would like to thank my fellow committee members for their continued dedication and contribution to the committee's business.

Nicky Richards

Chair of the Investment Committee

Areas of focus of the committee

Investment strategy and asset allocation

Throughout 2025, the committee received ongoing guidance and support from the Group Investment Director, the Group's Investment Office and the Group Chief Risk Officer, as well as internal updates on overall investment strategy, global equities and infrastructure. Additionally, an external investment specialist presented to the committee on macroeconomic and market strategies.

The committee approved changes to strategic asset allocations across the Group's With-Profits and Governed Range portfolios, to diversify portfolios, improve liquidity management and adjust some property allocations.

The committee approved the launch of investment into asset-based finance as a new asset class. This is designed to improve credit diversification and provide access to high-quality diversified lending opportunities that are not typically available in public markets. The committee also approved the seeding of the collateralised loan obligation business to extend RLAM's credit franchise, alongside asset-based finance, asset-backed securities and infrastructure debt.

The committee approved a proposal to introduce infrastructure equity into the Governed Range portfolio, with a view to enhancing long-term returns and supporting responsible investment objectives.

Investment performance and operations

Throughout 2025, the committee received regular updates regarding the performance of the Group's funds against peer groups and their respective benchmarks. The committee also reviewed the approach to equities and tactical asset allocation.

The committee monitored investment performance across all portfolios and reviewed the effectiveness of the Investment Office and the operational environment of our Asset Management business. It concluded that the Investment Office was operating effectively and that our Asset Management business's operational environment was effective.

The committee received updates on improvements that had been put in place successfully to reduce operational risk and improve efficiency.

Responsible investment and stewardship

The committee continued to oversee the Group's responsible investment activities, including the approval of the 2024 Stewardship Report and the implementation of a new Fossil Fuels Position Statement, phasing out investments in companies heavily involved in thermal coal.

The committee monitored progress against climate and sustainability commitments, including the publication of the Group's Climate Transition Plan and ongoing engagement with policymakers and investee companies.

The committee supported the development of the Group-wide responsible investment policy.

Committee performance and outlook

The committee's performance and activities over the year were reviewed and no material concerns were raised in relation to its overall effectiveness and operations. It was also concluded that the committee continued to fulfil its duties under its terms of reference.

In 2026, the committee will continue to focus on:

- evolving the Group's investment strategy and asset allocations in response to market developments and regulatory changes
- overseeing the implementation of new asset classes such as infrastructure equity
- maintaining robust oversight of investment performance, risk management, operational effectiveness, responsible investment and climate change impacts.

Remuneration Committee



Purpose and role of the committee

The committee supports the Board in determining the Group Remuneration Policy, including the remuneration, pension rights and benefit plans, as applicable, of the Chair of the Board, executive directors of the Board and other members of senior management. Details of the duties and responsibilities of the committee can be found within its terms of reference, which are reviewed annually and are available at www.royallondon.com.

Committee membership

As at March 2026, the committee comprises three independent non-executive directors and the Chair of the Board. The committee held 10 meetings in 2025. When relevant, committee meetings were also attended by the Group Chief People Officer and other members of senior management. The committee members' names and meeting attendance record are set out on page 76.

Dear member,

I am delighted to present the Directors' Remuneration Report for the year ended 31 December 2025. This report reflects our ongoing commitment to transparency, accountability and delivering value for our members and customers.

Royal London's remuneration policies and practices are designed to support the delivery of our strategy, ensuring alignment with the long-term interests of our members and customers. Our approach places an emphasis on fairness, integrity and encouraging responsible business practices that support our Group's Purpose. We are committed to ensuring that our variable remuneration plans promote a culture that empowers colleagues to perform at their best, to deliver good customer outcomes.

Our Group Remuneration Philosophy supports our Purpose and creates a common link between customer, member and colleague success. A summary of our philosophy, and how it applies to colleagues, including the executive directors, is set out on pages 100 to 101.

Persistent inflation and cost of living pressures continue to create financial challenges for colleagues and members alike. Inadequate levels of savings can leave many people facing difficult financial choices. We remain focused on helping our members, customers and colleagues build and maintain financial resilience to protect their standard of living and that of their families.

As a customer-owned business, we work to ensure that we provide the highest standards of service, responding quickly and compassionately to individual concerns, and working collaboratively across teams to develop solutions that make a meaningful difference.

As an early supporter of the Living Wage Foundation, we continue to pay colleagues above this benchmark. From April 2026, our minimum salary for colleagues working a 35-hour week will increase from £23,900 to £24,900 and to £26,940 in London. This continues to be higher than the rate set by the Living Wage Foundation, reflecting our belief in rewarding our people competitively and helping them plan for the long term. We regularly review our remuneration benchmarks to ensure that we remain at the forefront of industry standards and that our colleagues feel valued and supported.

Supporting the financial wellbeing of our colleagues helps us to maintain an organisation that is engaged and focused on delivering for our members and customers. I would like to express my sincere gratitude to all of our colleagues for their hard work and dedication throughout 2025. Their contributions have positioned us strongly to deliver our strategy and achieve our Purpose. We will continue to foster a culture that enables colleagues to thrive in their careers while building their financial resilience.

I would also like to take this opportunity to thank our members for their continued support, which is invaluable as we strive to improve and evolve our services. I encourage members to vote in favour of the resolution relating to the Directors' Remuneration Report for 2025 and the Executive Directors' Remuneration Policy at the 2026 AGM.

Engagement from our members helps shape the future direction of Royal London and ensures that their interests remain at the heart of everything we do.

Jane Guyett CBE

Chair of the Remuneration Committee

Areas of focus of the committee

Executive Directors' Remuneration Policy review

The current Executive Directors' Remuneration Policy was approved by the Company's members at the 2023 AGM. In line with the normal three-year cycle, during 2025, we undertook a comprehensive review of our Executive Directors' Remuneration Policy to ensure it remains appropriate and continues to support the delivery of the Group's strategic priorities. Following the review, the committee determined that the structure of the policy is fit for purpose and does not require fundamental change. However, to ensure the policy continues to attract and retain executives of the calibre required to deliver our strategic objectives in a competitive and evolving sector, and to reward outperformance, we propose to increase the overall maximum Long-Term Incentive Plan (LTIP) opportunity to 350% of salary (previously 300%).

This change will not be used in 2026, where existing opportunities will apply. The additional headroom is intended to create flexibility for future awards, if needed to respond to competitive pressures or market developments.

Other minor changes have been made to reflect normal practice and to ensure flexibility over the policy period.

The Executive Directors' Remuneration Policy is subject to a members' vote at the 2026 AGM and relates to remuneration arrangements from 1 January 2026. Full details of the policy are set out in this report.

Performance context

2025 was a year of positive momentum across our business. Group operating profit increased by 18% to £327m, supported by the strength of our Pensions business, as well as growth in Protection and Bulk Purchase Annuities. Assets under management grew to £199bn, driven by positive net inflows, market growth, and the acquisition of Dalmore Capital.

The changing market and regulatory environment — including changes announced in recent Budgets, and the FCA's proposals for Targeted Support — has reinforced the importance of helping customers navigate increasingly complex decisions, while providing advisers with the information and tools they need. We have continued to invest in digital services to deliver accessible and personalised services that help improve customer and adviser experiences. We have also increased the breadth of investment options available to customers, with the launch of our Stocks and Shares ISA in September providing greater choice for customers' medium to long-term savings. Through our Asset Management business, we continued to expand our Private Assets capabilities, supported by the acquisition of Dalmore Capital and the development of commercial real estate finance solutions.

Our robust capital position enabled us to maintain ProfitShare allocation rates, sharing £199m with eligible customers and reinforcing our commitment to delivering long term value.

2025 variable remuneration outcomes

Our variable remuneration plans include a balance of financial and strategic performance measures aligned to our Purpose and strategy. Our plans also include gateways or minimum performance standards which must be achieved to support any outcomes for colleagues.

The outcomes for the Group's 2025 Short-Term Incentive Plan (STIP) and 2023 LTIP scorecards are summarised on page 98. In deciding these outcomes, the committee considered whether each outcome appropriately reflected performance having regard to the economic climate and wider stakeholder experience. The committee also considered performance in relation to the Group's risk framework, taking into account input from the chairs of the Audit Committee and the Risk and Capital Committee on the quality of earnings and performance within risk appetite.

Remuneration Committee and Directors' Remuneration Report *continued*

2025 Short-Term Incentive Plan (STIP)

The 2025 Group scorecard was aligned to the delivery of our Purpose and strategy, focused on colleague collaboration to deliver good outcomes for our members and customers.

The financial measures on the 2025 Group STIP scorecard exceeded target. Operating profit was ahead of plan and risk adjusted new business contribution achieved maximum, driven by strong new business trading in UK Protection and Bulk Purchase Annuities.

The customer-focused measures achieved above-target levels, with our Customer Value Statement Index continuing its upwards trajectory year on year, and further positive movement in the shift to digital channels. We also strengthened our data foundations by further embedding our Data Governance Framework and continuing to build our data and AI capabilities.

Operational performance exceeded target levels, reflecting strong service throughout the year supported by improved resourcing, transparency and service resilience.

The minimum performance standards were confirmed as achieved and therefore the formulaic outcome under our 2025 Group STIP scorecard was 150.1% of target (with the maximum being 200% of target).

In determining the final outcome, the committee considered a number of factors including the economic climate and the management of risk, concluding that the formulaic outcome was an appropriate reflection of business performance over the performance period and therefore chose not to apply any discretionary adjustments.

Reflecting the above, and individual performance in the year, this resulted in an overall outturn of 150.1% of salary (relative to a maximum of 200% of salary) for Barry O'Dwyer and 140.7% of salary (relative to a maximum of 150% of salary) for Daniel Cazeaux. Further information is set out on pages 114 to 115.

2023 Long-Term Incentive Plan (LTIP)

The 2023 LTIP scorecard included both financial and non-financial measures. Performance under our LTIP scorecard is measured over three years, covering the period 2023-2025.

Financial measures made up 50% of the scorecard.

Operating profit was slightly behind target over the three years. UK business-as-usual (BAU) costs have increased over 2024 and 2025 as a result of growth-related initiatives and higher inflation.

Investment performance for With-Profits achieved above-target levels, while Governed Range performance was below threshold over the three-year performance period.

We made strong progress against our strategic objectives, exceeding target levels, with our customer relationships deepening as more customers engaged with the range of solutions we offer. External recognition also strengthened, reflected in the number of industry awards we have received across our key markets and a further improvement in our Trustpilot score.

Across our sustainability-focused measures, we exceeded our engagement targets and, through ongoing stewardship activity, supported meaningful progress in 'just transition' plans.

Page 116 summarises our performance under the 2023 LTIP scorecard in 2025.

Overall, our performance under the scorecard for the 2023 LTIP resulted in an outcome of 59.1% of the maximum award for both Barry O'Dwyer and Daniel Cazeaux.

For the 2023 LTIP, the committee considered the impact of higher levels of expense inflation and increases in employee national insurance contributions over the performance period. No adjustments to the performance outturn were made for the higher costs incurred during the performance period, but given the long term nature of the business, an adjustment to the operating profit metric was made to take account of the capitalised impact of the national insurance changes.

UK Gender Pay Gap report

Our annual UK Gender Pay Gap report for 2025 is available at www.royallondon.com. We are pleased to report further reductions in our gender pay gap figures for 2025. Our gender pay gap reporting figures are influenced by the structure of our workforce, and we have continued to make good progress in gender representation while maintaining pay equity across the Group.

Applying our Group Remuneration Philosophy in 2026

2026 salary

Our overall approach in our 2026 annual pay review seeks to balance the need to maintain competitiveness with affordability considerations, applying a 3% salary increase budget.

Having regard to these parameters, individual performance and experience in role, the committee determined to increase Barry O'Dwyer's salary by 3% (from £826,560 to £851,357) and Daniel Cazeaux's salary by 3% (from £536,850 to £552,956) effective from 1 April 2026.

2026 STIP and 2026 LTIP

During 2025, the committee undertook a comprehensive review of performance metrics to apply under the 2026 STIP and LTIP, with a view to greater simplification of the framework and an increased focus on financial and customer-focused KPIs. The 2026 scorecards incentivise delivery of our Purpose and are aligned to the long-term interests of our members. Further details on the scorecards are on pages 111 to 112.

For 2026, Barry O'Dwyer's maximum STIP opportunity will continue to be 200% of salary. Daniel Cazeaux's maximum STIP opportunity will increase from 150% to 200% of salary. This increase recognises individual performance and experience and is designed to ensure continued market competitiveness and pay for performance alignment.

The 2026 LTIP maximum opportunities will remain at 300% of salary for Barry O'Dwyer and 200% of salary for Daniel Cazeaux; the policy maximum opportunity of 350% will not be applied for 2026.

Engaging with colleagues

Colleague representation is an essential element of ensuring that our colleagues' views are heard. Our Group Executive Committee and the Board continue to work in constructive partnership with our Colleague Representative Forum to bring insight, ideas and collaborative challenge to accelerate positive progress and represent the views of colleagues. The committee will continue to engage with the Colleague Representative Forum in 2026.

Committee performance and outlook

The committee's performance and activities over the year were reviewed and no material concerns were raised in relation to its overall effectiveness and operations. It was also concluded that the committee continued to fulfil its duties under its terms of reference.

In 2026, the committee will continue to focus on:

- ensuring that there is a careful balance between providing competitive remuneration while also ensuring the effective management of risk – with risk-taking outside the Group's risk appetite not being rewarded
- continuing to monitor developments in financial services reward regulations to ensure the Group continues to remain market aligned and competitive.

Group Remuneration Philosophy

Our members, customers and colleagues are at the heart of our business. We aim to ensure our colleagues feel supported and empowered to be the best they can at work.

As a proud, modern mutual, we are committed to aligning our strategic objectives to the long-term interests of our members and customers, including through the Group Remuneration Policy and supporting remuneration practices.

Our Group Remuneration Philosophy applies to all colleagues including the executive directors.

A summary of our approach to remuneration across the Group, and how this applies to colleagues and the executive directors, is provided on page 102.

2026 Remuneration Policy

This section presents our updated Executive Directors' Remuneration Policy, which is subject to a members' vote at the 2026 AGM and relates to remuneration arrangements from 1 January 2026.

In reviewing the Executive Directors' Remuneration Policy, the Remuneration Committee followed a detailed decision-making process that included discussions on the proposals at a number of its meetings and focused on being able to engage the skill sets needed to produce outstanding service and products for customers. The committee considered multiple approaches and their possible impact and sought input from management as well as advice from its independent advisers on market practice and stakeholder expectations to inform the discussions. To avoid any conflicts of interest, no directors were involved in conversations relating to their own pay.

Proposed change

The following change relating to the Executive Directors' Remuneration Policy is proposed:

- Increase in overall maximum Long-Term Incentive Plan (LTIP) opportunity to 350% of salary (previously 300%)

This change will not be used for 2026, where existing opportunities will apply. The additional headroom is intended to create flexibility for future awards, if needed to respond to competitive pressures or market developments.

Other minor changes have been made to reflect normal practice.



Key principles of the Group Remuneration Policy

Our remuneration strategy is supported by the following principles:

To support Royal London in attracting, engaging and retaining colleagues, and to reward colleagues fairly and competitively	Total remuneration will be appropriately competitive to support the recruitment, retention and motivation of talented people, and to help the Group compete effectively with other leading UK financial services companies. Our remuneration approach is designed to reward colleagues for achieving sustained performance aligned to members' and customers' interests, while adhering to sound risk management and governance principles.
To promote the long-term success of Royal London through sound and responsible risk management and good corporate governance	The Group Remuneration Policy will have regard to the remuneration codes of all relevant regulators, including the PRA and FCA, as well as institutional investor guidance on remuneration governance best practice. Performance-related incentive arrangements will be structured to reinforce the achievement of the Group's strategy. The committee will ensure that there is a careful balance between providing competitive pay and motivational incentives to drive performance while also ensuring the appropriate management of risk. Risk taking outside the Group's risk appetite is not rewarded, and the committee will have discretion to reduce incentive amounts prior to payment to ensure they are appropriate. When assessing performance, the committee will take into account not just the measures and targets in the balanced scorecard, but also wider views of Group performance, quality of earnings and the sustainability of performance before finalising awards.
To ensure fair outcomes for our colleagues, members and customers	At Royal London, we operate a Group Remuneration Policy which applies to the vast majority of our people, including executive directors. For executive directors, a significant portion of the overall remuneration package is variable based on the performance of the Group, which helps provide alignment between executive directors and our members.
To align incentives to drive behaviours consistent with our Purpose, our strategy and our Spirit of Royal London values	Performance-related incentive arrangements will be structured to align the interests of executives and colleagues with members and customers. Incentive outcomes are determined using a scorecard of measures which include financial and non-financial considerations.

Remuneration Committee and Directors' Remuneration Report *continued*

Approach to remuneration across the Group

Salary

Royal London takes a market-informed approach when deciding salaries. Individual salaries are appropriately positioned against internal and external peers, and consider colleague skills, knowledge and sustained performance.

Royal London applies a 'pay for performance' approach, where salary increases are prioritised for those colleagues who are performing exceptionally and progressing well in their roles.

Benefits

Royal London has a strong focus on supporting colleagues with their physical, mental and financial wellbeing and providing financial security for colleagues.

Colleagues are eligible to join a healthcare plan which offers support with physical and mental health, and medical treatment if needed.

Financial support is provided to colleagues' dependents through life insurance which pays eight times a colleague's salary if a claim is accepted.

Income protection is provided to colleagues when they are not able to work for a prolonged period due to illness or injury.

Other benefits may vary by individual, location and level.

Pension

Royal London is committed to helping colleagues to save towards their future and retirement.

Colleagues are encouraged to make pension contributions, which Royal London doubles up to a maximum employer contribution of 14%. The default contribution rate across the workforce is 6% (colleague) and 12% (Royal London) of salary. Colleagues who have a reduced tax-efficient pension allowance can choose to take a cash allowance in lieu of pension.

Short-Term Incentive Plan (STIP)

The STIP gives an opportunity for colleagues to be rewarded for their contribution towards Royal London achieving specific outcomes in the financial year in line with our Purpose and strategy.

Colleagues have a STIP opportunity that is appropriate for their role and comparable with their peer group.

Any STIP is based on colleagues working collectively to deliver against the performance measures in the annual scorecard of financial and strategic measures that are reviewed each year. The scorecard determines the overall level of STIP funding each year.

Individual STIP outcomes for colleagues are differentiated based on a colleague's personal performance, with a zero outcome being awarded to colleagues who do not meet the minimum expectations for their role.

The maximum opportunity for colleagues will typically not exceed 200% of salary, unless otherwise agreed by the committee.

For individuals in key senior leadership roles, a part of the STIP is deferred. For example, 40% of the STIP payment is deferred for executive directors and members of the Group Executive Committee. Deferred awards are invested into fund units to support alignment with customers through fund performance. Payment is subject to continued employment with deferred awards eligible to vest on the first, second and third anniversaries following grant.

In line with market practice, and in order to increase alignment with the underlying performance of certain business units or functions, separate STIP scorecards may apply for certain colleagues or business areas.

Sales incentives

In certain circumstances, sales incentives will be used to motivate and reward sales and distribution colleagues, while ensuring that member and customer interests and outcomes and effective risk management remain paramount. Sales incentive outcomes consider financial and non-financial performance measures, including qualitative factors which are reviewed and approved annually by the Remuneration Committee.

Long-Term Incentive Plan (LTIP)

The LTIP aims to align the interests of our most senior colleagues, which includes members of the Group Executive Committee, with the long-term interests of members and customers by incentivising the delivery of our Purpose and strategy.

Participants in the LTIP have a variable remuneration opportunity which is appropriate for their role and comparable with their peer group. Awards under the plan are differentiated based on personal contribution and performance.

No awards are made to colleagues who do not meet the minimum expectations for their role.

Performance under the plan is assessed over three years using a scorecard of financial, strategic and non-financial measures.

Vesting of awards is based on performance over the three-year period, after which a two-year holding period applies for the executive directors who are also subject to minimum unit holding requirements. The awards are therefore subject to a total vesting and holding period of five years.

Awards are deferred into fund units to support alignment with customer interests through fund performance.

Executive Directors' Remuneration Policy

Element	Policy
Base salary	Purpose and link to strategy The aim of base salary is to support recruitment and retention of talented people required to deliver the Group's strategy. Operation Salaries are normally reviewed annually, in the context of each executive director's skills and experience, role and responsibilities (including any temporary role changes), individual performance, business performance and the external market data. While there is no maximum salary, any increases will not normally exceed the range of increases awarded to the wider workforce. Increases beyond those granted to the wider workforce may be awarded in certain circumstances, for example change in role or responsibilities or where there is material market misalignment. Newly appointed executive directors may have their salaries set below the market/previous incumbent level while they become established in role, with the intention to implement a planned increase in subsequent years subject to performance.
Benefits	Purpose and link to strategy The aim of providing competitive benefits is to support the recruitment and retention of talented people required to deliver the Group's strategy. Our benefits have a strong focus on supporting colleague health and wellbeing, and providing financial security. Operation Benefits may vary by individual, location and level. They are reviewed regularly to ensure they remain competitive and may vary from time to time. Executive directors may participate in the Group's flexible benefits scheme and may be eligible to receive relocation support based on the requirements of their role, as determined by the Group. Benefits typically include, but are not limited to, life insurance, healthcare plans and an annual medical screening. Tax amounts paid by the Group on behalf of executives in respect of benefits may also be provided where appropriate.
Pension	Purpose and link to strategy The aim of a market-competitive pension contribution is to provide appropriate contribution rates in line with the wider workforce, to support saving for retirement and future financial wellbeing. Operation Executive directors can receive a cash allowance in lieu of pension or they may elect to pay all or part of their allowance into a pension plan. Salary is the only element of remuneration that is pensionable. Maximum opportunity The maximum pension contribution is in line with the wider workforce default contribution rate (for 2026 this is 12% of salary).

Remuneration Committee and Directors' Remuneration Report *continued*

Element	Policy	Time horizon
Short-Term Incentive Plan (STIP)	Purpose and link to strategy The aim of the STIP is to focus participants on the in-year results that need to be achieved to meet the Group's annual objectives in the context of the agreed strategy. Deferral of a proportion of the bonus ensures alignment of the executive directors' interests with members.	 Performance Period 60% cash 40% deferred for 3 years 2026 2027 2028 2029 2030
	Operation Payment of 40% of any amount earned under the STIP is typically deferred, subject to continued employment. Deferred awards can be made in a combination of deferred cash/instruments (including deferral into fund units), as considered appropriate by the Remuneration Committee to ensure all regulatory requirements are adhered to. Deferred awards normally pay out in tranches over three years, subject to any holding requirements in place and regulatory retention periods as required.	
	Maximum opportunity The maximum STIP opportunity in respect of a financial year will not exceed 200% of salary dependent on role, unless otherwise agreed by the committee. For 2026, the maximum opportunity for Barry O'Dwyer will continue at 200% of salary and the maximum opportunity for Daniel Cazeaux will increase to 200% of salary (from 150% in 2025). There is no payment for below-threshold performance. From 2026, the discretionary individual performance modifier will be removed. The outturns for executive directors will be based solely on Group scorecard performance.	
	Performance measures Performance measures and targets are normally determined annually by the Remuneration Committee. Performance is ordinarily measured against a scorecard which includes a range of financial, strategic and non-financial measures. The weighting of financial measures will normally not be lower than 50%. The committee reserves the right to apply a discretionary override in circumstances it considers appropriate, including to ensure that awards fairly reflect the underlying performance of the Group and individual performance.	
	Recovery provisions Malus and clawback provisions apply to the full STIP award including any deferral which allows for subsequent reductions if events come to light that, if known at the time of award, would have decreased the award. Full details can be found on page 113. Triggers are extensive and include, but are not limited to, material misstatement, errors in assessing performance targets or in the information on which the award was granted, material failure of risk management, material financial loss, material injury, corporate failure, material downturn in financial performance, misconduct or behaviour that could lead to significant reputational damage. Any other circumstances are considered by the committee or the Board at their discretion.	

Element	Policy	Time horizon
Long-Term Incentive Plan (LTIP)	Purpose and link to strategy The aim of the LTIP is to align the remuneration of executives to the interests of members and customers and incentivise the delivery of Royal London's long-term strategy and performance.	 Performance Period Holding Period 2026 2027 2028 2029 2030
	Operation Vesting of awards is based on performance over a period of at least three years. Awards may then be subject to a holding period, which would normally be two years, taking the usual overall time horizons of awards to five years. Awards are made in the form of instruments (for example, fund units) as considered appropriate by the Remuneration Committee and compliant with the applicable regulatory framework. Opportunity The maximum LTIP award in respect of a financial year is up to 350% of salary dependent on role. No more than 20% of the award will be payable for threshold performance, with 100% of the award payable for maximum performance. For 2026, the maximum opportunity for Barry O'Dwyer will be 300% of salary and the maximum opportunity for Daniel Cazeaux will be 200% of salary; the policy maximum opportunity of 350% will not be applied for 2026. Performance measures Performance measures and targets are normally determined annually by the Remuneration Committee, aligned to the Group's key long-term performance measures. Performance is ordinarily measured against a scorecard of financial and strategic measures. The committee may make adjustments to the targets and/or measures in particular circumstances where the existing targets and/or measures are no longer appropriate. The committee reserves the right to apply a discretionary override to outturns in circumstances it considers appropriate, including to ensure that awards fairly reflect the underlying performance of the Group and individual performance. Recovery provisions Malus and clawback provisions apply to the full LTIP award. The committee may impose further conditions on any LTIP award, or reduce (including to nil) the opportunity and/or number of fund units by reference to which a payment or award is calculated at any time before the end of the recovery period. Triggers are extensive and include, but are not limited to, material misstatement, errors in assessing performance targets or in the information on which the award was granted, material failure of risk management, material financial loss, material injury, corporate failure, material downturn in financial performance, misconduct or behaviour that could lead to significant reputational damage. Any other circumstances are considered by the committee or the Board at their discretion.	

Remuneration Committee and Directors' Remuneration Report *continued*

Element	Policy
Minimum holding guideline	The committee believes that holding guidelines reinforce the principles underlying the Group Remuneration Policy and further align the interests of executives with those of members. The executive directors are required to retain some/all of their fund units or notional fund units earned under the short-term and long-term incentive schemes, and build up a minimum holding. The minimum holding guideline is 200% of salary for executive directors. Executive directors are required to maintain their holding requirement, or actual holding if lower, for two years post cessation of employment. The committee reviews progress against the holding guidelines periodically to ensure they remain appropriate for the Group, taking into account market practice and the Board's assessment of what is appropriate.

Discretions

The committee oversees the operation of the Group's incentive plans according to their respective rules. In line with common market practice, the committee retains discretion as to the operation and administration of these incentive plans, including but not limited to:

- who participates
- the timing of grant and/or payment
- the size of an award and/or payment (within the plan limits)
- the manner in which awards are settled
- the choice of (and adjustment of) performance measures and targets in accordance with the plan rules
- discretion to adjust the targets and/or set different measures and alter weightings for incentives if events occur (for example, material divestment of a Group business or changes to accounting standards) which cause the committee to determine that an adjustment or amendment is appropriate, so that the conditions achieve their original purpose
- discretion to adjust STIP or LTIP outcomes if they are considered to be inappropriate, taking into account any relevant factors
- discretion relating to the measurement of performance in certain circumstances (for example, change of control or any other corporate event which may affect the current or future value of an award)
- the application of recovery and withholding provisions such as malus and clawback
- determination of a good leaver (in addition to any specified categories) for incentive plan purposes, based on the plan rules and the appropriate treatment under the plan rules.

Approach to the recruitment of executive directors

The Board, on recommendation of the Nominations and Governance Committee appoints executive directors whom it considers to be appropriate for each position. The Remuneration Committee's approach to determining remuneration for new executive directors is to pay a sufficient level to attract the individual, giving careful consideration to each executive director's skills and experience, role and responsibilities, the external market pay data, as well as taking into account their existing remuneration. This is in line with our approach taken across the wider Group.

The remuneration package offered to new appointments may include any element of remuneration included in the Executive Directors' Remuneration Policy set out in this report, or any other element which the committee considers is appropriate given the particular circumstances but not exceeding the maximum level of variable remuneration set out in the policy table on pages 104 and 105. In considering which elements to include, and in determining the approach for all relevant elements, the committee will take into account a number of different factors, including (but not limited to) typical market practice and existing arrangements for other executive directors and internal relativities.

The Remuneration Committee may make an award to buy out remuneration terms forfeited on resignation from the previous employer. In considering buy-out levels and conditions, the committee will take into account the type of award, performance measures and likelihood of performance conditions being met in setting the quantum of the buy-out. Buy-out awards will match the terms of forfeited awards with the previous employer as closely as possible, subject to proof of forfeiture and other relevant documentation. The value of any award will be no more favourable in terms of value or conditions than the award being forfeited. Depending on the value of the award forfeited, the normal maximum plan limits may need to be exceeded on a one-off basis.

In the event of an internal promotion to the Board, any prior contractual obligations and incentive awards to the new executive director may be honoured.

The committee may authorise relocation payments (including tax) and other benefits reflecting local market practice as necessary to secure an appointment.

Exit payment policy

Any payments in the event of termination of an executive director will take account of the individual circumstances, including the reason for termination, any contractual obligations and the rules of the applicable incentive plan, and pension scheme. Executive directors' contracts do not include any specific compensation for severance as a result of a change of control. Benefits may also be provided in connection with termination of employment and may include, but are not limited to, outplacement and legal fees and payments in respect of accrued holiday.

The committee retains discretion to effect an alternative outcome than that imposed by the relevant plan rules on a case-by-case basis following a review of circumstances, in order to ensure fairness for members and employees. Under certain circumstances, it may be in members' interests for

the Group to enter into a legally binding agreement with an executive director when their employment is terminated. The committee retains the discretion to make payments (including professional and outplacement fees) in connection with an executive director's cessation of office or employment. This may include payments that are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of that executive director's office or employment.

Termination arrangements for executive directors will be reviewed and approved by the Remuneration Committee with consideration for the following principles:

- Treat people fairly and reward them for their contribution over the time they were with Royal London.
- Adhere to current regulatory reward requirements and the external environment around executive pay.
- Ensure Royal London maintains the ability to apply malus on incentives for the full performance period of a plan.
- Ensure Royal London maintains the ability to apply, where practicable, clawback incentives beyond the vesting period of a plan.



Remuneration Committee and Directors' Remuneration Report *continued*

Summary of treatment of awards on termination

	Good leavers	Bad leavers	Change of control
Definition	Includes circumstances such as a participant who ceases to be employed by or hold office with a Group company as a result of ill health, injury, disability, death, redundancy agreed by the committee or any other reason (other than gross misconduct) at the committee's discretion.	A participant who ceases to be employed by or hold office with a Group company in circumstances other than being a good leaver.	
STIP (Annual bonus)	If a participant ceases to hold office or employment as a good leaver during the bonus year, the Board will determine whether any bonus is payable. To the extent that any bonus is payable, it will take into account time worked in the performance year.	If a participant ceases to hold office or employment as a bad leaver during the bonus year, no bonus will normally be payable.	If there is a change of control during the bonus year, the Board will determine whether any bonus will be payable. To the extent that any bonus is payable, the Board will also determine whether, and to what extent, any proportion of the bonus will be deferred.
STIP Deferred awards	If a participant ceases to hold office or employment as a good leaver before the normal vesting date in respect of a deferred STIP award, the award will usually continue, unless the Board exercises its discretion to accelerate vesting (such as where cessation is as a result of the participant's death). The award may be pro-rated for time.	If a participant ceases to hold office or employment as a bad leaver before the normal vesting date in respect of a deferred STIP award, the award will usually lapse.	If there is a change of control prior to the normal vesting date, deferred STIP awards will normally continue, unless the Board exercises its discretion to exchange awards or accelerate vesting.
LTIP – before the normal vesting date	If a participant ceases to hold office or employment as a good leaver before the normal vesting date in respect of an award, the award will usually continue, unless the Board exercises its discretion to accelerate vesting (such as where cessation is as a result of the participant's death). The award will be subject to performance conditions and, unless the Board determines otherwise, be pro-rated for time.	If a participant ceases to hold office or employment as a bad leaver before the normal vesting date in respect of an award, the unvested award will lapse.	If there is a change of control prior to the normal vesting date, outstanding awards will normally continue unless the committee determines that awards will vest and be released early, subject to the satisfaction of performance conditions and taking into account the proportion of the vesting period that has elapsed. Alternatively, the Board may exercise its discretion to exchange awards.
LTIP – during the additional holding period	If a participant ceases to hold office or employment for any reason other than gross misconduct during the holding period, the award will usually continue, unless the Board exercises its discretion to accelerate release (such as where cessation is as a result of the participant's death).		If there is a change of control during the holding period, outstanding awards will normally continue unless the committee determines that awards be released at the time of such event.

Service contracts

The service contract of any new executive director will require 12 months' notice to the Group on resignation, and will also require that the director mitigates any payment in lieu of notice. The main terms of executive directors' service contracts are provided in the table below.

Executive director terms	
Duration	Permanent employment.
Notice period	12 months by the Group. 12 months by the executive director.
Payment in lieu of notice	Payment in lieu of notice (salary only) if employment is terminated by the Group for reasons other than misconduct.
Other allowances	Group reimburses all work-related expenses.

The Chair of the Board and each of the non-executive directors on the Board have letters of appointment with the Company. Letters of appointment do not contain provisions for loss of office payments, or any additional remuneration other than the fees set out in this report. All non-executive directors have a notice period of three months, and the dates of their appointment to the Board are provided on page 76.

Non-executive directors' remuneration

Non-executive director fees	The fees for non-executive directors are set to be sufficient to attract and retain directors of the highest calibre, reflecting the responsibilities and time commitment required. These fees are typically reviewed annually against fee levels at financial services companies of a similar size and complexity, with particular reference to the external talent market. The remuneration of the Chair of the Board is determined by the committee, while the remuneration of other non-executive directors is determined by the Board. All directors abstain on determination of their own remuneration. The Chair of the Board is paid a fixed annual fee for all Board responsibilities, together with such other benefits as the Remuneration Committee may in its absolute discretion determine. Non-executive directors receive a base fee and additional fees may be paid to non-executive directors for chairing committees and subsidiary boards to reflect the additional time commitment that is required. Additional fees may be paid in the exceptional event that non-executive directors are required to commit substantial additional time above that normally expected for the role. Fees are paid in cash. Remuneration for newly appointed non-executive directors will be aligned with the approach taken for the existing non-executive directors. The non-executive directors are not eligible to participate in incentive schemes and their fees are not pensionable. Any taxable or other business expenses incurred in performing their role are reimbursed, as well as any related tax cost on such reimbursement.
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Remuneration under existing awards

Any awards made prior to the approval of the Executive Directors' Remuneration Policy detailed in this report will be honoured. These include the Group deferred STIP and LTIP awards from prior years.

The committee reserves the right to make any remuneration payment where the terms were agreed at a time when the relevant individual was not a director of the Group and, in the opinion of the committee, the payment was not in consideration for the individual becoming a director of the Group.

Remuneration Committee and Directors' Remuneration Report *continued*

Alignment with the Group Remuneration Policy for the wider workforce

At Royal London, we operate a Group Remuneration Policy which applies to the vast majority of our people, including executive directors, although the levels of remuneration differ. Executive directors, senior managers and other colleagues that have significant influence over business results will have a portion of their bonus (STIP) deferred and may be eligible to also participate in the LTIP or other long-term incentive arrangements.

The committee receives detailed information from management regarding the annual pay reviews for all colleague groups and also reviews the Group Chief Executive Officer's recommendations for salary and STIP for his direct reports and for other senior colleagues. It also reviews all awards made under the LTIP and other long-term incentive plans. For all colleagues, remuneration is set with reference to the specific requirements of the individual role and pay levels in the relevant talent markets. The committee does not consult directly with colleagues specifically on remuneration policy for executive directors, but is mindful of pay and employment conditions elsewhere in the Group when doing so, and when considering potential payments under the Executive Directors' Remuneration Policy.

2026 executive directors' pay scenario charts

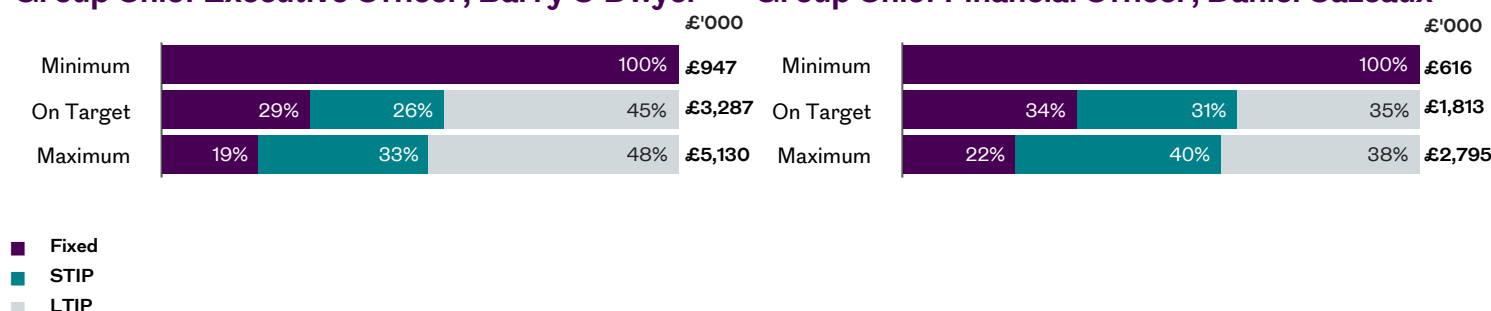
The charts below illustrate the potential pay opportunities for the Group Chief Executive Officer and Group Chief Financial Officer for 2026, based on different performance scenarios.

Scenario	Salary, pension and benefits	STIP outcome (% of maximum)	LTIP outcome (% of maximum)
Minimum (fixed)	Received in line with contractual entitlement	0	0
On-plan performance (achieves targets)		50	60
Maximum performance (significantly exceeds targets)		100	100

Actual variable pay outcomes can vary between 0% and 100% of maximum, depending on actual performance delivered.

Group Chief Executive Officer, Barry O'Dwyer

Group Chief Financial Officer, Daniel Cazeaux



Minimum – fixed pay, consisting of salary, benefits (based on the value included in the single figure of remuneration table for 2025) and pension

On Target – fixed pay, 50% of the maximum STIP and 60% LTIP vesting

Maximum – fixed pay, 100% of the maximum STIP and 100% LTIP vesting

Supporting our Purpose and strategy

During 2025, the committee undertook a comprehensive review of performance metrics to apply under the 2026 STIP and LTIP, with a view to greater simplification of the framework and an increased focus on financial and customer-focused KPIs. The 2026 scorecards incentivise delivery of our Purpose, are aligned to the long-term interests of our members, and are set out below and on page 112.

The committee is of the view that the performance targets are commercially sensitive, and it would be detrimental to the Company to disclose them in advance of or during the relevant performance period. The committee will disclose these targets at the end of the relevant performance period in that year's Annual Report and Accounts, if these targets are no longer commercially sensitive.

For 2026, outturns are based solely on Group scorecard performance. No bonus will be payable for below-threshold performance.

2026 STIP scorecard

Strategy outcome	Alignment to our Purpose	Weighting	Performance measure(s)
Our continued profitability and balance sheet management ensure we are financially secure		30%	Operating profit ¹
		15%	New business contribution
Our investment performance and capabilities are recognised as best in class	  	15%	Investment return on Long-Term Funds and Governed Range
We operate with modern infrastructure, capabilities and ways of working to maximise value for customers	 	20%	Strategic delivery. Assessment of progress in delivering priority strategic initiatives
We attract a strong inflow of new customers and clients	 	10%	Customer numbers. Retain existing and attract new customers, focusing on sustainable growth and our customer-centric culture
We operate with modern infrastructure, capabilities and ways of working to maximise value for customers		10%	Build and maintain resilience in our infrastructure and operations
Total		100%	

1. As explained on page 2, all references to 'Operating profit' in this report represent the Alternative Performance Measure (APM), Group adjusted operating profit. See page 230 for further details on this APM.

Our Purpose

Protecting today, investing in tomorrow. Together we are mutually responsible.

