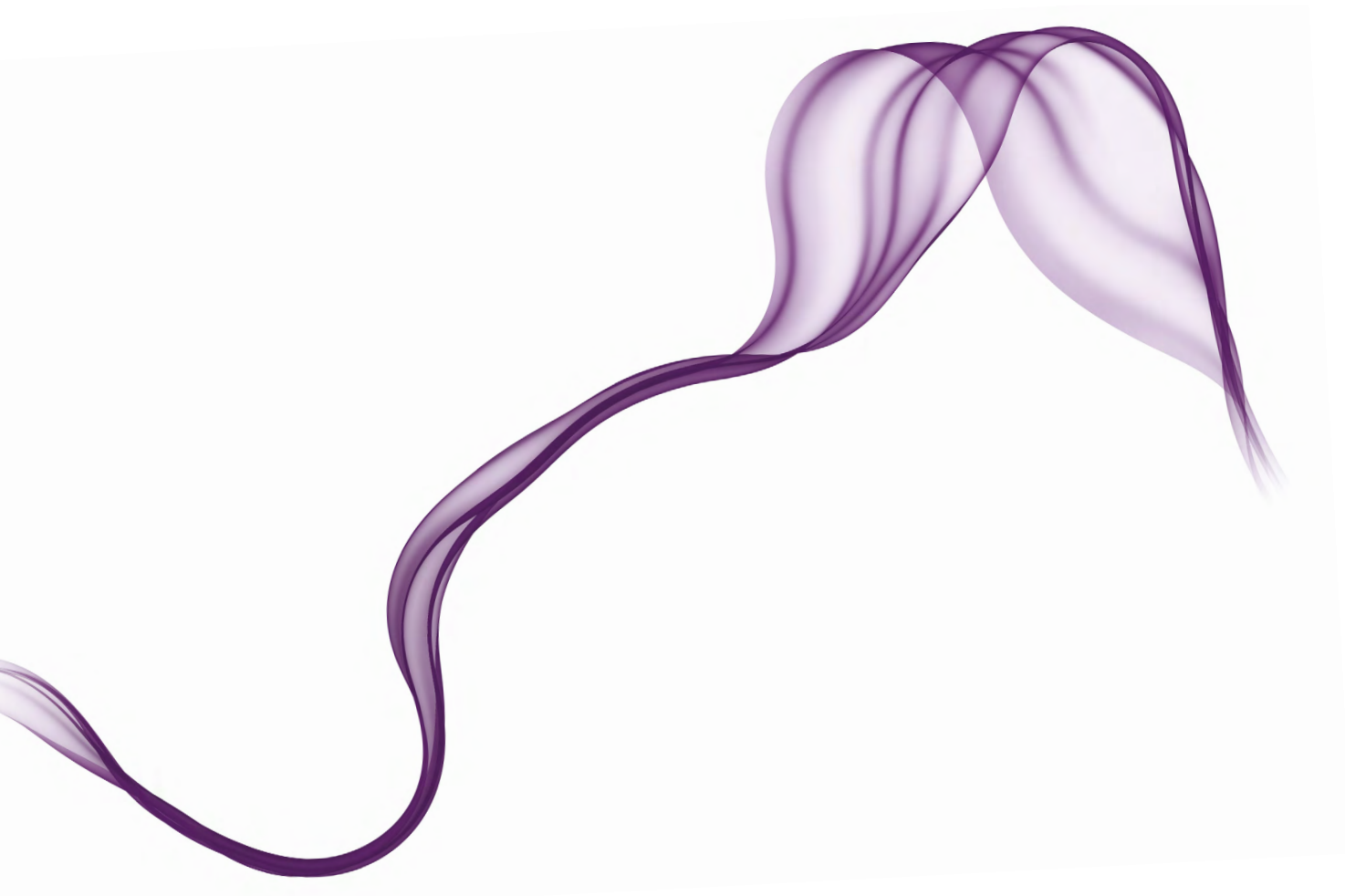


Royal London Asset Management Ethical Bond Fund Policy

Pre-Contractual Disclosure



Introduction

Royal London Asset Management integrates the assessment of environmental, social, and governance (ESG) risks into the investment decision making process for all investment funds, in order to understand and manage ESG risks within funds and thereby improve investment performance for investors. In addition to identifying and managing ESG risks, Royal London Asset Management also applies screening as an additional layer to its process for the Ethical Bond Fund. This process identifies bonds which meet the Fund's predetermined ethical criteria, excluding from investment in the fund bonds which fall short of these requirements.

