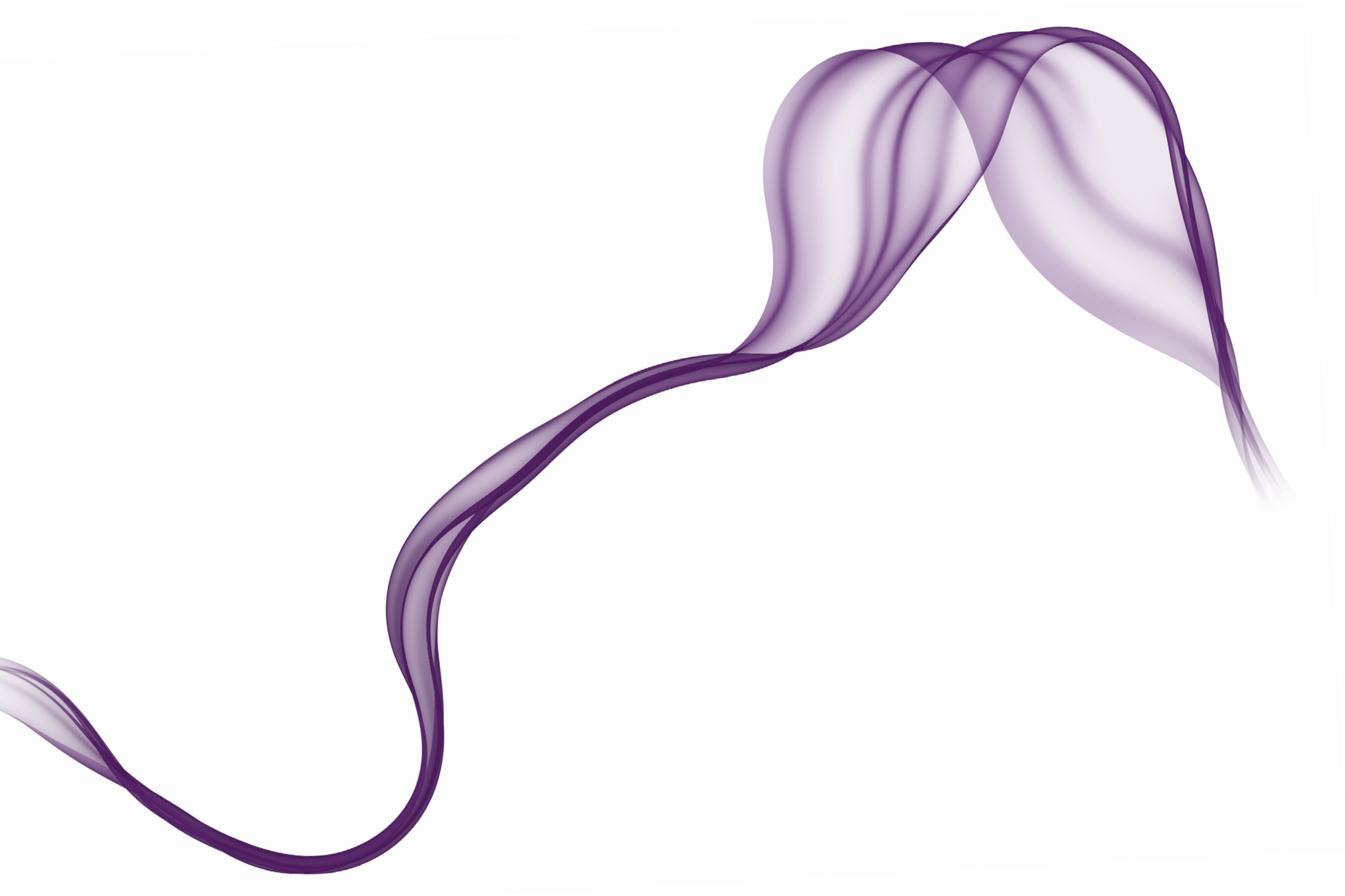
Principal Adverse Impacts Statement

1 January 2023 to 31 December 2023

Issued June 2024



ROYAL LONDON
ASSET MANAGEMENT

Summary statement on Principal Adverse Impacts of investment decisions on sustainability factors

This disclosure is applicable to Royal London Asset Management Limited (213800VJ1GMACBBTYZ14) and describes how we consider the Principal Adverse Impacts (PAIs) of our investment decisions on sustainability factors at an entity level.