 Helping build financial resilience

 Playing our part in moving fairly to a sustainable world

 Strengthening the mutual choice for customers

Remuneration Committee and Directors' Remuneration Report *continued*

2026 LTIP scorecard

Strategy outcome	Alignment to our Purpose	Weighting	Performance measure(s)
Our continued profitability and balance sheet management ensure we are financially secure		20%	Operating profit
Our investment performance and capabilities are recognised as best in class	  	40%	Investment return on Long-Term Funds, Governed Range and external assets
We operate with modern infrastructure, capabilities and ways of working to maximise value for customers	 	25%	Strategic delivery. Assessment of progress in delivering priority strategic initiatives
We attract a strong inflow of new customers and clients	 	10%	Customer numbers. Retain existing and attract new customers, focusing on sustainable growth and our customer-centric culture
We are clear on how we will reduce our CO ₂ e emissions in our operations and investments	 	5%	Climate Transition Plan delivery
Total		100%	

Our Purpose

Protecting today, investing in tomorrow. Together we are mutually responsible.



Helping build financial resilience



Playing our part in moving fairly to a sustainable world



Strengthening the mutual choice for customers

UK Corporate Governance Code

The Company has continued to comply with the principles and provisions of the Code, as adapted to reflect the Company's mutual status.

Malus and clawback

All variable remuneration will be subject to malus and clawback provisions.

The STIP and LTIP include malus and clawback provisions which provide the ability to reduce awards under these plans, including to nil, at any time before the end of the recovery period, if the following circumstances occur:

- A material misstatement of financial results
- An error in assessing a performance target applicable to the award, or in the information or assumptions on which the award was granted or vests
- A material failure of risk management
- Serious reputational damage to Royal London or behaviour on the part of a colleague that could lead to significant reputational damage for Royal London
- A material financial loss
- Material injury to the interests of Royal London
- Breach of an investment management agreement or fund's risk profile
- Serious misconduct or material error on the part of the colleague
- The colleague is or has been subject to a formal warning, formal notice or other sanction under an employment-related policy (including the disciplinary policy, performance improvement policy and sickness absence policy)
- A material corporate failure
- A material downturn in financial performance
- Any other circumstances that the Board in its discretion considers.

There may be circumstances where the decision to apply malus and/or clawback results in disciplinary action being taken, including investigations into any Conduct Rule breaches in the UK, or Conduct Standards breaches in Ireland.

The malus and clawback provisions can be applied over a recovery period of five years reflecting the time horizon for material risks to crystallise. The provisions were not applied during the financial year.

Malus and clawback provisions will also apply to the following:

- Buy-out awards offered to new hires over the vesting period
- Retention awards
- Termination arrangements
- Guaranteed bonus awards.

2025 Annual report on remuneration

This section of the report details the remuneration paid to the executive and non-executive directors for the financial year ending 31 December 2025.

Single figure of remuneration – executive directors (audited)

The table below details the single figure of remuneration for executive directors for the financial year ended 31 December 2025.

Executive director		Fixed remuneration				Variable remuneration			
		Salary £'000	Taxable benefits £'000	Pension £'000	Total ¹ £'000	STIP £'000	LTIP £'000	Total ¹ £'000	Total ¹ £'000
Barry O'Dwyer	2025	822	1	99	921	1,241	1,755	2,996	3,917
Barry O'Dwyer	2024	797	3	96	896	973	688	1,661	2,557
Daniel Cazeaux	2025	534	1	64	598	755	510	1,265	1,863
Daniel Cazeaux	2024	518	2	62	582	474	381	855	1,437

Salary

Barry O'Dwyer's annual salary from 1 April 2025 was £826,560. Daniel Cazeaux's annual salary from 1 April 2025 was £536,850.

Benefits

Benefits include a healthcare plan. The executive directors are entitled to adjust their salary/benefit combination and receive additional benefits under flexible benefit arrangements. For 2024, all benefit values are included in both the salary and benefit figures. For 2025, the salary includes salary sacrifice benefits.

Pension

The executive directors receive a cash supplement in lieu of Company pension contributions of 12% of salary. This is aligned with the default contribution rate for colleagues.

STIP

Awards under the STIP are annual and include amounts due to be deferred which are subject to continued service. 40% of any STIP is deferred for up to three years. To further increase the alignment between variable remuneration outcomes and our members and customers, deferred STIP awards are invested in the funds available to our members and customers.

LTIP

LTIP values reflect the achievement of performance measures under the 2023 LTIP at the end of the three-year performance period and are subject to a further two-year holding period. The values reported are based on the fund values at the time of vesting 31 December 2025. The awards remain invested in funds and therefore the final values received will fluctuate in line with changes in fund values during the holding period.

Summary of 2025 STIP outcome

Performance during the year resulted in a calculated scorecard outcome of 150.1% of target (or 75.1% of the maximum). In addition to the scorecard outcome, the financial gateways (capital, profit and liquidity hurdles) under the plan were achieved.

The committee evaluated the calculated scorecard outcome and considered several factors including the economic climate, the Group's financial and investment performance and management of risk. The committee decided that the results were an accurate reflection of business performance over the period and therefore chose not to apply any discretionary adjustments to the calculated outcome.

Reflecting the above, and individual performance in the year, this resulted in an overall outturn of 150.1% of salary for Barry O'Dwyer and 140.7% of salary for Daniel Cazeaux. The maximum opportunity under the 2025 STIP was 200% of salary for Barry O'Dwyer and 150% for Daniel Cazeaux, with 40% of the award deferred into fund units for three years.

Summary of 2023 LTIP outcome

Performance over the three-year performance period resulted in a calculated scorecard outcome of 59.1%. In addition to the scorecard outcome, the financial gateways (internal capital cover and operating profit) under the plan were also achieved.

In evaluating the calculated scorecard outcome, the committee considered several factors including the economic climate, the Group's financial and investment performance and progress on key strategic projects.

The committee considered the impact of higher levels of expense inflation and increases in employer national insurance contributions over the performance period. No adjustments to the performance outturn were made for the higher costs incurred during the performance period, but given the long term nature of the business, an adjustment to the operating profit metric was made to take account of the capitalised impact of the national insurance changes.

This resulted in an overall outturn of 59.1% of the maximum award for Barry O'Dwyer and Daniel Cazeaux. The maximum face values of the awards at grant were £2,184,000 for Barry O'Dwyer and £655,200 for Daniel Cazeaux.

1. Due to rounding, the totals shown may differ slightly from the sum of the individual elements.

2025 STIP outcome (audited)

The 2025 STIP scorecard was set at the start of the financial year. The table below details actual performance against the measures and targets in the scorecard at the end of the performance period. The committee is of the view that any performance targets not disclosed are commercially sensitive as it would be detrimental to the Company to disclose them.

Strategy outcome	Weighting	Alignment to our Purpose	Threshold (0%)	Target (100%)	Maximum (200%)	Actual	Weighted outturn
Our continued profitability and balance sheet management ensures we are financially secure							
Operating profit ¹ £m	20%		267.6	314.8	362.0	345.0	32.8%
Risk-adjusted new business contribution £m	15%		73.2	86.1	99.0	147.0	30.0%
Our investment performance and capabilities are recognised as best in class							
Investment return on Long-Term Funds and Governed Range	15%	  	Investment performance for the Long-Term Funds exceeded target, while Governed Range performance was below threshold.				8.3%
We offer high-quality and fair value solutions that help customers to achieve good outcomes							
Assessment of progress in supporting good customer outcomes and embedding our data governance framework	12.5%	 	Overall performance against our customer value and outcomes measures was ahead of target. Our Customer Value Statement Index increased, while we further embedded our data governance framework and continued to develop our data and AI capabilities.				16.6%
We maximise operational efficiency without compromising on quality							
Assessment of service level performance	10%		Strong operational performance demonstrated throughout the year supported by improved resourcing, transparency, and service resilience				17.5%
We attract a strong inflow of new customers and clients							
New members to new workplace pension schemes	5%	 	Continued progress made in attracting new members to new workplace pension schemes, however, overall performance for the measure was slightly behind threshold target				—%
We operate with modern infrastructure, capabilities and ways of working to maximise value for customers							
Building resilience in our infrastructure	12.5%		Our control assurance environment remains robust, and we have continued to develop the resilience in our infrastructure by further enhancing our cyber security controls				25.0%
We are a 'digital-first' organisation with a frictionless customer experience							
Development of digital channels and increased usage of digital servicing	10%	  	Completed all planned digital journeys for 2025, and our digital channels performance exceeded expectations				20.0%
Scorecard outturn ²							150.1%

1. Group adjusted operating profit adjusted for 2025 STIP payable to colleagues over and above the 100% target level.

2. Individual strategy outcomes rounded to 1 decimal place; overall outturn of 150.1% reflects the exact outcome.

Remuneration Committee and Directors' Remuneration Report *continued*

2023 LTIP outcome (audited)

The 2023 LTIP scorecard includes financial and strategic objectives aligned to the shared mutual interests of members, customers and colleagues.

The plan has a three-year performance period. An additional two-year holding period applies following vesting for the executive directors. No additional service conditions are applicable during the holding period.

The performance measures and targets were set at the start of the three-year performance period.

The table below details actual performance against the measures and targets in the scorecard at the end of the performance period. The committee is of the view that any performance targets not disclosed are commercially sensitive, and that it would be detrimental to the Company to disclose them.

Strategy outcome	Weighting	Alignment to our Purpose	Threshold (0%)	Target (60%)	Maximum (100%)	Actual	Weighted outturn
Our continued profitability and balance sheet management ensures we are financially secure							
Operating profit ¹ £m	20%		741.2	872.0	1,002.8	827.4	7.9%
Our investment performance and capabilities are recognised as best in class							
Investment return on With-Profits and Governed Range	20%	  	Investment performance for With-Profits exceeded target, while Governed Range performance was below threshold				7.0%
We offer high-quality and fair value solutions that help customers to achieve good outcomes							
Assessment of outcomes for Industry Awards and Trustpilot score	10%	 	We achieved a high number of industry awards, reflecting strong external recognition across our key markets, and further improved our Trustpilot score				9.7%
The breadth of our offering means our relationship with customers can last for the rest of their lives							
Customers with more than one offering with us	10%	 	Strong progress made in developing our relationship with customers, with increasing use of the range of solutions we offer				10.0%
We maximise operational efficiency without compromising on quality							
UK core BAU costs and FCA reportable complaints	10%		105% of plan	100% of plan	95% of plan	Not achieved	—%
We attract a strong inflow of new customers and clients							
New workplace customers	10%	 	Performance ahead of target, driven by strong results for new entrants				7.2%
Our active engagement with external stakeholders' benefits customers and wider society							
Execution of net zero engagement and Just Transition (JT)	10%	  	We exceeded our engagement targets, and through ongoing stewardship activity, advanced progress on JT, with several engaged companies announcing or enhancing their JT plans				10.0%
We operate with modern infrastructure, capabilities and ways of working to maximise value for customers							
Operational resilience	10%		Good progress made on key initiatives to enhance our operational resilience and we have continued to strengthen our succession pipeline for senior talent				7.3%
Scorecard outturn							59.1%

1. Represents the three-year cumulative total of reported operating profit, adjusted for STIP payable to colleagues over and above the 100% target level and based on a constant level of expected return on existing business. The actual outcome also includes an adjustment to take account of the capitalised impact of employer national insurance changes.

2025 LTIP awards granted during the year 2025 (audited)

The committee approved an award under the 2025 LTIP of 300% of salary to Barry O'Dwyer and 200% of salary to Daniel Cazeaux in February 2025, reflecting salary levels as at 31 December 2024.

Awards under the plan are invested in units in Royal London Asset Management funds. For executive directors, any payout under the plan is subject to satisfying the unit holding requirement.

The 2025 LTIP scorecard includes financial and strategic objectives. The plan has a three-year performance period. An additional two-year holding period applies following vesting for the executive directors. The awards are therefore subject to a total vesting and holding period of five years. Under the plan, there is no payout for below-threshold performance.

The table below details the performance measures and weightings which were set at the start of the three-year performance period. Performance targets are commercially sensitive and will not be disclosed. Financial targets will be disclosed after the performance period ends.

Strategy outcome	Weighting	Alignment to our Purpose	Performance measure(s)
Our continued profitability and balance sheet management ensure we are financially secure			
	20%		Operating profit
Our investment performance and capabilities are recognised as best in class			
	30%		Investment return on Long-Term Funds and Governed Range and external assets
We offer high-quality and value-for-money solutions that help customers achieve good outcomes			
	10%		Assessment of progress against our priority initiatives
The breadth of our offering means our relationship with customers can last for the rest of their lives			
	10%		Percentage of customers using more than one solution with us and customers retiring with us
We operate with modern infrastructure, capabilities and ways of working to maximise value for customers			
	20%		Operational resilience, cyber security, customer digital interactions and delivery of People Commitments for our colleagues and customers

Executive director	Award (as % of salary)	Face value of award at grant (£'000)	End of the performance period	End of the holding period
Barry O'Dwyer	300	2,419	31/12/2027	31/12/2029
Daniel Cazeaux	200	1,048	31/12/2027	31/12/2029

Outstanding awards under variable remuneration plans (audited)

For the executive directors, the table below details outstanding deferred remuneration awards under the deferred element of the STIP and LTIP for executive directors at 31 December 2025. For in-flight LTIP awards, numbers are based on a 60% target achievement.

In order to show a complete picture of the value of unvested deferred variable remuneration awarded in prior years, the table includes estimated figures for in-flight awards, which are awards made inside the performance or vesting period at 31 December 2025. The figures include the final outcome for the 2023 LTIP at 59.1%.

2025	Non-exercisable			Exercisable awards (£'000)	Total awards (£'000)
	Unvested awards subject to time and holding requirements (£'000)	Unvested awards subject to performance and holding requirements (£'000)	Vested awards subject to holding requirements (£'000)		
Barry O'Dwyer	828	3,443	3,131	—	7,402
Daniel Cazeaux	422	1,236	1,287	—	2,945

Remuneration Committee and Directors' Remuneration Report *continued*

Unit holding

From 1 January 2020, the executive directors were required to hold at least 200% of salary (based on issuance value) for two years post cessation of employment. The chart below shows the unit holdings of the executive directors as a percentage of their respective salaries on 31 December 2025. This includes non-exercisable unvested awards subject to time and holding requirements, and non-exercisable vested awards subject to holding requirements.¹



Group Chief Executive Officer pay ratio

The table below details the single total figure of remuneration for the Group Chief Executive Officer role over the last six years and how it compares to the colleagues at 25th, 50th (median) and 75th percentile, using full-time equivalent (FTE) annualised remuneration of UK colleagues on 31 December 2025 and the 25th, 50th and 75th percentile for annual salary.

For each colleague, total remuneration is calculated in line with the single figure methodology – namely, salary accrued during the financial year and the value of variable remuneration awards vesting in relation to the performance year. As the ratios could be unduly impacted by joiners and leavers who may not participate in remuneration arrangements in the year that they join or leave, the calculations exclude any colleagues not employed throughout the financial year. FTE salary, benefits and STIP have been included for all UK colleagues including for those on parental or extended leave. No other calculation adjustments or assumptions have been made. The methodology outlined above has been used from 2020 onwards to support statistically robust calculations.

Group Chief Executive Officer	Year	Method	25th percentile	50th percentile (median)	75th percentile
Barry O'Dwyer	2025	A	101	59	37
Barry O'Dwyer	2024	A	70	43	26
Barry O'Dwyer	2023	A	72	43	27
Barry O'Dwyer	2022	A	61	37	23
Barry O'Dwyer	2021	A	60	36	23
Barry O'Dwyer	2020	A	42	26	17
		Group Chief Executive Officer pay	25th percentile	50th percentile	75th percentile
Salary		£821,520	£29,967	£49,506	£76,109
Total remuneration		£3,916,853	£38,915	£65,890	£105,717

For 2025, the ratio between the total remuneration of the Group Chief Executive Officer and the total FTE remuneration of colleagues at the upper quartile, median and the lower quartile increased versus 2024. Increases are primarily driven by the long-term incentive award which vested on 31 December 2025. The committee is satisfied that the median pay ratio for 2025 is in line with the pay and progression policies for Group colleagues as a whole and is reflective of the workforce demographic.

1. Unit holding numbers include units held under the 2023 LTIP, which vested on 31 December 2025.

Payments to past executive directors (audited)

There were no payments to past executive directors during the financial year ended 31 December 2025.

Payments for loss of office to executive directors (audited)

There were no payments for loss of office during the financial year ended 31 December 2025.

Group Chief Executive Officer – historical remuneration

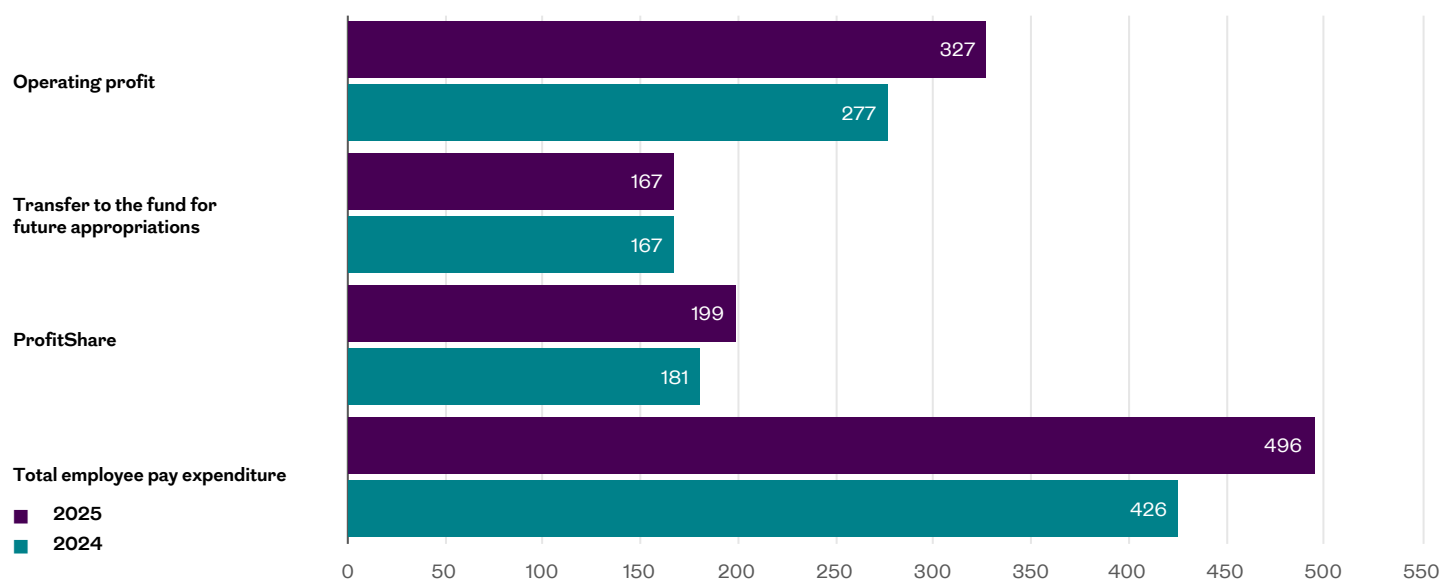
The table below details the historical remuneration for the Group Chief Executive Officer role covering the single figure of remuneration, STIP and LTIP outcomes (as a percentage of the maximum opportunity under each plan).

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Single figure of remuneration £'000										
Barry O'Dwyer	-	-	-	1,761	1,304	1,884	1,853	2,439	2,557	3,917
Phil Loney	3,033	3,208	2,971	1,956	-	-	-	-	-	-
STIP outcome (as a % of the maximum)										
Barry O'Dwyer	-	-	-	-	50%	51%	51%	69%	60%	75%
Phil Loney	98%	82%	76%	68%	-	-	-	-	-	-
LTIP outcome (as a % of the maximum)										
Barry O'Dwyer	-	-	-	-	-	33%	43%	45%	56%	59%
Phil Loney	55%	88%	62%	74%	-	-	-	-	-	-

Relative importance of spend on pay

The chart below shows the relative importance of spend on colleague pay compared to operating profit, transfer to the fund for future appropriations and ProfitShare.

ProfitShare is dependent on several criteria, including the capital position of the Group and future economic conditions, while our total colleague pay expenditure is dependent on the current year's financial performance. Consequently, there is not a direct correlation between changes in the ProfitShare and total colleague pay.



Remuneration Committee and Directors' Remuneration Report *continued*

Single figure of remuneration – non-executive directors (audited)

The table below details the single figure of remuneration for non-executive directors for the financial year ending 31 December 2025.

	Annual fees (£'000)		Committee chair fees (£'000)		Fees for additional responsibilities (£'000)		Total fees (£'000)	
	2025	2024	2025	2024	2025	2024	2025	2024
Non-executive directors as at 31 December 2025								
Kal Atwal (retired from the Board on 16 January 2026)	88	85	—	—	12	11	100	96
Baroness Ruth Davidson PC	88	85	—	—	12	11	100	96
Jane Guyett CBE	88	85	41	40	12	11	141	136
Eithne McManus	88	85	29	28	23	22	141	135
Pars Purewal	88	85	56	54	12	—	155	139
Mark Rennison	88	85	41	40	26	11	155	136
Nicky Richards	88	85	29	28	—	—	117	113
Isabel Hudson (appointed to the Board on 10 February 2025)	359	—	—	—	—	—	359	—
Gregor Stewart (appointed to the Board on 2 June 2025)	52	—	13	—	10	—	75	—
Former non-executive directors								
Lynne Peacock (retired from the Board on 9 February 2025)	44	165	—	—	—	26	44	191
Tim Tookey (retired from the Board on 3 June 2025)	37	85	17	40	15	34	69	159

Non-executive director fees for 2026

The fees for non-executive directors were reviewed during the year. From 1 April 2026, the annual base fee for non-executive directors will be £91,250 and fees for membership of additional committees, excluding the Nominations and Governance Committee, will be £11,800. Additional fees payable for committee chairs are as follows:

- Risk and Capital Committee: £41,300
- Investment Committee: £29,500
- With-Profits Committee: £29,500
- Audit Committee: £41,300
- Remuneration Committee: £41,300
- Chair of RLAM Limited: £55,900
- The annual fee for the Chair of the Board is £415,400 and the annual fee for the Senior Independent Director is £23,600.

Annual percentage change in remuneration for directors compared to colleagues

The table below shows the year-on-year percentage change for salary, benefits and STIP (as relevant) for directors compared with other colleagues (based on full-time equivalent total remuneration for the financial year).

Further details of the fees received by non-executive directors during the year are included on page 120. For colleagues, the percentage change in STIP varies depending on the year-on-year performance against the relevant performance measures and targets for that period.

Year	Pay element	Executive directors		Non-executive directors	All other colleagues
		Barry O'Dwyer	Daniel Cazeaux	Aggregated figure	
2020 to 2021	Salary/Fees	1%	71%	15%	3%
	Benefits ¹	168%	75%	–	6%
	Bonus	2%	115%	–	34%
2021 to 2022	Salary/Fees	4%	4%	2%	8%
	Benefits	-61%	4%	–	-2%
	Bonus	4%	-6%	–	–
2022 to 2023	Salary/Fees	5%	12%	16%	5%
	Benefits	5%	11%	–	16%
	Bonus	90%	63%	–	54%
2023 to 2024	Salary/Fees	5%	7%	4%	7%
	Benefits	7%	8%	–	-3%
	Bonus	-8%	-13%	–	7%
2024 to 2025	Salary/Fees	3%	3%	7%	5%
	Benefits	1%	2%	–	9%
	Bonus	27%	59%	–	19% ²

1. In November 2021, Barry O'Dwyer was granted a one-off payment of £141,509 to support his relocation from Edinburgh to London.

2. Figures in the table report the population employed for 2024 and 2025 who were bonus eligible.

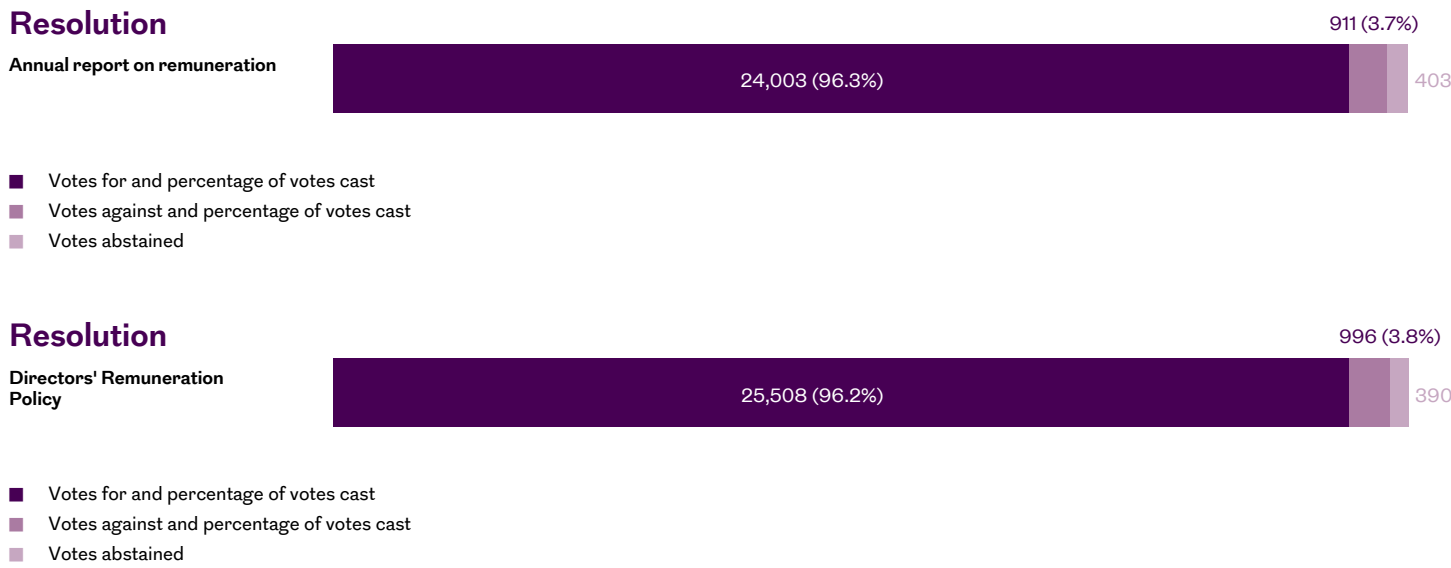
Remuneration Committee and Directors' Remuneration Report *continued*

Advisers to the Remuneration Committee

Following a review of remuneration advisers in late 2017, which consisted of a full competitive tender process, Deloitte LLP (Deloitte) was appointed by the committee as its independent adviser on remuneration with effect from 1 February 2018. Throughout the year, the committee received advice on specific matters in relation to executive and colleague remuneration. The committee is satisfied that the advice provided was objective and independent through regular reviews. The committee is comfortable that Deloitte does not provide any added services and does not have any connection with the Company or its directors that may impair its independence. Deloitte’s total fees (excluding VAT) for the provision of remuneration services to the committee for the year ended 31 December 2025 were £230,700 (2024: £218,400).

Member views on remuneration

At the AGM on 3 June 2025, members passed the annual advisory vote on the annual report on remuneration. The Directors’ Remuneration Policy vote took place at the 2023 AGM on 6 June 2023. The voting results were as follows:



The Directors’ Remuneration Report on pages 96 to 122 was approved by the Board and signed on its behalf by:

Jane Guyett CBE
Director, Chair of the Remuneration Committee

5 March 2026



Financial statements

Consolidated financial statements for The Royal London Mutual Insurance Society Limited for the year ended 31 December 2025.

Independent auditor’s report

to the members of The Royal London Mutual Insurance Society Limited

1. Our opinion is unmodified

We have audited the financial statements of The Royal London Mutual Insurance Society Limited (“the Company or parent Company”) for the year ended 31 December 2025 which comprise the Consolidated Statement of comprehensive income, Consolidated and Company Balance sheets, and the related notes, including the accounting policies in note 1 other than the disclosures labelled as unaudited in notes 1 and 37.

In our opinion the financial statements:

- give a true and fair view of the state of the Group’s and of the parent Company’s affairs as at 31 December 2025 and of the Group’s result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described to the right. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the Board on 17 May 2024 and our appointment was ratified by the members on 11 June 2024. The period of total uninterrupted engagement is for two financial years as at the year ended 31 December 2025. We have fulfilled our ethical responsibilities under, and we remain independent of the group, in accordance with, UK ethical requirements including the FRC’s Ethical Standards as applied to public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: Group financial statements as a whole	£82m (2024: £80m)	
	1.86% (2024: 1.88%) of Fund for future appropriations	
Coverage	93% (2024: 98%) of Fund for future appropriations	
Key audit matters		vs 2024
Recurring risks	Valuation of non-participating value of in-force business	◀▶
	Valuation of long-term business provision	◀▶
	Valuation of directly and indirectly held investment property	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2024), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Valuation of non-participating value of in-force business (Group: £3,383 million; 2024: £3,085 million) (Company: £3,378 million; 2024: £3,085 million) Refer to page 83 (Audit Committee Report), page 139 (accounting policy) and page 197 (financial disclosures).	Subjective valuation The Group has a significant non-participating value of in-force business representing 2.3% (2024: 2.3%) of the Group's total assets. The valuation of non-participating value of in-force business is an inherently subjective area, requiring management judgement in the setting of key assumptions. The assumptions which involve the greatest level of subjectivity are pensions persistency assumptions and a small change in these assumptions can have a significant impact on the valuation of non-participating value of in-force business.	We used our own actuarial specialists in order to assist us in performing procedures over methodology choice and assumptions in this area. Our procedures to address the risk included: Control design and implementation: Testing of the design and implementation of key controls over the persistency assumptions used in the valuation of non-participating value of in-force business. We did not seek to place reliance on the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described below.
	Pension persistency When valuing the future cash flows of the value of in-force business, assumptions need to be made regarding the proportion of existing policies that will remain in force in future time periods and how long customers will continue to pay premiums. The key elements of the assumptions are transfers, paid-up rates ("PUPs"), and retirement rates for both workplace and individual business. These assumptions are estimated using past experience and, in particular, consideration of future changes in policyholder behaviour, including how this varies based on market conditions. These changes are difficult to predict, and therefore expert judgement is applied when setting an appropriate basis.	Methodology choice: Assessing the appropriateness of the methodology for selecting the pension persistency assumptions by applying our understanding of developments in the business and expectations derived from market experience, including consideration of the effects of uncertain economic conditions on policyholder persistency.
	Estimation uncertainty The effect of these matters is that, as part of our risk assessment, we determined that the valuation of non-participating value of in-force business has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements disclose the sensitivities (note 35) estimated by the Group.	Historical comparisons: Evaluating the pension persistency assumptions by comparing to the Group's historical persistency experience. Our evaluation included assessing the long-term trends as well as the most recent experience available.
		Assessing transparency: Considering whether the disclosures in relation to the assumptions used in the calculation of the valuation of non-participating value of in-force business are compliant with the relevant accounting requirements and appropriately represent the sensitivities of these assumptions to alternative scenarios and inputs.
		Our results: We found the resulting estimate of the valuation of non-participating value of in-force business to be acceptable (2024: acceptable).

Independent auditor's report *continued*

	The risk	Our response
Valuation of long-term business provision (Group: £32,306 million; 2024: £30,906 million) (Company: £32,435 million; 2024: £31,001 million) Refer to page 83 (Audit Committee Report), page 139 (accounting policy) and page 190 (financial disclosures).	Subjective valuation The Group has a significant long-term business provision representing 21.5% (2024: 22.8%) of the Group's total liabilities. The valuation of the long-term business provision is an inherently subjective area requiring management judgement in the setting of key assumptions. The assumptions which involve the greatest level of subjectivity are longevity assumptions and a small change in these assumptions can have a significant impact on the valuation of the long-term business provision. Longevity assumptions Longevity assumptions have two main components: mortality base assumptions and the rate of future mortality improvements. The changing trends in longevity and emerging medical trends mean there is a high level of uncertainty in the assumptions. The increasing significance of Bulk Purchase Annuities to the Group adds further complexity as scheme-specific factors must also be considered when setting the longevity assumptions. Estimation uncertainty The effect of these matters is that, as part of our risk assessment, we determined that the valuation of the long-term business provision has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements disclose the sensitivities (note 35) estimated by the Group.	We used our own actuarial specialists in order to assist us in performing procedures over methodology choice and assumptions in this area. Our procedures to address the risk relating to the longevity assumption included: Control design and implementation: Testing of the design and implementation of key controls over the longevity assumptions used in the valuation of long-term business provision. We did not seek to place reliance on the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described below. Methodology choice: Assessing the appropriateness of the methodology for selecting the longevity assumption by applying our understanding of developments in the business and expectations derived from market experience, including other non-CMI sources alongside the CMI modelling used across the industry. Historical comparisons: Evaluating the mortality base assumptions used in the valuation of the annuity liabilities by comparing to the Group's historical mortality experience. Benchmarking assumptions: Assessing the rate of mortality improvement assumptions against industry data on expected future mortality rate improvements and industry historical mortality improvement rates, and assessing the appropriateness by comparing to industry practice and our expectations derived from market experience. Assessing transparency: Considering whether the disclosures in relation to the assumptions used in the calculation of the long-term business provision are compliant with the relevant accounting requirements and appropriately represent the sensitivities of these assumptions to alternative scenarios and inputs. Our results: We found the resulting estimate of the valuation of the long-term business provision to be acceptable (2024: acceptable).

The risk

Valuation of directly and indirectly held investment property

(Group: £7,800 million;

2024: £8,292 million)

(Company: £7,800 million;

2024: £8,327 million)

Refer to page 83 (Audit Committee Report), page 139 (accounting policy) and page 174 (financial disclosures).

Subjective valuation

The Group owns both directly and indirectly held investment property assets that are classified as Level 3 investments. The total property related balance at year-end is £9,100 million, of which we have identified £7,800 million (2024: £8,292 million) as carrying a significant valuation risk. This conclusion is based on our risk assessment procedures, in which we consider whether the Group manages the asset and instructs the valuation, as well as our knowledge of the underlying properties and sectors.

These properties are held across various different financial statement captions predominantly within the unit linked portfolio including Investment property, Unit trusts and other pooled investment vehicles, OEICs and other investment funds subsidiaries and associates. Out of the total balance there is £3,198 million (2024: £3,065 million) held in non-unit linked funds.

Valuations are carried out by third-party valuers predominantly engaged by the Group, who perform their work in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation – Professional Standards.

The valuation is complex, and the fair value of the investment properties is based on limited or no observable market data. Therefore, significant judgement and estimation is required in determining the underlying fair value. The inputs that drive the investment property valuation are the estimated rental value ("ERV") estimate and the yield, which is most akin to a discounting rate. Both inputs are based on market evidence and are inherently judgemental. The valuations take into account the property-specific information including the current tenancy agreements and rental income, condition and location of the property and future rental prospects. There is a risk that applying an inappropriate yield or an inaccurate ERV could lead to a material difference in the valuation.

Estimation uncertainty

The ERV and the yield are inputs susceptible to macroeconomic factors and the turbulence of the current economic climate, which increases the estimation uncertainty in valuing the investment properties.

The effect of these matters is that, as part of our risk assessment, we determined that the valuation of directly and indirectly held investment property has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.

Our response

We used our own valuation specialists in order to assist us in performing the procedures. Our procedures included:

Control design and implementation: Testing of the design and implementation of key controls over the valuation process to assess whether appropriate controls are in place. We did not seek to place reliance on the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described below.

Benchmarking assumptions: We challenged the key assumptions upon which the valuations were based for a risk-based sample of properties, including those relating to ERV and yield rates by making a comparison to our own ranges derived from market data.

Methodologies: We challenged the methodologies used for the specific portfolios with reference to market practice.

Attendance at Group valuation meetings: We attended the Group's meetings with its external valuers and challenged the market evidence presented by the valuers.

Historical comparisons: We compared the year end valuation with the sales price achieved for property sales in the current year and post year end.

Assessing valuers' credentials: Critically assessed the independence, professional qualifications, competence and experience of the external valuers used by the Group.

Comparing valuation: For indirect property funds, we obtained and agreed the latest reported net asset value ("NAV") from the fund manager and/or the fund administrator and agreed the NAV attributable to the Group to the reported valuation.

Assessing transparency: We assessed whether the Group's disclosure about the sensitivity of fair value changes in key assumptions reflected the uncertainties inherent in the property valuations.

Our results: We found the valuation of directly and indirectly held investment property to be acceptable (2024: acceptable).

Independent auditor’s report *continued*

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £82m (2024: £80m), determined with reference to a benchmark of the Fund for Future Appropriations as disclosed in note 25, of which it represents 1.86% (2024: 1.88%). We consider the Fund for Future Appropriations to be the most appropriate benchmark as it is more relevant to the users of the financial statements than profit before tax, given the Company’s mutual status.

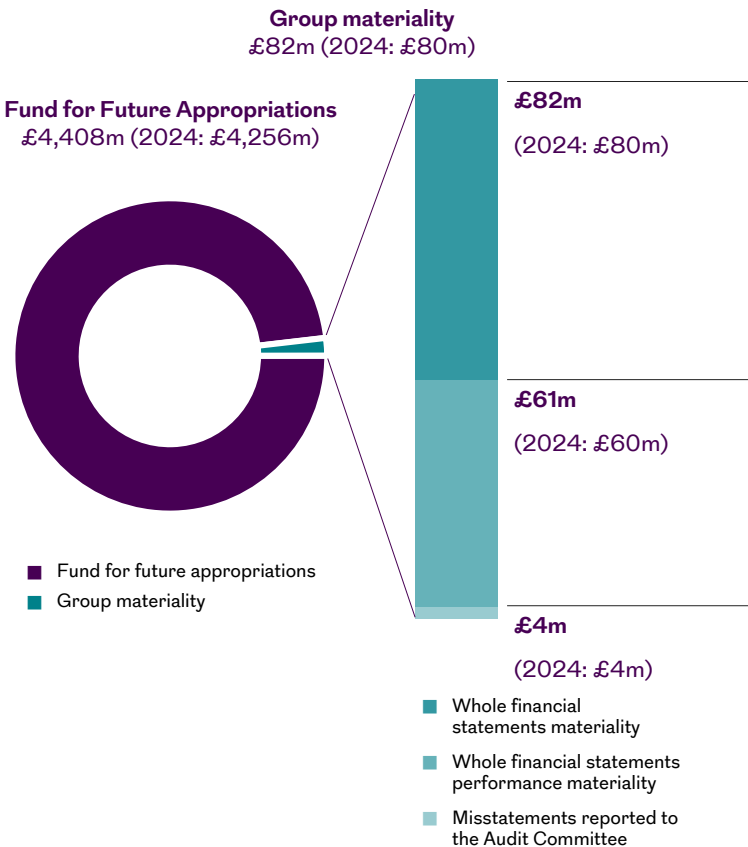
In addition, we applied materiality of £115m (2024: £129m) to the RL (CIS) With-Profits Fund and Unit-Linked Funds’ assets and liabilities and associated Statement of comprehensive income balances in the Consolidated and Company Balance sheets, and Consolidated Statement of comprehensive income, determined with reference to a benchmark of CIS Fund total assets, of which it represents 0.49% (2024: 0.57%). This materiality was applied solely for our work on matters for which a misstatement is likely only to lead to a reclassification between line items within assets, liabilities and the associated statement of comprehensive income balances, in accordance with FRC Practice Note 20 (Revised): The audit of Insurers in the United Kingdom.

Materiality for the Company financial statements as a whole was set at £81m (2024: £79m), determined with reference to a benchmark of the Fund for Future Appropriations and chosen to be lower than materiality for the Group financial statements as a whole. It represents 1.68% (2024: 1.74%) of the stated benchmark.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2024: 75%) of materiality for the financial statements as a whole, which equates to £61m (2024: £60m) for the financial statements as a whole, £86m (2024: £97m) for the RL (CIS) With-Profits Fund and Unit-Linked Funds and £60m (2024: £58.5m) for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £4m (2024: £4m) for the Group, £5m (2024: £6.5m) for the RL(CIS) With-Profits fund and Unit-Linked Funds, and £4m (2024: £4m) for the Company, in addition to other identified misstatements that warranted reporting on qualitative grounds.



Overview of the scope of our audit

We performed risk assessment procedures to determine which of the Group’s components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.

In total, we identified 52 (2024: 51) components, having considered our evaluation of the Group’s operational and legal structures, existence of common information systems, common risk profile across entities, geographical location and presence of key audit matters and our ability to perform audit procedures centrally.

Of those, we identified one (2024: one) quantitatively significant component which contained the largest percentages of total revenue and total assets of the Group, for which we performed audit procedures.

Additionally, we selected six (2024: 12) components with accounts contributing to the specific risks to the Group financial statements.

Accordingly, we performed audit procedures on seven (2024: 13) components. We involved component auditors on six (2024: eight) components. The Group auditor performed the audit of the parent Company.

