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Royal London Group Pension Scheme

Annual Report and Financial Statements

for the year ended 31 December 2023

Scheme Registration Number: 100154281

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Trustee and advisers

Corporate Trustee	RLGPS Trustee Limited
Directors of the Corporate Trustee ("Trustee Directors")	**Employer appointed**
	Andrew Evans *(Chair) (Independent Trustee)*
	Ewan Smith *(Deferred member)*
	Jane Perkins *(Appointed 1 January 2023)*
	The Law Debenture Pension Trust Corporation P.L.C represented by Edward Levy *(Independent Trustee)*
	Member nominated
	Ian Forder *(Pensioner member)* Janet Murray *(Pensioner member – Appointed 1 January 2023)*
Scheme/Trustee secretary	Royal London Management Services Limited (represented by Charlotte Dalton)
Scheme actuary	Andrew Long FIA of Towers Watson Limited
Administrators	Towers Watson Limited
Independent Auditors	PricewaterhouseCoopers LLP
Legal advisers	CMS Cameron McKenna Nabarro Olswang LLP DLA Piper UK LLP Pinsent Masons LLP Slaughter and May LLP
Covenant advisor	Penfida Limited
Investment consultant	Lane Clark & Peacock LLP
Risk Transfer Consultant	Hymans Robertson LLP
Investment manager	Royal London Asset Management Limited
Investment custodian	HSBC UK Bank plc (HSBC Securities Services)
Annuity provider	Aviva Annuity UK Limited
Additional Voluntary Contribution (AVC) providers	The Royal London Mutual Insurance Society Limited Scottish Widows Limited Utmost Life and Pensions Limited
Bankers	HSBC UK Bank plc National Westminster Bank plc
Principal employer	The Royal London Mutual Insurance Society Limited ("the Company")
Contact for enquiries	Provided on "Further information" page 57

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

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Trustee's report

Introduction

The Trustee Directors of RLGPS Trustee Limited ("the Trustee") present their annual report and financial statements of the Royal London Group Pension Scheme ("the Scheme") for the year ended 31 December 2023.

Scheme constitution and management

The Scheme is an occupational pension scheme established under trust to provide retirement benefits to all eligible employees and ex-employees of Royal London Group. The Scheme is a final salary pension scheme whereby benefits are payable to members in accordance with the Scheme Rules based on their length of service, accrual rate and their pensionable earnings as defined by the Scheme Rules prior to leaving the service of Royal London Group.

The Scheme is governed by a definitive Trust Deed and Scheme Rules. The provisions governing the Scheme reflect historical transfers in and the "harmonisation" of benefits in 2001. The Trustee completed a project to review and consolidate the Rules of the Scheme in 2021.

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

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

The full Trustee Board normally meets at three monthly intervals. The full Trustee Board also met for five additional ad hoc strategy and project meetings during the year.

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

Investment Committee members during the year to 31 December 2023 were Edward Levy (Chair), Ewan Smith, Ian Forder and Jane Perkins. The Committee met six times in 2023 for quarterly meetings and two ad hoc meetings – one meeting to discuss climate change and one meeting combined with Trustee members of the Joint Steering Group (JSG – see below) to discuss investment strategy in relation to a project.

Administration and Risk Committee members during the year to 31 December 2023 were Andrew Evans (Chair), Janet Murray and Edward Levy. The Committee met five times in 2023 for quarterly meetings and for one ad hoc meeting in relation to GMP Equalisation.

Working groups are also established on an ad hoc basis; such working groups meet when necessary and report to the Trustee at the subsequent Trustee Board meeting. In December 2022, the Trustee Board formed a Joint Steering Group (JSG) with RLMIS Limited (the "Company") to consider the long-term journey plan for the Scheme and potential risk transfer options. The Trustee representatives of the JSG during the year to 31 December 2023 were Andrew Evans (Chair), Ewan Smith and Ian Forder. The JSG met eight times during the year.

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Trustee's report (continued)

Financial developments and financial statements

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

The financial statements are provided on pages 20 to 45.

Membership

Details of membership of the Scheme as at 31 December 2023 are given below:

Membership movements	Deferred members	Pensioner members	Beneficiaries	Total
At 1 January 2023	**8,463**	**9,012**	**2,017**	**19,492**
Adjustments to prior year figures	(43)	(9)	(17)	(69)
At 1 January 2023 revised	**8,420**	**9,003**	**2,000**	**19,423**
New entrants	3	-	183	186
Transfers out	(25)	-	-	(25)
Retirements	(316)	316	-	-
Deaths	(17)	(330)	(129)	(476)
Trivial commutations	(36)	(1)	(41)	(78)
Ceased dependant's pension	-	-	(2)	(2)
At 31 December 2023	**8,029**	**8,988**	**2,011**	**19,028**

Included in the above is 1 (2022: 1) pensioner whose benefits are partially provided by annuities. This member transferred into the Scheme as part of the Police Mutual transfer, which took place in 2020.

Adjustments were made to the prior year figures to reflect an up-to-date position of the membership of the Scheme as at 1 January 2023 and largely arose due to late notifications.

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Trustee's report (continued)

Pension increases

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

(a). Pensions accrued before 1 April 2011

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

Legacy scheme[5]	Pension in excess of Guaranteed Minimum Pension accrued before 6 April 1997		Pension accrued after 5 April 1997 and before 30 November 2001		Pension accrued after 29 November 2001 and before 1 April 2011		Pension increase date
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	
RLGPS (standard benefits members)	**n/a**	**n/a**	**n/a**	**n/a**	**7.5%**	**4.9%**	1-Jul
RASF Scheme II (members joining before 1 August 2001)	**7.5%**[1]	**7.5%**[1]	**7.5%**[1]	**7.5%**[1]	**7.5%**[1]	**7.5%**[1]	1-Jul
RASF Scheme II (members joining from 1 August 2001)	**n/a**	**n/a**	**7.5%**	**4.9%**	**7.5%**	**4.9%**	1-Jul
RLSPF	**2.5%**[6]	**2.5%**[6]	**5.0%**	**3.1%**	**7.5%**	**4.9%**	1-Apr
UFGPS (contracted-in before 17 September 2002 leavers)	**2.5%**[6]	**2.5%**[6]	**5.0%**[3]	**3.1%**[3]	**7.5%**	**7.5%**	1-Apr
UFGPS (contracted-out before 17 September 2002 leavers)	**3.0%**	**3.0%**	**5.0%**[2]	**5.0%**[2]	**7.5%**	**7.5%**	1-Apr
SLORBS	**3.0%**[4]	**3.0%**[4]	**3.0%**[4]	**3.0%**[4]	**7.5%**	**4.9%**	1-Jan
SLIORBS	**5.0%**	**5.0%**	**5.0%**	**5.0%**	**7.5%**	**7.5%**	1-Jul
SLDRBS	**3.0%**[4]	**3.0%**[4]	**3.0%**[4]	**3.0%**[4]	**7.5%**	**4.9%**	1-Jan

[1]Special arrangements in first year following retirement apply. No increase was applied at 1 July in the calendar year of retirement.
[2] Increase of higher of (a) 3.0% (2022: 3.0%) on RPI cumulative pension from retirement date or (b) 5.0% (2022: 3.1%) on pension in payment on the pension benefits for members contracted out before 17 September 2002.
[3] Increase of 5.0% (2022: 5.0%) for those contracted in after 17 September 2002.
[4] Increase of between 3.0% (2022: 3.0%) and 14% (2022: 7.1%). Leavers before 1 April 1975 received a discretionary increase of 2.5% (2022: 2.5%)
[5] There are some other small categories of members within the legacy schemes whose increases differ slightly to those shown in the table above. Those affected have been communicated to separately. The full names of the legacy schemes can be obtained from the contact details provided on page 57.
[6]Discretionary increase.

(b). Pensions accrued from 1 April 2011

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

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

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Trustee's report (continued)

Pension increases (continued)

During 2023, the Company granted a discretionary increase at the rate of 2.5% (2022: 2.5%) to pensions in payment with no guaranteed increases (in excess of guaranteed minimum pensions). As the Scheme was in surplus at 30 September 2022, no contribution was made by the Royal London Group to cover the cost of the discretionary increase. All other pensions in payment increased in line with either the Scheme's Rules and/or pensions legislation.

(c). Pensions in deferment

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

Pensions in deferment accrued after 5 April 2009 are revalued in accordance with the Pension Schemes Act 2008, at a rate equal to the increase in the CPI or to the increase produced by the application of 2.5% per annum, whichever is the lower.

Transfer values

Cash equivalents paid during the Scheme year with respect to transfers have been calculated and verified in the manner prescribed by the Pension Schemes Act 1993 and do not include discretionary benefits.

