



Rothestay
Protecting Pensions

Sustainability Report 2023

Our purpose

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



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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 and Stewardship Policy



About Rothesay

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

Over
£60bn
Managed assets

Who we are

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

Rothesay is dedicated to providing excellence in customer service alongside prudent underwriting, a conservative investment strategy and the careful management of risk. We are trusted by the pension schemes of some of the UK's best known companies to provide pension solutions, including British Airways, Cadbury's, the Civil Aviation Authority, the Co-operative Group, National Grid, Morrisons and Telnet.

The pension risk transfer industry is currently very active, with high interest rates allowing more companies to insure their pension risk. This means that our business is on a strong growth path, adding £12.7 billion of new pension liabilities during 2023, increasing permanent employees by 16% to 460, and growing our international offices.

We are an asset owner, managing our investments in-house which allows us to proactively manage the composition of our investment portfolio. As a pension insurer, we may receive assets as part of a pension risk transfer transaction. On receipt of these positions, the assets are managed according to the same principles and processes as the investments we originate. We can diversify exposures across and within sectors, controlling position sizes through limits, and regular monitoring and oversight of investments. For more liquid investments, we can actively reduce exposure where we have credit or other concerns. Underpinned by sophisticated risk management, our expert in-house investment team is continually developing new ways to drive predictable, dependable returns that minimise risk and create real security.

Today, we manage over £60 billion in assets, secure the pensions of over 930,000 people, and pay out, on average, over £200 million in pension payments each month. We are safeguarding the future for every one of our clients and policyholders, and providing long-term value to our shareholders.

Sustainability and our purpose

At Rothesay, thinking long-term is central to our purpose and we understand the clear link between our core investment objectives (that are summarised in our Annual Report) and the need to consider Environmental, Social and Governance (ESG) factors within our approach.

Feeding down from these core investment objectives, our sustainability strategy is built around three pillars that capture our sustainability commitments and investment strategy. Our approach to the management of sustainability risks and broader considerations allows us to not only achieve our primary goal of providing pension security to our policyholders, but also provide wider benefits to our stakeholders, the environment and society.

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.



Message from the CEO continued

Rothesay's non-financial Environmental, Social and Governance (ESG) reporting is covered by two separate publications: 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).

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.

Together, the two reports provide a comprehensive account of our approach to embedding sustainability principles across all parts of our company, along with updates on our progress in meeting our various sustainability-related targets. For this reason, the reports are published simultaneously.

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 are therefore obsessive in our focus on creating a positive impact through all of our operations and for all of our stakeholders, including our policyholders, our suppliers, our people, our community and our investors.

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 and also set out our new commitments.

Highlights this year include: a new commitment to achieving a 50% Carbon Intensity reduction across our total investment portfolio by 2030; an industry-leading employee engagement score of 78%; and the powerful campaigns our charitable Foundation has delivered, including providing 2,400 older people with free and impartial benefits checks to ensure they are receiving the support they are eligible for.

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

20 June 2024

Highlights



Highlights continued

78%
employee
engagement score

Impact on Customer
Experience Award
winner at the Pensions
Management Institute
Pinnacle Awards

The Rothesay
Foundation partnered with
Age UK
to deliver 'Cheer' Campaigns.
It also worked with
Clarion Futures
to expand its warm spaces
programme

Pension security
provided to over
930,000
policyholders

£7.7m
pledged to charity
in 2023

Formation of
Diversity and
Inclusion (D&I)
Executive Working
Group

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: Investing our capital responsibly, engaging to support positive change and running a responsible and sustainable business.



Our sustainability pillars continued

Investing our capital responsibly

Rothesay is responsible for managing over £60bn of assets, held to secure the pensions of more than 930,000 policyholders. 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.

[Read more from page 08](#)

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 backbone 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.

[Read more from page 18](#)

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.

[Read more from page 36](#)

Aligning with UN SDGs

The UN Sustainable Development Goals (UN SDGs) are a set of 17 key themes that require urgent action before 2030, covering People, Planet, Prosperity, Peace and Partnership. At the beginning of each section of this report we have indicated where our actions throughout the year have linked to these goals. Please note that these are not exhaustive lists, but are the main goals that we have aligned with through our sustainability strategy.



Section 1

Investing our capital responsibly

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> Main alignment with SDGs



Responsible investment

Our sustainability investment strategy

Given our responsibility to protect our policyholders, it is crucial that we invest in assets that match our liability cash flows and which provide an appropriate risk-adjusted return, as well as supporting our pathway to a more sustainable future. Rothesay's in-house team considers financially material sustainability factors as part of the investment process and our sophisticated risk management systems give us an advantage in the monitoring and management of sustainability risks.



Our sustainability commitments

Rothesay has set out a number of sustainability commitments that reflect our objectives for the integration of sustainability considerations within our investment decision-making and risk management framework, as well as our wider investment strategy.

1. We will (i) transition our investment portfolios to Net Zero greenhouse gas emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial temperatures, and (ii) regularly report on progress, including establishing intermediate targets every five years in line with the Paris Agreement Article 4.9 ("Net Zero")¹.
2. We actively seek out opportunities to match our long-term investment horizon with investments that support our sustainability strategy.
3. 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.
4. We will incorporate broader sustainability factors into our investment analysis, decision-making and engagement processes to appropriately consider Social & Governance and wider Environmental factors, including climate change.
5. 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 in the short term.
6. 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's long-term goal of limiting global warming to 1.5°C above pre-industrial levels.

As a member of both the UN-convened Net-Zero Asset Owner Alliance (NZAOA) and the UN Principles for Responsible Investment (UNPRI), Rothesay is committed to fostering knowledge-sharing and supporting both national and international efforts towards transitioning to Net Zero (as defined on page 50).



Further information can be found in our Responsible Investment and Stewardship Policy at www.rothesay.com

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, p.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 ESG analysts, considers financially material sustainability factors as part of the investment process and these factors are formally documented in all relevant 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 (e.g. 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 issues are deemed to be current, 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 also aligning our investment portfolio with the Paris Agreement's goal to limit global warming to 1.5°C above pre-industrial levels and are committed to supporting a low carbon economy in which the UK achieves carbon neutrality by 2050. Further information on this activity can be found in our Climate Report.

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 UNPRI and NZAOA, Rothesay has committed to responsible engagement with firms in our portfolio.

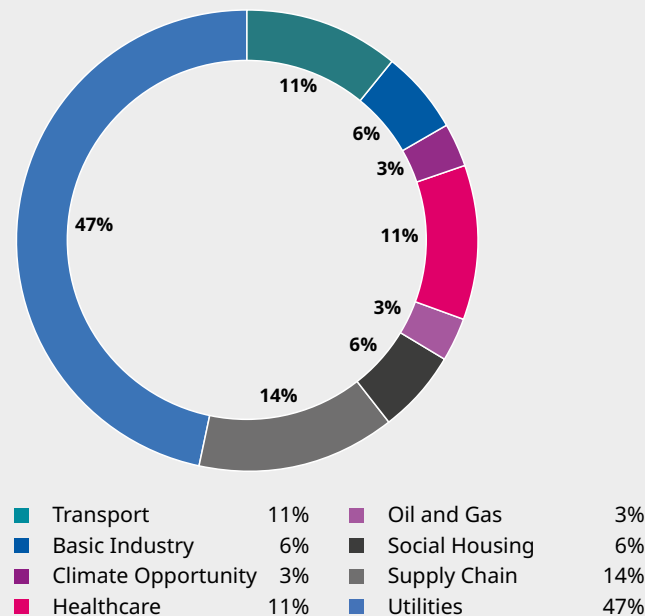
As we do not use external asset managers, all our engagement is coordinated by our dedicated ESG analysts and conducted in collaboration with members of our Credit Risk and Asset Management teams. Our bilateral engagement approach is predominantly focused on specific, direct engagement with the most material corporate issuers within our portfolio.