We set the component materialities, ranging from £3.5m to £81m (2024: £5m to £78m), having regard to the mix of size and risk profile of the Group across the components.

Overview of the scope of our audit (cont.)

Our audit procedures covered 100% (2024: 100%) of Group gross premiums written.

We performed audit procedures in relation to components that accounted for 93% (2024: 98%) of Fund for Future Appropriations and 99% (2024: 98%) of Group total assets.

For the remaining components, we performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components. This included consideration of management’s assessment of business performance in these entities and the potential existence of Special Audit risks in components outside of our initial scope.

Impact of controls on our Group audit

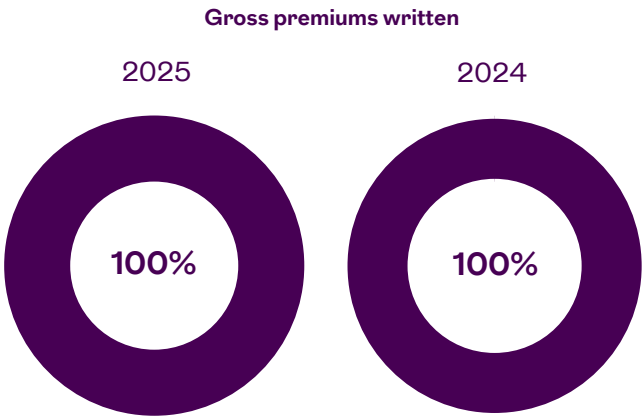
In planning our audit we identified a number of IT systems relevant to our audit, particularly with regard to automated controls within the Group’s financial reporting processes. These systems included the main finance and consolidation systems and other systems handling data relating to policyholder transactions. We intended to rely on the IT controls associated with the majority of these identified systems, and the wider general IT control environment, in order to reduce the extent of substantive testing required over the finance and consolidation systems, and specifically over the data extracted from the systems handling policyholder transactions. We used our IT auditors to assist us in assessing the design and operating effectiveness of the automated controls and general IT controls relevant to these systems, which are all managed from the UK.

As noted by the Audit Committee on page 84, the Group’s Financial Reporting Data and Control Framework does have some outstanding control deficiencies. Given this, we did not plan to rely on general IT controls for a small number of IT systems and we performed a predominantly substantive audit for audit risks related to those systems, with additional testing of the reliability of historical data derived from these policyholder transaction systems for use in financial reporting.

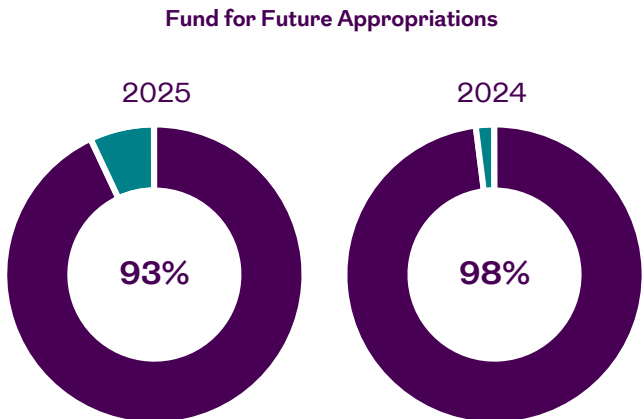
Following our testing, we were able to rely on the general IT controls associated with the IT systems tested, which allowed us to place reliance, as planned, on the key automated controls when designing our audit response.

Additionally, we tested the design and operating effectiveness of certain controls over cash and cash equivalents. For this area we were able to rely on these manual controls, which reduced the extent of our substantive testing over cash at bank and in hand. In all other areas of the audit a predominantly substantive approach was taken.

Our audit procedures covered the following percentage of Group gross premiums written:



We performed audit procedures in relation to components that accounted for the following percentages of the Group Fund for Future Appropriations and Group total assets:



Independent auditor's report *continued*

Group auditor oversight

As part of establishing the overall Group audit strategy and plan, we conducted the risk assessment and planning discussion meetings with component auditors to discuss Group audit risks relevant to the components.

The Group auditor instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back.

We held regular in-person and video conference meetings with the component auditors. At these meetings, the results of the planning procedures and further audit procedures communicated to us were discussed in more detail, and any further work required by us was then performed by the component auditors.

We inspected the work performed by the component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed.

4. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

- severely adverse policyholder lapse, claims or expenses experience;
- adverse impacts from fluctuations or negative trends in the economic environment which affect regulatory capital solvency coverage ratios, liquidity ratios, the valuations of other assets, and valuation of non-participating value of in-force business and long-term business provision; and
- adverse operational impacts on the Group's data and processes.

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible, downside scenarios that could arise from these risks individually and collectively against the level of available financial resources in the Group's financial forecasts.

We considered whether the going concern disclosure in note 1(a) to the financial statements gives an accurate description of the directors' assessment of going concern, including the identified risks and related sensitivities.

Our conclusions based on this work are:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in note 1(a) to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group's and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1(a) to be acceptable.

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

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

- To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:
 - enquiring of directors, the Audit Committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for whistleblowing, as well as whether they have knowledge of any actual, suspected or alleged fraud;
 - reading Board, Audit Committee and any other relevant meeting minutes;
 - considering remuneration incentive schemes and performance targets for senior management and directors; and
 - using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the Audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group auditor to component auditors of relevant fraud risks identified at the Group level, and requesting component auditors performing procedures at the component level to report to the Group auditor any identified fraud risk factors or identified or suspected instances of fraud.

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of non-participating value of in-force business and the long-term business provision. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no elements of estimation uncertainty or key judgements made by management in relation to the accounting for gross premiums written. Therefore, there is a lack of opportunity in revenue accounting that would allow management to fraudulently manipulate the account balances.

We also identified a fraud risk related to valuation of non-participating value of in-force business and long-term business provision.

Further detail in respect of these risks are set out in the key audit matter disclosures in section 2 of this report.

We also performed the following procedures to address the fraud risks:

- identifying journal entries based on risk criteria and performing the detailed testing of the identified entries with reference to supporting documentation. These included those entries posted to seldom-used accounts, entries initiated by individuals who do not typically post journal entries, and entries containing unexpected posting combinations; and
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and others management as required by auditing standards, and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group auditor to component auditors of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group Audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

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

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

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's authority to operate. We identified the following areas as those most likely to have such an effect: specific areas of regulatory capital and liquidity; conduct including client assets, anti-money laundering, anti-bribery and market abuse regulations; and certain aspects of company legislation and financial services legislation recognising the financial and regulated nature of the Group's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

Independent auditor's report *continued*

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

6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report

In addition to our audit of the financial statements, the directors have engaged us to audit the information in the Directors' Remuneration Report that is described as having been audited, which the directors have decided to prepare as if the Company were required to comply with the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) made under the Companies Act 2006.

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, as if those requirements applied to the Company.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Longer-term viability statement page 71 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal risks and uncertainties disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the Longer-term viability statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- the section of the Annual Report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the Annual Report that describes the review of the effectiveness of the Company's risk management and internal control systems.

In addition to our audit of the financial statements, the directors have engaged us to review their Corporate Governance Statement as if the Company were required to comply with the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority in relation to those matters. Under the terms of our engagement we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. We have nothing to report in this respect.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company's financial statements and the part of the Directors' Remuneration Report which we were engaged to audit are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 81, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Thomas Tyler (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

5 March 2026

Consolidated statement of comprehensive income

for the year ended 31 December 2025

		Group	
		2025	2024
	Notes	£m	£m
Technical account – long-term business			
Gross premiums written	3 (a)	2,997	1,851
Outwards reinsurance premiums	3 (c)	(583)	(358)
Earned premiums, net of reinsurance		2,414	1,493
Investment income	4	5,697	4,643
Unrealised gains on investments	4	7,711	5,046
Other income	5	786	728
Total income		16,608	11,910
Claims paid			
Gross claims paid	6	(3,365)	(3,318)
Reinsurers' share	6	756	616
Change in provision for claims			
Gross amount	6	(19)	11
Reinsurers' share	6	(34)	46
Claims incurred, net of reinsurance		(2,662)	(2,645)
Change in long-term business provision, net of reinsurance			
Gross amount		(1,503)	268
Reinsurers' share		(290)	12
		(1,793)	280
Change in technical provision for linked liabilities, net of reinsurance		(10,732)	(8,247)
Change in technical provisions, net of reinsurance		(12,525)	(7,967)
Change in non-participating value of in-force business		299	309
Net operating expenses	7	(720)	(652)
Investment expenses and charges	10	(456)	(409)
Other charges	11	(283)	(286)
Total operating expenses		(1,459)	(1,347)
Profit before tax and before transfer to the fund for future appropriations		261	260
Tax attributable to long-term business	12	(94)	(93)
Transfer to the fund for future appropriations	25	167	167
Balance on technical account – long-term business		–	–
Other comprehensive income, net of tax:			
Remeasurement of defined benefit pension schemes	23 (b)	(28)	(7)
Foreign exchange rate movements on translation of Group entities		13	(10)
Deduction from the fund for future appropriations	25	(15)	(17)
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income for the year		–	–

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 not to include a Company statement of comprehensive income. As a mutual company, all earnings are retained for the benefit of participating policyholders and are carried forward within the fund for future appropriations. Accordingly, the total comprehensive income for the year is always £nil after the transfer to or deduction from the fund for future appropriations.

Balance sheets

as at 31 December 2025

	Notes	Group		Company	
		2025 £m	2024 £m	2025 £m	2024 £m
ASSETS					
Intangible assets					
Goodwill	13	90	33	14	17
Negative goodwill	13	(20)	(25)	(2)	(3)
		70	8	12	14
Other intangible assets	13	210	134	103	109
		280	142	115	123
Non-participating value of in-force business	27	3,383	3,085	3,378	3,085
Investments					
Land and buildings	14	36	75	36	75
Investments in Group undertakings and participating interests	15	—	—	14,451	14,040
Other financial investments	16 (a)	35,071	33,275	21,421	19,884
		35,107	33,350	35,908	33,999
Assets held to cover linked liabilities	16 (b)	104,017	91,279	103,620	91,113
Reinsurers' share of technical provisions					
Long-term business provision	26 (a)	2,967	3,278	2,920	3,231
Claims outstanding		156	141	140	124
Technical provisions for linked liabilities	26 (b)	(66)	(57)	(66)	(57)
		3,057	3,362	2,994	3,298
Debtors					
Debtors arising out of direct insurance operations	19	57	21	54	19
Debtors arising out of reinsurance operations	19	57	61	46	46
Other debtors	20	3,375	3,280	3,246	3,161
		3,489	3,362	3,346	3,226
Other assets					
Deferred taxation	29	7	3	—	—
Tangible fixed assets	21	28	25	—	—
Cash at bank and in hand		454	499	275	282
		489	527	275	282
Prepayments and accrued income					
Deferred acquisition costs on investment contracts	22	49	50	27	42
Other prepayments and accrued income		77	62	2	1
		126	112	29	43
Pension scheme asset	23 (b)	134	164	134	164
Total assets		150,082	135,383	149,799	135,333

Balance sheets *continued*

as at 31 December 2025

	Notes	Group		Company	
		2025	2024	2025	2024
		£m	£m	£m	£m
LIABILITIES					
Subordinated liabilities	24	1,286	1,284	1,286	1,284
Fund for future appropriations	25	4,408	4,256	4,808	4,529
Technical provisions					
Long-term business provision	26 (a)	32,306	30,906	32,435	31,001
Claims outstanding		428	404	384	365
		32,734	31,310	32,819	31,366
Technical provisions for linked liabilities	26 (b)	103,804	91,072	103,407	90,906
Provisions for other risks					
Deferred taxation	29	214	107	197	109
Other provisions	30	177	176	148	172
		391	283	345	281
Creditors					
Creditors arising out of direct insurance operations	31 (a)	292	300	271	280
Creditors arising out of reinsurance operations	31 (b)	1,494	1,540	1,482	1,530
Amounts owed to credit institutions	31 (c)	61	27	60	27
Other creditors including taxation and social security	31 (d)	5,430	5,123	5,321	5,118
		7,277	6,990	7,134	6,955
Accruals and deferred income	32	182	188	—	12
Total liabilities		150,082	135,383	149,799	135,333

The financial statements on pages 134 to 230 were approved by the Board of Directors and signed on its behalf by:

Daniel Cazeaux

Group Chief Financial Officer

5 March 2026

Registered number: 99064 (England & Wales)
The Royal London Mutual Insurance Society Limited
80 Fenchurch Street, London, EC3M 4BY

Notes to the financial statements

for the year ended 31 December 2025

1. Accounting policies

This section describes the Group's significant accounting policies that relate to the financial statements and notes as a whole. Where applicable, additional accounting policy detail is provided within the relevant note. These policies have been consistently applied to all years presented.

The Royal London Mutual Insurance Society Limited (the 'Company' or 'RLMIS') is a private company limited by guarantee, incorporated and registered in England and Wales with its registered office being 80 Fenchurch Street, London, EC3M 4BY.

(a) Basis of preparation

Reporting framework

The financial statements of the Group and the Company ('the financial statements') have been prepared in accordance with UK accounting standards, including Financial Reporting Standard (FRS) 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' and FRS 103, 'Insurance contracts'. The financial statements are also prepared in compliance with the Companies Act 2006 and under the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ('the Regulations') relating to insurance groups, except that a true and fair override has been applied to:

- measure subsidiaries in the consolidated financial statements at fair value through profit or loss ('FVTPL') when they are not consolidated because they are held as part of an investment portfolio. As required by Section 9 of FRS 102, subsidiaries that are held as part of an investment portfolio are not consolidated and are included within the consolidated financial statements as investments within 'Other financial investments', measured at FVTPL. The inclusion of these assets at FVTPL is a departure from the requirements of paragraph 30 of Schedule 3 to the Regulations; and
- measure investments in associates that are part of an investment portfolio at FVTPL in the consolidated financial statements instead of using equity accounting. Investments in associates that are part of an investment portfolio are also included in the consolidated financial statements as investments within 'Other financial investments', measured at FVTPL in accordance with Section 14 of FRS 102. The inclusion of these assets at FVTPL is a departure from the requirements of paragraph 21 of Schedule 6 to the Regulations.

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of certain assets and liabilities at fair value as permitted or required by FRS 102.

As permitted by FRS 102, the Group and Company have chosen to account for the classification and measurement of financial instruments under IFRS 9.

The Group and Company are exempt from the requirements of Section 7 of FRS 102 to prepare a cash flow statement, as mutual life assurance companies are out of scope.

Functional currency

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out in note 1(d). Unless otherwise stated, all figures in the financial statements are presented rounded to the nearest million pounds.

Going concern

The Group has an estimated Group Regulatory View solvency surplus of £2.5bn (unaudited) and capital cover ratio of 183% (unaudited) at 31 December 2025, which is after the regulatory requirement to restrict the closed fund surplus of £1.5bn (unaudited).

The Group regularly performs sensitivities and stress testing on a range of severe but plausible scenarios. Stress testing has been performed on the capital position for severe adverse economic and demographic impacts arising over the short to medium term, and on the liquidity position for severe adverse economic impacts over the short term. The most adverse scenarios contain severe but plausible assumptions including adverse economic and insurance risk impacts, potential changes in future customer behaviour, significant third-party failure and the effects of climate change on economic and insurance risks. There are a range of management actions, both in the RL Main Fund and the closed RL (CIS) With-Profits Fund, available to the directors in stress scenarios which could be considered if there were a deterioration in the capital and/or liquidity position of the Group, to restore the position back within risk appetite.

Sufficient liquidity is available to settle liabilities as they fall due and the capital and liquidity positions remain sufficient to cover capital and liquidity requirements respectively in all scenarios tested. Further details on the Group's stress and scenario testing on the Business Plan can be found on page 71 in the Strategic report.

Notes to the financial statements *continued*

1. Accounting policies (continued)

Having considered these matters and after making appropriate enquiries, the directors are satisfied that the Group has adequate resources to continue to operate as a going concern for a period of at least 12 months from the date of approval of the financial statements. For this reason, they consider it appropriate to continue to adopt the going concern basis in preparing the financial statements. The directors have also concluded that there are no material uncertainties over the Group's ability to adopt the going concern basis of accounting.

(b) Basis of consolidation

The Group financial statements incorporate the assets, liabilities and results of the Company and its subsidiaries, and the Group's share of the results of associates, excluding those subsidiaries and associates held as part of an investment portfolio. The Group has holdings in investment funds and other entities which are held within unit-linked funds of the Group or are held to back non-linked liabilities and are therefore considered to form part of the Group's investment portfolio. The subsidiaries and associates held as part of an investment portfolio are recorded as investments and measured at FVTPL in the Group financial statements as described in note 1(a).

The financial statements produced by subsidiaries consolidated in the Group financial statements are prepared up to 31 December using accounting policies consistent with those adopted by the Group. Intra-group transactions, balances and unrealised gains and losses on intra-group transactions are eliminated on consolidation.

Investments in associates that are not part of an investment portfolio are included in the consolidated financial statements using the equity method. Under this method, the cost of the investment in a given associate, together with the Group's share of that entity's post-acquisition changes to shareholders' funds, is included as an asset within 'Other financial investments' in the Group balance sheet. The Group's share of their post-acquisition profit or losses is recognised in the consolidated statement of comprehensive income within Investment income.

The Group applies the purchase method of accounting for business combinations. The cost of business combinations comprises the fair value of the consideration paid and of the liabilities incurred or assumed and any directly attributable expenses. The value of deferred consideration payable on acquisition of a subsidiary is determined using discounted cash flow techniques.

Portfolio transfers under Part VII of the Financial Services and Markets Act 2000 are not business combinations but are accounted for consistently in that no day 1 profit or loss is recognised.

The accounting policies for Goodwill and for Investments in Group undertakings, including subsidiaries, associates and other significant investments are detailed in notes 13 and 15.

(c) Classification of contracts

The Group classifies its products for accounting purposes as insurance, investment, or investment with discretionary participation features. Insurance contracts are those contracts that transfer significant insurance risk. Contracts that do not transfer significant insurance risk are investment contracts.

A discretionary participation feature is a contractual right held by a policyholder to receive additional payments as a supplement to guaranteed benefits:

- that are likely to be a significant proportion of the total contractual payments; and
- whose amount or timing is contractually at the discretion of the issuer and that is contractually based on:
 - the performance of a specified pool of contracts, or a specified type of contract; or
 - realised and/or unrealised investment returns on a specified pool of assets held by the issuer, or the profit or loss of the company that issues the contracts.

Such contracts are more commonly known as 'With-Profits' or as 'participating' contracts.

Hybrid contracts are those where the policyholder can invest in and switch between both unit-linked (non-participating) and unitised With-Profits (participating) investment mediums at the same time. Hybrid contracts that contain significant insurance risk are classified as insurance contracts.

The Group seeks to reduce its exposure to potential losses by reinsuring certain levels of risk with reinsurance companies. Reinsurance contracts that meet the classification requirements for insurance contracts set out above are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets.

(d) Foreign currency translation

Revenue transactions and those relating to the acquisition and realisation of investments have been translated into sterling at the rates of exchange ruling at the time of the respective transactions. Assets and liabilities denominated in foreign currencies are expressed in sterling at the exchange rate ruling on the balance sheet date.

Exchange differences from the settlement of transactions and from the translation of assets and liabilities at period-end exchange rates are dealt with in the statement of comprehensive income under the same heading as the underlying transactions are reported.

The results of foreign operations are translated at average rates of exchange for the year. The assets and liabilities of foreign operations are translated into sterling at the rates of exchange ruling at the balance sheet date. All resulting exchange differences are recognised in other comprehensive income.

1. Accounting policies (continued)

(e) Impairment of financial assets

Financial assets held at amortised cost are assessed for impairment using expected credit losses. Expected credit losses are calculated by using an appropriate probability of default and applying this to the estimated exposure of the Group at the point of default.

At initial recognition, allowance is made for expected credit losses resulting from default events that are possible within the next 12 months (12-month expected credit losses; referred to as stage 1). In the event of a significant increase in credit risk, allowance is made for expected credit losses resulting from all possible default events over the expected life of the financial instrument (lifetime expected credit losses; referred to as stage 2). Financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to stage 3.

The loss allowance for lease receivables and trade receivables without a significant financing component is measured at an amount equal to lifetime expected credit losses, in accordance with the simplified approach in IFRS 9, as applied by the Group.

(f) Judgements

The preparation of financial statements requires management to make judgements in the process of selecting and applying appropriate accounting policies.

In selecting accounting policies where FRS 102 and FRS 103 permit a choice of policy, the directors have applied judgement in determining the most appropriate policy.

The Audit Committee reviews the appropriateness of the Group's accounting policies and the Group's key accounting judgements. The key items considered by the Committee during the year are included in the Audit Committee report on pages 82 to 85.

The accounting policies which have the most significant impact on amounts recognised in the financial statements are listed below, with those judgements involving estimation summarised in 1(g) and 1(h).

Insurance and investment contracts

The classification of contracts as insurance or investment on initial recognition, which requires judgement to assess whether significant insurance risk has been transferred to the Group.

Business combinations

The accounting for business combinations involves the use of judgement to determine the appropriate treatment for any deferred payments related to the transaction, including whether these should be considered as part of the acquisition cost. Judgement is also required to determine if certain assets or liabilities meet the recognition criteria, including regarding the identification of separate intangible assets. Further details are provided in note 39.

(g) Key sources of estimation uncertainty

The preparation of financial statements also requires the use of certain critical accounting estimates and assumptions that affect the amounts reported in the balance sheet and statement of comprehensive income. Although these estimates are based on management's best knowledge of current circumstances and expectations of future events and actions, actual results may differ from those estimates, possibly significantly.

The sources of estimation uncertainty with a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Assets and liabilities held at FVTPL

The valuation of the Group's assets and liabilities held at FVTPL requires the application of valuation techniques, which involve management judgement and estimates. The extent of the estimation uncertainty depends on the complexity of the item and the availability of market observable information. The fair value measurement note (note 17) explains the techniques and assumptions used, particularly in respect of Level 3 assets and liabilities where determination of the fair value involves the use of inputs which are not observable in the market. For asset classes where changes in these inputs to reasonably possible alternative assumptions are considered to have a potentially significant impact on the Group, the impact on the carrying amount of balance sheet line items and the Group's result (before the transfer to the fund for future appropriations) is also illustrated.

Technical provisions

The valuation of the Group's long-term business provision and the asset recognised for the non-participating value of in-force business involves a number of assumptions applied to estimate future amounts due to or from the policyholder. The key assumptions used in calculating the year-end insurance and investment contract liabilities are persistency assumptions regarding the proportion of existing policies that will remain in force in future time periods, particularly paid-up rates; longevity assumptions relating to the expected duration over which annuity instalments on relevant policies will be paid; and expense assumptions relating to the estimated future costs that will be incurred to maintain the existing policies over their expected duration. Further details are included in note 28, with information on sensitivity to changes in key demographic assumptions included in note 35(a)(ii).

Pension schemes

Note 23 sets out the key assumptions used to calculate the pension scheme asset and the sensitivity of the schemes' liabilities to changes in those assumptions given that they are inherently uncertain.

Notes to the financial statements *continued*

1. Accounting policies (continued)

(h) Other sources of estimation uncertainty

The financial statements include other areas of judgement and accounting estimates where the recognition and measurement of certain assets and liabilities are based on assumptions considered to carry a lower risk of causing a material adjustment within the next financial year. Other areas of judgement and accounting estimates include:

Provisions and contingent liabilities

The Group evaluates whether a provision or a contingent liability should be recognised by assessing the likelihood of a constructive or legal obligation to settle a past event and whether the amount can be reliably estimated. The amount of provision is determined based on the Group's estimate of the expenditure required to settle the obligation. Further information is shown in notes 30 and 33.

Intangible assets

Intangible assets are recognised and assessed for any indicators of impairment at each reporting date. The valuation process involves estimation methods where management make assumptions related to future cash flows, customer attrition rates, discount rates, and the expected useful lives of the assets. Further information is provided in note 13.

(i) Climate risk impact on accounting judgements and estimates

In preparation of these financial statements, the Group has considered the impact of climate change. As explained in the Qualitative climate risk and opportunities assessment on pages 33 to 34, many of the financial effects arising from climate change will be medium or long-term in nature, and therefore have been assessed as having a limited effect on accounting judgements and estimates within the next financial year.

As explained in note 17(a), the majority of the Group's financial instruments are held at fair value using quoted market prices or observable market inputs to determine their fair value that take into account current information on the short-term effects of climate change. For the valuation of Level 3 financial instruments, in particular the Group's property-related investments, the work of external valuers involves consideration of environmental matters and risks arising from climate change as part of their standard practices. Note 35(b) and 35(c) provide risk management disclosures, including sensitivities, in relation to market risks and credit risks impacting these assets.

The valuation assumptions used to determine the Group's long-term business provision and the asset recognised for the non-participating value of in-force business are described in note 28. As explained in this note, the potential impact of climate change on longevity, mortality and persistency assumptions has been considered. Based on the range of likely scenarios, the impact of climate risk is not expected to affect the best estimate demographic assumptions materially as at 31 December 2025.

Further information on the wider impact of climate change risks is set out in note 35(g) and in the Strategic report, within the climate change section of Principal risks and uncertainties on page 66 and within the Stewardship and Climate section on pages 23 to 42.

2. Segment information

Accounting for segmental reporting

The operating segments reflect the level within the Group at which key strategic and resource allocation decisions are made and the way in which operating performance is reported internally to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's Board of Directors.

(a) Operating segments

The activities of each operating segment are described below:

UK

The UK business provides propositions to customers, employers and pension scheme trustees, primarily through intermediaries. Products offered include workplace and individual pensions, as well as protection products, ISA savings, bulk purchase annuities and other later life offerings.

Asset Management

The Asset Management business provides investment propositions to Royal London's life and pensions customers and to external institutional and wholesale clients, primarily through intermediaries.

Ireland

The Ireland business provides propositions to customers through brokers. Products offered include individual pensions and protection products.

(b) Group adjusted operating profit

A key measure used by the Company's Board of Directors to monitor performance is Group adjusted operating profit, which is classed as an Alternative Performance Measure (note 40). The Company's Board of Directors considers that this facilitates comparison of the Group's performance over reporting periods as it provides a measure of the underlying trading of the Group. In previous periods, this metric was referred to as Group operating profit before tax and has been renamed to make it clear that this is an Alternative Performance Measure; the basis of calculation is unchanged.

Group adjusted operating profit is the transfer to the Fund for Future Appropriations before Other Comprehensive Income excluding: short-term investment return variances and economic assumption changes (economic movements); profit/(loss) arising from acquisitions and other corporate transactions; ProfitShare; ValueShare; tax; and one-off items of an unusual nature that are not related to the underlying trading of the Group. Profits or losses arising within the closed funds are held within the respective closed fund surplus; therefore, Group adjusted operating profit represents the result of the Royal London Main Fund and the RLI DAC Open Fund.

Group adjusted operating profit excludes short-term investment return variances. Expected return, therefore, represents the longer-term investment return expected to be generated by the net assets of the Royal London Main Fund and the RLI DAC Open Fund based on opening economic assumptions applied to assets held at the start of the year. Any differences between the expected and actual investment return are shown outside of Group adjusted operating profit within economic movements.

The long-term risk-free rate used as the basis for deriving the long-term investment return is the 15-year swap rate for government bonds. This is 4.0% for the UK segment (2024: 3.5%) and 2.5% for Ireland (2024: 2.5%). A risk premium is then added to arrive at the total expected rate of return for each asset class. The premium reflects our long-term expectations of asset return in excess of the swap yield from investing in different asset classes. The risk premia for key investment classes are set out in the table below.

	Group	
	2025	2024
	%	%
Equity risk premium	3.5	3.5
Corporate bonds risk premium	1.0	1.0
Property risk premium	2.5	2.5

Notes to the financial statements *continued*

2. Segment information (continued)

The results by segment, forming part of the Group's adjusted operating profit, are shown in the following table.

	Group – 2025				Group - 2024			
	UK £m	Asset Management £m	Ireland £m	Total £m	UK £m	Asset Management £m	Ireland £m	Total £m
Long-term business								
New business contribution	264	—	17	281	196	—	13	209
Existing business contribution	285	—	2	287	287	—	2	289
Contribution from AUM and other businesses	7	67	—	74	(8)	89	—	81
Business development costs	(46)	(22)	—	(68)	(38)	(16)	—	(54)
Strategic development costs	(73)	—	(2)	(75)	(58)	(8)	(5)	(71)
Amortisation of intangibles	(12)	(6)	—	(18)	(11)	(6)	—	(17)
Result from operating segments	425	39	17	481	368	59	10	437
Corporate items				(67)				(73)
Financing costs				(87)				(87)
Group adjusted operating profit				327				277
Economic movements				176				179
Loss arising from acquisitions and other corporate transactions				(43)				(15)
ProfitShare				(199)				(181)
Profit before tax and before transfer to the fund for future appropriations				261				260
Tax attributable to long-term business				(94)				(93)
Transfer to the fund for future appropriations				167				167

Revenues, assets and liabilities by segment are not given as this information is not provided to the Company's Board of Directors and consequently there is no reconciliation of reportable segments' revenues, assets, or liabilities to the Group totals.

The loss arising from acquisitions and other corporate transactions comprises the amortisation of acquisition-related intangible assets (see note 13), adjustments relating to prior acquisitions and, for 2025, a net charge of £51m relating to the impacts of the transition agreement with the Capita plc group (see note 39).

(c) Geographical analysis

The table below presents income split by geographic region.

	Group – 2025			Group – 2024		
	UK £m	Ireland £m	Total £m	UK £m	Ireland £m	Total £m
Revenues						
Earned premiums, net of reinsurance	2,345	69	2,414	1,430	63	1,493
Investment income	5,695	2	5,697	4,642	1	4,643
Unrealised gains on investments	7,692	19	7,711	5,033	13	5,046
Other income	777	9	786	715	13	728
Total income	16,509	99	16,608	11,820	90	11,910

The directors consider the Group and Company's external customers to be individual policyholders and investment clients. As such, the Group and the Company are not reliant on any individual customer.

3. Premiums

Accounting for premiums

Gross premiums written and outwards reinsurance premiums relate to insurance and non-hybrid participating investment contracts. Recurring single premiums, as well as premiums in respect of unit-linked and bulk purchase annuity business, are accounted for when the related liabilities are established. Other premiums are accounted for when due for payment.

For non-participating (unit-linked) investment and certain hybrid participating investment contracts the amounts received as premiums are not included in the statement of comprehensive income but are accounted for as deposits received and are added to investment contract liabilities in the balance sheet.

(a) Gross premiums written

	Group	
	2025	2024
	£m	£m
Premiums under individual schemes	1,366	1,317
Premiums under group schemes	1,631	534
	2,997	1,851
Regular premiums	1,182	1,095
Single premiums	1,815	756
	2,997	1,851
Non-profit insurance contracts	2,785	1,632
Participating insurance contracts	109	113
Participating investment contracts	7	8
Unit-linked insurance contracts	96	98
	2,997	1,851

Amounts relating to bulk purchase annuity transactions entered into by the Group are included in 'Premiums under group schemes', 'Single premiums' and 'Non-profit insurance contracts'.

(b) Premiums received on investment contracts

The amounts received in relation to non-participating (unit-linked) and certain hybrid participating investment contracts by the Group during the year were £12,038m (2024: £11,257m) in respect of non-participating contracts and £7m (2024: £11m) in respect of hybrid participating contracts.

(c) Outwards reinsurance premiums

Total outwards reinsurance premiums for the Group were a charge of £583m (2024: charge of £358m) and include a charge of £43m (2024: credit of £104m) relating to the fair value movement on a liability owed to a major reinsurer under a reinsurance agreement covering a proportion of the Group's obligations in respect of deferred annuities and annuities in payment of the RL (CIS) With-Profits Fund. Under the reinsurance agreement, the RL (CIS) With-Profits Fund is contracted to pay premiums in accordance with a schedule of payments covering a period up to 2066. At inception of the contract, which was before RL (CIS) was acquired by the Group, it recognised its premium obligation in full within the statement of comprehensive income by a charge representing the net present value of the contracted payments. The Group and Company continue to recognise a financial liability to the extent that the premium has yet to fall due for payment.

At inception of the contract, RL (CIS) also purchased a debt security, cash flows from which will fund the discharge of the financial liability as amounts fall due for payment. The movement in the fair value of the debt security is included within investment return and resulted in an equal and opposite income of £43m (2024: charge of £104m), see note 4.

Notes to the financial statements *continued***4. Investment return****Accounting for investment return**

Investment return comprises all investment income, including property rental income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges.

Investment income derived from assets held at FVTPL includes dividends and interest income. Dividends are recorded on the date on which the shares are declared ex-dividend. Dividends are recorded gross, with the related withholding tax included within the tax expense as foreign tax. Interest income is recognised on an accruals basis. Rental income from investment property, net of any lease incentives received or paid, is recognised on a straight-line basis over the term of the lease. Realised gains and losses on investments held at FVTPL are calculated as the difference between net sales proceeds and purchase price.

Movements in unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and the valuation at the last balance sheet date or their purchase price for those acquired during the period, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

Net unrealised gains on investments are included in the statement of comprehensive income within 'Total income'.

	Group	
	2025	2024
	£m	£m
Investment income		
Income from financial investments held at FVTPL	2,899	2,830
Income from investment property	240	268
Net realised gains on investment property	2	10
Net realised gains on other investments held at FVTPL	2,531	1,488
Interest income from cash at bank	31	118
Net foreign exchange loss	(6)	(71)
Total investment income	5,697	4,643
Net unrealised gains on investment property	36	26
Net unrealised gains on financial investments held at FVTPL	7,675	5,020
Net unrealised gains on investments	7,711	5,046
Investment expenses and charges (note 10)	(456)	(409)
Total investment return	12,952	9,280

Investment return includes a gain of £43m (2024: loss of £104m) in respect of an unquoted debt security held in respect of a reinsurance arrangement (see note 3(c)).

5. Other income

Accounting for other income

Management fees arising from investment and fund management contracts are recorded in the statement of comprehensive income in the period in which the services are provided. Initial fees relating to the provision of future services are deferred and recognised in the statement of comprehensive income over the anticipated period in which the services will be provided. Such deferred fee income is shown as a liability within accruals and deferred income in the balance sheet.

Commission income is recognised in the statement of comprehensive income as the related services are provided.

The amortisation of negative goodwill is recognised in profit or loss as set out in note 13.

	Group	
	2025	2024
	£m	£m
Fee income from investment contracts	411	417
Fund management fee income	273	253
Change in deferred fee income	12	9
Commission income	18	19
Amortisation of negative goodwill (note 13)	5	7
Other	67	23
Total other income	786	728

Notes to the financial statements *continued*

6. Claims

Accounting for claims

Gross claims paid and the reinsurers' share of claims paid, relate to insurance contracts and non-hybrid participating investment contracts. For non-linked policies, maturity claims and annuities are accounted for when due for payment. Surrenders are accounted for when paid or, if earlier, on the date when the policy ceases to be included within the calculation of the related contract liabilities. Death claims and all other non-linked claims are accounted for when accepted. For linked policies, claims are accounted for on cancellation of the associated units.

Claims paid include related claims handling costs. The reinsurers' share of claims paid is accounted for in the same period as the related claim.

Amounts repaid as claims on non-participating (unit-linked) investment and certain hybrid participating investment contracts are not included in the statement of comprehensive income but are accounted for as deposits repaid and are deducted from investment contract liabilities.

(a) Claims incurred

	Group					
	2025			2024		
	Gross £m	Reinsurers' share £m	Net £m	Gross £m	Reinsurers' share £m	Net £m
Claims paid						
Insurance contracts	3,243	(752)	2,491	3,186	(616)	2,570
Participating investment contracts	122	(4)	118	132	—	132
	3,365	(756)	2,609	3,318	(616)	2,702
Change in provisions for claims						
Insurance contracts	19	29	48	(11)	(46)	(57)
Participating investment contracts	—	5	5	—	—	—
	19	34	53	(11)	(46)	(57)
Claims incurred						
Insurance contracts	3,262	(723)	2,539	3,175	(662)	2,513
Participating investment contracts	122	1	123	132	—	132
	3,384	(722)	2,662	3,307	(662)	2,645

(b) Deposits repaid on investment contracts

The deposits repaid by the Group during the year totalled £9,630m (2024: £7,940m) in respect of non-participating investment contracts and £79m (2024: £91m) in respect of hybrid participating investment contracts.

7. Net operating expenses

	Group	
	2025	2024
	£m	£m
Staff costs (note 9)	260	225
Amortisation of deferred acquisition costs on investment contracts (note 22)	16	23
Acquisition commission	165	144
Renewal commission	45	24
Depreciation of tangible fixed assets (note 21)	8	7
Information technology costs	105	98
Property costs	13	20
Regulatory, professional and administration fees	87	71
Amortisation of goodwill and other intangible assets (note 13)	20	15
Other expenses	1	25
	720	652

Information technology costs exclude the amortisation of software costs capitalised by the Group. These costs are disclosed within Amortisation of goodwill and other intangible assets above and in note 10.

8. Auditor's remuneration, net of VAT

	Group			
	KPMG	KPMG	PwC	Total
	2025	2024	2024	2024
	£000	£000	£000	£000
Fees payable for the audit of the Company and consolidated financial statements	3,884	3,494	—	3,494
Fees payable for other services:				
Audit of the Company's subsidiaries	2,112	1,929	13	1,942
Audit-related assurance services	1,322	606	579	1,185
Other assurance services	737	216	360	576
Other non-audit services	—	—	4	4
	8,055	6,245	956	7,201

KPMG replaced PwC as the Group's auditor from the year ended 31 December 2024. During 2024, PwC performed some audit and audit-related assurance services for the Group, primarily as a result of non-December period end dates for certain audit and assurance services. Fees payable to PwC during 2024 have been presented separately to those payable to KPMG.

The appointment of the auditor to the Group's pension schemes and the fees paid in respect of those audits are agreed by the trustees of the schemes who act independently from the management of the Group.

	Group	
	2025	2024
	£000	£000
Audit fees in respect of the Royal London Group Pension Scheme	88	85
Audit fees in respect of the Royal Liver Assurance Superannuation Fund	31	30
Audit fees in respect of the Royal Liver Assurance Limited Superannuation Fund (ROI)	20	19
Audit fees in respect of Royal London Ireland Pension Plan	13	13
	152	147

In accordance with The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 the Company has not disclosed the fees payable to the Company's auditor for 'other services' as this information is included in the Group disclosure above.

Notes to the financial statements *continued***9. Staff costs****(a) Analysis of staff costs**

	Group		Company	
	2025	2024	2025	2024
	£m	£m	£m	£m
Wages and salaries	405	353	374	326
Social security contributions	47	36	44	34
Other pension costs – defined contribution arrangements (note 23)	39	32	37	31
Other pension costs – defined benefit schemes (note 23)	2	4	2	4
Termination benefits	3	1	3	1
	496	426	460	396

The Company pays its employees via a subsidiary company. The total staff costs of the Group of £496m (2024: £426m) are included within the consolidated statement of comprehensive income within the following lines:

	Group	
	2025	2024
	£m	£m
Net operating expenses (note 7)	260	225
Investment expenses and charges (note 10)	161	145
Other charges (note 11)	75	56
	496	426

	Group		Company	
	2025	2024	2025	2024
	Number	Number	Number	Number
The average number of persons (including executive directors) employed during the year was:				
UK and Group functions	4,076	3,671	3,922	3,530
Asset Management	626	544	591	539
Ireland	174	168	—	—
	4,876	4,383	4,513	4,069

(b) Directors' emoluments

	Group and Company	
	2025	2024
	£m	£m
Total emoluments	7	5

Full details of the directors' emoluments are included in the Directors' Remuneration Report on pages 96 to 122. The information included therein, together with the table above, encompasses the disclosures required by the Companies Act 2006.

9. Staff costs (continued)

(c) Key management compensation

Key management includes the directors and members of the Group Executive Committee. Total compensation paid or payable to key management is shown in the table below.

	Group and Company	
	2025	2024
	£m	£m
Total key management compensation	15	17

The total amount payable to key management under long-term incentive plans was £11m as at 31 December 2025 (2024: £12m).

10. Investment expenses and charges

	Group	
	2025	2024
	£m	£m
Property expenses	85	78
Costs of in-house investment management operations – staff costs (note 9)	161	145
Costs of in-house investment management operations – other	146	126
Amortisation of other intangible assets (note 13)	6	6
Interest payable on investment accounts	34	32
Other	24	22
	456	409

11. Other charges

Accounting for other charges

Interest payable and related costs includes interest payable on subordinated liabilities and other financing-related costs of the Group. Interest is calculated using the effective interest method and includes the amortisation of any discount and attributable transaction costs (see note 24).

