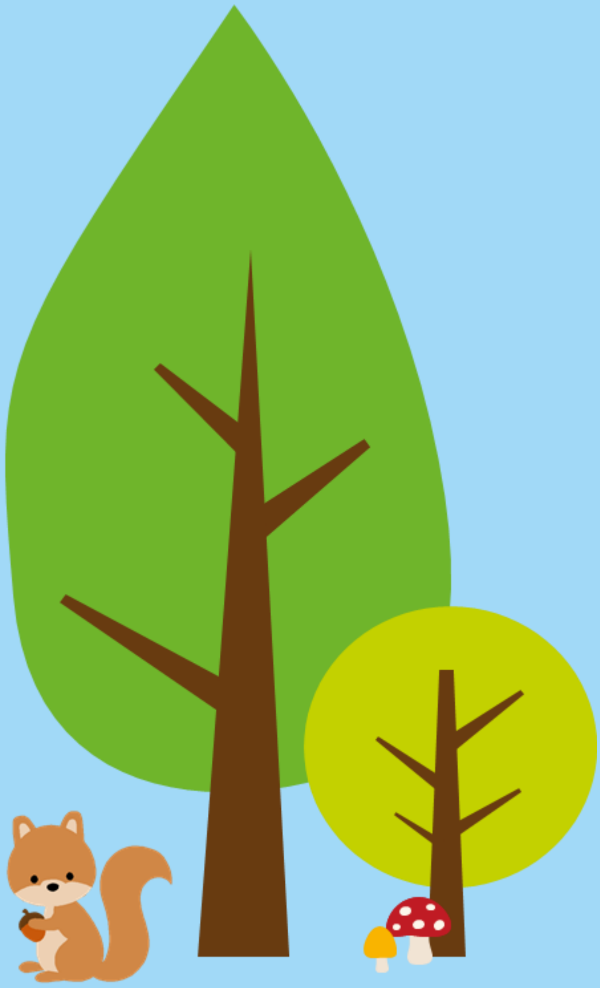
Royal Mail Pension Plan

Report and Financial Statements

For the year ended 31 March 2025

The assets of the Plan are held in trust for members by the Trustee and are managed independently from the finances of the employers

Plan registration number: 100981732



Royal Mail Pension Plan

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Trustee Directors

Joanna Matthews joined the Board as Chair in October 2012. She built her career as a pension lawyer at Sacker & Partners.

Joanna became a full-time professional Trustee in 2006 and chairs a number of other major pension schemes.

Lionel Sampson is the Senior Policy Advisor to the General Secretary of the Union of Communication Workers ('CWU'). He was previously the Policy Advisor dealing with pensions. Prior to this, he was Divisional Representative for the South-East Division of the CWU, and a member of both and National Executive Councils. He joined the Trustee Board in October 1996 as a Member Nominated Trustee.

Kevin Carey has served on the Communication Workers Union Pensions Working Group since 2018 and has also served as an interim Trustee for the new Royal Mail Collective Pension Plan. He joined the Trustee Board in October 2024 as a Member-Nominated Trustee.

Gary Sassoon-Hales is chair of the National Committee of Unite CMA. He has always been interested in pensions and has been a part of Unite CMA's pensions working group since 2018. Gary joined Royal Mail in 1995 learning the business from the ground up in Delivery in Wales and London, Processing in Cardiff/Swansea. He worked both as an Automation Lead and as a Shift Manager. He joined the Trustee Board in April 2023 as a Member Nominated Trustee.

Mark Ashworth represents, and is a director of, Law Debenture, which is a professional independent Trustee of pension schemes. He is a Barrister and Chartered Secretary and joined Law Debenture in 2001. He serves on the Trustee boards of a number of major pension schemes. Law Debenture was appointed to the Trustee Board in March 2006 as an Employer Nominated Trustee.

Paul Kennedy is the Midlands Divisional Representative for the CWU, a post he has held since its creation in 1992. He joined Royal Mail in 1974 and has held a variety of CWU posts since 1982. He is also a member of the Employment Tribunals. He joined the Trustee Board in August 2006 as a Member Nominated Trustee.

Paul Brown spent 17 years at Post Office Ltd, most recently as Head of Commercial Development. Paul has continued to represent Post Office Ltd on the Trustee Board since leaving the Post Office in 2016. Paul Joined the Trustee Board in August 2012 as an Employer Nominated Trustee.

Karen McKay is the Head of HR Policy for Royal Mail Group and is a Member of the Chartered Institute of Personnel and Development. She joined Royal Mail in 1989 and has worked in a number of roles including Employee Relations, Industrial Relations and Business Partnering. Karen was a trustee for a charity for six years until 2022. She joined the Trustee Board in December 2022 as an Employer Nominated Trustee.

Trustee Board meetings	Number of Board meetings attended	Number of Board meetings held from 1 April 2024 to 31 March 2025
Ms J Matthews	6	6
Mr P Brown	6	6
Mr P Browne	2	6
Mr P Kennedy	6	6
Law Debenture Pension Trust Corporation plc (Represented by Mr M Ashworth)	6	6
Mr L S Sampson	5	6
Ms Karen McKay	5	6
Mr G Sassoon-Hales	6	6
Mr K Carey	3	6

Phil Browne's term of office came to an end on 30 September 2024 and chose not to stand for re-election. Kevin Carey was appointed as a Member Nominated Trustee Director for a three-year term of Office on 8 October 2024.

Trustee

Royal Mail Pensions Trustees Limited
Centre
2nd Floor
11 Ironmonger Lane
London
EC2V 8EY

Sponsoring Employers

Royal Mail Group Limited
185 Farringdon Road
London
EC1 1AA

Post Office Ltd
Finsbury Dials
20 Finsbury Street
London
EC2Y 9AQ

Administration

Pensions Service Centre
PO Box 5863
Pond Street
Sheffield
S98 6AB

Trustee Executive





From left to right, **Richard Law-Deeks,** Chief Executive Officer, resigned 30 June 2024**; Michael Airey,** Head of Funding & Investment to 30 June 2024, Chief Executive Officer from 29 July 2024**; Balvinder Aujla,** Chief Finance & Operations Officer; **Lisa McCrory,** Head of Actuarial from 25 November 2024**;** and **Mark Rugman,** Head of Membership & Benefits.

Advisors

Outsourced Chief Investment Officer
BlackRock Investment Management (UK) Limited

Actuary
Colin Singer FIA**,**
Willis Towers Watson

Auditor
KPMG LLP

Banker
The Royal Bank of Scotland

Bulk Annuity Provider (POL Section)
Rothesay Life PLC

Custodian
JP Morgan Chase Bank

Financial Advisor
Penfida Ltd

Investment Consultant
Mercer Investment Consulting

Legal Advisor
Sacker & Partners LLP

Property Valuer
CB Richard Ellis Ltd

Solicitor
CMS Cameron McKenna Nabarro Olswang LLP
Mills & Reeve LLP

Investment Managers
Aberdeen (terminated in February 2025)
Allianz Global Investors
Beach Point Capital Management
Black Creek Investment Management (terminated in October 2024)
BlackRock
Centerbridge Partners
Crescent Capital Group
Hambro Perks
Hamilton Lane
Highbridge Capital Management
Intermediate Capital Group
Glasswing Ventures
Kennedy Lewis Capital Partners
Longchamp Asset Management (terminated in May 2024)
LaSalle Investment Management
Loomis Sayles
Macquarie Group
Marshall Wace Asset Management
MetLife Investment Management
Ninety-One European Credit
Nomura Asset Management Limited
Opportunities Fund
Oaktree Capital Management
PAG Investment Management
PGIM, Inc.
Phoenix Property Investors
Polymer Asia (Cayman) Limited
Quantum Energy Partners
Quinbrook
Robeco Institutional Asset Management BV
Rothesay Life
Schroder Investment Management
Sculptor Capital Management
Silver Rock
TOR Investment Management
True Capital
UOB Investment Management Ltd
Vivo Capital
Wellington Management

These particulars are as at 31 March 2025 unless otherwise stated

Trustee's Report

This is the Annual Report and Financial Statements of the Royal Mail Pension Plan ('RMPP' or the 'Plan') for the year ended 31 March 2025.

Plan Governance

Trustee Arrangements

Royal Mail Pensions Trustees Limited ('RMPTL') acts as Trustee for RMPP. The Board of RMPTL is supported by an executive team of pension management professionals who advises the Board on its responsibilities and ensures that Board decisions are implemented.

The Trustee Board has positions for four member-nominated and four employer-nominated Trustee Directors (and one independent Chair). Currently there is a vacancy for one employer-nominated Trustee Director. Of the current Board members two are nominated by Royal Mail Group Limited ('RMG') and one by Post Office Ltd ('POL') and four by nomination and selection process run by the CWU or Unite CMA. The independent Chair is appointed by RMG after agreement with the Unions.

RMG and POL may remove their own nominees at any time. A member nominated Trustee Director can normally only be removed with the agreement of the rest of the Board.

No matter who they are nominated by each Trustee Director is responsible for protecting the benefits of all members. Each Trustee Director contributes his or her own blend of business knowledge and experience when making Trustee decisions.

Trustee Meetings

During the year the Board met formally on 6 occasions and the business matters addressed included:

- Funding
- Investment strategy
- Plan governance
- Administration
- Member engagement

Sub-Committees and Working Groups

The Board has established the following standing Sub-Committees and working groups (the number of meetings held during the year is shown in brackets).

Sub-Committees:

Administration (4)
Audit, Risk & Finance (3)
Strategic Investment & Funding (3)

Working Groups:

Implementation Working Group (4)
De-risking Working Group (3)
Valuation Working Group (4)

Additionally, the following Sub-Committees conduct business by correspondence and by meeting as required:

Internal Disputes Resolution (9)
Special Trustees (1)
Discretions (4)
Emergency events (7)

Trustee Training

The Board follows The Pensions Regulator's Code of Practice on Trustee Knowledge and Understanding. During the year, training has been undertaken by the Board on escrow, member engagement and the Taskforce on Nature-related Financial Disclosures ('TNFD').

All Trustee Directors have completed The Pensions Regulator's training course, the 'Trustee Toolkit'.

Plan Structure

The Plan is divided into six Sections, A, B, C, D, E and F. Sections A, B and E contain the benefit rules and schedules for former members of the Post Office Staff Superannuation Scheme ('POSSS') and Section C contains the rules for former members of the Post Office Pension Scheme ('POPS'). Section D contains the matching AVC arrangement for Section C and F members. With effect from 1 April 2008, Sections A, B, C and E of the Plan were closed to new entrants.

In 2018, Section F was added to enable the Trustee to admit, with effect from 1 April 2018, those members of the Royal Mail Defined Contribution Plan who meets the eligibility criteria of joining the Plan and who choose to do so. With effect from 31 March 2018 Sections B and C ceased accrual of benefits on the previous benefit basis (i.e., Career Salary Defined Benefit) and along with Section F members were able to build up benefits under a new Defined Benefit Cash Balance Scheme ('DBCBS').

In line with the change in status of POL introduced by the Postal Services Act, with effect from 1 April 2012 POL became a principal employer and a distinct RMG Section and POL Section with separate funding and investment arrangements were created within the Plan. At the same time the Plan's accrued liabilities (including the entitlements of all the then pensioners and deferred pensioners) were transferred to a new Government scheme, the Royal Mail Statutory Pension Scheme ('RMSPS').

The DBCBS also has its own separate funding and investment arrangements.

For the RMG Section and the DBCBS the principal employer is RMG, and the participating employer is RM Property and Facilities Solutions Limited.

The Plan is a registered scheme under Part IV of the Finance Act 2004 and as such certain parts of its income and chargeable gains are free from taxation.

The Plan's Pension Scheme

Taxation Reference (PSTR) number is 00328877RE. The Plan is also registered with the Pension Schemes Registry with a reference number of 100981732.

Membership Administration

The Board has delegated benefit administration to the Royal Mail Pensions Service Centre ('PCS) in Sheffield under contractual arrangements. These arrangements specify service levels against which the Board monitors performance. The contact details and address for all enquiries is shown on the back page of this document.

Liaison with Royal Mail Statutory Pension Scheme ('RMSPS')

The Trustee has continued to work with the RMSPS manager to ensure service to members with benefits in both schemes continues to be as seamless as practicable. There are regular meetings between both schemes and there is regular reporting to the Plan's Trustee on the service provided.

Contributions

Contributions to the Plan (excluding AVCs) amounted to £52 million during the year and were received in accordance with the Schedules of contributions as shown in the Trustee's Summary of Contributions on page 41.

Following agreement between RMG and the Trustee, RMG's contributions that were previously due to the Plan in respect of accrual benefits from 1 September 2017 to 31 March 2018, had accumulated in a fund which is not part of the assets of the Plan. A full escrow arrangement was set up in October 2019 which held these assets. In June 2023, the Trustee reviewed the funding position and made a decision to release the escrow, at the request of RMG and the CWU. The RMG Section is well-funded, and the additional support offered by the escrow was no longer deemed necessary.

In March 2024 the Trustee and RMG agreed a new Schedule of Contributions where employer contributions in respect of the period from 1 February 2024 to 30 June 2024 would be paid to the escrow fund. The Trustee also agreed for the RMG Section to transfer an amount equal to these contributions to the DBCBS. On 15 August 2024, the Trustee and RMG agreed to extend this period from 30 June 2024 to 6 October 2024.

Following the launch of the Royal Mail Collective Pension Plan on 7 October 2024, the RMG and DBCB sections closed to future accrual whereby no members were permitted to accrue or be credited with further benefits after 6 October 2024, accordingly, no contributions, including additional voluntary contributions were payable to the Plan after 6 October 2024.

The escrow assets amounted to £174m million as at 31 March 2025 (2024: £89 million).

Pension Increases

Pensions are increased in accordance with legislation and the Trust Deed & Rules. Currently, this means that for Section A, B and E pensions in payment, the rate of increase is measured by reference to the Consumer Prices Index ('CPI'), and for Section C it is measured by reference to the Retail Prices Index ('RPI'), up to a maximum of 5%.

In April 2025, the increase for Sections A, B & E pensions in payment was 1.7% (2024: 6.7%). For deferred members of these sections, pensions are revalued in the same way. The increase for Section C pensions in payment was 2.7% (2024: 5.0%). For deferred members in Section C, each member's pension is revalued for the period between the date of leaving service and the date the pension commences, by reference to CPI and in accordance with the Pensions Schemes Act 1993. No discretionary increases were awarded.

DBCBS increases

Members have been building up benefits in the DBCBS since April 2018. Benefits accrue based on contributions at a rate set by the Company (initially at 19.6% of each year's pensionable pay) with further discretionary increases to the lump sum being targeted, but not guaranteed, each year. Once credited, those increases are guaranteed. At the point of retirement, members receive a lump sum based on their accrued balance including past pension increases awarded.

The DBCBS reported its funding update at 31 March 2024 (related to members and their Cash Balance at that date) which led to a discretionary pension increase of 3.7% being awarded at 31 March 2025 (2024: 6.7%).

Transfer Values

During the year, transfer values in respect of withdrawing members were calculated and verified in the manner prescribed by legislation. Where required allowance has been made for discretionary increases. The Plan does not accept transfers from other schemes.

Risk Management and Internal Controls

The Board has established a risk management framework which enables it to review on a regular basis the risks faced by the Plan. Internal control systems are also reviewed regularly by the Board through its Audit, Risk and Finance Sub- Committee. The Board's Statement on Risk Management and Internal Control (Appendix 6) includes a summary of the main risks faced by the Plan.

Responsible Investment

The Trustee has a Responsible Investment Mission Statement that reads:

We recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that may increasingly require explicit consideration;

We commit to be an engaged and responsible long-term investor in the assets and markets in which we invest;

We believe that the integration of financially material environmental (including climate change), social and governance ('ESG') factors within our investment process is not detrimental to the Plan's investment risk, Responsible investment does not need to require sacrificing returns. It can, in fact, enhance risk and return characteristics and assist risk management in the sustainable long term expected returns from the Plan's investments;

We aim to continually enhance and develop our approach, in line with our ESG 'roadmap' to ensure the Plan is relatively advanced in its ESG and Climate development;

We will work closely with the BlackRock Outsourced Chief Investment Officer (and other advisers) to ensure ESG factors are integral to investment decisions;

We work closely with the Plan sponsor on ESG issues including communicating the Plan's Net Zero commitment and to manage any key ESG risks identified in the covenant risk review;

We will monitor and review ESG risks (including climate) regularly and where appropriate take actions identified as part of that monitoring and review to mitigate those risks;

We appointed a Trustee Board ESG 'Champion' to develop the Trustee's ESG and climate awareness and to enable Trustee engagement in the Plan's ESG/Climate progress;

We aim to appoint and retain managers whose beliefs and practices are consistent with our beliefs on ESG risks and opportunities (where relevant to their mandate) and we encourage best stewardship practice from our investment managers.

We will actively engage with our investment managers regarding the portfolios' carbon emissions with a view to achieving the Plan's emission reduction targets;

We will communicate ESG and Climate developments to the membership at least annually;

As part of our commitment to Responsible Investment, the Plan is a signatory to the United Nations-backed Principles for Responsible Investment and to Financial Reporting Council ('FRC') UK Stewardship Code; and

The Plan is a signatory to Climate initiatives such as Climate Action 100+ and the Transition Pathway Initiative ('TPI'). TPI is an initiative is led by asset owners (like pension funds) that assess companies' preparedness for the transition to a low carbon economy and supplies efforts to address climate change. Data is provided by FTSE Russell covering over 4000 companies worldwide. TPI provides data for Climate Action 100+ who engage with around 160 companies that are the largest greenhouse gas ('GHG') emitters, actively working with these companies to materially reduce their emissions in order to be in line with the Paris Agreement 2015.

The Trustee's policy on Responsible Investment is included in its Statement of Investment Principles.

Environmental (including climate change) Social and Governance policy

The Trustee acknowledges that ESG including climate change is a material risk. The risk is monitored by the Trustee through the Plan's risk management process.

The Plan's Statement of Investment Principles reflects the ESG policy that specifically includes the consideration of climate change.

Through its Strategic Investment & Funding Sub- Committee, the Trustee has:

- received reports from its managers on how they have exercised their voting rights and how they have engaged with investee companies. The Trustee holds the investment managers responsible for their decisions in the use of voting rights on all issues including remuneration policy.

- completed the UN PRI Reporting Framework in September 2024.

- ensured that those of its UK-based investment managers who hold UK listed shares comply with the FRC's UK Stewardship Code, and

- received reports from Sustainalytics who engages with companies in the Plan's equity (including emerging markets) and corporate bond portfolios on ESG issues and makes recommendations. Sustainalytics engage on numerous issues including environment, human rights, labour rights and business ethics.

Furthermore, the Plan has invested in climate-related investments, namely renewable and net-zero carbon energy.

The Trustee recognises that engagement is a key tool in driving change. Investment managers are regularly reviewed and scored on their ESG policies and activities.

Key Events during 2024/25

Investments

Over the past year, inflation (CPI) continued to decline from its peak of 11.1% in October 2022 to an annualised rate 2.5% as at December 2024. This allowed the Bank of England to begin easing interest rates, with a 0.25% rate cuts in August 2024, November 2024 and February 2025, taking the base rate from 5.25% to 4.5%.

The gilt market experienced notable volatility, driven by both domestic economic policies and global market conditions. Pension schemes closely monitored these movements, as they directly impact the value of their liabilities and investment portfolios. The pension landscape saw a continued emphasis on risk management, with schemes focusing on protecting funding levels by hedging against inflation and interest rate risks.

The European Central Bank and the US Federal Reserve also played crucial roles in shaping the economic environment. The Fed's decision to lower interest rates by 50 basis points in September brought the federal funds rate to a range of 4.75% to 5%. The Fed then cut rates by 25 basis points in each of its next two meetings, ending 2024 with a target range of 4.25% to 4.5%. In Europe, the ECB initiated its first interest rate reductions since 2016, embarking on a series of cuts. Rates were first cut by 25 basis points in June, followed by further reductions in September, October, and December. Throughout the year, rates were lowered from 4% to 3%. Another two cuts were implemented in February and March 2025, bringing the rate down to 2.5% as at the end of March 2025.

Against this macroeconomic backdrop, the RMG Section continued its de-risking journey to align the investment strategy with the risk and return targets needed to achieve the overall investment goals. Among the more significant asset allocation moves during the year were reducing the exposures to Absolute Return in the legacy hedge fund portfolio and to high yield credit.

During the year, the Trustee implemented the new investment strategy for the DBCB Section, which saw increased focus on liquidity whilst reducing reliance on manager skill, illiquidity, and complexity as sources of return. The increased allocation to public equities and fixed income was funded from the reduced allocation to hedge funds, within the legacy Absolute Return asset categorisation. Within fixed income, investment grade credit and government bonds replaced less liquid high yield credit. The improved liquidity allows for efficient rebalancing within the growth assets as well as between the growth and matching portfolios.

Since its closure in 2018, the RMG Section's funding position has remained in surplus. The surplus has increased over the year in the 2012 section by £150m.

A further increase to the guaranteed lump sum was awarded to members of the DBCBS and surplus increased over the period.

ESG developments

Work on ESG compliance has been carried out including the completion of the annual Implementation Statement which discloses significant proxy voting activity and behaviours throughout the Plan year. This Statement is included in the Reports and Accounts, (see Appendix 5).

The Trustee's annual Climate report, including Task Force on Climate-Related Financial Disclosures ('TCFD') disclosures, including the impacts of climate change on the investments held can be accessed from the Plan's website www.royalmailpensionplan.co.uk in the media library section.

The Trustee received a high compliance rating under the UN PRI Reporting Framework which acts as a framework for investors to take ESG issues into account.

The Trustee continues to explore the merits of joining other climate related initiatives and continues to review its ESG roadmap as it strives to meet its ESG ambition.

During the year Sustainalytics has engaged with a total of 23 companies across 24 cases on behalf of the Plan. 1 new case was opened during this period focusing on material ESG risk issues and 4 new cases were opened focusing on sustainability and international standards. The following case studies provide examples of engagement and impact investing activities undertaken.

Case Study 1 – Sustainalytics, Danske Bank A/S:

Sustainalytics engaged with Danske Bank, the Danish Financial Services company regarding management and control of money-laundering issues in its Estonian branch, and AML issues raised by regulators in Norway and Sweden.

After consistent engagement since 2017 as well as criticism by a number of national Regulators, the Company executed a remediation plan to strengthen their AML processes, in addition to liquidating the Estonian business.

In June 2024, Sustainalytics confirmed that the Company had implemented all aspects of its strategy that were reasonable to expect and that the Change Objective is considered fulfilled.

Case study 2 – RWE AG:

Loomis Sayles, one of the Plan's corporate bond managers engaged with RWE in 2025 to discuss its energy transition plans and biodiversity. RWE has shut down all coal powered plants in the UK, and plans to do the same in Netherlands and Germany (by 2030) and aims to achieve net-positive impact on

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biodiversity for all new assets by 2030 at the latest.

Case Study 3 – RMPP Short Term

Cash – BlackRock Environmental, Social and Governance (ESG) investing:

The Plan's short-term cash holdings are invested in BlackRock's Liquid Environmental Aware Fund ('LEAF'). This fund has ESG consideration factored in. The cash in this fund would not be invested in: controversial weapons (nuclear, cluster munitions, bio-chemical, landmines etc); issuers that derive 5% or more of their revenues from fossil fuel, thermal coal, Tar and Oil Sands and tobacco; and issuers that were UN Global Compact violators, have an MSCI ESG rating of CCC or have an MSCI '0' controversy score.