Guaranteed Minimum Pensions (GMP) equalisation

In October 2018, the High Court determined that certain benefits provided to members who contracted out of the State Pension between May 1990 and April 1997 must be equalised between men and women, and a further ruling in November 2020 determined that past transfers must also be equalised. The Trustee is reviewing the implication of the ruling on members' benefits from the Scheme. As soon as this review is finalised then affected members will be communicated with.

Expression of wish forms

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

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

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Trustee's report (continued)

Report on Actuarial liabilities

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

The Scheme is subject to a Statutory Funding Objective as required under section 222 of the Pensions Act 2004, which requires a scheme to have sufficient and appropriate assets to cover its technical provisions. The technical provisions are calculated by projecting the benefits expected to be paid in each year after the valuation date and discounting the cash flows to obtain the present value. This assessment is carried out every 3 years using the method and assumptions agreed between the Trustee and the Company. The method and assumptions are documented in the Statement of Funding Principles dated 20 June 2023 a copy of which is available to members on request from the address set out on page 57.

The most recent completed triennial actuarial valuation was performed as at 31 December 2022. The next triennial actuarial valuation is due to be performed as at 31 December 2025. A funding update was carried out as at 31 December 2023. The results of this funding update and the full actuarial valuation as at 31 December 2022 are provided in the table below:

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

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

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

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

The funding level increased during 2023 due to a rise in the value of the Scheme's assets, in particular on the Scheme's investments in equity. This has been coupled with a fall in the value of the Scheme's liabilities, largely as a result of reductions in both long-term inflation expectations and future life expectancy over the year.

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Trustee's report (continued)

Report on Actuarial liabilities (continued)

Recovery plan

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

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

Method

The actuarial method used in the calculation of the liabilities is the Projected Unit Method.

Significant actuarial assumptions

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

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

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

Trustee's report (continued)

Investment report

Investment principles and strategy

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

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

The Trustee sets the investment strategy taking into account considerations such as the strength of the employer covenant, the long term liabilities and the funding plan agreed with the employer. The investment strategy is set out in the Scheme's Statement of Investment Principles ("SIP").

The target investment strategy is to hold:

- 35.0% (2022: 35.0%) in return seeking investments comprising equities, UK property and multi-asset credit.

- 65.0% (2022: 65.0%) in liability driven investments (LDI) that are expected to move in line with the long term liabilities of the Scheme. This is referred to as matching assets and comprises UK government and corporate bonds, derivatives and repurchase agreements, the purpose of which is to hedge against the impact of interest rate and inflation movements of the long term liabilities. The LDI strategy targets a hedge ratio of 90% of the interest rate and inflation sensitivity of the liability cashflows within an agreed tolerance range.

As at the year end, the Scheme's return seeking assets had a total value of £642.2 million (2022: £568.9 million) representing 32.6% (2022: 29.3%) of the total investment portfolio.

As at the year end, the LDI portfolio had a total value of £1,328.3 million (2022: £1,372.0 million) representing 67.4% (2022: 70.7%) of the total investment portfolio.

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

The Trustee maintains a SIP as required by section 35 of the Pensions Act 1995 and meets the requirements of the Occupational Pension Schemes (Investment) Regulations 2005. The Trustee reviews the SIP for appropriateness from time to time and last updated it in December 2022. The Scheme's Implementation Statement for 2023 can be found on pages 49 to 55 and forms an integral part of this Trustee's report.

A copy of the SIP is available on request from the contact address set out on page 57 of this annual report and financial statements under 'Further information'.

Details of the Scheme's investments are given in note 12 to the financial statements.

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Trustee's report (continued)

Investment report (continued)

Management of investments

The Trustee has appointed Royal London Asset Management Limited ("RLAM") to manage the Scheme's investments on a day-to-day basis. RLAM have full discretion to invest world-wide subject to the restrictions set out in the investment management agreement which is designed to ensure that the objectives and investment policies set out in the SIP are followed.

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

Custodial arrangements

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

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

Trustee's policy on voting rights, environmental, social and governance (ESG) and ethical factors

The Trustee has examined how rights, including voting rights, attached to investments should be exercised by considering and supporting the UK Stewardship Code ("the Code") issued by the Financial Reporting Council ("FRC"). The Trustee has decided that investment rights should be exercised by investment managers on its behalf in line with the investment manager's general policies on corporate governance.

The Trustee considers that it is necessary in all circumstances to act in the best financial interests of beneficiaries and, where this primary consideration is not prejudiced, the investment managers can take Environmental, Social and Governance (ESG) factors into account.

The Trustee has less influence over the underlying investments within the pooled investment vehicles held by the Scheme but reviews the manager's policies and statements of compliance in respect of these investments.

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Trustee's report (continued)

Investment report (continued)

Financially material considerations and non-financial matters

The Trustee has considered how ESG and ethical factors should be taken into account in the selection, retention and realisation of investments given the time horizon of the Scheme and its members.

The Trustee recognises that it has an important influence on the Scheme's approach to ESG (including climate change) and other financially material considerations through its investment strategy and manager selection decisions.

The Trustee expects its investment manager to take account of financially material considerations, including climate change and other ESG considerations. The Trustee seeks to appoint managers that have appropriate skills and processes to do this, and regularly reviews how its manager is taking account of these issues in practice.

The Trustee has limited influence over its manager's investment practices where assets are held in pooled funds, but it encourages its manager to improve its practices where appropriate.

In particular, the Trustee expects its current (and any future) investment manager to be a signatory to the United Nations Principles for Responsible Investment.

The Trustee does not take into account any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

Voting and engagement

The Trustee recognises its responsibilities as an owner of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustee has delegated to its investment manager the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG considerations.

The Trustee does not monitor or engage directly with issuers or other holders of debt or equity. It expects its investment manager to exercise ownership rights and undertake monitoring and engagement in line with its general policies on stewardship, as provided to the Trustee from time to time, considering the long-term financial interests of the beneficiaries.

The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the Code issued by the FRC, and from time to time the Trustee reviews how these are implemented in practice.

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Trustee's report (continued)

Investment report (continued)

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

The Trustee can influence the manager's investment practices to some extent where assets are invested in segregated mandates. However, it has limited influence over the manager's investment practices where assets are held in pooled funds. In both cases it encourages the manager to improve its practices where appropriate.

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

It is the Trustee's responsibility to ensure that the manager's investment approach is consistent with its policies before any new mandate appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects its investment manager, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. It assesses this when monitoring the manager. In relation to monitoring, the Trustee receives an annual update from the investment manager in relation to its engagement with issuers.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods compared to the relevant benchmark. The appropriateness of the relevant performance benchmark is reviewed on a regular basis. The duration of the manager's appointment will depend on strategic considerations and the outlook for future performance. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

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

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment manager. In addition, the Trustee expects its manager to ensure portfolio turnover remains within any limits set out in portfolio guidelines, and to monitor portfolio turnover costs over time, seeking efficiencies where appropriate. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme's investment mandates.

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Trustee's report (continued)

Investment report (continued)

Review of investment performance

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

Annualised return by asset class over	**1 year**	**3 years (p.a)**	**5 years (p.a)**
Sterling corporate bonds	**10.6%**	**-7.1%**	**0.1%**
Benchmark	*9.7%*	*-8.2%*	*-0.4%*
Global Index linked	**0.7%**	**-12.7%**	**-4.2%**
Benchmark	*0.3%*	*-13.0%*	*-4.7%*
Global high yield bonds	**0.0%**	**-0.9%**	**3.2%**
Benchmark	*0.0%*	*-1.8%*	*2.2%*
Multi asset credit	**10.6%**	**2.0%**	**3.8%**
Benchmark	*11.8%*	*2.6%*	*3.4%*
UK equities	**-0.9%**	**6.6%**	**6.0%**
Benchmark	*3.9%*	*8.8%*	*6.6%*
Overseas equities	**19.5%**	**11.7%**	**14.5%**
Benchmark	*15.9%*	*8.8%*	*12.5%*
Global equities	**20.6%**	**12.9%**	**N/A**
Benchmark	*16.8%*	*9.8%*	*N/A*
Emerging market equities	**0.2%**	**-4.7%**	**3.1%**
Benchmark	*0.2%*	*-4.9%*	*2.0%*
Property	**-5.8%**	**2.2%**	**1.0%**
Benchmark	-2.0%	*1.8%*	*1.2%*
Money market*	**0.0%**	**0.0%**	**-0.6%**
Benchmark	*4.6%*	*2.0%*	*1.4%*
Scheme	**7.2%**	**-3.8%**	**1.4%**
Benchmark	*7.1%*	*-4.5%*	*1.0%*

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

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

The performance of the LDI hedging portfolio (which is an overlay to hedge the Scheme's liability at certain hedge ratios) is calculated differently (by reference to the LDI liability benchmark market value) and was -1.9% for the year ended 31 December 2023 (-10.4% per annum for the 3 years ended 31 December 2023). These two returns are calculated on different bases and the Trustee manages the portfolio in a disaggregated manner; hence an overall Scheme return has not been provided.