Our fund screening criteria

Screening is conducted by our in-house team of responsible investment experts, encompassing specialist research from MSCI Inc.

Royal London Asset Management applies nine eligibility tests in the Ethical Bond Fund, six of which relate to specific sectors of business operations which are deemed unethical, and three to unethical behaviours or practices.

Sector based exclusions

Companies that generate over 10% of their turnover from any one of the following six sectors are excluded from Ethical Bond Fund investment:

- **Alcohol** – involvement in brewing, distillation or sale of alcoholic drinks
- **Armaments** – manufacture of armaments or nuclear weapons or associated products
- **Gambling** – operation of betting shops, casinos or amusement arcades
- **Tobacco** – growing, processing or sale of tobacco products
- **Pornography** – companies in the 'adult entertainment services' sector
- **Fossil fuels** – the exploration, extraction or refining of oil, or gas, or coal, plus any activity relating to thermal coal.

Unethical behaviours or practices

The following exclusion criteria are not driven solely by revenue generation, and therefore require different exclusion definitions and an alternative approach to screening. In house expertise is utilised to provide in depth analysis to identify and exclude companies with inadequate policies or systems in the following areas:

- **Environment** – companies with a high environmental impact and no evidence of appropriate environmental management systems
- **Human rights** – companies with no evidence of policies or systems to manage human rights risks, with particular focus on companies in strategic sectors operating in countries of concern
- **Animal testing** – Companies that conduct animal testing (other than for purposes of human or animal health and/or where it is required by law or regulation)

Why is 10% of revenue deemed to be significant?

If a company generates more than 10% from any one of the six highlighted sectors, then Royal London Asset Management deems involvement in that sector is a material part of their business and strategy.

By having a 10% threshold, it also enables us to invest in companies who are transitioning towards practices that do not breach the fund's ethical criteria. For fossil fuels specifically, it also allows us to continue to invest in companies that may still have some exposure to fossil fuels but are supporting the transition to renewable energy generation.

How often will the list of ethical firms and organisations be reviewed?

There is no static list of firms and organisations eligible for investment by the fund. The ethical criteria screening process is monitored on an ongoing basis and is implemented prior to investment in a company. This means that prior to every purchase in the Ethical Bond Fund, the issuer is subject to the fund's ethical screening process.

Furthermore there is regular review, encompassed within Royal London Asset Management's formal risk management process, to ensure investments in the Ethical Bond Fund remain appropriate.

Future modifications to investment process

The ethical criteria applied to the fund is monitored on a regular basis. Before any change to the criteria, either by addition or amendment, a formal process is instigated, including Royal London Asset Management internal management approval, informing and/or consultation with investors and regulatory consent.

Periodic review

This document will be reviewed and updated on a regular basis to ensure Royal London Asset Management's management of the fund remains current with developments in ESG methodologies.

Contact us

For more information about our range of products and services, please contact us.

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We are happy to provide this document in Braille, large print and audio.

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The Fund is a sub-fund of Royal London Bond Funds II ICVC, an open-ended investment company with variable capital with segregated liability between sub-funds, incorporated in England and Wales under registered number IC001128. The Authorised Corporate Director (ACD) is Royal London Unit Trust Managers Limited, authorised and regulated by the Financial Conduct Authority, with firm reference number 144037. For more information on the fund or the risks of investing, please refer to the Prospectus or Key Investor Information Document (KIID), available via the relevant Fund Information page on www.rlam.com.

Telephone calls may be recorded. For further information please see the Legals notice at www.rlam.com.

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