In addition to BAU engagements, during 2023 we engaged with 36 companies within our investment portfolio for ESG-specific reasons. 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 a 94% response rate in 2023).

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 those cases where we receive no response from the issuer, we continue with further attempts to engage in future years, but also note this as a negative mark in our ESG scores.

Engagement by sector (%)



Case study

Escalation due to inherited positions from new pension risk transfers

As a central part of our business, we may acquire assets as part of a new pension risk transfer transaction.

We received a number of new risk transfers in 2023. 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, reviews high emissions issuers, and checks alignment with our Responsible Investment and Stewardship Policy. Any issuer misaligned with our policy is escalated and identified for priority sale.

Engagement and escalation continued

Case study

Climate engagement with supply chain: Third Party Administrators (TPAs)

In our 2022 Climate Report, we completed an exercise to quantify the emissions associated with our broader Scope 3 emissions eligible activities for the first time.

One of the outcomes of this exercise was the identification that the most significant contribution to this footprint is our purchased goods and services, of which our Third Party Administrators represent a significant proportion. Due to this, we undertook targeted engagement with our three core stakeholders in this category with the aim to get additional details on their emission reduction plans to support our assessment of the likelihood of reduction in our Scope 3 emissions from this source.

In these conversations, we were able to reiterate the importance of our suppliers evidencing their effective consideration and management of climate-related risks and request additional information. Our engagement also included asking for evidence of alignment with 1.5°C, including the setting of SBTi approved targets (where not already established), disclosure of Scope 3 emissions and publishing of clear transition plans. As these are long-term relationships, this is a multi-year exercise and we will continue to engage with our TPAs to ensure they are taking steps to meet our expectations.



Reducing portfolio emissions

In our first ESG Report, published in 2021, we set out our “Pathway to Net Zero” strategy.

This is our comprehensive plan to achieve Net Zero emissions across our business by 2050 and the first milestones we will need to reach on the way. Further details can be found in our latest Climate Report. These commitments included the following:

- **Net Zero by 2050**
Rothesay is committed to transitioning our investment portfolio to Net Zero greenhouse gas emissions by 2050, aligned with a maximum temperature rise of 1.5°C above pre-industrial levels as outlined in the Paris Agreement.
- **20% reduction by 2025**
We aim to reduce the Scope 1 & 2 Carbon Intensity of our total portfolio by 20% over the five years beginning with the baseline set in 2020.

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.

We have since added two additional 2030 targets, which aim for a 50% reduction in the Scope 1 & 2 Carbon Intensity of our total portfolio and publicly traded corporate debt sub-portfolio, from baselines set in 2020.



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 2023 we started work on our Net Zero Transition Plan by considering and modelling how each sector may decarbonise, and the levers that may influence that outcome. This will inform 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

Rothesay'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, given their nature, there are some areas relating to fossil fuels where we have explicit exclusions in relation to our investment appetite. New direct thermal coal activity and companies that derive more than 10% of their revenue from the production of controversial oil and gas are listed exclusions under Rothesay's Responsible Investment and Stewardship Policy.¹

1. 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.

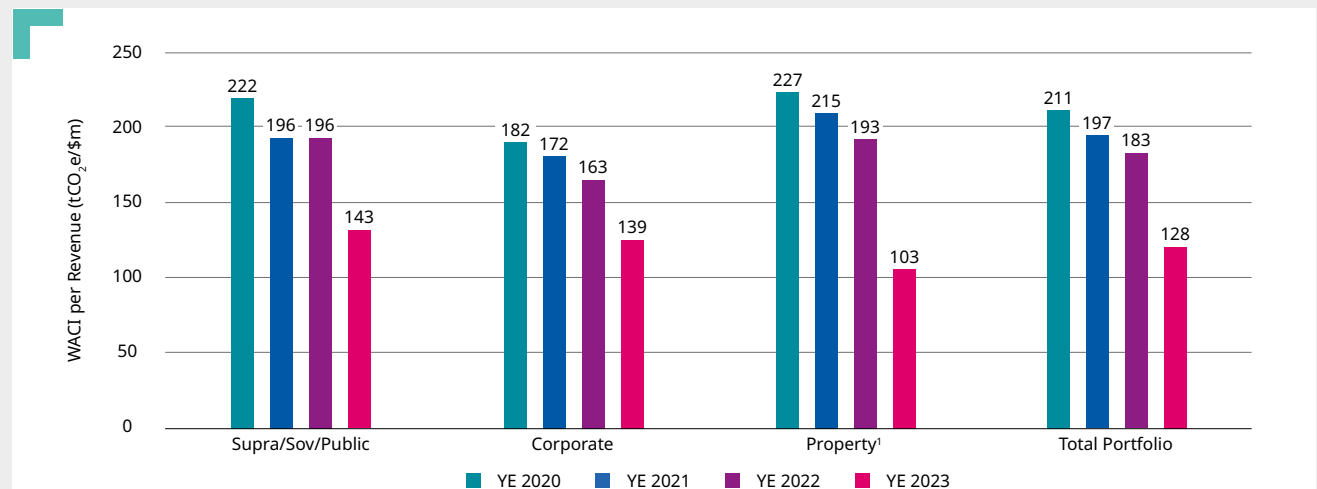
Our progress

Rothesay 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 Rothesay, 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 material reductions in this value over the last three years, with the current value at year end 2023 being 128 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 and as our approach to assessment and reporting evolves, we will consider introducing 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.



¹ 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 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

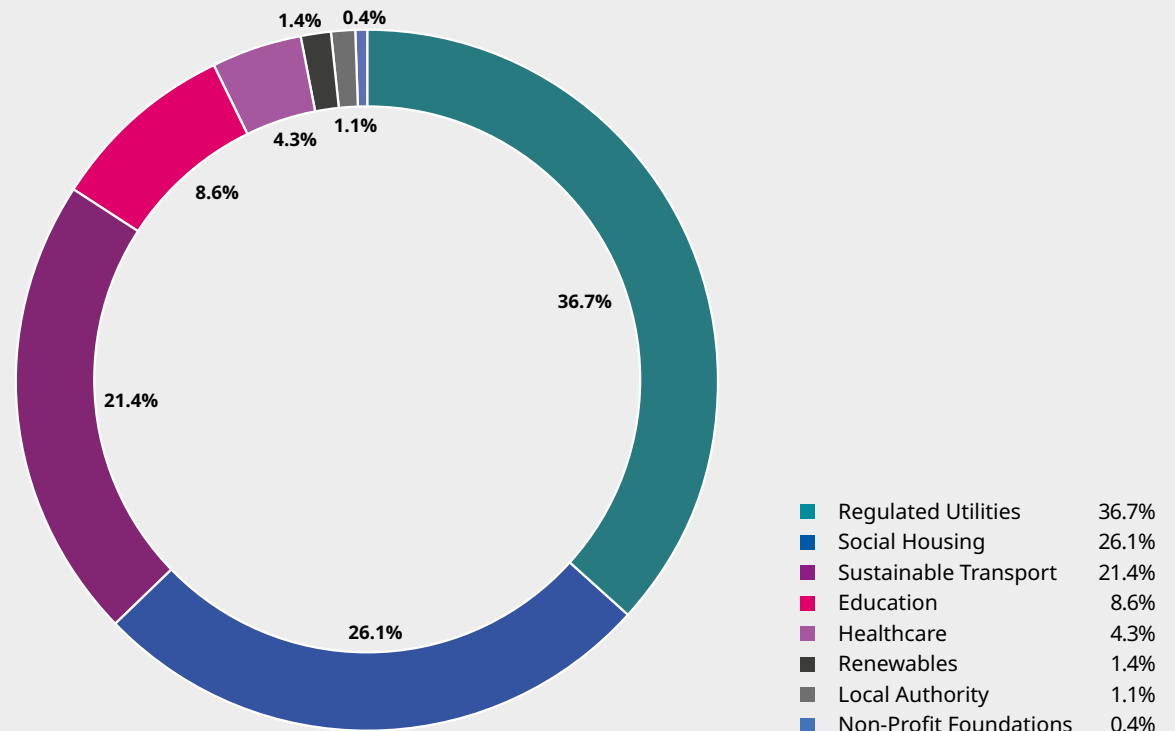
A key tenet of our strategy is investing our capital responsibly; it is critical that we invest in assets which match our liability cash flows, which provide appropriate risk-adjusted returns, and which support our pathway to a more sustainable future. Given the long-term nature of our business, we consider 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, Rothesay has invested £16.1bn 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.

