

Section 172 statement

In addition to ongoing engagement with stakeholders, as presented within the Directors' report, the RLUTM board also considers impacts on stakeholders as part of its decision-making process. Section 172 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. When discharging their duties and making decisions, Section 172 of the Companies Act 2006 requires the directors to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards and business conduct; and
- need to act fairly between members of the Company.

The directors made several key decisions during the year and Section 172 responsibilities were considered throughout the decision-making process. The directors acknowledge that each decision made will not necessarily lead to a positive outcome for all stakeholders. However, through wide-ranging engagement in the context of the strategy and purpose the Board aims to ensure a consistent approach to its decision-making and consideration of stakeholders. This is illustrated by, but not limited to, the following examples.

An example of a decision with long-term consequences is the payment of an £9m dividend to RLUTM's ultimate parent undertaking, The Royal London Mutual Insurance Society Limited (RLMIS). When determining whether to pay the dividend the directors take into account financial projections to ensure that the long-term consequence of the dividend being paid is fully assessed.

The Board has continued to engage with customer feedback as part of its 'voice of the customer' initiative which aims to promote the customers' voice and needs. Feedback received from customers highlighted increasing interest in well-defined Environmental and Social Governance (ESG) investment processes. Following this feedback, external communications around sustainable processes and how ESG filters into our fund's investment processes are to be continued.

As a regulated company it is important for the Board to ensure the Company's policies and procedures reflect the most recent regulations. The Board approved the update to the Responsible Investment Policy which now reflects the EU Sustainable Finance Disclosure Regulation (SFDR) that came into effect from 10 March 2021.

Engaging with Stakeholders

The Directors understand the importance of fostering relationships with suppliers, customers and other stakeholders and ensure that the effects on these parties along with the duties outlined in section 172 are considered when principal decisions are taken, which are those of material or strategic importance to RLUTM to address challenges and create value in the long-term.

Suppliers

The Company outsources aspects of its operations externally. The Directors and senior management ensure that oversight of the relationship is maintained via a number of teams within the Company. These teams collectively perform governance and oversight of the material outsourced relationships. Reports covering the material outsourcers are prepared and submitted to the RLAM Business Risk Committee. In addition relevant reports are submitted to the Board on a quarterly basis.

Regulators

Regulatory relationships are managed at the Royal London Group level and RLUTM interact closely with the regulators as part of this Group-wide arrangement. We respond to FCA information requests and track regulatory developments to ensure the delivery of regulatory change is adequately prioritised and the firm continues to meet its regulatory obligations.