

Sustainability Report 2024

We are dedicated to securing
the future for every one of
our policyholders.



In this report

About Rothsay
Message from the CEO
Our sustainability pillars

1. Investing our capital responsibly

Responsible investment
Good stewardship
Engagement and escalation
Reducing portfolio emissions
Investing in opportunities

2. Engaging to support positive change

Our people
Our policyholders
Our community
Our suppliers

01
02
04

07
08
10
12
14

17
22
26
30

3. Running a responsible and sustainable business

The Board
Sustainability-specific governance
Controls and risk management
Cybersecurity

33
35
37
41

4. Appendix

Sustainability data summary table
Glossary

44
45



Other relevant documents

There are a number of other related documents which can be found on our website www.rothesay.com:

- Climate Report
- Stewardship Code
- Responsible Investment
- Stewardship Policy



About Rothesay

Purpose-built to protect pension schemes and their members' pensions.

Over
£70bn
Managed assets

Who we are

Rothesay is the largest UK specialist pensions insurer, purpose-built to protect pension schemes and their members' pensions. Our singular focus is to secure pension annuities for the future, providing certainty for our policyholders.



Our careful approach to investment, prudent underwriting and service excellence mean we are trusted to provide pension solutions by the pension schemes of some of the UK's best known companies including British Airways, Cadbury, the Civil Aviation Authority, The Co-operative, Morrisons, Smiths Industries and Telent.

Participating in an active pension risk transfer industry means our business is on a strong growth path. Our Net Zero strategy considers this continued growth in respect of our assets under management and associated rise in Financed Emissions. We actively seek out opportunities to match our long-term investment horizon with investments that support our sustainability strategy. Using sophisticated risk management, our expert in-house investment team is continually developing new ways to drive predictable, sustainable returns that reduce risk and create real security.

Today, we manage over £70bn in assets, secure the pensions of over one million people, and pay out, on average, over £300m in pension payments each month. We safeguard the future for every one of our policyholders, and provide long-term value to our shareholders in all our decision-making.

Within this report, portfolio data relates to financial YE 2024. Other updates relate to the period since the publication of our Sustainability Report 2023.

Message from the CEO



At Rothesay,
we see embedding
sustainability principles
across our business
as a fundamental part
of our commitment
to providing our
policyholders with
security for the future

Tom Pearce
Chief Executive Officer



Message from the CEO continued

Rothesay's Environmental, Social and Governance (ESG) reporting is covered by a number of publications including this Sustainability Report and our Climate Report, the latter of which is drafted in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Our public disclosures provide a clear account of our approach to embedding sustainability principles across all parts of our business, complying with the requirements set by our regulator and supporting the needs of our investors and pensions trustees.

This Sustainability Report goes beyond our environment and climate-related activity, updating on our business's progress across a wider range of sustainability areas of focus, including our people strategy and charitable initiatives.

At Rothesay, we are clear that embedding sustainability principles across our business plays a fundamental role in us being able to deliver on our central purpose: providing our policyholders with security for the future. We will continue to refine our approach in line with changing expectations and evolving risks and opportunities, to ensure we meet the needs of our stakeholder community.

To do this, we continue to structure our sustainability strategy around three key pillars: investing our capital responsibly, committing to secure positive outcomes for our stakeholders, and running a responsible and sustainable business. In this report, we provide an update on our progress across each of these pillars.

Highlights this year include: our upgraded MSCI ESG Rating to AAA; partnering with the National Wealth Fund on social housing retrofit lending; partnering with the Fullerton-Long Caribbean Scholarship Fund to support students' progress towards a career in the actuarial profession; and continued our close partnership with Age UK.

We are proud of the progress we have continued to make this year in delivering our climate and broader sustainability goals and programmes of activity.

As always, though, we recognise that more can be done and remain committed to continuous improvement both within our own business and the wider insurance sector.

I hope you find our Sustainability Report interesting and informative.



Tom Pearce
Chief Executive Officer
25th June 2025

Our sustainability pillars

Our purpose

At Rothesay, we seek to protect the future of every one of our policyholders and to provide them with long-term financial security.

In doing so, it is our responsibility to carefully manage a wide range of uncertain risks and opportunities relating to sustainability factors. In this report, we discuss how we build our sustainability strategy around three key pillars.



Our sustainability pillars continued

Investing our capital responsibly

Rothesay manages over £70bn in assets, secures the pensions of over one million people, and pay out, on average, over £300m in pension payments each month.

It is therefore crucial that we invest in assets that match our liability cash flows and provide an appropriate risk-adjusted return, as well as supporting our pathway to a more sustainable future. Rothesay's in-house team considers material sustainability factors as part of the investment process and our market-leading risk management systems give us an advantage in the monitoring and management of sustainability risks. Paired together, this allows us to proactively target assets aligned with our sustainability goals, which we believe will also provide us with improved risk-adjusted returns.

Rothesay's asset portfolio is managed by our in-house team. Assets are sought which match our long-term liability cash flows and which provide an appropriate risk-adjusted return, with cautious cash buffers retained in order to meet our liquidity requirements. Rothesay has a careful approach to investment which seeks to reduce exposure to unrewarded risks and provide real security for people's pensions in the future, whilst ensuring suitable and predictable overall returns.

Engaging to support positive change

We are dedicated to protecting the future for our policyholders and delivering positive outcomes for all our stakeholders, including our policyholders, our suppliers, our people, our community and our investors.

Given the long-term nature of our business, this means that we need to consider the impact that our decisions will have, not only in the short term, but well into the future. Rothesay's strength is our team of employees, based in the UK, US and Australia, and we are committed to maintaining a culture that allows us to attract and retain top talent from across the industry.

Running a responsible and sustainable business

At Rothesay, we want to run our business in a sustainable manner.

This means that we need to have controls and risk management frameworks in place that ensure that we can continue to navigate risk while creating new ways to deliver security to our policyholders. All of this is made easier by our governance structure, which is robust yet agile, allowing us to seek to ensure the stability and solvency of the business.

Section 1

Investing our capital responsibly

> In this section

Responsible investment	07
Good stewardship	08
Engagement and escalation	10
Reducing portfolio emissions	12
Investing in opportunities	14

Responsible investment

Our sustainability commitments

Rothesay has set out sustainability commitments that reflect our objectives for the consideration of sustainability within our investment decision-making and risk management framework.



1. We will transition our investment portfolio to Net Zero greenhouse gas emissions by 2050.¹
2. We will manage our investment portfolio with the aim to align with a maximum temperature rise of 1.5°C in line with the Paris Agreement.
3. We actively seek out opportunities to match our long-term investment horizon with investments that support our sustainability strategy.
4. While investments in some climate opportunities are currently too speculative for our risk appetite, we are committed to supporting efforts to encourage low carbon opportunities and financing climate solutions.
5. We will incorporate broader sustainability factors, where relevant, into our investment analysis, decision-making and engagement processes to appropriately consider social & governance and wider environmental factors, including climate change.
6. We recognise the investment required by high emitters to transition to a low carbon future. We will therefore seek opportunities to finance high emission companies where they have robust and credible transition plans, recognising that this may increase our Carbon Intensity (CI) in the short term.
7. We actively seek to engage with issuers currently misaligned with our commitments, rather than pursue immediate divestment.

1. Our Net Zero commitment is science-aligned, focusing on taking actions that are consistent with the Paris Agreement and seek to reduce emissions to a small amount of residual emissions that can be credibly 'offset'.

Good stewardship

Rothesay subscribes to the Financial Reporting Council's (FRC) definition of stewardship, which it defines as "the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society".¹



1. 2020 UK Stewardship Code, page 4

Good stewardship continued

We understand the clear link between our core investment objectives and the need to consider stewardship principles alongside sustainability risks in our strategy and decision making.



As outlined in our core investment objectives¹, Rothesay's investment strategy and decision making seeks to take a quantitative view of risk where possible and invest in a manner that balances policyholder security with shareholder value on a risk-adjusted basis. This ensures that our investment strategy is aligned with the best interests of our clients and shareholders.

A key part of effective stewardship is the identification, assessment and monitoring of financially material sustainability risks and opportunities. There is a strong alignment of interest between measuring and managing sustainability risks and our primary purpose of safeguarding our policyholders, given that both require a complex measurement of the likelihood and extent of financial impacts caused by uncertain developments over extended timeframes out to 2050.

The in-house investment team, alongside dedicated sustainability analysts, consider material sustainability factors as part of the investment process. These factors are formally documented in all relevant risk committee papers for new investments in order to allow for informed discussion prior to an approval decision.

Our risk-based approach requires the application of clear risk management frameworks at point of purchase or acquisition via pension risk transfers, and through the duration of the investment. Sustainability factors are broadly captured within our risk management frameworks.

This includes screening for compliance with regulatory requirements for new investments (for example, bribery and corruption or the Modern Slavery Act) and proactive surveillance of global news flows for material sustainability controversies, and then considering their impact on the financials, rating, spread or reputation of relevant issuers. Where concerns are deemed to be material, issuers are added to our internal Watchlist. Strategies such as shorter duration and liquid investment may be considered for higher risk issuers to ensure we retain more flexibility to manage risk in these circumstances (through divestment or otherwise).

We are a signatory to the FRC's UK Stewardship Code 2020 and publish an annual Stewardship Report.



➤ **Further information on our approach to stewardship can be found in our latest Stewardship Report at www.rothesay.com**

1. Further details on our investment objectives can be found in our Annual Report at www.rothesay.com

Engagement and escalation

Engagement with issuers is an important aspect of our sustainability strategy, supporting positive outcomes for all our stakeholders and reflecting the long-term nature of our business. We utilise engagement to ensure we maintain an appropriate understanding of risks to which our borrowers are exposed, and we encourage more sustainable practices that yield stable long-term financial returns. In addition, as a signatory of both the UN Principles for Responsible Investment (UNPRI) and Net Zero Asset Owner Alliance (NZAOA), Rothesay has committed to responsible engagement with firms in our portfolio.

As we do not use external asset managers, all our engagement is coordinated by our dedicated sustainability analysts and conducted in collaboration with members of our Credit Risk and Asset Management teams.

Our bilateral engagement approach is predominantly focused on specific, direct engagement with the most material corporate issuers within our portfolio.

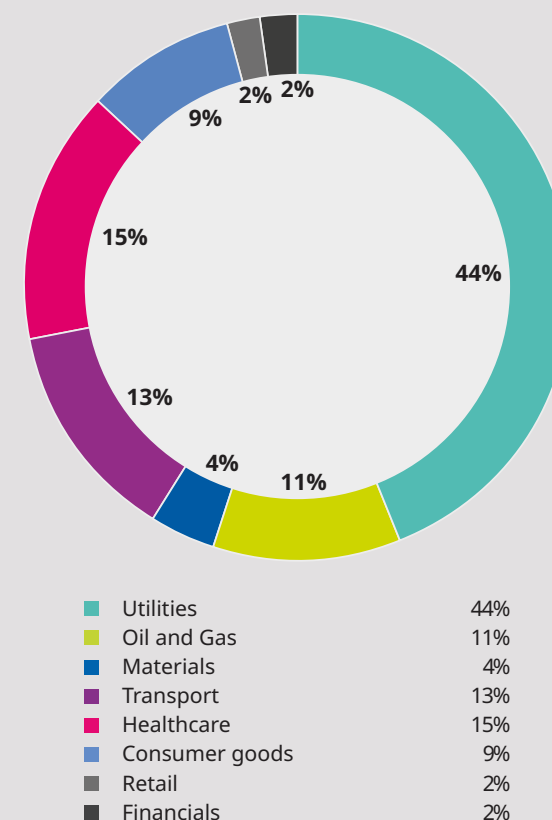
In addition to business-as-usual (BAU) engagement conducted as part of our standard communication with issuers, during 2024 we engaged with 54 companies within our investment portfolio on sustainability-specific topics. The majority of these included at least one climate-focused topic. We select entities for climate engagement based upon a combination of high current emissions, targets for reducing them that have an insufficiently steep trajectory, and slower decarbonisation trends.