Other project staff costs and other project costs relate to non-recurring spend, other than that incurred as part of our in-house investment management business, and are charged to the statement of comprehensive income as they are incurred. These costs include staff costs to the extent that the staff are working on the project and the work is outside business-as-usual processes. The classification of such costs is determined by reviewing the nature and type of expenditure incurred.

	Group	
	2025	2024
	£m	£m
Interest payable and related costs	91	90
Other project staff costs (note 9)	75	56
Other project costs	117	140
	283	286

Notes to the financial statements *continued***12. Tax attributable to long-term business****Accounting for tax**

Tax expense comprises current and deferred tax and is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is also recognised directly in other comprehensive income. Both current and deferred tax are calculated using tax rates enacted or substantively enacted at the balance sheet date.

Current tax

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

(a) Tax attributable to long-term business in the statement of comprehensive income

	Group	
	2025	2024
	£m	£m
Tax has been provided as follows:		
UK corporation tax charge		
Current year	6	16
Adjustments in respect of prior periods	(9)	9
ROI corporation tax charge		
Current year	4	2
	1	27
Overseas withholding taxes	6	6
Deferred tax charge (note 29)	87	60
	94	93

(b) Reconciliation of the effective tax rate

Tax on the Group's result before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the result of the Group as follows:

	Group	
	2025	2024
	£m	£m
Profit before tax and before transfer to the fund for future appropriations	261	260
Tax calculated at the applicable tax rate ¹	53	54
Factors affecting tax charge:		
Accounting profit not subject to corporation tax	(40)	(36)
Items taxed on a different basis for life assurance companies	84	60
Overseas withholding taxes	6	6
Adjustments in respect of prior periods	(9)	9
Tax charge for the year	94	93

1. Corporation tax in the consolidated statement of comprehensive income has been calculated at a rate of 20% (2024: 20%) on the taxable profits in respect of insurance business of the Company, at 15% (2024: 15%) on the taxable profits of the Irish subsidiaries of the Company, 15% (2024: 15%) on the taxable profits of the Irish branch of the Group's UK management services company and at 25% (2024: 25%) on the taxable profits of the UK subsidiaries of the Company.

As announced in the recent UK Budget on 26 November 2025, the UK savings tax rate is expected to increase from 20% to 22% from April 2027 and will be applicable to the taxable profits of the Company from this date. This has not been substantively enacted and is therefore not reflected in these financial statements.

12. Tax attributable to long-term business (continued)

The Group is subject to OECD Pillar II rules designed to ensure that large multinational enterprises pay a minimum effective tax rate of 15% on the income arising in each jurisdiction where they operate. No top-up tax is expected to be payable in relation to UK entities for the current year (2024: £nil). The Group is also subject to Irish Domestic top-up tax, so that in-scope companies pay additional tax to bring their effective tax rate up to the 15% global minimal standard. This rate has been recognised in the measurement of the relevant tax balances in these financial statements. The amount of Pillar II top-up tax payable in the Republic of Ireland for the current year was £0.8m (2024: £0.3m).

13. Intangible assets

Accounting for intangible assets

Goodwill

Goodwill is the excess of the fair value of the consideration paid for a business combination plus directly attributable costs, over the fair value of the identifiable net assets acquired. It is capitalised at cost and amortised through the statement of comprehensive income on a straight-line basis over its useful economic life (the period over which the benefits of the business combination are expected to be realised). The amortisation charge is recognised within 'Net operating expenses'.

Negative goodwill is the excess of the fair value of identifiable net assets acquired in a business combination over the fair value of the consideration and directly attributable costs. It is capitalised at cost and shown as a negative asset. Subsequently, the value of negative goodwill up to the fair value of non-monetary assets acquired is recognised in 'Other income' in the periods in which those non-monetary assets are realised. Non-monetary assets are those that are not realised as cash but rather by utilisation of the asset. Any remaining value of negative goodwill in excess of the value of non-monetary assets acquired is recognised in 'Other income' in the periods expected to benefit.

The gain or loss on any subsequent disposal of a subsidiary would include any attributable remaining balance of positive or negative goodwill.

Customer contracts and relationships

Customer contracts and relationships acquired in a business combination are recognised as intangible assets when they are separable or arise from contractual or other legal rights. These assets are capitalised at fair value at the acquisition date and subsequently carried at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over the estimated useful economic life of the asset, which reflects the period over which the customer relationships are expected to generate economic benefits. The amortisation charge is recognised within 'Net operating expenses'.

Computer software

Directly attributable costs necessary to create, produce and prepare the software asset to be capable of operating in the manner intended are included in the cost of the intangible asset. Software assets are carried at cost less accumulated amortisation and impairment losses. The useful lives are determined by considering relevant factors such as the remaining term of agreements and the expected lives of related products. Amortisation begins when the asset is available for use, in other words, when it is in the location and condition necessary for it to be useable in the manner intended by management.

Impairment of intangible assets

The carrying amounts of intangible assets, including goodwill, are reviewed whenever there is any indication of impairment or events and circumstances indicate that their carrying amount may not be recoverable, in which case an impairment test is performed. An impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

Impairment losses are recognised in the statement of comprehensive income. With the exception of goodwill, an impairment loss is reversed if the reasons for the impairment loss have ceased to apply. An impairment loss is reversed only to the extent that after the reversal, the asset's carrying amount is no greater than the amount that would have been determined, net of amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is never reversed.

Notes to the financial statements *continued***13. Intangible assets (continued)**

The following tables show the movements in the intangible assets of the Group and the Company.

	Group – 2025				
	Goodwill £m	Negative goodwill £m	Customer contracts and relationships £m	Computer software £m	Total £m
Cost					
At 1 January	49	(206)	—	459	302
Additions	62	—	89	8	159
At 31 December	111	(206)	89	467	461
Accumulated amortisation, impairment losses and disposals					
At 1 January	(16)	181	—	(325)	(160)
Amortisation	(5)	5	(1)	(20)	(21)
At 31 December	(21)	186	(1)	(345)	(181)
Net book value					
At 1 January	33	(25)	—	134	142
At 31 December	90	(20)	88	122	280

	Company – 2025			
	Goodwill £m	Negative goodwill £m	Computer software £m	Total £m
Cost				
At 1 January	29	(87)	363	305
Additions	—	—	6	6
At 31 December	29	(87)	369	311
Accumulated amortisation, impairment losses and disposals				
At 1 January	(12)	84	(254)	(182)
Amortisation	(3)	1	(12)	(14)
At 31 December	(15)	85	(266)	(196)
Net book value				
At 1 January	17	(3)	109	123
At 31 December	14	(2)	103	115

Acquisition-related intangible assets

Goodwill at the balance sheet date relates to the acquisitions of Dalmore Capital in 2025 (see note 39), and of the Police Mutual, Responsible Life Limited and Responsible Lending Limited businesses in previous years. The value is being amortised on a straight-line basis over 10 years from their respective acquisition dates.

Negative goodwill at the balance sheet date relates to the acquisitions of Royal Liver Assurance Limited (Royal Liver) and Royal London (CIS) Limited (RL (CIS)) in previous years. The value is being amortised on a straight-line basis over 15 and 20 years respectively.

Customer contracts and relationships reflect the value of existing customer contracts and relationships acquired as part of the Dalmore Capital acquisition and are being amortised on a straight-line basis over 12 years.

Other intangible assets

Software assets are amortised on a straight-line basis over their useful lives, which range from 3 to 10 years.

Presentation in the Statement of comprehensive income

Group amortisation of negative goodwill of £5m is presented within other income (see note 5). Group amortisation of software assets includes £6m related to software developed and capitalised in the investment management business and is presented within investment expenses and charges (see note 10). All other Group amortisation of goodwill and intangibles, totalling £20m, is presented within net operating expenses (see note 7).

14. Land and buildings

	Group		Company	
	2025	2024	2025	2024
	£m	£m	£m	£m
Investment property	3	40	36	75
Owner-occupied property	33	35	—	—
Total land and buildings	36	75	36	75

All land and buildings are held on a freehold basis, with the exception of one leasehold property valued at £17m (2024: £19m).

(a) Investment property

Accounting for investment property

The Group and Company have applied a fair value model to investment property, including investment property rented to another Group entity.

Investment property is property held for rental, capital growth or both, excluding that occupied by the Group.

Investment property is initially measured at cost, which comprises the fair value of the consideration paid plus the associated transaction costs. All investment property is subsequently measured at fair value in the balance sheet.

Fair value is determined by independent professional valuers, who are members of the Royal Institute of Chartered Surveyors, based on market evidence. Any gain or loss arising from a change in fair value is recognised in the statement of comprehensive income.

When the Group or the Company has given a lease incentive, the carrying value of the investment property is reduced by the value of the debtor arising from the lease incentive, which is shown separately within 'Other debtors'.

	Group		Company	
	2025	2024	2025	2024
	£m	£m	£m	£m
Investment property				
Fair value				
At 1 January	40	72	75	109
Additions	—	—	5	—
Disposals	(38)	(33)	(38)	(33)
Net gain/(loss) from fair value adjustments	1	1	(6)	(1)
At 31 December	3	40	36	75

The cost of investment property above was £11m (2024: £19m) for the Group and £82m (2024: £86m) for the Company.

Investment property is revalued annually with an effective date of 31 December. The principal valuers used were CBRE Limited and Cushman & Wakefield. Fair value is determined using market comparison and income capitalisation approaches (see note 17 (a)). There have been no changes to the valuation methodology during the year.

Under the terms of certain leases, the Group is required to repair and maintain the related properties. The future minimum lease payments receivable under non-cancellable leases are shown in the following table. For the purposes of this table, the minimum lease period has been taken as the period to the first possible date that the lease can be terminated by the lessee.

The total future minimum lease payments receivable can be analysed as follows:

	Group and Company	
	2025	2024
	£m	£m
Not later than one year	—	2
Later than one year and not later than five years	—	6
Later than five years	—	4
	—	12

All investment properties subject to minimum lease payments receivable as at 31 December 2024 were sold during 2025. The remaining investment property was not leased as at 31 December 2025.

Notes to the financial statements *continued***14. Land and buildings (continued)****(b) Owner-occupied land and buildings****Accounting for owner-occupied land and buildings**

The Group and Company have applied a fair value model to owner-occupied land and buildings. The fair value model has been used in order to match asset valuations to the valuation of the related policyholder liabilities.

Owner-occupied land and buildings are initially measured at cost, which comprises the fair value of the consideration paid plus the associated transaction costs. Costs incurred after initial recognition are included in an asset's carrying value only to the extent that it is probable that there will be future economic benefits associated with the item and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the period in which they are incurred.

All owner-occupied land and buildings are subsequently carried at fair value in the balance sheet. Fair value is determined annually by independent professional valuers, who are members of the Royal Institution of Chartered Surveyors and is based on market evidence. An increase in fair value is recognised in other comprehensive income, except to the extent that it is the reversal of a previous revaluation decrease which was recognised in profit or loss. A decrease in fair value is recognised immediately in profit or loss, except to the extent that it reverses a previous revaluation surplus recognised in other comprehensive income.

Owner-occupied land and buildings are not depreciated.

Gains and losses on disposals are included in the statement of comprehensive income and are determined by comparing proceeds with carrying amounts.

	Group	
	2025	2024
	£m	£m
Owner-occupied land and buildings		
Fair value		
At 1 January	35	37
Additions	4	—
Net loss from fair value adjustments	(6)	(2)
At 31 December	33	35

Owner-occupied land and buildings are held on a fair value basis. If the owner-occupied land and buildings were stated on a historical cost basis, the amounts would be as follows:

	Group	
	2025	2024
	£m	£m
Cost	70	66
Accumulated depreciation and impairment losses	(37)	(31)
Net book value	33	35

15. Investments in Group undertakings and participating interests

Accounting for investment in Group undertakings and participating interests

Subsidiaries

Subsidiaries are those entities (including OEICs and other investment funds) over which the Group has control. The Group controls an entity when it has power to govern its financial and operating policies. The Group considers all relevant facts and circumstances when determining whether control exists and makes a re-assessment whenever those facts and circumstances change.

The Group invests in investment funds, which themselves invest mainly in equities, bonds, property and cash. Some of these funds are managed by Group companies. For these funds, where the Group's holding is greater than 50% it is presumed that it has the power to govern the fund's financial and operating policies; in such cases the fund is classified as a subsidiary. Where the Group's holding of internal investment funds is less than 50% it is classified as an associate, unless the Group's interest is less than 20% in which case the Group is not considered to have significant influence over the fund and the fund is accounted for within 'Other financial investments' at fair value.

The Group also invests in certain private equity funds and property unit trusts, which are managed by external third-party administrators. The structure of each fund, the terms of the relevant agreements and the Group's ownership percentage are all taken into consideration in determining whether the Group has control and therefore whether the unit trust/ fund should be classified as a subsidiary.

The Company has elected to present investments in subsidiaries in the Company balance sheet measured at FVTPL, as permitted by FRS 102 Section 9. The fair value of investments in Group undertakings which are unit trusts, OEICs and other pooled funds is the bid price quoted on the last day of the accounting period on which investments in such funds could be redeemed. Fair value for those entities which are not unit trusts, OEICs and other pooled funds is determined using the same valuation techniques as used for unquoted investments, as described in note 17(a).

In accordance with FRS 102, subsidiaries that are held as part of an investment portfolio are not consolidated and are held on the Group balance sheet as 'Other financial investments' measured at FVTPL. The inclusion of these subsidiaries at FVTPL is a departure from the requirements of paragraph 30 to Schedule 3 of the Regulations as set out in note 1(b).

For subsidiaries sold or acquired during the period that are not held as part of an investment portfolio, their profits or losses are included in the consolidated results up to the date that control ceases or from the date of gaining control.

Special purpose entities (SPE)

An SPE is an entity established to achieve a specific, narrow objective. Consistent with other subsidiaries, an SPE is consolidated when the Group is deemed to control the SPE, unless the SPE is held as part of an investment portfolio. Circumstances that may indicate that the Group controls an SPE include:

- the activities of the SPE are being conducted on behalf of the Group according to its specific business needs;
- the Group has the ultimate decision-making powers over the SPE even if the day-to-day decisions have been delegated;
- the Group has rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks incidental to the activities of the SPE; and
- the Group retains the majority of the residual or ownership risks related to the SPE or its assets.

Associates

Associates are entities over which the Group has significant influence but not control or joint control, generally accompanying an ownership interest of between 20% and 50%. The Company has elected to present investments in associates in the Company balance sheet measured at FVTPL, as permitted by FRS 102 Section 9.

The Group's investments in associates which are investment funds are held as part of an investment portfolio and are measured at FVTPL, in accordance with Section 14 of FRS 102. The inclusion of these assets at FVTPL is a departure from the requirements of paragraph 21 of Schedule 6 to the Regulations, as set out in note 1(b). The Group's investments in associates which are not held as part of an investment portfolio are accounted for using the equity method as set out in note 1(b). Investments in associates are held on the Group balance sheet as 'Other financial investments'.

Notes to the financial statements *continued***15. Investments in Group undertakings and participating interests (continued)****Joint ventures**

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement, and can take the form of jointly controlled operations, jointly controlled assets, or jointly controlled entities. The Group's interests in joint ventures are all jointly controlled entities that are held as part of an investment portfolio, hence under FRS 102 Section 15 they are measured at FVTPL in both the Company and Group balance sheets.

	Company	
	2025	2024
	£m	£m
Shares in subsidiaries	1,061	862
Loans to subsidiaries	2	2
OEICs and other investment funds – subsidiaries	12,110	12,258
OEICs and other investment funds – associates	1,278	918
	14,451	14,040

The OEICs and other investment funds represent the Company's investment in funds which are managed by subsidiaries of the Group. The funds classified as subsidiaries are those over which the Group has control. The funds classified as associates are those over which the Group has significant influence but not control. The investments in Group undertakings includes £nil in respect of directly held listed investments (2024: £nil).

(a) Subsidiaries

The Company has direct and indirect subsidiaries, including OEICs and other investment funds classified as subsidiaries and held within unit-linked funds. All subsidiaries have been incorporated in England and have a registered office of 80 Fenchurch Street, London, EC3M 4BY, except where noted by a letter which corresponds to the addresses and respective country of incorporation listed in the table on page 161. The main operating subsidiary undertakings consolidated in the Group financial statements are listed in the table below and have a financial reporting date of 31 December, unless otherwise stated. A full list of other subsidiary undertakings consolidated in the Group financial statements can be found in note 38.

15. Investments in Group undertakings and participating interests (continued)

Main operating subsidiaries consolidated within the Group financial statements

Name	Footnote	% holding		Share class	Registered Office
		2025	2024		
Dalmore Capital Limited	2, 3	100.0	N/A	Ordinary	A
ProperTies Living Limited		75.0	75.0	A Ordinary	–
Resolis Limited	2, 3	100.0	N/A	Ordinary	A
Responsible Lending Limited		100.0	100.0	Ordinary, Redeemable Preference	B
Responsible Life Limited		100.0	100.0	Ordinary, Redeemable Preference	B
RL Finance Bonds No. 3 plc		100.0	100.0	Ordinary	–
RL Finance Bonds No. 4 plc		100.0	100.0	Ordinary	–
RL Finance Bonds No. 6 plc		100.0	100.0	Ordinary	–
RLUM Limited		100.0	100.0	Ordinary	–
Royal London Asset Management Limited		100.0	100.0	Ordinary	–
Royal London Insurance Designated Activity Company		100.0	100.0	Ordinary	C
Royal London Management Services Limited		100.0	100.0	Ordinary	–
Royal London Marketing Limited		100.0	100.0	Ordinary	–
Royal London Savings Limited		100.0	100.0	Ordinary	–
Royal London Unit Trust Managers Limited		100.0	100.0	Ordinary	–
Wealth Wizards Benefits Limited	1	100.0	100.0	Ordinary	–
Wealth Wizards Limited		100.0	100.0	Ordinary	–

Unit trusts, OEICs and other investment funds and legal entities held as part of an investment portfolio reported as subsidiaries under FRS 102 but not consolidated within the Group financial statements.

Name	Footnote	% holding ^a		Share class	Latest financial information available	Aggregate of capital and reserves £m	Profit/(loss) for the period £m	Registered Office
		2025	2024					
Elli Healthcare Properties Limited		100.0	100.0	Ordinary	31-Dec-24	(1)	11	D
F.H. Bowser, Limited		53.4	53.4	Ordinary	31-Dec-24	(1)	–	E
Fleet Lodge Farm Limited	10	53.4	53.4	Ordinary	31-Dec-24	6	–	E
Holbeach Farms Limited	10	53.4	53.4	Ordinary	31-Dec-24	7	–	E
Moulton Seas End Farms Limited	10	53.4	53.4	Ordinary	31-Dec-24	4	–	E
No.1 Newman RCo Limited	3	100.0	N/A	Ordinary	N/A	N/A	N/A	–
No1 Holborn RCo Limited	3	100.0	100.0	Ordinary	N/A	N/A	N/A	–
No1 Holborn S.a r.l.		100.0	100.0	Ordinary	31-Dec-24	2	(43)	F
RHR Aldershot Limited		100.0	100.0	Ordinary	31-Dec-24	3	2	E
RHR Basildon Limited		100.0	100.0	Ordinary	31-Dec-24	2	1	E
RHR Burnley Limited		100.0	100.0	Ordinary	31-Dec-24	1	1	E
RHR Derby Limited		100.0	100.0	Ordinary	31-Dec-24	2	1	E
RHR Ipswich Limited		100.0	100.0	Ordinary	31-Dec-24	–	–	E
RHR Milton Keynes Limited		100.0	100.0	Ordinary	31-Dec-24	(2)	(2)	E
RHR Newark Limited		100.0	100.0	Ordinary	31-Dec-24	1	1	E

Notes to the financial statements *continued***15. Investments in Group undertakings and participating interests (continued)**

Unit trusts, OEICs and other investment funds and legal entities held as part of an investment portfolio reported as subsidiaries under FRS 102 but not consolidated within the Group financial statements (continued).

Name	Footnote	% holding ^d		Share class	Latest financial information available	Aggregate of capital and reserves £m	Profit/(loss) for the period £m	Registered Office
		2025	2024					
RHR Norwich Limited		100.0	100.0	Ordinary	31-Dec-24	2	1	E
RHR Swindon Limited		100.0	100.0	Ordinary	31-Dec-24	2	2	E
RHR Uttoxeter Limited		100.0	100.0	Ordinary	31-Dec-24	–	–	E
RHR Wesham Limited		100.0	100.0	Ordinary	31-Dec-24	2	1	E
RLAM Healthcare Limited Partnership	3	100.0	100.0	Ordinary	N/A	N/A	N/A	G
RLAM Healthcare MidCo Limited	3	100.0	100.0	Ordinary	N/A	N/A	N/A	E
RLAM Healthcare REIT Limited (formerly RLAM Healthcare RCo Limited)	3	100.0	100.0	Ordinary	N/A	N/A	N/A	E
RLAM Living Limited Partnership		100.0	100.0	Ordinary	31-Dec-24	100	(7)	E
RLAM Living MidCo Limited		100.0	100.0	Ordinary	31-Dec-24	98	(6)	E
RLAM Living RCo Limited		100.0	100.0	Ordinary	31-Dec-24	98	(6)	E
RLAM Natural Capital JPUT		53.4	53.4	Ordinary	31-Dec-24	246	(19)	E
RLAM Natural Capital Limited Partnership		53.4	53.4	Ordinary	31-Dec-24	274	(13)	E
RLR AW Barking OpCo Limited (formerly RLR Sydenham OpCo Limited)		100.0	100.0	Ordinary	31-Dec-24	–	–	E
RLR AW Barking PropCo Limited (formerly RLR Sydenham PropCo Limited)		100.0	100.0	Ordinary	31-Dec-24	–	–	E
RLR Bracknell OpCo Limited		100.0	100.0	Ordinary	31-Dec-24	–	–	E
RLR Bracknell PropCo Limited		100.0	100.0	Ordinary	31-Dec-24	39	(2)	E
RLR Slough OpCo Limited		100.0	100.0	Ordinary	31-Dec-24	49	(3)	E
RLR Slough PropCo Limited		100.0	100.0	Ordinary	31-Dec-24	49	(2)	E
RLR TQW Barking OpCo Limited	3	100.0	100.0	Ordinary	N/A	N/A	N/A	E
RLR TQW Barking ProCo Limited	3	100.0	100.0	Ordinary	N/A	N/A	N/A	E
RLR Watford OpCo Limited	3	100.0	N/A	Ordinary	N/A	N/A	N/A	E
RLR Watford PropCo Limited (formerly Sydney Developments Limited)	3	100.0	N/A	Ordinary	31-May-24	–	–	E
RLR Wolverhampton OpCo Limited	3	100.0	N/A	Ordinary	N/A	N/A	N/A	E
RLR Wolverhampton PropCo Limited	3	100.0	N/A	Ordinary	N/A	N/A	N/A	E
Royal London Absolute Return Government Bond Fund		61.3	85.6	Units held	30-Jun-25	973	71	H
Royal London Asia Pacific ex Japan Equity Tilt Fund		95.3	95.3	Units held	31-Aug-25	1,907	158	–
Royal London Asset Based Financing Fund	6	100.0	N/A	Units held	N/A	N/A	N/A	H
Royal London Asset Management Funds plc	5	99.9	99.9	Units held	30-Jun-25	N/A	N/A	H
Royal London Asset Management Investment Funds ICAV	5	100.0	100.0	Units held	31-Dec-25	N/A	N/A	H
Royal London Emerging Markets Corporate Bond Fund	7	N/A	100.0	Units held	30-Jun-25	50	5	H
Royal London Emerging Markets Equity Tilt Fund		94.0	95.0	Units held	31-Aug-25	6,265	735	–
Royal London Europe ex UK Equity Tilt Fund		89.8	91.2	Units held	31-Aug-25	1,361	94	–
Royal London European Growth Fund		99.6	99.6	Units held	31-Aug-25	2,662	193	–
Royal London European Sustainable Credit Fund		81.1	89.9	Units held	30-Jun-25	130	8	H
Royal London Global Equity Diversified Fund		82.9	80.0	Units held	31-Aug-25	6,704	508	–

15. Investments in Group undertakings and participating interests (continued)

Unit trusts, OEICs and other investment funds and legal entities held as part of an investment portfolio reported as subsidiaries under FRS 102 but not consolidated within the Group financial statements (continued).

Name	Footnote	% holding ^a		Share class	Latest financial information available	Aggregate of capital and reserves £m	Profit/(loss) for the period £m	Registered Office
		2025	2024					
Royal London Global Equity Diversified Fund (AUD)	6	100.0	N/A	Units held	N/A	N/A	N/A	I
Royal London Global Equity Enhanced Fund		83.9	92.5	Units held	30-Jun-25	3,303	421	H
Royal London Global Equity Enhanced Fund (AUD)	6	100.0	N/A	Units held	N/A	N/A	N/A	I
Royal London Global Equity Income Fund		61.1	60.3	Units held	31-Aug-25	800	74	–
Royal London Global Equity Select Fund (AUD)	6	100.0	N/A	Units held	N/A	N/A	N/A	I
Royal London Global Equity Transitions Fund		85.9	98.7	Units held	30-Jun-25	121	11	H
Royal London Global High Yield Bond Fund		92.9	94.2	Units held	30-Jun-25	3,082	266	H
Royal London Global Mezzanine ABS Fund	6	100.0	N/A	Units held	N/A	N/A	N/A	H
Royal London Global Senior ABS Fund	6	87.0	N/A	Units held	N/A	N/A	N/A	H
Royal London Global Sustainable Credit Fund		67.5	72.8	Units held	30-Jun-25	367	52	H
Royal London Global Sustainable Equity Fund (Irl)		84.6	91.1	Units held	30-Jun-25	120	14	H
Royal London GMAP Adventurous Fund		57.4	57.1	Units held	30-Jun-25	654	15	–
Royal London GMAP Balanced Fund		65.0	63.0	Units held	30-Jun-25	670	4	–
Royal London GMAP Diversified Bond Fund		99.7	99.5	Units held	30-Jun-25	405	8	–
Royal London GMAP Dynamic Equity Fund		78.2	81.8	Units held	30-Jun-25	341	4	–
Royal London GMAP Growth Fund		65.5	60.2	Units held	30-Jun-25	1,217	37	–
Royal London GMAP Moderate Growth Fund		91.0	99.4	Units held	N/A	33	–	–
Royal London Hambridge SA Fund	6	100.0	N/A	Units held	N/A	N/A	N/A	H
Royal London Hambridge CLO I Fund	6	100.0	N/A	Units held	N/A	N/A	N/A	H
Royal London Hambridge CLO II Fund	6	100.0	N/A	Units held	N/A	N/A	N/A	H
Royal London Japan Equity Tilt Fund		69.2	79.8	Units held	31-Aug-25	300	26	–
Royal London Japan Equity Tilt TTF	8	100.0	100.0	Units held	31-Aug-25	1,407	117	–
Royal London Multi Asset Adventurous Fund (Irl)		100.0	100.0	Units held	30-Jun-25	70	1	H
Royal London Multi Asset Balanced Fund (Irl)		99.9	100.0	Units held	30-Jun-25	67	1	H
Royal London Multi Asset Credit Fund	7	N/A	54.8	Units held	30-Jun-25	772	60	H
Royal London Multi Asset Defensive Fund (Irl)		100.0	100.0	Units held	30-Jun-25	51	1	H
Royal London Multi Asset Growth Fund (Irl)		100.0	100.0	Units held	30-Jun-25	72	1	H
Royal London Multi Asset Strategies Fund		86.4	87.8	Units held	30-Jun-25	898	(22)	–
Royal London Short Duration Emerging Markets Corporate Bond Fund		78.5	100.0	Units held	30-Jun-25	29	4	H
Royal London Short Duration Global High Yield Bond Fund	7	N/A	55.6	Units held	30-Jun-25	983	71	H
Royal London Short Duration Global High Yield Fund (AUD)	6	100.0	N/A	Units held	N/A	N/A	N/A	I
Royal London Sterling Liquidity Money Market Fund		72.4	85.9	Units held	30-Jun-25	6,928	1	H
Royal London Sustainable Growth Fund		77.9	85.5	Units held	31-Aug-25	164	10	–
Royal London Sustainable Short Duration Corporate Bond Fund		50.4	58.1	Units held	31-Jul-25	147	2	–
Royal London UK Broad Equity Tilt Fund		76.4	60.0	Units held	31-Aug-25	1,975	114	–
Royal London UK Core Equity Tilt Fund		98.9	98.6	Units held	31-Aug-25	6,001	477	–

Notes to the financial statements *continued***15. Investments in Group undertakings and participating interests (continued)**

Unit trusts, OEICs and other investment funds and legal entities held as part of an investment portfolio reported as subsidiaries under FRS 102 but not consolidated within the Group financial statements (continued).

Name	Footnote	% holding ⁴		Share class	Latest financial information available	Aggregate of capital and reserves £m	Profit/(loss) for the period £m	Registered Office
		2025	2024					
Royal London UK Dividend Growth Fund		95.7	96.4	Units held	31-Aug-25	1,310	60	–
Royal London UK Equity Fund		95.0	94.5	Units held	31-Aug-25	862	69	–
Royal London UK Mid Cap Growth Fund		94.8	93.8	Units held	31-Aug-25	355	(30)	–
Royal London UK Opportunities Fund	9	N/A	99.9	Units held	N/A	N/A	N/A	–
Royal London UK Real Estate Fund	8	96.5	96.5	Units held	30-Jun-25	3,224	128	–
Royal London UK Smaller Companies Fund		90.9	88.5	Units held	31-Aug-25	320	(23)	–
Royal London US Equity Fund		99.8	99.8	Units held	30-Jun-25	110	11	H
Royal London US Equity Tilt Fund		76.0	80.5	Units held	31-Aug-25	994	125	–
Royal London US Equity Tilt TTF	8	100.0	100.0	Units held	31-Aug-25	12,622	1,280	–
The Royal London Property Fund		92.5	79.9	Class A	31-Dec-24	391	12	–
The Royal London Property Trust		100.0	100.0	Class A	31-Dec-24	312	8	–
Waldersey Farms Limited		53.4	53.4	Ordinary	31-Dec-24	11	1	J

1. UK subsidiaries that will take advantage of the audit exemption by virtue of section 479A of the Companies Act 2006 for the year ended 31 December 2025.

2. Company has a financial reporting date of 31 March.

3. Company newly incorporated/acquired. The incorporated entities have not published their first set of financial statements.

4. The percentage holdings shown include the holding of the Group's unit-linked funds which are included within assets held to cover linked liabilities.

5. These entities are collective asset management vehicles. The results for the period are not presented on the basis that the results of the individual funds are separately disclosed.

6. These funds were launched during the year and have not yet published their first set of financial statements.

7. The Group's holding in these funds has fallen in the year. The funds are now reported as associates as shown in note 15(c).

8. Royal London Japan Equity Tilt TTF, Royal London UK Real Estate Fund and Royal London US Equity Tilt TTF are Authorised Contractual Schemes (ACS).

9. Royal London UK Opportunities Fund closed during the year.

10. Company is currently in liquidation.

15. Investments in Group undertakings and participating interests (continued)

The addresses of the registered office of those Company subsidiaries, associates and other significant holdings which have a registered office other than 80 Fenchurch Street, London, EC3M 4BY, are noted below by letter.

All subsidiaries of the Group across note 15 and note 38 are tax resident in the jurisdiction of their registered address with the exception of Dalmore Intermediate Limited (Jersey), Dalmore Holdings Limited (Jersey), Elli Healthcare Properties Limited and No.1 Holborn S.a r.l. which are tax resident in the UK. Royal London Management Services Limited has a branch registered in Ireland which is also tax resident in Ireland.

Reference	Registered address
A	1 Park Row, Leeds, LS1 5AB
B	Princess Court, 23 Princess Street, Plymouth, PL1 2EX
C	47-49 St Stephen's Green, Dublin 2
D	Aztec Group House, 11-15 Seaton Place, St. Helier, Jersey, JE4 0QH
E	140 Aldersgate Street 4th Floor, London, EC1A 4HY
F	3 Rue Gabriel Lippmann, Munsbach, Luxembourg, 5365
G	125 London Wall 6th Floor, London, EC2Y 5AS
H	70 Sir John Rogerson's Quay, Dublin 2
I	Level 1, 575 Bourke Street, Melbourne, VIC 3000, Australia
J	Northfield Farm, Lynn Road Southery, Downham Market, Norfolk, PE38 0HT
K	Nations House, 3rd Floor, 103 Wigmore Street, London, W1U 1QS
L	155 North Wacker Drive, Suite 4400, Chicago, IL60606, USA
M	Oak House, Hirzel Street, St Peter Port, Guernsey, GY1 2NP
N	Enterprise Ventures (General Partner Rising Stars II Limited), Preston Technology Management Centre, Preston, PR1 8UQ
O	30 Hudson Yards, New York, New York, 10001, United States
P	120 New Cavendish Street, London, W1W 6XX
Q	PO Box 650, 1st Floor Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 3JX
R	Forum 4, Solent Business Park Parkway South, Whiteley, Fareham, Hampshire, PO15 7AD
S	1 WML, Windmill Lane, Dublin 2, Dublin, Ireland, D02 F206
T	JTC House, 28 Esplanade, St Helier, Jersey, JE4 2QP
U	Exchange Tower, 11th Floor, 19 Canning Street, Edinburgh, EH3 8EG
V	22 Haymarket Yards, Edinburgh, EH12 5BH
W	50/60 Station Road, Cambridge, CB1 2JH

(b) Interest in special purpose entity

The Group owns 100% of the issued preference shares in the Pinkerton segregated account (within Artex Axcell Re (Bermuda) Limited), a former reinsurance transformer platform incorporated in Bermuda. In accordance with FRS 102 Section 9 Pinkerton meets the definition of a 'special purpose entity' and in accordance with the requirements of that section, Pinkerton is consolidated within the Group financial statements.

Notes to the financial statements *continued***15. Investments in Group undertakings and participating interests (continued)****(c) Interests in associates**

Those of the Group's associates that are investment funds are accounted for as financial assets held at FVTPL. All associates have a registered office of 80 Fenchurch Street, London, EC3M 4BY, except where noted by a letter which corresponds to the addresses listed in the table on page 161. At 31 December 2025, the following funds and other entities have been recognised as associates:

Name	Footnote	Group's % holding		Registered office
		2025	2024	
Ashford Investor (General Partner) Limited		25.0	25.0	K
Ashford Investor (Partnership Trustco) Limited		25.0	25.0	K
Royal London Corporate Bond Monthly Income Trust		25.6	26.8	-
Royal London Emerging Markets Corporate Bond Fund	1	39.6	N/A	H
Royal London European Growth Trust		28.0	28.3	-
Royal London Global Equity Diversified Fund (Irl)	2	N/A	26.6	H
Royal London Global Equity Select Fund		23.7	22.5	-
Royal London Global Equity Select Fund (Irl)		40.5	38.1	H
Royal London Global Sustainable Equity Fund		44.7	47.8	-
Royal London GMAP Defensive Fund		31.8	30.1	-
Royal London Index Linked Fund		36.8	44.5	-
Royal London International Government Bond Fund	2	N/A	24.4	-
Royal London Investment Grade Short Dated Credit Fund		21.0	20.8	-
Royal London Multi Asset Credit Fund	1	46.9	N/A	H
Royal London Short Duration Global High Yield Bond Fund	1	39.1	N/A	H
Royal London Short Term Fixed Income Enhanced Fund	2	N/A	20.4	-
Royal London Short Term Fixed Income Fund		39.2	49.8	-
Royal London Short Term Money Market Fund		21.4	30.4	-
Royal London Sterling Extra Yield Bond Fund		26.5	27.0	H
Royal London Sustainable Corporate Bond Trust		32.0	34.7	-
Royal London Sustainable Diversified Trust		23.9	24.0	-
Royal London Sustainable Managed Growth Trust		23.2	22.2	-
Royal London Sustainable World Trust		23.4	22.5	-
Royal London UK Equity Income Fund		27.7	29.6	-
Royal London UK Growth Trust		24.3	24.5	-
Royal London US Equity Trust (formerly Royal London US Growth Trust)		35.1	49.7	-
The Ashford Investor Limited Partnership		25.0	25.0	K

1. The Group's holdings in these funds have fallen in the year. The funds were previously reported as subsidiaries as shown in note 15(a).

2. The Group's holdings in the fund have fallen below 20% in the year. The fund is now reported as an investment fund.

During the year, the Company received dividends from associates that are investment funds amounting to £266m (2024: £353m).

15. Investments in Group undertakings and participating interests (continued)

(d) Interests in other significant holdings

The Group and Company invest in the following private equity funds, which represent an ownership interest of greater than 20%. These are all managed by external administrators and the Group and Company have no involvement in the management, operation or decision making of the funds. As such, the presumption that significant influence exists is overcome and these investments have not been recognised as associates but have been treated as unquoted equity securities within 'Other financial investments'. The registered addresses of the private equity funds are included in the table on page 161.

	% holding		Latest financial information available	Aggregate of capital and reserves £m	Profit/(loss) for the period £m	Registered Office
	2025	2024				
Core Alpha Private Equity Partners	29.9	29.9	31-Dec-24	6.2	(1.2)	L
Cubera RL Nordic PE LP	100.0	100.0	31-Dec-24	55.4	5.6	M
Enterprise Ventures Growth Ltd	45.2	45.2	31-Mar-24	0.1	—	N
KKR CIS Global Investor L.P.	100.0	100.0	31-Dec-24	39.9	10.1	O
Rising Star Growth Fund II	21.8	21.8	31-Mar-25	0.3	—	N
RJD Private Equity Fund III 'A' L.P.	31.9	31.9	31-Dec-24	6.1	9.5	P
SPL ARL Private Finance	99.4	99.4	31-Mar-25	0.2	—	Q
WP Global Mezzanine Private Equity	100.0	100.0	31-Dec-24	4.9	(0.4)	L

(e) Interests in joint ventures

The Group has an interest in a jointly controlled entity giving rise to a 7.5% (2024: 7.5%) beneficial interest in a property, the Bluewater Shopping Centre, Kent. The arrangement entitles the Group to 7.5% (2024: 7.5%) of the net rental income of the property.

RLMIS has a 50% holding (2024: 50%) in a joint venture with RLW Estates Limited in relation to land at Waterbeach, Cambridgeshire. RLMIS' wholly owned subsidiary, Royal London Cambridge Limited, also has a 41.25% holding (2024: 41.25%) in a joint venture in relation to land at Waterbeach with Waterbeach Development Company LLP. A convertible funding arrangement for £4m (2024: £4m) has been provided by Royal London Cambridge Limited to Waterbeach Development Company LLP.

The Group, via a Jersey unit trust, has a 50% interest (2024: 50%) in No.1 Farringdon (London) Limited Partnership giving rise to a 50% interest in a property at 1 St John's Lane, London, EC1. As part of that investment, the Group also holds a 50% shareholding in No.1 Farringdon (London) General Partner Limited and its subsidiaries, No.1 Farringdon (London) SubCo 1 Limited and No.1 Farringdon (London) SubCo 2 Limited.

The Group has a 50% interest in One Triton Holding Limited giving rise to a 50% interest in a property at 1 Triton Square, London, NW1.

The Group also has a 50% interest in Hermes CMK Unit Trust giving rise to a 50% interest in a property at Centre MK: Milton Keynes, Buckinghamshire, MK9. As part of that investment, the Group also holds a 50% shareholding in Hermes CMK General Partner Limited and its subsidiaries, Hermes CMK Nominees No.1 Limited and Hermes CMK Nominees No.2 Limited.

Notes to the financial statements *continued***16. Financial investments****Accounting for financial investments**

All investment transactions are recognised at trade date, in other words, the date the Group commits to purchase the asset from, or deliver the asset to, the counterparty.

Financial investments are classified on the basis of an assessment of the Group's business model for managing the financial assets and whether the cash flows represent solely payments of principal and interest. Financial assets are classified at FVTPL where they are within a portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis, or they do not meet the criteria to be measured at amortised cost.

With the exception of associates accounted for using the equity method in the Group balance sheet, all of the financial assets of the Group's non-linked funds, included on the balance sheet within 'Other financial investments', are part of a group of financial assets that are managed on a fair value basis and are classified upon initial recognition as held at FVTPL. All of the financial assets within the Group's unit-linked funds, included on the balance sheet within 'Assets held to cover linked liabilities', are also a group of financial assets that are managed on a fair value basis and are classified upon initial recognition as held at FVTPL.