Investments currently meeting this definition include:

- Social Housing
- Education
- Healthcare
- Non-Profit Foundations
- Local Authorities
- Sustainable Transport
- Regulated Utilities
- Renewables

£16.1bn of sustainable investments



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.

Section 2

Engaging to support positive change

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> Alignment with SDGs



Our people

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

Rothesay's collaborative culture has been built by employing very talented people who are diligent and 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.

Rothesay Cultural Values



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 2023 Rothesay had 460 permanent employees. Our headcount increased across Rothesay by 16% from 2022. To meet the demands of a growing business, we have continued to recruit, with particular focus on the following areas:

- **Technology** – to support the re-platforming of our risk management systems and to ensure Rothesay is at the leading edge of automation.
- **Pricing** – to increase the capacity of our new business underwriting team.
- **Risk and compliance** – to support the sustainable growth of the business.
- **Graduate talent** – to encourage career growth within the business and to set young ambitious, analytical professionals up for success.

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.

We continue to promote internal opportunities and encourage internal mobility across the business. In 2023 there were 12 internal department moves, and we also supported our first international moves from London to New York.

Continuing our support for diverse talent, we sponsor a number of apprentices and internships. We also welcomed pupils from Newham Collegiate Sixth Form Centre, a local school serving pupils in a disadvantaged part of east London, providing valuable work experience for them and giving us access to continue to develop a diverse talent pipeline.

Engaging our employees

In 2023, we continued to focus on strengthening our internal communications capability and delivering events to increase the ways we bring our employees together and share key business updates. We have continued to ensure that there is regular communication from all parts of the business. Our monthly employee newsletter keeps people connected with business updates and we have elevated our employee Town Halls into events staged at the British Museum. We have introduced regular “Lunch with the CEO” events, giving small groups of employees an opportunity to pose questions and talk directly with our CEO, Tom Pearce. Ideas and feedback are captured so that they influence future actions in support of our people strategy. We also introduced a new Rothesay Speaker Series for all staff with speakers including Lord Mervyn King and Lewis Pugh.

460
permanent employees,
an increase of
16%
from 2022



Our people continued

In 2023, our annual employee survey was delivered again using an external consultancy to support year-on-year people trends within the business. Each question is carefully selected in order to obtain thorough people feedback, both on employee engagement and experience. We maintained an outstanding response rate of 94% (2022: 94%) in 2023, and the results showed an increase in engagement score to 78% (2022: 72%) with the data highlighting excellent progress across all key areas of the survey. We saw a 6% increase in employee positive perception around employees viewing Rothesay as a “socially and environmentally responsible organisation”. Feedback on our 2023 focus toward Senior Leadership communication was reflected in the 2023 survey results, showing an increase to 87% with positive perception around “The CEO provides clear direction and communication for the future” (2022: 63%).

94%
employment
engagement survey
participation rate
(2022: 94%)

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” (2022: 83%). The results were discussed with the Board and we have identified areas for continued improvement in 2024.

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. This prevents functional silos – an integral part of the Rothesay culture. The Chairman, members of Board and Executive Management have frequent, informal interactions with Rothesay’s employees. Company provided breakfasts and evening get-togethers are regularly held throughout the year, supporting our cultural focus on connectivity and internal networking.

2023 also saw a decrease in percentage of new hires leaving within the first year and our overall employee turnover has decreased to 6.78% (2022: 9.5%), which is low compared to the market.



87%
of our employees
agreed with the statement
**“We are responsive to
the changing needs of our
external customers”**
(2022: 83%)

Investing in our people

Rothesay is committed to employee development. We invest in employees gaining a range of professional qualifications and we offer a comprehensive learning and development programme (50 courses in 2023) covering both technical and professional skills. Our people are encouraged to own their career development and select their learning activities from the programmes which have been tailored to Rothesay’s requirements.

Our people continued

This includes a compulsory training module for all employees on sustainability in general and Rothesay's strategy in particular, as well as compulsory diversity and inclusivity training which is intended to encourage supporting an inclusive culture. We continue to be pleased with the success of our Coaching Clinics, where any employee can book a single, or a series of sessions, with our professional external coaches, at a time when they need additional support, personalised training or advice. This year, we added project management fundamentals to our portfolio to build project management capability within our teams. All our learning offers are delivered through our trusted external development partners.

To support career progression, our Manager Fundamentals Programme runs twice a year and individuals join a cohort to complete a series of modules on best practice that also includes individual coaching. 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 ESG initiatives and targets, and to set objectives to drive their career forwards.

Employee wellbeing

Rothesay 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. Our health and wellbeing benefits include private healthcare for employees, their families and their

partners, subsidised gym membership, cycle scheme, health assessments, fertility support and free flu jabs. We introduced new critical illness cover, emergency child and elderly care support, and dental benefits for employees in 2023.

Through our Employee Assistance Programme, employees have access to an extensive education hub and confidential external advice support on a range of wellbeing issues. Rothesay offers free memberships to additional wellbeing services and educational platforms, including Headspace, Fertifa, Work Life Central and Bright Horizons to help working parents and carers.

In the office, our exclusive gym is available 24/7 to all employees and in partnership with our fitness provider. Employees may use their gym subsidy to attend regular fitness and yoga classes, personal training sessions, and to book massages. 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 alternatives in the coffee machines.

We have 13 employees externally trained as Mental Health First Aiders (MHFA) by MHFA England. They sit across our business and are available to everyone as a 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.

13
employees externally
trained as Mental
Health First Aiders
by MHFA England



Our people continued

Flexible working is now embedded across the business which we believe is key to employee retention, particularly of those of our employees with caring responsibilities, and in the same way, increases Rothesay’s attractiveness to a more diverse pool of candidates.

We offer training and support to new parents and their managers and all employees taking extended parental leave are offered one-to-one coaching to support their return to work. In addition, we have introduced a specific emergency back-up family care benefit and formalised a neonatal leave policy to support employees in times of need.

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.

