

Section 172 statement

The Directors of RLUTM act in accordance with the general set of duties which are outlined in section 172 of the UK Companies Act 2006. The Board is committed to promote the success of the Company for the benefit of the members as a whole and have made a number of decisions and engaged in a variety of projects to ensure the ongoing satisfaction of all stakeholders. In doing this, section 172 requires a director to have regard, amongst other matters, to the:

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

The Directors acknowledge that each decision made will not necessarily lead to a positive outcome for all stakeholders. However, through wide-ranging engagement in the context of the strategy and purpose the Board aims to ensure a consistent approach to its decision-making and consideration of stakeholders.

Following on from its implementation in 2019, the Board has continued to engage with customer feedback as part of its 'voice of the customer' initiative which aims to promote the customers' voice and needs. Feedback received from customers highlighted increasing interest in well-defined Environmental and Social Governance (ESG) investment processes. Following on from this feedback, external communications around sustainable processes and how ESG filters into our fund's investment processes are to be continued.

During the year, a key matter for the Board was the implementation of an assessment of value report as required by the FCA. The report requires a Company to determine the overall value that their funds deliver to investors and publish a summary. The first report was approved by the Board in July 2020 and this was the culmination of an extended period of work carried out to determine the methodology to assess value and ensure that stakeholders' interests are taken into account. The report will be published online on an annual basis (www.rlam.co.uk) to ensure that stakeholders have access to the most relevant and latest information for their respective uses.

RLUTM has a responsibility to provide high levels of customer service to stakeholders and that these services must be delivered with minimal disruption during severe operational events. In March 2020, an Operational Resilience programme was launched by the Royal London Group and the Board continue to receive updates on the progress of the programme which will serve to increase the Company's resilience, enabling it to continue operating during unforeseen circumstances, and provide stakeholders with uninterrupted access to information and systems.

An example of a decision with long-term consequences is the payment of an £8m dividend to RLUTM's ultimate parent undertaking, The Royal London Mutual Insurance Society Limited (RLMIS). When determining whether to pay the dividend the directors take into account financial projections to ensure that the long-term consequence of the dividend being paid is fully assessed.

Engaging with Stakeholders

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

Suppliers

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

Regulators

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