September 2025 | royalmailpensionplan.co.uk

Look Inside:

Review of the year

Valuation Report

Net Zero Update

The nuts and bolts of the last year

Trustee Report …2025

Royal Mail Pension Plan

Welcome from your Trustee Chair, Joanna Matthews

Welcome to the 2025 Trustee Report, for a recap of what has been happening in the Royal Mail Pension Plan (RMPP) over the last year.

Last year following the closure of the Royal Mail Pension Plan (RMPP) to future contributions, we wrote to you with an updated guide for how Employee Member's benefits were impacted. You can find a copy of the guide in the Library on the website **royalmailpensionplan.co.uk/documents-and-forms/**

In May we announced the completion of EP Group's acquisition of IDS. We're continuing to work closely with IDS, Royal Mail Group Limited, and the new owner, EP Group, to keep the Plan financially strong and secure for the future. A reminder that this doesn't affect your benefits, and you don't need to do anything.

Please read on for articles about:

- The recently completed Valuation Report
- Summary of contributions in and benefits paid out
- An update on our progress towards climate change and net zero goals

...plus how to get in touch!

I hope you find this Annual Report informative. If you have any questions or need any more information, please get in touch with the PSC. You can find their contact details on page 4.

Joanna Matthews
Chair of Trustee
Royal Mail Pension Plan

Valuation of the RMPP

Every three years, the Trustee produces an 'Actuarial Valuation', with the help of its advisers.

The Valuation compares how much money the RMPP is likely to need to pay everyone their benefits (the liabilities), with the total amount of money it currently has (the assets).

If the Plan has more assets than it needs it has a surplus, if it has less than it needs it has a deficit.

The results are updated once a year, between each three-yearly Actuarial Valuation; this is called a 'funding update'. Here are the results of the most recent valuation – at 31 March 2024 – of the Royal Mail Section of the RMPP:

Non Cash Balance

This relates to the benefits that members have built up before 1 April 2018.

	Funding Update at 31 March 2023	Actuarial Valuation at 31 March 2024
Liabilities	£6,676 million	£5,881 million
Assets	£7,737 million	£7,087 million
Surplus	£1,061 million	£1,206 million
Funding level* *Assets divided by liabilities	116%	121%

You'll see that the value of the assets fell over the year. This drop was mainly due to the performance of the 'matching' assets. These assets are designed to keep track with the changes in the cost of providing pensions (liabilities). So, although the assets fell in value, the liabilities did too, because of a rise in gilt yields (which means the expected cost of providing pensions in the future, is lower). The improvement in funding over the year is mainly due to changes in the assumptions we use to value the liabilities, which have been updated to reflect the most recent experience in the RMPP.

Cash Balance

This relates to benefits that members built up since 2018.

	Funding Update at 31 March 2023	Actuarial Valuation at 31 March 2024
Liabilities	£1,609 million	£1,871 million
Assets	£1,653 million	£1,923 million
Surplus	£44 million	£52 million
Funding level* *Assets divided by liabilities	103%	103%

Assets and liabilities in the Cash Balance section increased over the year because this is where all the contributions and benefits have been building up since 2018. As of 6th October, the Cash Balance section of the RMPP closed, meaning no further contributions were payable and no further benefits (other than discretionary increases) are building up.

What if the RMPP is wound up?

By law, we must tell you the funding level if the RMPP was wound up, and the assets and responsibility for paying your benefits were transferred to an insurance company. On this basis, and based on the valuation as at 31 March 2024, the RMPP could meet 100% of its commitments. Finally, we must tell you that over the past year we didn't pay any 'surplus assets' to Royal Mail, or other employers and The Pensions Regulator has not imposed any orders on the RMPP to change the rate of contributions or benefits, or the way in which the liabilities are calculated.

Want to know more?

Head over to **royalmailpensionplan.co.uk** to read the latest Report & Accounts, including latest updates on the Plan's Climate Strategy.

Money held in the RMPP

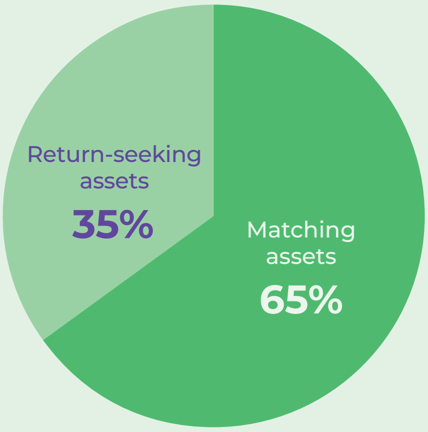
The RMPP is financially secure, with over £8.4 billion invested on 31 March 2025.

That money (known as assets) is there to make sure every member gets their pension when it's time for them to retire. It's also there to support your loved ones after you die. It's the Trustee's duty to make sure the money held in the RMPP is invested in the best way possible. That means making sure that the money is both secure and able to grow.

How is this money invested?

With the help of investment professionals, we invest in two different types of assets, 'matching' and 'return-seeking'. Matching assets keep track with the changes in the cost of providing pensions, whereas return-seeking assets are invested with the aim of increasing in value as much as possible, without taking undue risk. The following pie chart shows that there is a larger amount invested in matching assets than in return-seeking assets, as the Trustee continues to prioritise security over higher risk and reward.

Asset split as at 31 March 2025



Members of the RMPP

Membership types are split between three main groups. Those still working for one of the Employers (such as Royal Mail or Post Office), known as 'Employee members', those who are taking out a regular pension, 'Pensioner members', and members that have left employment but aren't yet taking their pension, 'Deferred members'. The table below shows the split of members at 31 March 2025:

Employee members	53,761
Pensioner members	46,524
Deferred members	22,310
Total members	**122,595**

Contributions & Benefits

What goes in?