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

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

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Trustee's report (continued)

Investment report (continued)

Review of investment performance (continued)

The Trustee considers that all the Scheme's investments are readily marketable, with the exception of pooled investment vehicles in property (6.7% Scheme assets, 2022: 7.9%) and multi-asset credit (14.2% Scheme assets, 2022: 15.1%), which are deemed to be less readily marketable. If there was a material disposal of units in the Royal London Property Fund and/or the Royal London UK Real Estate Fund, the Funds' Prospectuses provide for deferred redemption (on a normal basis, redemption requests must be received three months in advance, but this may be deferred for one further month) as the underlying assets would have to be sold in the marketplace. Whilst the Royal London Multi-Asset Credit fund has no such restriction it is acknowledged that the fund is comprised of asset classes which might be more difficult to sell quickly at a fair price in difficult market conditions, but the vehicle can otherwise be traded.

Departures from the Statement of Investment Principles ("SIP")

Over the year to 31 December 2023, there were two instances where the Trustee's investment arrangements departed from the SIP.

In order to provide additional collateral to the LDI portfolio during gilt market volatility in October 2022, the Trustee agreed to deviate from the target asset allocation set out in the investment manager agreement and reduce the target equity weighting from 15% to 10%, in favour of investment grade corporate bonds. This underweight to equities persisted into 2023, but the Trustee agreed at the March Trustee meeting to move back towards the strategic allocation and increase the equity allocation to 13%.

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

Employer related investments

There were no employer related investments held directly or indirectly by the Scheme at the year end (2022: None).

Risks and mitigations

The key risks facing the Scheme are set out below. There are some additional risks associated with financial instruments and these are set out in note 22 to the financial statements.

Interest rate risk

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

Inflation risk

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

Longevity risk

The Scheme has exposure to the impact of longevity of each member (i.e. the risk of members living longer than expected). The risk is monitored by regular actuarial input about trends in longevity. The Trustee monitors the opportunities available in the market to reduce this risk.

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Trustee's report (continued)

Investment report (continued)

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

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

Task Force on Climate-related Financial Disclosures (TCFD)

The Scheme's TCFD statement relating to the period ended 31 December 2023 is available on the Royal London Group website: https://www.royallondon.com/about-us/corporate-information/key-financial-information/group-pension-schemes/

Buy-In Insurance Policy

In January 2024, the Scheme utilised £348m of the Scheme's assets to purchase a buy-in insurance policy with Royal London Mutual Insurance Society Limited to insure some of the pensions payable under the Scheme. The policy covers approximately 18% of the Scheme's liabilities at that date. Under a buy-in policy, the insurer makes payments to the pension scheme that are intended to exactly match the insured benefits payable from the pension scheme to certain of its members. The policy is held as an asset of the Scheme for the benefit of all scheme members.

The buy-in policy was purchased as a natural step on the Scheme's de-risking journey. The policy reduces the level of risk in the Scheme and protects the long-term security of members' benefits. The decision to purchase the policy was made following a thorough due diligence process and on the advice of the Trustee's advisors.

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Trustee's report (continued)

Statement of trustee's responsibilities

The trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the trustee. Pension scheme regulations require, and the trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the scheme during the scheme year and of the amount and disposition at the end of the scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the scheme will continue as a going concern.

The trustee is also responsible for making available certain other information about the scheme in the form of an annual report.

The trustee has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The trustee is also responsible for the maintenance and integrity of the annual report and financial statements on the Royal London Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The trustee's responsibilities in respect of contributions

The trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the scheme by or on behalf of employers and the active members of the scheme and the dates on or before which such contributions are to be paid.

The trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the scheme and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the scheme in accordance with the schedule of contributions.

Where breaches of the schedule occur, the trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

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Trustee's report (continued)

Statement of Trustee's responsibilities (continued)

Further information

Any enquiries about the Scheme can be made by contacting the Colleague Pensions Team at the address provided in the 'Further information' on page 57. A copy of this annual report and financial statements is available on the Royal London Group website: https://www.royallondon.com/about-us/corporate-information/key-financial-information/group-pension-schemes/.

Approval

The Trustee's report on pages 2 to 16 was approved by the Trustee Directors.

Signed for and on behalf of RLGPS Trustee Limited by:

Trustee Director

Date: 26-03-24

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Independent auditors' report to the trustee of Royal London Group Pension Scheme

Report on the audit of the financial statements

Opinion

In our opinion, Royal London Group Pension Scheme's financial statements:

- show a true and fair view of the financial transactions of the scheme during the year ended 31 December 2023, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the Annual Report and Financial Statements, which comprise: the Statement of net assets available for benefits as at 31 December 2023; the Fund account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to, or in respect of, the scheme.

We have provided no non-audit services to the scheme in the period under audit.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the scheme's ability to continue as a going concern.

Our responsibilities and the responsibilities of the trustee with respect to going concern are described in the relevant sections of this report.

Independent Auditors' report to the trustee of Royal London Group Pension Scheme

Report on the audit of the financial statements (continued)

Reporting on other information

The other information comprises all the information in the Annual Report and Financial Statements other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the trustee for the financial statements

As explained more fully in the statement of trustee's responsibilities, the trustee is responsible for ensuring that the financial statements are prepared in accordance with the applicable framework and for being satisfied that they show a true and fair view. The trustee is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the trustee is responsible for assessing the scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to wind up the scheme, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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Independent Auditors' report to the trustee of Royal London Group Pension Scheme

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

Based on our understanding of the scheme and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the scheme in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, by the trustee and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets and inappropriate adjustments of asset valuations. Audit procedures performed by the engagement team included:

- Testing journal entries where we identified particular fraud risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Testing estimates and judgements made in the preparation of the financial statements for indicators of bias.
- Reviewing meeting minutes, any correspondence with the Pensions Regulator, and significant contracts and agreements.
- Holding discussions with the trustee to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with the Pensions Acts 1995 and 2004 and regulations made under them.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 27/3/24

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Fund account for the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Contributions and other income			
Employer contributions	4	**-**	-
		-	-
Benefits and other payments			
Benefits paid or payable	*5*	**93,941**	89,729
Transfer out to other schemes	*6*	**3,422**	25,140
Administrative expenses	*7*	**4,333**	3,452
		101,696	118,321
Net withdrawals from dealings with members		**(101,696)**	(118,321)
Returns on investments			
Investment income	*8*	**20,318**	53,593
Change in market value of investments	*12*	**99,277**	(1,047,410)
Investment management expenses	*9*	**(3,070)**	(3,130)
Investment management fee rebates	*10*	**1,044**	1,490
Taxes on investment income	*11*	**35**	(149)
Net returns on investments		**117,604**	(995,606)
Net increase / (decrease) in the fund during the year		**15,908**	(1,113,927)
Opening net assets		**1,967,189**	3,081,116
Closing net assets		**1,983,097**	1,967,189

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

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Statement of net assets available for benefits as at 31 December 2023

	Note	**2023 £'000**	2022 £'000
Investment assets			
Equities	*12*	**172,625**	108,191
Bonds	*12*	**2,190,524**	2,187,206
Pooled investment vehicles	*17*	**469,495**	460,668
Derivatives	*14*	**17,700**	23,802
Insurance policies	*15*	**1,238**	1,256
Cash	*18*	**24,807**	27,156
Other investment balances	*19*	**32,362**	41,313
AVC investments	*20*	**1,469**	1,452
Reverse repurchase agreements receivable	*12*	**280,976**	997,960
		3,191,196	3,849,004
Investment liabilities			
Bonds sold short	*12*	**(271,415)**	(359,524)
Derivatives	*14*	**(28,273)**	(35,205)
Other investment balances	*19*	**(7,226)**	(3,395)
Repurchase agreements payable	*12*	**(908,349)**	(1,491,266)
		(1,215,263)	(1,889,390)
Total net investments		**1,975,933**	1,959,614
Current assets	*25*	**10,080**	9,697
Current liabilities	*26*	**(2,916)**	(2,122)
Total net assets available for benefits		**1,983,097**	1,967,189

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations, is dealt with in the Report on Actuarial liabilities on pages 6 and 7 of the annual report, and these financial statements should be read in conjunction with this report.

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

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

Signed for and on behalf of RLGPS Trustee Limited by:

Trustee Director

Date: 26-03-24

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Notes to the financial statements

1. General information

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

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

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

2. Statement of compliance

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

3. Summary of significant accounting policies

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

a. Currency

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

b. Foreign currency conversion

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

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

c. Contributions

Contributions are accounted for in accordance with the agreement under which they are paid or, in the absence of such an agreement, when received.

d. Other income

Other income is accounted for on a receipt basis.