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 Rothesay 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 of 2019, 2020, 2021, 2022 and 2023, thereby ensuring that all employees benefit from the longer-term success of Rothesay.

The Remuneration Committee is responsible for ensuring that Rothesay’s Remuneration Policy appropriately rewards and incentivises our people. Rothesay’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 Rothesay to attract and retain proven talent; and
- align aggregate remuneration with the performance of Rothesay 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 provides 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, teamwork and contributions to the firm’s effort to combat climate change.

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

Gender pay gap

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

	2023 Mean	2023 Median	2022 Mean	2022 Median
% by which hourly pay is lower for female employees than male	20%	15%	23%	23%
% by which bonuses are lower for female employees than male	61%	26%	51%	44%

The table shows some improvement between 2022 and 2023 in the hourly pay percentage and overall our four year trends remains positive. We are also proud of our 40% 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 staff 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.

Diversity and inclusivity

As a founder-led business, Rothesay has been committed to creating a culture that actively values difference from day one. Our policies are designed to ensure that our people are not to be disadvantaged in any way as a result of their background, beliefs or situation including but not limited to the protected characteristics. We recognise that people from different backgrounds and experiences bring valuable insights to the workplace and enhance the way we work.

In July 2023, we formed a diversity and inclusion (D&I) Executive Working Group. This working group takes senior responsibility for forming and delivering our D&I strategy as we go forward. In addition, Board Non-Executive Director Angela Darlington is now Rothesay's first independent Board sponsor for D&I. Our D&I initiative encourages 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.

Since July, we have made good progress including: launching our 2024 D&I calendar of events, hosting forums and training, and most recently improving and expanding our medical insurance benefit to support neurodiversity diagnoses and gender dysmorphia.

In the 2023 employee engagement survey, 85% of our employees agreed or strongly agreed with the statement "My co-workers respect my thoughts and feelings" (2022: 82%), 90% agreed with the statement

"My manager treats people fairly" (2022: 86%) and 79% agreed with the statement "We have a work environment that is accepting of diverse backgrounds and ways of thinking" (2022: 79%).

We encourage 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.

85%
of our employees
agreed or strongly agreed
with the statement
**"My co-workers
respect my thoughts
and feelings"**

(2022: 82%)

We continue to look at ways of identifying and supporting a more diverse range of talent for the long term. We believe in taking practical steps to drive this outcome, and to regularly communicate our commitment to supporting all our colleagues. We:

1. have increased the number of women in our business at Executive Committee level through recruitment and this has brought more diversity to the top-level decision-making process, as well as wider industry experience;
2. continue to focus on more inclusive recruitment and have improved our interview framework with the aim of hiring more diverse talent;
3. targeted female-focused talent events as part of our 2023/24 Graduate campus strategy and ensured that all candidates are interviewed by a diverse interview panel; and
4. delivered training to current employees who interview candidates to ensure that all candidates' experience of Rothesay is consistent and high quality.

During 2023, we again participated in the #10,000BlackInterns programme, which seeks to offer internships to Black students across the UK to help kick start their career in investment management.

Our policyholders

Rothesay is designed to protect pensions even through the most difficult times. We protect the pensions of over **930,000** people. Ensuring that we pay their benefits as they become due is our top priority.



Our policyholders continued

We also know it's not enough to simply pay benefits. It's also vitally important to be there for our policyholders, especially in huge life-event moments like retirement and bereavement. That's why we are proud to deliver demonstrably excellent customer service, focused on real care in every detail.

Providing our policyholders with this combination of secure and certain income alongside genuine service excellence assures them that their pension is in safe hands.



Rothesay policyholders¹

	2023	2022
Number of policyholders at 1 January	825,446	837,721
Increase in respect of new business	133,127	29,751
Reduction in respect of deaths and member options	(23,982)	(42,006)
Number of policyholders at 31 December	934,611	825,466

1. Policyholder estimates are based on analysis of data available at end of November. Part of the reduction in respect of deaths and member options for 2022 reflects late reporting of 2021 movements.

Our policyholders continued

Acquisition of £6bn Scottish Widows bulk annuity portfolio from Lloyds Banking Group

On 13 March 2024 we acquired a £6bn Scottish Widows bulk annuity portfolio from Lloyds Banking Group.

This covers the pension benefits of c.42,000 policyholders who are expected to transfer to Rothesay by a court sanctioned process, known as a Part VII transfer, in 2025. We look forward to welcoming our new policyholders from Scottish Widows.

Consumer Duty

Rothesay satisfied its obligations in readiness for the implementation of the FCA's Consumer Duty for open products by 31 July 2023. In preparation for the new regulation, we reviewed our processes to ensure policyholders get the right level of detail at the right time. To help policyholder understanding we simplified letters and introduced infographics where appropriate. We also introduced guidelines to try to ensure a consistent "look and feel" across all of our communications. We have also been working on our closed products in line with the FCA's implementation timetable of 31 July 2024.

Supporting customers with vulnerable characteristics

Identifying and finding ways to help customers with vulnerable characteristics is a priority for us. We have continued to develop our model in this area and have changed the way we gather information about our policyholders in order to ensure we enhance our identification of customers with vulnerable characteristics and providing the best possible service. This information has indicated that accessibility is the main area of vulnerability and our call handlers focus on listening to policyholders' needs and offering them a service enhancement that is right for them such as Braille, audio files, large font, telephone contact only, passwords on account or simply speaking slowly and clearly. An example of how we have adapted our service is that one of our policyholders recently contacted us and asked for communications to be issued on blue paper. They were dyslexic and this would help them read and understand our communications. We were able to accommodate this and include this now as part of our service enhancements.

In September we provided further face-to-face training to all our TPAs to encourage and empower them to identify and support customers with vulnerable characteristics. We understand that policyholders will need help in a wide range of scenarios, and have created a culture within our TPAs where they are encouraged to speak up and share ideas with us so we can continually evolve our service offering.

Vulnerable Customer Champions are in place at each of the TPAs and help raise awareness of individual scenarios to make sure policyholders and their families are receiving support.

For example, one policyholder was suffering from very poor mental health as a result of his marriage breaking down, and the call handler was able to offer signposting to organisations such as Citizens Advice and Mind. Call handlers do not have productivity targets around length of calls, and are focused on providing first class service.

Partnering with external organisations

Working with other organisations also helps us to continuously improve the service we provide to customers with vulnerable characteristics and ensure we are following best practice. We are actively engaged with the Association of British Insurers (ABI) and are a member of their Vulnerable Customers Working Group. We also work closely with the Alzheimer's Society, Cruse Bereavement Support and Tax Help for Older People, and are 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.

The Alzheimer's Society's Dementia Friends programme is an initiative intended to change people's perceptions of dementia, and in 2023 they provided training sessions across the business and to our TPAs, and included training to our Board. They are also working with us to independently review our power of attorney process and our policyholder websites.

Cruse Bereavement helped us develop a new suite of bereavement communications including a new booklet called "Grief and you" which we now issue when we are notified of a bereavement process.

Our policyholders continued

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. We are also a member of the Institute of Customer Service, an independent, professional body for customer service. Not only do we ensure that all of our processes are designed to achieve good customer outcomes, we also seek to exceed the standards and guidelines set out by the FCA, The Pensions Regulator and the ABI.

In November, Rothesay was awarded the Impact on Customer Experience Award at the Pensions Management Institute Pinnacle Awards.