Case Study 4 – Cleve Hill Solar Project – Quinbrook Infrastructure Partners:

Cleve Hill is a solar and battery storage site located in Kent, UK. At 373 MW of solar PV capacity and 150 MW of battery capacity, Cleve Hill is the UK's first Nationally Significant solar and storage project.

The area historically was used for low grade arable land but was under local community pressure to re-wild the area and support local wetland birds and wildlife. Drawing on the economic benefits of solar and storage, the site has avoided higher intensity property development, and established an extensive biodiversity net gain plan.

In 2023, the project actively commenced its Landscape and Biodiversity Management Plan (LBMP), implementing extensive rewilding and habitat management, including dedicating 15% (138 acres) of the total site to biodiversity improvements, to actively create wildlife and biodiversity benefits and gain.

Accounting

The Plan's assets have decreased in value from £9,324 million at 31 March 2024 to £8,402 million at 31 March 2025. There were receipts from contributions, including additional voluntary contributions of £57 million and benefit and transfer payments were £284 million. The decrease in the market value of investments during the year was £715 million (shown in the financial statements in Note 7). The decrease is largely attributable to the LDI mandates which have seen significant falls consistent with the fall in the value of liabilities, due to a rise in gilt yields. Investment income totalled £47 million and there were expenses of £11 million.

Membership Summary

Total membership marginally decreased from 123,366 to 122,595 during the year. The number of employee members decreased from 59,864 to 53,761 as at 31 March 2025. The number of deferred members has increased from 22,007 to 22,310 and the number of pensioners has also increased from 41,495 to 46,524. A full analysis of membership appears in Appendix 1.

Actuarial Valuation and Funding Update

The table over the page includes the results of the latest valuations and funding updates. For the POL Section, POL informed the Trustee, in 2020, that it had found some errors in the salary data provided to the PSC. The Trustee is currently working with POL to finalise the corrections required.

The 31 March 2024 valuation was completed in June 2025.

The DBCBS reported a surplus of £52m at 31 March 2024 which led to a discretionary pension increase being awarded at 31 March 2025.

The latest results will be distributed to members this year for RMG, DBCBS and POL sections and DBCBS.

The actuarial certificates confirm that the agreed Schedules of Contributions are in accordance with the Trustee's Statement of Funding Principles (see page 42).

POL Partial Buy-out

The Trustee purchased a bulk annuity insurance contract with Rothesay Life in 2017 to support its strategy to de-risk the POL Section and minimise fluctuations in the funding level. After careful consideration and advice from advisors, the Trustee decided it would be appropriate to move to the next step of converting this bulk insurance policy into individual policies for each member. This process is known as a 'Partial Buy-out' and once complete Rothesay Life will take over responsibility for directly paying the members benefits that the policies cover. The Trustee wrote to members in January 2020 informing them of this decision to proceed with the Partial Buy-out. The Partial Buy-out will be implemented following completion of the POL Section correction exercise referenced earlier in this report. The Executive and Trustee continue to support the PSC with the Partial Buy-out transition.

Valuation of the POL annuity

The valuation of the buy-in contract at 31 March 2025 was £203m (2024: £240m). The assumptions used are stated as being consistent with the Technical Provisions basis adopted by the Plan Trustee for funding purposes, as set out in the most recent Statement of Funding Principles in relation to the 31 March 2024 triennial valuation, adjusted for market conditions (in particular the discount rate and inflation assumptions) to 31 March 2025. The assumptions are considered reasonable under the flexibility provided by the Pensions Statement of Recommended Practice.

Actuarial Valuation and Funding Update by Section (excluding AVCs)

	Annual funding update 31 March 2019 £m	Annual funding update 31 March 2020 £m	Actuarial valuation 31 March 2021 £m	Annual funding update 31 March 2022 £m	Annual funding update 31 March 2023 £m	Actuarial valuation 31 March 2024 £m
RMG Section						
Assets	10,464	11,183	11,181	11,394	7,611	6,955
Liabilities	10,411	10,664	10,520	10,244	6,550	5,749
Surplus	53	519	661	1,150	1,061	1,206
DBCBS						
Assets	396	735	1,181	1,543	1,653	1,923
Liabilities	386	717	1,151	1,503	1,609	1,871
Surplus	10	18	30	40	44	52
POL Section						
Assets	455	n/a	507	487	327	295
Liabilities	427	n/a	481	456	301	268
Surplus	28	n/a	26	31	26	27

Investment

Investment Policy

The Trustee has a Statement of Investment Principles ('SIP') for each principal employer covering: fund governance; investment objective; risk and return; diversification of risks; strategic management; investment managers; cash flow management; AVCs; responsible investment; and compliance with, and review of, the SIPs.

Each Section's spread of investments continues to balance security and growth in order to pay the Plan's benefits when they become due.

The SIPs for RMG Section and POL Section were updated in June 2025 and are included in Appendix 3. The SIPs can also be accessed on the Plan's website

www.royalmailpensionplan.co.uk

in the media library section. The SIPs are also available to Plan members on request.

The Trustee confirms that it complies with the updated Myners' Principles which provide guidance on best practice in investment decision-making.

Investment Strategy

The investment strategy of the Plan aims to safeguard the assets and to provide, together with contributions, the financial resource from which benefits are paid. Investing assets inevitably exposes the Plan to risks. These risks can be broadly classified as those inherent in the safe custody and record- keeping of assets and those inherent in the investment markets.

The assets of the Plan are kept totally separate from the finances of the sponsoring employers. In order to control their title and security, the Trustee holds the assets in designated custodian accounts and uses the safekeeping services of the custodian.

The risks inherent in the investment markets for the RMG Section (and DBCB Section) are partially mitigated by pursuing a widely diversified approach across asset classes and fund managers. The majority of POL Section's assets are held under the buy-in policy with Rothesay.

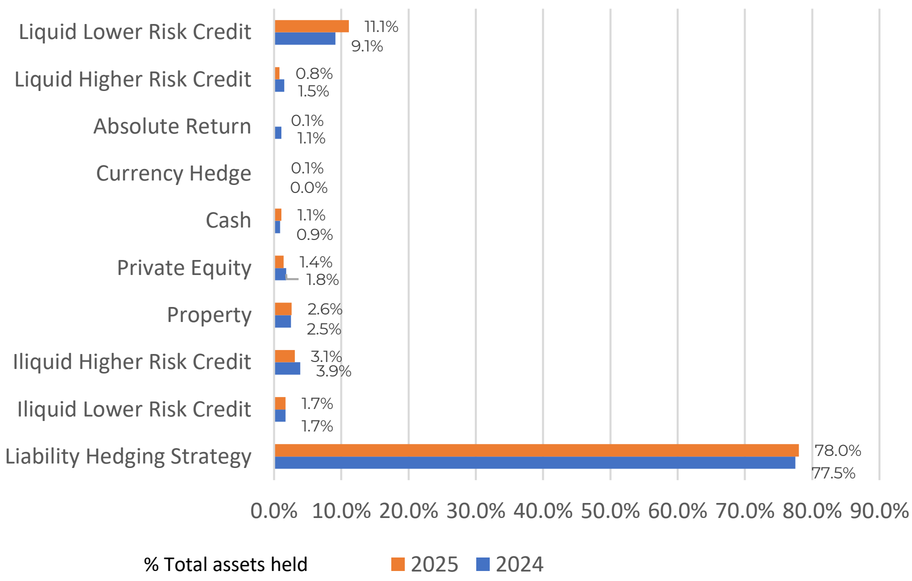
Asset allocation

The charts on the next page show the weightings of the different types of asset held at 31 March 2025 for each of the Sections along with the weightings for the previous year. The charts show assets on an economic exposure basis and include pooled investments which have been redistributed in the chart to reflect the underlying values by asset type (i.e. equities, property, bonds). Therefore, the charts may differ from the analysis of investment values included in the financial statements.

The RMG Section and DBCBS invest in a mix of risk-reducing and return-seeking assets.

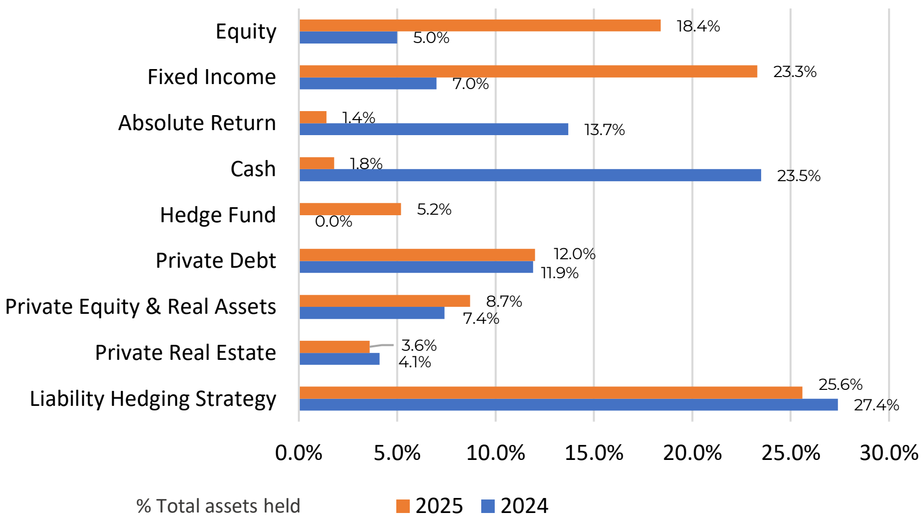
The Plan invests in derivatives (predominantly swaps and options) to reduce interest rate and inflation risk whilst maintaining expected investment returns. Derivatives are included in the charts below in 'liability-hedging strategy'.

RMG Section Asset Allocation



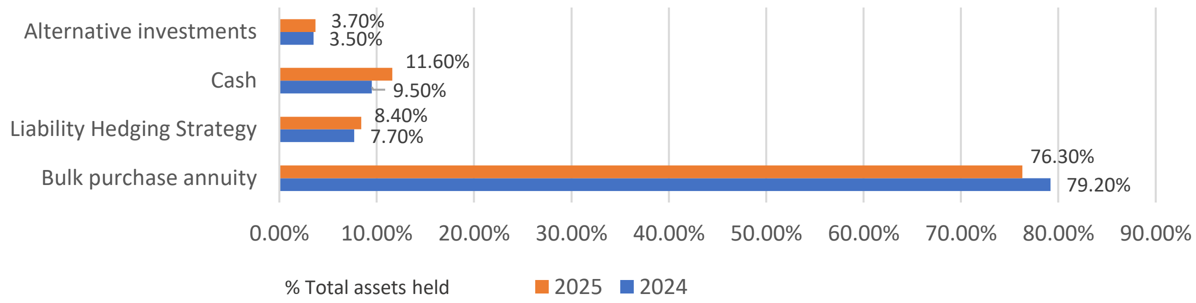
Swaps = 29.0% , Repo = 7.1% i.e. the absolute value of the derivatives' underlying amounts as a percentage of the total asset value of the RMG Section

DBCBS Asset Allocation



Swaps = 11.7%, Repos = 18.9% i.e. the absolute value of the derivatives' underlying amounts as a percentage of the total asset value of the DBCBS.

POL Section Asset Allocation



Asset groupings explained

Asset category	Types of mandate
Liability hedging	Government bonds, swaps and other instruments designed to hedge the interest rate and inflation sensitivity of the liabilities.
Lower risk credit	Collateralised Loan Obligations (CLOs), investment grade credit, infrastructure debt and secured finance.
Higher risk credit	High yield, private debt and emerging market debt.
Fixed income	High yield and secured finance.
Equity and Private Equity	Developed market equities with offsetting swaps, to remove the impact of movements in equity markets, and isolate returns solely from manager skill. Private market equities and emerging market equities.
Property and Private real estate	UK and overseas property.
Private Debt	Higher risk credit and emerging market debt.
Absolute Return	Alternative investments designed to provide a positive return in all markets.
Hedge funds	The hedge fund mandate provides the DBCB section with a diversified access to various hedge fund strategies through an actively managed fund-of-funds structure. The underlying exposures are managed by BlackRock to benefit from the market opportunities when they arise while immunising the portfolio against the risks to the downside.
Alternatives portfolio	Alternatives portfolio on POL section comprise 10 legacy illiquid investments in private market funds. The majority (approx. 80%) are in private credit strategies while the remaining assets are spread between real estate and private equity.
Cash	Cash and liquid money market funds.
Currency hedge	Effective currency hedging strategies including forward contracts, futures, and swaps used to eliminate foreign exchange currency risk.
Annuity	Bulk purchase annuity that insures a subset of members for the POL Section.

Investment Managers

The Plan’s assets were managed by several external investment managers as detailed below.

Manager	Mandate	£m
Allianz Global Investors	Real estate	20
Beach Point Capital Management	High Yield Debt and Fixed Income	92
BlackRock*	Liability Driven Investment, Infrastructure Debt, Gilts, Buy & Maintain, Hedge fund	6,253
Centerbridge Partners	Private Debt	36
Crescent Capital Group	Private Debt	23
Glasswing Ventures	Alternatives	7
Hambro Perks	Private Equity	22
Hamilton Lane	USA Private Equity	10
Highbridge Capital Management	Private Debt	7
Intermediate Capital Group	Private Debt	117
Kennedy Lewis Capital Partners	Private Debt	17
LaSalle Investment Management	UK Property and Real Estate Debt	462
Loomis Sayles	Global Investment Grade Credit	338
Macquarie Group	Asian Infrastructure	16
MetLife Investment Management	Infrastructure Debt	51
Ninety One	Private Debt	12
Oaktree Capital Management	Private Debt, E.M., Mezzanine, & Real Estate	116
PAG	Alternatives	45
Phoenix Property Investors	Real Estate Debt	4
Quantum Energy Partners	Private Equity	56
Quinbrook Infrastructure Partners	Private Equity & Real Assets	110
Rothesay Life	Insurance Contract	203
Schroders	Credit, Gilts, Private Debt and Equity TRS	6
Sculptor Capital Management	Real Estate Debt	1
Silver Rock	Private Debt	15
TOR Investment Management	Alternatives	49
True Capital	Private Equity	9
UOB Investment Management Pte. Ltd.	Private Equity	8
Vivo Capital	Private Equity	8
Other residual assets	Residual assets	27
Cash and other assets		117
AVC Investments		137
TOTAL		**8,394**

*BlackRock managed the RMG Section’s liability-driven investment portfolio during the year through a pooled investment vehicle. Although this forms a large proportion of the Plan’s assets, risk is mitigated through holding a spread of underlying assets comprising index-linked gilts (backed by Government), swap contracts, repos and cash.

Investment managers receive a fee for the management of mandates. Fees are paid by the Trustee and recharged to the Plan or are taken directly from the fund by the investment manager. Where relevant, a performance fee is also charged which is only payable if a return higher than the specific benchmark return.

Liquidity of Investments

The Trustee regards the majority of the investments as readily realisable, apart from the buy-in policy in the POL Section. Other exceptions include certain pooled investments, private equity, private debt, property and some corporate bonds, which due either to the nature of the investments or current market conditions means they are less liquid than the rest of the investment portfolio.

Investment Returns

The tables below show the Plan's returns for the year ended 31 March 2025 as well as annualised returns for the three years to the same date, split by Section.

RMG Section	Year to 31 March 2025	3 years to 31 March 2025
Return Seeking Strategy	4.2%	2.9%
Return Seeking Benchmark*	7.9%	6.6%
Liability Hedging Strategy	-10.9%	-19.3%
Total assets	-9.7%	-17.0%

* The "Benchmark" figures represent the return seeking target of 3 month GBP SONIA +2.7%

DBCB Section	Year to 31 March 2025	3 years to 31 March 2025
Return Seeking Strategy	5.3%	4.2%
Liability Hedging Strategy	-3.3%	-22.0%
Total assets	0.1%	-2.3%
Target (gilts + 3.6% p.a.)*	2.4%	-1.1%

* The Section's portfolio objective is to target a return of Gilts + 3.6% p.a. with a maximum volatility of 9.4% p.a. over a one-year horizon.

POL Section	Year to 31 March 2025	3 years to 31 March 2025
Return Seeking Strategy *	1.8%	2.7%
Liability matching and cash **	1.4%	-3.5%
Total assets	1.4%	-1.9%
Benchmark	5.0%	4.1%

* The POL Section's relatively small allocation to return seeking assets are legacy illiquid holdings now in run-off

** Liability matching, and cash includes cash account and FX contribution and excludes any contribution from the bulk purchase annuity contracts

All performance figures quoted are calculated on a time-weighted return basis.

Conclusion

We have continued to deliver for the members of the Plan despite ongoing volatility in capital markets with concerns focused on inflation, interest rates and global economic growth.

The Plan continues to reduce risk for the RMG Section by reducing its allocation to absolute return and high yield credit. Updates to the investment strategy for the DBCBS focussed on liquidity with an increase in public equities and fixed income whilst maintaining a balanced portfolio that aims to meet its return and risk constraints while continuing to provide inflation linked pension increases.

The investment strategy has successfully protected the surplus of the RMG Section, while growing the funding level. At 31 March 2024 the Technical Provisions Surplus was £1,206m and the funding level 121%.

The RMG Section achieved a negative return of 9.7% over the 12 months to 31 March 2025, driven by the liability- hedging portfolio. The return seeking portfolio achieved a positive return of 4.2% over the year. Since 1 April 2012, the return-seeking portfolio returned 5.9% per annum.

The DBCBS received £50 million in new contributions. The Plan delivered a pension increase of 6.7% for the DBCB Section last year, with a further increase of 3.7% this year.

Work continues to progress the POL Section Partial Buy-out.

We continue to develop our strategies in relation to ESG. Engagement with the Plan's investment managers continues to be a key tool in driving change and ensuring the Plan remains a responsible long-term investor.

Governance remains high on the Trustee's agenda with work continuing on The Pensions Regulator's General Code.

The Trustee notes EP Group takeover of IDS plc recently completed. The Trustee will continue to work closely with IDS and Royal Mail Group Limited, the sponsoring employer, as well as the new owner, EP Group, to maintain the current healthy funding position of the Plan and to safeguard its future stability.

The Trustee directors would like to thank Phil Browne for his contribution as a member of the Board.

The Trustee Board would like to thank the RMPTL Executive, the Royal Mail Pensions Service Centre, the Royal Mail Pensions Strategy Team and our team of external advisors for their assistance throughout the year.

Joanna Matthews – Chair

12 August 2025

Statement of Trustee's Responsibilities for the Financial Statements

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

(i) show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year; and

(ii) contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice Financial Reports of Pension Schemes.

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

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

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

The Trustee is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities. The Trustee is responsible for the maintenance and integrity of the Plan and financial information included on the Plan's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Trustee Responsibilities in respect of Contributions

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

Royal Mail Pension Plan Financial Statements

Fund Account

for the year ended 31 March 2025

	Notes	2025 £m	2024 £m
Contributions and Benefits			
Employer Contributions	**1**	**3**	208
Employee Contributions	**1**	**54**	106
Benefits	**2**	**(262)**	(215)
Payment to and on account of leavers	**3**	**(22)**	(18)
		(227)	**81**
Administrative expenses	**4, 21**	**(16)**	(13)
Net (withdrawals)/ additions from dealings with members		**(243)**	**68**
Return on investments			
Investment income	**6**	**47**	61
Change in the market value of investments	**7**	**(715)**	(519)
Investment management expenses	**5, 21**	**(11)**	(12)
Net return on investments		**(679)**	**(470)**
Net (decrease) in the fund during the year		**(922)**	**(402)**
Net assets of the Plan			
At start of the year		**9,324**	9,726
At end of the year		**8,402**	**9,324**

The Accounting Policies and Notes on pages 20 to 35 form an integral part of the financial statements.

Statement of Net Assets (available for benefits) as at 31 March 2025

	Notes	2025 £m	2024 £m
Investment assets			
Equities	7	12	78
Property	7, 9	384	467
Bonds	7	1,616	1,617
Pooled investment vehicles	7, 8	6,262	6,729
Insurance Policies	7	203	240
Derivative contracts	7, 10	42	25
AVC investments	7, 12	137	142
Cash and cash equivalents	7, 11	168	212
Other investment assets	7, 16	90	134
		8,914	**9,644**
Investment liabilities			
Derivative contracts	7, 10	(41)	(45)
Other investment liabilities	7, 16	(479)	(276)
		(520)	**(321)**
Net investment assets			
		8,394	**9,323**
Current assets		48	65
Current liabilities	13	(40)	(64)
Net assets of the Plan			
		8,402	**9,324**

The Accounting Policies and Notes on pages 20 to 35 form an integral part of the financial statements.

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take into account obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Plan, which does take into account such obligations, is dealt with in the Report on Actuarial Liabilities included on page 43 and these financial statements should be read in conjunction with that report.

Approved by the Trustee and signed on behalf of the Directors by:

J Matthews – Chair

G Sassoon-Hales – Director

M Airey – Chief Executive Officer

Accounting Policies

Basis of Preparation

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

Basis of Accounting

The Plan is established as a trust under English law. The address for enquiries to the Plan is listed on page 4. The financial statements state the assets at market value. The long-term financial position of the Plan including liabilities for pensions and other benefits which are expected to arise in the future and which are not reflected in the financial statements, is dealt with in the Actuarial Valuation Reports as at 31 March 2024 (RMG Section) and 31 March 2024 (POL Section).

Going Concern

The financial statements are prepared on a going concern basis, which the Trustee believes to be appropriate as it believes that the Plan has adequate resources to realise its assets and meet benefit obligations in the normal course of affairs for at least the next twelve months from the approval of these financial statements. In reaching this conclusion, the Trustee considered the impact of the funding level, investment strategy, portfolio liquidity, cashflow requirements and the employer covenant.

The funding level of the RMG Section of which Royal Mail Group Limited is the sponsoring employer continues to be in a surplus on a technical provisions estimate and buy-out estimate. The Section has a strong funding level and this is not expected to have changed significantly as at the date that these financial statements are approved. As a result the RMG Section is not assumed to be reliant on the employer covenant and no deficit contributions are due to the Plan.

The Plan has sufficient liquidity within its investment portfolio to continue to pay benefits and cashflow requirements as they fall due either through using existing cash holdings or through liquidating investment holdings.

The Trustee considered the implications on the Plan should the Employer, Royal Mail Group Limited, become insolvent as well as the EP Group takeover of the IDS plc Group. As part of its acquisition of IDS plc Group, the EP Group made certain undertakings to His Majesty's Government which provide some comfort over the employer covenant. These include 3 to 5 years commitments regarding a future change of control, covenant leakage, and restrictions on debt and leverage. As the Trust Deed and Rules do not include a clause which automatically triggers wind up should the employer become insolvent and because the Plan is expected to continue to operate irrespective of a change of ownership, the Trustee is confident that the Plan is a going concern and there is no risk to this status.

Benefits for the POL Section will continue to be funded by the insurance policy that is held by that Section with Rothesay Life Plc.

Overall, the Trustee has considered the impact of the funding level, investment strategy, portfolio liquidity and cashflow requirements when assessing the Plan's going concern and has assumed no further reliance on the employer covenant. This assessment, together with income and capital growth from its assets, gives the Trustee confidence to prepare the financial statements on a going concern basis.

Contributions

Normal contributions from employers and employees are made in accordance with the rates set out in the schedules of contributions in force for the Plan Year. Normal contributions relating to wages and salaries earned in the Plan Year have been recognised in these financial statements and are accounted for when deducted from members' pay. Additional Voluntary Contributions are accounted for on an accruals basis

Accounting Policies continued

when deducted from payroll. Augmentation contributions are recognised in the financial statements in accordance with the due dates set out in the schedules of contributions.