In the context of being a debt-only investor, our engagement escalation approach is focused on decisions related to our ongoing investment allocation. While there are occasions when issuers are unresponsive to our attempts to engage with them, this is rare (we had an 89% response rate in 2024).

It is also often challenging to determine whether our engagement activities cause issuer action or whether a lack of responsiveness to our engagement reflects an entity's own views on sustainability issues. In cases where we receive no response from the issuer, we continue with further attempts to engage in following years, but also note this as a negative mark in our sustainability assessment.

Engaged with
54
companies within our
investment portfolio for
sustainability-specific
reasons

Engagement by sector (%)



Engagement and escalation continued

Case study

Escalation due to inherited positions from new pension risk transfers

As a central part of our business, we may be delivered assets as part of the premium for a new pension risk transfer transaction.

Our underwriting process includes a review of any new assets in respect of their sustainability risk alongside their wider credit risks and valuation. It considers the impact on our portfolio Carbon Intensity (CI), reviews high emissions issuers, and checks alignment with our Responsible Investment and Stewardship Policy. Any issuer misaligned with our policy or deemed outside of risk appetite is escalated and identified for priority sale.

In 2024, as part of our pre-deal screening process, we identified a number of positions which once inherited needed to be managed for priority sale due to illiquid fossil fuel exposure, controversial weapon exposure and/or operations outside our country risk appetite.



Reducing portfolio emissions

By 2050, Rothesay intends to transition its investment portfolio to Net Zero.

To understand our pathway to this commitment, we are evolving our transition plan to determine the actions which will enable us to manage the risks and opportunities associated with decarbonising our portfolio. While our transition planning considers portfolio emissions over the long term, many of our actions are inevitably concentrated on the near-term priorities. These will support our progress towards understanding and responding to the challenges, so our work can be planned in detail with measured outcomes. Further details can be found in our latest Climate Report.

Our climate commitments are as follows:

Net Zero by 2050: Rothesay is committed to transitioning our investment portfolio to Net Zero greenhouse gas emissions by 2050.

Paris aligned portfolio: Aim to transition portfolio in line with a maximum temperature rise of 1.5°C above pre-industrial levels as outlined in the Paris Agreement.

50% CI reduction by 2030: We aim to reduce the Scope 1 & 2 Carbon Intensity of both our total portfolio and our Publicly Traded Corporate Debt sub-portfolio by 50% by 2030, with a baseline set in 2020.

20% CI reduction by 2025: We aim to reduce the Scope 1 & 2 Carbon Intensity of both our total portfolio and our Publicly Traded Corporate Debt sub-portfolio by 20% by 2025, with a baseline set in 2020.

These targets are supported by our commitment to engage with at least 20 of our most carbon intensive issuers each year.

We define Scope 1 & 2 Carbon Intensity as the $tCO_2e/\$m$ revenue, which reflects the total amount of greenhouse gas emissions produced by a company per annum, divided by their earnings.



Reducing portfolio emissions continued

Transition planning

The pace of decarbonisation in our portfolio varies across asset classes and geographies, reflecting a wide array of challenges. During 2024, we continued to evolve our Net Zero Transition Plan by considering and modelling how each sector in our portfolio may decarbonise, and the levers that may influence that outcome. This informs our long-term planning and intermediate portfolio goals and targets. The analysis to date has identified a number of priority actions to support this initiative which have been summarised in our Climate Report, with publication of our formal Net Zero Transition Plan to follow.

Position statements

Rothsay's investment strategy takes a case-by-case risk-based analysis approach. This involves considering the individual characteristics of our investments, including climate factors, to support appropriate decision making. However, there are some areas relating to fossil fuels and controversial weapons¹ where we have explicit exclusions in recognition that these investments carry additional risks which are not compatible with our sustainability goals. New direct thermal coal activity, companies that derive more than 10% of their revenue from the production of controversial oil and gas and controversial weapons are listed exclusions under Rothsay's Responsible Investment and Stewardship Policy.²

1. "Controversial weapons" are generally understood to be those weapons that have an indiscriminate and disproportionate humanitarian impact on civilian populations and include the use of cluster munitions, biological weapons, antipersonnel landmines and booby traps and chemical weapons.
2. New direct thermal coal activity includes the funding of new thermal coal plants or continuation with plans in preconstruction. Controversial oil and gas is defined as involvement in Arctic oil and gas or tar sand extraction. Full details can be found in our Responsible Investment and Stewardship Policy at www.rothesay.com.

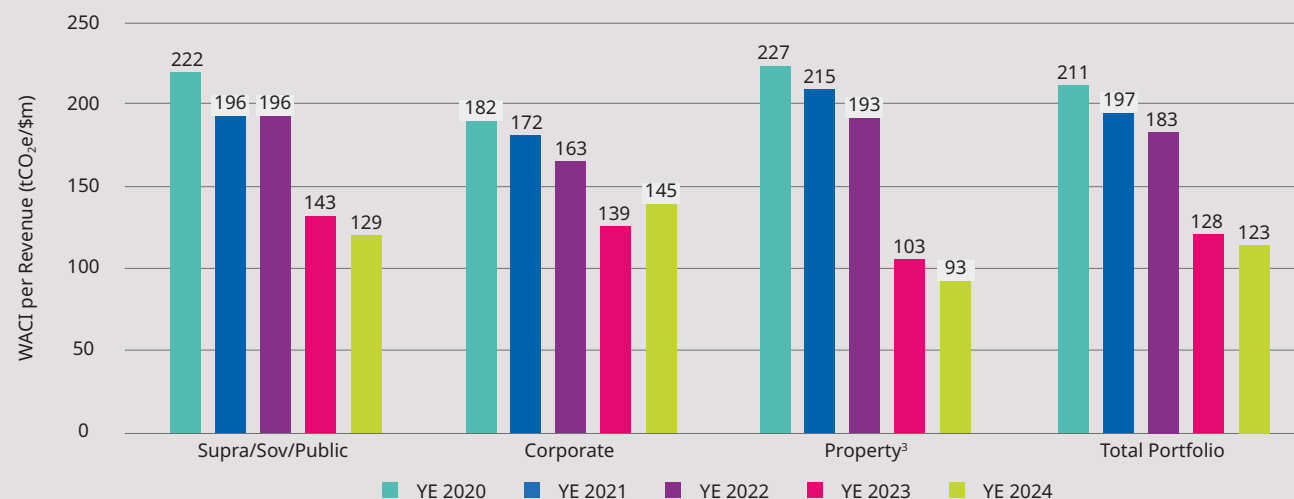
Our progress

Rothsay reports the Carbon Intensity of our investment portfolio on a revenue basis, covering Scope 1 and Scope 2 emissions for the constituent issuing entities. For Rothsay, these make up the bulk of our Scope 3 emissions and we analyse them independently from the rest of the emissions with which the firm is associated.

As outlined in our Climate Report, while issuer Scope 3 emissions are also fundamental to gaining a full understanding of potential climate risk, a number of limitations, including incomplete disclosure by issuers, mean we do not currently disclose the Carbon Intensity of our investments on a total (Scope 1–3) basis.

Our baseline Carbon Intensity value, for our portfolio at year end 2020, was 211 tCO₂e/\$m revenue. We have seen continued reductions in this value over the last four years, with the current value at year end 2024 being 123 tCO₂e/\$m revenue.

In the financial services industry there are a wide range of climate metrics that can be reported to support climate risk assessments. As our approach to assessment and reporting evolves, we may introduce additional portfolio metrics as internal and external expectations develop. An overview of these metrics is available in the Metrics and targets section of our latest Climate Report.



3. Material reduction in Property WACI from YE 2022 to YE 2023 has been influenced by a change in methodology for our Social Housing assets. More detail of this change can be found in our latest Climate Report.

Investing in opportunities

To help protect the future for each one of our policyholders, and provide them with long-term financial security, Rothesay takes a prudent approach to managing sustainability risks, recognising the uncertainty they can introduce over a long time horizon.



Investing in opportunities continued

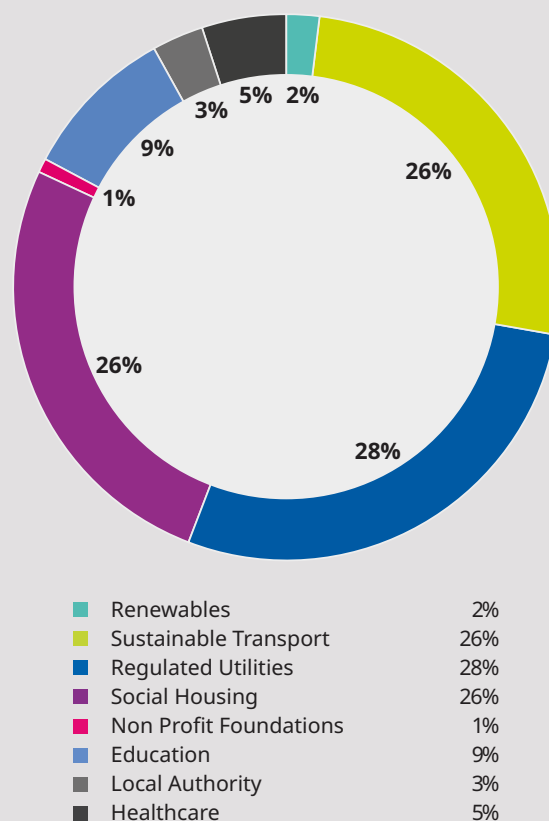
Sustainable investments

A key tenet of our strategy is investing our capital responsibly; it is critical that we invest in assets which match our liability cash flows, which provide appropriate risk-adjusted returns, and which support our pathway to a more sustainable future. Given the long-term nature of our business, we consider the impact of our decisions well into the future to ensure we deliver positive outcomes for all our stakeholders, including our policyholders, our investors, and our society.

To support this, within our investment portfolio, Rothesay has invested £19.1bn in opportunities that meet our definition of sustainable investments. We consider sustainable investments to be investments in companies and sectors which are aligned with one or more of the United Nations Sustainable Development Goals (UN SDGs), and where their proceeds can be explicitly earmarked for sustainable or social purposes.

We continue to value the positive contributions our financing can provide and seek to continuously enhance our involvement and mature our approach in this area.

Sustainable Opportunities by Category (%)



In addition, Rothesay has invested £29.1bn in companies and projects that have beneficial impacts on the UK, such as transport, infrastructure, education and social housing.