We've seen that the Plan's assets are invested with the aim of ensuring they are sufficient to pay everyone's benefits with a high degree of certainty and to provide inflation-linked pension increases. Assets also increase when money is paid in – that means contributions from you and your Employer.

What goes out?

The RMPP's assets are gradually paid to members, either as regular pension payments, tax-free cash, or death benefits. Money is also used to pay for the help that the Trustee needs to run the RMPP properly.

What happened over the last year?

Contributions stopped in October 2024, following closure of the RMPP. The table below shows what's gone in and what's gone out of the RMPP over the last year.

RMPP assets at 1 April 2024
£9,324 million

+

Contributions paid in
£57 million

-

Benefits & payments paid out
£300 million

-

Change in the value of the assets
£679 million

=

RMPP assets at 31 March 2025
£8,402 million

During the year, the value of the Plan's investments decreased by £679 million. This drop was primarily due to the performance of the 'matching' assets. As explained on page 2, these assets are designed to keep track with the changes in the cost of providing pensions (liabilities). So, although the assets fell in value, the liabilities did too, as a result of a rise in gilt yield (which means the cost today of providing pensions in the future is lower). This meant that the surplus has been protected over the course of the year.

These numbers are for the whole RMPP – that means they include both the Royal Mail and Post Office sections. For a more detailed breakdown, you can look at the full Report & Accounts on our website.

Climate Change & Net Zero Targets

Trustee beliefs

The Trustee's key belief, that the climate crisis requires urgent action, is unchanged. The Plan is a signatory to the United Nations-backed Principles for Responsible Investment which acts as a framework for investors to take Environmental, Social and Governance ("ESG") issues into account.

We note the ever-increasing demand for energy. Alongside the Trustee's target to reduce carbon emissions, investing in alternative energy and developing technology will also form a material part of the Plan's Climate Impact project.

Emissions in 2024/25

The Plan's total emissions were 3.54 million tonnes on a scope 1, 2 and 3 basis (i.e. related to direct emissions, indirect emissions, and supply and value-chain emissions respectively). This is down from 4.07 million tonnes in the previous year.

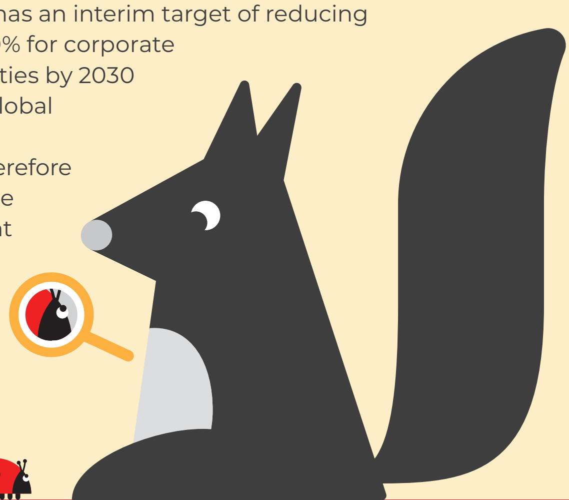
Shorter term focus

In 2021 the Plan established an ESG roadmap setting out specific actions over the next 12 months, 1-2 years, and 2+ years. Many of the actions were climate related. Actions cover areas including governance, investment strategy, risk management, engagement, and reporting & transparency.

- The roadmap has continued to evolve as specific points have been actioned, and now includes annual recurring actions as well as new shorter-term actions required to stay up to date with current requirements and Plan ambitions in this area.
- The Trustee is required to complete its first Own Risk Assessment ("ORA") by 31 March 2026. This involves assessing how well the Plan's Effective System of Governance is working and the way potential risks are managed, including stewardship and climate-related risks. This will also include a review of the Plan's net zero target.
- The Trustee continues to work around the structure for its Carbon Impact Investment Strategy of Measure, Manage, Mitigate, Monitor. As new mandates are implemented to the Plan, the Trustee is conscious to select managers that have carbon impact embedded into their processes and security selections so that the Plan can move forward in its ambitions to reduce the emissions it is responsible for.
- As part of the enhanced ongoing monitoring, outliers are subjected to interrogation and the Trustee expects to see improvements going forward or robust justification aligned to the principles of the TPI framework where high emitters should have credible plans for innovation or emissions reduction plans. This monitoring will take place alongside the library of the top 20 contributors to emissions which is kept each year.
- As the Plan has such a high allocation to UK government bonds, we will examine ways to include sovereign bonds into the projected emissions pathway.
- Work on negative emissions will continue, identifying avoided emissions and understanding how they might possibly be recorded to identify where the Plan is improving its emissions.

Longer term

The Trustee's longer-term target is to achieve net zero by 2050, and it has an interim target of reducing emissions by 50% for corporate bonds and equities by 2030 relative to the global economy's 2015 baseline and therefore be aligned to the Paris Agreement pathway.



Get in touch

If you want some help with your pension, the best place to start is our website, which has regular news updates, useful information and a series of guides about how the RMPP works.

If you want to ask us a question about your benefits or tell us about a change in your situation, then please get in touch with us at the Pensions Service Centre.

It's important to tell us if you change your address, so that we can carry on writing to you about your RMPP benefits, and make sure that they are paid on time. When you contact the Pensions Service Centre, please make sure you have your National Insurance or membership number handy.

pensions.helpline@royalmail.com

0345 603 0043
Mon to Fri, 9.00am to 5.00pm

Pensions Service Centre,
PO Box 5863, SHEFFIELD, S98 6AB

royalmailpensionplan.co.uk

For questions about RMSPS benefits visit Capita at royalmailsps.co.uk