

Stewardship Report

Activities and Outcomes Report 2025

to be read alongside the Policy and Context Disclosure

The Royal London Mutual Insurance Society Limited

Asset owner approach to meeting the UK Stewardship Code 2026 requirements. This report was submitted to the Financial Reporting Council in October 2026.

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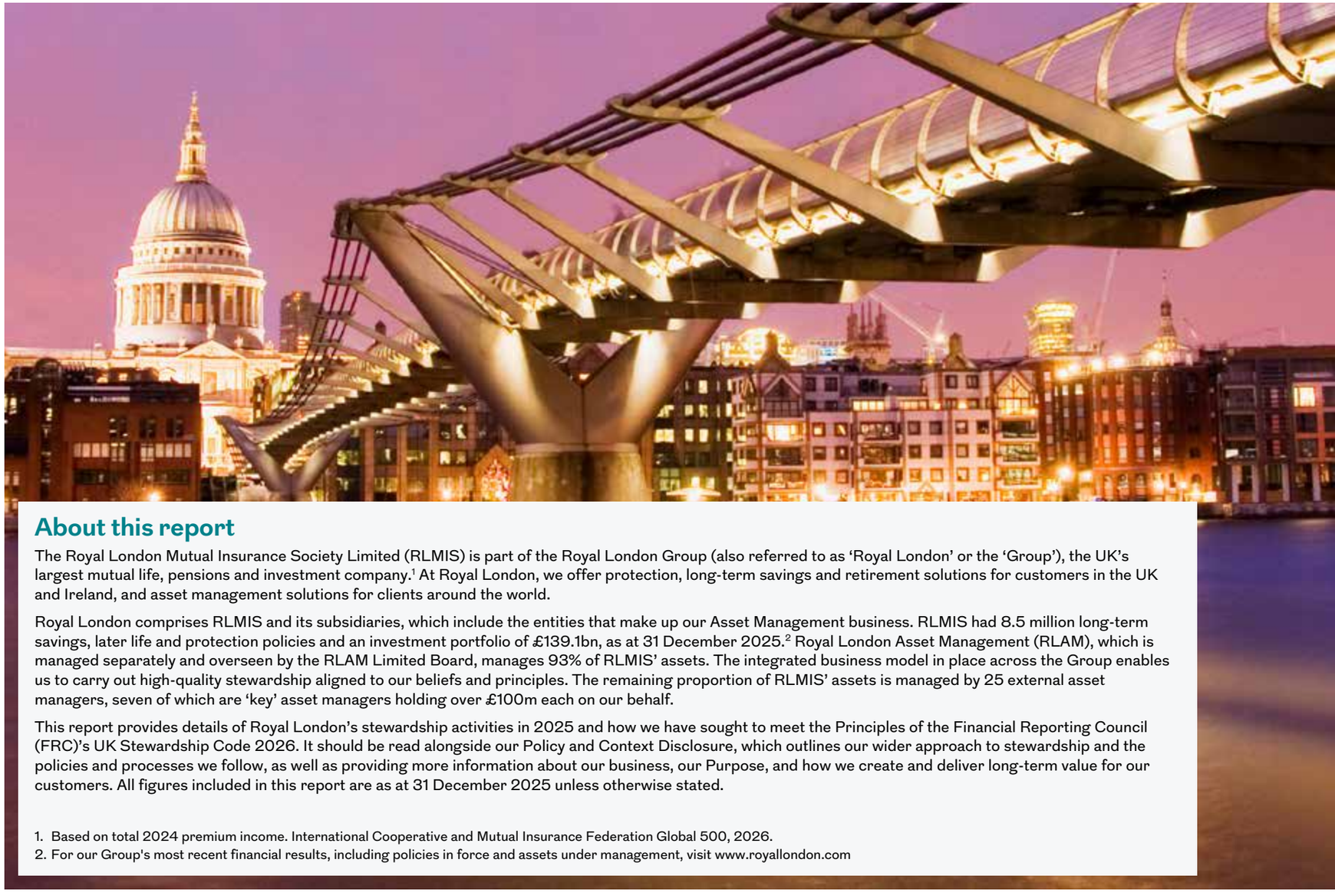
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Policy and Context Disclosure
A report that outlines our wider approach to stewardship, and the related policies and processes

For a glossary of terms used in this report, please visit www.royallondon.com



About this report

The Royal London Mutual Insurance Society Limited (RLMIS) is part of the Royal London Group (also referred to as 'Royal London' or the 'Group'), the UK's largest mutual life, pensions and investment company.[1] At Royal London, we offer protection, long-term savings and retirement solutions for customers in the UK and Ireland, and asset management solutions for clients around the world.

Royal London comprises RLMIS and its subsidiaries, which include the entities that make up our Asset Management business. RLMIS had 8.5 million long-term savings, later life and protection policies and an investment portfolio of £139.1bn, as at 31 December 2025.[2] Royal London Asset Management (RLAM), which is managed separately and overseen by the RLAM Limited Board, manages 93% of RLMIS' assets. The integrated business model in place across the Group enables us to carry out high-quality stewardship aligned to our beliefs and principles. The remaining proportion of RLMIS' assets is managed by 25 external asset managers, seven of which are 'key' asset managers holding over £100m each on our behalf.

This report provides details of Royal London's stewardship activities in 2025 and how we have sought to meet the Principles of the Financial Reporting Council (FRC)'s UK Stewardship Code 2026. It should be read alongside our Policy and Context Disclosure, which outlines our wider approach to stewardship and the policies and processes we follow, as well as providing more information about our business, our Purpose, and how we create and deliver long-term value for our customers. All figures included in this report are as at 31 December 2025 unless otherwise stated.

1. Based on total 2024 premium income. International Cooperative and Mutual Insurance Federation Global 500, 2026.
2. For our Group's most recent financial results, including policies in force and assets under management, visit www.royallondon.com

Foreword



> **We believe engagement, rather than divesting, is more effective in driving real-world change: to make a positive difference, you need a seat at the table."**

Barry O'Dwyer
Group Chief Executive Officer

Our approach to stewardship is rooted in our Purpose – 'Protecting today, investing in tomorrow. Together we are mutually responsible'. Royal London is customer owned, which means our sole focus is on delivering for our customers, helping them to build their financial resilience while also playing our part in moving fairly to a sustainable world.

Active engagement is core to our stewardship approach. We engage with the companies we invest in, to ensure our investments will continue to deliver long-term value, for the benefit of our customers and society. We believe engagement, rather than divesting, is more effective in driving real-world change: to make a positive difference, you need a seat at the table.

Our 2025 stewardship activities

Across the Royal London Group in 2025, our stewardship activity centred around climate change and inclusion, with a focus on supporting a just transition – where the social and environmental implications of moving to a low-carbon economy are considered side by side. This reflects our continued belief that the best outcome for our customers will be delivered by collective action to meet the goals of the Paris Agreement.

As our approach evolves, we will continue to respond to emerging risks and opportunities, such as the ongoing geopolitical tensions in various parts of the world, and the rapid advances we are seeing in artificial intelligence. Our approach must also reflect the changing needs and priorities of our customers, which are in part shaped by these external pressures. In 2025, we conducted a review of our focus areas for engagement, informed by insight from our customer research. Our focus areas from 2026 are climate and nature, and social and financial inclusion.

Our Asset Management business, Royal London Asset Management (RLAM), leads our engagement efforts with the companies we invest in. In 2025, RLAM completed 658 engagements, of which 181 were related to climate change – in line with our belief that companies with credible transition plans will be best placed to deliver sustainable returns for customers in the long term.

As part of the Net Zero Stewardship Programme, RLAM engaged directly with 65 companies, accounting for more than half (52%) of our financed emissions. RLAM also exercises our voting rights at companies' AGMs, voting in nearly 4,400 meetings in 2025 to reflect our views to positively influence actions across a range of environmental, social and governance (ESG) issues.

Advocating for a just transition

The political and economic context in which we invest is crucial to the long-term benefits we aim to deliver for customers. Engagement with policymakers, the industry and wider stakeholders is therefore an increasingly critical part of our stewardship approach.

In 2025, we worked with Business in the Community to publish its 'Creating a Future Ready Economy' report, which made recommendations for government and industry on how to support a just transition. These included greater use of 'blended finance' to harness both public- and private-sector capital to support infrastructure investments needed to deliver a just transition. Royal London also plays an active part in the Association of British Insurers (ABI) Investment Delivery Forum, which aims to help accelerate investment in projects that grow the economy, reduce emissions and enable innovation.

The diversity of our investment portfolio means we were well placed to sign up in May 2025 to the Mansion House Accord, a voluntary initiative that commits workplace pensions providers to increase investment in UK private assets. We have also given our backing for the Sterling 20 initiative, a UK-wide plan to drive regional growth and investment in infrastructure. Wherever we invest, the choices we make will be first and foremost in our customers' best interests.

Looking ahead

This report, along with our Policy and Context Disclosure, is the first that we have published under the UK Stewardship Code 2026. We provided proactive feedback to the Financial Reporting Council to support the development of the new Code, and we share its belief that this will result in further improvements to transparency across our industry.

In publishing our Climate Transition Plan in June 2025, we have set out how we will meet our climate goals. We have also agreed actions to enhance our risk management processes to help meet new regulatory expectations, and have developed a range of climate scenarios to aid our understanding of the potential impact of climate-related risks.

For our customers, we will continue to drive stewardship outcomes that help to secure their financial resilience, while also supporting a sustainable environment and society.

2025 highlights



Strengthening our stewardship approach

Our Responsible Investment and Stewardship Framework sets out the standards we follow as well as our expectations of asset managers. In 2025, we strengthened our Framework by developing a Group-wide Exclusions Policy to provide a consistent approach to exclusions across Royal London.

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658

engagements completed by RLAM in 2025



Listening to customer views

We conducted 92 research studies with customers, employers and advisers in 2025, which included gathering their views on responsible investment themes. We reflected the findings in developing our Exclusions Policy and our new Fossil Fuel Investments Position, published in 2025.

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92

research studies conducted in 2025



Engaging with investee companies for change

We actively exercise the rights we gain from holding shares in companies, including our right to vote at company meetings. Our Asset Management business engages with companies on our behalf. RLAM completed 658 engagements during 2025, addressing 20 unique ESG topics, and voted at 4,397 company meetings on over 53,000 resolutions globally.

