The Royal London Mutual Insurance Society Limited Responsible Investment and Stewardship 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 customers and clients build financial resilience, while playing our part in moving fairly to a sustainable world.

For Royal London, responsible investment means intentionally integrating environmental, social and governance (ESG) factors into investment processes, alongside targeted stewardship, to support investment outcomes over the long term. This includes ESG risks, market inefficiencies[1] or opportunities.

What this policy covers[2]

This policy sets out the standards that apply to:

- Royal London's UK business, the Royal London Mutual Insurance Society Limited (RLMIS), in relation to responsible investment and stewardship
- all assets managed on behalf of RLMIS – both by our Asset Management business, Royal London Asset Management, and external asset managers
- all our pensions propositions – our unit-linked, non-linked insured and Bulk Purchase Annuities businesses.

It details the principles and minimum standards that apply to the responsible investment and stewardship activities of RLMIS, in relation to:

- Royal London's Investment Philosophy and Beliefs
- stewardship (engagement, voting and exclusions)
- consideration of environmental, social and governance (ESG) factors and sustainability in investment processes
- reflecting customer preferences
- monitoring and oversight of responsible investment and stewardship activities
- reporting and disclosure
- managing conflicts of interest.

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[1] ESG market inefficiencies highlight where a company can improve its ESG practices or disclosures to enhance overall performance and stability

[2] This is a public version of an internal policy. Further information on our stewardship activities, including our annual Stewardship Reports, is available at www.royallondon.com

Key terms used in this policy

The following seeks to explain some of the key terms used in this policy. For definitions of other terms, please see our Glossary, available on our website.

Engagement: Engagement refers to structured, purposeful dialogue between investors and companies, policymakers, standard setters and other stakeholders with the intention of influencing (or identifying the need to influence) positive change and/or improving disclosure.

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

ESG integration: ESG integration is the systematic, explicit and transparent integration of material environmental, social and governance (ESG) considerations into the processes for investment research, analysis, and decision-making. For funds, ESG integration refers to the consideration of ESG risk as part of the investment process. It does not mean the fund is trying to achieve a particular positive ESG outcome.

Stewardship: Stewardship is the responsible allocation, management, and oversight of capital to create long-term sustainable value for customers, members and clients.

Sustainability: Sustainability means meeting the needs of the present without compromising the ability of future generations to meet their own needs. This thereby contributes to the long-term well-being and prosperity of economies, environment, and societies.

Sustainable investing: Sustainable investing is a strategy that intentionally invests in companies or assets which contribute towards positive environmental and/or social outcomes.

Voting: Using our rights as shareholders to vote at the Annual or Extraordinary General Meetings (AGM/EGM) of the companies in which Royal London invests.

The following terminology[3] is used to refer to asset managers throughout this policy:

- **Tier 1 asset managers**: Royal London Asset Management, which manages over 95% of our customers' and clients' assets, is subject to Tier 1 'advanced monitoring' arrangements, in addition to the baseline arrangements applied to Tier 3 asset managers.
- **Tier 2 asset managers**: Key asset managers who manage over £100m each on behalf of RLMIS and/or our Matrix fund[4] asset managers. These managers are subject to 'enhanced oversight' arrangements, in addition to the baseline arrangements applied to Tier 3 asset managers.
- **Tier 3 asset managers**: All asset managers with RLMIS customer investments who do not meet the criteria to be classified as Tier 1 or Tier 2. These managers are subject to 'baseline oversight' arrangements.

[3] During 2025, we updated this terminology. In our reporting prior to 2024, asset managers are categorised differently.
[4] A range of equity funds that RLMIS selects and makes available for customers who wish to invest in funds beyond those directly managed by our Asset Management business.

Principles and standards

1 Investment Philosophy and Beliefs

Responsible investment and stewardship form a key part of Royal London's Investment Philosophy and Beliefs, which guide how we invest our customers' money on their behalf. Royal London's Investment Philosophy and Beliefs are available on our website.

2 Stewardship

We believe that we should act as a responsible steward of the assets we invest in on behalf of our customers, who rely on us to adopt a responsible investment approach – in line with our legal duty and responsibility as a mutual insurer. Our stewardship activities encompass engagement, voting and exclusions.

Engagement

We engage with policymakers, the companies we invest in, industry groups and other stakeholders to play our part in moving fairly to a sustainable world. Using Royal London's position as the UK's largest mutual life, pensions and investment company,[5] we can help influence the activity of these stakeholders.