Case study

Partnership with the National Wealth Fund on social housing retrofit

Rothesay has made a £150m commitment to a new unsecured debt facility for social housing retrofit launched by the National Wealth Fund (NWF) and The Housing Finance Corporation (THFC).

The facility has been launched with an initial £150m financial guarantee from the NWF to support THFC to make long-term, unsecured loans to help registered providers (RPs) retrofit their social housing stock in the UK. As a result of the NWF's support, Rothesay has committed to provide THFC with 100% of the initial £150m investment, demonstrating how the NWF's guarantee can unlock long-term unsecured capital for RPs at pricing usually reserved for secured lending.

Giving bond market investors access to funding in this way should contribute to the acceleration of the retrofit of social housing stock across the UK, significantly reducing both the sector's energy consumption and emissions. It is an example of how we can use our significant sector expertise and innovative mindset to create new partnerships with government-backed institutions, like the NWF, helping to tackle complex financing problems and unlocking significant volumes of institutional capital.

Section 2

Engaging to support positive change

> In this section

Our people	17
Our policyholders	22
Our community	26
Our suppliers	30

Our people

The commitment and quality of our people are integral to Rothesay's success.



Rothesay's collaborative culture has been built by attracting and retaining very talented people who are diligent, take pride in their work and who set us apart from others in our sector. We seek the very brightest original thinkers who are the best in our industry. Our people are the key differentiators that make Rothesay a unique and successful purpose-built company.

Original &
Creative

Collaborative
& Diverse

Dedicated,
Genuine &
Accountable

Meticulous &
Fast-paced

Our culture and brand

We are committed to maintaining the highest standards of integrity, transparency and accountability. That commitment is reflected in our cultural values and the way in which we execute our work and our everyday decisions. We make our values visible and known to all employees and we extend this high standard of expectations to entities across our supply chain.

Our people continued

Growing our talent

Our business has continued to grow and at the end of 2024, Rothesay had 539 permanent employees, an increase of 17% from 2023. To meet the demands of a growing business, we have continued to recruit talent, with particular focus on the following areas:

- **Technology** – to support the ongoing development and enhancement of our technology infrastructure and risk management systems and to ensure Rothesay is at the leading edge of automation.
- **Asset Management** – to support management of our growing investment portfolio.
- **Operations** – to support our growing policyholder population.
- **Risk and Compliance** – to support the sustainable growth of the business.

Year-on-year increases in graduate numbers continue to strengthen our capability pipeline for the future and in 2023, 13 of the 91 permanent employee new hires were graduates. In 2024, 21 of the 110 permanent employee new hires were graduates.

Ongoing investment in our graduate programme continues to strengthen our talent pipeline for the future. The graduate programme combines meeting our Executives, Rothesay – specific training sessions, professional business skills development and team building events. We also sponsor a number of apprentices and run both internship and work experience programmes.

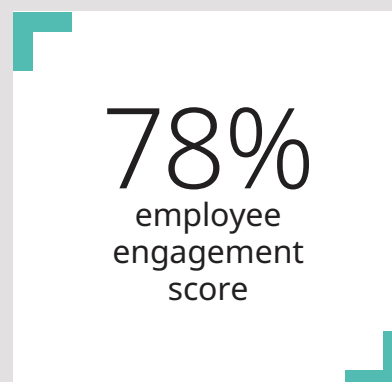
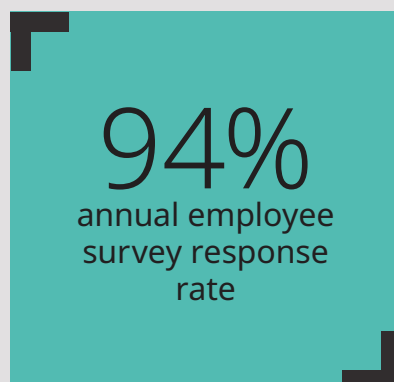
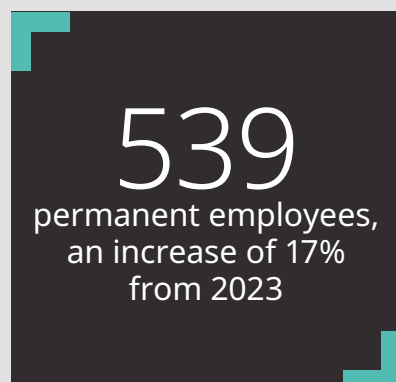
We continue to promote internal opportunities and encourage internal mobility across the business, supporting further international moves from London to New York.

Engaging our employees

In our most recent annual employee survey conducted in 2023¹, we received an outstanding response rate of 94%. The results showed an engagement score of 78%. Our focus on serving the needs of our customers is reflected in the survey results, with 87% agreeing with the statement “We are responsive to the changing needs of our external customers”. The results were discussed with the Board and during 2024 we have focused on a number of priorities including enhancing our provision for performance management and developing the role and skills of Rothesay People Managers through more focused training and guidance.

Our office space in London is configured in a way that means that all our UK-based employees can work collaboratively together in one location. In 2024, we added two new floors, including a new on-site cafe. The new floors provide the opportunity for more collaboration, which is an integral part of the Rothesay culture.

Employee turnover is 7.61% (2023: 6.78%), which is low compared to the market.



1. The 2024 employee survey was deferred until early 2025 with a refreshed process and planned enhancements to drive our people strategy.

Our people continued

We share key business updates and bring our employees together in a number of ways including:

- Bi-annual town halls held in-person and online.
- “Meet the CEO” lunches to offer informal opportunities for employees to hear about plans for the business and to share ideas.
- Regularly held Lunch and Learns with the Executive Team which particularly benefit new joiners.
- Employee communications including a monthly newsletter and our intranet.
- The Rothsay Speaker Series which highlights insight on business and current affairs. In 2024, speakers included Olympian Michael Johnson and political commentators, Rory Stewart and Alastair Campbell.
- Company-wide social events held externally and on-site including monthly breakfasts.

Investing in our people

Rothsay is committed to the continuous development of our employees. We recognise the importance and value of strategically investing in Learning and Development (L&D) programmes that enhance and equip our employees with the skills, knowledge and capabilities required to flourish and thrive at Rothsay. This includes offering our employees a range of professional qualifications and comprehensive L&D programmes covering both technical and professional skills.

Our people are encouraged to work with their managers, to identify their strengths and career development opportunities, and to select their learning activities from the programmes which have been tailored to Rothsay’s requirements.

Our investment in people development and L&D demonstrates our commitment to our culture of excellence in all we do, offering continuous development opportunities, and equipping our people to meet the evolving demands of the future.

Strategic initiatives this year included:

- Increased use of our in-house professionals and expertise to develop and share Rothsay’s talent development programmes. Building on the skills development courses and programmes provided by our trusted external development partners, we have bolstered our in-house development opportunities, most noticeably, the series of monthly Lunch and Learns hosted by Executives which are popular with all employees and particularly benefit new joiners.
- Enhanced approach to supporting our Rothsay People Managers, especially focused on equipping our people to succeed through effective performance management. All our managers are expected to provide employees with continuous feedback and coaching conversations throughout the year. Mid-year and end-year reviews provide an opportunity for employees to reflect on their achievements, give and receive 360-degree feedback, including on ways in which they have helped support sustainability initiatives and targets, and to set objectives to drive their career forward.



Our people continued

Employee wellbeing

Rothestay is committed to promoting and supporting our people's health and wellbeing and understands that the wellbeing of our people has a direct impact on our performance. We therefore offer benefits to support the physical, mental and financial wellbeing of our employees and their families. Health and wellbeing benefits include private healthcare insurance for employees and their dependants (including dental cover for UK employees), emergency family care for carers of children and adults of all ages, wellness subsidy to use towards our 24/7 onsite gym or Gymflex, annual health assessments, fertility support, free flu jabs and free access to Headspace, an app which provides meditation and mindfulness tools. This year we enhanced our health assessment offerings.

Through our Employee Assistance Programme, employees have access to an extensive education hub through the Help@Hand app and phone support on all wellbeing issues 24/7. Rothestay also provides employees access to Work Life Central, an education and webinar platform to help working parents and carers.

Our onsite gym includes regular classes, personal training sessions, and massages. In addition, our workstation assessments and use of ergonomic chairs and stand-up/sit-down desks ensure employees can tailor their work environment to meet their needs. We also provide fresh fruit for free every day, healthier snacks such as sugar-free and plant-based options in vending machines, and non-dairy milk options in the coffee machines.

We have 15 employees externally trained as Mental Health First Aiders (MHFA) by MHFA England, increased from last year (13 in 2023), including two MHFAs within the HR team. Our MHFAs sit across our business and are available to everyone as point of contact for discussions on all mental health issues, whether it be something an individual is personally experiencing or whether they have concerns for someone else. Trained MHFAs are enabled to have an initial conversation with a colleague and guide them to the relevant help that they need.

Remuneration Policy

In addition to the various benefits offered, remuneration packages combine a base salary, cash and equity bonuses (via the deferred equity award plan), and a share incentive plan. Under the Rothestay share incentive plan, the Remuneration Committee can award all eligible UK employees free shares (up to a value of £3,600). Steps are then taken to ensure that overseas employees receive a similar award.

The Committee approved such an award at the end of each year since 2019 including 2024, thereby ensuring that all employees benefit from the longer-term success of Rothestay.

The Remuneration Committee is responsible for ensuring that Rothestay's Remuneration Policy appropriately rewards and incentivises our people.

Rothestay's Remuneration Policy is intended to:

- promote sound and effective risk management;
- align individuals' incentives with multi-year performance;
- discourage excessive or concentrated risk-taking;
- allow Rothestay to attract and retain proven talent; and
- align aggregate remuneration with the performance of Rothestay as a whole and encourage teamwork.

This is achieved by ensuring that variable remuneration is linked to performance across a range of financial and non-financial metrics. The Chief Risk Officer and Chief Compliance Officer provide input to the annual appraisal process, and profit metrics are not considered when evaluating the performance of staff whose primary responsibility is the control of risk.

Considerable attention is paid to non-financial matters in assessing performance, including policyholder experience, operational risk management, compliance, conduct, customer outcomes, teamwork and contributions to the firm's effort to combat climate change.

The Remuneration Committee retains an independent expert adviser from Deloitte to provide benchmarking, independent input and industry insights. That consultant generally attends meetings of the Remuneration Committee.

Our people continued

Gender pay gap

The table below provides a summary of our UK gender pay gap data:

	2024 Mean	2024 Median	2023 Mean	2023 Median
% by which hourly pay is lower for female employees than male	18%	20%	20%	15%
% by which bonuses are lower for female employees than male	53%	29%	61%	26%

The table shows some improvement between 2023 and 2024 in the mean hourly pay percentage and bonuses and overall our four year trends remain positive. We are also proud of our 47% female Board representation, compared to our overall Company female representation of 32% which reflects improved participation of women at the highest level of our Company's decision making. In common with many other organisations, our gender pay gap arises as a result of having a higher number of men in senior roles than women. Low turnover of employees and three-year deferred pay structure means that organic progress in closing the gap is likely to take time. For a more detailed discussion of this topic and information on the actions we are taking to address it, please see our separate Gender Pay Gap Report.