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4,397

company meetings voted at in 2025



Engaging with policymakers for change

Through membership of industry bodies and other collaborative opportunities, we encourage policymakers to support the transition to a low-carbon economy, in a way that considers the impact on society. In 2025, we proactively engaged with policymakers on three priorities which support our engagement focus areas: UK long-term infrastructure strategy, blended finance and value for money.

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priority areas for policymaker engagement

1. Integrating stewardship and investment

We set out our stewardship approach in detail in Section A of our Policy and Context Disclosure. Our approach is governed by our Responsible Investment and Stewardship Framework, and the key elements are summarised in the table below.

Our stewardship approach

Asset manager oversight

- Our asset managers undertake stewardship activities, including engagement and voting, on our behalf.
- Our Responsible Investment and Stewardship Policy, detailed in Section C of our Policy and Context Disclosure, sets out how we expect them to manage our customers' money appropriately.
- RLMIS monitors their performance against this policy and other considerations using its Asset Manager Oversight Framework to confirm our required standards are met.

Engagement

- We seek to influence the behaviour of policymakers, the companies in which we invest, our peers and others to benefit our customers and wider society.
- We follow an 'engagement first' rather than 'divestment first' approach for our investments – and if an investee company is not making material progress, we expect our asset managers to escalate activities.
- We use exclusions sparingly, where they meet certain principles. Our Exclusions Policy sets out our exclusions principles and the activities that we exclude across our investments.

Exercising our vote

- Our bespoke approach to proxy voting complements our engagement activities.
- By voting on our behalf, our asset managers express our view on a range of issues, such as corporate governance, climate change, employee engagement and board appointments.
- Our Group-wide Voting Policy sets the parameters for RLMIS as an asset owner and for our Asset Management business.

As explained in Section B of our Policy and Context Disclosure, several teams within RLMIS contribute to the effective management and implementation of our stewardship-related activities. Our Responsible Investment and Stewardship Policy governs the integration of stewardship-related activities across the business by setting out the minimum standards and responsibilities for different teams in the business.

We regularly consider and aim to improve our stewardship approach, for example through our policy review process, as described in Section C of our Policy and Context Disclosure, and through regular reviews of our engagement focus areas. As detailed in the case studies on this page and the following page, our customer insights are one aspect that contributes to these reviews to ensure that our approach is based on an understanding of customer needs and preferences.

Exclusions Policy review

In 2025, we developed a Group-wide Exclusions Policy to provide a consistent approach to exclusions across Royal London. The new policy has a principles-based approach to how we decide which activities to exclude across all 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.

Our principles for exclusions

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

- the activity is highly controversial, as defined by UN treaties or initiatives
- company engagement has not been, or will not be, effective
- there is strong customer or client preference to not invest in the activity.

Reviewing the activities we exclude

In 2025, we reviewed a range of activities against the new principles. This review resulted in the decision that controversial weapons and thermal coal would be brought into the scope of the Exclusions Policy as baseline exclusions.

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

We also applied an exclusion to companies heavily involved in thermal coal, as part of developing our approach to investing in fossil fuels. We decided to exclude these companies because companies with large reserves of thermal coal or those that generate a significant part of their revenue from thermal coal mining are not in a position to transition their business models in a timeframe that would mitigate the worst impacts of climate change. Customer research from November 2024 supported this decision, with 40% of our customers not wanting any money to be invested in fossil fuel-related activities and a further 39% only happy to invest if companies have plans to improve their practices or stop these activities, or earn a small proportion of revenues from these activities.

We keep our excluded activities under annual review. We review the wider Exclusions Policy triennially or if there were a significant change in world events, or key regulatory or business changes.

For further information, see our Exclusions Policy and our Fossil Fuel Investments Position.

Integrating stewardship and investment *continued*

Climate strategy research

Following publication of our Climate Transition Plan and Fossil Fuel Investment Position in June 2025, we tested how our approach to playing our part in tackling climate change resonated with customers, advisers and employers. This particularly focused on our investment approach, given over 99% of our emissions come from our investment portfolio.

The key finding from this research was that having a visible, detailed strategy builds trust, as it demonstrates that Royal London is taking the issue seriously. Our preference for engagement over divestment resonated across audiences. However, the research showed that customers, advisers and employers would like Royal London to provide more case studies of the actions we are taking to make progress against our climate strategy, including what impact these have on long-term investment returns.

We continue to evidence progress against our Climate Transition Plan in our annual Climate Report. We also aim to publish more case studies across our external reports to demonstrate our climate strategy in action, such as on how we engage with companies and policymakers on climate-related issues.

Our stewardship priorities

We set priority focus areas for our engagement to guide our activities and reflect the topics most material to Royal London and our customers.

In 2025, we focused on two areas across all Group engagement activity: climate change, and inclusion (focused on a just transition). These focus areas align with with our Purpose outcomes of 'Helping build financial resilience' and 'Playing our part in moving fairly to a sustainable world', as well as the UN Sustainable Development Goals. Climate change presents a threat to the wellbeing of people and the planet, and, specifically for our customers, to the long-term returns on their investments.

During the year, we carried out a review of our focus areas, by considering our Purpose, customer and client research, our Responsible Investment and Stewardship Policy, and insights from our Asset Management business.

Our new Group-wide focus areas from 2026 are:

- climate and nature
- social and financial inclusion.

Regular ongoing engagement with policymakers, investee companies and other stakeholders is a core element of good stewardship. We encourage policymakers to support the transition to a low-carbon economy, in a way that also takes into account impacts on society. We also engage with companies through our Asset Management business, in line with our Group-wide Responsible Investment and Stewardship Framework (see Section A of our Policy and Context Disclosure for further information). The Group's engagement focus areas inform the themes on which it undertakes its engagement activities.

For further details of our engagement focus areas, and how we consider these across our stewardship and investments, see Principle 3 in this report.

Our engagement focus areas in action

During 2025, our Asset Management business engaged with companies to encourage both a 'just transition', aligned to our focus area of inclusion, and a 'just adaptation', to support our focus on climate change.

Just transition

An inclusive approach which helps avoid exacerbating existing injustices or creating new ones, considering the social implications of moving fairly to a low-carbon economy.

RLAM continued its longstanding advocacy for a just transition through engagement with four of the largest UK retail banks (Barclays Plc, HSBC Holdings Plc, Lloyds Banking Group Plc and NatWest Group Plc). Our Asset Management business worked with Border to Coast Pensions Partnership and Friends Provident Foundation to evaluate how the banks incorporate just transition and benchmark them against investor expectations. The resulting report highlighted important areas for improvement – in particular, reducing emissions in different regions, supporting customers when facilities close and ensuring local communities benefit from their activities. Since the engagement began in 2022, these four banks now consider just transition to some extent in their product design, sectoral strategies and place-based approaches, demonstrating to others that considering the social impacts of the transition can strengthen their business activities. The report was published in March 2026 and is available at www.rlam.com.

Just adaptation

Minimising the negative social externalities from efforts to adapt to climate change while maximising the adaptation benefits for wider society.

In 2025, RLAM engaged with eight companies across a range of sectors and geographies, including utilities, mining, retail and industrials, to explore how climate adaptation plans can be implemented both effectively and equitably. RLAM primarily selected companies based on their exposure to physical climate risks. The engagements included formal meetings, letters and emails. These discussions aimed to identify how companies can manage physical climate risks while creating long-term value and delivering benefits for workers, communities and ecosystems. RLAM also collaborated with NGOs, academics and policymakers to deepen our understanding and elevate adaptation on the national agenda. In December 2025, our 'investor expectations' guide was published, available at www.rlam.com, to help guide companies' just adaptation plans.

Integrating stewardship and investment *continued*

ESG integration

Our approach

ESG integration means intentionally integrating environmental, social and governance factors within investment decisions, including considering ESG risks and/or market opportunities. It does not mean that a product or fund is trying to achieve a particular positive ESG outcome.

Considering ESG factors, combined with traditional financial risk measures, helps identify financially material risks to companies and other issuers. Our Asset Management business tailors how we integrate ESG risk across asset classes and investment strategies, instead of adopting a single, more general approach. Driven by our Purpose, we want to be a responsible owner of the companies we invest in. We believe that this will help influence real-world change.



Expectations of our asset managers

As described in Section A of our Policy and Context Disclosure, we expect our asset managers, where relevant, to consider ESG factors in their investment process and portfolio construction, and how they monitor performance. We use our Responsible Investment and Climate Change (RICC) Asset Manager Oversight Framework to monitor how they integrate ESG considerations across our investments. This is supplemented by biannual stewardship meetings with RLAM and our key asset managers. For further details of our monitoring activity, see Principle 5 in this report.

Our Asset Management business's approach

RLAM considers a number of factors when analysing companies – including, but not limited to, company financials, operations, corporate governance, company strategy, market context and risks. While not all investment strategies have an explicit ESG objective, they may still consider ESG risks and inefficiencies as part of their overall process. We believe ESG considerations are not solely for the purpose of any explicit sustainability outcome – they also help us make informed long-term decisions by providing a broader view of the potential risks. Please check product documentation for details on specific product outcomes. For further detail of our Asset Management business's approach to ESG integration, see RLAM's Stewardship and Responsible Investment Report 2025.

Equities

Equities are a significant part of our investment portfolio, as set out in Section A of our Policy and Context Disclosure.

A rigorous approach to risk management and value creation sits at the heart of our Asset Management business's approach. It includes evaluating companies' ESG risks and market inefficiencies to ensure decision making is robust and clients' interests are safeguarded.

Across RLAM's equity strategies, there are different approaches to ESG integration:

- Traditional funds assess ESG risks as part of their risk management alongside financial analysis.
- Quantitative equity solutions go a step further by actively underweighting or overweighting holdings based on specific ESG criteria, rewarding strong performers and mitigating exposure to higher-risk issuers.
- Sustainable funds positively screen for companies clearly contributing to sustainability goals, investing to achieve beneficial social and environmental outcomes.

This approach helps our Asset Management business meet diverse client preferences and regulatory requirements, while remaining focused on long-term value creation and responsible stewardship.

Further details of our engagement, voting and exclusions approach for equity holdings is provided under Principles 3 and 4 in this report.

CLP Holdings

CLP Holdings is a major power utility engaged in generation, transmission and distribution across Asia-Pacific. It is undergoing a significant transition as it shifts away from coal and works to strengthen the credibility of its long-term decarbonisation strategy.