We continue to follow a strategic outsourcing model and partner with industry experts for the provision of pension administration services – our three TPAs are WTW, Aptia (Mercer’s UK pension administration business transferred to Aptia UK Limited on 1 January 2024) and Capita Pension Solutions. Through our TPA partners we have over 280 dedicated staff 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 front and centre of their minds.

In May 2023, we were informed that the personal data of approximately 50,000 Rothesay policyholders was impacted by a cyber incident at Capita. All impacted individuals were contacted by Rothesay to reassure them that their pension policies and payments were unaffected and to provide them with guidance on what steps they should take to protect their data. They were also offered access to a specialist fraud monitoring service, free of charge.

We worked very closely with Capita to understand how its cyber incident occurred, what steps it subsequently took to confirm its systems were secure, and what improvements it has made to its information security controls. We also carried out a wider internal review to ensure that lessons learnt were shared with our other strategic business partners.

Our TPAs escalate any complaints to Rothesay’s Operations team immediately for review. We always undertake a full root cause analysis, which helps ensure we learn from each and every complaint. Levels continue to be low with just 1.94 complaints received per 1,000 policyholders (APM) (2022: 1.37 complaints per 1,000) of which 0.69 complaints per 1,000 policyholders were upheld in the customer’s favour (APM) (2022: 0.47 complaints per 1,000). The slight increase in complaints this year was mainly due to an inherited backlog of work in relation to a material administration migration to Rothesay and the cyber incident mentioned above.

Data and customer experience

In order to manage existing and future business without compromising our high service standards and our continued commitment to our policyholders, it is important that we continue to invest in automation and efficiency projects. By evaluating policyholder data at a complete level, we are also able to facilitate best practices in administration. This year, with a refreshed Consumer Duty lens, we have focused on several groups of policyholders including aged suspension cases and deferred policyholders past their retirement date so that they are able to receive their benefit payments. This has included in-depth tracing exercises to find these policyholders.

Case study

One policyholder (age 81) last made contact in 2016.

We carried out enhanced tracing to try to find updated contact details and the policyholder was traced to the address on record (this was a farm address). A Google search was conducted and a telephone number was found. Through this phone number, several other calls were made and an alternative address was eventually found. A quote was issued to the new address. The policyholder received back payments of £7,500 and is now receiving monthly payments.

Our policyholders continued

Pension trustees

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

2023 has been an inflection point in the bulk annuity market. Scheme funding levels improved dramatically with the shift in market conditions over 2022, with many schemes now in surplus. Others have seen a material acceleration in their long-term journey plan, often reducing their expected timeline by several years. This has resulted in two fundamental shifts:

- **Firstly**, more schemes are seeking to secure all of their liabilities via a bulk annuity. As a result, the market for pensioner buy-ins, which used to make up a large majority of transactions, has slipped from over 55% in 2020 to less than 5% this year.¹
- **Secondly**, we have seen an increase in sponsors looking to bring forward their already committed future annual contributions so as to secure the risk now, rather than using these purely just to meet their obligations to improve funding levels. We have seen record-breaking cash contributions into schemes in order to secure these risks.

An associated issue this has brought about is the increased weighting to illiquid assets in schemes' investment portfolios. Whilst many schemes are still able to resolve this through the use of deferred premiums, we have been asked by many trustees to assist with this issue. To address this need, Rothesay has established an Illiquid Asset Transition team based in London and New York. This team is focused on providing illiquid asset solutions tailored specifically to each scheme's needs and asset holdings. Over the course of 2023 this team analysed over 90 illiquid asset positions.

Whilst 2023 was a record year for us (when normalising for interest rates), we have been able to provide quotes to 25 schemes with total liabilities exceeding £30bn and support the marketplace with training and development through:

1. Holding our second networking event focused on the next generation of the bulk annuities market. This was aimed at the more junior associates in the bulk annuities market, those who will drive it forward over the coming years.
2. Writing articles for Pension Management Institute's magazine "Pensions Aspect" and the Association of Member Nominated Trustees (AMNT) magazine on a scheme's journey to buyout and challenges schemes may face in a busy marketplace.

3. Commissioning an independent survey of de-risking consultants who had secured their clients' liabilities with Rothesay, where we gained invaluable insight and feedback.
4. Participating in over 120 hours of conferences, webinars, etc. on the topic of how to best engage with the bulk annuity market.

During 2023, the Transition team worked closely with a wide range of trustees and their administrators to support and guide schemes through their data cleanse obligations, as they prepare for buy out, and the possible journey to eventual scheme wind-up or into long-term buy-in.

Twelve new Bulk Purchase Annuities (BPAs) were signed in 2023, securing benefits for over 133,000 pension scheme members. A further nine schemes successfully completed their data cleanses, seven of which also decided to proceed to buy out.

Rothesay's Transition team has a wealth of experience to draw on across aspects including actuarial, pensions legislation, administration platforms, scheme wind-up, data analysis, customer service and general administration. It is this extensive experience together with our participation in detailed planning meetings with Trustee teams that facilitates the understanding and resolution of key issues on individual schemes and leads schemes to a successful risk transfer process with Rothesay.

1. LCP: Insurance company data. *H1 2023 also includes publicly disclosed deals to 6 October 2023.

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

Charitable giving

In 2023,
Rothesay set aside
£7.7m
to fund future
charitable projects

Employee Charity of the Year initiative

On an annual basis we choose an employee-nominated Charity of the Year. In 2023, we chose to support My Name's Daddie Foundation which helps Motor Neuron Disease sufferers and funds research into this, as yet, incurable disease.

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.

In response to global conflict, we introduced an additional 4-to-1 matching for donations of up to £1,000.

In addition to the funds raised for the Charity of the Year, over £100,000 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. We have increased the number of volunteer days employees can use to two, and in 2024 intend to partner closely with charities to give our people more opportunities to donate their time to the communities which matter to them.

We are a corporate partner of the British Museum and support a number of other charities.

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 shareholders, policyholders and other 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 £137m remitted in relation to its own operations in 2023 (2022: £94m) and £297m collected in respect of policyholder and employee payroll taxes (2022: £293m). Rothesay had an effective corporation tax rate of 23.5% during 2023 (2022: 19.0%). The increase in Rothesay's effective tax rate has been driven by the increase in the UK corporation tax rate to 25% from 1 April 2023.

A new accounting standard for insurance contracts, IFRS 17, came into force with effect from 1 January 2023 which leads to slower emergence of profit than under the previous insurance accounting standard, IFRS 4, and this is expected to lead to lower corporation tax payments in the near term, all else being equal. Other taxes include property taxes, employer payroll taxes and irrecoverable indirect taxes.

Taxes paid	2023 £m	2022 £m
Corporation tax	106	78
Other taxes	31	16
Taxes collected	297	293
Total remitted	434	387

Our community continued

Rothesay Foundation

The Rothesay Foundation was established 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 a happy, safe and fulfilling way.

Following the successful “Summer Cheer” campaign in 2022, where the Foundation gave £2m worth of Iceland Foods vouchers for pensioners living in need, the Foundation launched a pilot to support Age UK’s Benefit

Entitlement Programme to provide older people with a free, confidential benefits check to ensure that they are claiming all of the benefits to which they are entitled. Feedback from the pilot indicates that a total of more than 2,400 older people have been supported, both in person and through a dedicated line, from Rothesay Foundation funding. This has included over 450 who were identified through the Summer Cheer campaign. On average, an Age UK benefits check identifies entitlement to an extra £5,000 per person per annum.