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Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

e. Benefit payments

Where a member can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken or if there is no member choice, on the date of retirement or leaving.

Tax liability arising on a member's excess annual or lifetime allowance settled by the Scheme is recovered from the member.

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

f. Transfers to other schemes

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

g. Administrative and other expenses

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

h. Investment income and expenses

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

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

Interest on cash and short term deposits is accounted for on an accruals basis.

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

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

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

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

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

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

Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

i. Valuation and classification of investments

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

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

- Equities, bonds and certain pooled investment vehicles which are traded on an active market are included at the quoted price, which is normally the bid price.
- Unitised pooled investment vehicles which are not traded on an active market but where the manager is able to demonstrate that they are priced daily, weekly or at each month end, and are actually traded on substantially all pricing days are included at the last price provided by the manager at or before the year end.
- The value of other equities, bonds and pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Trustee. Where the value of a pooled investment vehicle is primarily driven by the fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustment is made.
- Swaps are valued at the net present value of future cash flows arising therefrom.
- Futures contracts are traded on an active exchange market and are valued at the difference between exchange settlement prices and inception prices.
- Forward exchange contracts are valued at the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.
- Annuity (insurance) policies are valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent Scheme funding valuation assumptions updated for market conditions at the reporting date.
- The value of AVCs and other investment balances which are unquoted or not actively traded on a quoted market is driven by the fair value of its underlying assets as advised by the asset managers. Where there are restrictions or other factors which prevent realisation at the fair value an adjustment is made to value of the asset.
- Accrued interest on bonds and bonds sold short is excluded from the reported market value and is included within other investments.
- The Scheme recognises assets delivered under repurchase agreements to reflect its ongoing interest in those securities. Cash received from repurchase agreements is recognised as an investment asset and an investment liability is recognised for the value of the repurchase obligation including accrued interest.

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

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Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

j. Other investment arrangements

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

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

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

k. Critical accounting judgements and estimation uncertainty

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

There were no critical judgements in applying the accounting policies.

Key accounting estimates and assumptions - the Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Scheme, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Scheme investments and, in particular, those classified in Level 2 and 3 of the fair-value hierarchy.

4. Employer Contributions

Additional Employer contributions were not required to fund discretionary pension increases this year, as per the Schedules of Contributions certified on 19 March 2021 and 20 June 2023.

5. Benefits paid or payable

	2023 **£'000**	2022 £'000
Pensions	**81,968**	79,224
Commutations and retirement lump sums	**11,855**	10,135
Lump sum death benefits	**118**	370
	93,941	89,729

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Notes to the financial statements (continued)

6. Transfer out to other schemes

	2023 **£'000**	2022 £'000
Individual transfers to other schemes	**3,422**	25,140
	3,422	25,140

7. Administrative expenses

	2023 **£'000**	2022 £'000
Administration fees	**2,626**	2,043
Actuarial fees	**566**	477
Levies paid to the Pensions Regulator	**123**	219
Trusteeship fees and expenses	**176**	167
Audit fees	**104**	100
Legal fees	**459**	160
Consultancy	**251**	170
Members advisory fees	**24**	112
Sundry expenses	**4**	4
	4,333	3,452

Some of the administration of the Scheme is provided by the Company. The direct costs of the Company employees involved in the administration are recharged to the Scheme. Indirect costs incurred by the Company are recharged to the Scheme on an allocation methodology agreed by the Trustee. These costs are included in the administration fees and are provided in note 27 (Related party transactions).

Trusteeship fees comprise fees paid directly to the Trustee Directors as disclosed in note 27 (Related party transactions).

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Notes to the financial statements (continued)

8. Investment income

	2023 **£'000**	2022 £'000
Dividends from equities	**3,306**	4,886
Interest from bonds	**41,144**	59,744
Interest paid on bonds sold short	**(1,803)**	(6,086)
Receipts on swaps	**7,532**	1,636
Payments on swaps	**(8,919)**	(1,604)
Income from pooled investment vehicles	**5,791**	5,408
Interest on cash deposits	**2,249**	530
Other investment income	**902**	164
Income from reverse repurchase agreements	**17,656**	8,836
Interest paid/payable on repurchase agreements	**(47,811)**	(20,137)
Net income from stock lending	**166**	123
Annuity income	**105**	93
	20,318	53,593

9. Investment management expenses

	2023 **£'000**	2022 £'000
Administration and management fees	**2,029**	2,475
Custodian charges	**134**	192
Investment advisory fees	**769**	399
Bank interest charges	**105**	19
Other investment charges	**15**	-
Commission on futures	**18**	45
	3,070	3,130

10. Investment management fee rebates

	2023 **£'000**	2022 £'000
Investment management fee rebates	**1,044**	1,490

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

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Notes to the financial statements (continued)

11. Taxes on investment income

The taxation charge within investment returns represents irrecoverable withholding tax arising on certain classes of investment income.

12. Reconciliation of net investments

	Value as at 1 January 2023 £'000	Purchases at cost and derivative payments £'000	Sale proceeds and derivative receipts £'000	Change in market value £'000	**Value as at 31 December 2023 £'000**
Equities	108,191	92,924	(54,098)	25,608	**172,625**
Bonds - Net	1,827,682	2,880,722	(2,834,882)	45,587	**1,919,109**
Derivatives - Net	(11,403)	12,469	(16,348)	4,709	**(10,573)**
Pooled investment vehicles	460,668	360,831	(375,234)	23,230	**469,495**
Insurance policies	1,256	-	-	(18)	**1,238**
AVC investments	1,452	-	(105)	122	**1,469**
	2,387,846	3,346,946	(3,280,667)	99,238	**2,553,363**
Cash	27,156			39	**24,807**
Other investment balances	37,918				**25,136**
Reverse repurchase agreements receivable	997,960				**280,976**
Repurchase agreements payable	(1,491,266)				**(908,349)**
	(428,232)			39	**(577,430)**
	1,959,614			99,277	**1,975,933**

Bonds with a market value as at 31 December 2023 of £294.1 million (2022: £1,002.2 million) were received under the reverse repurchase agreements. These bonds are not recognised as assets of the Scheme.

In the table above, Bonds reflects a net position comprising £2,190.5 million (2022: £2,187.2 million) of bond assets and £271.4 million (2022: £359.5 million) of bond liabilities due to short selling of bonds.

Bonds with a market value as at 31 December 2023 of £949.5 million (2022: £1,457.9 million) were delivered under the repurchase agreements. These bonds are recognised as assets of the Scheme and are included in the bonds.

Details of collateral arrangements in relation to repurchase agreements are set out in note 16.

Notes to the financial statements (continued)

13. Investment transaction costs

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

	2023	2022
	£'000	£'000
Fees	**12**	9
Commissions	**25**	41
Taxes	**29**	23
	66	73

The above transaction fees relate to equities.

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

14. Derivatives

			2023			*2022*
	Assets £'000	**Liabilities £'000**	**Total £'000**	Assets £'000	Liabilities £'000	Total £'000
Over the counter contracts						
Forward foreign currency contracts	**747**	**(1,103)**	**(356)**	781	(501)	280
	747	**(1,103)**	**(356)**	781	(501)	280
Exchange traded contracts						
Swaps	**16,091**	**(26,770)**	**(10,679)**	22,226	(34,213)	(11,987)
Futures	**862**	**(400)**	**462**	795	(491)	304
	16,953	**(27,170)**	**(10,217)**	23,021	(34,704)	(11,683)
	17,700	**(28,273)**	**(10,573)**	23,802	(35,205)	(11,403)

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Notes to the financial statements (continued)

14. Derivatives (continued)

Objectives and policies for holding derivatives

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

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

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

Derivative contracts are included in the financial statements at fair value. During the year the Scheme used swaps, futures and forward foreign currency contracts. Details of collateral arrangements held in relation to these instruments are set out in note 16.

Swaps

The Scheme used exchange traded swaps and fair value is the current value of future expected net cash flows arising from the swap, taking into account the time value of money. Fair value is normally calculated using discounted cash flow models and using market data at the reporting date. The Scheme participated in two types of swaps during the year, which were inflation swaps and interest rate swaps as follows:

(a). Inflation swap

An inflation swap is a contract under which inflation-indexed payments are exchanged for fixed payments based on an agreed principal amount. Only the net interest payments are exchanged. No exchange of principal takes place

(b). Interest rate swap

An interest rate swap is a contract under which interest payments at a fixed 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.