Over 2025, our Asset Management business's engagement focused on the company's progress in refining its climate transition plan, and the clarity of the levers underpinning its net zero pathway. CLP acknowledged the need for a clearer breakdown of what is driving decarbonisation, and outlined ongoing work to improve disclosure on the role of renewable energy, flexible capacity and timelines for when individual assets will be retired. RLAM also discussed the importance of transparent capital allocation, particularly with respect to the phasing-out of coal assets and investment in lower-carbon generation. While the company has taken steps to enhance transparency, including publishing updated transition planning information, RLAM encouraged CLP to set out more near-term milestones and strengthen alignment between its strategic intentions and its medium-term emissions trajectory. RLAM's engagement aims to support the company in developing a more robust and investor-ready climate plan.

Fixed income, including corporate bonds

Our fixed income allocation is invested largely in direct bond holdings and our Asset Management business's in-house fixed income funds. Our Asset Management business incorporates ESG considerations into fixed income investing in a variety of ways. These include:

- integrating ESG as risk assessment factors
- using tools such as ESG and climate scores to align with environmental and social standards
- applying positive screening for some strategies, to identify issuers managing ESG risks effectively and contributing towards sustainability goals.

All of the investments we make through our Asset Management business are made actively, rather than simply in line with market indices, and with a focus on adding value through the identification and evaluation of market inefficiencies. Our Asset Management business believes that combining rigorous fundamental credit analysis with proactive engagement allows us to achieve more attractive risk-adjusted returns.

For private debt, transparency is inherently limited, so our Asset Management business conducts due diligence and engagement to try to improve ESG practices. Investments in secured credit – which include infrastructure, social housing and real estate – aim to integrate ESG considerations and proprietary research to address gaps in publicly available data or disclosures.

Centrica

Our Asset Management business engages with Centrica as part of its Net Zero Engagement Programme. Centrica aims to be operationally net zero by 2045 and is committed to addressing most of its emissions by supporting its 10 million customers to achieve net zero by 2050. At the end of 2024, the Responsible Investment team met with Centrica to discuss its various decarbonisation efforts, but felt there was a lack of both detail and ambition in its transition plan at that time, and consequently classified Centrica as one of the weaker scorers against the Credit team's framework.

In the third quarter of 2025, engagement with the company was among the investor engagements that yielded several positive developments. Centrica's updated climate transition report provided greater transparency on carbon offsetting, and included climate metrics within its executive remuneration packages and further decarbonisation strategies. Additionally, Centrica clarified its lobbying stance, where it demonstrated a thoughtful approach to assessing whether its trade associations are aligned to the Paris Agreement and committed to a just transition. Centrica illustrates how climate action and nature impacts can interact, particularly where land use, infrastructure development and the expansion of low-carbon technologies intersect. RLAM's engagement highlighted meaningful progress, with improved climate transition and lobbying disclosures, robust TCFD-aligned physical risk assessments, and biodiversity emerging as a developing area of focus.



Centrica has begun mapping its operational sites against ecologically sensitive areas to understand how grid upgrades, renewable installations and other transition activities could affect surrounding landscapes.

Another key discussion point was Centrica's acquisition of a 15% stake in a major nuclear power station under construction in Suffolk, UK. This investment aligns with Centrica's £4bn green-focused strategy through to 2028. It also offers long-term regulated cash flows and reduced risk thanks to capped funding and robust government backing.

RLAM viewed this development as positive, representing a prudent and lower-risk way for Centrica to expand into nuclear energy.

These developments, along with clarity on the company's ability to reduce customer emissions, mean that Centrica is now deemed to be 'aligning' towards a net zero pathway, as determined by RLAM's climate transition assessment (CTA).

Property

Access to in-house property funds is a key and distinctive part of our multi asset offerings. Our Asset Management business manages RLMIS' property funds on our behalf. We prioritise buying and developing high-quality premises, aiming to deliver strong, long-term returns to our customers.

Responsible investment principles are embedded into decision making across all stages of the property life cycle, through our Asset Management business's Responsible Property Investment (RPI) framework, developed in 2021. For more detail on the RPI framework, see RLAM's latest RPI report.

As part of this strategy, a mandatory Sustainable Acquisition Checklist is used when purchasing a property. It ensures responsible investment risks and opportunities are thoroughly assessed for every transaction, including physical climate risk, net zero carbon and resource efficiency. RLAM's latest RPI report highlights the progress made in 2025 to strengthen our sustainability due diligence process, which supports greater resilience and reduced risk in the property portfolio.

RLAM's New Construction and Major Refurbishment Sustainability Standards continued to ensure that responsible investment remains embedded in the design and delivery of development and refurbishment projects. Updated annually, these standards set numerous sustainability targets to ensure delivery of highly sustainable, future-proof buildings that meet stakeholder expectations, and enable our business to monitor how it is delivering and performing against these targets.

Our Asset Management business regularly reassesses the responsible investment risks and opportunities of its properties as the regulatory landscape evolves and more granular data on physical climate risk becomes available. This improves the accuracy of its assessments.

For further details of how stewardship is integrated into property funds, see RLAM's Stewardship and Responsible Investment Report 2025.

Social value in action at Cambridge Research Park



In 2025, our Asset Management business piloted its Social Value Strategy, aiming to deliver positive social, economic and environmental outcomes through investment activity.

At Cambridge Research Park, a skills and qualifications gap among young people was identified, particularly those considering careers in STEM fields. Through a goal-setting workshop, RLAM's Property team mapped local needs against our social value priorities, with skills and training, and community support emerging as focus areas.

Our Asset Management business worked with Form the Future, a social enterprise that connects schools and employers, and hosted a networking event as part of Cambridge Wide Open Day 2025. Twenty students from regional colleges and 30 company representatives from leading STEM companies based at the park and across Cambridge took part and feedback was very positive. Students gained valuable insights into STEM careers and businesses were able to support future talent. The initiative helped raise awareness of career opportunities, build industry connections and create pathways for future engagement and work experience. It also directly addressed the local skills gap, and delivered targeted educational outreach.

While the full benefits of educational outreach take time to emerge, the project demonstrates our commitment to delivering measurable social value through targeted, place-based interventions that address local community needs.

Assessing sustainability in our investment process at 1 Newman Street

In 2025, one of our property funds purchased 1 Newman Street, a 121,000 sq. ft. office space in central London. The asset demonstrated strong investment fundamentals and high sustainability credentials, including Building Research Establishment Environmental Assessment Method (BREEAM) Excellent and EPC A ratings, eight rooftop solar panels and biodiverse green walls and roofing.

As part of the purchase process, our Asset Management business undertook comprehensive ESG and technical due diligence, piloting our updated Sustainable Acquisition Checklist, which reflects the latest Better Buildings Partnership (BBP) guidance and is aligned to our RPI Strategy. This assessment was complemented by a Climate Change Risk Assessment, evaluating six physical climate risks across multiple time horizons and climate scenarios, and analysis against the Carbon Risk Real Estate Monitor (CRREM)'s Carbon and Energy Use Intensity pathways.

The due diligence provided valuable insights into the building's current and future alignment with our RPI objectives and identified opportunities for further performance improvements following acquisition. Understanding the capital expenditure required to deliver these improvements was critical to informing the financial underwriting and investment decision. The acquisition also provided an opportunity to pilot our enhanced due diligence approach ahead of wider implementation across the property portfolio.

Integrating stewardship and investment *continued*

Stewardship in emerging markets

RLAM's Emerging Market equity fund applies a bespoke low-carbon and governance tilt instead of a standard ESG index, aligning with its other quantitative equity funds.[1] This means a low-carbon and governance tilt investment strategy is now applied across all equity regions for our customers.

Commodities

Royal London is a large investor in commodity futures, having held a strategic allocation in commodities funds since 2016. In 2025, our Asset Management business continued to manage commodity allocations within the multi asset funds it manages on our behalf.

Although we never take physical delivery of these commodities, our investments provide liquidity and capital to the futures markets, which producers use to lock in prices for their planned production. In this sense, our commodity investments indirectly support the ongoing production and trading of mined materials. More broadly, as an investor, our capital plays a role in shaping industry practices.

This gives us both an opportunity and a responsibility. By taking a systemic approach, we can advocate for higher standards in mining and production, support industry best practices, and promote transparency and accountability throughout the value chain.

As part of this, RLAM actively contributed as a Commissioner for the Global Investor Commission on Mining 2030, which published its final report in November 2025. This work helped set clear expectations for responsible mining, with a focus on transparency, human rights and meaningful engagement with communities.

In addition, RLAM's Head of Responsible Investment serves as a volunteer board member on the Initiative for Responsible Mining Assurance (IRMA), which is responsible for overseeing the world's most comprehensive sustainable mining standard. IRMA's multi-stakeholder approach ensures that investors, communities, workers, NGOs and industry all have a voice. Its rigorous audits also bring transparency and accountability to mine-level operations.

Broadening access to Private Assets capabilities

In 2025, we completed the acquisition of Dalmore Capital, a leading infrastructure investment manager delivering essential UK infrastructure and supporting the transition to a more sustainable economy. Dalmore Capital operates as a standalone infrastructure asset manager within our Asset Management business.

The acquisition reflects our strategic ambition to grow RLAM's Private Assets capabilities and respond to the growing demand for access to this asset class – providing diversification and stable income while also facilitating our aim to drive positive environmental impact.

In May 2025, we signed the Mansion House Accord, a voluntary initiative that encourages workplace pension providers to allocate at least 10% of defined contribution default funds to private assets by 2030. For further details, see under Principle 2 in this report.

These actions support Royal London's strategy to provide customers with access to a wider range of investment options to support their retirement ambitions.

Sustainable funds

In 2025, three additional funds were launched within the Sustainable range that we make available to pension and ISA customers, taking the total to nine and offering more choice and flexibility. In addition, all eight of the UK-domiciled Sustainable funds managed by RLAM successfully adopted the FCA's 'Sustainability Focus' label, under the FCA's Sustainability Disclosure Requirements (SDR) and Investment Labels Regime. Eight of RLAM's other UK-domiciled funds are classified non-labelled funds with ESG characteristics.

Our Asset Management business adopts a bottom-up approach in its Sustainable fund range and considers this essential to distinguish high-quality sustainable businesses from those falling short – and to identify long-term winners in both sustainable performance and, therefore, financial returns. For further details of RLAM's Sustainable fund range, see www.rlam.com.