Case study

Age UK completed a benefit check for a Rothesay hotline caller who lives in Liverpool and received the reminder letter. She was already receiving some benefits so didn’t originally think the benefit check would apply to her, but her daughter convinced her to just give us a call as she had nothing to lose.

Whilst the caller is getting all the benefits she’s entitled to currently, if she applies for the care component of Disability Living Allowance then she’ll be entitled to much more, including pension credit guarantee credit and all the support that comes with it.

The caller was worried about reporting her increased care needs as she didn’t want to be moved to Attendance Allowance and lose her mobility element, but Age UK was able to reassure her that this wouldn’t be the case and talked through a couple of the questions asked and the useful resources to help with the change in circumstances claim. At the end of the call she said “thank you so much, I can’t thank you enough for your knowledge and kindness. I feel like a millionaire now!”

Case study

Ronald called Age UK’s Advice Line after receiving a letter about Age UK’s Benefits Advice service from the Rothesay Foundation. He undertook a Benefits Entitlement Check to see what extra money he could be eligible for.

“The woman I spoke to was brilliant – she was so cheerful, and helpful,” says Ronald. “I was amazed at what I was eligible for. She talked me through what to do, and who to get in touch with. When I got through to the pension credit, they said they would speak to the council about my rent and council tax. And from there it’s all fallen into place.”

Age UK’s benefit check identified that Ronald was entitled to pension credit guarantee credit, full council tax support and full housing benefit. With pension credit he can also claim cost of living

payments and get help with heating and health costs. He received his first pension credit payment on 7 September 2023.

The news came as a surprise – one that has changed Ronald’s life. He started work at the age of 14, and has never claimed a benefit. “To tell you the truth, I just didn’t know I could apply,” he says. “I thought I was just entitled to a pension and not to any of the other things. A lot of people are missing out.”

Age UK provides a lifeline for people like Ronald when they are struggling in silence. And the father-of-two could not be more grateful. “It’s changed my life getting in touch with them,” he says. “I wouldn’t have known what I could get otherwise. I would still be worrying. Now I recommend to everyone who is worrying to get in touch with Age UK. They are really helpful!”

Our community continued

Supporting the future of British tennis

Rothesay is proud to be an official partner to the LTA since 2022, supporting the future of British tennis and helping with the LTA's vision to open up tennis to more people of any age, ability and background.

As the LTA's exclusive pensions partner, Rothesay is helping to secure the future of British tennis as the title sponsor of the Rothesay Open, Rothesay Classic and Rothesay International.



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. We have a Supplier Code of Conduct that outlines the expectations we have of our suppliers. 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

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 an ESG 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. In 2023, we conducted specific engagements with our TPAs on their climate disclosures.



Section 3

Running a responsible and sustainable business

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> Alignment with SDGs

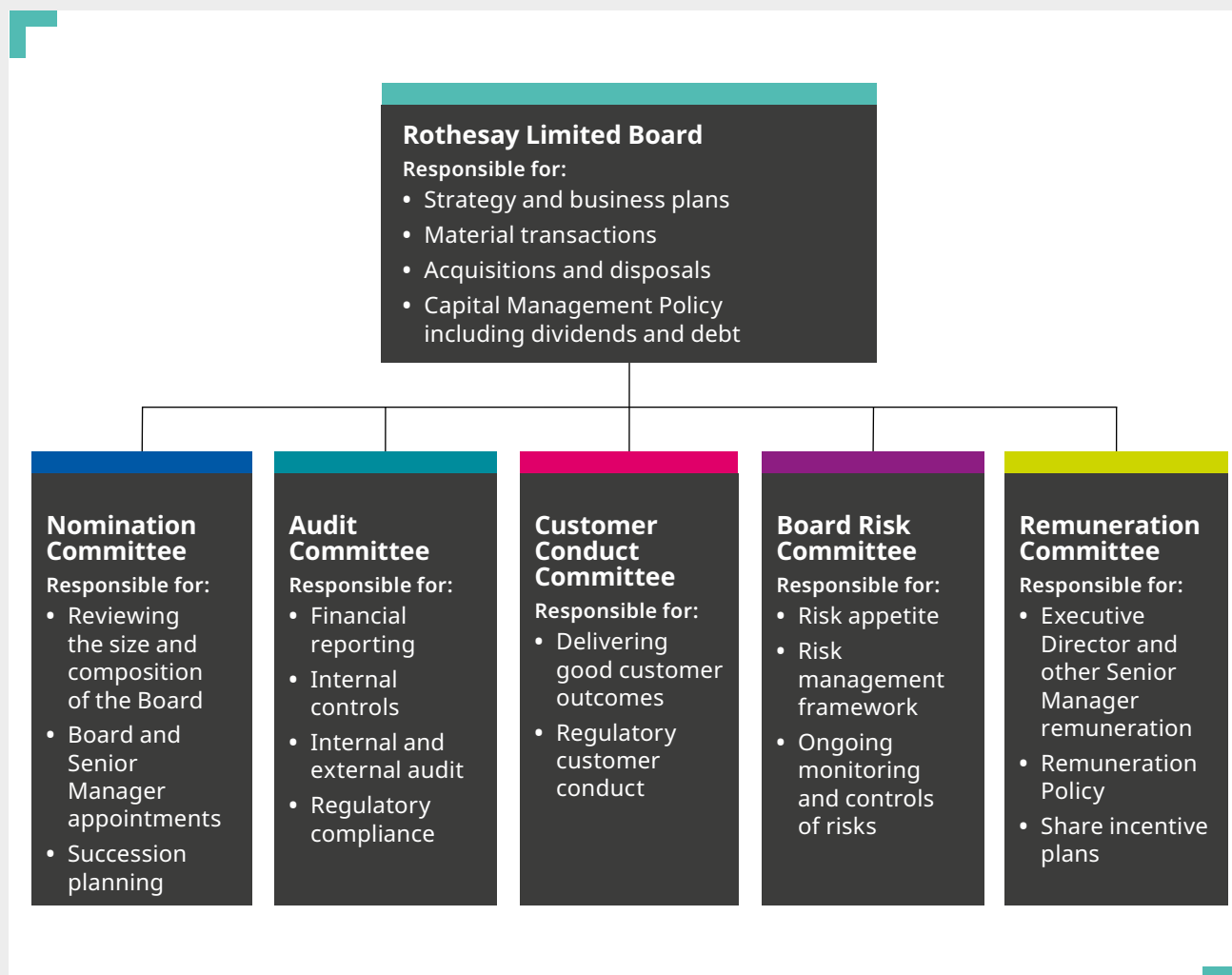


The Board

The Board has responsibilities to shareholders, policyholders, the regulators, employees and other stakeholders for the overall performance of Rothesay. 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 Rothesay.

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 www.rothesay.com.

A strong Board with an effective committee structure is a key component of the governance framework of Rothesay. Our Board remains highly engaged; the continuing implementation of IFRS 17, discussion of the dividend 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 by correspondence, enabling matters to be progressed efficiently and in a timely manner.



The Board continued

Corporate governance highlights:

- Approval of the appointment of Graham Butcher as CFO and handover arrangements from Andrew Stoker.
- Approval of the payment of the dividend.
- Approval of the strategic business plan and ORSA.
- Approval of the 2022 ESG Climate and Sustainability Reports.
- Approval of the assessment that Rothesay met the requirements of the new Consumer Duty.
- Approval of the larger new bulk annuity and longevity reinsurance contracts.
- Approval of the issuance of Tier 2 notes.
- Approval to take on the lease of levels 3 and 4 of The Post Building.
- Review of the results of the 2023 employee engagement survey and discussion of management's planned response.