Benefits

Benefits are accounted for in the period which they fall due for payment. Where there is a choice, benefits are accounted for in the period in which the member notifies the Plan of the decision on the type or amount of benefit to be taken or, if there is no member choice, they are accounted for on the date of retirement or leaving. Benefits taken are reported gross of any tax settled by the Plan on behalf of the member. Opt outs are accounted for when the Plan is notified of the opt out.

Transfers

Individual transfers out of the Plan are accounted for on a cash basis of amounts paid. Group transfers are accounted for when liability is accepted by the receiving scheme, which is usually on the basis of amounts paid.

Expenses

Expenses are accounted for on an accruals basis. The Plan bears all the costs of administration. Direct costs are charged to the section to which they relate. Indirect costs are allocated between sections based on an allocation methodology agreed by the Trustee.

Investment Income

Income from property, bonds and other interest receivable is taken into account on an accruals basis. Income from all other marketable securities is taken into account on the date when stocks are quoted ex-dividend. Investment income is recognised in the financial statements net of associated tax credits which are not recoverable by the Plan. Any overseas withholding tax is recognised as income, but where this is not recoverable by the Plan it is shown separately as a tax charge. Income from other assets, such as pooled investment vehicles, is recognised on a receipts basis. Coupon payments and receipts under swap contracts are included in investment income on a cash basis, as net receipts/(payments) on swaps.

Foreign Currencies

The functional and presentational currency for reporting purposes is Sterling. Foreign currency investments and related assets and liabilities are translated into Sterling at the rates ruling at the year end. Foreign currency income and expenditure is translated at exchange rates prevailing on the appropriate dates, which are usually the transaction dates. Exchange differences arising from translation are dealt with in the Fund Account within the change in market value of investments.

Market Value of Securities

Investments are included at their fair value. The majority of listed securities are valued at the bid price, or the last traded price, depending on the convention of the stock exchange on which they are quoted, at the date of the Statement of Net Assets. For Bonds this valuation is shown net of the accrued interest therein; such interest is included in other investment assets.

Stock index and bond futures are included in the Statement of Net Assets under derivative contracts at fair value. For exchange-traded derivatives that are assets, fair value is based on bid prices. For exchange-traded derivatives that are liabilities, fair value is based on offer prices. All gains and losses on open contracts are included within the change in market value of investments.

Open forward foreign currency contracts at the balance sheet date are over the counter contracts and are valued using forward currency rates at that point. The unrealised appreciation or depreciation of open foreign currency contracts is calculated by the difference between the contracted rate and the rate to close out the contract.

Accounting Policies continued

Open option contracts at the balance sheet date are over the counter contracts and fair value is calculated taking into account the strike price, maturity date and the underlying asset of the option. The unrealised appreciation or depreciation of open option contracts is calculated by the difference between the premiums paid for the options and the price to close out the options.

Interest rate and credit default swaps are over the counter contracts and fair value is the current value of the future expected net cash flows, taking into account the time value of money, the day over day movement and market data at year end.

Unlisted securities, insurance policies and other pooled investment vehicles are valued at the Trustee's valuation using published prices, the latest information from investment managers and actuarial consultants, or at cost less any necessary provisions for impairment.

The insurance policy held by the Plan has been valued on the technical provision basis using membership data as at 31 March 2024 updated for pensions paid, pension increases and revaluation, as well as member options including transfers out and tax free cash at retirement. The financial assumptions used to value the policy have been calculated using the 2024 triennial valuation Technical Provisions basis, updated for current market conditions, as set out in the Statement of Funding Principles dated 19 June 2025.

Securities on Loan

Securities on loan are included in the financial statements within the respective investment classes at the year-end market value of the securities on loan. Collateral received on stock loans is excluded from the financial statements.

Repurchase Agreements

The Plan continues to recognise and value the securities that are delivered out as collateral and includes them in the financial statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a payable amount.

Market Value of Properties

Properties are valued on the basis of open market value as at the year-end date, in accordance with RICS Valuations Standards, by independent valuers. The valuer, CB Richard Ellis, is a recognised firm of Chartered Surveyors which has the appropriate expertise within its practice to value these properties.

Commitments

Commitments represent funds to be allocated for future investments by the Plan.

Notes to the Financial Statements

1. Contributions

	2025 £m	2024 £m
Employer contributions		
Normal	1	208
Additional	2	-
Employee contributions		
Normal	49	97
Additional voluntary contributions	5	9
	57	**314**

Following the launch of the Royal Mail Collective Pension Plan on 7 October 2024, the DBCB section closed to future accrual whereby no members were permitted to accrue or be credited with further benefits after 6 October 2024, accordingly, no contributions were payable to the Plan after 6 October 2024.

2. Benefits

	2025 £m	2024 £m
Retirement pensions	88	71
Lump sum/ retirement benefits	157	131
Death Benefits	17	13
	262	**215**

3. Payments to and on behalf of leavers

	2025 £m	2024 £m
Individual transfer values	22	18
	22	**18**

4. Administrative expenses

	2025 £m	2024 £m
Administrative expenses	16	13
	16	**13**

Administration expenses include costs totalling £107,029 in respect of Plan and Risk Based Levies for the Pension Protection Fund (2024: £159,507). Administration expenses also include fees payable to the Plan's Auditor (KPMG) of £157,438 (2024: £142,007).

5. Investment management expenses

	2025 £m	2024 £m
Investment manager's base fees	7	7
Investment manager's performance fees	0	1
Other expenses	4	4
	11	**12**

Notes to the Financial Statements continued

6. Investment income

	2025 £m	2024 £m
Dividends from equities	2	1
Income from bonds	38	45
Income from pooled investment vehicles	1	6
Net rental income	18	20
Annuity income	8	7
Interest on cash deposits	2	2
Interest on repurchase agreements – net	(13)	(7)
Net receipts/ (payments) on swaps	(9)	(11)
Net gain/ (loss) on foreign exchange	-	(2)
	47	**61**

Net rental income is stated after deduction of £16m (2024: £6m) of property related expenses. The Plan is a registered scheme for tax purposes under the Finance Act 2004. The Plan is therefore exempt from taxation except where there is withholding tax relating to overseas income.

7. Reconciliation of investments

This includes profits and losses on investments sold as well as increases and decreases in the value of investments held at 31 March 2025. An analysis of the change in market value of net assets is shown below:

Investment assets	Market value at 31 March 2024 £m	Purchases at cost and derivative payments £m	Sale proceeds and derivative receipts £m	Change in value £m	Market value at 31 March 2025 £m
Equities	78	20	(84)	(2)	12
Property	467	5	(39)	(49)	384
Bonds	1,617	1,319	(1,257)	(63)	1,616
Pooled investment vehicles	6,729	2,890	(2,774)	(583)	6,262
Insurance Policies	240	-	-	(37)	203
AVC investments	142	5	(18)	8	137
Cash and cash equivalents	212	-	(42)	(2)	168
Derivatives contracts*	(20)	137	(129)	13	1
	9,465	4,376	(4,343)	(715)	8,783
Other investment assets and liabilities	(142)	-	(247)	-	(389)
Net investment assets	**9,323**	**4,376**	**(4,590)**	**(715)**	**8,394**

* Derivative contracts include both derivative assets and liabilities which are shown separately on the face of the Statement of Net Assets

Note: The "Change in value" column comprises gains and losses on investments sold and increases and decreases in the value of investments held.

Transaction costs are costs that are directly attributable to the acquisition or disposal of an investment and are included in the cost of purchases and sale proceeds. Transactions costs incurred during the year amounted to £31,496 (2024: £444,000). In addition to these transaction costs, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. Further detail on Transactions costs can be found in note 18.

Notes to the Financial Statements continued

8. Pooled Investment Vehicles

	2025 £m	2024 £m
Bond funds	476	61
Equity funds	361	34
Absolute Return funds	131	239
Property funds	2	6
Private Equity funds	257	204
Liability Driven Investment Pooled funds	4,403	5,062
Liquidity funds	169	516
Private Debt funds	393	533
Private Real Estate funds	70	74
	6,262	**6,729**

	2025 £m	2024 £m
The RMG Section of the Plan is currently the sole investor in the pooled Liability driven investment fund. The underlying assets in this pooled investment vehicle are as follows:		
Bonds	4,636	5,319
Swaps	(6)	24
Repurchase agreements	(431)	(416)
Net cash	204	135
	4,403	**5,062**

9. Property

	2025 £m	2024 £m
UK		
Retail	318	343
Industrial	51	54
Residential	15	70
	384	**467**

There was no property (2024: £nil) which was leased back to RMG at market rates.

Notes to the Financial Statements continued

10. Derivative contracts

	2025 £m	2024 £m
Assets		
Futures contracts	1	-
FX forward contracts	27	1
Swaps	14	24
	42	**25**

	2025 £m	2024 £m
Liabilities		
Futures contracts	(2)	(1)
FX forward contracts	(7)	(12)
Swaps	(32)	(32)
	(41)	**(45)**

Objectives and Policies
The Trustee has authorised the use of derivatives by its investment managers as part of its overall investment strategy for the Plan. The main objectives for the use of derivatives are summarised as follows:

Futures contracts
Futures contracts are entered into as a method of balancing the Plan's exposure to a particular market or sector. Derivatives often provide a cheaper and more effective way of modifying portfolio risk to remain within asset allocations governed by the investment strategy of the Plan.

Credit default swaps
Credit default swaps are used to decrease the Plan's credit risk on fixed interest instruments.

Foreign exchange forward contracts
Foreign exchange forward contracts are used to hedge against adverse foreign exchange rate movements on investments denominated in non-Sterling currencies.

Interest rate swaps
Interest rate swaps are used to decrease the Plan's risk to interest rate movements on floating rate instruments.

Disclosures of the derivatives held at year end are set out below:

Futures – exchange traded

Type of Futures	Expiration	Economic Exposure Value £m	2025 Assets £m	2025 Liabilities £m
Fixed interest - overseas	June 2025	27	1	(1)
Equity index	June 2025	27	-	(1)
			1	**(2)**

Futures – exchange traded

Type of Futures	Expiration	Economic Exposure Value £m	2024 Assets £m	2024 Liabilities £m
Fixed interest - overseas	June 2024	(166)	-	(1)
			-	**(1)**

The value of the overseas fixed interest futures assets was £571,000 (2024: £nil) and the value of the overseas fixed interest futures liabilities was £566,000 (2024: £nil)

The value of the equity index futures assets was £386,000 (2024: £nil) and the value of the equity index futures liabilities was £935,000 (2024: £nil)

Notes to the Financial Statements continued

FX forwards

Currency Bought	Currency Sold	Notional Value £m	2025 Assets £m	2025 Liabilities £m
GBP	EUR	436	3	-
GBP	USD	1,430	23	(4)
USD	EUR	11	-	-
Various*	Various*	281	1	(3)
			27	**(7)**

FX forwards

Currency Bought	Currency Sold	Notional Value £m	2024 Assets £m	2024 Liabilities £m
GBP	EUR	146	-	-
GBP	USD	1,891	1	(12)
USD	EUR	10	-	-
Various	Various	2	-	-
			1	**(12)**

*Various include CAD/GBP,AUD/GBP and JPY/GBP.

FX forward contracts are over the counter settling in less than one year.

The value of the FX forward GBP/EUR assets was £2m (2024: £10,000) and the value of the FX forward GBP/EUR liabilities was £251,000 (2024: £202,000).

The value of the FX forward USD/EUR assets was £154,000 (2024: £63,000) and the value of the USD/EUR liabilities was £94,000 (2024: £46,000).

The value of the FX forward various assets was £605,000 (2024: £38,000) and the value of the FX forward various liabilities was £3m (2024: £348).

Swaps – over the counter

Type of Swaps	Expiration	Economic Exposure Value £m	2025 Assets £m	2025 Liabilities £m
Interest rate swap – fixed for floating	< 5 years	644	3	(18)
Interest rate swap – fixed for floating	5 – 40 years	476	8	(10)
Inflation swap	< 5 years	149	3	(1)
Inflation swap	5 - 40 years	166	-	(3)
			14	**(32)**

Swaps – over the counter

Type of Swaps	Expiration	Economic Exposure Value £m	2024 Assets £m	2024 Liabilities £m
Interest rate swap – fixed for floating	< 5 years	495	9	(16)
Interest rate swap – fixed for floating	5 - 40 years	320	10	(15)
Inflation swap	< 5 years	78	4	-
Inflation swap	5 - 40 years	171	1	(1)
			24	**(32)**

Notes to the Financial Statements continued

The value of inflation swap that expire in less than 5 years assets was £3m (2024: £4m) and the value of inflation that expire in less than 5 years liabilities was £1m (2024: £259,000).

The value of inflation swap that expire in a period ranging from 5 to 40 years assets was £nil (2024: £1m) and the value of inflation swap that expire in a period ranging from 5 to 40 years was £3m (2024: £827,000).

The value of collateral pledged was £37m (2024: £48m).

11. Deposits and short-term investments

	2025 £m	2024 £m
Interest earning deposits		
Sterling	112	101
Foreign currency	56	111
	168	**212**

12. AVC investments

Members' Additional Voluntary Contributions are invested separately from the principal Plan on a money purchase basis with Scottish Widows. There are legacy 'with profits' arrangements with Aviva and Standard Life. Members participating in these arrangements each receive an annual statement confirming the amount held in their account and the movements in the year. The table below details the value held per provider:

	2025 £m	2024 £m
Scottish Widows	131	135
Aviva	1	1
Standard Life	5	6
	137	**142**

13. Current liabilities

	2025 £m	2024 £m
Accrued benefits	13	21
Other creditors	27	43
	40	**64**

14. Securities on loan

Securities have been lent to market makers in return for fee income earned by the Plan. Security for the loans is obtained by holding collateral in the form of financial instruments. There were £nil securities on loan at 31 March 2025 (2024: £nil).

15. Commitments and contingent liabilities

	2025 £m	2024 £m
Others*	301	376
	301	**376**

*Other commitments represent funds allocated for specific private markets and alternative investments. There were £nil contingent liabilities at 31 March 2025 (2024: £nil).

Notes to the Financial Statements continued

16. Other investment assets and investment liabilities

	2025 £m	2024 £m
Assets		
Accrued income	12	8
Amounts due from brokers/collateral	22	40
Outstanding traded securities	56	1
Cash in transit	-	85
	90	**134**

	2025 £m	2024 £m
Liabilities		
Accrued income from repurchase agreements	(5)	-
Amounts due to brokers/collateral	(10)	(54)
Outstanding traded securities	(48)	-
Cash in transit	(42)	-
Amounts payable under repurchase agreements	(374)	(222)
	(479)	**(276)**

At the year-end £370m (2024: £224m) of bonds reported in Plan assets are held by counterparties under repurchase agreements.

17. Net assets at the end of the year

The table below shows the net assets of the Plan for each individual Section as at 31 March 2025.

	RMG £m	DBCBS £m	POL £m	Total £m
Equities	7	5	-	12
Property	384	-	-	384
Bonds	727	889	-	1,616
Pooled investment vehicles	4,781	1,419	62	6,262
Insurance policies	-	-	203	203
Derivative contracts	12	(11)	-	1
Cash and other assets	139	(353)	1	(213)
	6,050	1,949	266	8,265
AVC investments	127	-	10	137
	6,177	**1,949**	**276**	**8,402**

Notes to the Financial Statements continued

18. Transaction costs

Included within the purchases and sales are direct transaction costs of £0.03m (2024: £0.06m) related to fees and commissions on equities and bonds transactions.

There was no stamp duty relating to property purchasing in the current year (2024: £383,000).

Transaction costs are also borne by the Plan in relation to transactions pooled investment vehicles. Such costs are taken into account in calculating the bid/offer spread of these investments and are not separately reported.

19. Investment Fair Value Hierarchy

The fair value of financial instruments has been determined using the following fair value hierarchy:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities which the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 which are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly;

Level 3: Inputs which are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Investment Fair Value Hierarchy

As at 31 March 2025	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Equities	10	1	1	12
Bonds	876	643	97	1,616
Property	-	-	384	384
Pooled investment vehicles	127	5,280	855	6,262
Insurance policies	-	-	203	203
Derivatives	-	1	-	1
AVC investments	-	137	-	137
Cash and cash equivalents	168	-	-	168
Other investment balances	(15)	(374)	-	(389)
	1,166	**5,688**	**1,540**	**8,394**

Notes to the Financial Statements continued

As at 31 March 2024	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Equities	76	1	1	78
Bonds	751	773	93	1,617
Property	-	-	467	467
Pooled investment vehicles	-	5,682	1,047	6,729
Insurance policies	-	-	240	240
Derivatives	(1)	(19)	-	(20)
AVC investments	-	142	-	142
Cash and cash equivalents	212	-	-	212
Other investment balances	80	(222)	-	(142)
	1,118	**6,357**	**1,848**	**9,323**

20. Investment Risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

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 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 Plan has exposure to these risks because of the investments it makes to implement its investment strategy described in the Trustee's Report. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Plan's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Plan's investment managers and monitored by the Trustee by regular reviews of the investment portfolios.

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

(i) Credit risk

The Plan is subject to credit risk as the Plan invests in bonds, over the counter (OTC) derivatives, has cash balances, undertakes stock lending activities and enters into repurchase agreements. The Plan also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to instruments it holds in

Notes to the Financial Statements continued

the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

The following tables will recognise assets held in pooled investments required to be disclosed on a look-through basis and thus will differ from other notes in the financial statements.

Analysis of direct credit risk	Investment grade £m	Non-investment grade £m	Unrated £m	2025 Total £m
Bonds	6,156	119	17	6,292
OTC Derivatives	(5)	-	-	(5)
Insurance policies	-	-	203	203
Cash	90	-	-	90
Repurchase agreements	(805)	-	-	(805)
Pooled Investment Vehicles	1,247	-	772	2,019
	6,683	119	992	7,794

Analysis of direct credit risk	Investment grade £m	Non-investment grade £m	Unrated £m	2024 Total £m
Bonds	6,626	255	54	6,935
OTC Derivatives	(68)	-	-	(68)
Insurance policies	-	-	240	240
Cash	133	-	-	133
Repurchase agreements	(638)	-	-	(638)
Pooled Investment Vehicles	790	-	652	1,442
	6,843	255	946	8,044

Credit risk arising on bonds is mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds which are rated at least investment grade. The Plan also invests in high yield and emerging market bonds which are non-investment grade. The Trustee manages the associated credit risk by requesting the investment manager to diversify the portfolio to minimise the impact of default by any one issuer. Credit risk arising on other investments is mitigated by investment mandates requiring counterparties to be of at least investment grade credit quality. Credit ratings of counterparties can be monitored via the reports issued from the major credit rating agencies.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter. OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Plan is subject to risk of failure of the counterparty. The credit risk for OTC swaps and options is reduced by collateral arrangements which would require the transfer of cash between counterparties when OTC derivative positions are opened and during the life of the open position as the market value of the position changes over time. Credit risk also arises on forward foreign currency contracts. At year end, the value of collateral pledged was £37.3m (2024: £48m).

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

The Plan lends certain fixed interest and equity securities under a Trustee-approved stock lending programme. The Trustee manages the credit risk arising from stock lending 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.

Notes to the Financial Statements continued

At the year end, the Plan had lent £nil million (2024: £Nil million) of fixed income securities and £nil (2024: £nil) of quoted securities and held collateral in the form of cash and fixed interest securities with a value of nil % (2024: nil %) of stock lent.

The Plan's holdings in pooled investment vehicles are unrated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the managers operate and diversification of investments amongst a number of pooled arrangements. For the LDI fund, the Plan is the sole investor and the underlying assets of the funds (see note 9) have been reviewed for credit risk disclosure purposes. The Trustee carries out due diligence checks on the appointment of new pooled managers and on an ongoing basis monitors any changes to the regulatory and operating environment of the pooled manager. This involves the review of internal controls reports which are externally audited, reviews of the audited annual accounts, monitoring and adherence to service level agreements and ongoing discussions and meetings with the pooled fund manager and their custodians.

A summary of pooled investment vehicles by type of arrangement is as follows:

	2025 £m	2024 £m
Qualifying investor fund	4,403	5,084
Open ended investment companies	1,137	816
Shares of limited liability partnerships	722	829
	6,262	**6,729**

Indirect credit risk arises in relation to underlying investments held in the pooled investment vehicles. This risk can be mitigated by investing in pooled funds which invest in investment grade credit rated securities and transact with counterparties of an investment grade credit rating.

(ii) Currency risk

The Plan is subject to currency risk because some of the Plan's investments are held in overseas markets, either as segregated investments or via pooled investment vehicles. The Trustee limits overseas currency exposure through a currency hedging policy.

The Plan's total net unhedged exposure by major currency at the year-end was as follows:

	2025 £m	2024 £m
Currency		
Euro	169	40
US dollars	211	43
Japanese Yen	-	13
Other	9	24
	389	**120**

Notes to the Financial Statements continued

(iii) Interest rate risk

The Plan is subject to interest rate risk on bonds and interest rate swaps held either as segregated investments or through pooled vehicles and cash. At the year-end these comprised:

	2025 £m	2024 £m
Direct		
Bonds	6,252	6,935
Interest rate swaps	(25)	41
Repurchase agreements	(431)	(416)
Cash	208	212
Indirect		
Bond funds	476	61
Private Debt funds	393	533
Liquidity funds	169	516
Insurance policies	203	240
	7,245	**8,122**

(iv) Other price risk

Other price risk arises principally in relation to the Plan's return seeking portfolio which includes directly held equities, equities held in pooled vehicles, equity futures, absolute return funds, private equity and investment properties.

The Plan manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

At the year-end, the Plan's exposure to investments subject to other price risk was:

	2025 £m	2024 £m
Direct		
Equities	12	78
Property	384	467
Indirect		
Equity funds	361	34
Absolute Return funds	131	253
Property funds	2	6
Private Equity funds	257	205
Private Real Estate funds	70	74
	1,217	**1,117**

Notes to the Financial Statements continued

(v) Concentration of Investments

The following investments account for more than 5% of the Fund's net assets at the year-end:

	2025 £m	%	2024 £m	%
BlackRock Liability Solutions Funds II GBP	4,403	52	5,062	54

21. Related party transactions

During the year there were transactions with Royal Mail Pension Trustees Limited (RMPTL). RMPTL provides the Plan with comprehensive trustee services including the provision of external supplies. The cost to RMPTL of providing these services is borne by the Plan and allocated between administrative and investment expenses. Contributions received and pension benefits paid in respect of Trustee Directors who are members of the Plan were in accordance with the Schedules of Contributions and Plan rules where appropriate.

There were no employer related investments during the year.

	2025 £m	2024 £m
Fees charged by RMPTL for year	18	16
Amounts payable to RMPTL at year end	1	2

22. Events after the reporting period

On 30 April 2025, the sale of IDS plc, the ultimate parent company of Royal Mail Group Limited (the RMG and DBCB Sections Sponsoring Employer), was cleared by shareholders. The Trustee considered the implications on the Section's financial statements of the acquisition of IDS plc Group by EP Group, in particular the implications as set out in the going concern assessment.

Independent Auditor’s Report to the Trustee of the Royal Mail Pension Plan

Opinion

We have audited the financial statements of Royal Mail Pension Plan (“the Plan”) for the year ended 31 March 2025 which comprise the Fund Account and the Statement of Net Assets (available for benefits) and related notes, including the accounting policies on pages 20 to 22.

In our opinion the financial statements:

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

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of the Trustee as to the Plan's high-level policies and procedures to prevent and detect fraud, as well as enquiring whether it has knowledge of any actual, suspected or alleged fraud.
- Reading Trustee Board Meeting minutes and the Plan's risk incident report.

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

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Trustee (or its delegates) may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of investments. On this audit we do not believe there is a fraud risk related to revenue recognition because relates to contributions receivable as paid under an agreed schedule or predetermined by the Trustee with limited judgements required.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the Plan-wide fraud risk management controls. We also performed procedures including:

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

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

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

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

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

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

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

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

We have reported separately on contributions payable under the Schedules of contributions in our statement about contributions on page 40 of the annual report.