1. Our tilted equity solutions seek to reduce the carbon footprint of the solution versus that of its Index.

Listening to our customers

As explained in Section E of our Policy and Context Disclosure, our stewardship approach is informed by our customers' needs and preferences across our propositions. We conduct regular research with customers using a variety of methodologies, and the results are used to inform our stewardship approach. In addition, we also communicate with our customers to keep them informed and help them understand that we are here to help them reach their financial goals in a way that supports both them and wider society. Across the Group, we conducted 92 research studies with customers, employers and advisers in 2025.

Our customer relationship studies in 2025 show that demonstrating a responsible approach to investment across all asset classes continues to be important to our customers. Our research also indicates, however, that responsible investment is one of a range of factors that are important to our customers.

Through this research, we found that while our climate strategy and other ESG considerations remain significant, the financial strain on households continues. Our consumer research confirms that many people still lack financial security and, understandably, continue to focus on covering day-to-day expenses rather than longer-term savings and investments.[1] This mirrors trends found by other external research providers. This context is important when considering attitudes towards responsible investment, as immediate financial priorities often take precedence over longer-term considerations.

92

research studies with customers, employers and advisers



We have continued to strengthen how we gather and act on customer feedback. In 2025, we carried out further analysis to understand what matters most when it comes to building customer trust and advocacy. We found that value for money and being seen as a forward-thinking, adaptable provider are the strongest drivers. Having a positive impact on society ranked third in importance, with environmental impact also important across most customer groups. Perceptions of Royal London's ability to deliver a positive environmental impact remained stable, with 37% of customers expressing strong trust in Royal London to do this.[2]

These findings reinforce the importance of demonstrating to customers the value we can offer them – both in terms of financial outcomes and our impact on society and the environment. In addition to these findings, we continue to support customers' financial wellbeing by encouraging greater use of our support tools and making processes for using our services simpler and more efficient.

Figure 1: Highlights from our 2025 relationship studies[2]

Customers

- Over **60%** of customers do not want their money invested in tobacco, gambling, deforestation or activities linked to human rights breaches.
- Compared with 2024, customers are slightly more open to investing in tobacco, fossil fuels and nuclear power where this delivers strong financial returns. However, support remains conditional.
- **35%** of customers continue to oppose investment in fossil fuels. In contrast, **39%** are open to investing where credible transition plans are in place or fossil fuel activities account for only a small share of revenue, and **26%** would accept such investments if they delivered good returns.
- Attitudes towards defence are also nuanced: while **25%** of customers would prefer not to invest in defence, **42%** are willing to do so if it delivers good financial returns.
- Qualitative research with 50 customers from our customer panel also indicates that an engagement-led approach resonates with customers when clearly explained.

Advisers

- **52%** of advisers are 'confident' or 'fairly confident' advising on responsible investment.
- However, adviser interest in responsible investment continues to compete with other priorities. Simple, accessible support and clear evidence can help advisers build confidence and integrate responsible investment considerations into client conversations.
- **69%** of advisers see Royal London as socially conscious and **62%** see Royal London as environmentally conscious.

Employers

- **31%** trust Royal London to deliver positive environmental impact and **34%** trust Royal London to have a positive impact on society.
- Employers, especially large companies, value alignment with their own organisational values. Smaller companies also appreciate climate strategies, as they align with their expectations and may resonate with values-driven employees.

The findings from customers highlight a diverse spread of views, with customer support closely linked to clear evidence of transition and responsible practices.

For both advisers and employers, these findings highlight a clear opportunity to offer proactive support to address consumers' expectations. By providing simple, targeted and confidence-building communications, we can make responsible investment more accessible, support better-informed decision making and strengthen engagement across audiences.

1. Royal London Financial Resilience report 2025.
2. Figures sourced from internal customer, adviser and relationship studies conducted by Royal London in 2025.

Integrating stewardship and investment *continued*

Customer communication in 2025

As set out in our Policy and Context Disclosure, we use various channels to keep our customers informed, and recognise the importance of communicating how our approach to responsible investment supports our Investment Philosophy and Beliefs. The case studies on this page detail some of our customer communication over 2025.

Personalised video pension statements

In 2024, we introduced personalised video pension statements, to supplement the traditional annual statements that are a regulatory requirement. This innovative approach aims to improve customer engagement with their pensions and raise awareness of their retirement savings progress. We provided video statements to nearly 520,000 customers in 2025 – the first full calendar year in which these were available.

Feedback was positive, with video statements receiving an average customer rating of 4.4 out of 5 stars. In addition, 96% of customers who received the video statements said the information they contained was easy to understand, and 87% said it was engaging, helping to educate customers and engage them in their retirement future to support better outcomes.

Pension webinars

To educate customers, improve their financial resilience and support them to save for their retirement, we held four pension webinars in 2025:

- How much do I need for a good retirement?
- Busting pension transfer myths
- Your pension made simple
- Taxing times: the pension tax guide.

We had a total audience for these webinars of 11,449 in 2025, covering both live attendees and unique views of the recordings afterwards.

Customer testing

Our Insight function tested whether customers find our communications clear and effective. As part of our ongoing efforts to meet our Consumer Duty requirements, we completed 20 tests with customer panels in 2025. These tests help us improve our communications, supporting our customers to make informed decisions about their investments and retirement.

Pelican Post

Our monthly newsletter, Pelican Post, reached on average more than 900,000 customers each month in 2025. It helped deliver information to customers on:

- the benefits of regular investing and its impact on customers' savings outcomes
- the launch of our new Stocks and Shares ISA – including its benefits and how it could support financial resilience when combined with a Royal London workplace pension
- guides, tools and articles to help make the most of tax year allowances
- Royal London's AGM, to encourage members to participate in voting on issues that matter to them.

Customer mobile app

The number of users engaging with Royal London's UK customer mobile app – which communicates useful tools and information directly to our customers' smartphones – increased to 505,000 engaged users (defined as those who have logged in at least once in the last 12 months) by the end of 2025, up by 28% from 393,000 in 2024.

+28%

year-on-year increase in engaged users

Employer and employee communications

Recognising that we cannot rely on direct customer communication alone to achieve the best customer outcomes, we continued to deliver our employer newsletter, Pension Matters. We distributed this to 34,000 employer contacts on average each month in 2025, providing employers with resources and tools to support their employees, so that customers receive support from both their workplace and Royal London.

We also sent employers email communications for key developments including our new Stocks and Shares ISA, new monthly member webinars, ProfitShare updates, Targeted Support and many more topics, providing material for them to share with their employees. And to improve member engagement and outcomes through employers, we launched quarterly employer webinars in 2025. The aim was to help employers understand and manage their schemes more effectively to support their employees better. These webinars covered topics such as pension engagement, building financial resilience and tax year-end considerations.

Employee Engagement Consultants also provide educational content directly to employees through webinars and face-to-face sessions. This included introducing basic investment concepts and educating customers on their Royal London investment options, as well as our responsible investment approach.

These sessions were well received, with 94% of participants surveyed in 2025 rating them 'good' or better. We delivered both virtual and face-to-face sessions to around 9,000 members, which have helped to drive registrations for our mobile app and online services.

2. Promoting well-functioning markets



Our Group operates in an environment where risks arise from both external factors and internal activities. Effective risk management is a fundamental part of delivering on our Purpose and strategy. It aims to address the material risks we are exposed to, so that our business remains sustainable, can grow safely, and continues to serve our customers.

Our risk management processes, including the identification of market-wide and systemic risks, are detailed in Section C of our Policy and Context Disclosure.

Monitoring and managing risks

During 2025, we have identified and responded to market-wide and systemic risks to promote well-functioning financial markets. This is demonstrated by:

- the range of processes we have in place across the business to identify and manage upcoming and existing market-wide and systemic risks, regulations and trends
- colleagues at all levels have risk management responsibilities, defined by the 'three lines' model described in Section C of our Policy and Context Disclosure, with management of risks and controls embedded into teams
- publication of our Climate Transition Plan in June 2025, detailing the actions we will take to progress our climate strategy and the potential impact on our business and customers
- updating the analysis of climate change scenarios in our Own Risk and Solvency Assessment.

We monitored and managed the following principal market-wide and systemic risks which are relevant to the stewardship of our customers' investments:

Climate change:

- Climate risk is considered a material risk to our business, with our largest exposure being the impact it has on the assets we manage for our customers. Physical and transition risks are expected to grow, potentially affecting investment performance and customer resilience. Using our risk management system alongside our capital management framework, we manage climate-related risks to ensure that our business remains sustainable and continues to serve our customers.
- In June 2025, we published our Climate Transition Plan. This outlines how we plan to meet our climate commitments and address the complex challenges of climate change, and the opportunities that a low-carbon future presents over the short, medium and long term.
- We continue to embed and enhance reporting on climate risks across the Group to meet the expectations of the Prudential Regulation Authority (PRA)'s Supervisory Statement SS5/25, issued in December 2025.[1] In 2025, we developed a set of climate scenario narratives to help us better understand the potential impact of climate-related risks on our business over the medium-term business planning horizon. For 2026, we will start to embed these narratives across the Group. In particular, we will begin to develop the scenarios for use in qualitative and quantitative analysis of climate-related risks. As we work to meet the expectations of SS5/25, we will consider how to move beyond existing analysis of capital impact assessments and strategic asset allocation stress testing. This includes improving our understanding of wider environmental risk, and how climate and nature risks interact. We will also explore how we use climate scenarios within our Asset Management business.
- We have established an external ESG advisory group to provide additional expert challenge to support the ongoing development of our sustainability and investment strategy.

The economy and Royal London's key markets:

- Changes in market conditions can affect the Group's capital position, profitability and long-term investment performance.
- We complete regular economic and market reviews and carry out stress and scenario testing. These evaluations enable us to consider current and future changes in markets, and in consumer and adviser behaviour. Where appropriate, we identify management actions in response.