As a founder-led business, Rothesay has been committed to creating a culture that actively values difference from day one. We know that our success depends on our people and that a culture that values difference creates a stronger, more dynamic business. We believe that everyone should be treated as an individual and have an equal opportunity to thrive in their careers.

We ask all employees to provide us with their D&I data on a confidential basis so that we can track progress in relation to diversity and inclusivity over time. Such data includes gender, race, sexual orientation, religion, nationality, disability, whether the person is a carer and socio-economic background. We also encourage employees to share their views on D&I within Rothesay and to provide more detailed personal information, so that we can better track our progress in promoting D&I within our business.

We continue to look at ways of identifying a more diverse range of talent for the long term. We believe in taking practical steps to drive this outcome. During 2024, we again participated in the #10,000BlackInterns programme which seeks to address the issue of underrepresentation of black talent across a range of industries, including the financial sector.

Rothesay supports a family-friendly environment including providing fertility support and emergency back-up family care benefit which provides employees with up to ten days of back-up care per annum.

When new parents return to work, they and their managers are offered one-to-one coaching to support their return to work.

We believe that by implementing these initiatives, and others, we will continue to be able to recruit and retain a more diverse workforce.

In the case of workplace issues, our grievance procedure is designed to encourage a fair, consistent and speedy approach to resolving matters. Where issues cannot be dealt with through informal discussions with HR or managers, formal procedures ensure that grievances can be resolved in a swift and satisfactory manner.

Case study

Fullerton-Long Caribbean Scholarship Fund

In 2024, Rothesay partnered with the Fullerton-Long Caribbean Scholarship Fund by making a donation to support scholarship awards to university students over the next four years.

Established alongside the IFoA Foundation, the charitable arm of the Institute and Faculty of Actuaries, the Fund supports high-performing young actuaries studying at the University of the West Indies. It provides funding for tuition, mentorship and internships to help students progress towards qualification and a career in the actuarial profession. The programme was established and also part-financed by Norbert Fullerton (LCP) and Andrew Long (WTW), senior actuaries in the UK and Ambassadors of the IFoA Foundation.

Our policyholders

We take our obligation to pay the correct benefits at the right time very seriously.

Providing good customer outcomes is at the heart of what we do at Rothesay – we pride ourselves on doing the right thing and treat all our policyholders as individuals. We are very proud of the service we deliver and the feedback we receive from our policyholders.

96%

Positive

Policyholders rating our service “good” or “excellent” over the year

20

seconds

80% of calls to our call centres are answered in 20 seconds or less



Our policyholders continued

Consumer Duty

Rothesay's Board once again reviewed and approved Rothesay's annual Consumer Duty Board Report, and confirmed that we meet the FCA's requirements and expectations under the Consumer Duty. Terry Miller, the Senior Independent Director and Chair of our Board-level Customer Conduct Committee (CCC), is our Consumer Duty champion.

Robust service delivery

Our commitment to deliver excellent service continues to be recognised by the Pension Administration Standards Association (PASA), the independent body dedicated to driving up standards in pension administration. In January 2025 we were re-accredited with PASA's Gold Standard.

We continue to follow a strategic outsourcing model and partner with industry experts for the provision of administration services – WTW, Aptia UK Limited and Capita Pension Solutions. Through our Third Party Administrators (TPAs) we have over 295 dedicated employees providing our core services, including administration, payroll and UK-based contact centre services. We work in partnership with our TPAs to make them feel part of the Rothesay team and also ensure customer service is forefront of their minds.

We actively invest in automation and efficiency drives in order to manage existing and future business without compromising our high service standards.

Service levels and KPIs

We manage our administrators through a series of proven and robust governance processes, including very stringent service level agreements. We constantly measure performance for quality and accuracy, and strive for the time taken to complete the end-to-end process to be as short as possible.

Policyholder feedback

We value feedback from our policyholders and encourage them to complete surveys by telephone, online or on paper.

In 2024, we carried out two exercises conducted by third parties with the objective of understanding policyholder satisfaction and identifying ways to improve policyholder experience:

- Telephone conversations – we partnered with Quietroom to call policyholders (volunteered) who had either recently started to receive pension benefits from us or who had recently become a Rothesay policyholder and received a welcome pack including their individual policy document.
- Online surveys – we partnered with The Institute of Customer Service to carry out an online survey in order to understand customer satisfaction across a range of different processes, and provide a benchmark against the industry and other sectors.

In line with FCA expectations this year we placed specific monitoring focus on the end-to-end journeys for policyholders identified as being vulnerable or having vulnerable circumstances to provide a greater understanding of policyholder experiences. We will use the data and additional monitoring to drive continuous improvements which support and serve our policyholders.

These exercises provided valuable insight on both what we are doing well and areas where we can improve.

As a direct response to feedback received from policyholders, we introduced two videos this year – the first is designed to help policyholders understand the difference between defined benefit and defined contribution, and the second explains what a transfer value is and why it can increase or decrease over time. The videos have been well received and we have several more planned for 2025 and beyond.

Where policyholders express dissatisfaction or make complaints, we undertake a full root cause analysis, and this helps ensure we learn from each and every one. Our complaint levels continue to be low with just 1.91 complaints received per 1,000 policyholders (2023: 1.94 complaints per 1,000) of which 0.65 complaints per 1,000 policyholders were upheld in the customer's favour (2023: 0.69 complaints per 1,000).

Our policyholders continued

Supporting our policyholders

We understand that policyholders will need help in a wide range of scenarios and have created a culture at our TPAs where they are encouraged to speak up and share ideas with us so we can continually evolve our service offering.

Our call handlers focus on listening to policyholders' needs and, where appropriate, offering them a service enhancement that is right for them. If they think a policyholder may be vulnerable, or the policyholder gives details of a vulnerability, the call handlers are trained to ask questions to find out how we may best help them.

Some of the enhancements we offer include:

- **Communications sent in alternative formats** – e.g., large font, on blue paper (helpful for dyslexia), audio and Braille.
- **Sign video** – a video signing service for those who are deaf or hard of hearing.

Partnering with other organisations

A key part of our strategy to support and protect our policyholders is to partner with carefully selected organisations to ensure we are continuously improving the service we provide, especially to policyholders who have been identified as “vulnerable customers” and ensure we are following best practice. Not only do we ensure that all of our processes are designed to achieve good customer outcomes, but we also seek to exceed the standards set out by the FCA, the Pensions Regulator and the Association of British Insurers (ABI).

We remain a member of the Institute of Customer Service, an independent, professional body for customer service, and in 2024 we became an active member of the Collaboration Network, including being part of their Vulnerable Customer Champions Group.

With the changing of the eligibility rules for Winter Fuel Payment in 2024, we were keen to help our policyholders who had relied on that benefit.

We partnered with Independent Age and added a page to our website which provides policyholders with some information on the changes to eligibility, a telephone number to obtain a free benefits check from an Independent Age adviser and a link to their website where they can find a free online benefits calculator.

We remain actively engaged with the ABI and are a member of their Vulnerable Customers Working Group. We also continue to work closely with Alzheimer's Society, Tax Help for Older People and Cruse Bereavement Support. We are also a member of the Death Notification Service, a free customer-facing service that is intended to make the death notification process easier during a difficult time.

Rothesay policyholders*

	2024	2023
Number of policyholders at 1 January	934,611	825,466
Increase in respect of new business	119,855	133,127
Reduction in respect of deaths and member options	(49,546)	(23,982)
Number of policyholders at 31 December	1,004,920	934,611

Data and customer experience

At Rothesay, we recognise that our policyholders are not all the same and continuously balance efficient processes with the individual needs of our customers. With an emphasis on data analytics and qualitative case reviews of categories like long-standing suspended cases, gaps in contact data and our oldest deferred policyholders, we endeavour to drive targeted and incremental process changes to support accurate data and good outcomes for all our policyholders.

Customer Conduct Committee (CCC) Governance and oversight

The CCC, which is a Board Committee, is focused on ensuring Rothesay delivers good outcomes for customers, clients and counterparties, as well as overseeing Rothesay's regulatory conduct in relation to customers. In doing so, the Committee is supported by the Executive Customer Committee (ECC), which receives detailed reporting and monitoring of service levels and complaints, customer initiatives and regulatory requirements.

* Policyholder estimates are based on analysis of data available at end of November and include buy-ins and reinsurance contracts.

Our policyholders continued

Pension trustees

Rothestay provides pension de-risking solutions to the trustees of over 200 pension schemes.

As was widely reported, 2023 was a record year for the bulk annuity market with most insurer and consultant resources focused in early 2024 on closing the transactions which were in the marketplace already, whilst laying the groundwork for the 2024 pipeline. This resulted in lower volumes in the first half of the year than has been the case in recent years. It is worth reflecting that whilst overall premiums were lower, the number of transactions completed in the first half of the year was a record, with smaller schemes in particular taking advantage of their newfound funding position.

In the first half of the year we were delighted to enter into a reinsurance agreement with Scottish Widows and we look forward to welcoming 39 new pension schemes to Rothestay in 2025. In addition to the Scottish Widows agreement, we also entered into two other full buy-outs with new customers and a further two new contracts with existing clients. As noted last year the move away from pensioner-only transactions continued and all deals we transacted through the year included both pensioner and deferred members.

In the second half of the year, total business volumes accelerated as a number of the larger de-risking processes reached their conclusion, and we completed a further transaction with NatWest, an existing client, with our biggest pension scheme transaction to date; a £6bn buy-in covering both pensioners and deferred members.

We have continued to enhance our overall proposition for clients and maintain our focus on continually improving the policyholder journey, including:

- Ever-increasing automation to improve customer response times;
- Enhanced on-line functionality for scheme members.

Pension schemes continue to be increasingly well-prepared for de-risking processes, including data cleansing, preparation of legal documentation for due diligence purposes and transition of assets, including illiquids, to prepare for a buy-in or buy-out transaction.

In addition, we were delighted to enter into the partnership with The England and Wales Cricket Board,

resulting in an immediate increase in name recognition from both Trustees and Scheme members alike. We have continued to work with The Society of Pension Professionals (SPP), Association of Member Nominated Trustees (AMNT) and Pension Chair and were delighted to support and enable the various fundraising and events for Alzheimer's Society, Age UK and Hospice UK, including the annual fund-raising carol concert, annual conferences and a range of important initiatives.

We were particularly pleased to see the launch of the fourth instalment of our "Journey to Buy-out Guide", and would like to thank our 29 external contributors to this year's edition as well as our third edition of the Next Gen event providing, a networking experience and insights of industry leaders and inspirational speakers for those who will lead the PRT market in the years ahead.

With the seven transactions we have executed, we have helped secure the benefits of over 119,855 pension scheme members. A further three schemes have successfully completed their data cleanses, and nine schemes have decided to proceed to buy-out.

Our community

We are committed to actively engaging with our local community as part of our commitment to have a positive impact on the environment and society.



Our community continued

Giving Back

During 2024 the Rothesay Group has donated £1.5m to the Rothesay Foundation and has a further £6.3m set aside to fund future charitable projects.