Financial assets classified as FVTPL are initially recognised at the fair value of the consideration paid. They are subsequently measured at fair value with any resultant gain or loss recognised in the statement of comprehensive income.

Fair value for quoted investments in an active market is the bid price, which management believe is representative of fair value. For investments in unit trusts, OEICs and other pooled funds (including those classified as investments in Group undertakings) it is the bid price quoted on the last day of the accounting period in which investments in such funds could be redeemed. If the market for a quoted financial investment is not active or the investment is unquoted the fair value is determined using valuation techniques. For these investments, the fair value is established using quotations from independent third parties, such as brokers or pricing services, or by using internally developed pricing models. Priority is given to publicly available prices from independent sources, when available, but overall, the source of pricing and/or valuation technique is chosen with the objective of arriving at a fair value measurement which reflects the price at which an orderly transaction would take place between market participants on the measurement date. Valuation techniques include the use of recent arm's length transactions, reference to the current fair value of other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs from independent sources and relying as little as possible on entity-specific inputs.

Derecognition and offset of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to receive the cash flows from the asset have expired or where they have been transferred and the Group has also transferred substantially all the risks and rewards of ownership.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets and liabilities are offset, and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. All derivatives are accounted for on a contract-by-contract basis and are not offset in the balance sheet.

16. Financial investments (continued)

(a) Other financial investments

The carrying values of the Group and Company's other financial investments and their original cost are summarised by category below:

	Group			
	Fair value		Cost	
	2025 £m	2024 £m	2025 £m	2024 £m
Derivative assets (note 18)	2,227	2,108	(1,701)	(1,755)
Equity securities				
Quoted	5,259	5,235	2,726	2,904
Unquoted	633	619	562	557
	5,892	5,854	3,288	3,461
Debt and fixed income securities				
Government bonds	3,961	3,029	4,063	3,262
Other quoted	6,447	5,709	6,537	5,985
Deposits with credit institutions	150	476	150	476
Other unquoted				
Security held in respect of a reinsurance arrangement	1,462	1,519	1,417	1,562
Private placements	236	79	228	75
Other	23	22	39	38
	12,279	10,834	12,434	11,398
Unit trusts and other pooled investments	14,502	14,352	12,650	13,166
Loans				
Commercial real estate loans	143	120	141	124
Other	28	7	28	6
	171	127	169	130
Total other financial investments	35,071	33,275	26,840	26,400

The cost of derivative assets represents the amount paid (or received) at the inception of the derivative contract, where applicable.

Included in the figure for Government bonds above are corporate bonds issued by companies and guaranteed by their respective governments of £124m (2024: £102m). The figure for deposits with credit institutions above includes £nil (2024: £92m) of reverse repurchase agreements. Included in the figure for unit trusts and other pooled investments above is £13,527m (2024: £13,354m) of OEICs and other investment funds that are not consolidated within the Group financial statements, as well as investments in joint ventures.

The reinsurance arrangement referred to above is explained in note 3(c).

In addition to the quoted equity securities, government bonds and quoted debt and fixed income securities disclosed above, £366m (2024: £383m) of the unit trust and other pooled investments held by the Group are quoted instruments.

Notes to the financial statements *continued***16. Financial investments (continued)**

	Company			
	Fair value		Cost	
	2025 £m	2024 £m	2025 £m	2024 £m
Derivative assets (note 18)	2,227	2,108	(1,701)	(1,755)
Equity securities				
Quoted	5,259	5,235	2,726	2,904
Unquoted	632	619	562	557
	5,891	5,854	3,288	3,461
Debt and fixed income securities				
Government bonds	3,961	3,029	4,063	3,262
Other quoted	6,447	5,709	6,537	5,985
Deposits with credit institutions	150	476	150	476
Other unquoted				
Security held in respect of a reinsurance arrangement	1,462	1,519	1,417	1,562
Private placements	236	79	228	75
Other	23	22	39	38
	12,279	10,834	12,434	11,398
Unit trusts and other pooled investments	853	961	756	911
Loans				
Commercial real estate loans	143	120	141	124
Other	28	7	28	6
	171	127	169	130
Total other financial investments	21,421	19,884	14,946	14,145

The cost of derivative assets represents the amount paid (or received) at the inception of the derivative contract.

Included in the figure for Government bonds above are corporate bonds issued by companies and guaranteed by their respective governments of £124m (2024: £102m). The figure for deposits with credit institutions above includes £nil (2024: £92m) of reverse repurchase agreements.

The reinsurance arrangement referred to above is explained in note 3(c).

In addition to the quoted equity securities, government bonds and quoted debt and fixed income securities disclosed above, £366m (2024: £383m) of the unit trust and other pooled investments held by the Company are quoted instruments.

16. Financial investments (continued)

(b) Assets held to cover linked liabilities

The carrying values of the Group and Company's assets held to cover linked liabilities are summarised by category below:

	Group			
	Fair value		Cost	
	2025	2024	2025	2024
	£m	£m	£m	£m
Investment property	4,694	4,196	4,891	4,564
Derivative assets (note 18)	42	87	—	—
Derivative liabilities (note 18)	(62)	(58)	—	—
Equity securities	727	742	568	625
Debt and fixed income securities	24,877	20,646	24,788	21,003
Unit trusts and other pooled investments	9,311	7,664	7,440	6,378
OEICs and other investment funds - subsidiaries	56,192	50,312	41,782	40,661
OEICs and other investment funds - associates	6,872	6,517	5,820	5,828
Cash at bank	285	307	285	307
Net current assets	1,079	866	1,079	866
	104,017	91,279	86,653	80,232

The OEICs and other investment funds represent the Company's investment in funds which are managed by subsidiaries of the Group. The funds classified as subsidiaries are those over which the Group has control. The funds classified as associates are those over which the Group has a significant influence but not control.

The total assets held to cover linked liabilities for the Group of £104,017m (2024: £91,279m) are greater than the technical provisions for linked liabilities of £103,804m (2024: £91,072m). £27m (2024: £8m) of this difference arises from surplus units held for box management purposes, which are included within the assets backing linked liabilities. The remaining £186m (2024: £199m) is primarily attributable to the value of future profits on non-participating insurance contracts.

	Company			
	Fair value		Cost	
	2025	2024	2025	2024
	£m	£m	£m	£m
Investment property	4,694	4,196	4,891	4,564
Derivative assets (note 18)	42	87	—	—
Derivative liabilities (note 18)	(62)	(58)	—	—
Equity securities	727	742	568	625
Debt and fixed income securities	24,877	20,646	24,788	21,003
Unit trusts and other pooled investments	9,124	7,595	7,268	6,314
OEICs and other investment funds - subsidiaries	55,982	50,220	41,589	40,577
OEICs and other investment funds - associates	6,872	6,513	5,820	5,825
Cash at bank	285	309	285	309
Net current assets	1,079	863	1,079	863
	103,620	91,113	86,288	80,080

The total assets held to cover linked liabilities for the Company of £103,620m (2024: £91,113m) are greater than the technical provisions for linked liabilities of £103,407m (2024: £90,906m). £27m (2024: £8m) of this difference arises from surplus units held for box management purposes, which are included within the assets backing linked liabilities. The remaining £186m (2024: £199m) is primarily attributable to the value of future profits on non-participating insurance contracts.

Notes to the financial statements *continued***17. Fair value measurement****(a) Fair value measurement techniques and inputs**

The following table gives information about the valuation techniques and inputs used to develop the Group and the Company's fair value measurements.

Asset / liability	Valuation techniques and key inputs	Fair value hierarchy level
Derivative assets and liabilities	Mark to model technique using market inputs to pricing models. Market inputs vary by derivative type and include (i) market swap rates (interest rate swaps, total return swaps and inflation swaps); (ii) forward swap rates and interest rate volatility (interest rate swaptions); and (iii) foreign exchange rates (currency forwards and currency swaps). Where discounted cash flow techniques are used, estimated future cash flows are based on contractual cash flows using current market conditions, and market-calibrated discount rates and assumptions.	Level 2
Equity securities – quoted	Quoted prices in active markets	Level 1
	Quoted prices in active markets subject to illiquidity adjustment based on observable market inputs including (i) risk free rate, (ii) lock-up period, (iii) dividend yield, and (iv) historic share price volatility	Level 2
Equity securities - unquoted	Unquoted Private equity and Property funds are valued at net asset value (NAV), reflecting the fair value of the net assets of the underlying investments	Level 3
Debt and fixed income securities – Government bonds	Quoted prices - FTSE Russell Tradeweb	Level 1
	Third-party quoted prices	Level 2
Debt and fixed income securities – other quoted	Third-party quoted prices	Level 2
	Quoted prices for similar assets in an active market	Level 2
	Mark to model	Level 3
Debt and fixed income securities - Deposits with credit institutions	Cost plus accrued interest	Level 1
Debt and fixed income securities – other unquoted (Security held in respect of a reinsurance arrangement)	Mark to model technique using contractual cash flows and a market-calibrated discount rate	Level 2
Debt and fixed income securities – other unquoted (private placements)	Net present value of future cash flows, adjusted for credit risk of underlying assets and illiquidity premium	Level 3
Debt and fixed income securities – other unquoted (other)	Net present value of future cash flows	Level 3
Unit trusts and other pooled investments – quoted	Quoted prices in active market	Level 1
	Quoted prices (insufficient activity to confirm active market)	Level 2
Unit trusts and other pooled investments – unquoted	NAV reflecting the fair value of the net assets of the underlying investments, including assets valued on a discounted cashflow basis.	Level 3
Loans - Commercial real estate loans	Net present value of future cash flows, adjusted for credit risk of underlying loans	Level 3
Loans - other	Equity Release Mortgage loans - net present value of future cash flows, adjusted for the No-Negative Equity Guarantees (NNEGs) of the underlying mortgages.	Level 3
	Income strips - accumulated development cost or net present value of future cash flows, adjusted for credit risk	Level 3
Owner-occupied land and buildings (Group only)	Income capitalisation and market comparison	Level 3
Investment property	Income capitalisation and market comparison	Level 3
Investment in Group undertakings – shares (Company only)	NAV plus VIF, PE multiple, NAV/Carrying value, Acquisition price	Level 3
Investment in Group undertakings – investment funds and joint ventures (Company only)	Quoted prices in an active market	Level 1
	NAV provided by fund manager, reflecting the fair value of the net assets of the underlying investments	Level 3

17. Fair value measurement (continued)

Asset / liability	Valuation techniques and key inputs	Fair value hierarchy level
Assets held to cover linked liabilities	Individual assets within this category are valued using the applicable technique and key inputs for the asset type as shown above	Level 1, 2 and 3
Unit-linked investment contract liability	Determined by the fair value of the net assets of the underlying unitised investment fund	Level 2
Reinsurance liability	Present value of projected future cash flows	Level 3
Provision for future commission	Present value of projected future cash flows	Level 3

The majority of the Group's financial investments are held at fair value and use quoted market prices or observable market inputs in their valuation. The use of quoted market prices and market inputs to determine fair value takes into account current expectations of the short-term effects of climate change. The longer-term effects of climate change are uncertain, however the fair values reported take into account current market expectations of the impact on investment valuations. The Group's external property valuers in the UK comply with the 'Sustainability and ESG in commercial property valuation and strategic advice' professional standard issued by the Royal Institution of Chartered Surveyors. In the context of investment valuation, sustainability involves the consideration of matters that include environment and climate change, health and wellbeing, and personal and corporate responsibility that can or do impact the valuation of an asset. The Group's investment strategy incorporates ESG into its investment process by integrating material ESG factors into investment decisions. This includes consideration of ESG issues within the property purchase process (including energy performance, flood risk, onsite renewable infrastructure and sustainable building certifications) and all development and refurbishment projects follow sustainability standards to ensure ESG is embedded into their design and delivery. The investment property portfolio is monitored on a regular basis to determine any impact of climate change, including the level of flood risk, to enable mitigation measures to be identified and implemented. Further information on how the Group manages climate change related risks is included in the Strategic report on page 66.

(b) Fair value hierarchy

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

Level 1 – Quoted prices in active markets

Inputs to Level 1 fair values are quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market is one in which transactions occur with sufficient frequency and at sufficient volumes to provide pricing information on an ongoing basis.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable

Inputs to Level 2 fair values are those other than quoted prices included within Level 1, which are observable for the asset or liability, either directly as prices or indirectly, in other words, derived from prices. Level 2 inputs include:

- quoted prices for identical assets in markets that are not active;
- quoted prices for similar assets in active markets; and
- inputs to valuation models that are observable for the asset. For example, interest rates and yield curves observable at commonly quoted intervals, volatilities, and swap rates.

Level 3 – Inputs not based on observable data

Inputs to Level 3 fair values are unobservable inputs for the asset or liability. Unobservable inputs are typically used where observable inputs are not available.

The Group and Company's assets and liabilities classified into the three levels of the fair value hierarchy are shown in the following tables.

Notes to the financial statements *continued*

17. Fair value measurement (continued)

Group – 2025						
	Fair value hierarchy				Non-fair value	Total carrying value
	Level 1	Level 2	Level 3	Sub-total Fair value		
	£m	£m	£m	£m	£m	£m
Assets						
Derivative assets	—	2,227	—	2,227	—	2,227
Equity securities						
Quoted	5,242	17	—	5,259	—	5,259
Unquoted	—	—	633	633	—	633
Debt and fixed income securities						
Government bonds	3,494	467	—	3,961	—	3,961
Other quoted	—	6,425	22	6,447	—	6,447
Deposits with credit institutions	150	—	—	150	—	150
Other unquoted						
Security held in respect of a reinsurance arrangement	—	1,462	—	1,462	—	1,462
Private placements	—	—	236	236	—	236
Other	—	—	23	23	—	23
Other investments						
Unit trusts and other pooled investments	10,678	581	3,243	14,502	—	14,502
Loans						
Commercial real estate loans	—	—	143	143	—	143
Other	—	—	28	28	—	28
Total other financial investments	19,564	11,179	4,328	35,071	—	35,071
Other assets						
Owner-occupied land and buildings (note 14)	—	—	33	33	—	33
Investment property (note 14)	—	—	3	3	—	3
Assets held to cover linked liabilities (note 16 (b))	80,170	17,873	5,974	104,017	—	104,017
Total assets at fair value	99,734	29,052	10,338	139,124	—	139,124
Other liabilities						
Unit-linked investment contract liabilities (note 26 (b))	—	(102,793)	—	(102,793)	—	(102,793)
Reinsurance liability (note 31 (b))	—	—	(1,462)	(1,462)	(32)	(1,494)
Derivative liabilities (note 31 (d))	—	(4,387)	—	(4,387)	—	(4,387)
Provision for future commission (note 30)	—	—	(115)	(115)	—	(115)
Total liabilities at fair value	—	(107,180)	(1,577)	(108,757)	(32)	(108,789)

17. Fair value measurement (continued)

	Group – 2024					
	Fair value hierarchy				Non-fair value	Total carrying value
	Level 1 £m	Level 2 £m	Level 3 £m	Sub-total Fair value £m		
Assets						
Derivative assets	–	2,108	–	2,108	–	2,108
Equity securities						
Quoted	5,235	–	–	5,235	–	5,235
Unquoted	–	–	619	619	–	619
Debt and fixed income securities	–	–	–			
Government bonds	2,598	431	–	3,029	–	3,029
Other quoted	–	5,641	68	5,709	–	5,709
Deposits with credit institutions	476	–	–	476	–	476
Other unquoted						
Security held in respect of a reinsurance arrangement ¹	–	1,519	–	1,519	–	1,519
Private placements	–	–	79	79	–	79
Other	–	–	22	22	–	22
Other investments						
Unit trusts and other pooled investments	11,299	–	3,053	14,352	–	14,352
Loans						
Commercial real estate loans	–	–	120	120	–	120
Other	–	–	7	7	–	7
Total other financial investments	19,608	9,699	3,968	33,275	–	33,275
Other assets						
Owner-occupied land and buildings (note 14)	–	–	35	35	–	35
Investment property (note 14)	–	–	40	40	–	40
Assets held to cover linked liabilities (note 16 (b))	69,115	16,712	5,452	91,279	–	91,279
Total assets at fair value	88,723	26,411	9,495	124,629	–	124,629
Other liabilities						
Unit-linked investment contract liabilities (note 26 (b))	–	(90,067)	–	(90,067)	–	(90,067)
Reinsurance liability (note 31 (b))	–	–	(1,519)	(1,519)	(21)	(1,540)
Derivative liabilities (note 31 (d))	–	(4,171)	–	(4,171)	–	(4,171)
Provision for future commission (note 30)	–	–	(107)	(107)	–	(107)
Total liabilities at fair value	–	(94,238)	(1,626)	(95,864)	(21)	(95,885)

Notes to the financial statements *continued***17. Fair value measurement (continued)**

	Company – 2025					
	Fair value hierarchy				Non-fair value	Total carrying value
	Level 1 £m	Level 2 £m	Level 3 £m	Sub-total Fair value £m		
Assets						
Derivative assets	—	2,227	—	2,227	—	2,227
Equity securities						
Quoted	5,242	17	—	5,259	—	5,259
Unquoted	—	—	632	632	—	632
Debt and fixed income securities						
Government bonds	3,494	467	—	3,961	—	3,961
Other quoted	—	6,425	22	6,447	—	6,447
Deposits with credit institutions	150	—	—	150	—	150
Other unquoted						
Security held in respect of a reinsurance arrangement	—	1,462	—	1,462	—	1,462
Private placements	—	—	236	236	—	236
Other	—	—	23	23	—	23
Other investments						
Unit trusts and other pooled investments	724	—	129	853	—	853
Loans						
Commercial real estate loans	—	—	143	143	—	143
Other	—	—	28	28	—	28
Total other financial investments	9,610	10,598	1,213	21,421	—	21,421
Other assets						
Investment property (note 14)	—	—	36	36	—	36
Investment in Group undertakings (note 15)	9,708	579	4,164	14,451	—	14,451
Assets held to cover linked liabilities (note 16 (b))	79,773	17,873	5,974	103,620	—	103,620
Total assets at fair value	99,091	29,050	11,387	139,528	—	139,528
Other liabilities						
Unit-linked investment contract liabilities (note 26 (b))	—	(102,396)	—	(102,396)	—	(102,396)
Reinsurance liability (note 31 (b))	—	—	(1,462)	(1,462)	(20)	(1,482)
Derivative liabilities (note 31 (d))	—	(4,387)	—	(4,387)	—	(4,387)
Provision for future commission (note 30)	—	—	(106)	(106)	—	(106)
Total liabilities at fair value	—	(106,783)	(1,568)	(108,351)	(20)	(108,371)

17. Fair value measurement (continued)

	Company – 2024					
	Fair value hierarchy				Non-fair value	Total carrying value
	Level 1	Level 2	Level 3	Sub-total Fair value		
	£m	£m	£m	£m	£m	£m
Assets						
Derivative assets	–	2,108	–	2,108	–	2,108
Equity securities						
Quoted	5,235	–	–	5,235	–	5,235
Unquoted	–	–	619	619	–	619
Debt and fixed income securities						
Government bonds	2,598	431	–	3,029	–	3,029
Other quoted	–	5,641	68	5,709	–	5,709
Deposits with credit institutions	476	–	–	476	–	476
Other unquoted						
Security held in respect of a reinsurance arrangement	–	1,519	–	1,519	–	1,519
Private placements	–	–	79	79	–	79
Other	–	–	22	22	–	22
Other investments						
Unit trusts and other pooled investments	828	–	133	961	–	961
Loans						
Commercial real estate loans	–	–	120	120	–	120
Other	–	–	7	7	–	7
Total other financial investments	9,137	9,699	1,048	19,884	–	19,884
Other assets						
Investment property (note 14)	–	–	75	75	–	75
Investment in Group undertakings (note 15)	10,270	–	3,770	14,040	–	14,040
Assets held to cover linked liabilities (note 16 (b))	68,949	16,712	5,452	91,113	–	91,113
Total assets at fair value	88,356	26,411	10,345	125,112	–	125,112
Other liabilities						
Unit-linked investment contract liabilities (note 26 (b))	–	(89,901)	–	(89,901)	–	(89,901)
Reinsurance liability (note 31 (b))	–	–	(1,519)	(1,519)	(11)	(1,530)
Derivative liabilities (note 31 (d))	–	(4,171)	–	(4,171)	–	(4,171)
Provision for future commission (note 30)	–	–	(103)	(103)	–	(103)
Total liabilities at fair value	–	(94,072)	(1,622)	(95,694)	(11)	(95,705)

(c) Level 3 assets and liabilities

The majority of the assets and liabilities measured at fair value are based on quoted prices in active markets or observable market data. Of the total Group assets and liabilities measured at fair value, 7.4% (2024: 7.6%) of assets and 1.5% (2024: 1.7%) of liabilities are recorded as Level 3. At the Company level, 8.2% (2024: 8.3%) of assets and 1.4% (2024: 1.7%) of liabilities are recorded as Level 3.

Notes to the financial statements *continued*

17. Fair value measurement (continued)

For the majority of Level 3 investments, the Group and the Company do not use internal models to value the investments but rather obtain valuations from external parties. The Group's Level 3 investments are predominantly property assets and investments in property-based investment vehicles, representing 88% (2024: 88%) of all Level 3 assets. The following table shows how these Level 3 assets are presented on the Group balance sheet.

	Group					
	Property-related	Non Property-related	Total	Property-related	Non Property-related	Total
	2025 £m	2025 £m	2025 £m	2024 £m	2024 £m	2024 £m
Equity securities	147	486	633	153	466	619
Debt and fixed income securities	—	281	281	—	169	169
Unit trusts and other pooled investments	3,004	239	3,243	2,872	181	3,053
Loans	—	171	171	—	127	127
Level 3 other financial investments (note 17 (b))	3,151	1,177	4,328	3,025	943	3,968
Owner-occupied land and buildings	33	—	33	35	—	35
Investment property	3	—	3	40	—	40
Assets held to cover linked liabilities ¹	5,946	28	5,974	5,227	225	5,452
Total Level 3 assets (note 17 (b))	9,133	1,205	10,338	8,327	1,168	9,495

The Group reviews the appropriateness of these valuations on the following basis:

- For investment and owner-occupied property, the valuations are obtained from external valuers and are assessed on an individual property basis. The principal assumptions will differ depending on the valuation technique employed and sensitivities are determined by flexing the key inputs listed in the table below using knowledge of the investment property market; and
- For property investments held via investment vehicles, the valuations of the underlying property assets are sourced by the administrators of the collective investment vehicles from external valuers and are assessed on the same basis as for directly held investment property. These individual property values are incorporated within the net asset values of the investment vehicles.

For Level 3 investment property, property funds and owner-occupied land and buildings, a 15% increase or decrease in the property prices at 31 December 2025 would result in a £1,370m (2024: £1,249m) increase or decrease in the Group's total assets. A 15% sensitivity has been presented, consistent with that used for market risk disclosures in note 35. This has been updated from a 10% sensitivity used in the prior year. Comparatives have been updated accordingly.

This change in Level 3 investment valuations from using reasonably possible alternative assumptions would have a significantly smaller impact on the Group's result after tax for the year due to the following:

- Changes in unit-linked and closed funds are offset by a similar opposite movement in investment and insurance contract liabilities. Therefore, only changes in assets held by the Royal London Main Fund would impact the Group's result after tax for the year; and
- Where property assets back With-Profits policies in the Royal London Main Fund, the impact of an increase or decrease in the value of the assets would be offset to a significant extent by a corresponding decrease or increase respectively in the value of the related insurance contract liabilities.

As disclosed under market risk in note 35, the impact on the Group's result after tax for the year of a 15% increase or decrease in property prices would be a corresponding increase of £70m or decrease of £71m (2024: increase or decrease of £66m) respectively. Consistent with note 35, a 15% sensitivity has been presented for the current year, with comparatives updated.

For the Group's remaining Level 3 assets and liabilities, changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would not result in a significant change in the Group's total assets, liabilities, or result after tax at both 31 December 2025 and 31 December 2024.

1. Property-related Assets held to cover linked liabilities comprises investment properties within note 16(b) as well as property-related assets included within Unit Trusts and other pooled investments and OEICs and other investment funds.

17. Fair value measurement (continued)

The following table shows information about fair value measurements for Level 3 assets and liabilities using significant unobservable inputs.

Asset/liability	Valuation technique	Unobservable input	Range (weighted average)
Owner-occupied property and investment property	Income capitalisation	Equivalent yield	7.50% - 11.25% (9.4%)
		Estimated rental value per square foot	£12.00- £25.75 (£18)
Equity securities – unquoted	Adjusted net asset value	Adjustment to net asset value, based on fund manager statements and movements including subscriptions and redemptions.	N/A
Debt and fixed income securities – other quoted	Mark to model	Internally modelled with credit spread derived from comparable securities	N/A
Debt and fixed income securities – other unquoted (private placements)	Present value of future projected cash flows	Contractual cash flows	N/A
		Discount rate reflecting the underlying loan quality, credit rating risk and illiquidity premium	4.34% - 6.72% (5.43%)
Debt and fixed income securities – other unquoted (other)	Present value of future projected cash flows	Contractual cash flows	N/A
		Adjusted discount rate	5.70% - 8.09% (6.95%)
Unit trusts and other pooled investments – unquoted	Adjusted net asset value	Adjustments to net asset value, for example recent sales of the underlying investments in the fund or based on underlying assets valued on a discounted cashflow basis	N/A
Loans - Commercial real estate loans	Present value of projected future cash flows	Contractual cash flows	N/A
		Discount rate reflecting underlying loan quality and credit rating risk	0.72% - 5.89% (4.43%)
Loans - other	Equity Release Mortgage loans - present value of projected future cash flows	Equity Release Mortgage loans - contractual cash flows	N/A
		Discount rate reflecting the underlying mortgage, no-negative equity guarantees and illiquidity premium	5.55% - 7.22% (6.26%)
	Income strips - Accumulated development cost or present value of projected future cash flows	Contractual cash flows	N/A
Investments in Group undertakings – shares (Company only)	RL Wizard Holdings Limited, holding company of Wealth Wizards Limited, held at adjusted net asset value	Adjustment to net asset value	N/A

Notes to the financial statements *continued***17. Fair value measurement (continued)**

Asset/liability	Valuation technique	Unobservable input	Range (weighted average)
Investment in Group undertakings – investment funds and joint ventures (Company only)	Royal London (UK) Holdings Limited, holding company of RLUM Limited, and Royal London Asset Management Holdings Ltd, holding company of RLAM and Royal London Unit Trust Managers, based on PE multiple applied to adjusted external profit after tax, and of Dalmore Capital, based on acquisition price	Average PE ratio of listed peer group companies	12.7
		Adjusted external profit after tax	N/A
		Acquisition price	£133m including discounting
		Per policy expenses	£21.24 - £94.42
		Margin on expenses	7.21% - 7.50%
	RLI DAC based on NAV plus VIF	Expense inflation	ROI CPI + 5.25%
		Provision for future commission	N/A
		Cash flow projections derived from internal business planning process	N/A
		Discount rate	13.4%
		Net asset value based on underlying investment property valuations using unobservable inputs (equivalent yield, estimated rental value per square foot and price per acre)	N/A
Reinsurance liability	Present value of projected future cash flows	Cash flows Discount rate	N/A
Provision for future commission	Present value of future projected cash flows	Future based renewal commission rate (%) p.a. Investment return (%) p.a. Surrender rate (%) p.a. Value of underlying funds at 31 December 2025 (£m)	0.05% - 1.00% (0.54%) 3.54% 0.00% - 29.67% (2.19%) 2,507

18. Derivative instruments and collateral

Accounting for derivative instruments

Derivatives are accounted for as financial investments in accordance with the related accounting policies set out in note 16.

Embedded derivatives

The Group does not separately measure embedded derivatives that meet the definition of an insurance contract or embedded options to surrender insurance contracts for a fixed amount (or a fixed amount and an interest rate). All other embedded derivatives are separated and carried at fair value if they are not closely related to the host contract, and they meet the definition of a derivative.

Collateral received and pledged

For non-cash collateral received and pledged the risks and rewards of ownership are not transferred by the transaction (unless there is a default by the counterparty). Therefore, non-cash collateral received by the Group is not recognised as an asset on the balance sheet and non-cash collateral pledged by the Group remains on the balance sheet and is not derecognised. For cash collateral received and pledged the risks and rewards of ownership are transferred. Therefore, cash collateral received is recognised as an asset with a corresponding liability to repay the collateral. For cash collateral pledged the cash asset is derecognised and an equivalent debtor for the repayment of the collateral is recognised.

The Group and the Company utilise derivative instruments to hedge market risk (see note 35 (b)) for efficient portfolio management and for the matching of liabilities to policyholders. Derivatives are either 'exchange-traded' (regulated by an exchange), which have a quoted market price, or 'over-the-counter' (individually negotiated between the parties to the contract), which are unquoted.

The Group is exposed to credit risk on the carrying value of derivatives in the same way as it is exposed to credit risk on other financial investments. To mitigate this risk, a portion of the fair value of the derivatives held by the Group at any point in time is matched by collateral and cash margin received from the counterparty to the transaction. Cash margin is collateral in the form of cash. Initial cash margin is exchanged at the outset of the contract. Variation margin is exchanged during the life of the contract in response to changes in the value of the derivative. The remaining credit risk is managed within the Group's risk management framework, which is discussed further in note 35.

The Group and Company utilise the following derivatives:

Futures

A futures contract is an agreement to buy or sell a given quantity of a financial instrument, at a specified future date at a pre-determined price. The Group uses futures to manage its exposure to fluctuations in equity markets.

Interest rate swaps

An interest rate swap is a contract under which interest payments at a fixed interest rate are exchanged for interest payments at a variable interest rate (or vice versa) based on an agreed principal amount. Only the net interest payments are exchanged. No exchange of principal takes place.

Interest rate swaptions

Interest rate swaptions are options to enter into an interest rate swap at a future date and are used to limit exposure to fluctuations in interest rates over the long term.

Total return swaps

A total return swap is a contract under which one party makes payments based on a set rate, fixed or variable, while the other party makes payments based on the return of an underlying item.

Interest rate swaptions, interest rate swaps and total return swaps are principally used to mitigate the interest rate risk inherent in guaranteed annuity rates granted by the Group.

Inflation swaps

An inflation swap is a contract under which there is an exchange of cash flows in order to transfer inflation risk. One party pays a fixed rate while the other party pays a floating rate that is linked to an inflation index.

Notes to the financial statements *continued***18. Derivative instruments and collateral (continued)****Currency forwards**

A currency forward is a contract to exchange an agreed amount of currency at a specified exchange rate and on a specified date. The Group uses currency forwards to reduce exposure to movements in exchange rates.

Currency swaps

A currency swap is a contract under which interest payments in one currency are exchanged for interest payments in another currency. Typically, there is also an exchange of principal in the different currencies at the inception and termination of the contract.

(a) Fair value of derivative instruments held

	Group and Company					
	2025			2024		
	Contract/ notional amount	Fair values		Contract/ notional amount	Fair values	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
Interest rate swaps	18,309	1,289	(4,322)	18,661	1,290	(4,133)
Interest rate swaptions	3,863	771	—	4,173	639	—
Total return swaps	5,770	11	(57)	4,542	30	(33)
Inflation swaps	2,082	139	(22)	1,241	165	(2)
Currency forwards	10,416	41	(47)	8,750	71	(59)
Currency swaps	496	18	(1)	78	—	(2)
Total derivative assets/(liabilities)	40,936	2,269	(4,449)	37,445	2,195	(4,229)
Included in the balance sheet within:						
Other financial investments (note 16 (a))		2,227	—		2,108	—
Other creditors (note (31 (d)))		—	(4,387)		—	(4,171)
Assets held to cover linked liabilities (note 16 (b))		42	(62)		87	(58)
		2,269	(4,449)		2,195	(4,229)

In addition to the above, the Group and Company make use of futures contracts. At 31 December 2025, the Group and the Company had entered into equity futures trades giving exposure to equities with a notional value of £14,531m (2024: £13,362m). The equity futures had no market value at the balance sheet date because all variation margin on these contracts is settled on a daily basis. The Group and the Company paid an initial cash margin of £646m (2024: £566m) in respect of these futures trades, included within 'Other debtors'. The net variation margin payable by the Group and the Company was £25m at 31 December 2025 (2024: £13m), being the amount due for the movement on the last business day of 2025, which was settled on the first business day of 2026. Comparative amounts have been updated to reflect an updated split of initial and variation amounts in relation to equity futures contracts held. There was no change to the total net margin balances previously reported.

(b) Collateral and other arrangements**(i) Collateral received**

Collateral was received in respect of derivatives. Non-cash collateral was £33m for both the Group and the Company (2024: £16m). The collateral received was in the form of UK gilts that may be sold or re-pledged in the absence of default. No collateral was sold in the year (2024: £nil) and there were no defaults in the year (2024: none). £2m (2024: £nil) of the collateral was re-pledged in the year.

Cash margin received was £761m (2024: £598m) for both the Group and the Company, of which £714m (2024: £589m) is included within 'Other financial investments' and £47m (2024: £9m) is included within 'Assets held to cover linked liabilities' with the obligation to return the collateral. The corresponding obligation to return the collateral in respect of non-linked assets is included within 'Other creditors including taxation and social security'.

18. Derivative instruments and collateral (continued)

The fair value of derivatives in respect of which collateral and cash margin were received was £725m for both the Group and the Company (2024: £611m).

Collateral of £1,470m was received for both the Group and the Company (2024: £1,528m) in respect of an unlisted debt security. The collateral received was in the form of UK and European Government bonds, other fixed income debt securities and floating rate notes.

The fair value of the debt security in respect of which the collateral was received was £1,462m (2024: £1,519m).

(ii) Collateral pledged

Collateral was also pledged in respect of derivatives. Non-cash collateral was £48m for both the Group and the Company (2024: £3m). The collateral pledged was primarily in the form of UK gilts that may be sold or re-pledged in the absence of default.

Cash margin pledged in respect of derivatives was £2,869m (2024: £2,687m) for both the Group and Company, a corresponding asset of £2,869m is included within 'Other debtors' (2024: £2,685m) and £nil (2024: £2m) is included within 'Assets held to cover linked liabilities'.

The fair value of derivatives in respect of which collateral and cash margin were pledged was £2,899m for both the Group and the Company (2024: £2,657m). In addition, the Group and Company pledged £1,196m of initial stock margin (2024: £1,354m) in respect of derivatives. This was pledged primarily in the form of UK gilts.

The Company has also pledged Government and corporate bonds of £649m (2024: £660m) to its wholly-owned subsidiary, Royal London Insurance DAC (RLI DAC), in respect of the internal reinsurance arrangement with the Company.

(iii) Stock lending collateral arrangements

The Group and Company have entered into a number of stock lending transactions that transfer legal title to third parties, but not the exposure to the income and market value movements arising from those assets. As a result, the Group and Company retain the risks and rewards of ownership and the assets continue to be recognised in full on the Group and Company balance sheets. There are no restrictions arising from the transfers.

The assets transferred under these agreements are secured by the receipt of collateral. The level of collateral held is monitored regularly and adjusted as necessary to manage exposure to credit risk.

The collateral received was primarily in the form of Government bonds and quoted equities. There were no borrower defaults in the year (2024: none).

The following table shows the assets within the Group and Company balance sheets that have been transferred under stock loan agreements and the related collateral received.

	Group and Company	
	2025	2024
	£m	£m
Stock loan agreements		
Listed equities	403	299
Corporate bonds	739	712
Government bonds	2,214	2,077
	3,356	3,088
Collateral received	3,536	3,273

(iv) Reverse repurchase agreements

The Group and Company have entered into reverse repurchase agreement transactions under which it purchased securities and has taken on the obligation to resell the securities. There were no open reverse repurchase agreements at 31 December 2025 and therefore the fair value of the collateral held in respect of these transactions was £nil (2024: £92m).

Notes to the financial statements *continued***19. Debtors arising out of direct insurance operations and reinsurance operations****Accounting for debtors arising out of direct insurance operations and reinsurance operations**

Debtors arising out of direct insurance operations and debtors arising out of reinsurance operations are measured at amortised cost as they are financial assets that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest. They are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

	Group		Company	
	2025	2024	2025	2024
	£m	£m	£m	£m
Debtors arising from direct insurance operations at amortised cost				
Amounts due from policyholders	53	19	53	18
Amounts due from intermediaries	4	2	1	1
	57	21	54	19
Debtors arising from reinsurance operations at amortised cost				
Reinsurance receivable from external insurers	57	61	46	46
	57	61	46	46

All of the above debtors arising out of direct insurance operations or debtors arising out of reinsurance operations are expected to be recovered within one year of the balance sheet date (2024: All).

20. Other debtors**Accounting for other debtors**

Investment income receivable, receivables for the amount of cash collateral pledged, amounts due from other Group entities, and all other receivables excluding current tax assets, are measured at amortised cost as they are financial assets that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Accounting for current tax assets

Current tax assets are measured at the amount of tax expected to be recovered using tax rates substantively enacted at the balance sheet date.

	Group		Company	
	2025	2024	2025	2024
	£m	£m	£m	£m
Investment income receivable	38	52	37	52
Cash collateral pledged	2,869	2,685	2,869	2,685
Amounts due from brokers	55	225	52	225
Amounts due from other Group entities	—	—	19	8
Management fees receivable	94	78	84	69
Other receivables	250	187	119	70
Current tax asset	69	53	66	52
	3,375	3,280	3,246	3,161

Cash collateral pledged is considered receivable within one year after the balance sheet date due to settlements that may be required in the event of valuation changes in the associated derivative asset position. All of the above other debtors are expected to be recovered within one year of the balance sheet date (2024: All).

21. Tangible fixed assets

Accounting for tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost comprises the original purchase price and expenditure directly attributable to bringing the asset to its working condition for its intended use.

Depreciation on tangible fixed assets is charged to the statement of comprehensive income and is calculated so as to reduce the value of the assets to their estimated residual values on a straight-line basis over the estimated useful lives of the assets concerned, which range from three to ten years. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The carrying amounts of tangible fixed assets are reviewed whenever there is any indication of impairment or events and circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. Impairment losses are recognised in the statement of comprehensive income.

Gains and losses on disposals included in the statement of comprehensive income are determined by comparing proceeds with carrying amounts.

	Group	
	2025 Computers, office equipment and vehicles £m	2024 Computers, office equipment and vehicles £m
Cost		
At 1 January	85	87
Acquired through business combinations	1	—
Additions	11	5
Disposals	—	(7)
At 31 December	97	85
Accumulated depreciation		
At 1 January	(60)	(60)
Acquired through business combinations	(1)	—
Depreciation charge (note 7)	(8)	(7)
Disposals	—	7
At 31 December	(69)	(60)
Net book value		
At 1 January	25	27
At 31 December	28	25

The Company did not hold any tangible fixed assets at the balance sheet date or at the previous balance sheet date.

Notes to the financial statements *continued***22. Deferred acquisition costs on investment contracts****Accounting for deferred acquisition costs (DAC)**

Incremental costs that are directly attributable to the acquisition of new non-participating investment and hybrid participating investment contracts are recognised as a DAC asset, provided those costs are considered to be recoverable. Incremental costs comprise both initial commission and an amount representing the present value of future commission payable to third parties. All other acquisition costs are expensed as incurred. The asset is amortised over the period in which we expect to receive the related investment management services fees. An impairment assessment is performed if the expected value of the related future investment management service fees is lower than the carrying value of the DAC asset.

All acquisition costs on insurance and non-hybrid participating investment contracts are recognised as an expense in the statement of comprehensive income when incurred.

	Group		Company	
	2025	2024	2025	2024
	£m	£m	£m	£m
Carrying amount at 1 January	50	67	42	65
Additions	15	6	—	—
Amortisation (note 7)	(16)	(23)	(15)	(23)
Carrying amount at 31 December	49	50	27	42

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23. Pension scheme asset

Accounting for pensions

The Group operates three defined benefit schemes as well as a number of defined contribution arrangements.

(i) Defined benefit schemes

The defined benefit schemes provide benefits based on pensionable pay. The assets of the schemes are held in separate trustee-administered funds. Insurance policies are included with pension scheme assets if the policies are transferable, both legally and in substance. The position of each scheme is assessed annually by an independent qualified actuary using the projected unit credit method.

The pension scheme asset recognised in the balance sheet is the excess that is recoverable of the fair value of the plan assets in a scheme over the present value of that scheme's liabilities. The 'Administration costs' and 'Net interest (income)/cost' are included within 'Net operating expenses' on an incurred basis. 'Past service costs' arising on a plan amendment or curtailment are included immediately within 'Net operating expenses'. Remeasurements are recognised in Other Comprehensive Income in the period in which they arise.