Changing political and regulatory environment:

- Changes in our domestic political and regulatory environment can impact the prospects for financial markets and the UK economy.
- We closely monitor the political and regulatory landscape to assess continuously the impact of political and regulatory developments on our business and the markets we operate in. This enables us to shape propositions that remain compliant, deliver positive outcomes for our customers in line with the Consumer Duty, and align with the expectations of our distributors.
- We continue to have representation on industry bodies, including senior committees of the Association of British Insurers, and respond to consultations on regulatory changes. We are a founding member of the Mutual and Co-operative Business Council which supports the government in its ambition to double the size of the sector.
- In 2025, there continued to be strong focus on pensions and the UK's regulatory architecture. The Pensions Commission was launched to focus on the long-term adequacy of private pensions, and we will engage closely with its work ahead of its final report in 2027.

Maintaining operational resilience:

- A range of internal or external events could lead to the disruption or failure of our Important Business Services, core processes and operational capabilities. Such events can impact our ability to manage investments, deliver services to customers, maintain compliance with regulatory requirements or sustain business continuity.
- We have identified, tested and continuously monitored the Important Business Services throughout the Group, and have robust business continuity and disaster recovery plans in place that are regularly reviewed and tested. We manage potential risk exposures from outsourced services to ensure our customers are not exposed to heightened risk. We also continue to maintain our focus on cyber resilience and staying in a heightened state of readiness, and routinely review our cyber resilience stance, drawing on insights from the National Cyber Security Centre and other trusted sources.

1. PRA, SS5/25 – Enhancing banks' and insurers' approaches to managing climate-related risks, December 2025.

Maintaining our financial strength:

- Maintaining our financial strength supports consumer confidence, not just in our own products and services but in the wider financial system.
- Failure to appropriately manage our risks could adversely impact our financial position, long-term viability and our ability to meet our ongoing financial obligations. These obligations include meeting customer liabilities and resourcing the business sufficiently to deliver our strategy and comply with regulatory requirements.
- We use our expertise to evaluate and set prices for identified risks, ensuring reserves remain suitable. Stress and scenario testing supports our calculations of reserves. It also evaluates key assumptions against combinations of extreme events. If actual claims experience proves worse than expected, our reinsurance will provide substantial mitigation. We monitor our financial strength through our risk management framework, taking action as appropriate across our risk profile.

As described in Section A of our Policy and Context Disclosure, the management of our customers' assets includes strategic and tactical asset allocation changes to optimise customer outcomes. This includes changes in response to principal risks.

Further details of how we work to reduce risk exposure through our investment approach is provided under Principle 1.

Climate change risk management

Climate risks are complex and may take shape in a number of ways across a range of time horizons. When assessing our exposure to climate risks, potential impacts are typically grouped into the categories of physical and transition risks, as shown in the table below.

Climate risk category	Description	Sub-category	Sub-category description
Physical	Risks related to the physical impacts of climate change	Acute	Climate-related events, such as heatwaves, drought, storms or flooding, leading to damage to land, buildings, stock or infrastructure
		Chronic	Gradual shifts in climate patterns with impacts such as falling crop yields, sea level rises, migration, political instability or conflict
Transition	Risks related to disorderly adjustments to markets as a result of the transition to a low-carbon economy	Policy	Including carbon pricing, emission caps and subsidies
		Market	Including the emergence of disruptive green technologies and changing consumer behaviours
		Reputation	Stakeholder expectations to address climate change

To assess these risks, we use two different approaches. We conduct climate change scenario modelling to identify and evaluate the potential impacts of physical and transition climate-related risks on our business, including our investments, across various possible transition pathways and timeframes. This provides us with both quantitative and qualitative assessments of how climate-related risks might impact our business. We also carry out an additional qualitative climate risk assessment to gain a more comprehensive understanding of the risks associated with climate change and how these might materialise and impact our business over different time horizons.

We continue to improve how we assess climate risk and use climate change scenarios to evaluate the impacts on funds. We employ an external third-party climate model to support our quantitative climate risk modelling capabilities.

For further details of the climate-related risks and opportunities deemed most material to Royal London as well as our risk assessment approach, see our Group's Climate Report 2025.



Policymaker engagement and involvement in industry initiatives

Collaborating with policymakers, industry groups and other stakeholders on key issues such as sustainability and climate change, to support meaningful regulatory and industry change, is a key element of our stewardship approach and enables us to play our part in responding to market and systemic risks. When engaging in industry initiatives, we focus on the issues most material to our investments, and where we think our involvement can most influence ESG outcomes.

Financial institutions cannot deliver on their climate ambitions without clear leadership from policymakers. Through membership of industry bodies and other collaborative opportunities, we encourage policymakers to support the transition to a low-carbon economy, in a way that considers the impact on society. In 2025, we proactively engaged on three priorities which support our engagement focus areas.

1. UK long-term infrastructure strategy

We seek to influence the UK government towards providing more clarity and certainty on developing the UK's long-term infrastructure strategy to encourage investment in the UK's net zero transition.

- **Creating a Future Ready Economy:** In October 2025, in partnership with Business in the Community, we launched the 'Creating a Future Ready Economy' report at an event at the Houses of Parliament. The report recommends that government, businesses and civil society should work hand-in-hand, tackling economic, social and environmental challenges together to unlock growth, and to create warm homes, secure jobs, and vibrant local economies. It also recommends that the government set clearer and more consistent policy to enable business to scale up private sector investment in strategic infrastructure. We hosted roundtables in both London and Edinburgh to gather evidence from business leaders, financial service companies, groups and trade bodies, government and civil society to inform the report. We were then able to use the report to engage directly with MPs and advisers at the Labour party conference as well as in Parliament.
- **Mansion House Accord:** In May 2025, we became a signatory to the Mansion House Accord, a voluntary initiative that encourages workplace pension providers to allocate at least 10% of defined contribution default funds to private assets by 2030. As part of this, the Accord aims to boost investment into UK infrastructure projects, including clean energy developments, which could support the UK's transition to a lower-carbon economy. Private assets already play a key role in the diversified multi asset portfolios we offer and, where it is in our customers' best interests, we will continue to increase our investment. Our acquisition of Dalmore Capital, which specialises in infrastructure investments, further supports this strategy. We have also announced our backing for the Sterling 20 initiative,[1] a UK-wide plan to drive regional growth and investment in infrastructure.

2. Blended finance[2]

We continue to work with policymakers including the UK government, both directly and through industry groups, to identify and encourage blended finance opportunities.

- **Transition finance:** We supported the creation of Transition Finance Scotland, aiming to combine public and private capital to unlock energy transition investment. We also participated in discussions with the FCA, PRA and Green Finance Institute on addressing barriers to scaling transition finance.
- **UK productive assets:** As a founding member of the ABI Investment Delivery Forum and member of the Investment Viability Group, we explored how annuity capital can be deployed to help finance investment in UK growth that aligns with sustainable development goals, and how to address remaining barriers to investment. This included lending investment expertise to the ABI to put together a proposal to HM Treasury on a model for institutional investors to invest in critical UK infrastructure – such as electric vehicle charge points – while providing returns to UK pensioners. We have also engaged with local government to discuss projects to support areas such as the Tees Valley and Liverpool.

3. Value for money

We work with policymakers to help move from a focus on cost towards value considerations, including investment in solutions needed to enable the net zero transition.

- **The Pensions Review and Value for Money Framework:** We responded to consultations on the UK government's Pensions Review and the FCA's Value for Money Framework. Our responses pressed for a Value for Money regime that focuses on long-term value over short-term cost and explicitly recognises the role for long-term illiquid investments in pensions. This approach supports investment in infrastructure that enables the UK's transition to net zero and can improve portfolio resilience to climate change. Such assets typically deliver value over decades and are illiquid in nature. We recommended the FCA move away from its originally proposed grading system for default arrangements, to provide greater flexibility for ratings. The FCA has since amended its approach in this regard, which we believe will enable greater investment diversification into illiquid assets within default arrangements.

1. The Sterling 20 group includes Mansion House Accord signatories, along with PIC, Rothesay and the Pension Protection Fund. It requires the same commitments from participating firms as the Mansion House Accord.
2. Blended finance combines public and private sector funds to support projects or initiatives with social or environmental goals.

Engagement with investee companies

Climate Change – Net Zero Stewardship Programme

RLAM's Net Zero Stewardship Programme is a key lever with which we seek to achieve our climate commitments and create real world change. As part of this programme, our Asset Management business engages and collaborates with the companies that contribute most to our financed emissions, through the following framework:

- **Research:** Our Asset Management business evaluates companies using its proprietary Responsible Investment Climate Transition Assessment, focusing on three key expectations: setting Paris Agreement-aligned targets, influencing wider net zero adoption, and demonstrating immediate action.
- **Engage:** Our Asset Management business engages with companies to enhance their climate transition plans, partnering with CA100+ and other investor networks where beneficial.
- **Vote:** An active in-house voting strategy progresses our net zero objectives using voting and other escalation techniques, when suitable.
- **Integrate:** The Responsible Investment team provides investment teams with updates on relevant climate research and engagements. The investment teams are responsible for appropriate integration of this information into their investment processes.
- **Advocate:** Our Asset Management business participates in collective advocacy efforts to support policies that facilitate net zero achievement.
- **Report:** Progress is shared with clients and stakeholders approximately twice a year.

Just transition

Just transition is one of our longest-running stewardship programmes and a defining focus of our Asset Management business's responsible investment approach. Since 2019, we have worked with RLAM to engage companies on this topic and made it a core component of its assessment of climate transition since 2022.

When managed well, a just transition opens up opportunities for people, economies and the planet alike. Over recent years, corporate awareness and action on just transition principles have grown, with an increasing number of companies including its principles in their transition plans. While some have undoubtedly made progress, our Asset Management business continues to engage with companies to strengthen the disclosure and integration of just transition considerations.

Shell plc

Shell plc is a global energy company headquartered in the UK. Since 2022, RLAM has co-led engagement with Shell through the World Benchmarking Alliance's (WBA) Just Transition Collective Impact Coalition. Given the company's presence in over 70 countries, developing a globally suitable approach was always going to be challenging. The company acknowledged early on that its approach needed strengthening and has since taken a collaborative stance, granting RLAM access to key internal stakeholders. Shell has developed its approach to a just transition since 2022, with input from the investor group. In 2025, Shell established a Sustainability Management Committee to oversee its strategy, while a multi-functional team writes papers on topics such as just transition risks across workforces, supply chains and communities.

RLAM continues to engage with Shell, requesting examples of further actions it is taking in developing markets and encouraging the company to create clear, accountable and stakeholder-specific just transition principles.

