

RESPONSIBLE INVESTMENT

CLIMATE ROADMAP

HOW WE ENGAGE WITH COMPANIES, VOTE, INFLUENCE
POLICY AND REPORT PROGRESS ON CLIMATE RISKS
AND OPPORTUNITIES

May 2026



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This document relates to assets managed by Royal London Asset Management Holdings Limited. This includes assets across equity, fixed income and multi-asset. Assets in segregated portfolios may be managed differently, according to clients' own climate requirements.

Any commitments apply at the firm level. Individual funds will have different investment objectives, so not all commitments will apply to every strategy; investors should refer to the relevant prospectus for fund specific details.

Royal London Asset Management does not offer financial advice to retail investors. We recommend you seek independent financial advice before making any investment decisions.

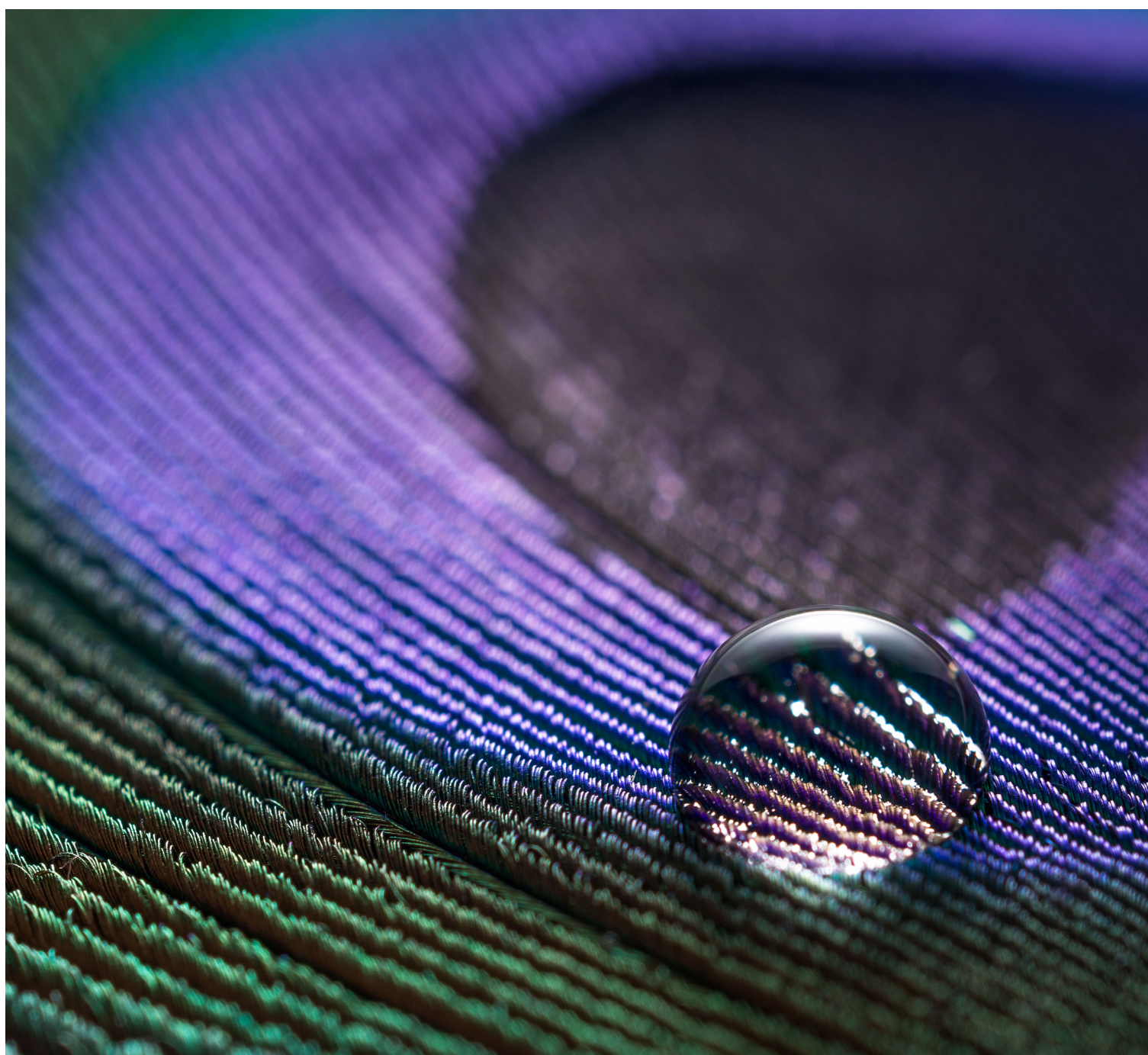


Our Purpose

At Royal London Asset Management, it is our vision to be a leading global active asset manager that puts clients at the heart of what we do. To achieve this, we seek to grow our business, continue to build an organisation of the future, deliver a first-class client experience and demonstrate our commitment to responsible investing.