We established the Rothesay Foundation in 2020 with the aim of supporting organisations that seek to improve the quality of life for older people, helping them to live their lives in happy, safe and fulfilling ways. Following a successful pilot with Age UK where the Rothesay Foundation funded a free and confidential benefits check service, in 2024 the Rothesay Foundation made a £2.47m donation to expand Age UK's benefits check service (see case study). The Rothesay Foundation also partnered with Clarion Futures, the charitable foundation of Clarion Housing Group, to expand its Warm Spaces programme. The funding doubled the reach of the warm spaces programme and enabled warm packs to be distributed to those visiting the warm spaces. The Foundation was also pleased to provide funding to the East End Community Foundation's winter appeal and Life Chances campaign which seek to address the high levels of financial insecurity amongst older people in the East End of London.

Rothesay supports Tax Help for Older People, a charity service providing free, independent and expert help and advice for older people on lower incomes who cannot afford to pay for professional tax advice. We also continue to sponsor Alzheimer's Society's Carer's Guide and a number of their events as well as sponsoring Hospice UK with their annual carol concert and a number of their fundraising events.

On an annual basis we choose an employee-nominated Charity of the Year. In 2024, we supported Refuge, the largest specialist domestic abuse organisation in the UK. We encourage our employees to support charities personal to them through our Matched Giving policy, which gives everyone an annual matched allowance of £1,000 and continues to provide a 4-to-1 matching for donations of up to £1,000. In addition, we provide our employees with the opportunity to use two working days for volunteering.

In addition to the funds raised for the Charity of the Year, over £370,000 was given to a wide range of charities by our people, including through Give As You Earn and use of the Charities Aid Foundation (CAF). We are proud that so many people have engaged in fundraising social events and volunteering days designed to give back to the community. In 2024, we partnered closely with Age UK to give our people the opportunity to volunteer for Age UK's telephone friendship service which supports older people struggling with loneliness.

We are a corporate partner of the British Museum and support a number of other charities including partnering with the Fullerton-Long Caribbean Scholarship Fund which was established alongside the IFoA Foundation, the charitable arm of the Institute and Faculty of Actuaries, to support young actuaries.

£1.5m

donated to the
Rothesay Foundation

£6.3m

for future charitable
projects

Our community continued

Case study

Age UK benefits check service



As part of its commitment to helping older people in need, in 2024 the Rothesay Foundation completed a successful pilot campaign, funding a free and confidential benefits check service with Age UK. Following the success of the pilot, the Rothesay Foundation has made a £2.47m donation to expand Age UK benefits check service for older people.

The pilot helped 4,560 pensioners find out whether they were eligible for state benefits. Among those who used the benefits check service, 76% were not claiming their entitled benefits. From this group alone, an average of £6,600 in additional benefits was identified per person, amounting to a total of £23 million in benefits for older people in need.

The expansion of this vital service will help a further 11,000 older people check whether they are eligible for unclaimed benefits. The funding supports both Age UK's free national Advice Line and 11 local Age UK branches to deliver benefits checks over the phone and in local communities, providing dedicated employees to guide older people through the application process which includes help with filling out the forms.

This service will also support Age UK to follow up with callers on the progress and outcome of their claim, ensuring they receive the help they need to successfully navigate the benefits process. The expanded service will complement the

government's Pension Credit Awareness Drive which aims to uncover up to £55m more in annual benefits.

Penny, 75, received a letter from the Rothesay Foundation sharing the news of its partnership with Age UK and the benefits entitlement checks that Age UK offers. Penny didn't think she would be eligible for additional benefits and did not want it to impact her pension. But she phoned the Age UK Advice Line and was given an appointment for a benefits check where they identified that Penny would be eligible for Attendance Allowance – with no impact on her pension. Penny filled in the Attendance Allowance application and was awarded £68.10 each week giving her some peace of mind with the rising cost of heating. She was shocked to find out that she was awarded not only this, but also an increase in Pension Credit. Penny used the money to refurbish her flat, making her home safer as she is reliant on crutches because of broken hips and osteoporosis. Penny said:

"I thought I should have been claiming this years ago!"

"Age UK arranged for me to be sent all the information, which was very helpful. I was so concerned with heating costs last winter, now, I think I'll be okay. I was so pleased with the service; it helped me so much. Without Age UK's help, I would never have been able to claim¹."

1. Penny's story is true. However, names and some details have been changed to protect the privacy of the people we help.

Taxation

Rothesay's tax strategy is designed to ensure compliance with the tax laws of those countries in which Rothesay operates (primarily the UK). Any tax planning undertaken has commercial and economic substance and has regard to Rothesay's corporate responsibilities and brand and the potential impact on all stakeholders. We do not undertake planning that is contrived or artificial. Rothesay has zero tolerance for tax evasion of any kind.

Rothesay makes a significant tax contribution in the UK, with £450m remitted to UK tax authorities in relation to 2024 (2023: £434m). Rothesay had an effective corporation tax rate of 28.3% during 2024 (2023: 23.5%), please see note B.8. The increase in Rothesay's effective tax rate has been driven by the carry back of losses incurred at 25% which are relieved at the lower rate of 23.52%, therefore the Deferred Tax Asset reduction increases the tax charge in the period. Other taxes include property taxes, employer payroll taxes and irrecoverable indirect taxes.

Taxes paid	2024 £m	2023 £m
Corporation tax	30	106
Other taxes	40	31
Taxes collected	380	297
Total remitted	450	434

Our community continued

Case study

ECB partnership: Title Partner of Test Cricket

During 2024, Rothesay announced a new multi-year partnership with the England and Wales Cricket Board (ECB), the national governing body of cricket.

Through the partnership, Rothesay became an Official Partner of England Cricket and the Official Title Partner of Men's and Women's Test Cricket.

We look forward to partnering with the ECB to support the future of cricket and helping to inspire all generations by making cricket a game for everyone.

In addition, during 2024 Rothesay concluded the final year of its partnership with the LTA (the national governing body for tennis in Britain), as the title sponsor for three of the Summer's show-piece grass court international tennis tournaments.



Our suppliers

Rothesay's spend on third-party providers spans a wide range of companies and sectors, from our business partners to professional services, marketing and goods such as IT systems and desktop hardware and software.

Our spending generates a positive economic impact and supports the development and growth of our suppliers and companies that supply them.



Our suppliers continued

The importance of sustainability intersects all aspects of Rothesay's operations including our supply chain.



We have introduced a number of elements into our vendor management process to ensure material sustainability risks are considered in this activity. The Supplier Code of Conduct's purpose is to set clear standards around the expectations we have for our suppliers and is applicable to all suppliers which provide formal provision of goods or services to Rothesay. It covers areas including ethical behaviour, data protection, human rights and modern slavery, and anti-competitive behaviour. Since 2023, during the onboarding process, new suppliers have been asked to attest to our Supplier Code of Conduct or confirm they have their own public code of conduct that meets our expectations. During annual review of existing suppliers, our most critical vendors have been asked to attest on the same basis.

As required annually by the Modern Slavery Act 2015, we publish a statement on our website describing the steps taken by Rothesay to ensure that slavery and human trafficking is not taking place in any part of our business or in any of our supply chains. The statement notes that we expect our suppliers to ensure fair employment practices. For example, we require our cleaning suppliers to pay their personnel, who work at our premises, a salary which is equivalent to (at least) the London Living Wage.

We conduct annual reviews of all our critical and highly important suppliers which spans not only their financial and operating performance but looks closely at material areas such as cyber security to ensure our policyholders' data is protected. We also consider any environmental risks associated with the goods or services procured and look at each of our suppliers' emissions and climate targets.

Third Party Administrators (TPAs)

From the point of view of our policyholders, the companies in our supply chain whom we are most closely engaged with are our TPAs who perform pension administration on our behalf. They make payments to pensioners, track life events that affect pensions (e.g. divorce, retirement and death) and are the first point of response to customer queries. Diligent oversight of our TPAs occurs by our own in-house team to ensure that policyholder service standards remain extremely high.

We incorporate a sustainability assessment within the annual review of our critical TPAs. This considers factors including emissions reporting and Net Zero commitments, commitments against modern slavery and governance processes. To the extent we are unable to source satisfactory information, the Rothesay team engage directly with our contacts at the companies to strengthen our understanding of their exposure and to encourage improvements.

Section 3

Running a responsible & sustainable business

> In this section

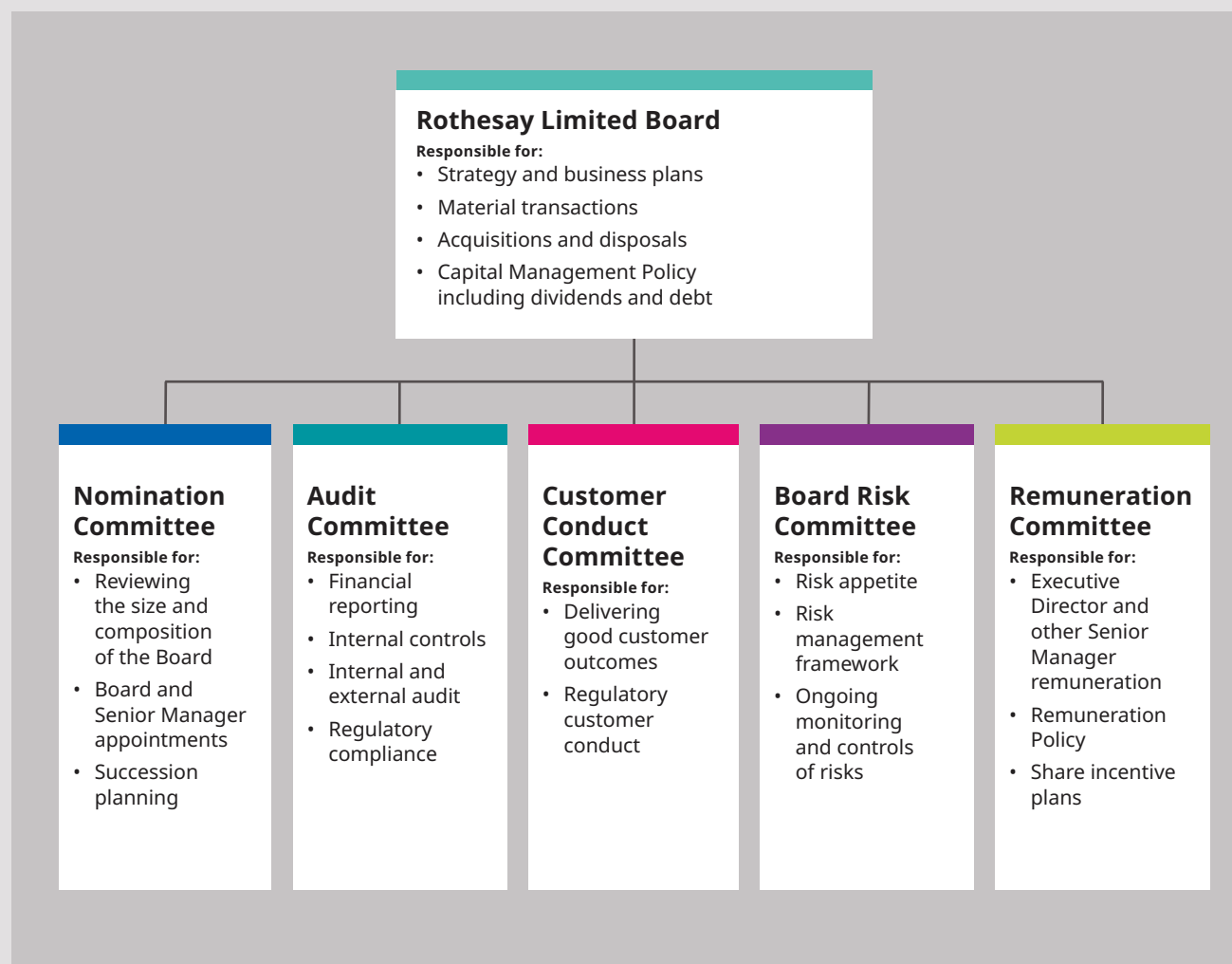
The Board	33
Sustainability-specific governance	35
Controls and risk management	37
Cybersecurity	41

The Board

The Board has responsibilities to shareholders, policyholders, the regulators, employees and other stakeholders for the overall performance of Rothsay. The Board's role is to provide oversight and direction to the senior management team and to ensure that there is an appropriate risk and control framework for Rothsay.