Notes to the financial statements (continued)

14. Derivatives (continued)

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

Nature of Swap	Expires	Number of Contracts	Notional principal £'000	Assets £'000	Liabilities £'000	2023 Net £'000
Interest rate swaps						
Pay fixed interest for variable (SONIA)	1 – 5 years	1	90,000	-	(1,927)	**(1,927)**
Pay variable (SONIA) for fixed interest	0 – 1 years	1	30,000	-	(779)	**(779)**
Pay variable (SONIA) for fixed interest	1 – 5 years	2	60,000	-	(5,421)	**(5,421)**
				-	**(8,127)**	**(8,127)**
Inflation swaps						
Pay fixed interest for variable (RPI)	0 – 1 years	1	25,000	872	-	**872**
Pay fixed interest for variable (RPI)	1 – 5 years	3	180,000	11,578	(2,011)	**9,567**
Pay fixed interest for variable (RPI)	10 – 20 years	1	30,000	1,595	-	**1,595**
Pay fixed interest for variable (RPI)	20 years +	5	117,000	999	(4,159)	**(3,160)**
Pay variable (RPI) for fixed interest	1 – 5 years	3	85,000	-	(7,574)	**(7,574)**
Pay variable (RPI) for fixed interest	10 – 20 years	1	30,000	-	(1,041)	**(1,041)**
Pay variable (RPI) for fixed interest	20 years +	3	65,000	1,047	(3,858)	**(2,811)**
				16,091	**(18,643)**	**(2,552)**
				16,091	**(26,770)**	**(10,679)**

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

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Notes to the financial statements (continued)

14. Derivatives (continued)

Forward foreign currency contracts

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

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

Settlement date	Number of contracts	Currency bought	Currency Sold	Contract /notional amount	Assets	Liabilities	2023 Net
Within				**£'000**	**£'000**	**£'000**	**£'000**
1 Month	4	GBP	AUD	12,045	-	(258)	**(258)**
1 Month	1	GBP	CAD	2,705	-	(69)	**(69)**
1 Month	1	GBP	CHF	1,185	-	(41)	**(41)**
1 Month	4	GBP	EUR	6,552	27	(2)	**25**
1 Month	1	GBP	JPY	2,927	-	(110)	**(110)**
1 Month	1	GBP	NOK	413	-	(17)	**(17)**
1 Month	1	GBP	SEK	634	-	(13)	**(13)**
1 Month	1	GBP	SGD	300	-	(1)	**(1)**
1 Month	6	GBP	USD	25,034	534	-	**534**
1 Month	4	AUD	GBP	8,853	186	-	**186**
1 Month	5	EUR	GBP	13,105	-	(51)	**(51)**
1 Month	8	USD	GBP	23,593	-	(541)	**(541)**
					747	**(1,103)**	**(356)**

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

Notes to the financial statements (continued)

14. Derivatives (continued)

Futures contracts

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

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

Nature of futures	Currency	Expires within	Economic exposure £'000	Assets £'000	Liabilities £'000	2023 Total £'000
Equity futures bought						
HKG HANG SENG IDX FUT Jan24	HKD	1 year	602	14	-	**14**
KFE KOSPI2 INX FUT Mar24	KRW	1 year	663	44	-	**44**
SFE SPI 200 FUTURES Mar24	AUD	1 year	913	8	-	**8**
EUX EURO STOXX 50 Mar24	EUR	1 year	4,763	-	(36)	**(36)**
NYF MSCI EmgMkt Mar24	USD	1 year	6,000	272	-	**272**
OSE TOPIX INDX FUTR Mar24	JPY	1 year	11,585	96	-	**96**
CME S&P500 EMINI FUT Mar24	USD	1 year	14,368	428	-	**428**
				862	**(36)**	**826**
Equity futures sold						
ICF FTSE 100 IDX FUT Mar24	JPY	1 year	(2,094)	-	(40)	**(40)**
				-	**(40)**	**(40)**
Interest Rate futures sold						
EUX EURO-SCHATZ FUT Mar24	EUR	1 year	(20,404)	-	(104)	**(104)**
CBT US 2YR NOTE (CBT) Mar24	USD	1 year	(20,191)	-	(149)	**(149)**
ICF LONG GILT FUTURE Mar24	GBP	1 year	(35,106)	-	(71)	**(71)**
				-	**(324)**	**(324)**
				862	**(400)**	**462**

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Notes to the financial statements (continued)

15. Insurance Policies

The Trustee holds an annuity policy with Aviva Annuity UK Limited. The annuity policy is valued by the Scheme Actuary as the amount of the related obligation, determined using the most recent Funding valuation updated for market conditions at the reporting date. The actuarial assumptions used are in line with those agreed between the Trustee and Royal London for the purpose of the 31 December 2022 actuarial valuation, updated for market conditions as at 31 December 2023. A summary of the main assumptions adopted for this valuation are shown in the table below.

Financial Assumptions	**31 December 2023**
Discount Rate	Gilt curve + 0.95% pa for 11 years and 0.5% pa thereafter
Pension increases (in line with RPI floored at 0% pa)	Set using the RPI inflation curve, considering the effect of inflation volatility set at 1% pa, and the pension increase floor of 0% pa
Demographic Assumptions	**31 December 2023**
Mortality base tables	110% and 101% of the SAPS “S3” all pensioner tables for the member and spouse respectively, projected to 2023 in line with CMI 2022 model
Future improvements in longevity	CMI 2022 projection model with long-term trend improvements of 1.50% pa, with an initial addition of 0.50% pa, a smoothing parameter of 7.0, 0% weighting on 2020 and 2021 experience, and 25% weighting on 2022 experience

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16. Collateral and stock lending arrangements

Cash collateral of £10.8m was settled by the Scheme in respect of derivative contracts outstanding as at 31 December 2023 (2022: £12.0m). The cash collateral is included in receivables within other investment balances.

Stock collateral was pledged by the Scheme in respect of derivative contracts outstanding at the year-end in the form of bonds with a market value as at 31 December 2023 of £12.6m (2022: £nil). The pledged assets are included in the net investment assets.

Bonds with a market value as at 31 December 2023 of £nil (2022: £40.3m) were delivered as collateral under the repurchase and reverse repurchase agreements.

Bonds with a market value as at 31 December 2023 of £28.6m (2022: £0.1m) were received as collateral under the repurchase and repurchase agreements.

Cash collateral of £4.3m (2022: £nil) was delivered by the Scheme under the repurchase and reverse repurchase agreements.

The Scheme has undertaken stock loan transactions during the year, which transfer the legal title to an asset to a third party but not the right to the income and change in market value of the asset. The Scheme retains the risks and rewards of ownership of assets under stock loan arrangements. The market value of the assets under such arrangements as at 31 December 2023 amounted to £86.3m (2022: £48.5m) and is included in the net investment assets within Bonds £63.9m (2022: £32.8m) and Equities £22.4m (2022: £15.7m).

The assets transferred under stock loan arrangements are secured by the receipt of collateral from the third party in the form of government bonds, corporate bonds and quoted equities, which may be re-pledged or sold if there is default. The market value of collateral held by the Scheme as at 31 December 2023 was £90.9m (2022: £51.9m) and is not included in the net investment assets.

17. Pooled investment vehicles

	2023	2022
	£'000	£'000
Equities	**8,757**	8,741
Multi Asset Credit	**281,705**	296,668
Money Market	**45,946**	-
Property	**133,087**	155,259
	469,495	460,668

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Notes to the financial statements (continued)

18. Cash

	2023 £'000	2022 £'000
UK GBP Sterling	**23,387**	26,789
Foreign currency	**1,420**	367
	24,807	27,156

19. Other investment balances

	2023 £'000	2022 £'000
Accrued interest receivable	**14,484**	16,030
Dividends and investment income receivable	**2,179**	460
Trade settlements due from brokers	**236**	5,100
Futures margin receivable	**4,439**	7,291
Cash collateral receivable	**10,752**	12,023
Tax reclaims	**272**	409
	32,362	41,313
Accrued interest payable	**(326)**	(590)
Trade settlements due to brokers	**-**	(1,896)
Futures margin payable	**(2,577)**	(902)
Cash collateral payable	**(4,320)**	-
Tax payable	**(3)**	(7)
	(7,226)	(3,395)
	25,136	37,918

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Notes to the financial statements (continued)

20. AVC investments

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

			2023	2022
	£'000	**£'000**	**£'000**	£'000
	Unit Linked	**With Profits**	**Total**	Total
Scottish Widows Limited	**691**	**172**	**863**	894
The Royal London Mutual Insurance Society Limited	**386**	**-**	**386**	358
Utmost Life and Pensions Limited	**220**	**-**	**220**	200
	1,297	**172**	**1,469**	1,452

21. Fair value of investments

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

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

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

The value of other pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Trustee. Where the value of the pooled investment vehicle is primarily driven by fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustments are made. No such adjustments have been made to the valuations as at 31 December 2023 or 31 December 2022.