As an integral part of a customer-owned mutual Royal London, responsible investment is a natural fit and key element in delivering our Group Purpose – **Protecting today, investing in tomorrow. Together we are mutually responsible.** Benefiting from the stability of being part of the UK's largest life, pensions and investment mutual we can take a longer-term view, ensuring we are well placed to invest responsibly and champion positive, enduring change.

Our climate commitments help us play our part in moving fairly to a sustainable world while contributing to the effective management of climate-related risks and opportunities on behalf of our customers and clients.



Our firm-level climate commitments

The science of climate change is built on indisputable, well-established evidence showing that increased greenhouse gas emissions from human activity are warming the planet. This warming is driving physical climate impacts and creating material economic and financial risks if not managed appropriately.

We are committed to supporting the transition to a net zero global economy and have set a series of firm-level climate commitments to guide our approach. These include:

- Engaging with our stakeholders – including policymakers, the companies we invest in and our peers – to play our part in moving fairly to a sustainable world.
- A commitment to reducing the emissions from our investment portfolio by 50% by 2030 as part of our transition to net zero by 2050.¹
- Our commitment to developing investment solutions that will enable our customers and clients to invest in the low-carbon transition.
- As a Group, we are committed to achieving net zero direct operational emissions by 2030 (Scopes 1 and 2) and net zero in our Scope 3 non-investment value chain by 2050.²

These commitments apply at the firm level. Individual funds will have different investment objectives, so not all commitments will apply to every strategy; investors should refer to the relevant prospectus for fund-specific details.

Our approach is focused on contributing to real-world emissions reductions. We aim to decarbonise our in-scope assets in line with the real economy, rather than reducing portfolio emissions through divestment alone. For segregated mandates, we work with clients that have made explicit public net-zero commitments to support their goals.

Our climate commitments are based on the expectation that governments and policymakers will deliver on their commitments to achieve the goals of the Paris Agreement and that the required actions do not contravene our legal and regulatory obligations to our clients.

Following the revision of the Net Zero Asset Managers initiative (NZAM) Commitment Statement in February 2026, Royal London Asset Management remains committed to the initiative. To reflect our specific investment approach and ambition level, we are pursuing a “NZAM+” approach which builds on the NZAM framework and maintains the ambition of our own climate strategy to ensure it continues to be grounded in the latest climate science.

NZAM+ approach

Royal London Asset Management will continue to take a strong approach to climate action through what we call a “NZAM+” approach. This means we will keep the same high standards and long-term climate goals we have already committed to, even where recent updates to the NZAM framework allow more flexibility.

By doing so, we provide continuity and clarity for our clients, ensuring our climate approach remains guided by climate science, while also meeting our legal duties, fiduciary responsibilities, and client mandates.



While the updated NZAM commitment statement is less prescriptive than the previous framework, we believe it reflects a pragmatic effort to create a durable structure that works across different regulatory and fiduciary contexts.



Carlota Garcia Manas,
Head of Climate Transition and ESG Engagement

¹ tCO₂e/\$m invested, relative to a 2020 baseline, covering assets managed and controlled by Royal London Asset Management, excluding segregated mandates unless agreed.

² tCO₂e, relative to a 2019 baseline.

Our engagement objectives

At Royal London Asset Management engagement is central to how we deliver on our climate commitments and drive real-world change. By 2030, we aim to engage with companies responsible for 70% of our financed emissions, encouraging science-based emissions targets and credible transition plans. Our focus is on helping companies reduce their emissions in the real economy, rather than simply selling (divesting from) high-carbon assets.

Net Zero Stewardship Programme

In 2022, we launched our Net Zero Stewardship Programme with the aim of encouraging business progress that supports the goals of the Paris Agreement, while also building resilience to the physical risks of climate change.

To help us achieve this, we created a proprietary method for assessing companies' climate transition plans. We apply it to the highest contributors to carbon emissions across our firm-wide assets under management. We use various sources of information to assess the plans, including company disclosures, data providers and academic research, and provide qualitative analysis for each company.