HDFC Bank Ltd

RLAM also joined a collaborative engagement with one of India's largest banks, HDFC Bank Ltd. As a key private lender, HDFC has a unique opportunity to shape the country's transition. In the meetings, RLAM discussed its current approach to meeting India's regulatory corporate social responsibility (CSR) obligations and how it considers climate and social issues. The bank is contributing to the development of national frameworks, and it was encouraged to align its social work with just transition principles, given India's pivotal role in the global climate response and its vulnerability to climate change.

RLAM plans to continue the engagement with HDFC through follow-up discussions.



We also contribute to discussions and consultations relating to disclosures, climate investment taxonomies, labelling activities and interoperability across jurisdictions.

- **Transition plans:** We responded to the UK government's consultation. We supported the government's objectives in introducing transition planning requirements and – drawing on our experience of publishing our own transition plan – we covered how we think these objectives can best be addressed.
- **UK Stewardship Code 2026:** We provided feedback to the FRC to help shape its proposals for updating the Code. We welcomed a more flexible and principles-based framework while cautioning against any dilution of standards. The updated Code, which was published in June 2025, reflects Royal London's key feedback, including proportionate reporting, additional reporting guidance and a transition period for implementation.
- **Evolving sustainability reporting:** As a member of the UK Sustainable Investment and Finance Association (UKSIF) Policy Committee and Chair of the ABI's Climate Change Working Group, we collaborated with UKSIF and the ABI to respond to UK government proposals for sustainability reporting.
- **Climate risk management:** We contributed to discussions with the PRA and to the ABI's consultation response on the PRA's enhanced expectations for how insurers manage climate risk, bringing additional insight through our membership of the Climate Financial Risk Forum.
- **Transparency in Bulk Purchase Annuity (BPA) reporting:** Royal London entered the BPA market in 2024. As a signatory to the Sustainability Principles Charter for the bulk annuity process, we participated in the annual Bulk Annuity Sustainability Survey, and in working group discussions, to improve the transparency of how sustainability is embedded into the BPA process.
- **Developing approaches to nature risk:** As a member of the Bank of England's Climate Financial Risk Forum, we contributed to guidelines for financial services on how to develop an approach to nature risk and reflect it within strategic decision making.

3. Engagement



Through our engagement activity – with policymakers, the companies we invest in, our peers and other stakeholders – we aim to benefit our members, customers, clients and wider society.

As an asset owner, we inform key asset managers – including our Asset Management business – of the engagement focus areas that we want them to prioritise on our behalf, and we reserve the right to decide on the exclusions that are important to our customers and clients.

With investee companies, we prioritise engagement over divestment. We believe this delivers greater impact as, once divested, it is harder to influence. Where we do not see material progress, we expect our asset managers to escalate activities.

As well as our asset managers engaging with the companies we invest in, we also engage with policymakers through membership of industry bodies and other collaborative opportunities, recognising that financial institutions cannot deliver on their climate and stewardship ambitions without their clear leadership. See Principle 2 above for further details, including our policymaker engagement priorities.

Our engagement takes two forms: we seek to influence the behaviour of stakeholders, and we also request information that helps us identify where change is needed.

Our Group-wide focus areas

In 2025, we focused on two areas across all Group engagement activity: climate change and inclusion (focused on a just transition). During the year, we carried out a review of our focus areas, by considering our Purpose, customer and client research, our Responsible Investment and Stewardship Policy, and insights from our Asset Management business. Our new Group-wide focus areas from 2026 are climate and nature, and social and financial inclusion.

We also proactively engage with policymakers and other industry groups on three priority action areas, which support our engagement focus areas: developing the UK's long-term infrastructure strategy; catalysing blended finance opportunities; and helping to move from a focus on cost towards value considerations. These action areas have helped guide our engagement towards specific outcomes. For further detail and case studies, see Principle 2. The remainder of this section focuses on engagement with companies and collaborative engagement.

Our Asset Management business's themes

In addition, our Asset Management business has its own themes on which it prioritises engagement activity. These align with the Group's focus areas as well as the needs of its other clients. Our Asset Management business's themes are refreshed every two years. Each refresh considers the Group's focus areas, reviews emerging trends and involves extensive consultation with internal investment teams, responsible investment analysts, clients and other stakeholders.

The themes presented in Figure 2 relate to 2024–2026. The refresh of the 2026–2028 themes was completed in 2025, and the new themes will be climate, nature, people and governance. These four themes represent an ongoing commitment to driving positive change and fostering sustainable growth in an increasingly complex and dynamic landscape. Each theme has played a central role to date, but the coming years will see more focus and even greater emphasis on the interconnectedness of these ESG topics. Further details of the 2026–2028 themes are available in RLAM's Stewardship and Responsible Investment Report 2025.

Figure 2:

Our Asset Management business's engagement themes for 2024-26

Climate change
- Net zero: Creating a Paris-aligned future
- Climate physical risk: Building resilience to climate change

Social and financial inclusion
- Just transition: Putting the social transition at the heart of the climate transition

Health
- Corporate impact on health: Supporting healthy employees, customers and communities

Innovation, technology and society
- Cyber security: Protecting assets and infrastructure
- Technology and society: Building responsible technology

Governance and corporate culture
- Good governance and culture: Creating resilient businesses
- Diversity: Supporting inclusive decision making

Biodiversity
- Corporate impact on biodiversity: Protecting our natural capital

Engagement *continued*

Our methods of engagement

Engagement through our asset managers

Communicating our engagement priorities

We maintain regular engagement with RLAM, our key asset managers and 'Matrix' fund[1] asset managers to assess whether our focus areas are embedded within their processes and decision making. Our expectations are clearly set out through our Asset Manager Oversight Framework and reinforced during stewardship meetings, as described in Section A of our Policy and Context Disclosure. This may include raising concerns or issues on specific topics, or with our asset managers' engagement activities.

Acting on our behalf, our Asset Management business engages directly with investee companies to promote sustainable practices and long-term value creation. This gives us access to these companies' management groups and, in turn, increases our ability to gain valuable insights into how these companies manage key ESG issues.

For detail on how we have understood and responded to our customers' needs in our stewardship approach, including how we have communicated to them, see Section E of our Policy and Context Disclosure, and Principle 1 in this report.

As detailed in Section A of our Policy and Context Disclosure, our approach to overseeing the effectiveness of our asset managers' engagement activities depends on the proportion of assets that they manage on our behalf.

Monitoring RLAM's engagement activities

We review RLAM's progress against our focus areas at biannual stewardship meetings. Output from these meetings is reported in line with the RLMIS Investment Governance Framework, including the management-level Investment Strategy Committee, and RLMIS' With-Profits Committee and Investment Committee.

In 2025, our Asset Management business held 658 engagements with 356 investee companies, which addressed 20 unique ESG topics. Of these engagements, 27% were climate related. As part of this activity, it also engaged with 65 companies as part of its Net Zero Stewardship Programme, accounting for 52% of financed emissions. RLAM also continued its long-running engagement with banks on just transition. Further detail on RLAM's engagement and the Programme is set out on page 14 under Principle 2, and later in this section.

Voting engagement letters represent an effective tool for inviting further dialogue with companies. As part of managing RLMIS's assets, our Asset Management business proactively sends letters to companies where it votes against management, including the rationale for its position.

This process is carried out on its behalf by Glass Lewis following submission of a vote. In 2025, our Asset Management business voted at almost 4,400 meetings on over 53,000 resolutions globally. It also issued voting engagement letters, individually and on a joint basis, covering inclusion of nature-related considerations into climate stewardship, the need for robust, site-specific just transition strategies and encouraging companies to develop and implement robust climate adaptation plans grounded in justice and equity. More information on engagement carried out in 2025 on our behalf, as well as on the methods used and the outcome of that engagement, is described in RLAM's Stewardship and Responsible Investment Report 2025.

Monitoring our asset managers' engagement activities

Our approach to overseeing the effectiveness of our asset managers' engagement activities depends on the proportion of assets that they manage on our behalf. For more detail on how we monitor our asset managers, see Section A of our Policy and Context Disclosure.



1. The Matrix funds are a range of equity funds that RLMIS selects and makes available for customers who wish to invest in funds beyond those directly managed by RLAM.

Engagement *continued*

Just adaptation

As the impacts of climate change intensify, adaptation – managing those impacts – is rapidly becoming as critical as efforts to limit the extent of climate change (mitigation). Yet adaptation remains underdeveloped in both policy and practice. S&P Global estimates that climate-related physical risks, such as extreme heat, flooding and wildfires, could cost the global economy US $25tn by 2050.[1] Despite this figure, only 35% of the world's largest companies have disclosed a climate adaptation plan.[1]

Recognising the urgency and complexity of adaptation, RLAM launched a dedicated engagement programme to encourage companies to develop and implement robust climate adaptation plans grounded in justice and equity. RLAM's engagement is guided by a set of just adaptation investor expectations developed in consultation with experts, policymakers and practitioners.[2]

BHP

BHP is a leading global resources company headquartered in Australia, focused on mining and metals, including iron ore, copper, coal and potash.

RLAM engaged BHP on just adaptation to understand how it considers stakeholders, assesses risk and identifies co-benefits. Given BHP's high exposure to climate risks and its impacts on communities and nature, it was asked for clarity on its strategies, targets, and how its adaptation measures are designed to maximise benefits and minimise harm.

RLAM learned that the company uses a 'collective action' approach to adaptation, assessing risks to both its mine sites and surrounding communities. Its Indigenous Peoples and Communities Engagement team runs workshops for local people and draws on the knowledge and expertise within communities.

Through direct engagement with over 100 communities, BHP has identified critical social vulnerabilities, such as low literacy and housing insecurity, which could influence resilience. Working with communities, the company has designed support plans that include using desalinated water to avoid depleting local resources and planting arid-adapted trees to provide shade and reduce dust. BHP also disclosed that it explicitly references just adaptation principles in its climate strategy.

RLAM plans to reassess BHP based on its 2026 annual report. The review will focus on how the company has further developed its just adaptation approach, including its management of trade-offs and maladaptation[3] risks, the role of stakeholder engagement in decision making, and the outcomes delivered for communities and ecosystems. RLAM will use the assessment to identify areas of progress and any further opportunities for engagement.

Tesco

Tesco is a British multinational retailer and one of the world's largest grocery chains. Following a detailed physical climate risk assessment, the company identified vulnerabilities in its global supply chain, from extreme weather and long-term shifts in climate conditions.

