



# The Royal London Mutual Insurance Society Limited Exclusions Policy

DECEMBER 2025

Driven by our Purpose – ‘*Protecting today, investing in tomorrow. Together we are mutually responsible.*’ – Royal London incorporates responsible investment and stewardship into our framework for investing. We aim to help members, customers and clients build financial resilience, while playing our part in moving fairly to a sustainable world.

## What this policy covers<sup>1</sup>

An **exclusion** is where we explicitly prohibit investing in a particular company, sector, business activity, country or region.

Our Exclusions Policy sets out our exclusions principles and the activities that we exclude across our investments (**baseline exclusions**). Some funds may have additional exclusions, which are set out in the fund prospectus, factsheet or in separate Investment Management Agreements.

**Which RLMIS investments the Policy applies to:** Our segregated mandates<sup>2</sup> and pooled funds<sup>3</sup> we invest in that are managed by Royal London Asset Management (RLAM).

**What the policy does not apply to:** Pooled funds managed by external asset managers or to indirect investments, for example financial institutions who themselves invest in an excluded activity and/or companies who via their pension funds invest in an excluded activity.

## **When the Policy is reviewed:**

- every three years; or
- if there are any changes agreed to excluded activities under the Policy; or
- if there are any regulatory or key business changes or significant world events that impact it.

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<sup>1</sup> This is a public version of an internal policy. Further information is available at [www.royallondon.com](http://www.royallondon.com)

<sup>2</sup> A **segregated mandate** is where assets are invested by an appointed asset manager on instruction from an investor on a discretionary or non-discretionary basis and held separately from other clients’ assets.

<sup>3</sup> A **pooled fund** is where assets are held on a collective basis on behalf of a number of investors and managed according to a single, defined investment objective.

## Our principles for exclusions

As part of our approach to investing responsibly, we prioritise engagement over exclusions. If a company fails to meet our environmental, social and governance preferences, our starting point is to engage with the company so we can better understand and influence how they operate. However, if a company isn't making tangible progress or there is a risk of poor outcomes for customers, we will take necessary action – which may include exclusion.

Royal London will make a baseline investment exclusion where the activity is illegal. We will also consider a baseline exclusion where:

1. As defined by UN treaties and specified, relevant UN initiatives (for example, the UN Global Compact), the activity is highly controversial. Such investments pose a risk to the investments of our customers and clients and/or the environment and society
2. We do not believe that company engagement has previously been or will be effective
3. There is a strong customer or client preference not to invest in the activity.

## Policy standards

Where practically possible, RLMIS will not knowingly invest in the areas of controversial weapons and thermal coal as detailed below.

### Controversial weapons

We will not knowingly invest in the **manufacture of cluster munitions, anti-personnel landmines and chemical and biological weapons, white phosphorus, blinding lasers, non-detectable fragments and companies which supply nuclear weapons to states lacking credible arms control commitments** (ie, countries not signatory to or non-compliant with the Nuclear Non-Proliferation Treaty). We collectively define these weapon types as 'controversial weapons'.

While there is no universally recognised definition of controversial weapons, RLMIS defines controversial weapons as those which have an indiscriminate and disproportional impact on civilians or are illegal and prohibited by international conventions and treaties. International conventions and treaties relevant under this definition include (subject to any amendments or updates from time to time):

- **The Anti-Personnel Mines Treaty 1997**,<sup>4</sup> also known as the Ottawa Convention, which prohibits the use, stockpiling, production and transfer of anti-personnel mines
- **The Biological Weapons Convention 1975**,<sup>5</sup> which prohibits the development, production and stockpiling of bacteriological (biological) and toxin weapons
- **The Chemical Weapons Convention 1977**,<sup>6</sup> which prohibits the development, production, stockpiling and use of chemical weapons

<sup>4</sup> [The Ottawa Convention at a Glance | Arms Control Association](#)

<sup>5</sup> [The Biological Weapons Convention – UNODA](#)

<sup>6</sup> [Chemical Weapons Convention | OPCW](#)

- **The Convention on Cluster Munitions 2008**,<sup>7</sup> which prohibits the use, production, transfer and stockpiling of cluster munitions
- **Protocol I and IV to the Convention on Certain Conventional Weapons**.<sup>8</sup> Protocol I prohibits the use of any weapon designed to injure by fragments which cannot be detected. Protocol IV prohibits the use and transfer of laser weapons designed to cause permanent blindness.
- **The Nuclear Non-Proliferation Treaty**<sup>9</sup> is an international treaty which aims to prevent the spread of nuclear weapons and weapons technology, promote cooperation in the peaceful uses of nuclear energy and pursue negotiations in good faith on disarmament measures.

### Thermal coal

Thermal coal has a higher carbon intensity than other fossil fuels, meaning that worldwide thermal coal production and consumption must decrease rapidly to support the goals of the Paris Agreement.

We exclude companies with thermal coal reserves of two billion tonnes or more globally, or that generate 60% or more of their revenues from thermal coal mining. We believe these companies are not in a position to transition their business models in a timeframe that would mitigate the worst impacts of climate change.

### Reviewing excluded activities

We review the activities excluded within this Policy on an annual basis, or earlier if there are any regulatory or key business changes or significant world events that impact it. The review of excluded activities determines if anything is to be added or removed in order to ensure that the Policy continues meet our exclusions principles and considers the obligation to deliver good customer outcomes and meet any applicable restrictions in customer contracts.

### Application and monitoring of exclusions

We monitor our asset managers' alignment to the Policy using our RICC Asset Manager Oversight Framework. You can find further details of the RICC Oversight Framework in the RLMIS Stewardship Report, available on our [website](#).

On an annual basis, or when changes are made to the Policy, we communicate the Policy to our asset managers (where relevant).

We require the asset managers who manage our segregated mandates and the RLAM-managed pooled funds we invest in to apply the Policy and confirm it has been applied on an annual basis.

Where a segregated mandate or RLAM-managed pooled fund is assessed as deviating from the Policy, this will be escalated via the RICC Asset Manager Oversight Framework. Following engagement, RLMIS will consider divesting or exiting their fund.

For externally-managed pooled funds, we monitor alignment to the Policy and consider results alongside other factors impacting Royal London and our customers.

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<sup>7</sup> [The Convention on Cluster Munitions](#)

<sup>8</sup> [The Convention on Certain Conventional Weapons – UNODA](#)

<sup>9</sup> [Treaty on the Non-Proliferation of Nuclear Weapons – UNODA](#)