The scope of this document extends to Royal London Asset Management funds and segregated mandates that are domiciled in the European Union. This represents €15.9bn of Royal London Asset Management's total assets under management.

This statement is reflective of the period from 1 January 2023 to 31 December 2023 and will be reviewed annually.

The European Union's (UN) Sustainable Finance Disclosure Regulation (SFDR) requires consistent and transparent disclosure of how PAIs are considered as part of the investment decision making process on sustainability factors by financial market participants. PAIs are defined as follows:

- Principal Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.
- Royal London Asset Management considers 19 adverse sustainability indicators, which cover topics including greenhouse gas emissions, energy efficiency, biodiversity, water, waste, social and employee matters and human rights.

Description of policies to identify and prioritise Principal Adverse Impacts of investment decisions on sustainability factors

Policies

Our Responsible Investment Policy describes our approach to identifying and prioritising PAIs. The latest version of our Responsible Investment Policy is available on our website Responsible Investment Policy.

At Royal London Asset Management, we have embraced responsible investing for many years and continue to expand our offering in line with the evolving world of ESG best practice – extending our ESG integration practices and integrating these across our asset classes as appropriate. At the entity level, we identify and prioritise PAIs in two ways - through engagement and ESG Integration.

As part of our overall approach to ESG integration, we are considering PAIs at an entity level and within many of our Article 8 and 9 funds. Where we consider PAIs at product level, our approach is described in detail within fund-level annexes.

We have included more information in Table 1 on our methods to consider and/or mitigate PAIs at entity level.

Governance

Our approach to responsible investment, including identifying and prioritising our PAIs, is ultimately the responsibility of our Chief Investment Officer (CIO). The CIO is accountable for setting the investment strategy, and overseeing our Responsible Investment function, including our approach to voting, stewardship, and climate investment risk. The CIO is a regulated Senior Management Function (SMF), is a member of Royal London Asset Management's Executive Committee and chairs the Investment Committee. The CIO is supported by the Responsible Investment (RI) team alongside the investment teams and other front office functions.

The Responsible Investment team provides ESG insights, analysis, and challenge through informal conversations, regular ESG portfolio reviews, and via proxy voting and ESG research. This includes topics relating to PAIs. Regular portfolio reviews provide an opportunity for investment teams to document ESG conversations and are illustrative of our collaborative approach, with both investment teams and the Responsible Investment team responsible for contributing ideas and agenda items for discussion.

The CIO updates the Board and monitors responsible investment in line with Royal London Asset Management's risk-tolerance threshold. The CIO is also responsible for ensuring responsible investment, stewardship and climate change risk management are embedded in Royal London Asset Management's investment strategies and capabilities.

Methodology to identify and assess PAIs

There are two ways in which we identify and assess PAIs, through engagement and ESG integration.

Engagement

We carefully select our engagement themes to reflect both the climate and ESG risks to our investments and the PAIs of our investment decision making on the environment and society.

We have provided more information on our approach to selecting our engagement themes in the Engagement Policy section of this statement.

ESG integration

We identify and assess PAIs at company and fund level using internal expertise, data, and analytics. Our Responsible Investment team are subject matter experts and help provide ESG insights, analysis, and challenge through informal conversations, regular ESG portfolio reviews, and via proxy voting and ESG research.

Royal London Asset Management's proprietary ESG Dashboard and analytics solution are research tools that enable fund managers, financial analysts, and members of the Responsible Investment team to evaluate, monitor and challenge PAIs and ESG risks at both a fund and issuer/company level. We also have the ability to view this data at entity level.

Through using these tools, Royal London Asset Management investment professionals can access the latest available issuer- level ESG and climate (ESGC) scores, engagement and voting activity, and commentary. They also have the ability to access the latest fund and entity-level climate, PAI and engagement data.