Tesco's response includes diversifying its supplier base to reduce reliance on specific regions. While this helps protect the business from climate-related disruptions, it also risks maladaptation[3] by unintentionally harming farmers and communities that rely on longstanding commercial relationships.

During RLAM's engagement, Tesco was encouraged to consider a just adaptation approach by supporting suppliers to understand and respond to physical climate risks.

In response, the company shared examples of proactive work already underway in Peru's Ica region – an area critical to global agriculture but facing severe water scarcity driven by climate change and intensive farming.

Tesco has partnered with multi-stakeholder initiatives to improve water stewardship and strengthen supplier resilience. This includes constructing 68 kilometres of infiltration ditches to capture rainwater, reduce runoff and recharge groundwater – allowing millions of litres of water to soak into the ground and support crop production during dry periods. The programme also restores native vegetation, improving soil health and biodiversity. These efforts help build more resilient farming systems and safeguard the livelihoods of suppliers and local communities. The discussions provided evidence of strong collaboration with suppliers and demonstrated how adaptation efforts can deliver environmental and social co-benefits.

RLAM has since incorporated just adaptation into a broader multi-thematic stewardship dialogue and is currently in the process of arranging a meeting with Tesco to better understand the company's future plans. Through this engagement, RLAM will explore how Tesco identifies and manages trade-offs associated with adaptation decisions, particularly where these may affect suppliers, farmers and local communities, and encourage further transparency on maladaptation risks and stakeholder impacts.

1. https://pages.marketintelligence.spglobal.com/9689-AD-2506-NA-CT-DR-ESG-ESGS-ESGDive_Climate-costs-adaptation---download-page.html#:~:text=Our%20data%20shows%20that%20many,analysis%20have%20an%20adaptation%20plan
2. https://www.rlam.com/uk/intermediaries/our-views/2025/how-can-the-uk-move-adaptation-up-the-climate-agenda/
3. Maladaptation is where actions intended to build resilience inadvertently harm local communities or ecosystems.

Engagement *continued*

Collaboration

Our approach

As an asset owner, we focus on engagement with policymakers, rather than direct engagement with issuers, which is led by our asset managers, as described on page 16. Where appropriate, this engagement often involves working with industry peers through our trade bodies, and with other relevant third parties, on shared priorities. Our policymaker engagement priorities are set out under Principle 2.

During 2025, we continued our longstanding advocacy for a just transition – where both the social and environmental implications of moving fairly to a low-carbon economy are considered – through our Asset Management business's engagement with four of the largest UK banks – see page 4 for further details.

Collaborative engagement with companies through our Asset Management business

Most of our company engagement meetings, which are conducted by our Asset Management business, are directly with the companies we invest in. However, there are instances where collaborating with other organisations to influence company behaviour can lead to more effective engagement.

RLAM considers collaborations on a case-by-case basis, ensuring compliance with relevant regulations such as market abuse and competition law. It favours collaborative engagement in specific circumstances – for example, when a company has not responded to direct engagement, if the issue is serious enough to warrant a collective approach, or when partnering with other shareholders or bondholders can provide better access to management or the board and amplify RLAM's influence.

Collaboration in 2025

Examples of our Asset Management business's collaborative engagement activities during 2025 include the following:

- RLAM met with Électricité de France's (EDF) ESG performance team twice during 2025 as co-lead of the Climate Action 100+ collaborative investor group. EDF published updates to its climate strategy, including new interim emissions targets, an updated trade association review and a just transition report. RLAM welcomed EDF's focus on real-economy decarbonisation but flagged concerns about the slower pace of emissions reductions and the risk that gas use could become entrenched. EDF remains committed to exiting all global coal assets by 2030, with one major site in China already transferring to local authorities in 2025. While EDF operates with low carbon intensity, it continues to engage constructively with investors, improve transparency and refine its long-term climate strategy. Based on RLAM's 2025 CTA, EDF is among the few companies categorised as 'aligned' to net zero.
- RLAM co-chairs the 'Fix the Exec' Working Group, a key initiative of the 30% Club Investor Group. In 2025, the investor group reached out to 38 investor members, representing over £11tn in assets under management. Building on the momentum in 2024, the group has continued to evolve its engagement strategy, sharpening its focus on executive-level diversity across UK companies. What began as a board-level initiative has matured into a multi-year, investor-led campaign targeting two key outcomes: 50% female representation on FTSE 100 executive teams by 2035; and ethnic minority representation aligned with the Parker Review's 2027 goals.
- In 2025, RLAM joined an investor coalition to address methane emissions from coal used in steelmaking – an under-recognised but material climate risk in the steel value chain. It engaged with major mining companies, urging adoption of the UN Steel Methane Programme Gold Standard and set targets to cut methane intensity by 60–75% by 2030. Some showed willingness to align with this and use advanced measurement methods, though timelines and site-level data were often unclear. Others were transparent about current practices and investments in methane abatement, but progress differed across operations. Overall, there is a need for stronger methane reduction targets, better measurement, disclosure, and deeper collaboration to address this key climate challenge.

For further details of the collaborative engagements carried out in 2025 on our behalf, and the outcomes of those engagements, see RLAM's Stewardship and Responsible Investment Report 2025.



Engagement *continued*

Escalation

Our escalation mechanisms

While our asset managers engage on our behalf, we instruct investment activity in line with our engagement themes and wider Purpose, as explained on page 15. If an investee company is not making material progress, we expect our asset managers to escalate engagement activities.

For details of our Responsible Investment and Stewardship Policy and our escalation approach, see Section C of our Policy and Context Disclosure.

Escalation by our Asset Management business

Ferguson

Ferguson is a large US industrial distributor of commercial and residential remodelling, maintenance and construction products. It is the market leader in waterworks, fire, commercial/mechanical and residential building, and has a strong position in broader industrial and residential trade sales. By selling products that improve and maintain existing buildings, Ferguson supports lower embodied carbon and construction waste, as well as better environmental performance. While the company's broader ESG performance is more variable, it leads its peers in worker safety and is making progress on environmental efficiency in its own operations and on workforce diversity.

Scope 3 emissions reported

Since 2022, RLAM has engaged annually with Ferguson as part of its Net Zero Stewardship Programme. RLAM's assessments revealed that Ferguson had significantly under-reported its carbon footprint by failing to disclose emissions from its heating and cooling equipment. This was estimated to account for more than 99% of its total emissions. Despite previous communications highlighting this issue and indications in the company's own disclosures that emissions reporting would evolve, no meaningful progress was made. Given the lack of transparency around a clear climate risk, RLAM decided to escalate its concerns, including sending a formal letter to the Chair urging the company to close this reporting gap. Ferguson subsequently included Scope 3 emissions in its 2025 sustainability report.

Ferguson listing change

After selling its UK business in 2021, Ferguson became a purely North American business and therefore moved its primary stock market listing to the US. Although there was clear commercial reasoning for this move, it removed Ferguson from the FTSE 100 Index. This raised broader concerns and scrutiny about the competitiveness of London's stock market, especially as companies such as CRH, a global leader in building materials solutions and Wise, a global financial technology company have made similar moves. As a result, RLAM voted against Ferguson's plans in 2022 because it wanted to retain its UK market listing. Nonetheless, in 2024 a reincorporation proposal was put back to a shareholder vote, which was passed and, in 2025, Ferguson achieved its objective of securing access to a much larger pool of capital in the US.

Net Zero Stewardship Programme

We believe strong climate transition strategies help lower emissions and support a low-carbon economy. These principles guide our management of climate risks and opportunities. Our Asset Management business engages issuers to encourage adoption of science-based transition plans.

By 2030, its goal is to engage with companies that account for 70% of the financed emissions (Scopes 1, 2 and 3) associated with its corporate fixed income and listed equity assets.

In 2025 RLAM engaged with 103 companies on general climate issues, either directly or through collaborative partnerships with other investors.

As described under Principle 2 in this report, the Net Zero Stewardship Programme encourages businesses to move towards a low-carbon economy, ensuring their transition is consistent with the Paris Agreement. To support this, RLAM promotes the creation of robust climate strategies and setting emissions reduction targets based on scientific, sector-specific approaches, such as those outlined by the Science Based Targets initiative (SBTi).

Through the Net Zero Stewardship Programme, RLAM targeted 65 of the highest-emitting companies across its corporate fixed income and listed equity funds in 2025, accounting for 52% of its financed emissions (Scopes 1, 2 and 3).

RLAM's approach is engagement first, but where engagement does not result in meaningful progress, a clear escalation framework is in place. Escalation may be considered where: a company does not respond within a reasonable timeframe, responses do not adequately address our concerns, agreed milestones are not met, significant ESG risks or controversies arise, or the company is unwilling to engage constructively.

Escalation actions are determined on a case-by-case basis and may include:

- increasing the level of engagement, including formal written communication to the board
- collaborating with other investors
- publicly communicating concerns
- using investor rights through voting
- engaging with bondholder protections
- adjusting portfolio exposure, including reducing or exiting positions where necessary
- taking co-ordinated action across multiple portfolios.



4. Exercising rights and responsibilities



We expect our asset managers to actively exercise their rights and responsibilities on our behalf, as set out in our Responsible Investment and Stewardship Policy.

Our approach

As described under Principle 1 in this report, our Responsible Investment and Stewardship Policy applies across our portfolio, though practical implementation varies by asset class, according to the opportunities available and the practices that are currently accepted as the most effective.

For equities, we ask our asset managers to comply with our Voting Policy and related voting policy guidelines. In relation to fixed income, including corporate bonds, we do not have the right to vote at an AGM as equity holders do, but we sometimes have the right to vote on issues that affect our credit holdings. These votes often take the form of extraordinary general meetings, where we are asked to grant consent for changes that can impact our investments in a given company. In 2025, our Asset Management business voted on 99.9% of shareholder resolutions relating to the RLMIS portfolio. For further detail see RLAM's Voting Records.

Engagement with issuers remains a key element of how we can exercise our responsibilities in relation to fixed income. For example, our Asset Management business engages to turn the lack of publicly available ESG data into an opportunity to discover more information. Conversations with issuers are an important opportunity to gain insights into the quality of the companies servicing bonds and the specific properties on which lending is secured. This direct dialogue enhances our risk identification and evaluation. For more information, refer to RLAM's Stewardship and Responsible Investment Report 2025.