(ii) Defined contribution arrangements

The Group pays contractual contributions in respect of its defined contribution arrangements, which are recognised as an expense when they fall due.

Defined contribution arrangements

The Group provides pension benefits for its employees in order to support recruitment, retention, and motivation of talented people. The Group's principal defined contribution arrangements during the year were the Royal London Group Personal Pension (RLGPP) and the Royal London Ireland Pension Plan (RLIPP). These defined contribution arrangements are benchmarked to ensure that the reward package overall is competitive. Employees are auto-enrolled and the Group sees a correspondingly high take up across employees.

The Group pays contributions in respect of its defined contribution arrangements and these amounts are recognised as an expense as the related employee services are provided. The Group's expense recognised in 2025 is £39m (2024: £32m) and is reported within staff costs (note 9).

Defined benefit schemes

In addition to the above arrangements, the Group operates three legacy funded defined benefit schemes, which are established under separate trusts. The ability of the defined benefit pension schemes to meet the projected pension payments is maintained through investments and, where applicable, contributions from the Group. Risk arises because the estimated market value of the pension fund assets might decline; or their investment returns might reduce; or the estimated value of the pension liabilities might increase. In these circumstances, the Group could be required to make additional contributions.

The largest defined benefit scheme is the Royal London Group Pension Scheme ('RLGPS'). RLGPS closed to new entrants on 1 September 2005 and to future accrual of benefits on 31 March 2016.

As a result of the Royal Liver acquisition on 1 July 2011, the Group took responsibility for two further defined benefit pension schemes: the Royal Liver Assurance Limited Superannuation Fund ('Royal Liver UK') and the Royal Liver Assurance Limited (ROI) Superannuation Fund ('Royal Liver ROI'). Royal Liver employees in these schemes stopped earning additional defined benefit pensions on 30 June 2011.

The Group has agreed a funding framework with the RLGPS trustee, which includes an agreement on the approach to be taken in the event of a funding deficit. As at the most recent completed triennial valuation dated 31 December 2022, RLGPS had a funding level of 102% calculated on a Technical Provisions basis and no contributions were required to be paid. Consequently, as the scheme is closed to future accrual, the only contributions payable is, if RLGPS has insufficient surplus, in respect of costs of any augmentations including the award of discretionary pension increases.

The Royal Liver schemes are supported via a guarantee from the Company to the schemes' trustees. Both the Royal Liver schemes were in surplus at the most recent triennial valuations (dated 31 December 2021 for Royal Liver UK and dated 31 December 2024 for Royal Liver ROI). As these schemes are closed to future accrual, no contributions are currently payable.

In addition to the three funded schemes, the Group also previously operated a small, legacy unfunded unapproved arrangement for certain executives who joined before 1 September 2005, which provided mirroring of the RLGPS accrual benefits. On 1 December 2025, £8m obligations under this arrangement were transferred into the RLGPS scheme and as at 31 December 2025 form part of the measurement of the Group net pension scheme asset.

Notes to the financial statements *continued***23. Pension scheme asset (continued)**

The obligation figures below include an allowance for the impact of allowing for Guaranteed Minimum Pension (GMP) equalisation, following the Lloyds Banking Group High Court ruling in October 2018. The allowance reflects the costs to cover higher future payments for affected members plus interest and arrears. Following the further judgment on 20 November 2020, an additional allowance has been included for the estimated cost of equalising GMPs for pension scheme members who have previously transferred out.

(a) Key assumptions and sensitivity analysis

The major assumptions used to calculate the pension scheme assets for both the Group and the Company are shown below.

	2025		2024	
	UK %	ROI %	UK %	ROI %
Discount rate	5.5	4.1	5.4	3.4
Price inflation (RPI)	3.2	N/A	3.3	N/A
Price inflation (CPI) ¹	2.8	2.0	2.8	2.0

1. Figures shown for ROI are Irish CPI used for increasing deferred pensions between leaving and retirement. Pension increases for ROI pensions in payment are based on UK CPI.

The most significant non-financial assumption is the assumed rate of mortality. The table below shows the life expectancy assumptions for a scheme pensioner aged 60 and a non-pensioner from the age of 60 who is currently aged 45.

	Group and Company					
	2025			2024		
	RLGPS	Royal Liver UK	Royal Liver ROI	RLGPS	Royal Liver UK	Royal Liver ROI
Pensioner						
Male	27	27	27	25	26	27
Female	30	28	29	29	28	29
Non-pensioner						
Male	28	27	28	27	27	28
Female	30	29	30	30	29	30

The sensitivity of the defined benefit obligations to changes in the principal assumptions is shown in the table below.

	Increase / (decrease) in defined benefit obligation	
	2025 £m	2024 £m
100 basis point increase in discount rates	(201)	(205)
100 basis point decrease in discount rates	244	249
Increase of 1 year in life expectancy ¹	61	64
Decrease of 1 year in life expectancy ¹	(61)	(62)
100 basis point increase in price inflation (RPI & CPI)	150	150
100 basis point decrease in price inflation (RPI & CPI)	(155)	(157)

1. Sensitivity analysis for mortality assumptions has been updated to reflect a one-year increase or decrease in life expectancy, rather than the 5% proportional change in mortality rates previously disclosed, as this approach is considered to provide a more intuitive and meaningful measure for users of the financial statements. Comparative figures have been updated on the same basis for consistency.

This sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognised within the balance sheet. Sensitivities have been calculated for each scheme individually, with the combined result disclosed. Due to the asset-liability matching strategies, the impact of changes in discount rates and inflation will also impact the schemes' asset values, thereby mitigating the effect of such changes on the Group.

23. Pension scheme asset (continued)

(b) Amounts recognised in the financial statements

The amounts recognised in profit and loss and other comprehensive income in respect of these defined benefit schemes are as follows:

	2025 £m	2024 £m
Costs recognised in profit and loss:		
Administration costs	(7)	(7)
Net interest income	8	7
Past service costs	(3)	(4)
Total costs recognised in profit and loss	(2)	(4)
Remeasurements recognised in other comprehensive income:		
Return on plan assets excluding amounts included in interest income	(18)	(218)
Actuarial gains and (losses):		
Changes in demographic assumptions	(53)	15
Changes in financial assumptions	12	218
Experience losses	29	(23)
Total remeasurement loss recognised in other comprehensive income	(30)	(8)
Deferred tax on remeasurements of defined benefit pension schemes (note 29 (a))	2	1
Total remeasurement loss recognised in other comprehensive income	(28)	(7)

The past service cost for 2025 is in respect of a 1.7% discretionary pension increase that was granted to the RLGPS during 2025 (2024: 2.5% discretionary increase granted to the RLGPS during 2024). Future increases of this type are not included within the pension scheme obligation for RLGPS as these are discretionary in nature and are therefore not guaranteed. The cost of awarding the discretionary pension increase is accounted for in the pension scheme obligation in the year that it is granted. If RLMIS were to award a discretionary pension increase of 1.7% in all future years, the impact of this would be an increase in the pension scheme obligation of approximately £37m.

The amounts recognised in the balance sheet for the Group and Company are shown below:

	Total		RLGPS		Royal Liver UK		Royal Liver ROI	
	2025	2024	2025	2024	2025	2024	2025	2024
	£m	£m	£m	£m	£m	£m	£m	£m
Fair value of plan assets	2,132	2,161	1,743	1,760	225	229	164	172
Pension scheme obligation	(1,998)	(1,997)	(1,665)	(1,652)	(204)	(206)	(129)	(139)
Net pension scheme asset	134	164	78	108	21	23	35	33

No contributions were required to be paid to RLGPS in the year to 31 December 2025 in relation to discretionary pension increases (2024: £nil).

In accordance with the requirements of FRS 102, the value of the net pension scheme asset that can be recognised in the balance sheet is restricted to the present value of economic benefits available in the form of refunds from the scheme or reductions in future contributions. The Group has concluded it has an unconditional right to a refund of surplus once all member benefits have been paid and thus the gross pension surplus can be recognised in full in all three schemes. The Group's judgement is based on legal advice that the trustee would be unable to unconditionally wind up the schemes without the Group's consent.

Notes to the financial statements *continued***23. Pension scheme asset (continued)****(c) Reconciliation of net pension scheme asset**

Movements in the present value of defined benefit obligations were as follows:

	2025 £m	2024 £m
At 1 January	(1,997)	(2,245)
Interest cost	(103)	(96)
Past service costs	(3)	(4)
Net actuarial (losses)/gains	(12)	210
Benefits paid	125	131
Exchange differences	(8)	7
31 December	(1,998)	(1,997)

Movements in the fair value of scheme assets were as follows:

	2025 £m	2024 £m
At 1 January	2,161	2,422
Interest income	111	103
Return on plan assets (excluding amounts included in interest income)	(18)	(218)
Administration costs	(7)	(7)
Benefits paid	(125)	(131)
Exchange differences	10	(8)
31 December	2,132	2,161

(d) Analysis of plan assets

	Total					
	2025			2024		
	Quoted £m	Unquoted £m	Total £m	Quoted £m	Unquoted £m	Total £m
Bonds	1,095	2	1,097	1,517	2	1,519
Equities	83	—	83	89	—	89
Pooled Investment Vehicles	37	367	404	76	365	441
Derivatives	—	3	3	—	9	9
Repos/reverse repos	—	(358)	(358)	—	(446)	(446)
Insurance policies	—	866	866	—	501	501
Cash	—	31	31	—	39	39
Current assets	—	10	10	—	10	10
Other investment receivables	—	7	7	—	17	17
Other investment liabilities	—	(7)	(7)	—	(11)	(11)
Current liabilities	—	(4)	(4)	—	(7)	(7)
Fair value of plan assets	1,215	917	2,132	1,682	479	2,161

RLGPS plan assets include a total of £374m (2024: £396m) investment in Group managed funds and £663m (2024: £295m) within 'Insurance policies' that relates to bulk purchase annuity policies purchased from the Company.

Royal Liver UK plan assets include a total of £19m (2024: £22m) investment in Group managed funds and £202m (2024: £205m) within 'Insurance policies' that relates to a bulk purchase annuity policy purchased from the Company.

23. Pension scheme asset (continued)

In accordance with FRS 102 Section 28, insurance policies are valued on the same basis as the pension scheme liabilities subject to the policy and includes some additional non-contractual benefits purchased by the trustee of RLGPS as part of the second buy-in. At the inception of the policy, the difference between the amount of plan asset recognised and the premium paid results in a reduction in the pension scheme asset recognised in the Company and Group balance sheet.

This reduction is recognised within 'Return on plan assets excluding amounts included in interest income' within the 'Total remeasurement loss taken to Other comprehensive income' (see note 23(b) above).

(e) Risks

All three schemes are exposed to differing levels of interest rate, inflation, credit, and market risk. The Group has agreed with the trustee boards of each pension scheme that, where appropriate, each scheme's risks will be managed in line with the Group's risk appetite. In particular, the schemes' investment strategies are designed to minimise interest rate, inflation, and market risk exposure where this is cost and capital effective.

On 18 August 2025, the trustee of the RLGPS transacted a second bulk annuity buy-in policy with RLMIS. Following the completion of this transaction, 40% of the Scheme's liabilities are now covered by buy-in policies (2024: 18%). This has removed the investment and longevity risk from the scheme for those benefits covered by the insurance contract. The trustee of the Royal Liver UK scheme transacted a bulk annuity buy-in policy with RLMIS in November 2023, covering all of the benefits of the scheme (other than any GMP equalisation), removing from the scheme all investment and longevity risks associated with these benefits. On 5 December 2025 the Royal Liver UK scheme commenced wind-up procedures and during 2026 the buy-in policy will be extended to cover GMP equalised benefits and is expected to convert to a buyout policy.

Both RLGPS and the Royal Liver ROI scheme have active liability-driven investment strategies using a combination of corporate and sovereign debt and derivative instruments, such as interest rate and inflation swaps. Allowing for the buy-in policies, the trustee of the RLGPS hedges around 95% of interest rate and inflation exposure on a self-sufficiency basis.

RLGPS and Royal Liver ROI's exposure to market risk is reduced by a combination of restricting the allocation to growth assets such as equities and by diversification both within the asset classes (for example, geographically and across industry sectors) and across asset classes (for example, within RLGPS by allocations to property and to multi asset credit). Credit risk is managed via a strategy of diversification across industry, issuer, credit rating and stock selection. The schemes, and therefore the Group, are also exposed to longevity risk.

A High Court ruling in June 2023 (*Virgin Media Limited v NTL Pension Trustees II Limited*) held 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. In response to industry concerns, the UK Government announced in June 2025 that it would legislate to address the issue, and draft provisions have now been published as part of the Pension Schemes Bill. These provisions introduce a retrospective validation process, allowing trustees to obtain actuarial confirmation that historic amendments would not have prevented the scheme from meeting the statutory standard. Once enacted, this legislation is expected to provide certainty for schemes that may be affected by the ruling. The Group has continued to liaise with the trustees and their legal advisers for both the RLGPS and Liver UK schemes. Initial investigations show that there is sufficient evidence of Section 37 certification for all changes in respect of the Liver UK scheme. Review of deeds for the RLGPS scheme is ongoing, however for the period reviewed to date there has been sufficient evidence of Section 37 certification. Based on this, and in light of the proposed legislative remedy, the Group's expectation is there is no additional liability arising as a result of the Virgin Media case. At 31 December 2025, the Group's defined benefit pension scheme obligations were calculated on the basis of the pension benefits currently being administered.

Further information on the schemes' risk management strategies can be found in the schemes' most recent annual reports and accounts which are available on the Group's website at www.royallondon.com.

(f) Maturity profile

The weighted average duration of the defined benefit obligation is 12 years (2024: 12 years).

Notes to the financial statements *continued*

24. Subordinated liabilities

Accounting for subordinated liabilities

Subordinated liabilities are recognised initially at the fair value of the proceeds received, net of any discount and less attributable transaction costs. Subsequent to initial recognition, they are stated at amortised cost. The transaction costs and discount are amortised over the period to the earliest possible redemption date on an effective interest rate basis.

The amortisation charge is included in the statement of comprehensive income within 'Interest payable and related costs' within 'Other charges'. An equivalent amount is added to the carrying value of the liability such that at the redemption date the value of the liability equals the redemption value. Interest costs are expensed as they are incurred.

	Group and Company			
	2025	2024	Effective interest rate	
	£m	£m	2025 %	2024 %
Guaranteed Subordinated Notes due 2028	350	349	6.20	6.20
Fixed Rate Reset Callable Guaranteed Subordinated Notes due 2049	589	589	5.08	5.08
Fixed Rate Reset Perpetual Restricted Tier 1 (RT1)	347	346	10.32	10.32
	1,286	1,284		

Guaranteed Subordinated Notes due 2028

On 13 November 2015, RL Finance Bonds No. 3 plc, a wholly owned subsidiary of the Company, issued the Guaranteed Subordinated Notes due 2028 (the 2028 Notes). The 2028 Notes were issued at par (£350m). The costs directly related to the issue of the 2028 Notes of £2m have been capitalised as part of the carrying amount and are being amortised on an effective interest basis over the period to the fixed redemption date of 13 November 2028.

The 2028 Notes are guaranteed on a subordinated basis by the Company. The proceeds of the issue were loaned to the Company on the same interest, repayment, and subordination terms as those applicable to the 2028 Notes.

The 2028 Notes mature on 13 November 2028, on which date the issuer will redeem the 2028 Notes at their principal amount. Interest is payable on the 2028 Notes at a fixed rate of 6.125% per annum payable annually in arrears on each interest payment date.

Fixed Rate Reset Callable Guaranteed Subordinated Notes due 2049

On 7 October 2019, RL Finance Bonds No. 4 plc, a wholly owned subsidiary of the Company, issued the Fixed Rate Reset Callable Guaranteed Subordinated Notes due 2049 (the 2049 Notes). The issue price of the 2049 Notes was 97.976% of the principal amount of £600m. The discount of £12m and the directly related costs incurred to issue the 2049 Notes of £4m have been capitalised as part of the carrying value and are being amortised on an effective interest basis over the period to the first possible redemption date.

The 2049 Notes are guaranteed on a subordinated basis by the Company. The proceeds of the issue were loaned to the Company on the same interest, repayment, and subordination terms as those applicable to the 2049 Notes.

The 2049 Notes mature on 7 October 2049. The issuer has the option to redeem all the 2049 Notes at their principal amount on any day falling in the period commencing on 7 April 2039 and ending on 7 October 2039 and on each interest payment date thereafter. Interest is payable on the 2049 Notes at a fixed rate of 4.875% per annum for the period to 7 October 2039, payable annually in arrears on 7 October each year. If the 2049 Notes are not redeemed on 7 October 2039, the interest rate will be reset on that date and on the fifth anniversary of that date thereafter, at a rate equal to the five-year gilt rate plus 5.10%.

24. Subordinated liabilities (continued)

Fixed Rate Reset Perpetual Restricted Tier 1 (RT1) Contingent Convertible Notes

On 25 May 2023, RL Finance Bonds No. 6 plc, a wholly owned subsidiary of the Company, issued the Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes (the RT1 Notes). The RT1 Notes were issued at par (£350m). The RT1 Notes have been classified as a debt instrument as the Group does not have an unconditional right to avoid delivering payments to noteholders in the event that the RT1 Notes were no longer to qualify as a Restricted Tier 1 instrument. The costs directly related to the issue of the RT1 Notes of £4m have been capitalised as part of the carrying value and are being amortised on an effective interest basis over the period to the first possible redemption date.

The RT1 Notes are guaranteed on a direct, unsecured and subordinated basis by the Company. The proceeds of the issue were loaned to the Company on the same interest, repayment, and subordination terms as those applicable to the RT1 Notes.

The RT1 Notes are perpetual and have no fixed redemption date. The issuer has the option to redeem all the RT1 Notes at their principal amount on any day falling in the period commencing on 25 May 2033 and ending on 25 November 2033 and on each interest payment date thereafter. Interest is payable on the RT1 Notes at a fixed rate of 10.125% per annum for the period to 25 November 2033, payable semi-annually in arrears on 25 May and 25 November each year. If the RT1 Notes are not redeemed on 25 November 2033, the interest rate will be reset on that date and on the fifth anniversary of that date thereafter, at a rate equal to the five-year gilt rate plus 6.344%.

25. Fund for future appropriations

Accounting for the fund for future appropriations

The nature of benefits for participating contracts is such that the allocation of surplus between participating policyholders is uncertain. The amount not allocated at the balance sheet date is classified within liabilities as the fund for future appropriations (FFA).

The movement in the FFA during the year is shown in the table below.

	Group		Company	
	2025	2024	2025	2024
	£m	£m	£m	£m
At 1 January	4,256	4,106	4,529	4,432
Deduction from the technical account	167	167	307	104
Transfer to other comprehensive income	(15)	(17)	(28)	(7)
At 31 December	4,408	4,256	4,808	4,529

The closing balance of FFA for the Group and Company represents amounts attributable to the Group and Company's respective open funds. The surpluses in the closed funds are included within the participating contract liabilities because they are not available for distribution to other policyholders or for other business purposes.

The Group's closed funds are the RL(CIS) With-Profits Fund, the Royal Liver Ireland With-Profits Fund and the German Bond With-Profits Fund. The Company's closed fund is the RL(CIS) With-Profits Fund.

Notes to the financial statements *continued*

26. Technical provisions

Accounting for insurance contracts and participating investment contracts

Insurance and participating investment contracts are valued under FRS 103 using accounting policies consistent with those adopted prior to the application of FRS 103. Non-participating investment contracts are financial liabilities, measured in accordance with IFRS 9 as permitted by FRS 102 section 12, at amortised cost (non-linked business) or at FVTPL (unit-linked business).

The estimation techniques and assumptions used are periodically reviewed, with any changes in estimates reflected in the consolidated statement of comprehensive income as they occur.

Long-term business provision - participating insurance, non-participating insurance, and participating investment contracts

Participating insurance, non-participating insurance and participating investment contracts are measured using the requirements of the Solvency II (SII) regulatory regime, with the following adjustments:

- Remove the volatility adjustment (VA) from the discount rate so that a SII risk-free rate is used, other than for certain non-profit insurance business, for which the discount rate is the SII risk-free rate plus an illiquidity premium (see below).
- Exclude the SII risk margin and instead include margins of prudence within demographic assumptions in a consistent way to the approach applied before the adoption of SII.
- Remove the SII transitional measure on technical provisions (TMTP).
- Include all excluded future premium payments restricted within the SII balance sheet.
- Closed fund surpluses. For the closed funds, any excess of the UK GAAP value of assets over liabilities is included in the participating contract liabilities because it is not available for distribution to other policyholders or for other business purposes.
- Increase participating liabilities by the excess of the UK GAAP FRS 102 surplus less any deferred tax liability arising on the Royal Liver UK and Royal Liver ROI defined benefit pension schemes. This surplus is only available for distribution to Royal Liver policyholders.

The participating contract liabilities include an assessment of the cost of any future options and guarantees granted to policyholders measured on a market consistent basis. The calculations also take into account bonus decisions which are consistent with the Company's Principles and Practices of Financial Management.

Non-profit insurance contracts

For non-linked, non-participating insurance contracts, the liability is calculated as the discounted value of all the cash flows expected to arise on those contracts. The discount rate is the SII risk-free rate, other than for annuity contracts held or intended to be held within the Matching Adjustment (MA) portfolio, for which the discount rate is the SII risk-free rate plus an illiquidity premium. The illiquidity premium is determined from the yield on the assets held in the MA portfolio (for transactions in the MA portfolio) or the yield on the target asset mix (for assets not yet held in the MA portfolio), allowing for deductions for downgrade and default risk.

Long-term business provision – non-participating investment contracts

The financial liabilities for non-linked, non-participating investment contracts are measured at amortised cost. The liability is calculated as the discounted value of all the cash flows expected to arise on those contracts, using the SII risk-free discount rate.

Technical provisions for linked liabilities

The technical provisions for linked liabilities include liabilities for unit-linked insurance contracts and unit-linked investment contracts.

Unit-linked insurance contracts are measured using the requirements of the SII regulatory regime, adjusted for the items shown above for participating contracts, where applicable. The liability is calculated as the discounted value of all the cash flows expected to arise on those contracts, using the SII risk-free discount rate. The cash flows are determined on a best estimate basis plus an allowance for risk, which is made by including margins within the assumptions used, determined on a basis consistent with that applied prior to the adoption of SII.

26. Technical provisions (continued)

The financial liabilities for unit-linked investment contracts are designated at inception as at FVTPL. This classification has been used because the unit-linked liabilities are part of a group of financial assets and financial liabilities that are managed and whose performance is evaluated on a fair value basis. The fair value is determined using the current unit prices, which reflect the fair values of the financial assets contained within the Group's unitised investment funds linked to the financial liability, multiplied by the number of units held by the contract holder at the balance sheet date. If the investment contract is subject to a surrender option, the fair value of the financial liability is never less than the amount payable on surrender, discounted for the required notice period, where applicable.

Liability adequacy test

A liability adequacy test is performed on insurance liabilities to ensure that the carrying amount of liabilities (less related intangible assets) is sufficient to cover current estimates of future cash flows. When performing the liability adequacy test, all contractual cash flows are discounted and compared against the carrying value of the liability. Any shortfall is charged immediately to the statement of comprehensive income.

Claims outstanding

The claims outstanding provision represents the estimated cost of settling claims reported by the balance sheet date. The gross outstanding claims balance is subject to a valuation adjustment, based on an ageing analysis and historical settlement data, in order to calculate the claims outstanding provision.

Reinsurers' share of technical provisions

The reinsurers' share of technical provisions is dependent on the expected claims and benefits arising under the related reinsured insurance contracts. They are measured on a consistent basis to the underlying insurance contracts.

ProfitShare and ValueShare

The amount of any ProfitShare or ValueShare award is approved by the board of the respective Royal London entity subsequent to each year end. The estimated ProfitShare and ValueShare allocation for the year, based on eligible policy values at the year end date, is recorded as an increase in the long-term business provision (or, for unit-linked business, as a reduction in the value of non-participating value of in-force business) at the year end date. As ProfitShare and ValueShare are discretionary enhancements to asset shares and unit fund values of eligible policies, no provision is made at the year end for any awards relating to future periods.

(a) Long-term business provision

(i) Summary

	Group		Company	
	2025	2024	2025	2024
	£m	£m	£m	£m
Gross				
Participating insurance contract liabilities	24,708	24,687	24,702	24,680
Participating investment contract liabilities	1,733	1,779	1,731	1,778
Non-profit insurance contract liabilities	5,865	4,440	6,002	4,543
Total long-term business provision	32,306	30,906	32,435	31,001
Reinsurers' share				
Participating insurance contract liabilities	(384)	(481)	(384)	(481)
Non-profit insurance contract liabilities	(2,583)	(2,797)	(2,536)	(2,750)
Total reinsurers' share of long-term business provision	(2,967)	(3,278)	(2,920)	(3,231)
Net of reinsurance				
Participating insurance contract liabilities	24,324	24,206	24,318	24,199
Participating investment contract liabilities	1,733	1,779	1,731	1,778
Non-profit insurance contract liabilities	3,282	1,643	3,466	1,793
Total long-term business provision, net of reinsurance	29,339	27,628	29,515	27,770

Notes to the financial statements *continued***26. Technical provisions (continued)****(ii) Movement analysis**

The movement in the long-term business provision in the year is shown in the following tables.

	Group – 2025							
	Long-term business provision, gross of reinsurance			Reinsurers' share		Long-term business provision, net of reinsurance		
	Participating insurance £m	Participating investment £m	Non-profit insurance £m	Participating insurance £m	Non-profit insurance £m	Participating insurance £m	Participating investment £m	Non-profit insurance £m
At 1 January	24,687	1,779	4,440	(481)	(2,797)	24,206	1,779	1,643
Expected changes during the year	(1,550)	(144)	135	87	87	(1,463)	(144)	222
Expected closing position	23,137	1,635	4,575	(394)	(2,710)	22,743	1,635	1,865
New business	—	—	1,245	—	(98)	—	—	1,147
Experience variations	1,647	97	18	(38)	10	1,609	97	28
Changes in assumptions	(139)	—	(335)	48	215	(91)	—	(120)
ProfitShare and ValueShare	63	1	—	—	—	63	1	—
Other	—	—	362	—	—	—	—	362
At 31 December	24,708	1,733	5,865	(384)	(2,583)	24,324	1,733	3,282
	Group – 2024							
	Long-term business provision, gross of reinsurance			Reinsurers' share		Long-term business provision, net of reinsurance		
	Participating insurance £m	Participating investment £m	Non-profit insurance £m	Participating insurance £m	Non-profit insurance £m	Participating insurance £m	Participating investment £m	Non-profit insurance £m
At 1 January	25,527	1,847	3,879	(613)	(2,654)	24,914	1,847	1,225
Expected changes during the year	(1,378)	(123)	168	107	60	(1,271)	(123)	228
Expected closing position	24,149	1,724	4,047	(506)	(2,594)	23,643	1,724	1,453
New business	—	—	194	—	(83)	—	—	111
Experience variations	1,082	40	25	(50)	1	1,032	40	26
Changes in assumptions	(606)	12	(439)	75	159	(531)	12	(280)
Acquisitions	—	—	280	—	(280)	—	—	—
ProfitShare and ValueShare	62	3	—	—	—	62	3	—
Other	—	—	333	—	—	—	—	333
At 31 December	24,687	1,779	4,440	(481)	(2,797)	24,206	1,779	1,643

26. Technical provisions (continued)

	Company – 2025							
	Long-term business provision, gross of reinsurance			Reinsurers' share		Long-term business provision, net of reinsurance		
	Participating insurance £m	Participating investment £m	Non-profit insurance £m	Participating insurance £m	Non-profit insurance £m	Participating insurance £m	Participating investment £m	Non-profit insurance £m
At 1 January	24,680	1,778	4,543	(481)	(2,750)	24,199	1,778	1,793
Expected changes during the year	(1,551)	(145)	94	87	93	(1,464)	(145)	187
Expected closing position	23,129	1,633	4,637	(394)	(2,657)	22,735	1,633	1,980
New business	—	—	1,307	—	(102)	—	—	1,205
Experience variations	1,648	97	10	(38)	14	1,610	97	24
Changes in assumptions	(138)	—	(314)	48	209	(90)	—	(105)
ProfitShare	63	1	—	—	—	63	1	—
Other	—	—	362	—	—	—	—	362
At 31 December	24,702	1,731	6,002	(384)	(2,536)	24,318	1,731	3,466

	Company – 2024							
	Long-term business provision, gross of reinsurance			Reinsurers' share		Long-term business provision, net of reinsurance		
	Participating insurance £m	Participating investment £m	Non-profit insurance £m	Participating insurance £m	Non-profit insurance £m	Participating insurance £m	Participating investment £m	Non-profit insurance £m
At 1 January	25,520	1,845	3,981	(613)	(2,606)	24,907	1,845	1,375
Expected changes during the year	(1,378)	(122)	124	107	60	(1,271)	(122)	184
Expected closing position	24,142	1,723	4,105	(506)	(2,546)	23,636	1,723	1,559
New business	—	—	245	—	(85)	—	—	160
Experience variations	1,082	40	24	(50)	—	1,032	40	24
Changes in assumptions	(606)	12	(444)	75	161	(531)	12	(283)
Acquisitions	—	—	280	—	(280)	—	—	—
ProfitShare	62	3	—	—	—	62	3	—
Other	—	—	333	—	—	—	—	333
At 31 December	24,680	1,778	4,543	(481)	(2,750)	24,199	1,778	1,793

The 'Acquisitions' row in the 2024 Group and Company tables represents the impact of the Part VII transfer of the Aegon UK individual protection book completed in the prior year.

The increase in the long-term business provision arising from the partial buy-in transactions of the Royal London Group Pension Scheme liabilities during the current and prior year are included within the 'Other' row of the above tables. Increases relating to external bulk purchase annuity transactions transacted during the current and prior year are included within 'New business'.

Notes to the financial statements *continued***26. Technical provisions (continued)****(b) Technical provisions for linked liabilities****(i) Summary**

	Group		Company	
	2025	2024	2025	2024
	£m	£m	£m	£m
Gross				
Unit-linked insurance contract liabilities	1,011	1,005	1,011	1,005
Unit-linked investment contract liabilities	102,793	90,067	102,396	89,901
Total technical provisions for linked liabilities	103,804	91,072	103,407	90,906
Reinsurers' share				
Unit-linked insurance contract liabilities	66	57	66	57
Total reinsurers' share of technical provisions for linked liabilities	66	57	66	57
Net of reinsurance				
Unit-linked insurance contract liabilities	1,077	1,062	1,077	1,062
Unit-linked investment contract liabilities	102,793	90,067	102,396	89,901
Total technical provisions for linked liabilities, net of reinsurance	103,870	91,129	103,473	90,963

(ii) Movement analysis

The movement in the technical provisions for linked liabilities in the year is shown in the following tables.

	Group – 2025				
	Technical provisions for linked liabilities, gross of reinsurance		Reinsurers' share	Technical provisions for linked liabilities, net of reinsurance	
	Unit-linked insurance £m	Unit-linked investment £m	Unit-linked insurance £m	Unit-linked insurance £m	Unit-linked investment £m
At 1 January	1,005	90,067	57	1,062	90,067
Allocation of 2024 ProfitShare and ValueShare to policies	—	116	—	—	116
Expected changes during the year	(107)	(1,711)	6	(101)	(1,711)
Expected closing position	898	88,472	63	961	88,472
 New business	—	5,549	—	—	5,549
Experience variations	119	8,772	22	141	8,772
Changes in assumptions	(6)	—	(19)	(25)	—
At 31 December	1,011	102,793	66	1,077	102,793

26. Technical provisions (continued)

	Group – 2024				
	Technical provisions for linked liabilities, gross of reinsurance		Reinsurers' share	Technical provisions for linked liabilities, net of reinsurance	
	Unit-linked insurance £m	Unit-linked investment £m	Unit-linked insurance £m	Unit-linked insurance £m	Unit-linked investment £m
At 1 January	1,103	78,832	47	1,150	78,832
Allocation of 2023 ProfitShare and ValueShare to policies	—	102	—	—	102
Expected changes during the year	(143)	(1,350)	(4)	(147)	(1,350)
Expected closing position	960	77,584	43	1,003	77,584
 New business	—	6,440	—	—	6,440
Experience variations	96	6,053	5	101	6,053
Changes in assumptions	(51)	(10)	9	(42)	(10)
At 31 December	1,005	90,067	57	1,062	90,067

	Company – 2025				
	Technical provisions for linked liabilities, gross of reinsurance		Reinsurers' share	Technical provisions for linked liabilities, net of reinsurance	
	Unit-linked insurance £m	Unit-linked investment £m	Unit-linked insurance £m	Unit-linked insurance £m	Unit-linked investment £m
At 1 January	1,005	89,901	57	1,062	89,901
Allocation of 2024 ProfitShare to policies	—	116	—	—	116
Expected changes during the year	(107)	(1,709)	6	(101)	(1,709)
Expected closing position	898	88,308	63	961	88,308
 New business	—	5,335	—	—	5,335
Experience variations	119	8,753	22	141	8,753
Changes in assumptions	(6)	—	(19)	(25)	—
At 31 December	1,011	102,396	66	1,077	102,396

Notes to the financial statements *continued***26. Technical provisions (continued)**

	Company – 2024				
	Technical provisions for linked liabilities, gross of reinsurance		Reinsurers' share	Technical provisions for linked liabilities, net of reinsurance	
	Unit-linked insurance £m	Unit-linked investment £m	Unit-linked insurance £m	Unit-linked insurance £m	Unit-linked investment £m
At 1 January	1,103	78,774	47	1,150	78,774
Allocation of 2023 ProfitShare to policies	—	102	—	—	102
Expected changes during the year	(143)	(1,343)	(4)	(147)	(1,343)
Expected closing position	960	77,533	43	1,003	77,533
 New business	—	6,337	—	—	6,337
Experience variations	96	6,041	5	101	6,041
Changes in assumptions	(51)	(10)	9	(42)	(10)
At 31 December	1,005	89,901	57	1,062	89,901

(c) ProfitShare and ValueShare

The Group and Company have allocated 2025 ProfitShare of £199m (2024: £181m). These allocations are shown in the movement analysis in the notes referenced in the table below.

	Group and Company	
	2025 £m	2024 £m
Participating insurance contracts (note 26(a)(ii))	63	62
Participating investment contracts (note 26(a)(ii))	1	3
Unit-linked contracts (note 27)	135	116
	199	181

2025 ProfitShare of £199m will be allocated to eligible policies on 1 April 2026. The £181m included in the table above relates to the allocation of the 2024 ProfitShare and ValueShare on 1 April 2025. Amounts disclosed above are based on policy values at 31 December and the relevant approved ProfitShare or ValueShare rate for the relevant year. Variances arising from movements in policy values between the end of the year and the allocation date of 1 April are included within experience variances in note 26 (a)(ii).

27. Non-participating value of in-force business

Present value of future profits on non-participating investment contracts and With-Profits fund transfers

The present value of future profits on non-participating investment contracts are accounted for as part of the calculation of the non-participating contract liabilities. Under UK GAAP, they are shown as a separate asset on the face of the balance sheet, the 'Non-participating value of in-force business'.

The movement in the non-participating value of in-force business in the year is shown in the table below.

	Group		Company	
	2025	2024	2025	2024
	£m	£m	£m	£m
At 1 January				
Non-participating value of in-force business	3,085	2,776	3,084	2,775
Deferred acquisition costs arising on investment contracts (note 22)	50	67	42	65
Provision for future commission (note 30)	(107)	(117)	(103)	(116)
Deferred fee income on investment contracts (note 32)	(12)	(21)	(12)	(21)
Total value of in-force business at 1 January	3,016	2,705	3,011	2,703
Allocation of ProfitShare and ValueShare	116	102	116	102
Expected changes during the year	(224)	(174)	(215)	(167)
Expected closing position	2,908	2,633	2,912	2,638
New business	248	183	241	181
Experience variations	212	264	209	260
Changes in assumptions	62	36	58	36
ProfitShare and ValueShare	(135)	(116)	(135)	(116)
Other movements	22	16	14	13
At 31 December	3,317	3,016	3,299	3,012
At 31 December				
Non-participating value of in-force business	3,383	3,085	3,378	3,085
Deferred acquisition costs arising on investment contracts (note 22)	49	50	27	42
Provision for future commission (note 30)	(115)	(107)	(106)	(103)
Deferred fee income on investment contracts (note 32)	—	(12)	—	(12)
Total value of in-force business at 31 December	3,317	3,016	3,299	3,012

2025 ProfitShare and ValueShare of £135m will be allocated to eligible policies on 1 April 2026. The £116m included in the table above relates to the allocation of the 2024 ProfitShare and ValueShare on 1 April 2025.

Notes to the financial statements *continued***28. Technical provisions and reinsurance assets - valuation assumptions****(a) Assumptions**

The assumptions used to determine insurance and investment contract liabilities are determined by the Group Chief Actuary and reviewed by the Audit Committee. These assumptions are updated at least at each reporting date to reflect latest estimates. The potential impact of climate change on the valuation assumptions has been considered including the effects of both physical risks and transition risks. In particular, the possible impact on longevity, mortality and persistency assumptions has been taken into consideration although the currently available data is limited. Based on the range of likely scenarios, the impact of climate risk is not expected to affect the best estimate demographic assumptions materially as at 31 December 2025. Information on the Group's climate commitments is given on page 35. The anticipated costs of known activities over the Group's planning horizon which will contribute to achieving our operational emission and non-investment value chain emission goals are incorporated in the Group's business plan. As referenced in section (ii), the process for setting maintenance expense assumptions takes into consideration the level of projected expenses in the business plan.

The assumptions used can be summarised as follows:

(i) Demographic**Mortality and morbidity**

Mortality and morbidity risks are inherent in most lines of business. For protection business an increase in mortality and morbidity rates leads to increased claim levels and hence an increase in liabilities. For individual annuity business and bulk-purchase annuity (BPA) transactions, the risk is that policyholders live longer than expected. Reinsurance arrangements have been put in place to mitigate mortality and morbidity risks.

The rates of mortality and morbidity are set in line with recent Group experience, where it is available in sufficient volume to provide reliable results. Where Group experience is not considered sufficient, bases have been set by reference to either industry experience or the terms on which the business is reinsured.

A margin is included to provide for potential adverse variations in experience. The margins are typically 2% for mortality risks and 3.75% for morbidity risks.

The principal mortality assumptions are shown in the following table.

Class of business	2025	2024
Ordinary long-term assurances		
RL Legacy (Royal London Mutual (RLM) and Ex-United Assurance Group (UAG)) non-linked	AMC00/AFC00 adjusted	AMC00/AFC00 adjusted
RL Intermediary Pensions	AMC00/AFC00 adjusted	AMC00/AFC00 adjusted
RL Legacy (Ex-Royal Liver UK) and RLI DAC	AMC00/AFC00 adjusted	AMC00/AFC00 adjusted
RL Legacy (Ex-RL (CIS))	AMC00 adjusted	AMC00 adjusted
RL Legacy non-linked term assurances (level benefits)	TM08/TF08 adjusted	TM08/TF08 adjusted
RL Intermediary UK Protection term assurances (level benefits)	TM16/TF16 adjusted	TM16/TF16 adjusted
RL Intermediary UK Protection critical illness (guaranteed premiums)	ACM16/ACF16 adjusted	ACM16/ACF16 adjusted
RL Intermediary UK Protection unit-linked term assurances	TM16/TF16 adjusted	TM16/TF16 adjusted
Pensions – in deferment	AM00/AF00 or PPMD00/ PPFD00 adjusted	AM00/AF00 or PPMD00/ PPFD00 adjusted

28. Technical provisions and reinsurance assets - valuation assumptions (continued)

Class of business	2025	2024
Pensions – immediate annuities and deferred annuities in payment		
RL Legacy (Royal London Mutual and Ex-UAG) non-linked	PML08/PFL08 adjusted or bespoke mortality tables Improvements based on CMI (2023) Advanced ¹ $S_k=7, 1.25\%$ p.a.	PML08/PFL08 adjusted or bespoke mortality tables Improvements based on CMI (2023) Advanced ¹ $S_k=7, 1.5\%$ p.a.
RL Intermediary Pensions	PML08/PFL08 adjusted Improvements based on CMI (2023) Advanced ¹ $S_k=7, 1.25\%$ p.a.	PML08/PFL08 adjusted Improvements based on CMI (2023) Advanced ¹ $S_k=7, 1.5\%$ p.a.
RL Legacy (Ex-RL (CIS)) immediate annuities in payment	Bespoke mortality tables for immediate annuities in payment Improvements based on CMI (2023) Advanced ¹ $S_k=7, 1.25\%$ p.a.	Bespoke mortality tables for immediate annuities in payment Improvements based on CMI (2023) Advanced ¹ $S_k=7, 1.5\%$ p.a.
Bulk purchase annuities	Bespoke mortality tables for deferred and annuities in payment Improvements based on CMI (2023) Advanced ¹ $S_k=7, 1.25\%$ p.a.	Bespoke mortality tables for deferred and annuities in payment Improvements based on CMI (2023) Advanced ¹ $S_k=7, 1.5\%$ p.a.
RL Legacy (Ex-RL (CIS)) deferred annuities in payment	Bespoke mortality tables for deferred annuities in payment Improvements based on CMI (2023) Advanced ¹ $S_k=7, 1.25\%$ p.a.	Bespoke mortality tables for deferred annuities in payment Improvements based on CMI (2023) Advanced ¹ $S_k=7, 1.5\%$ p.a.
Industrial assurance	ELT17 (males) adjusted	ELT17 (males) adjusted

1. The model parameters used within CMI (2023) allow for a bespoke in-house calibration.

Persistence

Persistence is the extent to which policies remain in force and are not for any reason lapsed, made paid-up, surrendered, or transferred prior to maturity or expiry. The rates of persistence are set in line with recent internal experience. Where appropriate these rates are adjusted to allow for expected future experience being different from past experience, including ongoing consideration of the expected short-term impact of recent economic conditions. The rates vary by product line, sales channel, duration in force, attained age and fund size. A margin is included to provide for potential adverse variations in experience. The margin is typically 5%.