➤ **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.**

Shareholders

GIC and MassMutual each hold 49% of Rothesay Limited with the remainder being held by the Employee Benefit Trust, Directors, management and staff. 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.

The shareholder Directors attend Board and other Board Committee meetings, providing an important contribution to the effectiveness of the Board and to the overall performance of Rothesay. The shareholders receive regular management information and their teams also interact directly with management. Members of their teams also attend relevant parts of Board and other Board Committee meetings as observers.

The shareholders also support Rothesay in other ways, for example assisting in the sourcing and evaluation of investments, providing debt financing and providing longevity reinsurance.

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.

GIC

GIC is a leading global investment firm established in 1981 to manage Singapore's foreign reserves. A disciplined long-term value investor, GIC is uniquely positioned for investments across a wide range of asset classes, including equities, fixed income, private equity, real estate and infrastructure. GIC invests through funds and directly in companies, partnering with its fund managers and management teams to help world-class businesses achieve their objectives.

GIC has investments in over 40 countries and has been investing in emerging markets for more than two decades. Headquartered in Singapore, GIC employs over 1,700 people across ten offices in key financial cities worldwide.

➤ **For more information about GIC, please visit: www.gic.com.sg**

Massachusetts Mutual Insurance Company (MassMutual)

MassMutual is a leading mutual life insurance company that is run for the benefit of its members and participating policy owners. Founded in 1851, the company has been continually guided by one consistent purpose: helping people secure their future and protect the ones they love. With a focus on delivering long-term value, MassMutual offers a wide range of protection, accumulation, wealth management and retirement products and services.

➤ **For more information about MassMutual, please visit: www.massmutual.com**

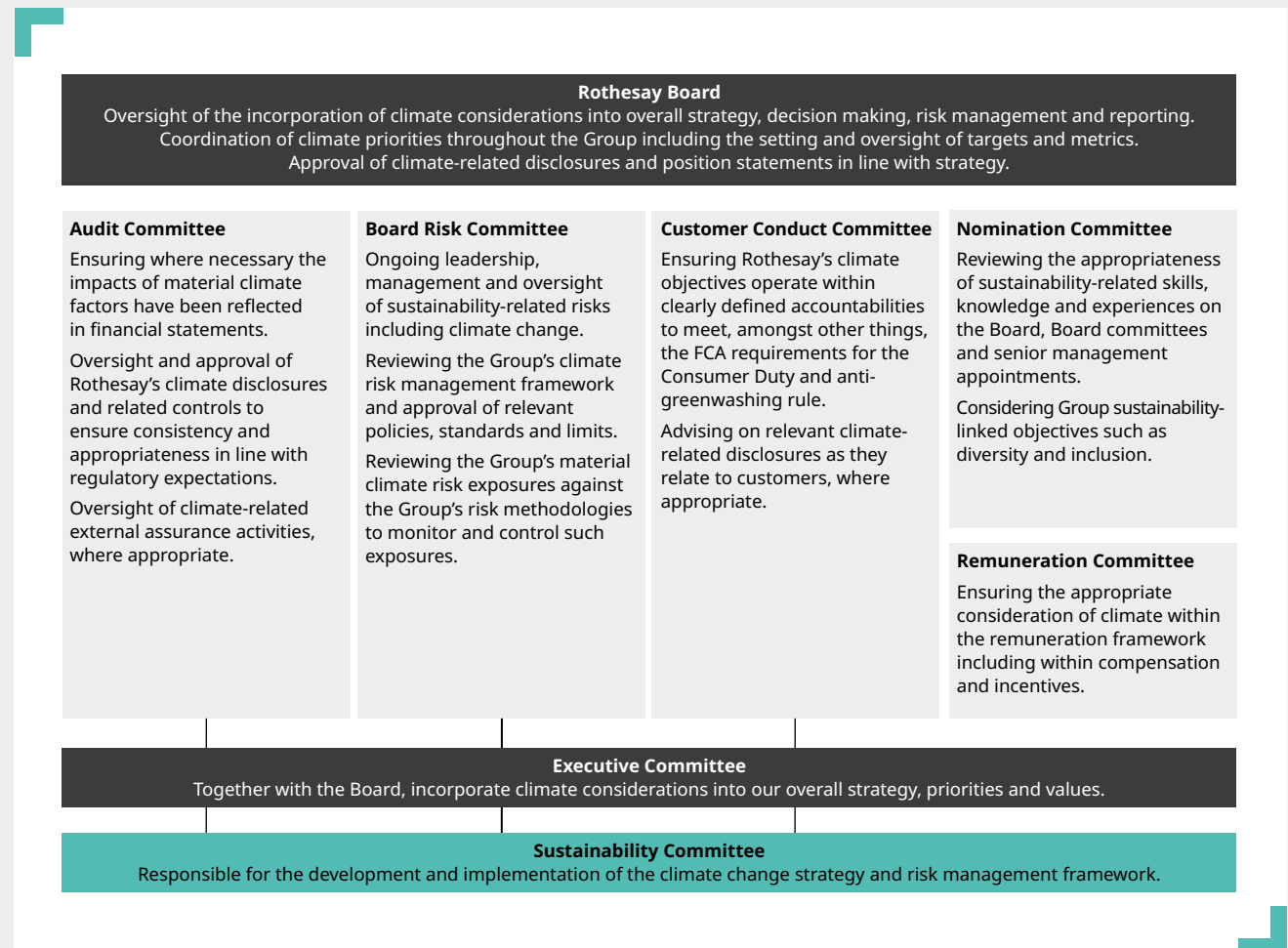
Sustainability-specific governance

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.

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 Rothesay.

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 Rothesay 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 Rothesay can be found on page 24.

Day-to-day responsibility for the implementation of Rothesay's climate change risk has been delegated to the Sustainability Committee (SC), a sub-committee of the Executive Risk Committee. In line with Rothesay'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 Rothesay, however, we do not want sustainability risk management to solely be the responsibility of the members of the SC and our dedicated ESG analysts. We are keenly aware that the input of every employee is required to provide a better future for our stakeholders. From 2021, alignment with, and contribution to, Rothesay's sustainability objectives forms part of every employee's annual performance review. In addition, we want every department in the business to feel empowered and informed to make ESG considerations in their work.

Sustainability consideration within Rothesay 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 Rothesay. 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 Rothesay. One example of this includes working with a number of providers to provide 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.



Controls and risk management continued

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.

Regulators

Rothesay is authorised by the Prudential Regulation Authority (PRA) and regulated by the FCA and the PRA. Rothesay 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 and other committees routinely includes management information on financial crime matters. Our financial crime controls are also reviewed by our Internal Audit team to ensure they are appropriate.

The MLRO is responsible for the policies and procedures for countering the risk that Rothesay 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 Risk function and management conduct formal controls at least half yearly;
- 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:

- anti-money laundering;
- anti-bribery and corruption; and
- sanctions.

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 all its counterparties including those associated with liability side transactions.

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

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 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.



Controls and risk management continued

Training

All Senior Managers at Rothesay 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 Rothesay'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.
- Environment, Social and Governance (ESG) in relation to Rothesay's sustainability strategy, climate commitments and anti-greenwashing considerations.