Context of the ability of the audit to detect fraud or breaches of laws and regulation

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

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

Other information

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

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

Trustee's responsibilities

As explained more fully in its statement set out on page 17, the Plan Trustee is responsible for: supervising the preparation of financial statements which show a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to wind up the Plan, or has no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

Gemma Broom
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
12 August 2025

Independent Auditor's Statement about Contributions, to the Trustee of the Royal Mail Pension Plan

Statement about contributions

We have examined the summary of contributions payable under the schedules of contributions to the Royal Mail Pension Plan in respect of the Plan year ended 31 March 2025 which is set out on page 41.

In our opinion contributions for the Plan year ended 31 March 2025 as reported in the summary of contributions and payable under the schedules of contributions have in all material respects been paid;

- in respect of the RMG section from 1 April 2024 until 14 August 2024 at least in accordance with the schedule of contributions certified by the actuary on 13 March 2024, from 15 August 2024 until 10 October 2024 at least in accordance with the schedule of contributions certified by the actuary on 15 August 2024, and from 11 October 2024 until 31 March 2025 at least in accordance with the schedule of contributions certified by the actuary on 11 October 2024;
- in respect of the POL section from 1 April 2024 until 31 March 2025 at least in accordance with the schedule of contributions certified by the actuary on 18 December 2023.

Scope of work

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

Respective responsibilities of Trustee and auditor

As explained more fully in the Statement of Trustee Responsibilities set out on page 17, the Plan's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised schedules of contributions showing the rates and due dates of certain contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan.

The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Plan and for monitoring whether contributions are made to the Plan in accordance with the schedules of contributions.

It is our responsibility to provide a statement about contributions paid under the schedules of contributions to the Plan and to report our opinion to you.

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

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

Gemma Broom
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
12 August 2025

Trustee's Summary of Contributions

The following summary of contributions is designed to show contributions as specified in the schedules of contributions in respect of the RMG section certified by the actuary on 13 March 2024, 15 August 2024 and 11 October 2024 and in respect of the POL section certified by the actuary on 18 December 2023, and those paid in addition.

Contributions Receivable	2025 Per Schedules £m	2025 Additional £m	2025 Total £m	2024 Per Schedules £m	2024 Additional £m	2024 Total £m
Employers' normal contributions*	1	-	1	208	-	208
Members' normal contributions	49	-	49	97	-	97
Employers' additional contributions	2	-	2	-	-	-
Payable under the Schedules of Contributions as reported on by the Plan Auditor	**52**	**-**	**52**	**305**	**-**	**305**
Members' additional voluntary contributions	-	5	5	-	9	9
Total contributions (see Note 1 to the statements)	**52**	**5**	**57**	**305**	**9**	**314**

* The Trustee and RMG agreed to ringfence certain employer contributions in an escrow arrangement in order to give the Trustee and the Company more flexibility over how these assets are best used for the benefit of members in the future.

Following the launch date of the Royal Mail Collective Plan on 7 October 2024, the DBCB section closed to future accrual whereby no members were permitted to accrue or be credited with further benefits after 6 October 2024, accordingly, no contributions were payable to the Plan after 6 October 2024.

Approved by the Trustee and signed on behalf of the Directors by
J Matthews Chair

12 August 2025

Actuary's Certification of Schedules of Contributions

Royal Mail Pension Plan – RMG Section

Adequacy of rates of contributions
1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2024 to continue to be met for the period for which this 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 2 June 2025.

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 Plan's liabilities by the purchase of annuities, if the Plan were to be wound up.

C G Singer
Fellow of the Institute and Faculty of Actuaries
Towers Watson Limited
Watson House
London Road
Reigate
Surrey
RH2 9PQ

2 June 2025

Royal Mail Pension Plan – POL Section

Adequacy of rates of contributions
1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2024 to continue to be met for the period for which this 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 19 June 2025.

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 Plan's liabilities by the purchase of annuities, if the Plan were to be wound up.

C G Singer
Fellow of the Institute and Faculty of Actuaries
Towers Watson Limited
Watson House
London Road
Reigate
Surrey
RH2 9PQ

19 June 2025

Report on Actuarial Liabilities (forming part of the Trustee's report)

Under Section 222 of the Pensions Act 2004, schemes are subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions.

For the RMG Section, this objective relates to the RMG Section as a whole, including both the 2012 Section and the DBCB Section, however, in practice, the liabilities and assets relating to the 2012 Section and DBCB Section are to be valued as if they are in separate arrangements.

The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee and the employer and set out in the Statement of Funding Principles, which is available to Plan members on request.

The most recent full actuarial valuations of the RMG Section and POL Section of the Plan were each carried out as at 31 March 2024.

The value of the technical provisions 31 March 2024 were:

The value of the Technical Provisions for the Plan was:	The market value of the assets at that date was:
£5,881 million for 2012 Section £1,871 million for DBCB Section £5,749 million total for RMG Section	£7,087 million for 2012 Section £1,923 million for the DBCB Section £6,955 million total for the RMG Section
£268 million for POL Section	£295 million for POL Section

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Statement of Funding Principles):

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method. For the 2012 Section, the technical provisions will include an explicit margin for prudence as 10% of the liabilities plus an additional 1% of liabilities to retain an element of prudence in relation to marital statistics. This prudence is in addition to the implicit prudence adopted in the discount rate.

Significant actuarial assumptions

Where applicable, the significant assumptions for the DBCB Section have been shown separately.

Nominal discount rate:

RMG	DBCB	POL
Term-dependent discount rate equal to the forward yield on UK nominal gilts.	Term-dependent discount rate based on target returns for the RMG Cash Balance Assets less a prudential margin of 0.5% pa.	Term-dependent discount rate equal to the spot yield on UK nominal gilts less a margin of 0.30% per annum for non-pensioners and plus a margin of 0.20% per annum for pensioners.

Price inflation:

Term-dependent RPI inflation rate equal to the UK gilt implied inflation spot yield. Annual CPI inflation to be assumed lower than the assumed annual RPI inflation by 0.8% per annum (2012 Section), by 1.0% per annum (DBCB Section) and 0.7% per annum (POL Section) up to 2030. From February 2030 CPI inflation is assumed to match RPI inflation.

Pensionable pay increases:

RMG	POL
Annual increases are assumed to take place in April each year in line with RPI inflation capped at 5% plus 0.24% per annum allowance for promotions and increments.	Annual increases are assumed to take place in April each year, in line with RPI inflation together with an allowance for promotions and increments of 0.12% per annum of the corresponding liability. Allowance has been made for actual pensionable pay increases up to and including 31 March 2024.

Pension increases and revaluation:

Index-linked pensions and pensions subject to a maximum increase of 5% per annum are assumed to increase in line with the relevant inflation index (RPI or CPI), according to the provisions of the appropriate section of the Plan Rules, allowing for inflation volatility and the anticipated impact of the caps and floors. For the DBCB Section, cash balance increases are assumed to be at the level which results in DBCB Section Liabilities of equal value to the DBCBS assets, subject to a minimum of nil. For the POL Section, allowance has been made for actual pension increases and revaluation over the period to 31 March 2024.

Mortality:

The mortality tables to be used in deferment and after retirement in respect of a member and the member's dependant are set out in the table below.

<table>
<tr><th></th><th colspan="2">RMG</th><th colspan="2">POL</th></tr>
<tr><th></th><th>Base Table</th><th>Improvements</th><th>Base Table</th><th>Improvements</th></tr>
<tr><td>Male members</td><td>90%S4NMA_H</td><td rowspan="4">CMI 2023 with 1.5% trend core smoothing parameter, the default weights for individual years and no initial addition.</td><td>90%S4NMA_H</td><td rowspan="4">CMI 2023 with 1.5% p.a. long trend, a smoothing parameter of 7.0 and default weights for individual years between 2020-2023</td></tr>
<tr><td>Male dependants</td><td>96% S4PMA_G1</td><td>96% S4PMA_G1</td></tr>
<tr><td>Female members</td><td>94% S4PFA_G2</td><td>94% S4PFA_G2</td></tr>
<tr><td>Female dependants</td><td>97% S4PFA_G1</td><td>97% S4PFA_G1</td></tr>
</table>

Appendices

Appendix 1 – Membership Analysis as at 31 March 2025

RMG Section	2025	2024
Active Members		
Employee members	35,876	41,464
Dual Status - active members with part benefits in payment	12,698	12,635
Total Active members *	**48,574**	**54,099**
Deferred Members		
Deferred members	15,459	15,738
Dual Status - deferred members with part benefits in payment	3,893	3,541
Total Deferred members	**19,352**	**19,279**
Pensioner members		
Pensioner members	43,750	38,946
Total Pensioner members (excluding dual status)	**43,750**	**38,946**
Total Membership – RMG Section	**111,676**	**112,324**

POL Section	2025	2024
Active Members		
Employee members	633	783
Dual Status - active members with part benefits in payment	180	199
Total Active members *	**813**	**982**
Deferred Members		
Deferred members	1,480	1,613
Dual Status - deferred members with part benefits in payment	393	353
Total Deferred members	**1,873**	**1,966**
Pensioner members		
Pensioner members	2,774	2,549
Total Pensioner members (excluding dual status)	**2,774**	**2,549**
Total Membership – POL Section	**5,460**	**5,497**

Appendix 1 – Membership Analysis as at 31 March 2025 (continued)

DBCB Section	2025	2024
Active Members		
Employee members	4,374	4,783
Dual Status - active members with part benefits in payment	-	-
Total Active members	**4,374**	**4,783**
Deferred Members		
Deferred members	1,085	762
Dual Status - deferred members with part benefits in payment	-	-
Total Deferred members	**1,085**	**762**
Pensioner members		
Pensioner members	-	-
Total Pensioner members (excluding dual status)	**-**	**-**
Total Membership – DBCBS	**5,459**	**5,545**

*RMG and DBCS Sections closed to further accruals on 6 October 2024 and POL section closed to further accrual on 31 March 2017. The benefits of employees who are members of the Plan are linked to their salaries and therefore they have been classified above as active members rather than deferred members.

Appendix 2 – Five Year History of the Fund

	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Income					
Employers’ contributions	279	262	247	208	1
Member contributions and transfers-in	116	124	110	106	54
Other income					2
Investment income	44	46	73	61	47
Benefits Paid					
Retirement pension	43	49	58	71	88
Lump sum retirement benefits	48	64	89	131	157
Death benefits and leavers	34	41	28	31	39
Assets					
Total Assets	**12,974**	**13,571**	**9,726**	**9,324**	**8,402**

Appendix 3 - Royal Mail Group Section Statement of Investment Principles – June 2025

1. Introduction

1.1. This Statement of Investment Principles (the "Statement") has been prepared by Royal Mail Pensions Trustees Limited (the "Trustee"), who acts as Trustee for the Royal Mail Pension Plan (the "Plan").

1.2. Since 1 April 2012, the Plan's assets and liabilities have been sub-divided into two sections (the "Sections") relating to Post Office Limited ("POL") and to Royal Mail Group ("RMG" or the "Company"). The Trustee seeks to maintain good working relationships with POL and RMG. Investment policy is determined separately for each Section and reflects separate consultations with POL and RMG.

1.3. The remainder of this Statement refers primarily to the RMG Section (the "Section") or otherwise, as specified, to the Plan in general.

1.4. As from 1 April 2018, there was a change in the benefits accrued by members of the Section. From that date, members accrued an entitlement to a cash lump sum paid at retirement. The assets backing accrual from 1 April 2018 are managed separately from those relating to accrual prior to that date and are also managed subject to a specific investment rule within the Trust Deed & Rules, which came into effect from 1 April 2018. That specific investment rule does not apply to the management of assets relating to benefits accrued prior to 1 April 2018. This Statement distinguishes between the investment policies adopted for these two parts of the Section where appropriate. RMG has been consulted in preparing this Statement and will be further consulted regarding any proposed changes to the Statement.

1.5. The Statement sets out the principles governing the Trustee's decisions about the investment of the Section's assets. The Trustee refers to this Statement when making investment decisions, to ensure that they are consistent with the principles set out in it.

1.6. The Statement is designed to meet the requirements of Section 35 of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005.

1.7. The Trustee has obtained written professional advice from the Plan's Strategic Investment Consultant in preparing this Statement. The Trustee believes that the Strategic Investment Consultant meets the relevant requirements under Section 35 (3) of the Pensions Act 1995. In matters where the investment policy may affect the Section's funding policy, advice has also been obtained from the Scheme Actuary. The Trustee will obtain similar advice whenever it reviews this Statement.

1.8. The Trustee's investment powers are set out within the Plan's Trust Deed & Rules, subject to applicable legislation. If necessary, the Trustee will take appropriate legal advice regarding the interpretation of these. The Trustee notes that, according to the law, and subject to the constraints set out within the Trust Deed & Rules, the Trustee has ultimate power and responsibility for the Section's investment arrangements.

1.9. In the normal course of events, the Trustee does not expect to revise this Statement frequently because the Statement covers broad principles. The Trustee will review this Statement in response to any material changes to any aspects of the Section, its liabilities, finances and the attitude to risk of the Trustee and the Company that it judges to have a bearing on the Statement. Reviews will occur no less frequently than triennially. All reviews will again be based on written expert advice and will include consultation with the Company.

2. Fund Governance

2.1. The Trustee is responsible for the investment of the Section's assets but is permitted to delegate execution of these responsibilities. When determining which decisions to delegate, the Trustee has taken into account whether it has the appropriate training and is able to secure the necessary expert advice in order to take an informed decision. The Trustee's ability to execute the decision effectively is also taken into account. Details of the Trustee's duties and responsibilities are included in the Appendix.

2.2. The Trustee has established the Strategic, Investment and Funding Sub-Committee ("SIF") to focus on investment issues. Details of the SIF's duties and responsibilities are included in separate Terms of Reference.

2.3. The Trustee has appointed a Strategic Investment Consultant to advise the Trustee and the SIF as to the setting, implementation and monitoring of the investment policy.

2.4. The Trustee has chosen to delegate day-to-day management of the Section's investments to BlackRock Investment Management (UK) Limited ("The Manager") to manage the Plan's assets in line with the Investment Management Agreement between the Trustee and the Manager (the "IMA"), in accordance with Section 34 of the Pensions Act 1995.

2.5. The Trustee has reflected its investment strategy and investment objective in the IMA with the Manager whereby, within certain permitted ranges, the Manager determines an appropriate asset allocation which seeks to achieve the investment objective. In doing so the Manager takes into account the restrictions contained within the IMA, which outlines the parameters the Manager must operate within. The IMA is subject to change over time as the strategy evolves.

2.6. The Custodian is responsible for the safekeeping of the Section's assets and performs the associated administrative duties (e.g. trade settlement, dividend collection, corporate actions, tax reclamation and proxy voting). The details of the Custodian's appointment and duties are set out in the contract between the Trustee and the Custodian.

3. Investment Objective

3.1. Meeting the Section's Liabilities

Assets relating to benefits accrued prior to 1 April 2018

The Trustee recognises that in setting the investment policy to meet the liabilities, it must have regard to both the potential for the investment policy to generate positive returns that would lead to an improvement in the Section's funding position, and to the potential for poor returns that would cause it to deteriorate. The Trustee recognises that there is a natural conflict between improving the potential for positive return and limiting the potential for poor return. The Trustee has specified objectives for the investment policy that balance these requirements.

Assets relating to benefits accrued from 1 April 2018

The investment of assets relating to benefit accrual from 1 April 2018 is subject to specific constraints within the Trust Deed & Rules. These are to the effect that the assets must be invested in a manner which the Trustee considers is reasonably consistent with its best estimate of what is required to achieve in future a long-term return objective. The return objective can range from an excess return over the yield on UK government bonds ("gilts") of +3.6% per annum to +1.4% per annum. Where within this range the objective lies is a function of the anticipated remaining term to payment of the retirement cash lump sum benefits accrued from 1 April 2018. The long-term return objective is also subject to a risk-control constraint based on the potential volatility of the underlying assets (see section 4 below). Currently and in the shorter-term, the objective is close to the upper end of the range. This Section of the Plan was closed to future benefit accrual from 7th October 2024.

4. Risk and Return

4.1. The Trustee recognises that it is not necessarily possible, or even desirable, to select investments that exactly match the Section's estimated liabilities. Specifically for investment of assets relating to benefits accrued from 1 April 2018, the long-term return objective requires an unmatched strategy with gradual de-risking as the arrangement matures, but there is provision within the investment rule for the Trustee to de-risk faster than specified in that objective if it considers that the risks to accrued benefits (excluding potential future discretionary increases) are too great, taking into account the Company's covenant. In addition, there is a risk control specified in the investment rule, which is framed in terms of an upper limit on a forward-looking estimate of return volatility and this limit takes precedence over the return objective, if the two conflict. In this case, the return objective is reduced to the Trustee's estimate of the highest rate that can be achieved while meeting the risk control objective.

4.2. Given the ongoing commitment of the Company to the Section and the current circumstances of the Section, a degree of investment risk can currently be taken, in the expectation of generating excess returns relative to the lowest risk strategy.

4.3. In deciding to take investment risk relative to the liabilities, the Trustee has carefully considered the following possible consequences:

- Over any time period, the assets might not achieve the anticipated excess return relative to the liabilities. This would result in the deterioration of the Section's financial position and consequently may result in higher contributions than currently expected from the Company.
- There may be a shortfall of assets relative to the liabilities in the event of discontinuance of the Section. This consequence is particularly serious if it coincides with the Company being unable to make good the shortfall.

4.4. The Trustee has taken advice on these issues from the Strategic Investment Consultant, the Manager, and the Scheme Actuary.

4.5. The Trustee's willingness to take investment risk is dependent on the Section's financial position from time to time, on the continuing financial strength of the Company and on its willingness and capacity to contribute appropriately to the Section. The financial strength and perceived commitment of the Company to the Section is monitored by the Trustee and the Trustee will review the level of investment risk relative to the liabilities should either of these change.

4.6. The Trustee will also monitor the Section's financial positions and liability profiles, with a view to reviewing the investment objectives, risk tolerances and/or return targets should there be a significant change in either. This monitoring will be undertaken separately for assets and liabilities relating to pre 1 April 2018 benefit accrual and for assets and liabilities relating to benefit accrual from that date. The investment policies for the two asset portfolios will differ to reflect the differing nature of the benefit arrangements and the liabilities that arise from them.

4.7. There are many different combinations of assets and investment management approaches that could be adopted in targeting a particular level of investment risk and/or expected return. The Trustee's objective is to identify those combinations that it believes are likely to minimise the level of risk taken for the level of return sought.

5. Diversification of Risks

5.1. The Trustee considers a range of potentially financially material factors to which the Section is exposed. In considering the impact and management of these factors, outlined in this section and section 10, the Trustee has taken into account the anticipated lifetime of the assets relating to benefits accrued prior to 1 April 2018 and, separately, to the assets relating to benefits accrued after 1 April 2018.

5.2. To control the risk of deterioration in the financial position of the Section, the Trustee requires the Section's assets to be adequately diversified between different asset classes, especially among those asset classes which represent significant risk relative to the liabilities.

5.3. The principal asset categories used by the Section are set out below.

5.3.1. UK Government bonds ("gilts") – although gilts are the lowest risk asset relative to the Section's liabilities, they are not risk free. Interest rate risk exists if the cash-flow profile of the gilts held by the Section differs from that of the Section's projected benefit cash-flows due to members. Inflation risk exists if the assets and projected liabilities have different linkages to inflation. A sovereign credit risk would exist if the UK government were not certain to make the payments due on the gilts (a default) and/or if markets perceived an increase in the risk of default and the market values of gilts fell as a result.

5.3.2. Non-Government Sterling bonds – carry interest rate risk, inflation risk and credit risk.

5.3.3. Non-Sterling bonds – in addition to the risks listed above, investing in non-Sterling bonds adds currency risk as the Section's liabilities are denominated in Sterling. Consequently, changes in exchange rates will impact the relative value of the assets and liabilities. Non-Sterling bonds may be issued by governments and non-governmental borrowers.

5.3.4. All interest bearing assets, including high yield bonds and emerging markets debt as well as cash, share the risk characteristics detailed above to varying degrees. The Trustee uses derivatives in combination with or as an alternative to bonds and as a means of managing currency and equity exposures. In using derivatives, the Section is exposed to the associated counterparty risks, a form of credit risk in that the counterparty to the derivative transaction could fail to meet its obligations to the Section. There may also be basis risks if the exposures gained through derivatives differ in some way from any liability or physical asset exposures they are designed to hedge.

5.3.5. Equities – equities, whether public or private, represent an ownership stake in a company. The value of this stake is determined by the buyer and seller of the stake and there is no certain value to this investment (unlike the payments contracted under a bond, subject to credit and currency risk). A periodic payment, in the form of a dividend, might be made to an equity holder although the timing and amount of this is uncertain. The uncertainty of the return from equities relative to the liabilities means there is a significant equity/liability mismatch risk.

5.3.6. Property – the return generated by an investment in property can be broken down into income and capital. The income component is subject to interest rate risk and inflation risk relative to the liabilities. There is also uncertainty as to the long-term level of the income. The capital value of the property is determined by the buyer and seller of the property and is not certain. These uncertainties, including currency risk in the case of properties outside the UK, constitute a significant property/liability mismatch risk.

5.4. The Trustee has chosen to employ active management for a proportion of the Section's assets. The active managers are given asset class benchmarks which it is their objective to outperform. The asset class benchmarks have the risks relative to the liabilities mentioned above (interest rate and inflation risk, currency risk, equity mismatch risk etc.). Active managers will seek to outperform the benchmarks by taking positions against them and this introduces a further active risk into the investment policy. Part of this active risk is the risk taken by the Trustee in selecting active investment managers that some or all of the managers selected lack the skill to outperform their benchmarks with a sufficiently high degree of confidence.

5.5. Some of the managers may employ derivatives for the purposes of efficient portfolio management and subject to agreed restrictions. The risks associated with investing in derivatives are largely the same as those of investing in the underlying asset categories.

5.5.1. Leverage may be an additional risk introduced if the economic exposure arising from investing in a derivative is greater than the capital committed to the investment.

5.5.2. Administrative risk may also be present depending on the terms of the contract governing the derivative.

5.6. A regulatory risk arises from investing in a market environment where the regulatory regime may change. This may be compounded by political risk in those environments subject to unstable regimes.

5.7. There is a liquidity risk attaching to assets which may not always be readily realisable or whose market values may be adversely affected as a direct consequence of the Section seeking to realise them. This risk applies to all the asset categories listed above, albeit to varying degrees. The Trustee believes that the Section's long-term investment horizon justifies a degree of liquidity risk where such risk is rewarded and a proportion of the Section's assets are invested in less liquid investments.

5.8. There is a Manager risk arising from the failure by the Manager to achieve the rate of return required by the Trustee. This risk is considered by the Trustee upon the initial appointment of the Manager and on an ongoing basis thereafter (for example by regular monitoring).

5.9. The Trustee acknowledges that it is not possible to monitor all the risks listed above at all times. However, it seeks to take on those risks for which reasonable potential exists to be rewarded over time, in the form of excess returns, and it seeks to expose the Section to a diversified range of risks. The Trustee, with the aid of the Manager and the Strategic Investment Consultant, reviews the overall level of risk periodically and when considering the impact of any proposed change of investment strategy. The resulting combination of assets and investment management approaches has been selected to be consistent with the investment objective.