For individual pensions business the rate at which relevant policyholders take drawdown is assessed using the same high-level approach as for the other persistence assumptions.

(ii) Expenses

For the main classes of business, maintenance expenses are set in accordance with management service agreements and, for business transferred to the Company, in accordance with the appropriate scheme of transfer. Expenses for those classes of business not covered by either a management service agreement or a scheme of transfer are based on the actual expenses incurred. For business administered by the Capita plc group, this includes the expected change to future expenses resulting from the transition agreement entered into on 12 December 2025 (see note 39 for further detail).

A check is carried out that the projected valuation expenses sufficiently cover the projected business plan expenses.

A margin is included to provide for potential adverse variations in experience. The margin is typically 2%.

Notes to the financial statements *continued*

28. Technical provisions and reinsurance assets - valuation assumptions (continued)

Expense inflation assumptions are generally set relative to the domestic measure of inflation for the country in which the business is derived unless the business is subject to a rate card agreement that specifies the inflation assumption to apply. UK inflation is based on the UK Retail Price Index (UK RPI) and Republic of Ireland (ROI) inflation is based on the ROI Consumer Price Index (ROI CPI). These inflation assumptions, which vary by duration, are set by fitting a curve to market-implied inflation based on sterling-denominated inflation linked swaps for UK RPI and euro-denominated inflation-linked swaps for ROI CPI.

Expenses for open books of business including bulk purchase annuities are assumed to inflate in line with the change in UK RPI plus 0.5% (2024: UK RPI +0.5%) for UK business and ROI CPI plus 1.0% (2024: ROI CPI +0.95%) for Irish business.

Higher rates of expense inflation are assumed for closed books of business:

- For RL (CIS) business, the costs arising under the rate card are assumed to increase in line with the change in the UK RPI +0.9% (2024: UK RPI +0.9%) except for post-vesting Guaranteed Annuity Option (GAO) expenses which are assumed to increase at UK RPI +0.5% (2024: UK RPI +0.5%). The actual expenses incurred from servicing this business are assumed to increase in line with the change in the UK RPI +0.5% (2024: UK RPI +0.5%) for post-vesting GAO business and UK RPI +2.8% up to 2028 and UK RPI + 4.0% from 2029 (2024: UK RPI +2.8%) for all other business.
- For Liver fund business, the costs are assumed to increase at UK RPI +4% (2024: UK RPI +4%) for UK business and ROI CPI +5.25% (2024: ROI CPI +5.26%) for Irish business.
- For other closed books, the assumptions are UK RPI +1.8% for PLAL business (2024: UK RPI +2%), UK RPI +2.7% for Scottish Provident business (2024: UK RPI +2%), and UK RPI +4% for legacy business within the Royal London Main Fund (2024: UK RPI +4%).
- The per policy expense assumptions for bulk purchase annuities, core pension and non-profit protection products open to new business range from £20.90 p.a. to £91.64 p.a. (2024: £20.10 p.a. to £81.41 p.a.).

(b) Economic

- **Non-participating liabilities:** The non-participating liabilities have been calculated on a market-consistent basis. Future investment returns and discount rates are set by reference to a risk-free rate from the forward swap curve. A reduction in interest rates will increase the liabilities.
- For annuity business within the Matching Adjustment portfolio, an illiquidity premium is applied as a flat increase to the above discount rate. The illiquidity premium is determined by calculating how much of the credit spread above the risk-free rate is attributed to the cost of downgrade and default risk with the remainder being attributed to other risks such as illiquidity.
- **Participating liabilities:** The majority of the participating liabilities are calculated as the aggregate asset share for the business in force. This is a retrospective calculation based on actual experience. The values of financial options (including premium rate guarantees and guaranteed annuity options) and future deductions from asset shares are calculated using market-consistent techniques. Market consistency is achieved by running a large number of economic scenarios through a stochastic valuation model. Each scenario is discounted at a rate consistent with the individual simulation. The economic scenarios achieve market consistency by:
 - deriving the underlying risk-free rate from the forward swap curve; and
 - calibrating equity and interest rate volatility to observed market data by duration and price, subject to interpolation/extrapolation where traded security prices do not exist.
- **Non-participating value of in-force business:** The non-participating value of in-force business has been calculated on a market-consistent basis. Future investment returns and discount rates are set by reference to risk-free yields.

29. Deferred taxation

Accounting for deferred taxation

Deferred tax is provided based on timing differences that arise from the inclusion of income and expenses in tax assessments in different periods from those in which they are recognised in the financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. The following differences are not provided for:

- the initial recognition of goodwill not deductible for tax purposes; and
- timing differences arising on investments in subsidiaries where the Group controls the timing of the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(a) Net deferred tax balance

The tables below show the movement in the net deferred tax balance in the year.

Group – 2025					
	At 1 January 2025 £m	Acquisitions and disposals £m	Recognised in the technical account – long-term business £m	Recognised in other comprehensive income £m	At 31 December 2025 £m
Deferred acquisition expenses	(1)	—	—	—	(1)
Excess management expenses and tax losses carried forward	(72)	(4)	48	—	(28)
Revaluation of investments	176	—	39	—	215
Defined benefit pension schemes	8	—	—	(2)	6
Other short-term timing differences	(7)	—	—	—	(7)
Acquired intangible assets	—	22	—	—	22
Net deferred tax liability	104	18	87	(2)	207
Presented as:					
Deferred tax asset					(7)
Deferred tax liability					214
					207

The 31 December 2025 deferred tax liability includes £18m relating to the acquisition of Dalmore Capital which is shown in the Acquisitions and disposals column of the table above.

Group – 2024					
	At 1 January 2024 £m	Acquisitions and Disposals £m	Recognised in the technical account – long-term business £m	Recognised in other comprehensive income £m	At 31 December 2024 £m
Deferred acquisition expenses	(2)	—	1	—	(1)
Excess management expenses carried forward	(104)	—	32	—	(72)
Revaluation of investments	148	—	28	—	176
Defined benefit pension schemes	9	—	—	(1)	8
Other short-term timing differences	(5)	(1)	(1)	—	(7)
Net deferred tax liability	46	(1)	60	(1)	104
Presented as:					
Deferred tax asset					(3)
Deferred tax liability					107
					104

Notes to the financial statements *continued***29. Deferred taxation (continued)**

	Company – 2025			
	At 1 January 2025 £m	Recognised in the technical account – long- term business £m	Recognised in other comprehensive income £m	At 31 December 2025 £m
Deferred acquisition expenses	(1)	—	—	(1)
Excess management expenses carried forward	(71)	50	—	(21)
Revaluation of investments	177	38	—	215
Defined benefit pension schemes	8	—	(2)	6
Other short-term timing differences	(4)	2	—	(2)
Net deferred tax liability	109	90	(2)	197

	Company – 2024			
	At 1 January 2024 £m	Recognised in the technical account – long- term business £m	Recognised in other comprehensive income £m	At 31 December 2024 £m
Deferred acquisition expenses	(2)	1	—	(1)
Excess management expenses carried forward	(102)	31	—	(71)
Revaluation of investments	148	29	—	177
Defined benefit pension schemes	9	—	(1)	8
Other short-term timing differences	(4)	—	—	(4)
Net deferred tax liability	49	61	(1)	109

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred taxes relate to the same fiscal authority.

In the next 12 months it is expected there will be a reversal in the net deferred tax liability of £11m (2024: £18m) for the Group and Company. The expected reversal for the Group and Company is due to the spreading over seven years of specific gains and deferred expenses.

As announced in the recent UK Budget on 26 November 2025, the UK savings tax rate is expected to increase from 20% to 22%, from April 2027 and will be applicable to the taxable profits of the Company from this date. This has not been substantively enacted and is therefore not reflected in these financial statements.

(b) Unrecognised deferred tax balances**(i) Unrecognised deferred tax assets**

Deferred tax assets arising from certain capital losses, excess management expenses, surplus trading losses and capital allowances are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of £30m (2024: £29m), of which £nil (2024: £nil) related to the Company. These unused losses and allowances can be carried forward and utilised as long as the company in which they arose is active or trading.

30. Other provisions

Accounting for provisions

The provision for future commission relates to payments that the Group is contractually committed to make in future periods for investment contracts sold as at the balance sheet date. These payments are contingent on the related policies remaining in force. They are classified as financial liabilities and recognised at fair value through profit and loss.

A provision is recognised in the balance sheet when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future losses. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

	Group		Company	
	2025	2024	2025	2024
	£m	£m	£m	£m
Provision for future commission	115	107	106	103
Other provisions	62	69	42	69
	177	176	148	172

Other provisions for the Group include:

- Rectifications of £25m (2024: £47m) which are the expected costs of addressing past sales practices and other servicing issues. The provision is estimated by multiplying the population of issues by the forecast costs to resolve each issue. The provision is expected to be utilised across 2026 and 2027; and
- Long-term incentive schemes total £14m (2024: £12m). The Group provides certain executives with cash-settled long-term incentive schemes. Amounts payable are dependent on a basket of individual performance measures, with performance assessed using a balanced scorecard of three-year performance measures. The amount provided is expected to be paid between 2026 and 2030.
- Deferred components of short-term incentives of £19m (2024: £nil). For individuals in key senior leadership roles, a part of amounts awarded under the short-term incentive schemes is deferred. Amounts payable are dependent on continued employment. The amount provided is expected to be paid between 2026 and 2029. Previously, the amounts payable were presented within accrued expenses within Accruals and deferred income, and were a liability of £22m as at 31 December 2024.

The provision for future commission is expected to be utilised over the remaining life of the impacted policies, which has a weighted average run-off of approximately 7 years.

The movement in provisions during the year is shown in the following table.

	Group		Company	
	Provision for future commission £m	Other provisions £m	Provision for future commission £m	Other provisions £m
At 1 January	107	69	103	69
Additions in the year	6	11	—	10
Releases for the year	—	(20)	—	(20)
Experience variations	12	—	13	—
Utilised during the year	(14)	(17)	(14)	(17)
Transfer from accruals	—	19	—	—
Unwind of discount	4	—	4	—
At 31 December	115	62	106	42

Notes to the financial statements *continued***31. Creditors****Accounting for creditors**

Creditors are measured at amortised cost with the exception of derivative liabilities and a reinsurance liability designated at FVTPL.

The creditors measured at amortised cost are initially measured at fair value, being consideration received plus any directly attributable transaction costs. Subsequently they are measured at amortised cost using the effective interest method.

Derivative liabilities are classified at FVTPL in accordance with IFRS 9 as permitted by FRS 102 section 12. Movements in the fair value of the liabilities are recognised within unrealised gains/losses on investments.

The Group has a financial creditor in respect of a reinsurance arrangement and holds an unquoted debt security which has cash flows exactly matching those of the reinsurance liability. Consequently, the reinsurance liability is designated at FVTPL in order to avoid a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch'), see note 3(c) for further details. Movements in the fair value of the liability are recognised in the statement of comprehensive income within outwards reinsurance premiums. The matching movement in the fair value of the debt security is shown in the statement of comprehensive income within Investment return (see note 4).

(a) Creditors arising out of direct insurance operations at amortised cost

	Group		Company	
	2025	2024	2025	2024
	£m	£m	£m	£m
Amounts due to customers	292	300	271	280

(b) Creditors arising out of reinsurance operations

	Group		Company	
	2025	2024	2025	2024
	£m	£m	£m	£m
Creditors arising out of reinsurance operations with external insurers at FVTPL	1,462	1,519	1,462	1,519
Creditors arising out of reinsurance operations with external insurers at amortised cost	32	21	18	5
Creditors arising out of reinsurance operations with other Group entities at amortised cost	—	—	2	6
	1,494	1,540	1,482	1,530

(c) Amounts owed to credit institutions

	Group		Company	
	2025	2024	2025	2024
	£m	£m	£m	£m
Bank overdrafts	61	27	60	27

The bank overdrafts are repayable on demand.

The Company has a £500m multi-currency revolving credit facility expiring 31 December 2030. Interest on amounts drawn under the facility is charged based on floating benchmark rates for the relevant currency, plus a margin of between 0.35% and 0.85%. The facility was fully undrawn as at 31 December 2025 and 31 December 2024.

31. Creditors (continued)

(d) Other creditors including taxation and social security

	Group		Company	
	2025	2024	2025	2024
	£m	£m	£m	£m
Cash collateral received	714	589	714	589
Derivative liabilities	4,387	4,171	4,387	4,171
Amounts due to brokers	64	113	9	94
Amounts due to other Group entities	—	—	53	104
Current tax liability	2	1	—	—
Deferred consideration (discounted)	30	—	—	—
Other	233	249	158	160
	5,430	5,123	5,321	5,118

The ageing of derivative liabilities is included in note 35(d). Deferred consideration represents amounts expected to be payable as part of the Dalmore Capital acquisition (see note 39) and is payable in five tranches at regular intervals up to the fourth anniversary of the completion date (November 2029). A maturity analysis is not disclosed for cash collateral received as it is considered due on demand because it is dependent on fluctuations in the value of the collateralised derivative. All of the remaining other creditors are expected to be repaid in less than one year after the balance sheet date (2024: All).

32. Accruals and deferred income

	Group		Company	
	2025	2024	2025	2024
	£m	£m	£m	£m
Accrued expenses	180	176	—	—
Deferred income	2	12	—	12
	182	188	—	12

Deferred income includes an amount of £nil for Group and Company (2024: £12m) relating to front-end fees received from investment contract holders as a prepayment for investment management and related services. These amounts are non-refundable and are released to income as the services are rendered.

33. Contingent assets and liabilities

Accounting for contingent assets and liabilities

Contingent liabilities are disclosed if:

- there is a possible obligation as a result of a past event; or
- there is a present obligation as a result of a past event, but a liability is not recognised either because a payment is not probable, or the amount cannot be reliably estimated.

Contingent assets are disclosed when an inflow of economic benefit is considered probable.

During the year, the Group and the Company continued to address issues from past selling practices, taxation, and other regulatory matters. Potential liabilities are influenced by several factors including the actions and requirements of the external bodies including regulators and tax authorities as well as Financial Ombudsman Service rulings, industry compensation schemes and court judgments.

In the course of conducting business, the Group companies receive liability claims, and become involved in actual or threatened related litigation. In the opinion of the directors, adequate provisions have been established for such claims and no material losses will arise in this respect.

In addition, in line with standard business practice, the Company has given guarantees, indemnities and warranties in connection with the disposal of entities previously owned by the Group. In the opinion of the directors, no material unprovisioned loss will arise in respect of these guarantees, indemnities, and warranties.

Notes to the financial statements *continued***34. Commitments****(a) Capital expenditure**

The Group and Company have the following commitments to make capital purchases as at the balance sheet date.

	Group		Company	
	2025	2024	2025	2024
	£m	£m	£m	£m
Investment property	52	40	52	40
Loans	16	—	16	—
	68	40	68	40

The commitment of £16m (2024: £nil) in respect of loans represents capital expenditure committed at the balance sheet date relating to the development of an income strip asset.

(b) Investments in private equity funds

The Group and Company have a portfolio of investments in private equity funds. The structure of these funds is such that the commitment is drawn down during the life of the fund to make investments and to pay approved costs of the fund. The total amount committed but undrawn at the balance sheet date for the Group and Company is £228m (2024: £280m).

(c) Operating lease commitments**Accounting for operating lease payments**

Leases, where a significant portion of the risks and rewards of ownership is retained by the lessor, are classified as operating leases. Payments under operating leases, net of lease incentives received, are recognised as an expense in the statement of comprehensive income on a straight-line basis over the term of the lease.

Operating lease payments represent rentals payable by the Group for land and buildings. The total lease payments recognised as an expense in the year were £10m (2024: £7m). The total future minimum lease payments due under these arrangements, net of any related sub-lease receipts, are shown in the following table.

	Group		Company	
	2025	2024	2025	2024
	£m	£m	£m	£m
Total future minimum lease payments under non-cancellable leases:				
Not later than one year	8	8	2	2
Later than one year and not later than five years	25	27	3	5
Later than five years	32	33	—	—
	65	68	5	7

35. Risk management

As a financial services provider, the Group's business is the managed acceptance of risk. The Group has a set of risk preferences for the types of risk the Group is exposed to. These preferences form a core part of the Group's risk management system and control techniques. The Group aims to manage its risk exposures within acceptable tolerances agreed by the Board. This is carried out through its risk management system. The risk management system established within the Group is designed to manage, rather than eliminate, the risk of failure to meet business objectives as well as to ensure that the Group is well capitalised. The Strategic report section of this Annual Report and Accounts includes a summary of the Group's risk management approach on page 63. The key control techniques for the major categories of risk exposure are summarised in the following sections.

(a) Insurance risk

Insurance risk is defined as the risk that arises from the uncertainty in the occurrence, amount and timing of asset and liability cash flows resulting from factors such as:

- changes in the health circumstances of policyholders and members of the Royal London Staff Pension Schemes;
- the choices made by Royal London policyholders and pension scheme members with respect to their policy options and ability to surrender their policy with Royal London.

The Group has an appetite to write long-term insurance business that includes insurance risk to deliver value for our customers and create a balanced, diversified insurance risk profile. The exposure of the Group depends to a significant extent on the value of claims to be paid in the future, relative to the assets accumulated to the date of claim. The amount of such future obligations is assessed by reference to assumptions regarding future experience, in particular mortality or (if applicable) morbidity rates, persistency rates, expenses, investment returns, interest rates and tax rates.

The main insurance risks can be summarised as follows:

- mortality – the risk that policyholders die sooner than expected. Mortality risk only applies to liabilities which increase under these circumstances;
- morbidity – the risk that policyholders make morbidity-related claims more frequently or for a longer period of time than expected;
- persistency – the risk that the rate of policy lapses, terminations, renewals, partial withdrawals, income drawdown, retirements and surrenders, or the number of policies converting to paid-up status, is different from that expected, resulting in an increase in liabilities;
- longevity – the risk that policyholders live longer than expected resulting in higher payments under annuity or similar obligations and so an increase in liabilities;
- expense – the risk that the expense associated with investing in assets, or of administering pensions, insurance or reinsurance contracts held within the Group is higher than expected resulting in an increase in liabilities. The impact of long-term inflation on expenses is part of this risk; and
- option take-up – the risk that the take-up rate of options, in particular guaranteed annuity options, provided to policyholders is different from expected, resulting in an increase in benefit payments and therefore liabilities.

Insurance risk is monitored, managed, and largely mitigated by the business units/divisions within the Group that are exposed to insurance risk. Insurance risks are managed through the following mechanisms:

- The use of the Group's Insurance Risk Policy to provide Group-wide guidelines around the identification, assessment, mitigation, monitoring, reporting and control of insurance risks;
- Regular monitoring of actual exposures compared to agreed limits to ensure that the insurance risk accepted remains within risk appetite;
- Members of the Group's Insurance Risk Committee are responsible for considering matters arising concerning all aspects of the identification, assessment, management and reporting of insurance risk;
- Members of the Group's Technical Review Committee are responsible for reviewing and approving all key demographic and expense assumption changes;
- The use of reinsurance to mitigate exposures in excess of risk appetite, to limit the Group's exposure to large single claims and catastrophes and to alleviate the impact of new business strain;
- The diversification of business over several classes of insurance and over large numbers of individual risks to reduce variability in loss experience; and
- Control over product development and pricing: members of the Product Pricing Approval Committee are responsible for assessing the pricing of new products and the repricing of existing products manufactured by the Group.

Notes to the financial statements *continued*

35. Risk management (continued)

These techniques are supported using actuarial models to calculate premiums, monitor claims patterns and calculate liabilities. The derivation of the assumptions uses industry-standard actuarial and statistical methods based on up-to-date and credible information.

The primary responsibility for ongoing oversight and effectiveness of the management of insurance risk falls to the Insurance Risk Committee.

Another process for monitoring the continued effectiveness of these risk-mitigation techniques is the requirement within the Group's Insurance Risk Policy for an annual review of the policy by the policy content owner. The policy provides Group-wide guidelines around the identification, assessment, mitigation, monitoring, reporting and control of insurance risks. The policy content owner makes sure that the policy is implemented appropriately within the Group. The Insurance Risk Committee is also responsible for reviewing the policy on an annual basis.

Risk relating to the Group's final salary pension schemes is managed separately by a specialist area in the Group, supported by external advisers.

(i) Concentration of insurance risk

The Group and Company write a diverse mix of business across a broad customer base. The most material concentration of insurance risk relates to persistency risk in respect of unit-linked pension business. As the Group has written substantially all of its business in the UK, results are also sensitive to demographic and economic changes arising in the UK. The Group seeks to mitigate the risk of excessive concentrations of risk through portfolio analysis and limits on retained risk (including limits on individual lives).

The Group's diverse portfolio of business helps mitigate concentration risk across sectors (pensions, protection, intermediated, direct), but there is some concentration risk within sectors. In particular, there is a risk associated with legislative changes affecting pension business, which could result in a marked worsening in persistency. However, although the Group's portfolio of employer-sponsored pension schemes includes some large schemes, there are no schemes that represent an excessive percentage of the relevant portfolio. Due to the nature of the UK market, another potential area of concentration is the reliance of the Group on new business from key IFA networks but exposure to any single IFA is not considered to be material.

(ii) Sensitivity analysis

The following table shows the impact on the Group fund for future appropriations from changes in key demographic assumptions. Each sensitivity is performed with all other variables held constant. The sensitivity scenarios used are as follows:

- **Mortality and morbidity**
5% proportionate decrease and increase in base mortality and morbidity rates. This sensitivity demonstrates the effect of a decrease and increase in the rate of deaths and serious illness. The impact of such a change on the fund for future appropriations varies depending on the type of business written. In the case of a reduction in mortality rates:
 - for life assurance business, a decrease in mortality rates will typically increase the fund for future appropriations as there will be fewer payouts for early death resulting in lower liabilities;
 - for annuities in payment, the defined benefit pension schemes or policies which contain a guaranteed annuity option, the fund for future appropriations decreases as the length of time over which the annuity will be paid is longer, increasing liabilities.
 - An increase in mortality rates will have the opposite effect.
- **Persistency**
10% proportionate decrease and increase in rates of lapse, conversion to paid-up and, for pensions business, retirement, partial withdrawal and income drawdown. In the case of the proportionate decrease, the sensitivity reflects a single, downward movement in these lapse rates resulting in fewer policies being surrendered or terminated early, with the result that more policies are assumed to remain in force. An increase in rates of lapse will have the opposite effect.
- **Expenses**
10% decrease and increase in maintenance expenses – the ongoing cost of administering contracts. This sensitivity is applied to the projected level of expenses. There is no change to the assumed rate of future expense inflation. A reduction in expenses will increase the fund for future appropriations for most classes of business. For some unit-linked contracts where future charges cover expenses, however, the liability may be unaffected. An increase in expenses will have the opposite effect.

35. Risk management (continued)

	Group	
	2025	2024
Impact after tax on the fund for future appropriations	£m	£m
Mortality/morbidity rates +5%	32	28
Mortality/morbidity rates -5%	(37)	(32)
Lapse/paid-up/retirement rates +10%	(294)	(271)
Lapse/paid-up/retirement rates -10%	346	322
Expenses +10%	(213)	(200)
Expenses -10%	213	200

Limitations of sensitivity analysis

The above table demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. The impact of Pensions business persistency risk is set out under lapse/paid-up/retirement rates. In practice, there may be dependencies between the underlying risks. It should be noted that the impact on the fund for future appropriations from changes in these assumptions may not be linear as implied by these results. Larger or smaller impacts should not be interpolated or extrapolated from these results.

(b) Market risk

Market risk is where fluctuations in values of assets (including income) or financial variables (including interest rates, exchange rates or inflation) cause a mismatch between the value of the Group's assets and liabilities.

The Group manages market risk within the risk management system outlined above and in accordance with the relevant regulatory requirements. The principal techniques employed are the establishment of asset allocation and performance benchmarks consistent with the Group's risk appetite and asset-liability matching. This balances the risks relating to the liabilities under the Group's insurance and investment contracts against the risks inherent in its assets and the capital available. The Group has established approaches for matching assets and liabilities, including hedging customer options and, where cost effective, unrewarded risks. Where appropriate matching cannot be achieved, management actions are in place to manage the market risk resulting from the mismatch. The Group's Investment Strategy Committee and Capital Management Committee provide regular monitoring of these processes.

The Group is not materially exposed to market risk in respect of assets held to cover unit-linked liabilities as these risks are borne by the holders of the contracts concerned, except to the extent that income from the fund-based management charges levied on these contracts varies directly with the value of the underlying assets. Such assets are managed to meet customers' risk and reward expectations and comprise diversified portfolios of assets. In addition, regulatory requirements constrain the type and quality of assets that can be held to support these liabilities.

The Group's exposure to market risk arises principally from equity risk and property risk, interest rate risk, inflation risk, credit spread risk and currency risk.

(i) Equity risk and property risk

Equity risk and property risk are the risks that the fair value or future cash flows of an asset or liability will fluctuate because of changes in market prices of equities or investment properties, other than those arising from interest rate or currency risks. Those changes may be caused by factors specific to the asset or liability, or its issuer, or by factors affecting all similar assets or liabilities.

The Board sets the Group's investment policy and strategy. Day-to-day responsibility for implementation is principally given to the Group's asset management subsidiary, RLAM, as the main asset manager for the Group, as well as third parties and external asset managers involved in delivering the investment strategy with monitoring procedures in place.

The investment management agreement in place between the Company and RLAM specifies the limits for holdings in certain asset categories. Asset allocation and performance benchmarks are set, which ensure that each fund has an appropriate mix of assets and is not over or under-exposed to a particular asset category or specific investment. The Investment Strategy Committee and Capital Management Committee along with the Group's Investment Committee monitor the actual asset allocation and performance against benchmark. The Group hedges some of its equity risk arising from investment guarantees and unit-linked charges using equity derivatives.

A sensitivity analysis to changes in the market prices of equities and property is included in section (vi). Note 16 provides an analysis of assets by class.

Notes to the financial statements *continued*

35. Risk management (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will vary as market rates of interest vary. For the Group, interest rate risk arises from holding assets and liabilities with different maturity or re-pricing dates, creating exposure to changes in the level of interest rates, whether real or nominal. It mainly arises from the Group's investments in debt and fixed income securities, which are exposed to changes in interest rates. It also arises in certain products sold by the Group, which include guarantees as they can lead to claim values being higher than the value of the backing assets where interest rates change.

Exposure to interest rate risk is monitored using scenario testing, stress testing, Value-at-Risk analysis and asset and liability duration control.

The Group manages interest rate risk using performance benchmarks with appropriate durations and, in some instances, using derivatives to achieve a closer cash flow match. The Company uses interest rate swaps to provide interest rate sensitivity matching.

A sensitivity analysis to interest rate risk is included in section (vi).

(iii) Inflation risk

Inflation risk is the risk that inflation results in the value of the Group's liabilities increasing by more than the value of its assets. It arises principally in the Group's defined benefit pension schemes and bulk purchase annuities, where higher inflation would result in higher increases in deferred pensions and would be expected to be associated with higher increases in pensions in payment. The risk associated with expense inflation is treated as an insurance risk.

The Group mitigates some inflation risk with inflation swaps. Inflation exposures are monitored monthly and reported to the Group's Capital Management Committee. The Group's Capital Management Framework, Capital Plans and regular capital reporting also assist in the Group's management of inflation risk.

(iv) Credit spread risk

Credit spread risk is the risk that the difference between the yields on non-sovereign investment bonds and the yields on interest rate swaps increase from current levels, causing the value of the Group's holdings of non-sovereign bonds to reduce by more than the value of the associated liabilities. The Group manages its exposures to spread risks through its hedging strategy and regular review of its hedging arrangements.

(v) Currency risk

Currency risk is defined as the risk that the fair value or future cash flows of an asset or liability will change because of a change in foreign exchange rates. As the Group operates principally in the UK its assets and liabilities are mainly denominated in sterling. For investment assets, the Group's investment management policies and procedures allow for some exposure to overseas markets, via both equities and fixed interest securities. The resulting currency risk is managed using exposure limits, currency derivatives as hedging instruments, and authorisation controls operated within the Group's risk management system.

The following tables demonstrate the extent to which the assets and liabilities of the Group and the Company are exposed to currency risk. Linked assets do not subject the Group and Company to significant currency risk as this risk is borne by the customers concerned. A sensitivity analysis of the Group and Company's exposure to currency risk is included in section (vi).

35. Risk management (continued)

	Group		Company	
	2025	2024	2025	2024
	£m	£m	£m	£m
Non-linked assets denominated in GBP	41,462	39,182	41,593	39,312
Non-linked assets denominated in non-GBP	4,603	4,922	4,586	4,908
	46,065	44,104	46,179	44,220
Assets held to cover linked liabilities	104,017	91,279	103,620	91,113
	150,082	135,383	149,799	135,333
Non-linked liabilities denominated in GBP	45,709	43,837	45,810	43,858
Non-linked liabilities denominated in non-GBP	569	474	582	569
	46,278	44,311	46,392	44,427
Technical provisions for linked liabilities	103,804	91,072	103,407	90,906
	150,082	135,383	149,799	135,333

At 31 December 2025, the Group and Company held currency forwards with a sterling notional value of £570m (2024: Group and Company £436m) in respect of the non-linked assets denominated in currencies other than sterling. These are included in the table above.

The Group monitors its foreign currency exposure arising from its investment in operations in Ireland. This exposure does not currently have a material impact on the Group and so is not actively hedged.

(vi) Market risk sensitivity analysis

The following table shows the impact, on the Group fund for future appropriations (after tax), from changes in key market variables. Each sensitivity is performed with all other variables held constant. Sensitivity scenarios disclosed for risk management purposes have been updated to more closely align with ranges used by the Group in its capital sensitivity analyses. The currency rate sensitivity has been updated from 10% to 15% for the current year, equity value sensitivity from 10% to 25%, and property value sensitivity from 10% to 15%. Comparative amounts have been updated to reflect the new ranges accordingly. The sensitivity scenarios used are as follows.

Interest rates

100 basis point per annum reduction and increase in market interest rates. For example, if current market rates are 4%, the impact of an immediate change to 3% and 5%. A reduction in interest rates increases the current market value of fixed interest assets but reduces future reinvestment rates. The value of liabilities increases when interest rates fall as the discount rate used in their calculation will be reduced. An increase in rates will have the opposite effect.

Currency rates

15% increase and decrease in the rates of exchange between sterling and the overseas currencies to which the Group is exposed. An increase in the value of sterling relative to another currency will reduce the sterling value of assets and liabilities denominated in that currency. The value of liabilities will decrease when asset values fall, but other than for unit-linked business, the decrease will be less than the fall in asset values because of the presence of financial guarantees and options in the underlying contracts. For unit-linked business, the decrease in liabilities will be less than the fall in asset values due to a reduction in the value of future charge income. As the Group holds relatively few liabilities in overseas currencies, an increase in the value of sterling will reduce the fund for future appropriations.

Equity/property capital values

25% increase and decrease in equity and 15% increase and decrease in property capital values at the valuation date, without a corresponding fall or rise in dividend or rental yield. This sensitivity shows the impact of a sudden change in the market value of assets in these separate asset classes. The value of liabilities will decrease when asset values fall but, other than for unit-linked business, the decrease will be less than the fall in asset values because of the presence of financial guarantees and options in the underlying contracts. For unit-linked business, the decrease in liabilities will be less than the fall in asset values due to a reduction in the value of future charge income. Consequently, the fund for future appropriations will be reduced by a fall in asset values.

Notes to the financial statements *continued***35. Risk management (continued)**

	Group	
	2025	2024
	£m	£m
Impact after tax on the fund for future appropriations		
Interest rates +100bp	(72)	(38)
Interest rates -100bp	55	17
15% increase in non-GBP exchange rate ¹	(194)	(165)
15% decrease in non-GBP exchange rate ¹	185	157
Equity prices +25% ¹	484	415
Equity prices -25% ¹	(503)	(438)
Property prices +15% ¹	70	66
Property prices -15% ¹	(71)	(66)

1. As noted above, the sensitivities used in the current year have been amended to more closely align with ranges used by the Group in its capital sensitivity analyses. Comparative amounts have been updated to reflect the new ranges accordingly. Previous disclosures were +/-10% for changes in non-GBP exchange rate, equity prices and property prices.

Limitations of sensitivity analysis

The table above demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In practice, there may be dependencies between the underlying risks.

The Group's assets and liabilities are actively managed. For example, the Group's financial risk management strategy aims to manage the exposure to market fluctuations. As investment market conditions change, management actions could include selling investments, changing investment portfolio allocation, adjusting bonuses credited to With-Profits policyholders and taking other protective action.

It should also be noted that the impact on the fund for future appropriations from changes in these assumptions may not be linear as implied by these results. Larger or smaller impacts should not be interpolated or extrapolated from these results.

(c) Credit counterparty risk

Counterparty risk is the likelihood or probability that one of the parties in a transaction defaults on its contractual obligation. Counterparty risk can exist in investments or bilateral transactions and contractual relationships with financial or non-financial counterparties.

The Group's exposure to credit counterparty risk arises principally from its investment portfolio, including from its holdings in bonds, commercial real estate loans, derivatives, from cash and from reinsurance arrangements. The Market risk policy sets out various high-level requirements relating to the identification, measurement, modelling, management, monitoring, reporting and documentation of credit risk. The Market risk policy also sets out other specific requirements relating to legal, collateral, and valuation arrangements. Where possible, significant counterparty exposures, particularly in respect of stock lending and derivatives, are mitigated using collateral.

A comprehensive system of limits is in place to control exposure to this risk. While ratings provided by external agencies such as Standard & Poor's and Moody's and expert investment advice are considered when setting limits to individual counterparties, there are separate limits for exposures in respect of cash and deposits and for corporate bond and sovereign debt exposures defined by asset class and in aggregate. The one exception is exposure to the UK Government – investment in Government debt is a key part of the Group's investment and asset liability management strategies and it has been decided that no limit should be set. If the UK's credit standing were to deteriorate significantly, however, this decision would be reviewed.

Exposures to individual counterparties are monitored against the agreed limits set in the Concentration Risk Framework, which is reviewed by the Group's Investment Strategy Committee. For bond holdings, exposures are also monitored by industry sector and by credit rating.

The Group is also exposed to credit risk in respect of its reinsurance arrangements. The credit exposures for reinsurance contracts are monitored by the Group's Capital Management and Insurance Risk Committees.

The Group's Matching Adjustment Committee, reporting to the Group's Capital Management Committee, provides oversight of the operation of the Matching Adjustment portfolio and compliance with the Matching Adjustment requirements. It also acts as a forum for reviewing the investment opportunities related to private assets.

35. Risk management (continued)

The following tables show an analysis of the credit quality of those assets of the Group that are subject to credit counterparty risk, using credit ratings issued by companies such as Standard & Poor's, where these are available.

The credit risk in respect of linked assets is borne by the holders of the contracts concerned, except where investment is made in the funds of other life companies via reinsurance contracts and the linked assets are therefore excluded from the table. The Company has a similar risk profile to that shown for the Group and therefore it has not been analysed separately.

AAA is the highest rating possible for assets exposed to credit risk. The credit ratings in respect of derivative financial investments are those of the counterparties to the derivative contracts. The debt and fixed income securities and commercial real estate loans which have not been rated by an external agency are subject to internal analysis to provide an internal rating, which at 31 December 2025 was predominantly AA, A or BBB (2024: either AA or A).

The internal rating process used by the Group is to assess credit risk within the context of the bond issuer's financial position, the bond's covenants and structure and the likely recovery should default occur. Three major sectors that are significant issuers of sterling-denominated unrated bonds, namely social housing, investment trusts and property, are each asset rich. For these sectors, documented specific credit analysis is undertaken, which assesses the individual risks of bonds in the sector and relates the risk of loss to that implied by the rating bands of the rating agencies. The internal ratings produced are compared for consistency with formally rated, broadly equivalent stocks in the same sector and for consistency with the market pricing of the underlying bond. For stocks in other sectors, the background of the issuer and the bond characteristics are assessed within a framework similar, where possible, to credit rating agency methodology. The Company's credit risk profile is aligned to the Group. To minimise its exposure to credit risk, the Group and Company invest primarily in higher-graded assets, rated BBB or above. The Group and Company also make use of collateral arrangements in respect of their derivative exposures and stock lending activity, wherever possible. Further details of the collateral held are shown in note 18.

Group – 2025							
	AAA £m	AA £m	A £m	BBB £m	BB or lower £m	Not rated £m	Total £m
Stage 1 assets at amortised cost							
Cash at bank	—	261	182	6	—	5	454
Exposure to credit risk	—	261	182	6	—	5	454
Simplified approach assets held at amortised cost							
Debtors arising out of direct insurance operations	—	—	—	—	—	57	57
Debtors arising out of reinsurance operations	—	36	21	—	—	—	57
Other debtors	—	2,869	—	—	—	517	3,386
Loss allowance	—	—	—	—	—	(11)	(11)
Exposure to credit risk	—	2,905	21	—	—	563	3,489
Assets at FVTPL							
Other financial investments:							
Derivative assets	—	1,585	642	—	—	—	2,227
Debt and fixed income securities	745	5,803	2,858	2,460	157	256	12,279
Commercial real estate loans	—	38	81	24	—	—	143
Other loans	—	—	—	—	—	28	28
Other							
Reinsurers' share of technical provisions	—	2,597	370	—	—	—	2,967
	745	13,189	4,154	2,490	157	852	21,587

Notes to the financial statements *continued***35. Risk management (continued)**

	Group – 2024						Total £m
	AAA £m	AA £m	A £m	BBB £m	BB or lower £m	Not rated £m	
Stage 1 assets at amortised cost							
Cash at bank	—	255	213	6	22	3	499
Exposure to credit risk	—	255	213	6	22	3	499
Simplified approach assets held at amortised cost							
Debtors arising out of direct insurance operations	—	—	—	—	—	21	21
Debtors arising out of reinsurance operations	—	43	11	—	—	7	61
Other debtors	—	2,685	—	—	—	605	3,290
Loss allowance	—	—	—	—	—	(10)	(10)
Exposure to credit risk	—	2,728	11	—	—	623	3,362
Assets at FVTPL							
Other financial investments:							
Derivative assets	—	1,572	536	—	—	—	2,108
Debt and fixed income securities	701	5,188	2,559	1,885	181	320	10,834
Commercial real estate loans	—	—	—	—	—	120	120
Other loans	—	—	—	—	—	7	7
Other							
Reinsurers' share of technical provisions	—	2,861	417	—	—	—	3,278
	701	12,604	3,736	1,891	203	1,073	20,208

Allowance is made for expected credit losses for Stage 1 assets based on default events that are possible within the next 12 months. Expected credit losses are calculated using three key input parameters: the probability of default, the expected loss given default and the exposure at default. The probability of default is estimated using quoted credit default swap spreads and the loss given default is taken to be 100%.