Whistleblowing

It is important that Rothesay maintains a culture where all employees feel they can speak up 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

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

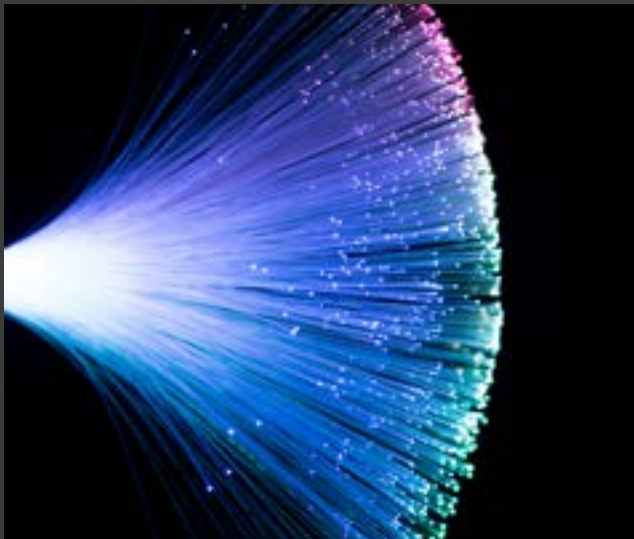
Rothesay actively monitors the political landscape on issues relevant to our business, policyholders and people. Where appropriate, Rothesay engages with policymakers, or responds to consultations, which may directly impact our business. We take steps to ensure that any communication undertaken is honest,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

We are committed to being transparent in our government relations activity and, where Rothesay 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 Rothesay's public affairs agencies and coordination of our public policy work.



Cybersecurity

Rothesay is dedicated to having robust controls to ensure the security and digital resiliency of our business. Rothesay's Chief Information Security Officer (CISO) is responsible for our information security strategy which is built upon five key areas.



1. Protecting valuable Rothesay data

We view information as a critical asset and as such, our proactive and reactive information security controls span across our employees, technology and processes. Our employees adhere to security controls relative to data sensitivity levels. Our technology controls protect the confidentiality, integrity and availability of data across our digital estate and our processes are regularly reviewed to ensure best practice.

We have a Data Protection Officer (DPO) supported by a Data Protection team responsible for overseeing data privacy practices, ensuring compliance with privacy regulations, and providing guidance and training to employees on data privacy matters.

We have published privacy notices for policyholders, trustees, and other external stakeholders on our corporate website. These notices explain, amongst other matters, what personal data we collect, how we use and protect the data, and with whom we share the data. The privacy notices also include the legal grounds for data processing and the process for individuals to exercise their rights under data protection laws. These rights include the right to object or restrict personal data processing, to correct, access, or delete personal data and to transfer personal data to another data controller.

We align our security practices to multiple frameworks, including National Institute of Standards and Technology (NIST), Cybersecurity Framework (CSF), Control Objectives for Information Technologies (COBIT) and the Center for Internet Security (CIS) controls. To protect personal or sensitive data Rothesay has applied a wide range of security controls, for example secure access and encryption techniques. For access controls, Rothesay applies multi-factor authentication for internal and external access to applications and remote access desktops. Rothesay uses a secure file transfer solution to encrypt and compress files for external data sharing. Our controls are aligned to our security policies and Data Handling Standard. Rothesay has established a technology risk and controls framework, aligned to industry standards to manage our security controls.

We have an established security incident management framework with defined accountability of the data protection and incident response teams, responsible for informing executive stakeholders, and where appropriate regulators and clients, about data protection and data security concerns and enacting our tailored response plans. Rothesay maintains a 24/7 Security Operations Centre to proactively monitor for threats and react to security incidents in real-time.

Cybersecurity continued

2. Creating a cyber-aware company culture

The management of privacy, data and information security risks is governed and overseen by Rothesay's executive and Board level committees. Committees receive regular risk management information on data protection, security incidents, vulnerabilities, and vendor information security posture. Committees also receive regular updates from Rothesay's CISO on the Group's information security posture, key cyber threats and control improvement plans.

In addition to the oversight provided by these executive and Board committees, the Board is kept aware of Rothesay's exposure to cyber risk through biannual updates to the Board Risk Committee.

Our Information Security team have developed an extensive annual security and data protection awareness programme to train all staff on data protection and security risks in the workplace, reduce knowledge gaps and apply best practices. An interactive, online training programme introduces data protection and security concepts to members of staff, including contractors. Staff are required to attest completion of mandatory training on an annual basis. Wider initiatives include in-person security awareness training, incorporated in the induction training for new members of staff. This activity ensures staff are familiar with security specialist colleagues, processes, and policies. We conduct multiple phishing simulation tests in order to assess staff vigilance and the effectiveness of the annual security training.

3. Helping our policyholders to avoid scams

We have a dedicated guide on our website to help our policyholders protect their data and privacy from scammers. This includes details on how Rothesay will, and will not, contact our policyholders as well as links to external support guides and websites from Age UK, MoneyHelper and the FCA ScamSmart service. In addition, Rothesay engages in a number of programmes that prevent the illegal use of our branding, logos and content for malicious purposes.

Web-based portals used by Rothesay policyholders encrypt data both "in transit" and "at rest" to safeguard user privacy.

4. Supply chain management

We maintain a mature third-party risk management programme to manage security and data protection risk relating to prospective and current Rothesay vendors. For services which include personal data processing, we also conduct Data Protection Impact Assessments and Data Risk Assessments in accordance with data protection laws and the Information Commissioner's Office recommendations.

We may disclose relevant personal data with other third-party controllers from time to time to manage our business. Our Data Protection Policy outlines the controllers with whom we share data, and that we do not rent or sell data to third parties.

5. Securing the future

We are committed to maintaining and building our infrastructure to align with industry standards. We facilitate annual security audits of our technical infrastructure, policies and security controls to identify vulnerabilities and apply remediation activities to protect our digital assets. Audits are conducted by the Internal Audit function established by the Rothesay Audit Committee and externally by independent accredited security auditors who adhere to industry recognised standards, for example, CREST (Council for Registered Ethical Security Testers) certified suppliers. Since 2017, Rothesay has maintained certifications for ISO 27001 (Information Security Management System) and ISO 22301 Business Continuity Management requiring an annual audit of our security policies and systems.

Rothesay Information Security is a member of the Financial Services Information Sharing and Analysis Center (FS-ISAC), a global cyber intelligence sharing community focused on preventing security threats and building cyber resiliency in the financial services industry.



Section 4

Appendix

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Sustainability data summary table

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



Metric	Reported unit	Reported value	Location in report
Investing Responsibly			
Targeted engagement relating to ESG topics	No.	36	Page 12
Total Portfolio WACI	tCO ₂ e/\$m	128	Page 15
Investment in sustainable assets	£bn	16.1	Page 17
Our People			
Employee survey response score	%	94	Page 21
Employee engagement score	%	78	Page 21
Employee turnover	%	6.78	Page 21
Our Policyholders			
Policyholders rating our service “good” or “excellent”	%	94	Page 26
Policyholders	No.	934,611	Page 26
Complaints upheld per 1,000 policyholders	No.	0.69	Page 28
Our Community			
Amount pledged to charitable causes	£m	7.7	Page 31
UK tax contribution	£m	434	Page 31
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).
Carbon Intensity (CI) – general	Absolute emissions will vary reflecting the size of the company, as well as the “dirtiness” of their 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.
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.

Glossary continued

Term	Definition
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 ESG/ Climate Factors	ESG 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 ESG 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.
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.

Glossary continued

Term	Definition
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.
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.

Glossary continued

Organisations

Term	Definition
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.
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 for 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 for 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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