6. Strategic Management

6.1. The Section's strategic asset allocation is set separately for assets relating to benefit accrual pre 1 April 2018 and for assets relating to benefit accrual from that date. In each case, it has been designed to capture the strategic risks that the Trustee has decided to take, reflecting the differing investment objectives of the two asset portfolios. In each case, the investments are divided into two main categories: the liability-hedging asset portfolio and the return-seeking asset portfolio. Further details of the Section's investment strategies are set out in an Appendix II to this statement.

Assets relating to pre 1 April 2018 benefit accrual

6.2. For assets relating to pre 1 April 2018 benefit accrual, the Section's current strategic target for liability-hedging assets is to hedge the interest rate and inflation risks attaching to all accrued liabilities. The allocation to the liability-hedging asset portfolio reflects this strategic target and the requirement for there to be sufficient eligible collateral within the portfolio to support the derivatives used within it. Currently, the liability-hedging asset portfolio accounts for a majority of the Section's pre 1 April 2018 assets, although the allocation is variable as a result of changes in market conditions in particular.

6.3. For pre 1 April 2018 assets, the Section's overall investment objective is to seek a return of c.gilts +0.5% p.a. whilst avoiding material downside risk relative to the reference funding measure, i.e. the Self-Sufficiency basis, which is a prudent approach used for valuing the Section's liabilities.

6.4. For pre 1 April 2018 assets, the allocation to the return-seeking asset portfolio is also variable as a result of changes in market conditions. There is no systematic rebalancing between the return-seeking asset portfolio and the liability-hedging asset portfolio, but the Trustee will reduce the allocation to one in favour of the other if necessary to ensure the overall strategy is consistent with the Trustee's investment objectives and risk tolerance. Divergences between the investment strategy and the investment objective may arise due to market movements and the practical constraints on increasing or reducing allocations to illiquid assets in the shorter term.

6.5. Overseas currency exposures may be hedged in whole or in part.

Assets relating to benefit accrual from 1 April 2018

6.6. For assets relating to benefit accrual from 1 April 2018, the Trustee sets a strategic target for liability-hedging assets to hedge a majority (or all) of interest rate risks attaching to all accrued guaranteed liabilities (excluding future potential discretionary increases). Inflation exposure may be incorporated within the portfolio where the Trustee concludes this is appropriate to reduce risks to the real value of potential future discretionary increases, provided this does not represent an unacceptable risk to currently guaranteed benefits. The allocation to the liability-hedging asset portfolio depends upon the required collateral to achieve the target hedge. Subject to the long-term return expectation, and whilst staying within the risk control of the investment rule, the Trustee may hedge less than the strategic target for interest rate risk if there is a constraint on eligible capital.

The return-seeking asset strategy will be managed to achieve a return consistent with the composite benchmark defined by the Trustee from time to time and agreed with the Manager. The Trustee will review the return-seeking asset strategy on a regular basis to ensure that it remains reasonably consistent with its best estimate of what is required to achieve the future long-term return objective set out in the investment rule within the Trust Deed & Rules, within the risk control set out in that investment rule. The expected return and volatility is anticipated to reduce over time as the Section matures, as measured by its duration. For assets relating to benefit accrual from 1 April 2018, the allocation to the return-seeking asset portfolio is a function of the long-term return objective specified in the investment rule within the Trust Deed & Rules. The Trustee will establish a policy from time to time, to rebalance the return-seeking asset portfolio to the Trustee's strategic target in order to maintain an allocation consistent with the requirements of the investment rule. To effect such changes on a timely basis, the Trustee may choose to diverge materially from the target return-seeking asset strategy for interim periods of time. Divergences may also arise from market movements, changes to capital market assumptions, and the practical constraints on increasing or reducing allocations to illiquid assets in the shorter-term.

6.7. Overseas currency exposures may be hedged in whole or in part. Strategic equity risk exposures may be managed through the use of equity index derivatives, including options. The strategies within investment grade and high yield credit may include illiquid and less liquid forms of credit, such as infrastructure debt, asset-backed securities (including collateralised loan obligations) and loans as well as more liquid corporate bonds.

7. Investment Managers

Selection and Appointment of Investment Managers

7.1. The Trustee recognises that the arrangements with all the investment managers of the Plan (including the Manager) are important to ensure that its interests are aligned as far as is reasonably practicable. This includes arrangements with the Manager and the appointed investment managers. In particular, the Trustee seeks to ensure that the Manager is incentivised to act in a way which generates the best long-term results for the Plan.

7.2. The investment managers have full discretion to buy and sell investments on behalf of the Section, subject to agreed constraints. They have been selected for their expertise in different specialisations and each manages investments for the Section to a specific mandate, which includes performance objectives, risk parameters, and timescales over which their performance will be measured. Each specified mandate is chosen by the Trustee to implement a part of its strategic asset allocation and, in combination, to implement the Trustee's strategic policy as a whole.

7.3. When selecting and appointing investment managers, the Trustee will take into account how ESG, climate change and stewardship are integrated within the managers' investment processes. This will be balanced against other manager selection criteria such as (but not limited to) idea generation, portfolio construction, implementation, business management and fees and charges.

7.4. Where assets are managed on a segregated basis, the Trustee is able to tailor the nature of the investment mandate and restrictions on how assets are managed to the Section's specific requirements. The precise terms differ between the investment managers depending on the nature of their mandate.

7.5. The Trustee accepts that it is not possible to specify investment restrictions where assets are managed via pooled funds, but nonetheless takes appropriate legal and investment advice regarding the suitability of the pooled fund and its documentation.

7.6. The investment managers are incentivised through remuneration (including, in some cases, via performance related fees) and performance targets. Investment managers are aware that their continued appointment is based on their success in delivering the mandate, which they have been appointed to manage. If the Trustee is dissatisfied, then it will look to replace the investment manager.

Review of Investment Manager Appointments

7.7. The Trustee is a long-term investor and is not looking to change the investment arrangements on a frequent basis.

7.8. For open-ended funds there is no set duration for the investment manager appointments. This is also true for the Manager appointment. The Trustee will therefore retain an investment manager unless:

7.8.1. There is a strategic change to the overall strategy that no longer requires exposure to that asset class or investment manager;

7.8.2. The investment manager appointed has been reviewed and the Trustee has decided to terminate the mandate. This may be on the grounds of sustained underperformance; a change in the portfolio management team; change in the investment approach or processes of the investment manager or the investment management firm that means the mandate is no longer in line with the Trustee's investment principles; or a proposal from the Manager where the investment manager no longer meets the due diligence requirements of the Manager.

7.9. The Plan has invested in private equity, private debt and some property/real estate mandates, which are in closed-ended funds. The Trustee expects to remain invested for the lifetime of those funds, although secondary market sales of fund holdings may take place where changes to strategic policy make such sales appropriate and the sale price is sufficiently attractive. At the time of each fund appointment, the investment managers provided an indication of the expected investment duration of their fund and have the discretion to extend the lifetime of the fund in line with the Investment Management Agreement between each fund and the Plan.

7.10. The Trustee receives and discusses investment performance reports from the Manager on a quarterly basis. Separate reports are made for assets relating to benefits accrued pre 1 April 2018 and for assets relating to accrual from that date. The reports present performance information over 3 months, 1 year and longer periods for the investment managers and at the total portfolio level. The Trustee reviews the absolute performance and the relative performance against any agreed benchmark and against the manager's stated performance target (over the relevant time period). For the liability hedging assets specifically, the focus is on maintaining the portfolio in line with the Trustee's stated hedge ratios relative to a liability benchmark. The Trustee's focus is on long term performance but will put a manager 'on watch' if there are sustained short term performance concerns.

Portfolio Turnover Costs

7.11. The Trustee collects Cost Transparency Initiative (CTI) template information from all non-alternatives managers and equivalent cost information from the absolute return and private markets managers.

8. Cashflow Management

8.1. The Trustee recognises the liquidity risks associated with the level of cashflow required by the Section over a specified period.

8.2. The Section's administrator monitors the monthly benefit outgoings to ensure that sufficient cash balances are available.

8.3. In general, the Section's investment managers have discretion in the timing of realisations of investments and in considerations relating to the liquidity of those investments. In the event that the cashflow of the Section is negative, the Trustee will look to the Manager to decide from which asset classes and investment managers assets should be realised to meet the Section's cashflow needs.

9. Additional Voluntary Contributions

9.1. Additional Voluntary Contributions (AVCs) made by members are invested in a range of pooled investment vehicles to provide money purchase benefits. The Trustee's objective in relation to money purchase AVC funds is to provide a reasonable range of appropriate funds, recognising that members can choose to invest outside the Section.

10. Responsible Investment

10.1. Sustainable Investment

10.1.1. The Trustee aims to be an engaged and responsible long-term investor in the assets and markets in which it invests. The Trustee believes that the integration of financially material environmental, social and governance ("ESG") factors within investment managers' investment processes is not detrimental to the overall level of risk and may enhance the sustainable long term expected returns from the Section's investments. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that may increasingly require explicit consideration.

10.1.2. Together with the other factors outlined above in section 5, ESG factors (including climate change) are integrated into the Trustee's investment process. As the Trustee does not directly manage the Plan's assets, it aims to appoint and retain investment managers whose beliefs and practices are consistent with the Trustee's beliefs on ESG risks and opportunities, in so far as relevant to the mandate in question. The Trustee's Manager is asked to, as part of its due diligence, assess current and potential managers in relation their ESG policies and practices, and such assessment is taken into account in relation to investment manager appointment, retention and withdrawal decisions.

10.1.3. 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 issues into account. The Plan has also signed up to multiple climate initiatives, such as Climate Action 100+ and the Transition Pathway Initiative ("TPI"), which commit the Plan to curbing emissions, strengthening climate-related financial disclosures, improve governance on climate change and ensure Responsible Investment is considered as part of decision making.

10.1.4. Non-financial factors are not taken into account in the selection, retention and realisation of investments. This position is reviewed periodically.

10.2. Corporate Governance

10.2.1. The Trustee has given the investment managers full discretion in exercising rights, including voting rights, in relation to the Section's investments. The Trustee monitors a manager voting summary on a quarterly basis.

10.2.2. The Trustee encourages best practice in terms of engagement with investee companies. It therefore seeks to require its investment managers to discharge their responsibilities in respect of investee companies that they invest in accordance with the UK Stewardship Code drawn up by the Financial Reporting Council. On an annual basis, the Plan's investment managers are required to provide the Trustee with a statement of their compliance with the UK Stewardship Code, where applicable. The Plan is a signatory of the UK Stewardship Code.

10.2.3. The Trustee believes that good corporate governance is important and it expects the investment managers to have suitable policies which promote the concept of good corporate governance and, in particular a policy of exercising voting rights. The Trustee holds the investment managers accountable for their decisions in the use of voting rights.

10.2.4. The Trustee uses the services of a third-party specialist to assist with the engagement of individual companies within the equity and corporate credit portfolios that the Section holds on ESG matters. An ESG engagement update is reported to the Trustee quarterly.

10.2.5. the Manager, as part of its ongoing monitoring, reviews the execution of voting and engagement responsibilities and periodically reports back its findings to the Trustee (for example where the Plan invests in pooled funds, the Plan's investment managers are responsible for exercising voting rights and reporting on how they have exercised those rights).

10.3. Investment Restrictions

10.3.1. The segregated portfolio active investment managers have, where relevant, been instructed by the Trustee:

- Not knowingly to invest in:
  - Countries that are on the United Nations trade embargo list;
  - Companies that are involved in terrorism, money laundering, drug trafficking or any other serious crime;
  - Companies that do not take into account the reasonable long-term interests of their stakeholders:
- To use their best efforts to avoid investing in companies that in the investment manager's opinion persistently behave without due regard for the environment or society as a whole.

11. Compliance With and Review of This Statement

11.1. The Trustee will review compliance with this Statement on a regular basis. The regular review will occur no less frequently than triennially to coincide with the Actuarial Valuation, in the light particularly of any changes to the funding position of the Section.

11.2. Each investment manager will provide written confirmation that they have complied with their obligations under the Pensions Act 1995. The Trustee undertakes to advise the investment managers promptly and in writing of any material change to this Statement.

11.3. The Trustee will also periodically review this statement as stated in paragraph 1.9 above. Any review of this Statement will be in response to any material changes to any aspect of the Section, its liabilities, finances and the attitudes to risk of the Trustee and the Company, which it judges to have a bearing on the stated investment policy.

11.4. A copy of this Statement has been provided to the Company, Strategic Investment Consultant, Manager, investment managers, and Custodian.

Signed on behalf of Royal Mail Pensions Trustees Limited (the Trustee of the Royal Mail Pension Plan).

Signed:

Position: Chair

Date: 12 August 2025

Appendix – Plan Governance

This appendix sets out a summary of the Plan's current governance structure. It is not a formal part of the Statement of Investment Principles. The responsibilities of the Trustee and its current advisers are set out below.

A1. Trustee

The Trustee is responsible for the investment of the Plan's assets. The Trustee takes some decisions and delegates the balance. An overview of the Trustee's duties and responsibilities is as follows:

- Overall responsibility for the Plan's investments.
- Compliance with legislative and regulatory requirements.
- Define the terms of operation of the Strategic, Investment and Funding Sub-Committee (SIF) of the Trustee.
- Appoint the members of the SIF.
- Appoint the Strategic Investment Consultant.
- Appoint the Manager for the Outsourced Chief Investment Officer role, as defined by the IMA.
- Decide on investment strategy, based on recommendations from the SIF, Strategic Investment Consultant, and Manager.
- Appoint the investment managers and Custodian, based on recommendations from the SIF and the Manager.

The Trustee has established the SIF under written Terms of Reference to focus on investment issues. The SIF has been delegated the responsibility for ongoing monitoring of the current investment arrangements against their agreed objectives and for reviewing and making recommendations to the Trustee for changes to investment policy as necessary from time to time. These include recommendations on the overall strategic benchmark and the appointments of investment managers and advisers.

A2. Administrator

Royal Mail Pensions Service Centre administers the benefits of the Plan and monitors the associated monthly outgoings.

A3. Custodian

In relation to the segregated investments the Trustee has appointed JP Morgan Chase Bank as the Plan's Custodian, responsible for the safekeeping of a part of the Sections' assets and performing the associated administrative duties. The Trustee is not responsible for the appointment of the custodian of the assets contained within pooled fund investments.

A4. Strategic Investment Consultant

The Strategic Investment Consultant is Mercer Limited, regulated by the Financial Conduct Authority.

A5. Outsource Chief Investment Officer

The day to day management of the Section's investments is managed by BlackRock under the terms outlined in the IMA. BlackRock are regulated by the Financial Conduct Authority.

A6. Performance Measurer

The Performance Measurer is BlackRock as Manager, with details of their appointment, including reporting and analysis to be provided is set out in the IMA.

A7. Covenant Adviser

The Covenant Adviser is Penfida

Appendix II – Investment Strategy

This appendix sets out the summary of each Section's investment strategies.

Assets relating to pre 1 April 2018 benefit accrual

The Total Portfolio is divided into two component strategies:

11.4.1.1.1.1. Liability Hedging strategy

11.4.1.1.1.2. Return Seeking strategy

No rebalancing is prescribed between the two component strategies, unless it is required to support liquidity and collateral requirements of the Liability Hedging strategy.

The Return Seeking strategy is divided into two component portfolios:

(i) Liquid Assets, consisting of:

Lower Risk Credit (Investment Grade Credit; Buy & Maintain Credit)

Higher Risk Credit (High Yield; Emerging Market Debt)

(ii) Illiquid Assets, consisting of:

Private Equity (Private Equity; Infrastructure Equity; Real Assets)

Private Debt (Secured Finance; Infrastructure Debt; Private Debt; Emerging Market Debt)

Real Estate (Property)

No rebalancing is prescribed between the two component portfolios. Composite benchmarks are calculated on the basis of actual percentages of the asset class and underlying fund/ manager.

Assets relating to benefit accrual from 1 April 2018

The Total Portfolio is divided into two component strategies:

11.4.1.1.1.1. Liability Hedging strategy

11.4.1.1.1.2. Return Seeking strategy

No rebalancing is prescribed between the two component strategies, unless it is required to support liquidity and collateral requirements of the Liability Hedging strategy.

The Return Seeking strategy is divided into two component portfolios:

(i) Liquid Assets, consisting of:

Equity (Developed; Emerging Markets; Small Cap)

Fixed Income (Government bonds; Investment Grade Credit; High Yield; Emerging Market Debt; Inflation Linked bonds, Cash)

Tactical Asset Allocation

(ii) Illiquid Assets, consisting of:

Absolute Return strategies

Private Equity (Private Equity; Infrastructure Equity; Real Assets)

Private Debt (Secured Finance; Infrastructure Debt; Private Debt; Emerging Market Debt)

Real Estate (Property)

No rebalancing is prescribed between the two component portfolios. Composite benchmarks are calculated on the basis of actual percentages of the two portfolios and where relevant the asset class and underlying fund/ manager.

Post Office Limited Section

Statement of Investment Principles – June 2025

1. Introduction

1.1 This Statement of Investment Principles (the "Statement") has been prepared by Royal Mail Pensions Trustees Limited (the "Trustee"), who acts as Trustee for the Royal Mail Pension Plan (the "Plan").

1.2 Since 1 April 2012, the Plan's assets and liabilities have been sub-divided into two sections (the "Sections") relating to Post Office Limited ("POL") and to Royal Mail Group ("RMG"). The Trustee seeks to maintain good working relationships with POL and RMG. Investment policy is determined separately for each Section and reflects separate consultations with POL and RMG.

1.3 The remainder of this Statement refers primarily to the POL Section (the "Section") or otherwise, as specified, to the Plan in general. POL (the "Company"), has been consulted in preparing this Statement and will be further consulted regarding any proposed changes to the Statement.

1.4 The Statement sets out the principles governing the Trustee's decisions about the investment of the Section's assets. The Trustee refers to this Statement when making investment decisions, to ensure that they are consistent with the principles set out in it.

1.5 The Statement is designed to meet the requirements of Section 35 of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005.

1.6 The Trustee has obtained written professional advice from the Plan's Strategic Investment Consultant in preparing this Statement. The Trustee believes that the Strategic Investment Consultant meets the relevant requirements under Section 35 (3) of the Pensions Act 1995. In matters where the investment policy may affect the Section's funding policy, advice has also been obtained from the Scheme Actuary. The Trustee will obtain similar advice whenever it reviews this Statement.

1.7 The Trustee's investment powers are set out within the Plan's Trust Deed & Rules, subject to applicable legislation. If necessary, the Trustee will take appropriate legal advice regarding the interpretation of these. The Trustee notes that, according to the law, and subject to the constraints set out within the Trust Deed & Rules, the Trustee has ultimate power and responsibility for the Section's investment arrangements.

1.8 In the normal course of events, the Trustee does not expect to revise this Statement frequently because the Statement covers broad principles. The Trustee will review this Statement in response to any material changes to any aspects of the Section, its liabilities, finances and the attitude to risk of the Trustee and the Company that it judges to have a bearing on the Statement. Reviews will occur no less frequently than triennially. All reviews will again be based on written expert advice and will include consultation with the Company.

2. Fund Governance

2.1 The Trustee is responsible for the investment of the Section's assets but is permitted to delegate execution of these responsibilities. When determining which decisions to delegate, the Trustee has taken into account whether it has the appropriate training and is able to secure the necessary expert advice in order to take an informed decision. The Trustee's ability to execute the decision effectively is also taken into account. Details of the Trustee's duties and responsibilities are included in the Appendix.

2.2 The Trustee has established the Strategic Investment and Funding Sub-Committee ("SIF") to focus on investment issues. Details of the SIF's duties and responsibilities are included in separate Terms of Reference.

2.3 The Trustee has appointed a Strategic Investment Consultant to advise the Trustee and the SIF as to the setting, implementation and monitoring of the investment policy. Details of the Strategic Investment Consultant are included in the Appendix.

2.4 The Trustee has chosen to delegate day-to-day management of the Section's investments to BlackRock Investment Management (UK) Limited ("The Manager") to manage the Plan's assets in line with the Investment Management Agreement between the Trustee and the Manager (the "**IMA**"), in accordance with Section 34 of the Pensions Act 1995.

2.5 The Trustee has reflected its investment strategy and investment objective in the IMA.

2.6 The Custodian is responsible for the safekeeping of the Section's assets and performs the associated administrative duties (e.g. trade settlement, dividend collection, corporate actions, tax reclamation and proxy voting). The details of the Custodian's appointment and duties are set out in the contract between the Trustee and the Custodian. Summary details of the Custodian's duties and responsibilities are included in the Appendix.

3. Investment Objective

3.1 Meeting the Section's Liabilities

The Trustee recognises that in setting the investment policy to meet the liabilities, it must have regard to both the potential for the investment policy to generate positive return that would lead to an improvement in the Section's funding position and to the potential for poor returns that would cause it to deteriorate. The Trustee recognises that there is a natural conflict between improving the potential for positive return and limiting the potential for poor return. The Trustee has specified objectives for the investment policy that balance these requirements.

4. Risk and Return

4.1 Given the current circumstances of the Section, the Trustee seeks to adopt a low risk investment strategy relative to the Section's liabilities.

4.2 In deciding to take investment risk relative to the liabilities, the Trustee has carefully considered the following possible consequences:

- Over any time period, the assets might not achieve the anticipated excess return relative to the liabilities. This would result in the deterioration of the Section's financial position.
- There may be a shortfall of assets relative to the liabilities in the event of discontinuance of the Section. This consequence is particularly serious if it coincides with the Company being unable to make good the shortfall.

4.3 The Trustee has taken advice on these issues from the Strategic Investment Consultant, the Manager and the Scheme Actuary.

4.4 The Trustee's willingness to take investment risk is dependent on the Section's financial position from time to time, on the financial strength of the Company and on its willingness and capacity to contribute appropriately to the Section. The financial strength and perceived commitment of the Company to the Section is monitored by the Trustee and the Trustee will review the level of investment risk relative to the liabilities should either of these change. On the latest advice received from its Covenant Adviser, the Trustee's investment policy is currently set on the basis that the Company has no capacity to meet a deficit of any magnitude and, as such, there is no covenant to support investment risk within the Section's strategy.

4.5 The Trustee will also monitor the Section's financial position and liability profiles, with a view to reviewing the investment objectives, risk tolerance and/or return targets should there be a significant change in either or there are developments in risk management options available.

4.6 There are many different combinations of assets and investment management approaches that could be adopted in targeting a particular level of investment risk and/or expected return. The Trustee's objective is to identify those combinations that it believes are likely to minimise the level of risk taken for the level of return sought.

5. Diversification of Risks

5.1 The Trustee considers a range of potentially financially material factors to which the Section is exposed. In considering the impact and management of these factors, outlined in this section and section 10, the Trustee has taken into account the anticipated lifetime of the assets of the Section.

5.2 To control the risk of deterioration in the financial position of the Section, the Trustee requires the Section's assets to be adequately diversified between different asset classes, especially among those asset classes which represent significant risk relative to the liabilities.

5.3 The principal asset categories used by the Section are set out below.

5.3.1 UK Government bonds ("gilts") – although gilts are the lowest risk asset relative to the Section's liabilities, they are not risk free. *Interest rate risk* exists if the cash-flow profile of the gilts held by the Section differs from that of the Section's projected benefit cash-flows due to members. *Inflation risk* exists if the assets and projected liabilities have different linkages to inflation. A sovereign *credit risk* would exist if the UK government were not certain to make the payments due on the gilts (a default) and/or if markets perceived an increase in the risk of default and the market values of gilts fell as a result.

5.3.2 Non-Government Sterling bonds – carry interest rate risk, inflation risk and credit risk.

5.3.3 Non-Sterling bonds – in addition to the risks listed above, investing in non-Sterling bonds adds *currency risk* as the Section's liabilities are denominated in Sterling. Consequently, changes in exchange rates will impact the relative value of the assets and liabilities. Non-Sterling bonds may be issued by governments and non-governmental borrowers.