The Board is supported by the Audit Committee, the Board Risk Committee, the Customer Conduct Committee, the Nomination Committee and the Remuneration Committee. Terms of reference for these Committees can be found at our website, rothsay.com.

A strong Board with an effective committee structure is a key component of the governance framework of Rothsay. Our Board remains highly engaged; the discussion of the dividend and GIC reinvestment and other one-off items necessitated a number of additional Board meetings/sessions during the year, and the level of attendance and contributions was very high. In addition, many issues were dealt with virtually and by correspondence, enabling matters to be progressed efficiently and in a timely manner. The Board has decided to apply the Wates Corporate Governance Principles for Large Private Companies (the Wates Principles), for further information please see the Governance section of our latest annual report.



The Board continued

Corporate governance highlights:

- An update from the CEO on business performance, material new investments and liability transactions.
- Reports from Board Committee Chairs.
- An update on Rothesay's financial performance and expenditure against budget.
- An update on risk and regulatory matters.
- Discussion of key initiatives such as regulatory projects and sustainability work.
- Development of Rothesay's IT and IS (Information Security) platforms.
- An update from the Company Secretariat on governance and administrative matters.
- Approve interim and year end financial statements.

Shareholders

Following GIC's reinvestment during the year they now hold 50.2% of Rothesay Limited and MassMutual now hold 47.6% with the remainder being held by the Employee Benefit Trust, Directors, management and employees. GIC and MassMutual are two of the world's leading institutional investors and provide Rothesay with exceptional long-term support and a stable platform for growth in the future.

Representatives of the shareholders beyond their appointed Directors are closely involved with Rothesay, and members of their teams regularly attend Board and other Board Committee meetings. The shareholders receive regular management information and their teams also interact directly with management. We believe that the enhanced interactions with shareholders are of benefit to the Company and help ensure that shareholders have good visibility, which aids the process of decision making when shareholder support is required.

The shareholders also support Rothesay in other ways, for example by assisting in the sourcing and evaluation of investments.

Bondholders

Rothesay's bonds are its only public market securities and senior management meet with debt investors and analysts on a regular basis to make presentations regarding the state of the business. Rothesay also has a regular dialogue with its relationship banks.

Effective management of sustainability opportunities and risks must be reinforced by a strong governance framework to ensure that these considerations are factored into every business decision.

At Rothesay, we structure our governance framework so that our strategy, purpose, and values are clearly projected from our Board and can be understood and acted upon throughout the business. This approach, realised via the processes and controls we have in place, means that we can effectively manage our risk profile and help to secure the future pensions of every one of our policyholders.

The Board is responsible for overseeing the delivery of the overall strategy of the Group and as part of this is also ultimately responsible for the business's approach to sustainability and related risks and opportunities.

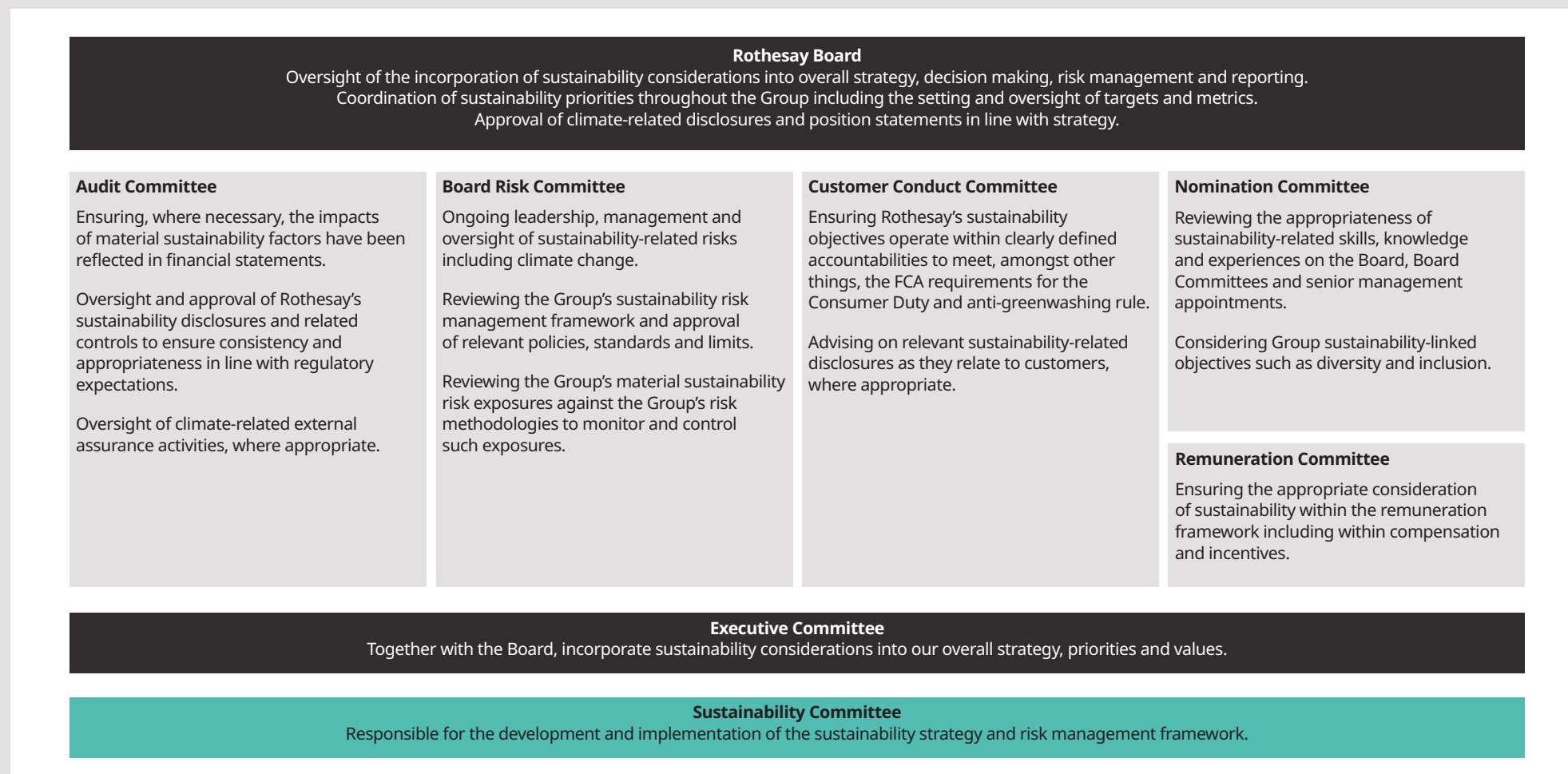
More information

on our Board and Board Committees can be found in our Annual Report.

Terms of reference for these Committees can also be found at www.rothesay.com.

Sustainability-specific governance

The Board Committee structure showing sustainability responsibilities is shown below:



Sustainability-specific governance continued

Management oversight

Although sustainability risk is directly embedded in our business, we have nominated specific members of the Executive team to be responsible for the oversight of climate change and diversity and inclusion at Rothestay.

These roles are described in more detail below.

The PRA requires that senior management functions be nominated to take overall responsibility for identifying and managing the risks from climate change and at Rothestay this role is held by the Chief Risk Officer.

The D&I Executive Working Group is responsible for delivering our D&I strategy. More information on how diversity and inclusion is valued at Rothestay can be found on page 21.

Day-to-day responsibility for the implementation of Rothestay's climate change risk has been delegated to the Sustainability Committee (SC), a sub-committee of the Executive Risk Committee. In line with Rothestay's philosophy of ensuring that climate considerations are not confined to one team, the SC draws senior membership from across the business and is co-chaired by the Chief Risk Officer and the Head of Investment Strategy.

At Rothestay, however, we do not want sustainability risk management to solely be the responsibility of the members of the SC and our dedicated sustainability analysts. We are keenly aware that the input of every employee is required to provide a better future for our stakeholders.

Therefore, contribution to Rothestay's sustainability objectives forms part of every employee's annual performance review. In addition, every department in the business is empowered and informed to make sustainability considerations in their work.

Sustainability consideration within Rothestay work

- **Asset Origination:** The Asset Origination team thoroughly assess the sustainability risks and opportunities of any potential asset during the due-diligence processes. The team also run regular analyses of potential financial impacts that transitional and physical climate risk could have on our property-based assets.
- **Internal Audit:** The Internal Audit team provide the Board and Executive with comprehensive, independent, objective assurance of the management of sustainability risk at Rothestay. The team is also responsible for monitoring whether ethical standards are being upheld as part of their reviews.
- **People:** The People team work to ensure that our talent has sufficient opportunities to develop and progress during their careers at Rothestay. One example of this includes working with a number of providers to offer tailored classroom courses for both technical and business skills development.



Controls and risk management

Risk management is at the heart of Rothesay's culture, systems and processes.

Categories of risk and key controls

Rothesay has developed appropriate processes and documented procedures, appropriate controls and other risk mitigation techniques in order to manage risks effectively. A policy framework ensures that an appropriate suite of risk management policies is maintained which sets out the principles and standards for risk identification, measurement, mitigation, control and monitoring.



Controls and risk management continued

Regulators

Rothsay is authorised by the Prudential Regulation Authority (PRA) and regulated by the FCA and the PRA. Rothsay strives to meet all regulatory requirements including the FCA's expectations in relation to anti-greenwashing. We also aim to maintain a good relationship with each of our regulators through open, cooperative and timely engagement.

Countering financial crime, corruption and money laundering

The Group is committed to complying with all applicable laws and regulations in relation to combating money laundering, terrorist financing and other financial crimes. The Group has various policies and procedures associated with aspects of financial crime and the overall Financial Crime Policy is reviewed, including an annual risk assessment, on a regular basis, and is approved by the Board.