We have three overarching expectations, which are supported by 12 underlying net zero indicators (see Figure 1).

Figure 1: 12 indicators used for research, engagement and voting



Source: Royal London Asset Management. For illustrative purposes only.

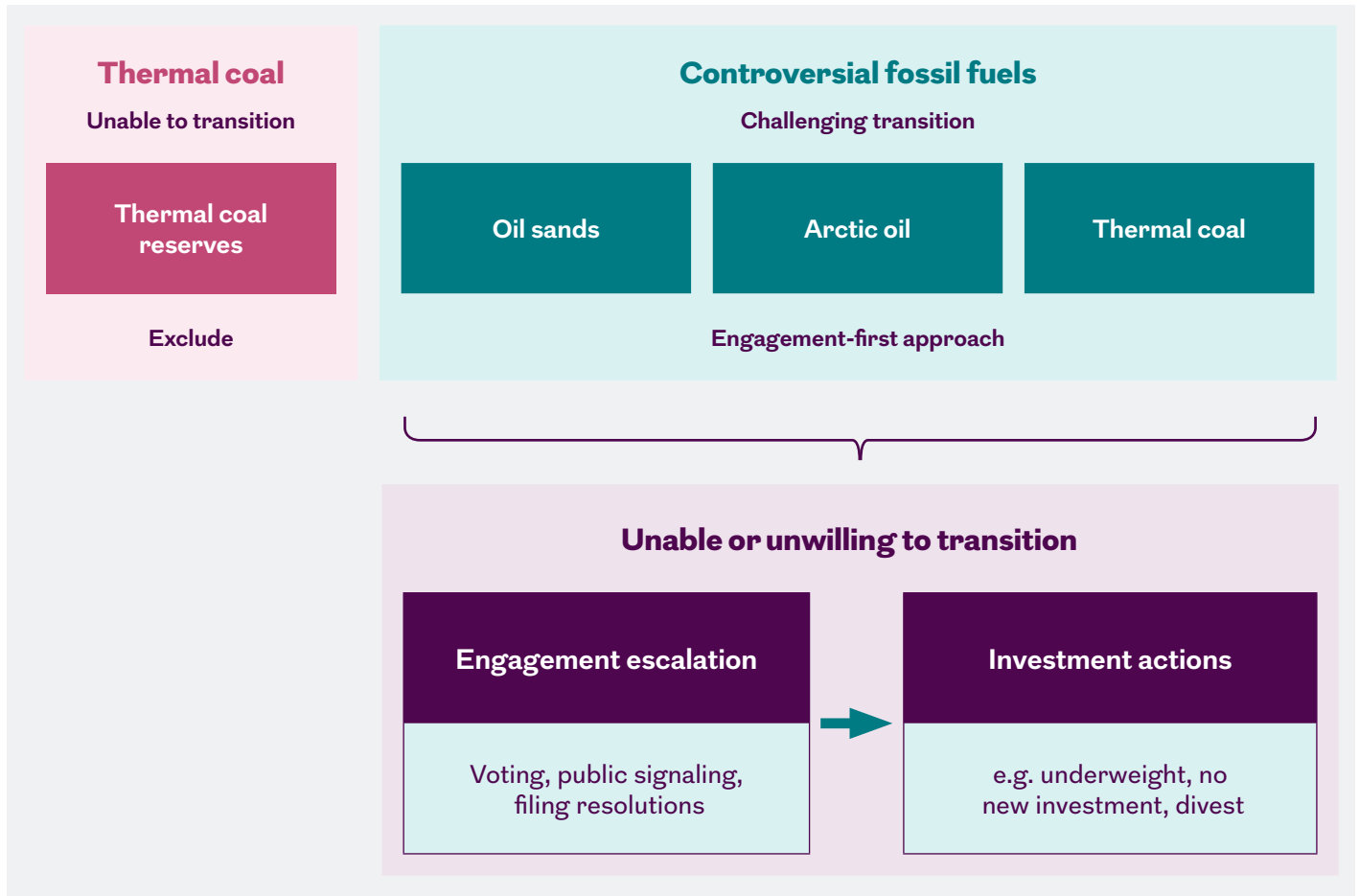
We use our company assessments to clearly communicate our expectations to management. We tailor our approach to each sector, region, and business model, aligning with current scientific research and industry standards. We set separate specific expectations for banks and financial institutions, acknowledging their main impact on climate is through lending and financing to support real-economy activities.