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

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

Notes to the financial statements (continued)

21. Fair value of investments (continued)

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

Notes to the financial statements (continued)

21. Fair value of investments (continued)

An analysis for the prior year-end is as follows:

Asset category			Hierarchy level	2022
	1	2	3	Total
	£000	£000	£000	£000
Investment assets				
Equities	108,191	-	-	108,191
Bonds – Net	1,072,287	744,362	11,033	1,827,682
Derivatives	795	23,007	-	23,802
Pooled investment vehicles	-	305,409	155,259	460,668
Insurance policies	-	-	1,256	1,256
Cash	27,156	-	-	27,156
Other investment balances	41,313	-	-	41,313
AVC investments	-	1,255	197	1,452
Reverse repurchase agreements receivable	-	997,960	-	997,960
	1,249,742	2,071,993	167,745	3,489,480
Investment liabilities				
Derivatives	(491)	(34,714)	-	(35,205)
Other investment balances	(3,395)	-	-	(3,395)
Repurchase agreements payable	-	(1,491,266)	-	(1,491,266)
	(3,886)	(1,525,980)	-	(1,529,866)
Total investments	1,245,856	546,013	167,745	1,959,614

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Notes to the financial statements (continued)

22. Investment risks

Types of risk relating to investments

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

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

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

- **Currency risk**: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.

- **Interest rate risk**: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

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

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

Investment strategy

The Trustee determines its investment strategy after taking advice from a professional investment consultant. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme’s strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreement in place with the Scheme’s investment manager and monitored by the Trustee by regular reviews of the investment portfolio. As at 31 December 2023, the investment strategy for the Scheme, as set out in the SIP in place at the time, was to invest:

- 35.0% (2022: 35.0%) in return seeking investments comprising equities, UK property and multi-asset credit.

- 65.0% (2022: 65.0%) in liability driven investments (LDI) that are expected to move in line with the long term liabilities of the Scheme. This is referred to as matching assets and comprises UK government and corporate bonds, derivatives and repurchase agreements, the purpose of which is to hedge against the impact of interest rate and inflation movements of the long term liabilities. The LDI strategy targets a hedge ratio of 90% of the interest rate and inflation sensitivity of the liability cashflows within an agreed tolerance range.

As at the year end, the Scheme’s return seeking assets had a total value of £642.2 million (2022: £568.9 million) representing 32.6% (2022: 29.3%) of the total investment portfolio.

As at the year end, the LDI portfolio had a total value of £1,328.3 million (2022: £1,372.0 million) representing 67.4% (2022: 70.7%) of the total investment portfolio.

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

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

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Notes to the financial statements (continued)

22. Investment risks (continued)

Credit risk

Where the Scheme invests in pooled funds it is directly exposed to credit risk in relation to the solvency of the investment manager and the custodian of the funds. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being "ring-fenced" from the pooled fund manager, the regulatory environments in which the manager operates and diversification of investments amongst pooled arrangements. The Trustee also carries out due diligence checks before investing in new pooled investment vehicles and on an ongoing basis monitors any changes to the operating environment of the pooled fund manager.

The Scheme held investments in the following pooled investment vehicles by their legal form as at 31 December 2023.

Legal form	**2023**	2022
	£'000	£'000
Open-ended Investment Company (OEIC)	**54,703**	8,741
Irish Collective Asset-management Vehicle (ICAV)	**281,705**	296,668
Property Authorised Investment Fund (PAIF)	**133,087**	155,259
	469,495	460,668

The Scheme is also subject to direct credit risk arising from investments in bonds, over-the-counter ("OTC") derivatives, repurchase agreements, reverse repurchase agreements, equity futures and cash balances. Credit risk arising on bonds held directly (see note 12) is mitigated by investing in government bonds of £1,249.5 million (2022: £1,101.3 million) where the credit risk is minimal or holding corporate bonds & fixed interest securities of £639.7 million (2022: £695.2 million) with an investment-grade credit rating, across a diversified exposure of different credit issuers. There is a further £29.9 million (2022: £31.2 million) holding in below investment grade corporate bonds & fixed interest securities.

The Trustee considers financial instruments or counterparties to be of investment grade if they are rated at BBB- or higher by Standard & Poor's or Fitch, or rated at Baa3 or higher by Moody's.

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

In addition, the investment manager trades all new swap contracts on a centrally cleared basis (rather than OTC), which uses a clearing house to remove the direct relationship between the Trustee and the counterparty, further reducing credit risk (See note 14).

Where the Scheme's investment manager engages in stock lending activities, the Trustee manages the credit risk arising from such activities by restricting the amount of overall stock that may be lent, only lending to approved borrowers who are rated investment grade, limiting the amount that can be lent to any one borrower and putting in place collateral arrangements. Details of collateral arrangements held are set out in note 16.

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

The Scheme is also indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investment vehicles. Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicles (see note 17). This risk is mitigated by mainly investing in funds which hold at least investment grade credit rated investments across and / or maintain a diversified exposure of different credit issuers.

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

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Notes to the financial statements (continued)

22. Investment risks (continued)

Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets, either as segregated investments (direct exposure) or via pooled investment vehicles (indirect exposure). The Trustee has set a benchmark limit to overseas currency exposure of 10.0% (2022: 10.5%) of the total portfolio value which is achieved through a currency hedging policy utilising forward foreign currency contracts (see note 14). The net currency exposure at the current and previous year ends was:

Currency name	Code	Direct exposure £000	Indirect exposure £000	Hedging £000	2023 Net exposure after hedging £000	2022 Net exposure after hedging £000
Euros	EUR	12,551	12,176	6,577	**31,304**	9,450
Japanese Yen	JPY	12,561	2,159	(3,037)	**11,683**	11,844
US dollars	USD	115,767	-	(907)	**114,860**	70,214
Other currencies		26,210	36,324	(8,828)	**53,706**	16,949
		167,089	**50,659**	**(6,195)**	**211,553**	108,457

Interest rate risk

The Scheme is subject to interest rate risk as some of the Scheme's investments are held in bonds (either as segregated investments or through pooled investment vehicles), interest rate swaps, repurchase arrangements and cash. The Scheme's liabilities are also subject to interest rate movement. The Trustee seeks to reduce the Scheme's exposure to this risk by investing some of the Scheme's assets in bonds and derivatives (such as interest rate swaps) and repurchase arrangements, whose values move in a similar way to the value of the liabilities. The net effect is to reduce the volatility of the funding level. As at the year end, the LDI portfolio had a total value of £1,328.3 million (2022: £1,372.0 million) representing 67.4% (2022: 70.7%) of the total investment portfolio.

Other price risk

Other price risk arises principally in relation to the Scheme's equity, property and multi-asset credit investments. This risk will vary depending on the particular market invested in.

The Trustee seeks to reduce the Scheme's exposure to overall price risk by investing in a diversified range of investments across various markets. The Scheme's exposure to other price risk will vary over time depending on any "active" asset allocation decisions taken by the investment manager to reflect its market views, or any changes to the Scheme's overall target investment strategy. As at the year end, the Scheme's return seeking assets had a total value of £642.2 million (2022: £568.9 million) representing 32.6% (2022: 29.3%) of the total investment portfolio.

Other matters

During 2023/2024, geopolitical issues (such as Russia's war in Ukraine) and economic issues (such as increases in the rates of inflation and interest rates and movements in foreign currencies) have had a profound effect on domestic and global economies, with disruption and volatility in the financial markets. The Trustee, in conjunction with its advisers, monitors the situation closely and determines any actions that are considered to be necessary. This includes monitoring the Scheme's investment portfolio, the operational impact on the Scheme and the covenant of the Principal Employer.

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

Notes to the financial statements (continued)

22. Investment risks (continued)

Other matters (continued)

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

23. Concentration of investments

The following investments are held which represent over 5% of the net assets of the Scheme (excluding UK government securities):

	2023		2022	
	£'000	**%**	£'000	%
Royal London Multi-Asset Credit Fund	**281,705**	**14.2**	296,668	15.1
	281,705		296,668	

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

24. Employer related investments

There were no employer related investments held directly or indirectly by the Scheme at the year-end (2022: None).

25. Current assets

	2023	2022
	£'000	£'000
Cash balances	**9,503**	9,662
Prepayments	**29**	35
Other debtors	**548**	-
	10,080	9,697

Other debtors includes £528,000 due from the Investment custodian to be recovered in 2024.

26. Current liabilities

	2023	2022
	£'000	£'000
Unpaid benefits	**198**	233
Amounts due to employer	**95**	87
Amounts due to investment manager	**433**	45
Accrued expenses	**914**	664
Tax deducted from pensions due to HMRC	**1,276**	1,093
	2,916	2,122

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Notes to the financial statements (continued)

27. Related party transactions

a. Transactions with key management personnel

Trustee Directors

The following fees were paid in respect of Trustee services.