The approach toward financial crime is overseen by the Chief Compliance Officer, who is also the Money Laundering Reporting Officer (MLRO). The MLRO reports on financial crime matters to the Board on an annual basis and the regular reporting to the Board Audit Committee routinely includes management information on financial crime matters. Our financial crime controls are also reviewed periodically by our Internal Audit team and independent external providers to ensure they remain appropriate.

The MLRO is responsible for the policies and procedures for countering the risk that Rothsay might be used to further financial crime.

The key features of these internal control and risk management systems include:

- Management ensures that processes are appropriately followed, documented and controlled;
- The Operational Risk function conducts a biannual review of each business area's Risk and Control Self-Assessment ('RCSA') to ensure that operational risks are subject to robust controls.
- The Operational Risk function also conducts root cause analysis and lessons learned reviews following operational risk events to ensure that appropriate remediation is carried out to limit reoccurrence.
- The Internal Audit function reviews and assesses controls on an ongoing basis;
- Management regularly monitors and considers developments in accounting regulations and best practice in financial reporting and, where appropriate, reflects developments in the consolidated financial statements.

The Audit Committee is kept apprised of such developments; and

- The Group's results are subject to various levels of review by management; and the Audit Committee and the Board review the draft consolidated financial statements, Strategic Report and report of the Directors. The Remuneration Committee reviews the remuneration disclosures. The Audit Committee receives reports from management and the external auditors on significant judgements, changes in accounting policies, changes in accounting estimates and other pertinent matters relating to the consolidated financial statements.



Controls and risk management continued

Our Financial Crime Policy covers the following areas:

- Money laundering, terrorist and proliferation financing including sanctions
- Fraud
- Bribery & Corruption
- Tax Evasion
- Corporate Transparency

Rothesay has in place a number of controls to prevent financial crime, including sanctions screening, gifts and entertainment monitoring and the performance of due diligence on counterparties including those associated with liability transactions.

Rothesay has a dedicated KYC team within our Operations function to perform due diligence.

In line with regulatory requirements and Rothesay's very low risk appetite for customer and client harm, Rothesay is committed to ensuring that the services it provides to policyholders and other external stakeholders are fully resilient to business disruption. Over 2024 and 2025, Rothesay implemented improved contingency measures and conducted robust scenario testing – across both internal and key third party resources – to further strengthen resilience. Rothesay's Operational Resilience Framework embeds resilience measures, planning, and testing as an ongoing practice in the firm.

This due diligence will consider all areas of financial crime including, where relevant:

- The identity of the ultimate business owner(s) of the counterparty
- The existence of a sanctioned individual, entity, organisation or activity
- Related parties
- The source of wealth or funds
- Politically exposed persons or state owned/ state invested entities
- The use of any proceeds
- The use of intermediaries
- Negative media reviews

Rothesay utilises a risk-based approach to its counterparty due diligence determined by the sector, jurisdiction and nature of the relevant counterparties. That risk-based approach is demonstrated in the degree of diligence that is undertaken during the on-boarding process and the frequency with which it is reviewed.

Rothesay refers to the Wolfsburg questionnaire/ standards and uses various tools to help assess its approach to financial crime, including external data sources and regular screening of payments and accounts against current sanctions lists.

As well as its Financial Crime Policy, Rothesay also has the following policies in place:

- Market Abuse Policy; and
- Conflicts of Interest Policy.

These policies support Rothesay in identifying, managing and mitigating the risks, inherent within our business model, of the misuse of inside information and conflicts of interest that may negatively impact the outcomes experienced by our policyholders, shareholders and other stakeholders and market participants.

Rothesay also has in place a detailed compliance manual that covers the principles and standards to which we expect all our employees to adhere when conducting business. It acts as our internal code of conduct.

The Chief Compliance Officer provides regular reports to the Audit Committee on the operation of the Group's system of internal control for financial crime prevention, including bribery and corruption, as well as compliance with applicable financial crime laws and regulations.

Controls and risk management continued

Training

All Senior Managers at Rothestay have an obligation to take reasonable steps to try to ensure that their business areas operate appropriately and that obligation is cascaded down from the Board through to individual employees and contractors. Adherence to Rothestay's standards and expectations is regularly assessed and awareness is fostered and developed through regular training, and available to all employees on the following topics:

- Anti-money laundering and "Know Your Customer" obligations
- The 13 compliance standards in the Group Compliance Manual including specific standards with respect to financial crime and abiding by proper standards of market conduct
- Conflicts of interest
- Market abuse
- Consumer Duty
- Personal compliance obligations in relation to whistleblowing/speaking up, gifts and entertainment, personal account dealing and outside business interests. Discussions and training on personal obligations also focus on the regulators' Individual Conduct Rules
- Rothestay's sustainability strategy, climate commitments and anti-greenwashing considerations

Whistleblowing

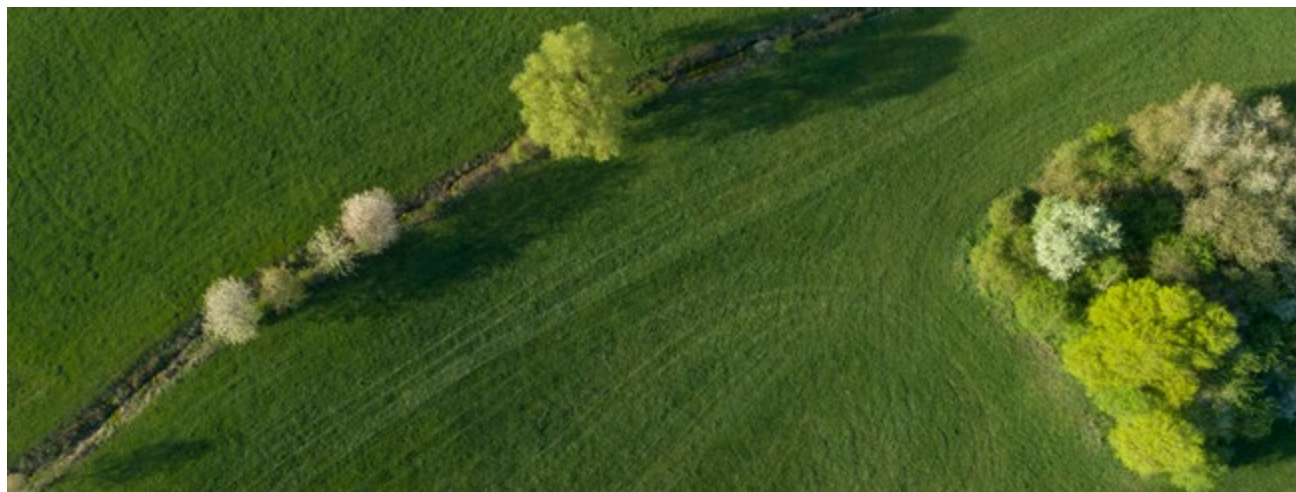
It is important that Rothestay maintains a culture where all employees feel they can speak up and escalate concerns if they believe that something is not right. Where people may not feel comfortable raising concerns directly with their management, HR or Compliance, other avenues for whistleblowing are made available. This includes a dedicated independently operated whistleblowing hotline and the firm's Whistleblowers' Champion who is also an independent Non-Executive Director.

Public affairs and government relations

Rothestay is politically neutral and does not engage in party political campaigning or make party political donations.

Rothestay actively monitors the political landscape on issues relevant to our business, policyholders and people. Where appropriate, Rothestay engages with policymakers, or responds to consultations, which may directly impact our business. We take steps to ensure that any communication undertaken is honest, comprehensive and as accurate as possible.

We are committed to being transparent in our government relations activity and, where Rothestay retains the services of public affairs agencies, we expect them to adhere to relevant codes of ethical practice as well. Our Head of Communications and Public Affairs is responsible for oversight of Rothestay's public affairs agencies and coordination of our public policy work.



Cybersecurity

Information security underpins Rothesay's purpose as a long-term insurer.

Guided by our Chief Information Security Officer (CISO) and supported by specialist teams covering Security Governance, Technology & Information Risk Management, Data Protection, Security Operations and Security Engineering, we work continuously to protect the confidentiality, integrity and availability of the data entrusted to us.

1. Protecting personal data and sensitive information

Our Data Protection Officer (DPO) oversees the firm's Data Protection Policy and Record of Processing Activities, ensuring that every use of personal data meets applicable UK GDPR requirements. All information assets are classified under our Data Handling Standard, managed operationally by our Data Protection Team, which in turn drives access controls and secure sharing mechanisms.

We are committed to maintaining industry best practice, and adopt a forward-looking security approach that identifies and mitigates cyber threat, and we proactively deploy a range of scanning and privacy-related security tools designed to identify cyber risks, themes and issues. This includes: strong password rules and mandatory multi factor authentication (MFA) govern access to on premise and cloud services; sensitive files move only through encrypted secure file transfer channels with full audit trail; and always on

Endpoint Detection & Response, patch management and vulnerability scanning keep devices resilient against emerging threats. Advanced email and web security gateways inspect all inbound traffic, outbound email is scanned to prevent mis-classified data leaving the firm, and URL filtering rules automatically block access to unapproved internet domains. These controls form part of our ISO 27001-certified Information Security Management System, which is reviewed annually by an independent auditor.

As part of our ongoing investment in protecting data, we are working hard to identify and securely delete any additional copies of personal data that may exist in digital locations that would be a first target for cyber criminals – even though those locations are protected today by industry-standard controls – both in our own systems and in those of our partners. This is an example of our commitment to maintaining a security posture that exceeds industry-standard best practice.

Cybersecurity continued

2. Creating a cyber-aware company culture

Security awareness is embedded in day to day life at Rothesay. Every colleague – including contractors – must complete annual training, pass the associated assessment and take part in regular phishing simulations. Frequent threat briefings, informed by global intelligence sources, help staff recognise and report suspicious activity quickly and confidently.

3. Helping our policyholders avoid scams

A dedicated cyber safety hub on our website (www.rothesay.com/policyholders/scams) offers clear, practical guidance to our policyholders. We never ask policyholders to reveal full security credentials by email or phone, and outgoing communications are worded to help customers verify authenticity. Online policyholder portals are protected by MFA, encryption and automatic session timeout controls, ensuring data is safeguarded both in transit and at rest.

4. Securing our supply chain

Before onboarding, every new supplier undergoes a Third Party Assurance Framework (TPAF) review by subject matter experts. Contracts mandate MFA, encryption in transit and the segregation of production and administrative privileges. For vendors that process personal data, Data Protection Impact Assessments are completed in line with regulatory guidance. Ongoing integrations are provisioned on least privilege principles and monitored around the clock by our Security Operations Centre (SOC).

5. Building resilience for the future

Rothesay operates an ISO 22301 certified Business Continuity Management System and regularly conducts scenario based resilience exercises to ensure we can withstand severe but plausible operational disruption. Independent, CREST accredited penetration testing validates our control environment several times each year, while membership of the Financial Services Information Sharing & Analysis Centre (FS ISAC) keeps us connected to sector wide intelligence and best practice.

Together, these organisational, procedural and technical controls protect our customers, partners and colleagues in an increasingly complex cyber landscape.



Section 4

Appendix

> In this section

Sustainability data summary table	44
Glossary	45

Sustainability data summary table

The table summarises the data presented as part of this Sustainability Report.