You can read more about our Net Zero Stewardship Programme and the progress we are making towards our engagement goals in our latest [Stewardship and Responsible Investment report](#), as well as in the [Royal London Group Climate \(TCFD\) report](#).

Our approach to fossil fuels³

While we believe in an engagement-first approach, we recognise that fossil fuel usage remains a significant challenge in the transition to a net-zero economy. The transition requires a substantial reduction in overall fossil fuel use and a shift to low- or zero-carbon energy sources, according to the Intergovernmental Panel on Climate Change⁴. Transitioning away from fossil fuels can help promote energy security⁵, by reducing reliance on imported fuels, as well as encouraging economic growth through job creation and technological innovation.

Figure 2: Fossil fuel engagement approach



Source: Royal London Asset Management. For illustrative purposes only.

³ Oil sands, arctic oil, and thermal coal power generation & mining, collectively defined as “controversial fossil fuels”

⁴ PCC (2022). Summary for Policymakers, Working Group III: Mitigation of Climate Change, Sixth Assessment Report.

⁵ Energy security refers to access to reliable and affordable sources of energy

Thermal coal exclusion

We have adopted a firm-wide exclusion of companies and issuers with high business exposure to thermal coal. This targets companies and issuers that we do not believe can or will transition. We define companies with high thermal coal business exposure as companies:

- with thermal coal reserves of two billion tonnes or more globally; or
- where 60% or more of a company's total revenue comes from thermal coal mining.

This exclusion was effective from July 2025 and applies across all Royal London Asset Management funds, except for segregated mandates where this is not requested by the client.

Controversial fossil fuels

We have increased our focus on companies involved in oil sands, Arctic oil, and thermal coal power generation (collectively defined as “controversial fossil fuels”). These companies face challenges in meeting net zero. We expect companies involved in these activities to have credible climate transition plans and we are increasing our engagement efforts with them with the aim of achieving this outcome.

We take a risk-based approach, which means that companies with significant involvement in controversial fossil fuels will be prioritised for engagement based on:

- contribution to our financed emissions and net zero engagement plan,
- potential to transition, assessed through our company climate assessments,
- responsiveness to engagement efforts.

Escalation and investment actions

While we are committed to taking an engagement-first approach, when engagement stalls or fails to deliver progress, a structured escalation framework is in place - ranging from enhanced engagement to investment actions. This ensures robust governance, transparent oversight, and effective delivery of responsible investment objectives.

Our escalation approach is designed to be flexible and context-driven, acting as a toolkit rather than a rigid ladder.

When engagement stalls, we may take actions such as:

- **enhanced engagement** with senior leadership (e.g., formal communication to the Chair or Board),
- **collaborative initiatives** with other investors or stakeholders,
- **public signalling** through statements or open letters,
- **using shareholder or bondholder rights**, including voting or filing resolutions,
- **investment action**, such as reducing exposure or divesting.

The choice and sequence of actions depend on the severity, materiality and sector. Investment actions will always be taken in line with clients' best interests.

Voting

A member of our Governance team reviews and votes our equity holdings, enabling us to actively exercise our voting rights on key climate and sustainability risks, impacts and opportunities. Our voting approach systematically incorporates climate analysis, ensuring that decisions reflect both the credibility of a company's transition pathway and its alignment with our net zero objectives.

Engagement is a core input into the voting process. Vote decisions are informed by a clear history of dialogue and expectations set with companies, including insights from our Net Zero Stewardship Programme. We also consider external assessments of companies' climate performance. Climate specialists in the Responsible Investment team review proposals related to transition plans, emissions targets or climate disclosures and provide analysis to the Governance team before a consensus is reached with the relevant investment teams.

Our climate specialists also assess whether companies have responded adequately to prior engagement asks and whether escalation through voting is warranted. Where insufficient progress has been made on material issues – such as transition planning or climate governance – or where companies fail to meet minimum expectations, the Governance team may escalate by voting against the say-on-climate proposals, against directors or supporting relevant shareholder proposals.

The process draws on climate transition assessments, engagement history and company specific evidence to determine whether a proposal supports credible transition or requires escalation. Royal London Asset Management votes as a house once a unified position is reached, ensuring consistency across funds and alignment with our responsible investment strategy.

We may also consider co-filing shareholder resolutions or nominating directors at annual general meetings where we believe these actions can positively influence investee companies' approaches.