	2023	2022
	£'000	£'000
Chair	**60**	60
Other Trustee Directors	**114**	106
	174	166

In addition, two (2022: two) Trustee Directors claimed expenses amounting to £1,408 (2022: £1,891) for attendance at the Trustee meetings. The fees and expenses are included in note 7. Included in note 26 are fees amounting to £14,000 (2022: £12,000) payable by the Scheme as at the year end to The Law Debenture Pension Trust Corporation P.L.C.

During the year two (2022: one) Trustee Directors were in receipt of a pension from the Scheme.

b. Transactions with other related parties

i. The Employer

The Company provides certain administration and accountancy services to the Scheme. Costs incurred for these services are recharged to the Scheme. During the year the Scheme was recharged £316,588 (2022: £290,260) in respect of these services which are included in note 7, of which £72,324 was payable (2022: £86,665) at the year end and are included in note 26. Further to this, £22,500 was payable to the Employer at the year end in respect of Trustee Director fees settled via Royal London Group.

A certain section of AVC investments is managed by The Royal London Mutual Insurance Society Limited. As at 31 December 2023, these investments which are held on behalf of the members had a market value of £385,877 (2022: £358,008) and are included in note 20.

ii. The Investment manager

Royal London Asset Management Limited (RLAM) is a subsidiary of The Royal London Mutual Insurance Society Limited. RLAM manages the investments of the Scheme on an arm's length basis and is remunerated in accordance with the terms of a normal commercial contract. This covers all investment transactions for the Scheme, including purchases, sales, investment income, investment management expenses, cash and receivables. Investment management expenses totalling £1,908,223 (2022: £2,475,481) are in respect of this remuneration for the year ended 31 December 2023 which is included in note 9, of which £610,912 (2022: £350,186) was payable at the year end and are included in note 26.

The Scheme received investment management fee rebates of £1,043,140 (2022: £1,490,270) from RLAM and Royal London Unit Trust Managers Limited (RLUTM), a subsidiary of RLAM, for the year ended 31 December 2023. The rebates are in respect of the Scheme's holdings in the Royal London Property Authorised Investment Fund and Royal London UK Real Estate Feeder Fund which are pooled funds managed by RLUTM and are included in note 10. An amount of £177,965 (2022: £304,024) was receivable at the year end and is included in note 26 as an offset of amounts due to investment manager.

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Notes to the financial statements (continued)

27. Related party transactions (continued)

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

Fund		**2023**		2022
	£'000	**%**	£'000	%
Royal London Multi-Asset Credit Fund	**281,705**	**14.2**	296,668	15.1
Royal London Property Authorised Investment Fund	**77,820**	**3.9**	98,139	5.0
Royal London UK Real Estate Feeder Fund	**55,267**	**2.8**	57,120	2.9
Royal London Sterling Liquidity Money Market Fund	**45,946**	**2.3**	-	-
Royal London Emerging Markets ESG Leaders Tracker Fund	**8,757**	**0.4**	8,741	0.4
	469,495		460,668	

28. Contingent liabilities and contractual commitments

In the opinion of the Trustee, the Scheme had no contingent liabilities as at 31 December 2023 other than GMP benefits equalisation below (2022: nil other than GMP benefits equalisation).

In October 2018, the High Court determined that certain benefits provided to members who contracted out of the State Pension between May 1990 and April 1997 must be equalised between men and women. The Scheme Actuary has included an estimated allowance of £15.0m in the actuarial valuation as at 31 December 2022 for the possible changes to the benefits that may be required to ensure that the Scheme provisions in respect of Guaranteed Minimum Pensions do not discriminate between male and female members. This amount represents the total actuarial value of varying benefits which are already in payment and benefits which have not yet been settled. The amount of back payments and interest potentially payable have not yet been estimated, although work is underway to calculate this amount, and so no accrual has been made in these financial statements.

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

As at 31 December 2023 the Scheme had contractual commitments in the form of stock collateral arrangements which are disclosed in note 16.

29. Subsequent events

In January 2024, the Scheme utilised £348m of the Scheme's assets to purchase a buy-in insurance policy with Royal London Mutual Insurance Society Limited to insure some of the pensions payable under the Scheme. The policy covers approximately 18% of the Scheme's liabilities at that date. Under a buy-in policy, the insurer makes payments to the pension scheme that are intended to exactly match the insured benefits payable from the pension scheme to certain of its members. The policy is held as an asset of the Scheme for the benefit of all scheme members.

The buy-in policy was purchased as a natural step on the Scheme's de-risking journey. The policy reduces the level of risk in the Scheme and protects the long-term security of members' benefits. The decision to purchase the policy was made following a thorough due diligence process and on the advice of the Trustee's advisors.

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Independent auditors' statement about contributions to the trustee of Royal London Group Pension Scheme

Statement about contributions

Opinion

In our opinion, the contributions required under the schedules of contributions for the scheme year ended 31 December 2023 as reported in Royal London Group Pension Scheme's summary of contributions have, in all material respects, been paid in accordance with the schedules of contributions certified by the scheme actuary on 19 March 2021 and 20 June 2023.

We have examined Royal London Group Pension Scheme's summary of contributions for the scheme year ended 31 December 2023 which is set out on the following page.

Basis for opinion

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

Responsibilities for the statement about contributions

Responsibilities of the trustee in respect of contributions

As explained more fully in the statement of trustee's responsibilities, the scheme's trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the scheme by employers in accordance with relevant requirements.

Auditors' responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

Use of this report

This report, including the opinion, has been prepared for and only for the trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 27/3/24

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Summary of Contributions

	£000
Contributions required under the schedule of contributions	-
Per the Fund account	-

Approval

The Summary of Contributions was approved by the Trustee Directors.

Signed for and on behalf of RLGPS Trustee Limited by:

Trustee Director

Date: 26-03-24

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Actuarial certificate

Actuary's certification of the schedule of contributions

Name of scheme: Royal London Group Pension Scheme

Adequacy of rates of contributions

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

Adherence to statement of funding principles

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

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

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

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

51 Lime Street
London
EC3M 7DQ

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Implementation Statement, covering the Scheme Year from 1 January 2023 to 31 December 2023

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

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

The Statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Plans (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (as amended) and the guidance published by the Pensions Regulator.

In preparing the Statement, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

1. Introduction

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

The Trustee has, in its opinion, followed the Scheme's voting and engagement policies during the Scheme Year, by continuing to delegate to its investment manager (Royal London Asset Management, "RLAM") the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes.

2. Voting and engagement

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

- The Trustee received an annual report from LCP in February 2023, which provided an update on RLAM's investment capabilities alongside an assessment of how Responsible Investment matters are incorporated into its processes.

- The Trustee received quarterly Environmental, Social and Governance (ESG) monitoring dashboards from LCP, which score each of the Scheme's equity and credit mandates relative to the wider market. The Trustee used these dashboards to question RLAM on areas where scores were lower than the benchmark and encourage improvement.

The Trustee also met with RLAM and LCP on several occasions over the Scheme Year, with a focus on voting and engagement as well as the management of climate change risk. In particular:

- Dedicated session focussed on managing climate risk and opportunities in the investment grade credit mandate (which represented the Scheme's largest asset allocation).

- Training on a global equity strategy with a greater focus on aligning the assets with a net zero transition (the Trustee plans to decide whether to allocate to this strategy in 2024).

- Reviewing the Trustee's key "engagement themes", which feature a strong focus on climate change. The Trustee remains comfortable that these are well aligned with RLAM's key engagement themes.

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

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Implementation Statement, covering the Scheme Year from 1 January 2023 to 31 December 2023 (continued)

2. Voting and engagement (continued)

- Planning a roadmap for Responsible Investment in 2024, with a particular focus on climate-related objectives and a focussed session on RLAM's approach to stewardship.

Following the introduction of DWP's guidance, the Trustee has set stewardship priorities to focus engagement with RLAM on specific ESG factors. The Trustee's current stewardship priorities for the Scheme are: Climate change, Biodiversity, and Governance and corporate culture.