Metric	Reported unit	Reported value	Location in report
Investing Responsibly			
Targeted engagement with companies within investment portfolio relating to sustainability topics	Number	54	Page 10
Total Portfolio WACI	tCO ₂ e/\$m	123	Page 13
Investment in sustainable assets	£bn	19.1	Page 15
Our People			
Employee survey response score	%	94	Page 18
Employee engagement score	%	78	Page 18
Employee turnover	%	7.61	Page 18
Our Policyholders			
Policyholders rating our service "good" or "excellent"	%	96	Page 22
Policyholders	Number	1,004,920	
Complaints upheld per 1,000 policyholders	Number	0.65	Page 23
Our Community			
Amount pledged to charitable causes	£m	7.8	Page 27
UK tax contribution	£m	450	
Our Suppliers			
Critical third parties required to have modern slavery statement	%	100	–

Glossary

The multitude of terms and acronyms used in climate and sustainability discussions can often be challenging to understand. Rothesay is committed to ensuring our disclosures are clear, and not misleading. This glossary clearly sets out Rothesay's definition for each term and how these should be interpreted.

Term	Definition
Absolute Emissions	The total emissions of greenhouse gases (GHG) a company emits in a year. The various GHGs have different warming potentials, so they are converted into CO ₂ equivalents so total emissions can be compared appropriately across companies.
Carbon Footprint	The total greenhouse gas emissions produced by an individual, entity or activity, expressed in CO ₂ equivalent (CO ₂ e). This can be expressed in terms of Notional Value or Market Value.
Carbon Intensity (CI) – general	Absolute emissions will vary reflecting the size of the company, as well as their specific operations. Carbon intensity measures are used to adjust for company size, to better compare this “dirtiness.” There are different measures of Carbon Intensity.
Carbon Intensity (CI) – revenue basis	Carbon dioxide equivalent emissions per million dollars of revenue (CO ₂ e/\$m): This metric measures the carbon efficiency of a company's economic output.
CI reductions	Refers to value for CI going down during the stated time period. This may be driven by a number of factors, and it does not necessarily refer to a genuine reduction in greenhouse gases being emitted.
Carbon Neutral	Carbon dioxide emissions are balanced by carbon removed through activities such as carbon sinks or permanent carbon removal technologies such as direct air capture.
Carbon Offsets	An action intended to compensate for the emission of carbon dioxide into the atmosphere as a result of industrial or other human activity, especially when quantified and traded as part of a commercial scheme.
climate material	Lower case usage: Indicates an entity/sector/activity that has a greater likelihood of having a significant impact on our exposure to climate risk. climate material (lower case) is used to indicate the broader approach to assessment of materiality assessment.
climate opportunities/ climate solutions	Lower case usage: General term to discuss activities that relate to efforts to mitigate and adapt to climate change such as adoption of low emission energy sources, development of new products/services to support climate transition and building resilience.
CO₂e	Carbon dioxide equivalent – greenhouse gases (GHGs) all have varying warming potentials and therefore in order to report one metric, other GHGs are converted to CO ₂ equivalent.
Corporate Social Responsibility	Management approach concept that seeks to encourage high standards of ethics and professionalism and positively impacts society through its culture and business processes.
Engagement	Interactions and dialogue conducted between an investor and a current or potential investee (e.g. company), or a non-issuer stakeholder (e.g. an external investment manager or policy maker) to gain information or influence investee practice or disclosure.

Glossary continued

Term	Definition
ESG	Environmental, Social and Governance – a set of standards measuring a business's impact on society, the environment, and how transparent and accountable it is. Environmental factors focus on how an entity considers the environment, social factors focus on how an entity considers societal impacts, including employees, communities and stakeholders, and governance factors focus on an entity's operational approach and leadership.
Financed Emissions	The emissions associated with our investments, in line with the GHG Protocol Scope 3 Category 15 definition.
Financed Emissions – reductions	Refers to value of emissions that Rothesay are directly financing going down during the stated time period. This may be driven by a number of factors, and it does not necessarily refer to a genuine reduction in greenhouse gases being emitted by an entity.
Green	The concept that some activities are beneficial for the physical environment, based on an assessment against an appropriate set of criteria or benchmarks.
Greenhouse Gas Protocol	A global framework outlining best practice for measurement and management of greenhouse gas emissions.
Greenhouse Gas (GHG) Emissions	Gases that contribute to the greenhouse effect by trapping heat in the Earth's atmosphere.
Implied Temperature Rise (ITR)	A forward-looking temperature alignment metric that indicates how companies and investment portfolios align to global climate targets. It compares an entity/portfolio projected greenhouse gas emissions against a specific carbon budget and calculates an estimated overshoot or undershoot. This overshoot or undershoot is expressed in °C.
Material Sustainability/ Climate Factors	Sustainability factors with a substantial impact on the current and future financial, economic, reputational and legal prospects of an issuer, security, investment or asset class. This term may also refer to factors related to significant impacts on people or planet. At a corporate issuer level, the disclosure of a material Sustainability factor would be reasonably expected by investors, as its omission, misstatement or obscuring could reasonably be expected to influence decisions that investors make on the basis of that reporting.
Net Zero	A state in which the human derived GHGs going into the atmosphere (anthropogenic emissions) are balanced by their removal out of the atmosphere (carbon sinks/removal).
Paris Aligned	Actions and financial flows that are consistent with the Paris Agreement's long-term goal of limiting global warming to well below 2°C and pursuing 1.5°C above pre-industrial levels.
Publicly Traded Corporate Debt Portfolio (PTCD)	A sub-portfolio of our total portfolio comprised of listed issuers with an ISIN and reported data in the Corporate category (excluding Secured Financing) together with the REITs component of the Property category.
Real Economy Impact/ Decarbonisation	Refers to decarbonisation in the real economy which relates to the production, purchase and flow of goods and services within an economy, rather than financial economy (value of financial markets). Real economy decarbonisation relates to actual reduction in total GHG emissions being emitted and actions that directly result in this outcome.

Glossary continued

Term	Definition
Responsible Investment	The integration of environmental, social and corporate governance (ESG) considerations into investment management processes and ownership practices in the belief that these factors can have an impact on financial performance.
Science-Based Target	A target, usually relating to emission reductions, that has been developed in line with scientific pathways to keep global warming below 2°C from pre-industrial levels.
Scope 1 Emissions	Measured in tCO ₂ e annually. Direct emissions that occur from sources controlled by the entity in question. For example, emissions from a gas-fired boiler on company premises.
Scope 2 Emissions	Measured in tCO ₂ e annually. Indirect emissions largely associated with the purchase of electricity by the entity in question to operate their business and buildings including purchased electricity, municipal heating and cooling. Scope 2 emissions can be calculated as Location based – operational emissions using an average emissions intensity for the energy system on which energy consumption occurs (e.g. the emissions intensity of the local electricity grid) – or Market based – operational emissions using actual energy consumption of an entity (e.g. giving credit for renewable energy or green electricity tariffs sourced by the company).
Scope 3 Emissions	Measured in tCO ₂ e annually. Emissions that are the result of activities elsewhere in the value chain of the entity in question. These include emissions produced indirectly, through purchased goods and services, business travel, employee commuting, and investments. The Scope 3 emissions of one entity are the Scope 1 & 2 emissions of other entities.
Streamlined Energy and Carbon Reporting (SECR)	Reporting on the energy use, carbon emissions and emissions intensity associated with our UK operations. It is calculated and reported in line with the Greenhouse Gas Protocol disclosure principles.
Stewardship	The responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.
Sustainability	A dynamic process that guarantees the persistence of natural and human systems in an equitable manner.
Sustainable	An activity that causes, or is made in a way that causes, little or no damage to the environment and therefore able to continue for a long time.
Sustainability Risks	An environmental, social or governance (ESG) event or impact that could cause a negative impact including financial and reputational.
Systematic Sustainability Issues	Issues that pose systematic risks to the common economic, environmental and social assets on which returns and beneficiary interests, depend. Systematic risk refers to risks transmitted through financial markets and economies that affect aggregate outcomes, such as broad market returns or stability.
Temperature Alignment	A forward-looking metric that attempts to convey the future trajectory of greenhouse gas emissions of a given entity or portfolio in terms of its estimated global temperature rise.
Transition Climate Risk	Risks associated with the requirements for an entity to manage and adapt to changes related to reduction in greenhouse gas emissions and transition to a low carbon economy.

Glossary

continued

Term	Definition
Transition Finance	Relates to the provision of financing to entities/activities that have high current emissions but have credible, verified plans that will result in steeply declining emissions in line with sector decarbonisation pathways.
Transition Plan	A transition plan sets out an organisation's approach for how it will align all its activities to Net Zero.
Weighted Average Carbon Intensity (WACI)	WACI can be considered at a company, sector or portfolio level. It is a measure of a portfolio's exposure to carbon intensive companies, where each position is weighted reflecting size of position in our portfolio.
A4S	Accounting for Sustainability – organisation that seeks to inspire action by finance leaders to drive a fundamental shift towards resilient business models and a sustainable economy.
CFRF	Climate Financial Risk Forum – industry group, co-chaired by the FCA and Bank of England, to share best practice and solutions on climate issues, and accelerate financial sector firms' capabilities to manage the risks and seize the opportunities presented by climate change.
FCA	Financial Conduct Authority – the UK regulatory body that regulates the financial services industry in the UK. Its role includes protecting consumers, keeping the industry stable, and promoting healthy competition between financial service providers.
IPCC	The Intergovernmental Panel on Climate Change (IPCC) – an intergovernmental body of the United Nations. Its job is to advance scientific knowledge about climate change caused by human activities.
ISSB	The International Sustainability Standards Board – established by the International Financial Reporting Standard (IFRS) Foundation at COP 26. It has developed global sustainability standards, to form a global baseline of sustainability information to support needs of investors. It includes IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.
NZAOA	UN-Convened Net Zero Asset Owner Alliance – a member-led initiative of institutional investors committed to transitioning their investment portfolios to Net Zero GHG emissions by 2050 – consistent with a maximum temperature rise of 1.5°C.
PRA	Prudential Regulation Authority – the PRA is the UK regulatory body responsible for prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms.
SBTi	Science-based Targets Initiative – SBTi is an organisation established to support companies to set emission reduction targets in line with the reductions required to limit global temperature rise to 1.5°C. SBTi provides assurance that entities' targets are aligned with prevailing scientific goals for the relevant sector.
TCFD	Taskforce on Climate-related Financial Disclosures – an international initiative established by the Financial Stability Board (FSB) in 2015 to develop recommendations for disclosing climate-related financial risks and opportunities in various sectors of the economy.
TNFD	Taskforce on Nature-related Financial Disclosures – an international initiative that provides a framework for how organisations can address nature-based environmental risks and opportunities with the ultimate goal of channelling capital flows into positive action.
UN PRI	The UN Principles for Responsible Investment – an international organisation that works to promote the incorporation of environmental, social, and corporate governance factors (ESG) into investment decision-making.



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A large, stylized graphic of an eye, composed of three concentric circles. The outermost circle is a light gray, the middle ring is a medium gray, and the innermost circle is a dark gray, matching the background. The graphic is positioned on the right side of the page, partially cut off by the edge.

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