For our property investments, we exercise our rights in the contracts we set with our tenants through our Asset Management business. Further details of RLAM's work in this area is provided in its Responsible Property Investment Report 2025 for professional clients, published in July 2026.

Bank Rakyat

Bank Rakyat Indonesia is one of the country's largest state-backed banks and was historically a favourite among sustainable investors. The core of its business is lending to underserved areas of Indonesia's economy. The bank had previously shown encouraging financial results, backed by good ESG credentials, strong boardroom independence and improving gender diversity. Since RLAM's initial investment, it has encouraged the bank to further improve its corporate governance. In particular, it wanted greater transparency on the performance metrics used to determine the remuneration of non-executive board commissioners, as well as broader shareholder engagement. RLAM has also used its proxy voting power to oppose resolutions where we felt the business lacked sufficient progress. Despite ongoing dialogue over several years on these issues, RLAM became increasingly concerned about the limited information provided on nominated directors, which undermines shareholder rights and best-practice standards.



Using our vote

Consequently, at the bank's AGM in 2025, RLAM opposed the election of the executive and non-executive directors to the board due to insufficient transparency. RLAM also flagged new concerns around the bank's transfer of the majority government shareholding into a new sovereign investment vehicle, which, despite public commitments to transparency, disclosed a limited pool of decision makers overseeing the fund. RLAM's concerns were proved well founded. Following the AGM, it was announced that over half the board members elected at the AGM were being honourably dismissed, without prior notice to minority shareholders. Not only was the scale of this change unprecedented, but the newly appointed replacement directors had significant ties to the Indonesian government, leaving the Board of Commissioners without any independent or female commissioners.

Taking investment action

Although Bank Rakyat performs well on many environmental and social metrics, these recent developments raised significant governance concerns and echoed historical regional financial scandals. Despite repeated engagement and exercising votes, RLAM's influence as minority shareholders was limited by the government's controlling stake. RLAM, therefore, decided to fully exit the position in our sustainable funds, reflecting the heightened investment risks.

Ørsted AS

Ørsted, a global leader in constructing and developing offshore wind farms, has historically demonstrated strong transparency and focus on health and safety, with clear disclosures and improving performance. Notably, Total Recordable Injury Rates (TRIR) for both employees and contractors combined have declined in each of the past five years.

However, in reviewing Ørsted's 2025 Annual Report, our Asset Management business was saddened by the fatal incident involving two subcontractors at the Plum Creek Wind onshore site in the US. Given the seriousness of the incident, they engaged with the company to seek further detail on the circumstances, remedial actions, and broader health and safety governance. Ørsted confirmed that it conducts frequent contractor and subcontractor site inspections and has strengthened supervision and dialogue, including the use of software to verify and document correct use of safety equipment. One improvement now requires technicians undertaking blade repairs to use an independent lifeline in addition to the basket's primary and secondary wires, which is viewed positively.

Ørsted also confirmed that TRIR is monitored monthly and reported to senior management, the Group Executive Team, and the Board. The company met its 2025 TRIR target of 2.5 and is working towards a reduced target of 2.3. Management indicated that any deterioration in safety performance would prompt immediate leadership attention and allocation of appropriate resources.

While health and safety risks are inherently elevated given Ørsted's activities, RLAM's engagement provides reassurance that these risks continue to be actively monitored and addressed.

Voting

Our Voting Policy

As an asset owner, RLMIS delegates voting decisions to its asset managers as part of the investment management process. Our Asset Management business proactively exercises its voting rights – on behalf of RLMIS and external clients – across its equity and fixed income holdings to maximise its influence and safeguard customer interests. For further details, see RLAM's Stewardship and Responsible Investment Report. You can also see how RLAM has voted across its holdings in its Voting Records.[1]

RLMIS gains voting rights from holding shares in companies. Our Group-wide Voting Policy, which is applicable across all geographies, sets the parameters within which RLMIS and RLAM operate. This Voting Policy includes the Royal London Voting Principles and RLAM's Voting Guidelines. See Section C of our Policy and Context Disclosure for further details on our Voting Policy.

Asset classes

As described under Principle 1 in this report, our Responsible Investment and Stewardship Policy is applied in different ways depending on the asset class. We recognise that good practice in investee engagement is still evolving in certain asset classes, particularly beyond listed equity and corporate debt. As perspectives on good practice develop, we continue to explore how we can support our asset managers in expanding the scope and effectiveness of engagement to other asset classes.

InterContinental Hotels Group plc

InterContinental Hotels Group plc (IHG) is a British multinational hospitality company headquartered in Windsor, England, operating over 6,600 hotels globally with 375,000 employees. RLAM's engagement centred on the renewal of its pay policy and its desire to push for higher CEO pay to bridge the gap with the US. The outcome of the meeting was an appreciation of the challenges the company faces in retaining senior talent and maintaining competitive remuneration packages. There is a need for IHG to enhance its pay structures to match market medians and address pay compression issues. However, RLAM is still concerned about why such significant changes were made, especially since the new restricted share plan relies only on performance measures that are chosen at the company's discretion – meaning they are not clearly defined. RLAM voted against the Remuneration Policy at the AGM held in May. The proposal received only 70% of votes in favour, which is very high shareholder dissent for a pay vote in the UK. The company has since announced that it will continue to engage and listen to the views of shareholders in relation to its pay policy.



1. RLAM's Voting Records are available here.

5. Selection and oversight of managers



As our Asset Management business undertakes engagement with investee companies on our behalf, and we delegate voting decisions to our asset managers as part of the investment management process, robust selection and oversight of our asset managers is an important element of our stewardship approach.

Our processes for asset manager selection and oversight, including how stewardship considerations have been integrated, are set out in detail in Section A of our Policy and Context Disclosure.

Progress in 2025

During 2025, we tracked key metrics to assess the progress of our Asset Management business and our Tier 2 asset managers against our climate targets. We confirmed that asset managers who manage RLMIS assets are signatories to the UK Stewardship Code and UN PRI.

We had previously also required our asset managers to be signatories to the Net Zero Asset Managers initiative (NZAM). In early 2025, however, NZAM suspended its activity and undertook a review of the initiative. RLAM did not change any of its activities as a consequence of this suspension, and engaged constructively with NZAM's consultation. While RLAM remains committed to the initiative – which relaunched in early 2026 – several asset managers have withdrawn as signatories. In light of this, and given that the revised commitment statement had yet to be released, in 2025, we confirmed that asset managers are either signatories of NZAM or demonstrate an equivalent level of standards in their climate commitments. Key asset managers confirmed that they are broadly aligned to the Group Voting Policy.

In 2025, we also completed our three-yearly assessment of RLAM, covering the period from 2022 to 2025 and consolidating all the ongoing oversight we perform, collating feedback from key stakeholders and performing a fees analysis. The assessment found that RLAM's RICC approach continues to meet Royal London's policies and industry standards. RLAM's funds have been assessed to be in line with peers across MSCI's ESG Fund Ratings, with outperformance on RLAM's Sustainable fund range, while RLAM's Equity Tilt funds have delivered their respective carbon reduction targets.[1]

We continued to enhance the RLMIS RICC Asset Manager Oversight Framework in 2025. To improve the baseline assessment (see Figure 7 in Section A of our Policy and Context Disclosure), RLMIS refined questions within its RICC due diligence questionnaire, based on regulatory and industry insights, with some additional questions covering nature and biodiversity. Other question topics include responsible investment activities, ESG integration, governance arrangements, voting practices, exclusions criteria, climate, stewardship and engagement activities. This will enable us to engage better and challenge our asset managers on these topics, where applicable.

RLMIS also uses a rating system across Tiers 1 and 2 for progress against the RICC assessment areas of voting, exclusions, engagement and climate (see Figure 7 in Section A of our Policy and Context Disclosure). These ratings, produced using qualitative and quantitative analysis, enable us to compare between asset managers, facilitating a deeper understanding of their performance.

As industry data quality and policy expectations evolve, we will continue to refine RLMIS's RICC Asset Manager Oversight Framework to reflect good practice. Looking ahead to 2026, we are focusing on updating our climate pillar methodology to reflect Royal London's position and industry developments.

1. Awards and ratings are not a recommendation or guide to future returns.

Baillie Gifford



Following changes in the US policy landscape, a number of asset managers, including Baillie Gifford, relinquished their signatory status to the NZAM initiative. Doing so meant that these asset managers no longer met the requirements of our Asset Manager Oversight Framework. We reviewed the Framework in light of these developments, aiming to consider scenarios where an asset manager is not a signatory to NZAM, but continues to demonstrate an equivalent level of standards. We determined a suitable set of NZAM equivalent standards that we require from our asset managers, to ensure ongoing alignment with Royal London's climate commitments. Baillie Gifford was able to demonstrate alignment to these standards and therefore continued to meet the requirements of our Asset Manager Oversight Framework. These equivalent standards are:

a. evidence of engagement with other climate initiatives such as the Institutional Investors Group on Climate Change
b. evidence of entity-level climate targets
c. evidence of climate engagement as a key theme.

6. Monitoring service providers



As outlined in Section B of our Policy and Context Disclosure, all our service providers are monitored in line with our Procurement and Third-Party Management Policy. The policy requires compliance with minimum standards designed to ensure that an appropriate level of oversight and governance is in place. These minimum standards include the completion of inherent risk assessments, contract record-keeping requirements and oversight of suppliers.

We monitor the services provided by MSCI, AssetQ, Dasseti and Moody's Analytics in line with these procedures. Based on insights from previous monitoring, we continue to take the following steps:

- We hold quarterly meetings with our primary provider of financed emissions data, MSCI, to discuss data quality, sample checks, data sourcing and transparency of sourcing, coverage, data methodology and new solutions under development. As our data requirements increase, we continue to explore data offerings from MSCI and other data providers for insights into nature and biodiversity impacts.
- Over 2025, we collaborated with AssetQ, and going forward will work with Dasseti to strengthen the assessment of our asset managers against the Asset Manager Oversight Framework.
- We hold quarterly calls with Moody's Analytics to review the services provided, discuss model updates, and ensure that assumptions used within modelling align with our investment views.

We do not use proxy advisers, investment consultants or external engagement services providers.

We use MSCI and Dasseti (previously AssetQ) as data providers to strengthen our asset manager monitoring capability, and Moody's Analytics to support scenario modelling.

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