Debtor balances are assessed using the simplified method, which means that the not-rated assets default to Stage 2 and a lifetime expected credit loss is calculated. Expected credit losses are measured for these assets based on the ageing of the balances and historical payment experience or by the use of discounted cash flow techniques.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

(d) Liquidity risk

Liquidity risk is the risk that a firm, though solvent, either does not have sufficient financial resources available to enable it to meet its obligations as they fall due or can secure them only at excessive cost. Liquidity risk can emerge over a number of timeframes, this includes both fast-moving scenarios as well as more sustained scenarios where the liquidity position deteriorates slowly.

Liquidity risk management strategy sets out the Group's overall approach for managing liquidity risk, covering both day-to-day and longer-term management of liquidity risk. Sources of liquidity risk have been identified to ensure adherence to the liquidity appetite as approved by the Board. The Group recognises that extreme liquidity issues could have a severe impact on the Group and manages its liquidity risk through ensuring sufficient availability of liquid assets ('liquidity buffer'). The Group's liquidity management process includes:

- monitoring of liquidity risk limits, primarily through Liquidity Coverage Ratios (LCRs). The metric is the ratio of the sources of liquidity (the liquidity buffer) over the uses of liquidity under stressed conditions. The Group's use of liquidity arises principally from its insurance, reinsurance, derivative and investment contracts. Projected cash flows and stressed liquidity reserves are incorporated in the LCR, and are calculated in line with the liquidity risk appetite;

35. Risk management (continued)

- holding an appropriate liquidity buffer. The composition includes assets that are unencumbered, and of high credit quality, readily marketable and have a proven record as a reliable source of liquidity during stressed conditions to enable meeting short-term obligations as they fall due;
- setting minimum amounts of cash balances in each of its long-term funds. These are set by reference to recent and expected cash outflows and include a margin above reasonably expected amounts to reduce risk;
- maintaining a contingency funding plan that includes a clear management process and plan for recognising and addressing a liquidity stress providing an analysis of available financing options, regular and alternative sources of liquidity and an evaluation of a range of possible adverse scenarios;
- maintaining a diversified pool of short-term funding / liquidity available to the Group. As part of this, the Company has a £500m revolving credit facility expiring 31 December 2030;
- maintaining a recovery plan that identifies triggers for action, a clear management action plan providing an analysis of available financing options, regular and alternative sources of liquidity and an evaluation of a range of possible adverse scenarios; and
- appropriate matching of the maturities of assets and liabilities. The Group's market risk policy covers asset liability management to ensure the duration of liabilities is matched by assets.

These processes are regularly reviewed and updated to ensure their continued effectiveness.

The Group's exposure to liquidity risk principally arises from insurance and investment contracts and the use of derivatives. The following tables show a maturity analysis for the Group's insurance and investment contract liabilities. As permitted by FRS 103, for insurance and participating investment contracts, this has been presented as the expected future cash outflows arising from the liabilities. The analysis for the unit-linked investment contracts has been shown on the same basis for consistency. Had the analysis for these liabilities been presented on the basis of the earliest contractual maturity date (as required by FRS 102 Section 34) then the whole balance would have been included in the '0–5 years' column, as customers can exercise surrender options at their discretion. In such a scenario the liability may be reduced by the application of surrender penalties (if applicable). The tables also show a maturity analysis for the Group's derivative liabilities and the reinsurance liabilities presented on a contractual cash flow basis. The maturity analysis for cash collateral has not been disclosed as it is due on demand because it is dependent on fluctuations in the value of the collateralised derivatives.

The longer-term matching of assets and liabilities is covered within market risk, note 35(b). As a result of the policies and procedures in place for managing its exposure to liquidity risk, the Group considers the residual long-term liquidity risk arising from its activities to be immaterial. Therefore, an analysis of the Group's asset cash flows by contractual maturity is not considered necessary to evaluate the nature and extent of the Group's long-term liquidity risk. The Company has a similar liquidity risk profile to that of the Group and therefore it has not been analysed separately.

	Group 2025						
	Balance sheet carrying value £m	Cash flows (undiscounted)					Total £m
		0–5 years £m	5–10 years £m	10–15 years £m	15–20 years £m	20+ years £m	
Participating insurance contract liabilities	(24,708)	(13,524)	(8,929)	(5,787)	(2,498)	(2,248)	(32,986)
Participating investment contract liabilities	(1,733)	(805)	(522)	(422)	(646)	(229)	(2,624)
Non-profit insurance contract liabilities	(5,865)	(1,471)	(1,999)	(2,076)	(1,866)	(4,637)	(12,049)
Unit-linked insurance contract liabilities	(1,011)	(468)	(447)	(209)	(119)	(139)	(1,382)
Unit-linked investment contract liabilities	(102,793)	(37,921)	(33,769)	(28,661)	(23,704)	(50,650)	(174,705)
Derivative liabilities	(4,387)	(1,039)	(1,025)	(896)	(782)	(1,539)	(5,281)
Reinsurance liabilities	(1,494)	(591)	(531)	(444)	(342)	(495)	(2,403)

Notes to the financial statements *continued***35. Risk management (continued)**

	Group 2024					
	Balance sheet carrying value £m	Cash flows (undiscounted)				
		0–5 years £m	5–10 years £m	10–15 years £m	15–20 years £m	20+ years £m
Participating insurance contract liabilities	(24,687)	(12,143)	(9,551)	(7,101)	(2,923)	(2,515)
Participating investment contract liabilities	(1,779)	(761)	(586)	(474)	(656)	(298)
Non-profit insurance contract liabilities	(4,440)	(1,087)	(1,538)	(1,563)	(1,353)	(2,855)
Unit-linked insurance contract liabilities	(1,005)	(496)	(424)	(206)	(111)	(124)
Unit-linked investment contract liabilities	(90,067)	(33,008)	(29,736)	(24,771)	(20,077)	(43,830)
Derivative liabilities	(4,171)	(1,594)	(1,580)	(1,471)	(1,308)	(2,779)
Reinsurance liabilities	(1,540)	(579)	(544)	(465)	(364)	(561)

(e) Pension scheme risk

The Group maintains three defined benefit pension schemes for past and current employees. The ability of the pension schemes to meet the projected pension payments is maintained through investments and, when required, regular contributions from the Group. Risk arises because the estimated market value of the pension fund assets might decline; or their investment returns might reduce; or the estimated value of the pension liabilities might increase. In these circumstances, the Group could be required to make additional contributions. All three schemes are exposed to differing levels of equity, interest rate, inflation, and longevity risk. The trustees of two of the Group's schemes have entered into bulk annuity buy-in policies with RLMIS, which removed the investment and longevity risk from the schemes for those benefits covered by the insurance contracts. This means that for these schemes, the ability to meet projected pension payments is also directly linked to RLMIS. Management of the assets of the pension schemes is the responsibility of each scheme's trustees, who also appoint the Scheme Actuaries to perform triennial valuations to assess the level of funding required to meet the schemes' liabilities. For further information on pension scheme assets and liabilities, see note 23. The Group monitors its pension schemes' exposure using a variety of metrics which are regularly reviewed by the Group's Capital Management Committee and are used in discussions with the trustees, through whom any risk management activity must be conducted.

(f) Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. Operational risks include, but are not limited to, information technology, information security, operational resilience, people, change management, legal and regulatory, financial crime, customer outcomes and processing. Senior management has primary responsibility for the management of operational risks through developing policies, procedures and controls across the different products, activities, processes, and systems under their control.

Details of risks on inherent (before controls) and residual (after controls) bases are maintained on risk registers, with each part of the business being responsible for identifying, assessing, managing, and reporting on its operational risks and for implementing and maintaining controls in accordance with the Group's risk management system. In performing these assessments, a scoring matrix is used to place greater significance on risks with higher impacts or likelihoods. Furthermore, in assessing these risks, account is taken of the Group's risk appetite and preferences. This is used as a basis for review and challenge by senior management, risk committees, and the Board of Directors. Management attention is focused upon those controls identified as not working as effectively as desired and upon action plans which are put in place when any weakness is identified. In addition, the Group conducts a series of operational risk scenarios. These scenarios allow the Group to consider how effective controls would be should an extreme event occur and to make improvements where necessary. The scenarios also provide data that is used to calculate the capital held by the Group for operational risk. The Group's management of operational risks supports us in managing the risk of customers and members not achieving good outcomes.

35. Risk management (continued)

(g) Climate change risks

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

- appropriately manages climate-related impacts on market risk;
- develops or modifies propositions in line with changing Government or regulatory policy and/or market sentiment;
- effectively reports the Group's response to climate change to meet evolving disclosure requirements;
- transparently communicates the progress the Group has made toward delivery of our climate commitments, including associated dependencies and limitations.

The Group's approach to climate risk recognises that it is a cross-cutting risk, whereby Royal London manages and mitigates its exposure to the financial, strategic and operational risks arising from climate change. It is monitored by first line risk owners across the Group, with reports provided to our Group Executive Risk Committee on a biannual basis.

We will continue to enhance our approach over 2026 to meet the PRA's new expectations (SS5/25) for managing climate-related risks.

Further information on the potential risks and uncertainties that climate change poses to our business is included on page 66. Our approach to managing climate risks is outlined in detail on pages 28 to 30.

(h) Emerging risks

All insurers may be impacted by risks that are potentially significant but are currently only just beginning to emerge. The Group has defined emerging risks as newly developing or changing risks that are difficult to quantify and which may have a major impact on the Group. Typically, these risks will arise from the external environment and will be as a of changes that are technological, economic, environmental or geopolitical in their nature.

Emerging risks are considered by the Emerging and Strategic Risk Forum (ESRF) on a bi-annual basis. The Forum comprises members from across the Group who determine the appropriateness of the evaluation of these risks and associated activity in place to monitor and manage these risk exposures going forward. Where an emerging risk is relevant and has an impact on the Group, the ESRF will recommend that it is moved from the Group's Emerging Risk Profile and should be reported as per other significant risks. When a previously reported emerging risk has already occurred or is no longer deemed relevant and is not going to have an impact on the Group, the ESRF will recommend that it is removed from the Group's Emerging Risk Profile. The findings from the ESRF are presented to the Group Executive Risk Committee (GERC) for review.

(i) Risk oversight

A Risk and Compliance function which is independent of first line management provides challenge to the business on the effectiveness of the risk management practices being followed on the risks identified, the strength of the controls in place, and any actions being progressed. The function provides advice and guidance on the impact of regulatory change and undertakes risk-based compliance monitoring reviews to assess the quality of business processes and controls, reporting the results of its findings to management and to the Board monthly.

Notes to the financial statements *continued*

35. Risk management (continued)

(j) Stress and scenario testing

The Group conducts a range of sensitivity analysis and stress and scenario testing activity in order to help it understand its risk profile and assess and manage its risks. This is a key element of the Group's risk management system, as well as being a regulatory requirement.

Stress and scenario testing in various forms is carried out on a regular basis as part of business as usual and in response to specific regulatory initiatives and can involve either:

- straightforward stress tests/sensitivity analysis: analyses of the sensitivity of financial and operational metrics and the risk profile to discrete changes in market values or demographic experience; or
- scenarios that involve a combination of changes in economic parameters or that concentrate on specific operational, non-market and/or market risks.

The following regular outputs are produced and include results from one or both of the tests described above:

- Capital Monitoring Reports and Group Treasury Reports, produced monthly for the Capital Management Committee;
- Reports on the capital requirements of the Company, produced annually;
- Own Risk and Solvency Assessment (ORSA) analysis, produced annually;
- Recovery and Resolution Plans, produced annually;
- Internal Capital and Risk Assessment (ICARA) results for regulated non-insurance firms (where applicable), produced annually; and
- Business Plans, produced annually.

The stress testing performed includes changes in market risk, credit risk, insurance risks and operational risks, as well as combinations of these risk types. Key assumptions are varied from their best estimate assumption and the outcome provides detail of the sensitivity of these assumptions and the resultant impact on various financial metrics. This informs the business of the key risks that need to be managed and monitored.

Operational risk stresses and scenarios are completed to calculate the capital required for this risk. The stresses allow an assessment of the extreme impacts arising from a given risk by way of assessment of the frequency of occurrence and the distribution of the value of impacts. A top-down approach is used for determining the Company's capital requirements which involves the analysis of single, but potentially catastrophic, events/risks which cover all risks used for modelling the capital requirement.

Various broad-based scenarios and reverse stress tests have been considered in the Group over the year, as well as business model analysis activity. These scenarios provide a top-down analysis of events that would affect the Group in a significant way. These events could be in relation to issues such as the markets in which the Group operates, financial strength, long-term strategy, and liquidity. The outcome of these scenarios informs the Group of any areas of potential weakness, so appropriate controls and mitigating actions can be put in place. Reverse stress tests are specifically used to identify the high-impact stress events which may cause a firm's business model to fail.

Business continuity planning workshops take place to consider where the Group's ability to carry out its business activities would be severely impacted. Participants include senior managers and key contacts from relevant business areas. The lessons learned in these workshops lead to improved business continuity plans and ensure the Group is better equipped to handle possible future events.

36. Related party transactions

Accounting for related party transactions

The Company is the ultimate parent undertaking of the Group. The Group and Company have taken advantage of the exemption in FRS 102 Section 33 not to disclose related party transactions between two or more members of the Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The Group and Company have carried out the following transactions with related parties not covered by the disclosure exemption in FRS 102 Section 33:

(i) Transactions with Group pension schemes

During the year, the Company completed a second bulk annuity buy-in transaction with the Royal London Group Pension Scheme (RLGPS), which is a related party of the Group and the Company. Following the completion of this transaction, 40% of the Scheme's liabilities are now covered by buy-in policies (2024: 18%).

£362m (2024: £340m) was recognised within Gross premiums written relating to premiums paid by RLGPS in return for the Company issuing to the scheme a transferable bulk purchase annuity insurance policy.

Following this transaction, the bulk annuity purchase insurance policy has been recognised within the Company and Group net pension scheme asset as a transferable plan asset of RLGPS (see note 23(d)) and as an insurance liability within the Group and Company long-term business provision (see note 26(a)(ii)).

Our Group asset management company, RLAM Limited, manages the assets held by the Group's pension schemes (RLGPS, Royal Liver UK, and Royal Liver ROI), for which it charges fees based on the level of funds under management. The total fees for the year are £1m (2024: £2m).

RLGPS holds investments in Group-managed funds, as explained in note 23(d).

(ii) Transactions with OEICs and other investment funds

The Group markets a portfolio of OEICs and other investment funds. A number of these funds are classified as subsidiaries and associates for the purposes of financial reporting. However, as set out in note 15 these funds are not consolidated in the Group financial statements as the funds are held as part of an investment portfolio. These funds are therefore all related parties of the Group and Company.

For those funds which are subsidiaries (excluding wholly owned) or associates and are not consolidated within the Group, the transactions during the year were as follows:

	Group	
	2025	2024
	£m	£m
Management fees earned during the year	139	144

Notes to the financial statements *continued***36. Related party transactions (continued)**

The net outstanding amount payable to the Group from the funds at 31 December 2025 was £19m (2024: £19m), which relates to the creation and redemption of shares within OEICs as part of its day to day business. The outstanding amount payable by the Company to the funds at 31 December 2025 was £nil (2024: £nil). The total value of units held by the Company at 31 December 2025 in the funds that are subsidiaries (excluding wholly owned) or associates was £59,833m (2024: £55,301m). The acquisition and sale of units in the funds during the year were as follows:

	2025 £m	2024 £m
Acquisition of funds	20,912	14,828
Proceeds from sale of funds	20,921	15,262

(iii) Other income received from subsidiaries that are not wholly owned

	Group and Company	
	2025 £m	2024 £m
OEIC distributions	1,401	1,503

OEIC distributions are those received from all OEIC investment holdings which are subsidiaries (excluding wholly owned) and associates for financial reporting purposes.

(iv) Outstanding balances with other related entities at the year end

The subsidiaries of the Company are shown in note 15 and note 38. As set out above, the Group has taken advantage of the exemption in FRS 102 Section 33 not to disclose transactions with its wholly owned subsidiaries. At the year end, the following balances were outstanding with those Group undertakings and other related entities that are not wholly owned subsidiaries:

	Group		Company	
	2025 £m	2024 £m	2025 £m	2024 £m
Loans	10	8	2	2

The loans from the Group are not secured. A total of £8m (2024: £6m) is repayable in 2029, with other amounts repayable on demand. The loans from the Company are repayable on demand and are not secured.

(v) Transactions with key management personnel

No director or key management personnel had transactions or arrangements with the Group that require disclosure, other than those given in the Directors' Remuneration Report or for key management remuneration disclosed in note 9(c).

37. Capital management

(a) Capital management policies and objectives

The Group's capital management objectives are:

- to protect the Group's financial strength, providing security to policyholders;
- to ensure that the Group's capital position is sufficient to enable it to invest in the development of the business in order to fulfil its stated core strategic objectives as determined by the Board; and
- to comply with SII's capital requirements.

Royal London manages its capital on an Investor View basis and has an acceptable range for its solvency coverage ratio (the investor ratio), the lower end of which is 165%. In the ordinary course of business, we expect to operate with an investor ratio above 180%, although the ratio may fall below that level for a period as a result of investing for long-term growth or as a result of market events. Given the business is managed for the benefit of its members and customers on a long-term basis, the level of the investor ratio of the business may be higher to provide flexibility for future investment in the business. The capital position of the closed fund is managed on a standalone basis. The Group expects the Regulatory View solvency coverage ratio to be above 150%.

The Group's capital position is monitored on a regular basis by the Capital Management Committee and reviewed formally by the Board. The Group's capital requirements are forecast on a regular basis and those forecasts are compared against the available capital.

(b) Regulatory capital

(i) Regulatory capital framework

The prudential regime for UK insurers, introduced by the Prudential Regulation Authority (PRA) to implement reforms to the Solvency II (SII) framework, was effective from 31 December 2024. This regime will eventually be known as 'Solvency UK'. However, in line with the approach outlined in the PRA's policy statement, the UK regime continues to be referred to as Solvency II until such time as the PRA has changed all references from Solvency II to Solvency UK across all their relevant materials.

Royal London is an insurance Group under SII rules, which operates in both the UK and Ireland. Consequently, regulatory capital of RLMIS is reported to the PRA and, for RLI DAC, to the Central Bank of Ireland (CBI). Group regulatory capital is reported to both the PRA and the CBI. As referenced above, SII reporting to the PRA is completed under the reformed UK framework, while the reporting of RLI DAC continues to comply with the Solvency II Directive.

Under SII, the Group and Company are required to hold sufficient capital to withstand adverse outcomes from their key risks, for example, that equity markets fall. This 'Solvency Capital Requirement' (SCR) is calibrated so that it is broadly equal to the adverse experience likely to occur once in every 200 years. The PRA has approved the use of a Partial Internal Model to calculate the capital requirements of the Group and the Company. The capital assessment of RLI DAC is on a Standard Formula basis.

Notes to the financial statements *continued***37. Capital management (continued)****(ii) Regulatory capital position (unaudited)**

The table below sets out the estimated Group and Company's eligible Own Funds, SCR, solvency surplus and capital cover ratio on an Investor View basis and a Regulatory View basis¹.

	Group		Company	
	2025 ²	2024	2025 ²	2024
Investor View (£m)¹				
Eligible Own Funds (A)	5,401	5,414	5,411	5,425
Solvency capital requirement (SCR) (B)	2,876	2,669	2,719	2,516
Solvency surplus	2,525	2,745	2,692	2,909
Capital cover ratio (A/B) ³	188%	203%	199%	216%
Regulatory View (£m)¹				
Eligible Own Funds (A)	5,566	5,607	5,569	5,610
Solvency capital requirement (SCR) (B)	3,041	2,862	2,877	2,701
Solvency surplus	2,525	2,745	2,692	2,909
Capital cover ratio (A/B) ³	183%	196%	194%	208%

1. In common with others in the industry, we present two views of our capital position: an Investor View, which equals the RL Main Fund capital position (i.e. excluding ring-fenced funds), for analysts and investors in our subordinated debt, and a Regulatory View where the closed funds' surplus is excluded as a restriction to Own Funds.
2. The 2025 figures are estimated. The final figures will be presented in the 2025 Single Group SFCR, which will be published on the Group's website by April 2026. This SFCR meets the SII disclosure requirements of the Group and the Company and removes the requirement to produce a separate SFCR for the Company.
3. Figures presented in this table are rounded and the capital cover ratio is calculated based on exact figures.

The Financial review provides an explanation of the change in the Group Investor View and Group Regulatory View capital ratios in 2025 (see pages 54 to 61).

37. Capital management (continued)

(iii) Reconciliation of Group UK GAAP fund for future appropriations to regulatory capital eligible Own Funds

The SII eligible Own Funds are determined by aggregating assets and liabilities recognised and measured on a SII basis. A reconciliation of the UK GAAP fund for future appropriations (FFA) attributable to members on a UK GAAP basis to estimated SII eligible Own Funds is set out in the table below.

	Group		Company	
	2025	2024	2025	2024
	£m	£m	£m	£m
UK GAAP Fund for future appropriations	4,408	4,256	4,808	4,529
Adjustments to a SII basis:				
Adjustment to the value of technical provisions and reinsurance assets ^{1,8}	110	216	113	221
Goodwill, other intangible assets and deferred acquisition costs ²	(329)	(192)	(142)	(165)
Other valuation differences ^{3,8}	128	165	(470)	(146)
Inclusion of closed funds surplus classified as a UK GAAP liability ^{4,8}	1,462	1,919	1,462	1,919
Excess of assets over liabilities in SII balance sheet	5,779	6,364	5,771	6,358
Subordinated liabilities ^{5,8}	1,296	1,245	1,296	1,245
Deferred tax adjustment ^{6,8}	(7)	(7)	—	—
Ring-fenced fund adjustment ^{7,8}	(1,502)	(1,995)	(1,498)	(1,993)
SII eligible Own Funds (Regulatory View) - estimate	5,566	5,607	5,569	5,610
Remove closed funds restricted Own Funds ⁸	(165)	(193)	(158)	(185)
SII eligible Own Funds (Investor View) – estimate	5,401	5,414	5,411	5,425

1. The adjustment to the value of technical provisions and reinsurance assets results from the recalculation of these balances using SII requirements. This includes the removal of the margins of prudence included in the UK GAAP values (so that assumptions are all best estimates), the inclusion of the SII risk margin, the use of the SII yield curve including the volatility adjustment for appropriate lines of business, the adoption of SII contract boundary definitions (mainly affecting unit-linked business), the benefit from the SII transitional provisions and also the removal of a UK GAAP-only liability to offset the surplus arising in the two Royal Liver pension schemes.
2. Goodwill, other intangible assets and deferred acquisition costs are recognised in the UK GAAP balance sheet. Under the SII valuation rules, these assets are valued at £nil.
3. Other valuation differences relate principally to the value of participations, renewal commission liabilities and subordinated liabilities. In the UK GAAP balance sheet participations are valued at fair value, and for SII the valuation equates to the value of net assets on a SII basis. A renewal commission liability is recognised in the UK GAAP balance sheet but not on a SII basis. Subordinated liabilities are held at amortised cost for UK GAAP and at fair value for SII.
4. For UK GAAP any excess of assets over liabilities within the closed funds is included within liabilities, so the FFA includes amounts relating to the Royal London Main Fund only. For SII, the excess within the closed funds is included within total eligible Own Funds, but only up to the value of the solvency capital requirement (SCR) of the closed funds.
5. Subordinated liabilities are included within eligible Own Funds on a SII basis.
6. The Group has deferred tax asset that can be restricted under SII rules.
7. The ring-fenced fund adjustment is where the closed funds' surplus in excess of the SCR is excluded from total eligible Own Funds and treated as a liability.
8. The 2025 figures are estimated and unaudited. The final figures will be presented in the 2025 Single Group SFCR, which will be published on the Group's website by April 2026.

Notes to the financial statements *continued*

38. Other Group subsidiaries

In addition to those subsidiaries detailed in note 15(a), the Company has the following other direct and indirect subsidiaries which are consolidated in the Group financial statements. All have been incorporated in England and have a registered office of 80 Fenchurch Street, London, EC3M 4BY, except where noted by a letter which corresponds to the addresses and respective country of incorporation listed in the table on page 161. These subsidiaries have a financial reporting date of 31 December, unless otherwise stated.

Other subsidiaries consolidated within the Group financial statements

Name	Footnote	% holding		Share class	Registered Office
		2025	2024		
Abacus Limited	5	100.0	100.0	Ordinary	–
Cambridge Research Park Management Company Limited		95.0	95.0	Ordinary	R
Canterbury Life Assurance Company Limited	5	N/A	100.0	Ordinary	–
Capitol Way Commercial No. 1 Limited		100.0	100.0	Ordinary	–
Capitol Way Commercial No. 2 Limited		100.0	100.0	Ordinary	–
Capitol Way Estate Management Limited	8	N/A	100.0	N/A	–
Capitol Way Estate No. 1 Limited		100.0	100.0	Ordinary	–
Capitol Way Estate No. 2 Limited		100.0	100.0	Ordinary	–
Dalmore Capital 2 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 6 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 10 GP LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 11 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 12 GP LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 13 GP LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 14 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 15 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 17 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 18 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 19 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 21 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 22 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 23 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 24 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 25 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 26 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 27 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 28 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 29 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 30 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 31 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 32 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 33 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 34 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 35 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 36 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A

38. Other Group subsidiaries (continued)

Other subsidiaries consolidated within the Group financial statements (continued)

Name	Footnote	% holding		Share class	Registered Office
		2025	2024		
Dalmore Capital 37 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 38 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 39 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 40 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 41 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 42 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 43 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 44 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 45 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 46 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 47 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 48 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 49 GP Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Capital 50 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 51 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 52 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 53 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 54 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 55 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 56 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 57 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 58 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 59 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 60 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 61 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 62 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 63 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 64 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 65 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 66 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 67 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 68 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital 69 General Partner LLP	1, 2, 3	100.0	N/A	Members' capital	A
Dalmore Capital DM Limited	2, 3	100.0	N/A	Ordinary	A
Dalmore Capital (Ireland) Limited	2, 3	100.0	N/A	Ordinary	S
Dalmore Executive Services Limited	2, 3	100.0	N/A	Ordinary	A
Dalmore GP Holdings Limited	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Holdings Limited (Jersey)	2, 3	100.0	N/A	Ordinary	T
Dalmore Holdings Limited (UK)	1, 2, 3	100.0	N/A	Ordinary	A
Dalmore Intermediate Limited (Jersey)	2, 3	100.0	N/A	Ordinary	T

Notes to the financial statements *continued***38. Other Group subsidiaries (continued)**

Other subsidiaries consolidated within the Group financial statements (continued)

Name	Footnote	% holding		Share class	Registered Office
		2025	2024		
Dalmore Intermediate Limited (UK)	2, 3	100.0	N/A	Ordinary	A
Hornby Road Investments Limited	1	100.0	100.0	Ordinary	–
Invergordon A GP Limited	2, 3	100.0	N/A	Ordinary	U
Invergordon D GP Limited	2, 3	100.0	N/A	Ordinary	A
Invergordon E GP LLP	2, 3	100.0	N/A	Members' capital	A
Invergordon F GP LLP	2, 3	100.0	N/A	Members' capital	A
Invergordon G LLP	2, 3	100.0	N/A	Members' capital	A
Invergordon GP Limited	2, 3	100.0	N/A	Ordinary	U
Invergordon H LLP	2, 3	100.0	N/A	Members' capital	A
Invergordon I LLP	2, 3	100.0	N/A	Members' capital	A
Invergordon I Scottish Limited Partnership	2, 3	100.0	N/A	Members' capital	U
Leyburn Developments Limited	5	100.0	100.0	Ordinary	–
Mortgage Excellence Limited	1	100.0	100.0	Ordinary	–
Pantheon Park Management Company Limited	6, 9	100.0	100.0	N/A	–
PM Advisory Limited	1	100.0	100.0	Ordinary	–
PM Central Services Limited	1	100.0	100.0	Ordinary	–
PM Holdings Limited	1	100.0	100.0	Ordinary	–
Police Housing Fund Limited	1	100.0	100.0	Ordinary	–
R L Schedule 2C Holdings Limited	1	100.0	100.0	Ordinary	–
R. L. Pensions Trustees (R.O.I.) Company Limited by Guarantee	6	100.0	100.0	N/A	C
R.L. Pensions Trustees Limited	6	100.0	100.0	N/A	–
Refuge Assurance Limited		100.0	100.0	Ordinary	–
Refuge Life Assurance Consultants Limited	1, 5	100.0	100.0	Ordinary	–
Refuge Portfolio Managers Limited		100.0	100.0	Ordinary	–
RL ERM SPV 1 Limited	3	100.0	N/A	Ordinary	–
RL Finance Bonds Limited		100.0	100.0	Ordinary	–
RL Finance Bonds No. 2 plc	1	100.0	100.0	Ordinary	–
RL LA Limited	5	N/A	100.0	Ordinary	V
RL Marketing (CIS) Limited	1	100.0	100.0	Ordinary	–
RL Marketing ISA Nominees Limited		100.0	100.0	Ordinary	–
RL NPB Services Limited	5	N/A	100.0	Ordinary	–
RL Wizard Holdings Limited	1	100.0	100.0	Ordinary	–
RLAM (Nominees) Limited		100.0	100.0	Ordinary	–
RLAM Healthcare General Partner Limited	1	100.0	100.0	Ordinary	E
RLAM Natural Capital General Partner Limited	1	100.0	100.0	Ordinary	E
RLAM NC Unitholder No.2 Limited	1	100.0	100.0	Ordinary	E
RLAM Property Holdings Limited	1	100.0	100.0	Ordinary	–
RLAM Living General Partner Limited	1	100.0	100.0	Ordinary	E
RLGPS Trustee Limited		100.0	100.0	Ordinary	–

38. Other Group subsidiaries (continued)

Other subsidiaries consolidated within the Group financial statements (continued)

Name	Footnote	% holding		Share class	Registered Office
		2025	2024		
RLM Finance Limited	1	100.0	100.0	Ordinary, Deferred Redeemable	–
RLS Nominees Limited		100.0	100.0	Ordinary	–
Royal Liver (IFA Holdings) Limited		100.0	100.0	Ordinary	–
Royal Liver Pension Trustee Services Limited		100.0	100.0	Ordinary	–
Royal Liver Trustee Services Ireland Limited		100.0	100.0	Ordinary	C
Royal Liver Trustees Limited	6	100.0	100.0	N/A	–
Royal London (CIS) Limited		100.0	100.0	Ordinary	–
Royal London (UK) Holdings Limited	1	100.0	100.0	Ordinary	–
Royal London Asset Management Holdings Limited		100.0	100.0	Ordinary	–
Royal London Cambridge Limited	1	100.0	100.0	Ordinary	–
Royal London Homebuy Limited	5	N/A	100.0	Ordinary	–
Royal London Pooled Pensions Company Limited		100.0	100.0	Ordinary	V
Royal London Trustee Services Limited	5	N/A	100.0	Ordinary	–
S.L. (Davenport Green) Limited		100.0	100.0	Ordinary	V
Scottish Life (Coventry) Property Limited		100.0	100.0	Ordinary	V
The Scottish Life Assurance Company	7	100.0	100.0	N/A	V
United Assurance Group Limited		100.0	100.0	Ordinary, Special Deferred	–
United Friendly Group Limited		100.0	100.0	Ordinary	–
United Friendly Insurance Limited		100.0	100.0	Ordinary, Preference	–
Vision Park Management Limited	4	86.0	86.0	Ordinary	W
Wealth Wizards Advisers Limited		100.0	100.0	Ordinary	–

1. UK subsidiaries that will take advantage of the audit exemption by virtue of section 479A of the Companies Act 2006 for the year ended 31 December 2025 or year ended 31 March 2026, as applicable.
2. Company has a financial reporting date of 31 March.
3. Company incorporated/acquired during the year.
4. Company has a financial reporting date of 24 December.
5. Company was dissolved during the year, or is currently pending strike-off or liquidation.
6. Company is limited by guarantee without share capital.
7. Unregistered company constituted by Act of Parliament. RLMIS is sole member with full voting rights
8. Company was sold during the year.
9. Company was restored to the Register of Companies on 5 June 2024.

Notes to the financial statements *continued***39. Corporate transactions****(a) Dalmore Capital acquisition**

On 3 November 2025, the Group acquired Dalmore Capital, a UK-based infrastructure investment management group. The transaction was effected through the purchase of the entire share capital of Dalmore Holdings Limited, a Jersey registered company, for an initial cash consideration of £103m plus deferred consideration of £35m.

At the acquisition date, £30m was recognised for the fair value of deferred consideration, including the effects of discounting. The deferred consideration is payable in five tranches at regular intervals up to the fourth anniversary of the completion date and is recorded within other creditors (see note 31).

	£m
Cost of the business combination at 3 November 2025	
Cash	103
Deferred consideration (discounted)	30
Total fair value of consideration	133
Directly attributable costs	6
Total	139

	£m
Recognised amounts of identifiable assets acquired and liabilities assumed	
Intangible assets	89
Other financial investments	1
Other debtors	11
Cash at bank and in hand	9
Other creditors including taxation and social security	(15)
Deferred taxation	(18)
Total identifiable net assets	77
Goodwill	62
Total	139

Goodwill of £62m was recognised as part of the transaction and is attributable to the future economic benefits arising from planned fund launches and the infrastructure management experience and capabilities of the Dalmore Capital employees. The goodwill is being amortised on a straight-line basis over 10 years.

Intangible assets separately identified as part of the acquisition related to customer contracts and relationships and amounted to £89m. They are considered to have a useful life of 12 years, representing the expected life of the contracts. A deferred tax liability was recognised at acquisition in relation to the identified intangible assets.

From 3 November 2025 to 31 December 2025, Dalmore Capital contributed income of £9m and profit of £1m to the Group's consolidated statement of comprehensive income.

39. Corporate transactions (continued)

(b) Capita plc agreement

On 12 December 2025, the Group reached an agreement with the Capita plc group (Capita) to bring in-house the administration of longstanding customer policies currently outsourced to Capita. The transition of services will be carried out in phases over the next five years and impacts certain policies in the RL Main Fund and closed RL (CIS) Fund. Pursuant to the agreement, the Group received approximately 4.96% of Capita plc's issued share capital, subject to customary lock-up arrangements during the migration, with a further three payments of £10m each to be received on the first, second and third anniversary of the migration completion. £40m has been recognised in 'Other income' in 2025 in relation to the shares received and the discounted value of the future payments receivable.

The calculation of the Group's Long-term business provision and Non-participating value of in-force business as at 31 December 2025 incorporates the estimated costs of migrating operations and the change in post-migration servicing costs resulting from the agreement. A charge of £90m has been recorded for this within 'Change in technical provisions, net of reinsurance' and 'Change in non-participating value of in-force business'.

For closed funds, any excess of the UK GAAP value of assets over liabilities is included in participating contract liabilities because it is not available for distribution to other policyholders or for other business purposes. Amounts allocated to the closed RL (CIS) Fund resulting from this agreement are therefore matched by an offsetting change to the planned enhancement liability within technical provisions.

After accounting for legal and professional fee costs of £1m within 'Other charges', the net charge to the Statement of comprehensive income, before tax, was £51m.

Notes to the financial statements *continued*

40. Alternative performance measures

The Group assesses its financial performance based on a number of measures, some of which are not defined or specified in accordance with relevant financial reporting frameworks such as UK GAAP or Solvency II. These measures are known as Alternative Performance Measures (APMs).

APMs are disclosed to provide further information on the performance of the Group and should be viewed as complementary to, rather than a substitute for, the measures determined according to UK GAAP and Solvency II requirements. Accordingly, these APMs may not be comparable with similarly titled measures and disclosures by other companies.

Group adjusted operating profit

Group adjusted operating profit is an APM that supports decision making and internal performance of the Group's operating segments that incorporates an expected return on investments supporting its long-term business. The Group considers this measure meaningful to stakeholders as it enhances the understanding of the underlying trading performance of the Group over time by separately identifying and excluding non-operating items. Group adjusted operating profit excludes short-term investment return variances and economic assumption changes (economic movements); profit/(loss) arising from acquisitions and other corporate transactions; ProfitShare; ValueShare; tax; and one-off items of an unusual nature that are not related to the underlying trading of the Group. Profits or losses arising within the closed funds are held within the respective closed fund surplus, therefore Group adjusted operating profit represents the result of the Royal London Main Fund and the RLI DAC Open Fund. A reconciliation to the UK GAAP transfer to the fund for future appropriations is included on page 57. In previous periods, this metric was referred to as Group operating profit before tax and has been renamed to make it clear that this is an APM; the basis of calculation is unchanged.

ProfitShare

ProfitShare is a discretionary enhancement to eligible customers with unit-linked or With-Profits policies. The allocation is considered annually and depends on a number of factors including financial performance, capital position, the risks and volatility of financial markets and the Group's outlook. Further detail on how the ProfitShare allocation is presented within the UK GAAP results is provided in note 26(c).

Assets under management (AUM)

The total of assets managed by, or on behalf of, the Group, including funds managed on behalf of third parties. This includes assets where the beneficial ownership interest resides with third parties (and which are therefore not recognised in the UK GAAP balance sheet) but on which the Group earns fee revenue. As the total assets under management includes items which are not part of the Group's balance sheet, this measure is not directly reconcilable to the financial statements.

Group Solvency II capital cover ratio (Investor View)

The capital cover ratio is an indicator of our ability to withstand tough economic conditions, with higher numbers indicating more capital over and above our requirements. As explained more fully in note 37, it represents the Group's regulatory capital eligible Own Funds divided by the Group's Solvency Capital Requirement (SCR). Further details of the Group's capital position and its calculation are included in the Financial review on pages 54 to 61. A reconciliation of the Group UK GAAP fund for future appropriations to regulatory capital eligible Own Funds is included in note 37(b)(iii).

Life and pensions new business sales

Life and pensions new business sales represents life and pensions business only, excluding Asset Management, other lines of business and Bulk Purchase Annuity buy-ins transacted with the Group's defined benefit pension schemes. New business sales are expressed on the present value of new business premiums (PVNBP) basis, which is the total of new single premium sales received in the period plus the discounted value, at the point of sale, of the regular premiums the Group expects to receive over the term of the new contracts sold in the period. The rate used to discount the cash flows is derived from the opening swap curve at the start of the financial period for all new business except annuities, where the rate used is the future yield (less an allowance for downgrade and default risk) on assets expected to back these annuitant liabilities over the lifetime of the contract.



Other information

Address details for our offices, and key dates in our 2026 financial calendar.

Other information

2026 financial calendar

Date	Event
27 May 2026	RL Finance Bonds No. 6 plc subordinated debt interest payment date
2 June 2026	Annual General Meeting
5 August 2026	Interim Financial Results for 2026 and conference call
7 October 2026	RL Finance Bonds No. 4 plc subordinated debt interest payment date
13 November 2026	RL Finance Bonds No. 3 plc subordinated debt interest payment date
25 November 2026	RL Finance Bonds No. 6 plc subordinated debt interest payment date

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Registered number: 99064

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Dublin, Ireland

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Forward-looking statements

Royal London may make verbal or written 'forward-looking statements' within this announcement, with respect to certain plans, its current goals and expectations relating to its future financial condition, performance, results, operating environment, strategy and objectives. Statements that are not historical facts, including statements about Royal London's beliefs and expectations and including, without limitation, statements containing the words 'may', 'will', 'should', 'continue', 'aims', 'estimates', 'projects', 'believes', 'intends', 'expects', 'plans', 'seeks' and 'anticipates', and words of similar meaning, are forward-looking statements. The statements are based on plans, estimates and projections as at the time they are made and involve unknown risks and uncertainties. These forward-looking statements are therefore not guarantees of future performance and undue reliance should not be placed on them.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, some of which will be beyond Royal London's control. Royal London believes certain factors could cause actual financial condition, performance or other indicated results to differ materially from those indicated in forward-looking statements in the report. Potential factors include, but are not limited to: geopolitical conditions; the impact of international unrest and conflicts; UK and Ireland economic and business conditions; future market-related risks such as a prolonged period of high interest rates; the performance of financial markets generally; the policies and actions of governmental and regulatory authorities (for example, new government legislation and initiatives); the impact of competition; the effect on Royal London's business and results from, in particular, mortality and morbidity trends and policy lapse rates; and the timing, impact and other uncertainties of future mergers or combinations within relevant industries. These and other important factors may, for example, result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits.

As a result, Royal London's future financial condition, performance and results may differ materially from the plans, estimates and projections set forth in Royal London's forward-looking statements. Royal London undertakes no obligation to update the forward-looking statements in this document, or any other forward-looking statements Royal London may make. Forward-looking statements in this announcement are current only at the date on which such statements are made. This announcement has been prepared for the members of Royal London and no one else. None of Royal London, its advisers or its employees, accepts or assumes responsibility to any other person and any such responsibility or liability is expressly disclaimed to the extent not prohibited by law.



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