5.3.4 All interest bearing assets, including high yield bonds and emerging markets debt as well as cash, share the risk characteristics detailed above to varying degrees. The Trustee may use derivatives in combination with or as an alternative to bonds and as a means of managing equity and currency exposures. In using derivatives, the Section is exposed to the associated *counterparty risks*, a form of credit risk in that the counterparty to the derivative transaction could fail to meet its obligations to the Section. The Trustee has also transacted a bulk annuity which provides cashflows matched to specific benefit cashflows. The bulk annuity is in the form of an insurance policy and there is an associated counterparty risk relating to the insurer.

5.3.5 Equities – equities, whether public or private, represent an ownership stake in a company. The value of this stake is determined by the buyer and seller of the stake and there is no certain value to this investment (unlike the payments contracted under a bond, subject to credit and currency risk). A periodic payment, in the form of a dividend, might be made to an equity holder although the timing and amount of this is uncertain. The uncertainty of the return from equities relative to the liabilities means there is a significant *equity/liability mismatch risk*.

5.3.6 Property – the return generated by an investment in property can be broken down into income and capital. The income component is subject to interest rate risk and inflation risk relative to the liabilities. There is also uncertainty as to the long-term level of the income. The capital value of the property is determined by the buyer and seller of the property and is not certain. These uncertainties, including currency risk in the case of properties outside the UK, constitute a significant property/liability mismatch risk.

5.4 The Trustee has chosen to employ active management for a proportion of the Section's assets. The active investment managers are given asset class benchmarks which it is their objective to outperform. The asset class benchmarks have the risks relative to the liabilities mentioned above (interest rate and inflation risk, currency risk, equity mismatch risk etc.). Active investment managers will seek to outperform the benchmarks by taking positions against them and this introduces a further active risk into the investment policy. Part of this active risk is the risk taken by the Trustee in selecting active investment managers that some or all of the managers selected lack the skill to outperform their benchmarks with a sufficiently high degree of confidence.

5.5 Some of the investment managers may employ derivatives for the purposes of efficient portfolio management and subject to agreed restrictions. The risks associated with investing in derivatives are largely the same as those of investing in the underlying asset categories.

5.5.1 *Leverage* may be an additional risk introduced if the economic exposure arising from investing in a derivative is greater than the capital committed to the investment.

5.5.2 *Administrative risk* may also be present depending on the terms of the contract governing the derivative.

5.6 A *regulatory risk* arises from investing in a market environment where the regulatory regime may change. This may be compounded by *political risk* in those environments subject to unstable regimes.

5.7 There is a *liquidity risk* attaching to assets which may not always be readily realisable or whose market values may be adversely affected as a direct consequence of the Section seeking to realise them. This risk applies to all the asset categories listed above, albeit to varying degrees. The Trustee believes that the Section's long-term investment horizon justifies a degree of liquidity risk where such risk is rewarded and a proportion of the Section's assets are invested in less liquid investments.

5.8 There is a *Manager risk* arising from the failure by the Manager to achieve the investment objective set by the Trustee. This risk is considered by the Trustee upon the initial appointment of the Manager and on an ongoing basis thereafter (for example by regular monitoring).

5.9 The Trustee acknowledges that it is not possible to monitor all the risks listed above at all times. However, it seeks to take on those risks for which reasonable potential exists to be rewarded over time, in the form of excess returns, and it seeks to expose the Section to a diversified range of risks. The Trustee, with the aid of the Manager and the Strategic Investment Consultant, reviews the overall level of risk periodically and when considering the impact of any proposed change of investment strategy. The resulting combination of assets and investment management approaches has been selected to be consistent with the investment objective.

6 Strategic Management

6.1. The majority of the Section's assets are allocated to a bulk annuity .The Manager is responsible for determining the asset allocation of the remaining assets of the Section based on the objectives and guidelines set out in the IMA. Allocations between asset classes and investment managers will vary over time based on changes in market conditions, distributions and cashflows. The Section's strategic asset allocation has been designed to capture the strategic risks that the Trustee has decided to take. The detail of the strategic target asset allocation for the Section as at 31 December 2024 is set out in the table below:

	POL (%)
Equities (private)	0.7
Property (incl. property-linked debt)	0.4
Private debt	2.1
Liability-hedging assets, bulk annuity and collateral	96.8*
	100

*Comprised mainly of the bulk annuity assets (79% of the total assets as at 31 December 2024).

6.2. The strategic target allocation shown in the table is the target as at 31 December 2024. Allocations to private equities, property and private debt are illiquid and their weightings will vary over time in response to changes in their values, including investments and distributions, and those of the other assets. The allocation to liability-hedging assets will also vary according to market movements and will not be rebalanced. Additional investments in private markets funds will be made where prior contractual commitments exist but otherwise it is the Trustee's intention to allow these investments to run-off over the natural life of the funds unless an attractive secondary market sale can be achieved sooner. Any other available cash will be invested in the liability- hedging asset portfolio.

6.3 The Section's current strategic target for liability-hedging assets consists mainly of a bulk annuity insurance contract.

7 Investment Managers

<u>Selection and Appointment of Investment Managers</u>

7.1. The Trustee recognises that the arrangements with all the investment managers of the Section (including the Manager) are important to ensure that its interests are aligned as far as is reasonably practicable. This includes arrangements with the Manager and the appointed investment managers. In particular, the Trustee seeks to ensure that the Manager is incentivised to act in a way which generates the best long-term results for the Section.

7.2. The investment managers have full discretion to buy and sell investments on behalf of the Section, subject to agreed constraints. They have been selected for their expertise in different specialisations and each manages investments for the Section to a specific mandate, which includes performance objectives, risk parameters, and timescales over which their performance will be measured. Each specified mandate is chosen by the Trustee to implement a part of its strategic asset allocation and, in combination, to implement the Trustee's strategic policy as a whole.

7.3. Other than cash holdings (including via cash funds) and gilt investments, the Section's assets are invested in illiquid, closed-ended private markets vehicles and the bulk annuity policies. The Section's strategic policy is to remove but not replace the private markets assets via run-off or, if feasible and sufficiently attractively priced, via secondary market sales. The Trustee expects that the appointment of new investment managers in future will be restricted to liability hedging investments in gilt markets, or in cash. The Trustee will take into account how ESG, climate change and stewardship are integrated within the managers' investment processes where there is scope to do so, but this is expected to be limited given the asset classes in which new investments will be made. Other manager selection criteria, such as (but not limited to) idea generation, portfolio construction, implementation, business management and fees and charges are likely to be decisive.

7.4. Where assets are managed on a segregated basis, the Trustee is able to tailor the nature of the investment mandate and restrictions on how assets are managed to the Section's specific requirements. The precise terms differ between the investment managers depending on the nature of their mandate.

7.5. The Trustee accepts that it is not possible to specify investment restrictions where assets are managed via pooled funds, but nonetheless takes appropriate legal and investment advice regarding the suitability of the pooled fund and its documentation.

7.6. The investment managers are incentivised through remuneration (in some cases via performance related fees) and performance targets. Investment managers are aware that their continued appointment is based on their success in delivering the mandate which they have been appointed to manage. If the Trustee is dissatisfied, then it will look to replace the investment manager.

<u>Review of Investment Manager Appointments</u>

7.7. The Trustee is a long-term investor and is not looking to change the investment arrangements on a frequent basis.

7.8. For investments in cash funds and liability-hedging gilt mandates, there is no set duration for the manager appointments. The Trustee will therefore retain an investment manager unless:

- 7.8.1. There is a change to the overall strategy that no longer requires exposure to that asset class or investment manager;
- 7.8.2. The investment manager appointed has been reviewed and the Trustee has decided to terminate the mandate. This may be on the grounds of sustained underperformance; a change in the portfolio management team; or a change in the investment approach or processes of the investment manager or the investment management firm.

7.9. The Section is invested in private equity, private debt and some property/real estate mandates, which are in closed-ended funds. The Trustee expects to remain invested for the lifetime of those funds, although secondary market sales of fund holdings may take place where the sale price is sufficiently attractive. At the time of each fund appointment, the investment managers provided an indication of the expected investment duration of their fund and have the discretion to extend the lifetime of the fund in line with the Investment Management Agreement between each fund and the Section.

7.10. Given the assets are very largely invested in a bulk annuity and a significant part of the balance is invested in an illiquid asset portfolio, the performance ofassets is no longer monitored quarterly, but the Trustee does report on performance in its annual report.

Portfolio Turnover Costs

7.11. Given the illiquid and buy-and-hold nature of the Section's investments, the Trustee does not currently actively monitor portfolio turnover costs within the Section. The Trustee will obtain reporting from the gilt portfolio manager on the costs of any changes to that portfolio, but these are expected to be infrequent.

8 Cashflow Management

8.1 The Trustee recognises the liquidity risks associated with the level of cashflow required by the Section over a specified period.

8.2 The Section's administrator monitors the monthly benefit outgoings to ensure that sufficient cash balances are available.

8.3 In general, the Section's investment managers have discretion in the timing of realisations of investments and in considerations relating to the liquidity of those investments. In the event that the cashflow of the Section is negative, the Trustee will look to the Manager to decide from which asset classes and investment managers assets should be realised to meet the Section's cashflow needs.

9 Additional Voluntary Contributions

9.1 Additional Voluntary Contributions (AVCs) made by members are invested in a range of pooled investment vehicles to provide money purchase benefits.
For certain eligible members, AVCs may also be used to purchase 'added years' of reckonable service which are invested with the main Section's assets. The Trustee's objective in relation to money purchase AVC funds is to provide a reasonable range of appropriate funds, recognising that members can choose to invest outside the Section.

10 Responsible Investment

10.1 Sustainable Investment

10.1.1 The Trustee aims to be an engaged and responsible long-term investor in the assets and markets in which it invests. The Trustee believes that the integration of financially material environmental, social and governance ("ESG") factors within investment managers' investment processes is not detrimental to the overall level of risk and may enhance the sustainable long term expected returns from the Section's investments. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that may increasingly require explicit consideration. All of the Section's investment managers are encouraged to take these factors into account within their respective investment processes. The Trustees note that as the majority of the Section assets are invested in liability hedging assets, the integration of ESG factors will only apply to less than 10% of the Section's assets.

10.1.2 The Trustee considers, amongst other factors, including those outlined in section 5, how ESG, climate change and stewardship is integrated within investment processes in appointing, monitoring and withdrawing from investment managers. The Manager is asked to take these factors into account as part of its due diligence.

10.1.3 The Trustee has not set any ESG-related investment restrictions on the appointed investment managers.

10.1.4 Non-financial factors, such as member views, are not taken into account in the selection, retention and realisation of investments. This position is reviewed periodically.

10.1.5 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 issues into account. The Plan has also signed up to multiple climate initiatives, such as Climate Action 100+ and the Transition Pathway Initiative ("TPI"), which commit the Plan to curbing emissions, strengthening climate-related financial disclosures, improve governance on climate change and ensure Responsible Investment is considered as part of decision making.

10.2 Corporate Governance

10.2.1 The Trustee has given the investment managers full discretion in exercising rights, including voting rights, in relation to the Section's investments, where applicable.

10.2.2 The Trustee encourages best practice in terms of engagement with investee companies. It therefore seeks to require its investment managers to discharge their responsibilities in respect of investee companies that they invest in accordance with the UK Stewardship Code drawn up by the Financial Reporting Council. The Plan is a signatory of the UK Stewardship Code.

10.2.3 The Trustee believes that good corporate governance is important and it expects the investment managers to have suitable policies which promote the concept of good corporate governance and, in particular a policy of exercising voting rights, where applicable. The

Trustee holds the investment managers accountable for their decisions in the use of voting rights.

11 Compliance With and Review of This Statement

11.1 The Trustee will review compliance with this Statement on a regular basis. The regular review will occur no less frequently than triennially to coincide with the Actuarial Valuation, in the light particularly of any changes to the funding position of the Section.

11.2 Each investment manager will provide written confirmation that they have complied with their obligations under the Pensions Act 1995. The Trustee undertakes to advise the investment managers promptly and in writing of any material change to this Statement.

11.3 The Trustee will also periodically review this statement as stated in paragraph 1.6 above. Any review of this Statement will be in response to any material changes to any aspect of the Section, its liabilities, finances and the attitudes to risk of the Trustee and the Company, which it judges to have a bearing on the stated investment policy.

11.4 A copy of this Statement has been provided to the Company, Strategic Investment Consultant, Manager, investment managers and Custodian.

Signed on behalf of Royal Mail Pensions Trustees Limited (the Trustee of the Royal Mail Pension Plan).

Signed: Date: 12 August 2025

Position: Chair

Appendix – Plan Governance

This appendix sets out a summary of the Plan's current governance structure. It is not a formal part of the Statement of Investment Principles. The responsibilities of the Trustee and its current advisers are set out below.

A1. Trustee

The Trustee is responsible for the investment of the Plan's assets. The Trustee takes some decisions and delegates the balance. An overview of the Trustee's duties and responsibilities is as follows:

- Overall responsibility for the Plan's investments.
- Compliance with legislative and regulatory requirements.
- Define the terms of operation of the Strategic Investment and Funding Sub-Committee (SIF) of the Trustee.
- Appoint the members of the SIF.
- Appoint the Strategic Investment Consultant.
- Appoint the Manager for the Outsourced Chief Investment Officer role, as defined by the IMA
- Decide on investment strategy, based on recommendations from the SIF the Strategic Investment Consultant and Manager.
- Appoint the investment managers and Custodian, based on recommendations from the SIF and the Manager.

The Trustee has established the SIF under written Terms of Reference to focus on investment issues. The SIF has been delegated the responsibility for ongoing monitoring of the current investment arrangements against their agreed objectives and for reviewing and making recommendations to the Trustee for changes to investment policy as necessary from time to time. These include recommendations on the overall strategic benchmark. The SIF also has delegated powers in certain areas, including over the appointments of investment managers and advisers.

A2. Administrator

Royal Mail Pensions Service Centre administers the benefits of the Section and monitors the associated monthly outgoings.

A3. Custodian

In relation to the segregated investments the Trustee has appointed JP Morgan Chase Bank as the Plan's Custodian, responsible for the safekeeping of a part of the Sections' assets and performing the associated administrative duties. The Trustee is not responsible for the appointment of the custodian of the assets contained within pooled fund investments.

A4. Strategic Investment Consultant

The Strategic Investment Consultant is Mercer Limited, regulated by the Financial Conduct Authority.

A5. Outsourced Chief Investment Officer

The day to day management of the Section's investments is managed by BlackRock under the terms outlined in the IMA. BlackRock are regulated by the Financial Conduct Authority.

A 6 . Performance Measurer

The Performance Measurer is BlackRock as Manager, with details of their appointment, including reporting and analysis to be provided is set out in the IMA

A7. Covenant Adviser

The Covenant Adviser is Penfida.

Appendix 4 - The Principles for Responsible Investment

The Plan has signed up to the United Nations backed Principles for Responsible Investment. The Principles are reproduced below.

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
Possible actions:
1.1 Address ESG issues in investment policy statements.
1.2 Support development of ESG-related tools, metrics, and analyses.
1.3 Assess the capabilities of internal investment managers to incorporate ESG issues.
1.4 Assess the capabilities of external investment managers to incorporate ESG issues.
1.5 Ask investment service providers (such as financial analysts, consultants, brokers, research firms, or rating companies) to integrate ESG factors into evolving research and analysis.
1.6 Encourage academic and other research on this theme.
1.7 Advocate ESG training for investment professionals.
Learn how the PRI can support signatories implement Principle 1

2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
Possible actions:
2.1 Develop and disclose an active ownership policy consistent with the Principles.
2.2 Exercise voting rights or monitor compliance with voting policy (if outsourced).
2.3 Develop an engagement capability (either directly or through outsourcing).
2.4 Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights).
2.5 File shareholder resolutions consistent with long-term ESG considerations.
2.6 Engage with companies on ESG issues.
2.7 Participate in collaborative engagement initiatives.
2.8 Ask investment managers to undertake and report on ESG-related engagement.

3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
Possible actions:
3.1 Ask for standardised reporting on ESG issues (using tools such as the Global Reporting Initiative).
3.2 Ask for ESG issues to be integrated within annual financial reports.
3.3 Ask for information from companies regarding adoption of/adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact).
3.4 Support shareholder initiatives and resolutions promoting ESG disclosure.

4. We will promote acceptance and implementation of the Principles within the investment industry.
Possible actions:
4.1 Include Principles-related requirements in requests for proposals (RFPs).
4.2 Align investment mandates, monitoring procedures, performance indicators and incentive structures accordingly (for example, ensure investment management processes reflect long-term time horizons when appropriate).
4.3 Communicate ESG expectations to investment service providers.
4.4 Revisit relationships with service providers that fail to meet ESG expectations.
4.5 Support the development of tools for benchmarking ESG integration.
4.6 Support regulatory or policy developments that enable implementation of the Principles.

5. We will work together to enhance our effectiveness in implementing the Principles.

Possible actions:

5.1 Support/participate in networks and information platforms to share tools, pool resources, and make use of investor reporting as a source of learning.
5.2 Collectively address relevant emerging issues.
5.3 Develop or support appropriate collaborative initiatives.

6. We will each report on our activities and progress towards implementing the Principles.

Possible actions:

6.1 Disclose how ESG issues are integrated within investment practices.
6.2 Disclose active ownership activities (voting, engagement, and/or policy dialogue).
6.3 Disclose what is required from service providers in relation to the Principles.
6.4 Communicate with beneficiaries about ESG issues and the Principles.
6.5 Report on progress and/or achievements relating to the Principles using a comply-or-explain approach.
6.6 Seek to determine the impact of the Principles.
6.7 Make use of reporting to raise awareness among a broader group of stakeholders

Appendix 5 - Implementation Statement

1. Introduction

Under the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, the Trustee is required to produce an annual Engagement Policy Implementation Statement ("EPIS"). This statement outlines how, and the extent to which, the policies relating to stewardship, voting and engagement as outlined in the Statement of Investment Principles ("SIP") have been followed.

This statement covers the Plan's accounting year to 31 March 2025. It is intended to meet the updated regulations and will be included in the Plan's Report & Accounts. In preparing this statement, the Trustee has taken advice from their professional advisers.

This statement details some of the activities taken by the Trustee and the investment managers during the period, including voting statistics, and provides the Trustee's opinion on the stewardship activities over the period. This statement excludes Annual Voluntary Contributions.

2. Policies

The Trustee's relevant policies regarding stewardship, voting and engagement are outlined in the SIP. During the year to 31 March 2025 the Trustee updated the SIP, and this was agreed by the Trustee on 11th March 2025. The policies contained in this SIP which are relevant to this Statement can be accessed at:

https://www.royalmailpensionplan.co.uk/documents-and-forms/?rmp-search=1&section=&type=19&text=SIP

Since 1 April 2012, the Plan's assets and liabilities have been sub-divided into two sections (the "Sections") relating to Post Office Limited ("POL") and to Royal Mail Group ("RMG"). Investment policy is determined separately for each section and reflects separate consultations with POL and RMG, and this Implementation Statement covers both sections.

The Trustee has appointed BlackRock as the Outsourced Chief Investment Officer ("the Manager") for the Plan. The Trustee delegates the day-to-day investment decisions to the Manager. The Trustee retains responsibility for the strategic investment objective and oversight of the Manager.

The Trustee notes the guidance issued by the DWP relating to "Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement" in June 2022. The Trustee plans to continue to develop its policies and build more elements of this guidance into future iterations of this statement.

3. Scope of this statement

The Trustee acknowledges that the extent to which the policies in relation to stewardship, voting and engagement can be applied varies across the portfolios. For example, in general, voting rights are not attached to fixed income securities, while the applicability to the LDI (liability-driven investment) portfolio is limited. Nonetheless, the Trustee and the Manager expect all investment managers to take an active role in the stewardship of investments where relevant. Section 6 provides some more detail on stewardship activities in non-equity mandates.

4. Scheme activity

The SIP includes the Trustee's policy on Environmental, Social and Governance ("ESG") factors and stewardship. This policy sets out the Trustee's beliefs on ESG and the processes followed by the Trustee in relation to voting rights and stewardship.

The Trustee recognises that the Manager is engaging with the underlying managers to ensure their work in relation to improving their ESG policies and actions over time are reflected in the ratings they achieve.

The Trustee expects the Manager to continue to work with underlying managers to ensure those on the weaker side of voting and engagement take action to make improvements. The Manager has acknowledged that all managers have been taking steps to improve both their voting and engagement and "best in class" continues to evolve. The Trustee will be closely monitoring developments over the coming years.

Voting and Engagement

The Trustee has delegated to the Manager the responsibility of collecting the stewardship and engagement reports of the underlying managers. The Trustee also expects the Manager to monitor the underlying manager's activity to ensure compliance and confirm that it remains a suitable investment for the Plan. The Trustee is comfortable that under this governance structure the responsibility sits with the Manager to communicate with the underlying managers and on a regular basis collect information as required.

The Manager has noted that there is variability between managers in the extent of their engagement and voting policies, with equity managers generally having made more progress than fixed income. This Implementation Statement focuses on the Plan's equity managers given the voting rights attached to their strategies. It is intended that in future years there will be greater focus on other asset classes, particularly the fixed income managers.

The section below details the investment managers' approach to voting and engagement as well as some examples of engagements that these managers and the Manager consider significant over the 12 months in respect to the funds in which the Plan is invested. In addition, summary voting statistics in respect of the Plan's equity funds over the year to 31 March 2025 have been included.

Investment managers

The approach to voting and engagement of the Plan's equity managers, Black Creek, American Century, Schroders and BlackRock are detailed below. Given the implementation of a strategic review in October 2024, the managers were not invested for the full reporting period, but we have reported the material votes while the Plan was invested in their respective mandates.

Black Creek (segregated global equity):

Approach	One of the most important rights that Black Creek Investment Management Inc. ("BCIM") exercises as a fiduciary on behalf of our clients is the right to vote on our publicly traded shares. BCIM has chosen a guideline approach to allow for flexibility and reserves the right to vote on a case-by-case basis to ensure that all votes are in the best interest of shareholders. Clients may also choose to vote their own proxies or state their own guidelines, in which case BCIM guidelines may not apply. BCIM think and act as long-term owners of the companies in which we invest and will vote to create value in accordance with this philosophy. The vote decision resides with the portfolio management team that has taken the decision to invest in a company on behalf of clients. Prior to investing in a company, the portfolio managers perform a rigorous analysis which includes an assessment of the corporate governance practices. BCIM believe that the portfolio manager is therefore in the best position to judge the merits of each of the ballot items and whether they should be supported. A decision to invest in an issuer is based in part on the quality of an issuer's disclosure, the performance of its management and its corporate governance practices. Since a decision to invest is generally an endorsement of management of the issuer, BCIM will usually vote with management on routine matters. BCIM does not rely on any external third-party proxy voting service provider nor subscribe or endorse any standard voting guidelines prescribed by any external organization. BCIM relies solely on their proxy voting guidelines as a foundation for making their own voting decisions.
DKSH AG (Market expansion and outsourcing)	17th May 2024 – 2.4% of portfolio value. Proposal was made under item 5.3 to approve the remuneration report. Black Creek did not approve of the remuneration report due to insufficient details on incentive compensation, and communicated that they expect more details going forward.

