

THE SUSTAINABLE FUND RANGE

Customer guide



 ROYAL
LONDON



Welcome

We're committed to being a responsible investor. That means when you choose your pension with us, we invest your payments in a responsible way. We aim to generate good returns whilst also making a positive contribution to our society and environment.













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Sustainable versus ethical investing

What's the difference between sustainable and ethical investing? The simplest way to explain it is that ethical investing focuses on negative screening and avoidance, whereas sustainable investing is about positive selection and positive screening.

Sustainable investing lets investors embed their values into their investments. Sustainable investing looks to invest in companies that have socially useful products and services, and that lead their industries on environmental, social and governance management - all with a strong focus on delivering investment returns.

Sustainable	Ethical
Primarily driven by positive screening	Primarily driven by negative screening
 Net benefit to society	 Animal Testing  Environment
 Environmental	 Alcohol  Human Rights
 Social	 Gambling  Tobacco
 Governance	 Armaments  Pornography



Remember, the value of investments can fall as well as rise and you may get back less than you pay in.

Our sustainable fund range

There are five multi asset sustainable funds to choose from, ranging from 100% fixed income to 100% equities. This means there's a wide range of options to suit how you feel about risk.

The sustainable funds invest in companies that are working towards making the world a better place – including sustainable agriculture, healthcare, cloud computing and electric vehicles.

The funds offer you several benefits:

- **Five multi asset funds** to choose from
- **Good value for money** – available at no extra charge¹
- The funds have over **£329 million in assets under management**²
- **Expertly managed** by Royal London Asset Management (RLAM) who has over 25 years' experience in running sustainable funds
- Overseen by an **independent external Advisory Committee**

The diagram shows the range of funds and their asset classes.

Key to investments

- UK Equities
- Overseas Equities
- Fixed Income

1. The basic charge is 1% p.a., which is built into the fund price. For all customers, a discount is applied and depends on the value of the investment. 2. As at 31.12.2019



For illustrative purposes - reflects approximate percentage asset allocation, weightings may vary.

A sustainable investment process

Royal London Asset Management (RLAM) has created a bespoke investment process to assess and select companies to include in the sustainable funds. This process allows RLAM to fully integrate financial and ESG analysis in a way which provides them with insights that other investors may miss.

First RLAM screens for key ESG and financial factors. They look at the strength of the management team, the strength of the balance sheet and the competitive advantage of a business.

With every investment they make, the team does a detailed Environmental, Social and Governance (ESG) assessment of that business. From an environmental perspective the team looks at the carbon intensity, water usage and other factors of the companies it invests in. From a social point of view, the team will

look at whatever they determine are the most important issues of the day, like the taxation practices of the companies they invest in. When it comes to the corporate governance of a company, the team will look at remuneration and the structure of the corporate board to ensure they will act in shareholders' best interests.

They also screen out companies in certain sectors or activities. In particular the funds avoid investment in any company that is or is likely to be exposed to:

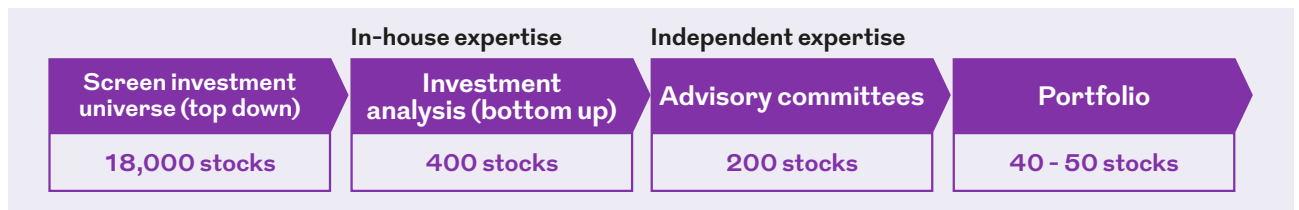
- Human rights abuses
- Tobacco and armaments manufacture
- Products which involve experiments on animals, except for those conducted for the benefit of human or animal health
- The generation of nuclear power

The funds also avoid investments in companies that have significant trading interests in:

- Animal fur products
- Pornography
- Irresponsible gambling
- Irresponsible drinking
- Worker exploitation or exploitative consumer practices

This screening process then provides a smaller subset of potential investments where the team carries out bespoke, in-depth, analysis on corporate governance, environmental and social performance, business quality and valuation.

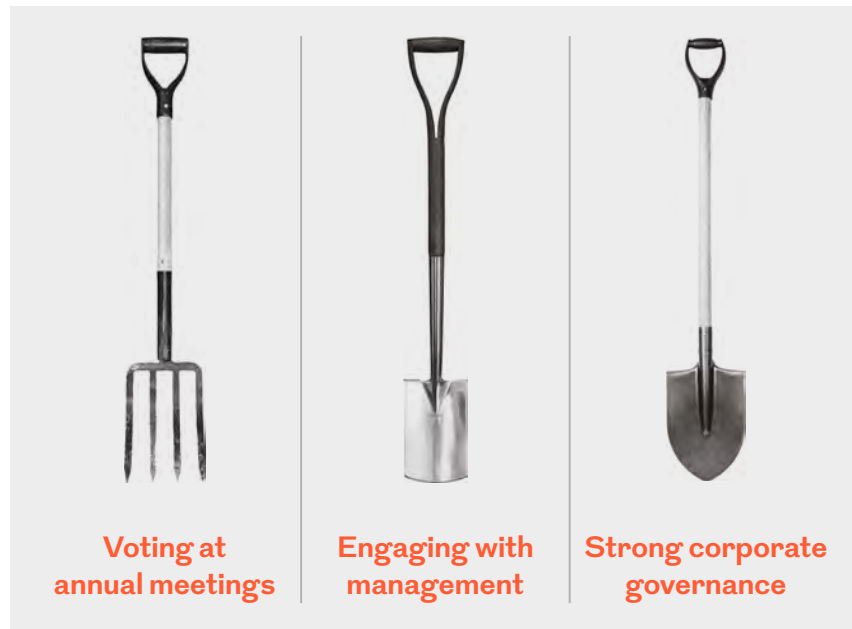
RLAM applies a minimum threshold to both ESG and financial factors to ensure all investments in their portfolios score highly on both.



Influencing positive change

Royal London Asset Management's Responsible Investment team oversees research into and engagement on environmental, social and corporate governance issues. They work particularly closely with the Sustainable Investment team to help ensure we invest in companies that contribute positively to our society and environment.

To help influence positive change they vote at annual meetings, engage with management and advocate strong corporate governance.



To find out more about our Sustainable Fund Range speak to your financial adviser or visit royallondon.com/pensioninvestments



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