Engagement with investee companies

We believe in an 'engagement-first' rather than 'divestment-first' approach. Our preference is to remain invested so that we can drive meaningful change and collaborate constructively with investee companies, encouraging them to support a more sustainable future and with the aim of delivering the outcomes that our customers expect. We believe this is a more beneficial course of action than divesting, with greater potential to reduce adverse social and environmental impacts within our portfolio and in the wider economy. 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.

We delegate engagement with investee companies to our asset managers, as they are better placed to leverage close relationships with those to influence behaviour.

We set engagement focus areas for our asset managers, which we review at least every two years. When deciding on engagement focus areas, we consider Royal London's Purpose and strategy as well as industry best practice, input from our External ESG Advisory Group, customer research and insights from our Asset Management business.

We set out our engagement focus areas within the RLMIS Stewardship Report, available on our website.

We oversee and track our asset managers' engagement activity as part of our Asset Manager Oversight Framework, which provides structured monitoring of asset managers' adherence to this Responsible Investment and Stewardship Policy.

[5] Based on total 2022 premium income. ICMIF Global 500, 2024.

We require our Tier 1 and Tier 2 asset managers to set engagement priorities and inform us when priorities change. We assess the alignment of these priorities with our own engagement focus areas.

We also require Tier 1 and Tier 2 asset managers to engage with investee companies in line with these priorities and in the best interests of their clients, and provide evidence of engagement and escalation activities that reflects positive and negative outcomes (this can include ongoing engagement). Engagement typically covers matters such as a company's strategy, financial and non-financial performance and risk, capital structure, social and environmental impact, and corporate governance. Engagement activities may be undertaken in collaboration with other investors.

Where additional information or confirmation on aspects of asset managers' engagement practices is required, we follow an escalation process.

Engagement with policymakers

Financial institutions cannot deliver on their climate ambitions or a just transition without clear leadership from policymakers. We believe it is important to engage with policymakers to help support the transition to a low-carbon economy, in a way that considers the impact on society. We also engage with policymakers through membership in industry bodies and collaborative industry groups.

We set priorities for our engagement with policymakers. These are regularly reviewed to take account of our engagement focus areas and the latest policy developments that are relevant to Royal London's Purpose and strategy.

We seek opportunities that align with these priorities to engage with policymakers, industry groups and regulators. Such opportunities could include meeting with a range of policymakers, collaboration through industry bodies, participation in consultations, delivering thought-leadership and sponsoring research and reports.

We set out Royal London's policymaker engagement priorities and where appropriate report on our activities in our annual RLMIS Stewardship Report, available on our website.

Voting

Active use of shareholder rights – including voting – is fundamental to how we look after our customers' and clients' assets. Our aim is for our vote to be used to encourage investee companies to make decisions that are aligned to Royal London's Purpose outcomes, supporting the best long-term interests of our customers.

In exercising voting rights, Royal London applies the provisions of the UK Corporate Governance Code as well as the local corporate governance requirements of the markets in which investee companies operate. Given that good practice typically develops ahead of Code provisions, we expect voting to be exercised in a way that encourages investee companies to apply good practice.

We apply the Voting Principles available on our website.

Exclusions

We prioritise engagement over exclusions, recognising that meaningful change is best driven by engaging with companies where there are issues to be addressed because our customers and clients can share in their success.

We believe exclusions should be used sparingly and be informed by the preferences of our customers and clients as well as our Royal London Purpose. Our approach is detailed in our Exclusions Policy, available on our website.

3 ESG and sustainability

We believe that integrating environmental, social and governance (ESG) factors into our investment process helps to manage risks and can generate better outcomes for our customers and clients.

ESG integration

We assess how asset managers integrate ESG factors into their decision making and investment processes through due diligence questionnaires and stewardship meetings as part of our Responsible Investment and Climate Change Oversight Framework (see Section 5).

We conduct our own research and use third-party data to stay informed of emerging sustainability (including climate-related) and ESG risks that may affect the investments we hold on behalf of our customers. We use this third-party data to guide biannual stewardship meetings with Tier 1 and 2 asset managers, which form part of our asset manager oversight process. We also use this data to report on carbon emissions related to our portfolio within our external reporting.