	Black Creek voted against the remuneration proposal and the result was 96.6% for, and 3.4% against. The intention to vote against was communicated to the company ahead of the vote.
Essity AB (hygiene and health products)	21st March 2024 – 2.8% of portfolio value. Proposal was made under item 11a to approve remuneration of the Directors and Committee members. Black Creek have spoken to Essity management several times about their concerns toward tying compensation to share return metrics relative to global peers as this is market driven and not a fundamental performance metric. Black Creek stated they would like to see compensation weighted more to performance and operational metrics. Black Creek voted against the proposal, but the result was that it was approved. Percentages were not given. The intention to vote against was communicated to the company ahead of the vote.
Bureau Veritas SA (Testing, inspection and certification services)	18th June 2024 – 4.0% of portfolio value. Proposal was made under Item 6 of the meeting to elect BPIFRANCE INVESTISSEMENT as a Director. Black Creek refuse to vote for a corporation taking a board seat as its not clear to them why this is an appropriate means of sharing strategy and insight or determining responsibility and accountability. Black Creek voted against the Board recommendation and the result was 80.8% for, 19.2% against. The intention to vote against was communicated to the company ahead of the vote.
Essity AB (Hygiene and health products)	21st March 2024 – 2.8% of portfolio value. Proposal was made to elect Karl Aaberg to the Board. Black Creek voted against as Karl is a representative of Industrivarden AB which already controls 30% of Essity's voting power, benefiting Karl with unequal voting rights. Black Creek voted against the proposal, but the result was that it was approved. The percentage of the vote was not given. The intention to vote against was communicated to the company ahead of the vote.
Kerry Group PLC (Food, beverage and Biotech)	22nd June 2023 – 0.8% of the portfolio value. Proposal was made under items 9 to 11 for a general authority for share issuance. Black Creek voted against this as a resolution that empowers boards to pre-emptively dilute their share base in excess of 10% without shareholder approval and a pre-specified purpose. Black Creek voted against the proposal and the result was for item 9: 92.5% for, 7.5% against. Item 10: 95.1% for, 4.9% against. Item 11: 86.1% for, 13.9% against. The intention to vote against was communicated to the company ahead of the vote.
Kuehne & Nagel Inc (global transport and logistics)	8th May 2024 – 3.4% of portfolio value Proposal was made under item 4.6 to ratify KPMG as the company auditors. Black Creek voted for this election to replace EY who have been auditor since 2013. ISS recommended voting against ratifying KPMG due to the auditor change without explanation. Its considered good practice to change auditor once a decade and so voted for the change in line with the board.

		Period to 31 March 2025*
Black Creek **Developed Global Equities**	Votable proposals	374
	% of resolutions voted	96.5%
	% of resolutions voted against management	3.5%
	% of resolutions abstained	0%
	*Mandate terminated 23 October 2024	

American Century Investments (pooled global small cap equity):

Approach	American Century Investments ("ACI") has adopted proxy voting policies to guide the voting of proxies related to investments held in the accounts it manages when the voting of such proxies has been delegated to ACI and, absent an agreement in writing to the contrary, ACI does not typically consult with a client before voting. In voting proxies, ACI is guided by general fiduciary principles, as reflected in its proxy voting guidelines. ACI acts prudently, solely in the interest of the beneficial owners of the accounts we manage, and for the exclusive purpose of providing benefits to such persons. In furtherance of that goal, ACI have adopted a set of proxy voting policies to guide how they vote on certain common recurring proxy issues. When voting on a proposal that is not specifically covered by our proxy voting policies, ACI seeks to evaluate the factors underlying the proposal and seeks to vote in the manner that we believe will do the most to maximize shareholder value. ACI subscribes to the proxy voting services of Institutional Shareholder Services ("ISS"), including their proxy voting platform, voting advisory services, and vote disclosure services. While ACI review and consider ISS's research, analysis, and recommendations, ACI vote proxy using the ISS voting platform in accordance with the ACI's proxy voting policies, which can differ from those of ISS. ACI will look for votes on which their Sustainable Research team made recommendations, votes related to proxy contests, or transaction related proposals such as mergers, acquisitions, and corporate reorganizations, or other votes that have the potential to make a material impact on an issuer's long-term financial performance to identify those considered to be "most significant".
Amber Enterprises India Ltd (Electronics and mobility solutions)	5th November 2024 – 0.7% of portfolio value The proposal was made to approve the managerial remuneration of Sachin Gupta as whole-time director. ACI voted against this resolution given the concerns in the executive's remuneration – flexibility to double his remuneration excluding stock options that can be granted over the proposed tenure and no disclosure on the number or quantum of stock options that can be granted over the tenure on an annual basis on the performance metrics. ACI voted against the recommendation proposed by management. The result was the proposal was passed. The intention to vote against was not communicated to the company ahead of the vote.

Brookfield Infrastructure Corporation (Global Infra networks)	3rd December 2024 – 1.0% of portfolio value A proposal was made to approve a restructuring plan. ACI voted for the proposal believing it to be warranted to maximise shareholder value. ACI voted for the proposal and the result was the restructuring was passed. The intention to vote against was not required to be communicated.
D'leteren Group (Auto distribution and vehicle glass)	6th December 2024 – 0.2% of portfolio value A proposal was made to approve the change of control clause for potential transfer of pledged assets. ACI voted against it because the proposed resolution is to approve change of control provisions that include pledging company assets under financing agreement that aim to finance an extraordinary dividend of €74 per share. The transaction appears to finance intra-family shares, creating a riskier leverage profile and reduced investment capacity. ACI voted against the proposal to update the change of control clause for a potential transfer of pledged assets, but the result was that it was passed. The intention to vote against was not communicated to the company ahead of the vote.
D'leteren Group (Auto distribution and vehicle glass)	6th December 2024 – 0.2% of portfolio value A proposal was made to approve dividends. ACI voted against it because the proposed exceptional dividend is not supported by a compelling strategic rationale given the increase in debt and risk to the company. ACI voted against the proposal, but the result was that the proposal was passed. The intention to vote against was not communicated to the company ahead of the vote.
BellRing Brands Inc (Consumer products)	28th January 2025 – 0.7% of portfolio value A proposal was made to adopt declassify the Board of Directors. ACI voted for the proposal, supporting a declassified board structure. The result was the resolution was passed.
BellRing Brands Inc (Consumer products)	28th January 2025 – 0.7% of portfolio value A proposal was made to adopt a Director Election Resignation Guideline. ACI voted against the proposal as the company has adopted a director resignation policy and there are no factors that suggest a more stringent Director resignation policy is necessary at this time. ACI voted against the proposal and the result was that it Failed to be passed.
Toll Brothers Inc (American homebuilding)	11th March 2025 – 0.5% of portfolio value A proposal was put forward to eliminate a supermajority vote requirement to remove directors. ACI voted for this proposal to remove the supermajority requirements. ACI voted for this proposal and the result was that it was passed.
Construction Partners Inc	20th March 2025 – 0.7% of portfolio value

(US civil Infra)	A proposal was made for an Advisory vote to ratify named executive officers' compensation. ACI voted against the proposal due to the concerns around the following risk mitigating issues: clawback; stock ownership guidelines; stock holding requirements. ACI voted against the proposal, but the result was that it was passed. The intention to vote against was not communicated to the company ahead of the vote.
Kiwoom Securities Co Ltd (South Korean financial services)	26th March 2025 – 0.0% of portfolio value A proposal to elect Lee Hyeon as an inside Director was made but ACI voted against as the nominee is non-independent, and the Board is not sufficiently independent. ACI voted against the proposal, but the result is unknown at this time. The intention to vote against was not communicated to the company ahead of the vote.
ASICS Corp (sportswear)	28th March 2025 – 1.4% of portfolio value A proposal was made to approve the donation of treasury share to the ASICS foundation. ACI voted against this but the result is unknown at this time. The intention to vote against was not communicated to the company ahead of the vote.

American Century Global Small Cap		**Period to 31 March 2025***
	Votable proposals	92
	% of resolutions voted	100%
	% of resolutions voted against management	16%
	% of resolutions abstained	0%
	*Mandate inception was 23 October 2024	

Schroders (pooled emerging market equity fund):

Approach	The overriding principle governing Schroders' approach to voting is to act in the best interests of its clients. Schroders' voting policy and guidelines are outlined in its publicly available Environmental, Social and Governance Policy. Schroders evaluates voting issues arising and, where it has the authority to do so, votes on them in line with its fiduciary responsibilities in what it deems to be the interests of its clients. In applying the policy, Schroders considers a range of factors, including the circumstances of each company, performance, governance, strategy, and personnel. It is Schroders' policy to vote all shares at all meetings globally, except where there are onerous restrictions – for example, shareblocking. Schroders utilises the services of ISS and the Investment Association's Institutional Voting Information Services ('IVIS') in conjunction with its own research and policies when formulating voting decisions. Glass Lewis (GL) also act as one of Schroders service providers for the processing of all proxy votes in all markets. GL delivers vote processing through its Internet-based platform Viewpoint. Schroders receives recommendations from GL in line with our own bespoke guidelines, in addition, they receive

	GL's Benchmark research. This is complemented with analysis by Schroders in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers. With regards to abstaining from votes, Schroders' preference is to support or oppose management and only use an abstention sparingly. Schroders may abstain where mitigating circumstances apply, for example where a company has taken some steps to address shareholder issues. For certain holdings of less than 0.5% of share capital in the USA, Australia, New Zealand, Japan, and Hong Kong, Schroders has implemented a custom policy that reflects the views of its ESG policy and is administered by Schroders' proxy voting provider, ISS. Schroders votes on both shareholder and management resolutions. Aligned with Schroders Engagement Blueprint, they have ongoing engagement programmes with emerging market companies on the importance of corporate governance, amongst other topics. Schroders actively vote against individuals on boards that are not making enough progress on the priorities identified in the Engagement Blueprint. Schroders significant vote criteria is broad, it is all votes against management that are considered significant. Schroders may tell the company of the intention to vote against the recommendations of the board before voting, in particular if the fund is a large shareholder or if there is an active engagement on the issue. Schroders always endeavours to inform companies after voting against any of the board's recommendations.
Lojas Renner SA (Brazil fashion)	27th November 2024 – 0.3% of portfolio value At a Special meeting, a proposal was made to increase the authorized capital in the company. Schroders voted against this as they believed it to provide the potential for excessive dilution in shareholder power and influence. This vote against was in line with Glass Lewis. The result was 73% for and only 27% against.
Lojas Renner SA (Brazil fashion)	27th November 2024 – 0.3% of portfolio value At a Special meeting, a proposal was made to make change to the Company's Articles of Association, constitution and Bylaws. Schroders voted against this understanding it to not be in the best interests of shareholders. This vote against was in line with Glass Lewis. The result was 71% for and only 29% against.
PDD holdings (commerce (Temu))	20th December 2024 – 0.6% of portfolio value At the annual meeting a proposal was made to elect Anthony Kam Ping Leung to the Board of Directors, Schroders voted against the election as the nominee is the Chair of the audit committee, which has failed to put the selection of auditor up for shareholder ratification. The result was a vote in favor with 97% and only 3% against.
PDD holdings (commerce (Temu))	20th December 2024 – 0.6% of portfolio value At the annual meeting a proposal was made to elect George Yeo Yong-Boon to the Board of Directors. Schroders voted against, which was in line with Glass Lewis' recommendation, as there is a combined Chair and CEO and no lead Director appointed. The result was a vote in favor with 94% and only 5% against.

Samsung (South Korean electronics)	14th March 2025 – 3.1% of portfolio value The proposed resolution was for the Directors' fees. Schroders voted against due to the lack of explanation for the proposed increase. Schroders voted against the proposal, but the result was that the proposal was passed. The intention to vote against was in line with Glass Lewis' recommendation and against management recommendations.
Abu Dhabi Commercial Bank (Abu Dhabi financials)	27th February 2025 – 0.3% of portfolio value A proposal was made to appoint an auditor and give the authority to set the fees. Schroders voted against this proposal due to a lack of disclosure. This was against the Glass Lewis recommendation. The result was 94% for and only 4% against with 2% abstained.
Bank Rakyat (Indonesian bank)	24th March 2025 – 0.5% of portfolio value A proposal was made for the Directors' fees, bonuses and long-term incentive plans. Schroders voted against as the company has not disclosed how the bonus is determined nor the achievement of performance metrics. Schroders voted against which was in line with Glass Lewis' recommendation and against the management proposals, but the result was that the proposal was passed.
NARI Technology (Chinese electrical)	23rd January 2025 – 0.6% of portfolio value Proposal was made to elect Guangsheng Zeng to the Board. Schroders voted against due to insufficient independence on the Board of supervisors. This was with the Glass Lewis recommendation. The vote was passed with negligible resistance.
NARI Technology (Chinese electrical)	23rd January 2025 – 0.6% of portfolio value Proposal was made to elect Yang Zeng to the Board. Schroders voted against due to insufficient diversity on the board and no separation of Chair and CEO to help independence. Schroders voted against both Glass Lewis' recommendation and against management by voting against them, but the result was the vote was passed.
First Abu Dhabi Bank (Abu Dhabi financials)	11th March 2025 – 0.4% of portfolio value Proposal was made to appoint the auditor and give the authority to set fees. Schroders voted against the proposal due to lack of disclosure. Schroders voted against the proposal which was against the Glass Lewis recommendation to abstain and against management.

Schroders Emerging Market Equity		**Period to 31 March 2025**
	Votable proposals	507
	% of resolutions voted	100%

% of resolutions voted against management	6.7%
% of resolutions abstained	0%

*Mandate inception was 23 October 2024

BlackRock (pooled passive developed global equity fund):

Approach	BlackRock sees its investment stewardship program, including proxy voting, as part of its fiduciary duty and as a way to enhance the value of clients' assets, using its voice as a shareholder on their behalf to ensure that companies are well led and well managed. The Plan has authorised BlackRock to vote on their behalf. BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team ("BIS"), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The BIS voting decisions reflect its reasonable and independent judgment of what is in the best long-term financial interests of clients. This is informed by analysis of company disclosures, third-party research, comparisons against a company's industry peers, as well as engagement with companies and BlackRock's active portfolio managers. BIS engages with management teams and/or board members on material business issues including environmental, social, and governance matters and through voting proxies in the best long-term economic interests of its clients. BIS votes to formally communicate its support for or concerns about how companies are addressing governance and material business risks and opportunities that may impact their ability to deliver long-term financial returns. In BIS' voting determinations, the team takes into consideration the context in which companies are operating their businesses. BIS' voting is thoughtful, methodical, and always anchored in BlackRock's fiduciary duty to clients as an asset manager. When BIS determines that it is in clients' financial interests to signal concern to companies through voting, the team does so in two forms: 1) it might not support the election of directors or other management proposals; or 2) it might not support management's voting recommendation on a shareholder proposal. Voting to elect directors to the board is a near-universal right of shareholders globally and an important signal of support for, or concern about, the performance of the board in overseeing and advising management. Whilst BlackRock subscribes to research from the proxy advisory firms Institutional Shareholder Services (ISS), Egan-Jones and Glass Lewis, it is just one among many inputs into its vote analysis process, and it does not blindly follow their recommendations on how to vote. BlackRock does not follow any single proxy research firm's voting recommendations. It subscribes to two research providers and uses several other inputs in its voting and engagement analysis, including a company's own disclosures, public information and ESG research. BlackRock uses Institutional Shareholder Services' (ISS) electronic platform to execute vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, BlackRock works with proxy research firms who apply

	proxy voting guidelines to filter out routine or non-contentious proposals and refer any meetings where additional research and possibly engagement might be required to inform their voting decision. BlackRock prioritize work around themes on which they most frequently engage companies, where they are relevant and a source of material business risk or opportunity. BIS also engages with clients year-round to understand their focus areas and expectations, and participates in market-wide policy debates to help inform these priorities. The themes identified are reflected in the benchmark policies and updated annually: Global Principles, regional voting guidelines and engagement priorities. These public documents underpin BlackRock's stewardship activities and form the benchmark against which they assess the long-term financial performance of investee companies. BIS publish "vote bulletins" and "case studies" on key votes at shareholder meetings to provide insight into certain vote decisions expected will be of particular interest to clients. The vote bulletins are published on the "Vote Bulletin library" section of the BIS website. The case studies can be found in flagship publications, namely the Investment Stewardship Annual Report and the Global Voting Spotlight, as well as pieces published on the "BIS Insights Hub" website. These bulletins and case studies are intended to explain vote decisions relating to proposals addressing a range of corporate governance issues, including sustainability-related matters that may be material to a company's business model, that are on the agenda for a shareholder general meeting. Other factors considered in deciding to publish a vote bulletin and/or a case study include the profile of the issue in question and the level of client interest expected in the vote decisions. The vote bulletins and case studies include relevant company-specific background, sector or local market context, and engagement history when applicable. Vote bulletins and case studies may also include observations on emerging corporate governance issues and market-level stewardship developments. BIS does not disclose vote intentions in advance of shareholder meetings as they do not see it as their role to influence other investors. BIS' published regional voting guidelines provide clients, companies, and others guidance on their position on common voting matters.
Air Products & Chemicals (Industrials, Gas)	23rd January 2025 – 0.1% of portfolio value A proposal was made to elect dissident nominee Director, Andrew Evans. BlackRock voted for the proposal understanding this to be in the best interests of shareholders. The vote was passed. BlackRock Investment Stewardship does not disclose vote intentions in advance of shareholder meetings as they do not see it as their role to influence decisions or proposals.
Air Products & Chemicals (Industrials, Gas)	23rd January 2025 – 0.1% of portfolio value A proposal was made to elect dissident nominee Director, Dennis Reilley. BlackRock voted for the proposal understanding this to be in the best interests of shareholders. The vote was passed. BlackRock Investment Stewardship does not disclose vote intentions in advance of shareholder meetings as they do not see it as their role to influence decisions or proposals.
Air Products & Chemicals	23rd January 2025 – 0.1% of portfolio value A proposal was made to elect dissident nominee Director, Tracy McKibben.

(Industrials, Gas)	BlackRock withheld from the vote for the proposal as their understanding was it was not in the best interests of shareholders. The outcome was a fail of the proposal. BlackRock Investment Stewardship does not disclose vote intentions in advance of shareholder meetings as they do not see it as their role to influence decisions or proposals.
Air Products & Chemicals (Industrials, Gas)	23rd January 2025 – 0.1% of portfolio value A proposal was made to elect management nominee Director, Paul Hilal. BlackRock withheld from the vote for the proposal understanding this was not in the best interests of shareholders. The vote was passed. BlackRock Investment Stewardship does not disclose vote intentions in advance of shareholder meetings as they do not see it as their role to influence decisions or proposals.
Air Products & Chemicals (Industrials, Gas)	23rd January 2025 – 0.1% of portfolio value A proposal was made to elect management nominee Director, Edward L Monser. BlackRock voted for the proposal understanding this to be in the best interests of shareholders. The result was a fail. BlackRock Investment Stewardship does not disclose vote intentions in advance of shareholder meetings as they do not see it as their role to influence decisions or proposals.
Air Products & Chemicals (Industrials, Gas)	23rd January 2025 – 0.1% of portfolio value A proposal was made to elect management nominee Director, Charles Casey Cogut. BlackRock withheld from the vote for the proposal as they believed the election of this Director was it not in the best interests of shareholders. The outcome was a fail. BlackRock Investment Stewardship does not disclose vote intentions in advance of shareholder meetings as they do not see it as their role to influence decisions or proposals.
Air Products & Chemicals (Industrials, Gas)	23rd January 2025 – 0.1% of portfolio value A proposal was made to elect management nominee Director, Lisa A Davis. BlackRock voted for the proposal understanding this to be in the best interests of shareholders. The vote was passed. BlackRock Investment Stewardship does not disclose vote intentions in advance of shareholder meetings as they do not see it as their role to influence decisions or proposals.
Atmos Energy Corporation (US Utilities)	5th February 2025 A resolution was proposed to elect Director Frank Yoho. BlackRock voted against the proposal as they have been seeking greater climate-related disclosure, including ISSB aligned reporting and relevant metrics and targets, which would enable investors to better assess climate-related investment risks and opportunities. The result was the proposal was passed. BlackRock Investment Stewardship does not disclose vote intentions in advance of shareholder meetings as they do not see it as their role to influence decisions or proposals.

Atmos Energy Corporation (US Utilities)	5th February 2025 – 0.03% of portfolio value A resolution was proposed to elect Director Kelly H Compton. BlackRock voted against the proposal as they have been seeking greater climate-related disclosure, including ISSB aligned reporting and relevant metrics and targets, which would enable investors to better assess climate-related investment risks and opportunities. The result was the proposal was passed. BlackRock Investment Stewardship does not disclose vote intentions in advance of shareholder meetings as they do not see it as their role to influence decisions or proposals.
Tyson Foods Inc. (US Food processing)	6th February 2025 – 0.02% of portfolio value A resolution was proposed to elect Director David J Bronczek. BlackRock voted against the Director's election due to insufficient progress with respect to sustainability-related reporting. BlackRock Investment Stewardship does not disclose vote intentions in advance of shareholder meetings as they do not see it as their role to influence decisions or proposals.

BlackRock passive global equity

	Period to 31 March 2025*
Votable proposals	7,402
% of resolutions voted	96.0%
% of resolutions voted against management	8.4%
% of resolutions abstained	0.5%

*Mandate inception was 23 October 2024

Stewardship

While specific voting rights are broadly confined to the realm of listed equities, the Trustee expects the Manager to ensure all managers engage in stewardship activities, regardless of asset class. Below are two brief case studies on how the Manager has engaged with government bodies, and integrated ESG factors into cash investing for the Plan.

Engagement with issuers/government bodies

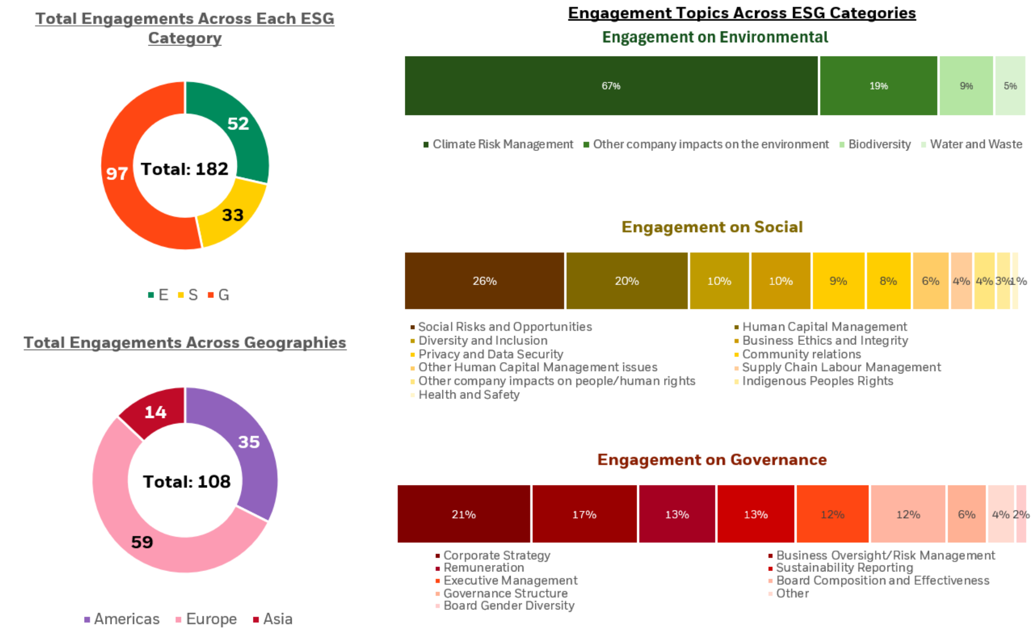
The majority of Plan assets are held in gilts as part of the funding level hedging strategy. BlackRock are the asset manager for these assets and so the Trustee requires their engagement on emissions attributable to the Gilts holding. BlackRock engages regularly with regulators, governments and debt management offices on a range of topics. As an important part of their fiduciary duty, the Trustee supports their advocating for public policies that they believe are in investors' long term best interests.