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

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

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

3. Description of voting behaviour during the year

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

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

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

In addition to the above, the Trustee asked RLAM for information on whether any of the other assets held by the Scheme had voting opportunities over the Scheme Year. We have therefore also included engagement data on the Scheme's investment grade corporate bond mandate. RLAM confirmed that none of the other mandates held by the Scheme held any assets with voting opportunities over the Scheme Year

3.1. Description of voting processes

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

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

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Implementation Statement, covering the Scheme Year from 1 January 2023 to 31 December 2023 (continued)

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

3.1. Description of voting processes (continued)

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

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

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

3.2. Summary of voting behaviour over the year

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

	Royal London Global Equity Diversified Mandate	***Royal London Emerging Market Equities Mandate***
Value of Scheme assets invested at end of the Scheme Year	£173m (8.8%)	£9m (0.4%)
Number of equity holdings	188	416
Number of meetings eligible to vote	206	565
Number of resolutions eligible to vote	3,119	5,233
% of resolutions voted	97%	100%
Of the resolutions on which voted, % voted with management	79%	75%
Of the resolutions on which voted, % voted against management	20%	18%
Of the resolutions on which voted, % abstained from voting	1%	2%
Of the meetings in which the manager voted, % with at least one vote against management	80%	64%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy adviser	14%	8%

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Implementation Statement, covering the Scheme Year from 1 January 2023 to 31 December 2023 (continued)

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

3.3. Most significant votes over the year

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

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

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

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

Royal London Global Equity Diversified Mandate

- **Visa, January 2023.**

Vote: Against **Management Recommendation:** For **Outcome of Vote:** Passed

Summary of resolution: Advisory vote on executive compensation

Trustee engagement priority category: Governance and Corporate Culture

Rationale: RLAM continued to voice concerns over the large area of discretion applied to bonus outcomes on grounds of the committee's holistic approach to goal setting. On this occasion, RLAM noted that outcomes are not commensurate to the company's performance during the year and would welcome further engagement on the matter.

Next Steps: Following a letter to the company, RLAM is seeking further engagement to discuss pay outcomes.

- **Apple, March 2023.**

Vote: Against **Management Recommendation:** For **Outcome of Vote:** Not Passed

Summary of resolution: Shareholder Proposal Regarding Civil Rights Audit

Trustee engagement priority category: Governance and Corporate Culture

Rationale: RLAM had some concerns over the ultimate aims and political motivations of the proponent (The National Center for Public Policy Research) and recognise that Apple is currently undertaking a Civil Rights Audit review with third parties. As such RLAM did not warrant support for this proposal.

Next Steps: Following a letter to the company, RLAM is seeking further engagement to discuss the outcome of the Audit review.

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Implementation Statement, covering the Scheme Year from 1 January 2023 to 31 December 2023 (continued)

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

3.3. Most significant votes over the year (continued)

Royal London Global Equity Diversified Mandate (continued)

- **Sumitomo Mitsui Financial Group, June 2023.**

Vote: For **Management Recommendation:** Against **Outcome of Vote:** Passed

Summary of resolution: Shareholder proposal regarding aligning investments with the Paris Agreement

Trustee engagement priority category: Climate Change

Rationale: RLAM notes the company's current efforts and disclosures in this area and were supportive of the proponent's request given its alignment with investor expectations.

Next Steps: Following a letter to the company, RLAM is seeking further engagement to discuss board concerns.

- **Tyson Foods, February 2023.**

Vote: For **Management Recommendation:** Against **Outcome of Vote:** Not Passed

Summary of resolution: Shareholder Proposal Regarding Policy on Use of Antibiotics in the Supply Chain

Trustee engagement priority category: Biodiversity

Rationale: RLAM acknowledge the Company's current progress and disclosures to address this issue but would welcome further assessment of strategies related to the use of antibiotics.

Next Steps: Following a letter to the company, RLAM is seeking further engagement.

Royal London Emerging Market Equities Mandate

- **Sasol Ltd, November 2023.**

Vote: Against **Management Recommendation:** Against **Outcome of Vote:** Not Available

Summary of resolution: Approval of decarbonisation pathway and climate change report consistency with TCFD

Trustee engagement priority category: Climate Change

Rationale: RLAM acknowledged the progress that has been made towards climate targets, including improved disclosures on just transition and policy advocacy. However, RLAM could not fully support the climate approach given the lack of alignment of short- and medium-term targets with the Paris goals and further uncertainties to the transition away from coal.

Next Steps: RLAM will continue to monitor climate issues at the company.

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Implementation Statement, covering the Scheme Year from 1 January 2023 to 31 December 2023 (continued)

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

3.3. Most significant votes over the year (continued)

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

- **Barclays, Quarter 3 2023.**

Summary of engagement activity: To encourage companies to integrate social considerations in their climate transition plans

Trustee engagement priority category: Climate Change

For a number of years, RLAM has been advocating for a 'just transition' which asks companies and governments to consider the social implications of moving to a low-carbon economy. It is an inclusive approach which helps avoid exacerbating existing injustices or creating new ones. RLAM believe that capital providers play an important enabling role in transitioning customers to sustainable low-carbon economies. By developing and having in place a just transition policy, banks can better assist the wide range of sectors, regions, and communities that they finance.

Following on from RLAM's request to integrate just transition into their climate transition plan at their 2022 AGM, they have met with Barclays on several occasions to discuss their progress and suggest improvements. Although Barclays had limited mention of just transition prior to RLAM's engagement, in 2023 the bank provided a definition of just transition and implemented an assessment of just transition in their climate transition framework for reviewing their corporate clients. RLAM will continue engaging with the bank to improve their integration of just transition into their plans.

- **Electricite de France (EDF), Quarter 4 2023.**

Summary of engagement activity: To improve carbon emissions targets.

Trustee engagement priority category: Climate Change

As part of the CA100+ collaborative engagement, RLAM met with the company's Chief Sustainability Officer and her team to discuss engagement priorities. These included:

1. improving EDF's scope 3 emissions targets and reduction levers
2. improving scope 1 emissions including expanding its renewable and nuclear plans
3. improving offsetting, residual emissions, just transition, and CAPEX disclosures

EDF set new targets to reduce its scope 1 emissions from electricity generation by 60%, 70%, and 80% by 2025, 2030, and 2035, respectively, from a 2017 baseline. The company has already halved its scope 1 emissions between 2017 and 2022. EDF also clarified its Net Zero by 2050 target, confirming that it includes scope 3 emissions (almost 80% of its current emissions) and entails reducing emissions by at least 90%, with the remaining 10% abated through quality carbon removal projects after 2030.

Implementation Statement, covering the Scheme Year from 1 January 2023 to 31 December 2023 (continued)

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

3.3. Most significant votes over the year (continued)

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

- **British Land, Quarter 3 2023.**

Summary of engagement activity: Engagement for information and later change with developers and housebuilders affected by England's incoming Biodiversity Net Gain regulation (BNG).

Trustee engagement priority category: Biodiversity

The aim is to identify best practice and to understand how companies aim to meet and, where possible, go beyond their regulatory requirements.

RLAM met with the Head of Environmental Sustainability at British Land and engaged around the topic of Biodiversity Net Gain (BNG). Through the discussion, RLAM gained a better understanding of their governance and overall integration of biodiversity at company level; approach to BNG; interactions between nature, climate, and people; and BNG auditing and risk mitigation.

Given they primarily operate in London, the regulatory requirements are not as difficult to achieve as they would be for house builders and developers in greenfield areas and as such RLAM expect a higher standard of implementation.

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Further information

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

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

- information regarding the Scheme has been given to the Registrar of Occupational Pension Schemes;
- MoneyHelper, sponsored by the Department for Work and Pensions provides impartial money and pensions guidance and information (https:// www.moneyhelper.org.uk/en). MoneyHelper joins up money and pensions guidance to make it quicker and easier to find the right help. MoneyHelper brings together the support and services of three government-backed financial guidance providers: the Money Advice Service, the Pensions Advisory Service and Pension Wise.
- The Pensions Ombudsman of 10 South Colonnade, Canary Wharf, London, E14 4PU may investigate and determine any complaint or dispute of fact or law which they have failed to resolve with the Trustee or the Scheme administrator, in relation to pensions (https://www.pensions-ombudsman.org.uk/).

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

- suspend, disqualify and remove a trustee, or a director of a trustee company, for consistently not carrying out their duties;
- wind up schemes where necessary;
- apply for injunctions to prevent the misuse and misappropriation of scheme assets and apply for restitution where necessary.

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

Internal disputes resolution procedure

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

The Pension Tracing Service

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

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Further information (continued)

Contact for further information

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

Queries from deferred and pensioner members about their benefit entitlements:	Queries from current employee members about their benefit entitlements:	All other queries, including complaints or requests for Scheme documentation:
Royal London Group Pension Scheme	c/o Colleague Pensions Team	Company Secretary - Pensions
Willis Towers Watson PO Box 545 Redhill RH1 1YX	Royal London Group Royal London House Alderley Park Congleton Road Nether Alderley Macclesfield SK10 4EL	Royal London Group Royal London House Alderley Park Congleton Road Nether Alderley Macclesfield SK10 4EL
Email: royallondongroup@willistowerswatson.com Phone: 0113 394 9307	Email: colleaguepensions@royallondon.com Phone: 01625 717 939	Email: charlotte.dalton@royallondon.com Phone: 01625 717 188