Public policy & advocacy

Public policy plays a critical role in enabling the transition to a low-carbon economy. Clear, consistent and well-designed policies, regulations and reporting frameworks help countries decarbonise and support companies as they adapt their business models, strengthening progress towards climate goals and the management of climate-related risks.

We seek to pursue a strategic and balanced approach to policy engagement, advocating for regulatory frameworks in the UK, Europe and globally that are aligned with our Purpose and long-term objectives. This includes supporting international agreements and responsible investment standards that underpin an orderly transition, while also recognising the importance of market competitiveness and positive outcomes for investors.

We engage directly and collaboratively with policymakers, industry bodies and other stakeholders to contribute constructively to policy discussions. Our engagement seeks to promote credible transition pathways, effective disclosures and consistent standards that improve transparency and support informed investment decisions for our customers and clients.



Reporting

We seek to report transparently and consistently on the progress we are making. We do this through our Royal London Group Climate (TCFD) Report, and Royal London Asset Management Stewardship & Responsible Investment Report and Net Zero Stewardship Programme updates and supplements.

We have also introduced Environmental, Social and Governance (ESG) sections within our quarterly investment reports for relevant funds. This includes fund-specific climate information (if appropriate), engagement statistics, examples split by purpose & outcome, fund-specific voting data and notable votes for equity funds. Clients in segregated mandates also receive bespoke reporting where requested.

For individuals – view our public disclosures and reports on our [policies and regulatory web page](#).

Professional investors – can view additional material on our website: [responsible investment](#) and [our views](#).



Climate governance and responsibilities

This section sets out responsibilities relating to our approach to climate change within Royal London Asset Management.

Role	Climate-related responsibility
Royal London Mutual Insurance Society (RLMIS) Board	The RLMIS Board sets the strategic direction for the Group and oversees Royal London's governance framework, which is integral to delivering our Purpose and strategy. As part of this, it takes responsibility to guide the Group's climate strategy.
Royal London Asset Management Limited Board	Responsible for overseeing Royal London Asset Management Limited's approach to climate risk.
Royal London Asset Management Executive Committee	Supports the Royal London Asset Management Chief Executive Officer in overseeing climate change risks and opportunities across Royal London Asset Management.
Risk & Capital Committee	Undertakes capital and risk oversight on behalf of all Boards in Royal London Asset Management.
Investment Committee	Responsible for monitoring, oversight and advice to the Chief Investment Officer on investment matters as they relate to responsible investment and climate change.
Chief Investment Officer	Responsible for the investment functions, including Responsible Investment. This senior management function is part of the Executive Committee.
Responsible Investment Sub-Committee	Formed in 2025, this group provides oversight and challenge on stewardship, ESG and climate performance across firm and fund levels. Chaired by the Head of Responsible Investment and attended by Heads of Asset Class, Investment Directors and senior members of the Responsible Investment team.
Head of Asset Class and all investment managers	Responsible for ensuring material ESG risks, including climate risks, are considered within investment decisions and for contributing to engagement and proxy-voting decisions, where applicable.
Head of Responsible Investment and the Responsible Investment team	Provide subject-matter expertise, support, information, data and analytics to the investment teams, and oversee day-to-day implementation of engagement and proxy voting activities across all asset classes.
Head of Climate Transition	Advises on the strategic, commercial and investment impact of climate risk across the business in collaboration with the teams in Investment, Client Group, Operations and Risk.
Engagement Delivery Group (EDG)	This group includes analysts and fund managers from each investment desk. It aligns engagement with investment strategies, promotes collaboration and oversees engagement escalation for strategic holdings.
Climate Technical Forum	Expert technical body established to support climate-related initiatives including Net Zero and Climate Transition Planning. It provides advice, critique, and input on policy development, methodology, and investment approaches, whilst bringing both external and internal perspectives. Members include representatives from the responsible investment team, investment desks, risk and Client Group. The Forum also serves as a platform to exchange ideas, share best practices, and build consensus on minimum standards.

Contact us

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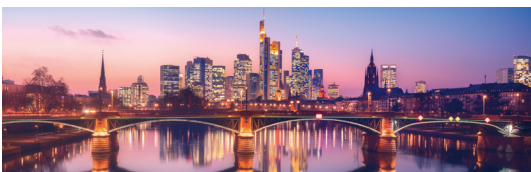
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Important information

The views expressed are those of Royal London Asset Management at the date of publication unless otherwise indicated, which are subject to change, and is not investment advice.

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