Engagement examples from BlackRock over the last year include:

- At the end of February 2025, BlackRock responded to the consultation report on leverage in non-bank financial intermediation issued by the Financial Stability Board (fsb-leverage-in-non-bank-financial-intermediation-consultation-report-022825.pdf)
- BlackRock partnered with ICMA and others in the industry to work on a response to the HMT consultation on the potential need for a specific UK green taxonomy.

The illustration below shows the engagement their stewardship team have had with LDI's trading counterparties in the year to 31 December 2024:

BlackRock's Firm Level Engagement with LDI Counterparties



Source: BlackRock. This represents the period of 1 January 2024 – 31 December 2024. *BLK had 108 engagement sessions with its counterparties but several engagement topics were discussed during each session. As of 31/12/2024.

BlackRock continues to be an active participant and leader in the evolution of the green bond market. An example of Blackrock's involvement on defining the evolving green bond market is its role on the issuance of the inaugural green gilt. At the time of writing, the Plan holds the 2053 green gilt in its LDI portfolio.

BlackRock favourably views the mitigation heavy focused project allocations thus far in UK's green gilt program. BlackRock provided guidance and direction in terms of best practices for impact reporting. In a call with the UK DMO, the UK green gilt impact reporting methodology was discussed, they delved into programs and reporting details for categories like clean transport, energy efficiency, and eligible UK expenditures in Official Development Assistance (ODA)-eligible countries, among others.

ESG integration in cash investing

In addition to the BlackRock Sustainable Investing baseline screens which are applied broadly across the ICS platform, the BlackRock ICS LEAF fund (in which the Plan invests) also applies an additional Environmentally tilted screen. Issuers of Money Market Fund instruments will be excluded from direct investment if (at the time of investment) they have below average Environmental practices as viewed by MSCI or such other external ESG research provider used by the Manager from time to time. This attributes to an investment universe reduction of around 300 parent issuers, or a 54% reduction. Tangibly this means LEAF reports a higher E score at a fund level. For instance, the Sterling Liquidity fund reported an MSCI Environmental score of 7.7 as at month end in April 2024 vs Sterling LEAF which recorded an Environmental score of 7.9.

The Trustee continues to believe strongly in the principles set out in the SIP and has been demonstrably committed to good stewardship for many years. The Plan became a signatory to the United Nations Principles of Responsible Investment (UNPRI) in 2009, and after having adopted the Financial Reporting Council's (FRC's) UK Stewardship Code in 2011 was accepted as a signatory to the updated code in 2023.

In furtherance of the Sustainable Investment and Corporate Governance sections of the SIP, this year the Trustee has:

- Updated and reviewed the ESG roadmap action tracker outlining and tracking actions to support the Trustee to achieve its ESG ambitions, across the short, medium and longer term. The roadmap sets out a number of actions across Governance, Investment Strategy, Risk Management, Engagement, and Reporting and Transparency to be undertaken over varying time periods;
- Initiated a project to review and update the ESG roadmap;
- Had quarterly ESG and Climate Steering Group meetings to track and update the ESG roadmap;
- Continued and expanded the Carbon Measurement project with ICE. The results of the project are laid out in the Plan's publicly available TCFD reporting;
- Continued with the appointment of Sustainalytics to engage across all the Plan's equity and corporate bond holdings on ESG issues where required and to make recommendations.
- Continued engagement with Climate Action 100+, a body that engages with one hundred plus companies to take action to reduce their carbon intensity and to align themselves with the TCFD recommendations to substantially reduce greenhouse gases; and
- Continues to explore the merits of joining other climate related initiatives and is working with the Employer to help ensure that Royal Mail as a company is properly aligned with compliance and reporting on TCFD.

Concluding remarks

The Trustee is comfortable that the policies in the SIP have been followed over the year to 31 March 2025. The Trustee expects that the format and content will continue to evolve over time, in line with guidance and to reflect any future changes in the SIP.

The Trustee recognises the responsibility that institutional investors must promote high standards of investment stewardship and will continue to use the influence associated with the Plan's assets in order to positively influence the Plan's investment managers.

Appendix 6 - Statement on Risk Management and Internal Controls

Oversight of risk management and internal controls within RMPP has been delegated by the Trustee Board to the Audit, Risk and Finance (ARF)' Sub-Committee. The ARF Sub-Committee is responsible for agreeing the framework for assessing, monitoring and managing the key risks within RMPP and provide recommendations on these risk matters to the Board.

Risks identified and action plans for their management are recorded in the Risk Register. The Trustee and ARF have oversight of all risks, with controls for each delegated to a risk-owner within the Executive team and a relevant sub-committee. Through support from the Executive, the sub-committees provide continuous monitoring of the risks in the register.

It should be borne in mind that the system of internal control and risk management is designed to manage rather than eliminate the risk of failure to achieve the Trustee's objectives. Summarised below are the most important risks currently faced by the Plan. They are being managed to support the long-term objectives of the Trustee Board.

Following the introduction of the General Code of practice the Trustee implemented a system for documenting. the policies, procedures, and processes required by the Code. The system includes a description of the key controls expected to be deployed to enable the Governing Body to demonstrate the effective implementation of the Plan's policies and procedures which will support the completion of the Own Risk Assessment as required under the Code.

The Executive carried out an independent review of all its processes and procedures to determine whether they comply with the requirements of the General Code of practice.

The overall observations of the review was that the Plan had undertaken a significant amount of work in identifying and mapping the policies, processes and controls and where identified, had started to address gaps by implementing new policies.

1. Membership data is incorrect

Inaccurate or missing data can cause errors in Plan administration or incorrect information being sent to members. RMPP's administrator, the Pensions Service Centre "PSC" has a dedicated data integrity team working on verifying data. The Scheme Actuary helps the PSC in setting out the calculations processes that should be followed. Independent audit is used to check data quality and ensure that the correct calculation processes are well documented and followed.

2. Cyber attack

A cyber-attack may result in the theft of data or the Plans assets and delays to the services provided. RMG's IT security is used to protect data, and their IT security team keep the Executive informed of potential threats. The Executive holds a business continuity plan that is used to minimise delays to services as a result of an IT issue or other issues that impact the office used by the Executive.

3. Covenant risk

Covenant risk relates to the strength of the sponsoring employer and the risk that it is unable to provide financial support to the Plan when it is required. While the Plan has a strong funding level and contributions are not expected to be required, deterioration in the Sponsor could lead to a disruption in the running of RMPP. Despite a tough macroeconomic backdrop, Royal Mail Group Limited's performance remains broadly in line with Management expectations. The Trustee continues to closely monitor the covenant strength and ongoing developments with the company.

4. Investment strategy risk

This is the risk that the assets do not achieve the plans strategic target investment return, leading to an impairment to the funding position. For the Defined Benefit Cash Balance Section, this could result in the target discretionary pension increase not being achieved. To mitigate this risk the Trustee appoints investment professionals to its Investment Sub-Committee and takes professional independent advice to ensure it has the

Appendix 6 - Statement on Risk Management and Internal Controls (continued)

right level of knowledge and understanding to take the necessary decisions. The strategy is suitably diversified and fully documented in the Plan's Statement of Investment Principles.

5. Climate/ESG risks

Climate change as a risk may have material adverse consequences for the Plan due to transition as well as physical risks. Transition risks include changes in climate and energy policies (i.e. the inevitable policy response), such as a shift to low carbon technologies and liability issues, potentially leaving heavy emitters of carbon unprofitable (stranded assets). Physical risks such as flooding, droughts and wildfires can impact water availability, food security, supply chains and employee safety, and consequently financial stability. Physical risks are relevant for all time horizons, although their impact is expected to increase over time as climate conditions become increasingly volatile. Transition risks are likely to be most relevant over short and medium-term horizons.

The Trustee has established a low-risk appetite related to climate and seeks to reduce the risk wherever possible.

The Trustee's initial risk assessment was it was likely that Climate/ESG risks would have a Moderate impact on the Plan (Inherent Risk). The Trustee put in place a series of business operation, independent assurance, and oversight controls to mitigate the risks. The subsequent risk assessment was that it was likely that ESG risks would have a minor impact on the Plan (Residual Risk). The controls are assessed on at least an annual basis. The Trustee also monitors a number of metrics on at least a quarterly basis. In addition, they assess the metrics set out in the next section on an annual basis.

6. Longevity risks

Longevity risk is the risk that members live for longer than is currently expected. That results in pensions being paid for longer than expected, thus costing the Plan more than has been assumed in the actuarial valuation. Over recent years there has been a general trend for longevity expectations and hence longevity risk to increase. In-depth analysis is completed as part of the actuarial valuation to understand the expected mortality of RMPP's membership. However, there is uncertainty as to whether past mortality trends will continue into the future, or whether there will be a step change in mortality, for instance due to improvements in healthcare. The plan currently incorporates prudence into the assumptions, such that the plan has sufficient funding, in case the longevity of RMPP's membership is greater than expected. Longevity risk is one of the more significant risks facing the plan, and the Trustee will consider whether there are alternative means of mitigating this risk, for instance through insurance.

Appendix 7 - Governance Policy

Trustee Mission and Key Objectives

The mission and key objectives of the Trustee Board of the Royal Mail Pension Plan ('the Plan') are:

Mission:

- **To pay all of the benefits as they fall due under the Plan, in accordance with the Trust Deed and Rules.**

Key objectives:

- **To administer the Plan to a high standard for its members whilst having regard for quality of service and value for money**
- **To educate and engage with the Plan's members and ensure effective communications and multi-channel access to personal benefit information**
- **Protect the security of accrued benefits in the 2012 section whilst working to establish an endgame solution that best meets the needs of our members**
- **Aim to manage the investment strategy of the 2018 Section with an expected return of gilts+3.4% per annum and a modelled volatility level of less than 8.84% p.a.***
- **To be committed to advancing ESG issues, including climate and a high level of compliance with relevant legislation, regulation, industry codes and standards as well as internal policies and sound corporate governance principles.**

These key objectives are to be achieved in a cost-effective manner.

*Gradually migrating over time to gilts+1.4% and maximum modelled volatility of c3.64% p.a. as the Plan matures.

Plan Governance

The Trustee has a responsibility to ensure that the Plan is managed and administered in accordance with its Trust Deed and Rules and in accordance with all relevant laws and regulations. The Trust Deed and Rules stipulate primarily:

- How the Trustee conducts business including powers and discretions.
- The contributions payable by the participating employers and Plan members.
- The investment powers of the Trustee.
- The benefits payable to Plan members.

The Trustee has ultimate responsibility for funding decisions – the procedure for agreeing scheme funding is stipulated in Part 3 of the Pensions Act 2004.

The Trustee governs the Plan through a number of policies and procedures. These are shown in the Annex A on pages 87 to 88.

Appendix 7 - Governance Policy (continued)

Delegation of powers and duties

Under the Trust Deed and Rules the Trustee may delegate the powers, duties and responsibilities of managing the Plan. The administration of the Plan is carried out by Royal Mail Group (the 'Pensions Service Centre') but the Trustee retains the ultimate responsibility for ensuring its effectiveness. The Trustee has delegated limited powers with regard to certain discretionary benefits to the Trustee Executive and Pensions Service Centre.

Royal Mail Pensions Trustees Ltd ('RMPTL')

RMPTL is a wholly owned subsidiary of Royal Mail Group Ltd. Its sole purpose is to act as corporate Trustee to the Plan. It does not trade but it is a registered company and therefore it must act in accordance with the Companies Act and with its Memorandum and Articles of Association. The Memorandum states the principal purpose of the Company and its objects, whilst the Articles stipulate how business is conducted including proceedings at meetings, structure of the Board, appointment and removal of directors, voting and delegation of powers.

Trustee Board composition

The Trustee Board has an equal number of member and employer nominated Trustee Directors, together with an independent Chair. Three of the Board members are nominated by RMG of which two are currently independent, one by POL and four by the Royal Mail Unions overseen by the Trustee. The independent Chair is appointed by Royal Mail after agreement with the Unions. RMG and POL may remove their own nominees at any time. A member nominated Trustee Director can normally only be removed if all his or her co-Directors agree. No matter who they are nominated by, each Trustee Director is responsible for protecting the benefits of all members. Each Trustee Director contributes his or her own blend of business knowledge and experience when making Trustee decisions.

Sub-Committees

The Board has established the following standing Sub-Committees:

- Administration
- Audit, Finance & Risk
- Strategic Investment & Funding

Additionally, the following Sub-Committees conduct business by correspondence and by meeting as and when required:

- Internal Disputes Resolution
- Discretions
- Emergency events

Other Sub-Committees are established on an ad hoc basis as and when required. The Trustee Board has established a De-risking Working Group which considers and evaluates strategic steps which could be taken to de-risk the RMG Section. The Strategic Investment & Funding Sub-Committee has also established an Implementation Working Group which monitors progress of investment strategy.

All the Sub-Committees of the Trustee Board have approved terms of reference which include details of how they operate, their duties and powers. In general terms, Sub-Committees monitor the services provided by key external service providers, have limited delegated powers of appointment, carry out scrutiny of reports and make recommendations for action to the Trustee Board.

Appendix 7 - Governance Policy (continued)

The Trustee Executive

The Board of RMPTL is supported by an executive team of pensions management professionals who advise the Board on its responsibilities and ensure that Board decisions are fully implemented.

Trustee Training

The Board follows The Pensions Regulator's Code of Practice on Trustee Knowledge and Understanding, which was introduced by the Pensions Act 2004. All Trustee Directors are required to complete The Pensions Regulator's training course, the 'Trustee Toolkit'.

Assessment and Benchmarking

The Trustee carries out regular self-assessments of its Board's effectiveness. It also participates in governance surveys and is represented in several benchmarking groups of pension schemes.

Relationship with Royal Mail Group Limited (RMG) and Post Office Limited (POL)

The Plan has distinct RMG (2012 and Cash Balance) and POL Sections. The Trustee engages with RMG and with

POL on investment strategy and funding arrangements through the Trustee's Investment and Funding Sub-Committees and its Investment Working Groups for each Section. The Chair and Chief Executive of RMPTL present an annual report on the affairs of the Plan to the Board of Royal Mail Group.

Other Stakeholders

The Trustee engages with its other stakeholders, including the following:

- His Majesty's Government
- Members of the Plan
- Representative bodies of the members of the Plan, namely the Communication Workers Union, and the Communication Managers Association section of UNITE
- The Pensions Regulator
- Ofcom

Annex A to Appendix 7 - Key Policies and Procedures

Policy/Procedure	Date last reviewed
Triennial Valuation Report	POL Jun 2025 RMG Jun 2025
Statement of Funding Principles	POL Jun 2025 RMG Jun 2025
Summary Funding Statement	POL Mar 2024 RMG May 2024
Annual Actuarial Report	POL Feb 2024 RMG Jan 2024
Schedule of Contributions	POL Jun 2025 RMG Jun 2025
Recovery Plan (if required)	N/A
Investment	
Statement of Investment Principles	RMG Jun 2025 POL Jun 2025
Responsible Investment Policy	Sept 2020
Myners' Compliance Report	Mar 2018
Quarterly Investment Reports	Mar 2025
Rebalancing Policy	Sept 2023
Administration	
Pensions Service Centre ('PSC') Pricing and Service Level Agreement	Mar 2018
Internal Dispute Resolution Procedure	Dec 2018
PSC Compliance Statements	Jul 2024
Member Communications Strategy	Jul 2020
Review of Discretionary Powers	Jan 2025
Governance	
Trust Deed and Rules	Oct 2024
RMPTL Memorandum and Articles	Dec 2012
Trustee Board and Sub-Committee Meetings Schedule	Jun 2023
Business Plan	Jun 2024
Business Continuity Plans for RMPTL and Key Service Providers	Jan 2019
Member Nominated Trustee Nomination and Selection Process	Mar 2023
Induction Process for new Trustee Directors	Oct 2022
Conflicts of Interest Policy	Jul 2017
Risk Register	Nov 2024
Notifiable Events Whistle-blowing Report	May 2021
Review of Compliance with The Pensions Regulator's Codes of Practice	Sept 2018
Board Effectiveness Review	Mar 2023
Structural Governance	Mar 2023
Trustee Knowledge & Understanding Review	Jul 2022
Anti-Bribery Policy	Jun 2024
Data Protection, Data Retention, Data Breach, Equipment Use	Jan 2025
Business Travel, Hospitality and Gift Policy	Jun 2024
Taxation Strategy	Mar 2020

Annex A to Appendix 7 - Key Policies and Procedures (continued)

		Date last reviewed
Sub-Committees' Terms of Reference		
Strategic Investment & Funding		Mar 2024
Audit, Risk & Finance		Jan 2018
Administration		Jan 2018
Discretions		Sept 2012
Internal Dispute Resolution		Sept 2012
Working Groups' Terms of Reference		
Implementation Working Group ('IWG')		Mar 2024
De-risking Working Group ('DWG')		Mar 2024
Valuation Working Group		Jul 2024
Assessment of Advisors:		
Lawyer:	Sacker & Partners LLP	Jun 2023
Actuary:	Willis Towers Watson	Jun 2023
Covenant Reviewer:	Penfida Ltd	Jun 2023
Auditor:	KPMG LLP	Dec 2021
Investment Consultant:	Mercer Investment Consulting	Jun 2023
Custodian:	JP Morgan Chase Bank	Jun 2022

Glossary of Terms

Actuarial Valuation

A valuation of a pension scheme which compares the scheme's assets to its liabilities. Economic and demographic assumptions are made to value the scheme's liabilities.

Additional Voluntary Contributions (AVCs)

Contributions made by active members to purchase additional defined contribution benefits.

Asset Allocation

The proportions in which the Plan's assets are distributed between different classes of investment.

Collateralised Loan Obligations (CLOs)

A form of securitisation where payments from multiple middle sized and large business loans are pooled together and passed on to different classes of owners in various tranches.

Contingent Liability

A potential obligation which depends on whether or not some future event occurs.

Corporate Trustee

The Plan is managed by a corporate trustee company, acting as the Plan's Trustee.

Credit Default Swap

A financial swap agreement that transfers the credit exposure of fixed income products between parties.

Custodian

A financial institution that holds and manages a client's securities or other assets on their behalf so as to reduce the risk of the client losing those assets or having them stolen.

Deferred Members /Deferred Pensioners

Members of the Plan who have ceased contributing (and may have left the employ of the Plan sponsor). They each have a benefit preserved in the Plan, payable at normal retiring age or on earlier death or ill health based on their period of service.

Derivatives

Financial contracts which derive their value from some other underlying asset. Examples include futures, options and swaps.

Emerging Market Equities/Debt

These are overseas asset classes which cover countries with developing economies. This asset class currently covers certain countries in Asia, Latin America, Europe and Africa.

Employer Covenant

The ability of a pension fund's sponsoring employer(s) to fund its pension scheme and underwrite investment risk.

Equities

Shares in UK and overseas companies.

Fair Value

A rational and unbiased estimate of the market value of goods, services or assets.

Fixed Interest Securities

Investments on which a fixed rate of interest is received.

Foreign Exchange ('FX' Forward)

A contract in the foreign exchange market that locks in the exchange rate for the sale or purchase of a foreign currency at an agreed future date.

Futures and Options Contracts

A futures contract is a firm agreement to buy or sell a security or quantity of securities at an agreed price and future date. An option contract confers the right without the obligation to complete a similar transaction at an agreed price and future date. In particular, stock futures and options are used by the Plan as a means to buy or sell, with a single transaction, the equivalent of a wide range of shares that are the constituents of stock market indices. Similarly, bond futures and options contracts relate to future transactions in UK and overseas bonds.

Gilt Repurchase Agreements (Repo)

The practice of selling gilts and simultaneously entering into an agreement to repurchase them at a fixed time and price. A technique used to fund temporary cash shortfalls, to fund long gilt positions, or to gear portfolios by borrowing against gilts. Buying gilts with a resale agreement is called a reverse repo and is a means of lending cash on a collateralised basis.

Hedge

A hedge is an investment position intended to offset potential losses/ gains that may be incurred by an organisation. Liability hedging typically involves investing in assets which mitigate against the adverse impact of changes to interest rates and inflation rates.

Liability-Driven Investment (LDI)/ Liability Hedging

Liability-driven investment is an investment in assets that can generate the cash to pay for the Plan's financial liabilities. Assets include government bonds, swaps and other instruments designed to hedge the interest rate and inflation sensitivity of the liabilities.

Index-Linked Securities

Stocks of which the capital value is linked to the rate of inflation.

Internal Controls

Processes for assuring achievement of an organisation's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies.

Investment Return

The return achieved by the Plan's investments in respect of both income and capital gains (realised and unrealised) normally expressed as an equivalent annual rate.

Money Purchase

Pensions and lump sums which are based on the accumulated value of contributions together with investment returns. Benefits on a money purchase basis are not related to either the member's salary or period of service.

Myners' Principles

A set of high level principles compiled by a committee headed by Lord Myners' relating to investment decision making and governance, recommended by The Pensions Regulator.

Options

An options contract is an agreement between a buyer and seller that gives the purchaser of the option the right to buy or sell a particular asset at a later date at an agreed upon price.

Over The Counter (OTC) Contracts

Contracts traded directly between the two parties rather than those which take place on a public regulated exchange.

Glossary of terms (continued)

Pooled investments (PIV's)

Funds from many investors that are aggregated for the purpose of investment.

Private Equity

Equity capital that is not quoted on a public exchange as investors put capital directly into private companies.

Realised Gains

The net gain on investments sold, calculated by comparing the selling price with the price at which they were purchased, or with the value which they were transferred to the Plan at inception.

Royal Mail Statutory Pension Scheme

The pension scheme established by Government which took over responsibility to pay all benefits earned by members of RMPP up to 31 March 2012.

Sections A, B, C, D E and F

Section A essentially mirrors the provisions of the Principal Civil Service Pension Scheme and only those who became members of the Plan before 1 December 1971 have an opportunity to elect for Section A benefits.

Section B provides benefits for members of the Plan who joined after 30 November 1971.

Section C provides benefits for members of the Plan who joined since 1 April 1987 as members of Section C and Section C Supplementary Plan.

Section D contains the matching AVC arrangement for Section C members.

Section E replicates the provisions of Section A and B but without the enhanced pension benefits on redundancy.

Section F provides Cash Balance benefits the members joining the Plan on or after 1 April 2018.

Section C Supplementary Plan

A Plan to which full-time employee members may contribute £150 per annum (scaled down for part-timers). For most employee members, the employer matches these contributions; for higher earners there is a lower employer contribution or no contribution.

Short-term Investments

Examples are bank deposits, deposits in the interbank market, certificates of deposit and Treasury bills.

Swaps

Swaps are derivative contracts between two parties in which they agree to exchange one set of cash flows for another.

The Pensions Regulator

A statutory body in the UK which regulates workplace pension schemes.

Transfer Value

The cash equivalent or present value of a deferred pensioner's preserved benefit which can be used to purchase benefits in a new employer's scheme or a personal pension.

Unrealised Gains

The net increase in the market value of investments held, but not yet realised.

Contact Details

Members' queries about the Plan generally or about individuals' entitlement to benefits should be addressed to:

Telephone:
0345 603 0043
Email:
pensions.helpline@royalmail.com

Write to us:
Pensions Service Centre
PO Box 5863
Pond Street
Sheffield
S98 6AB

The Plan website is:
www.royalmailpensionplan.co.uk

Royal Mail Pensions Trustees Limited

Neither an audit nor a review provides assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular whether any changes may have occurred to the financial information since first published These matters are the responsibility of the Trustee but no control procedures can provide absolute assurance in this area. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

Royal Mail Pension Plan