Sustainability

Our largest exposure to sustainability risks is the impact they have on the assets we manage for our customers. Of these sustainability risks, climate risk is considered a material risk to our business. We monitor climate risk through Royal London's risk management processes.

As an asset owner, our primary investment propositions are the Governed Range and the With Profits funds. The key determinant of investment returns for customers invested in these propositions is how we decide to allocate our investments across different asset classes – known as the strategic asset allocation (SAA). We consider climate metrics, climate scenarios and our climate commitments when setting and reviewing the SAA, as part of our SAA Framework. The SAA Framework is reviewed by the RLMIS Board Investment Committee every three years.

We believe the best future for our customers is one where we collectively take actions to address climate change to achieve the goals set out in the Paris Agreement. As part of meeting our climate commitments, RLMIS is developing a plan to expand and adapt our range of investment products that will enable our customers to invest in the low-carbon transition.

4 Customer preferences

We conduct regular surveys and market benchmarking to understand customer, employer and advisor priorities. We use the results of our research to guide our approach to responsible investment and stewardship, where appropriate to do so, and to develop the range of investments we offer, including investments to support the net zero transition and contribute to society.

5 Monitoring and oversight

The RLMIS Investment Office operates our Responsible Investment and Climate Change (RICC) Oversight Framework to provide structured oversight of asset managers' adherence to this Responsible Investment and Stewardship Policy and alignment with our Investment Philosophy and Beliefs.

The RICC Oversight Framework follows a proportionate approach to oversight based on the level of assets under management with each asset manager.

Depending on the type of investment, the RICC Oversight Framework standards and monitoring activities include:

- biannual stewardship meetings with Tier 1 and 2 asset managers to discuss our review of their voting, exclusions and climate data, as well as discussions in relation to their engagement activities, regulatory changes and new areas of focus. We monitor the alignment of investments with a range of ESG factors, including climate considerations, and discuss our findings in these meetings.
- requiring asset managers to complete a due diligence questionnaire covering a range of ESG topics. This covers topics including voting, exclusions, engagement and climate, as well as expectations such as monitoring progress towards net zero commitments.
- establishing that ESG integration activities are in line with our Responsible Investment and Stewardship Policy.
- confirming that the stewardship activities undertaken by asset managers on our behalf – including engagement, exclusion and voting activities – are documented and reviewed for consistency with our policies.

Our Investment Office reports on these oversight activities to our Investment Strategy Committee and the RLMIS Board Investment Committee, escalating any issues of concern. Issues relating to our Bulk Purchase Annuities proposition will be escalated to our Matching Adjustment Committee.

Our Investment Office also reports RICC oversight activities to the Group Responsible Business and Investment Solutions teams on a monthly basis.

For further details of the RICC Oversight Framework, see the RLMIS Stewardship Report, available on our website.

6 Reporting and disclosures

We believe that applying appropriate approaches to reporting and regulation is essential for transparency enabling trust in us and the wider financial system. We aim to provide customers and clients with the information they need to feel confident about making decisions on their savings and investments, and on building their financial resilience.

As signatories of the UN-supported Principles for Responsible Investment and UK Stewardship Code 2020, we are committed to the standards these set for responsible investment and stewardship, including in relation to reporting our activities to customers, clients and other key stakeholders in a transparent manner.

We produce a publicly available stewardship report on an annual basis, in line with the requirements of the UK Stewardship Code 2020.

Our Bulk Purchase Annuities business also submits an annual Bulk Annuity Sustainability Survey to Accounting for Sustainability in line with the requirements for the Sustainability Principles Charter for the Bulk Annuity Process.

We produce a number of reports for the Royal London Group, with input from our Asset Management business and wider business areas as required. This includes Royal London's Climate Report.

Our Group Responsible Business and Investment Solutions teams are responsible for ensuring our reporting complies with the Financial Conduct Authority's anti-greenwashing rule.

7 Conflicts of interest

We are committed to meeting the highest standards of personal and corporate ethics across all our activities, ensuring we do what is right for our members, customers and wider society. We recognise that conflicts of interest may arise between RLMIS, our asset managers and our respective customers and clients. Any conflict of interest must be identified, managed and disclosed in accordance with the Royal London's Conflicts of Interest Policy and Procurement and Third-Party Management Policy, including potential conflicts of interest with our Asset Management business.

We provide further detail on our activities to manage conflicts of interests within our annual RLMIS Stewardship Report, available on our website.