The ESG Dashboard and analytics solution are fed by a combination of third-party and in-house data, as well as proprietary scores and analysis. The purpose of these tools is to enhance fund managers' understanding of PAIs and their ability to make more informed investment decisions. ESG integration refers to the consideration of ESG risk as part of the investment process. It does not mean the fund is trying to achieve a particular positive ESG outcome. Please check the prospectus for details on specific fund-level objectives.

Royal London Asset Management's Principal Adverse Impact indicators and methods for considering and mitigating them

In addition to these metrics, there are a number of PAIs which can be disclosed against on a voluntary basis. For now, Royal London Asset Management has chosen not to disclose data against these. This decision was taken due to concern over data quality and availability. As ESG disclosures become more mature and SFDR requirements evolve, we will continue to revisit this decision and amend our approach where appropriate.

PAIs enable us to measure the adverse impacts of investments on sustainability factors. In Table 1 we have laid out our approach to considering and mitigating the PAIs that our investment decisions have on sustainability factors.

For adverse sustainability indicators 1-17, the coverage is calculated as the percentage of the total AUM invested in equities or corporate bonds where data is available. For adverse sustainability indicators 18-19, the coverage is calculated as the percentage of total AUM invested in sovereign bonds where data is available.

Efforts have been made during the period to improve the coverage of data available in the report. We anticipated that certain metrics would increase due to greater availability of data compared to previous reporting periods. Metrics may also be affected by financial factors, such as company market value or debt instruments, strategic asset allocation, client preferences, active investment decisions in the underlying funds, or changes in investee company sustainability performance.

Table 1. Royal London Asset Management's approach to considering and mitigating the PAIs of investment decisions on sustainability indicators

Description of PAIs of investment decisions on sustainability factors

Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Impact (2022)	Impact (2023)	Explanation	Methods to consider and/or mitigate the PAI
Greenhouse gas (GHG) emissions	1. GHG emissions	Scope 1 GHG emissions (tCO_2e)	497,878.25	506,435.16	Sum of portfolio companies' Carbon Emissions - Scope 1 (tCO_2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	**Year-on-year changes** To measure, monitor and manage our approach to climate change we rely on the carbon data readily available to us. This includes, but is not limited to carbon footprint, GHG emissions and GHG intensity. In addition to data, we also undertake qualitative analysis which enhances our ability to assess the PAIs of our holdings on climate change. Our data indicates that carbon emissions have increased in the investments covered by this report since 2022. This is consistent with trends we see in our other climate disclosures, for example our [Royal London Climate (TCFD) entity report]() Changes in our portfolio emissions can be driven by our fund managers exercising active management, investing in new companies, divesting certain companies, tilting portfolios away or towards higher-emitting sectors within their mandates and increases in coverage of data available as explained above. Changes also occur to our overall portfolio due to client preferences driving capital allocation to Royal London Asset Management funds with a lower or higher carbon footprint, or due to clients specifically instructing emissions reduction targets. There can be changes to the enterprise value including cash (EVIC) of the companies Royal London Asset Management invest in, driven either by changes to a company's market value or its debt issuance. This means that we own a changing portion of the company's emissions. The revenues of investee companies are notably volatile and can increase due to inflation or commodity cycles. Investee companies' emissions can also change due to a company buying or selling polluting assets from another company that may or may not be held in the Royal London Asset Management aggregate portfolio (although note that this would not result in a change in the total emissions of the real economy). We are working to address this through a targeted engagement programme aimed at the highest emitting companies within our firm-wide assets under management. You can read more in our [Net Zero Stewardship report]() and our [Stewardship and Responsible Investment report]().
					2022 coverage:62.45% 2023 coverage: 71.3%	
		Scope 2 GHG emissions (tCO_2e)	103,229.65	117,737.07	Sum of portfolio companies' Carbon Emissions – Scope 2 (tCO_2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	
					2022 coverage:62.45% 2023 coverage: 71.3%	

Adverse sustainability indicator		**Metric**	**Impact (2022)**	**Impact (2023)**	**Explanation**	**Methods to consider and/or mitigate the PAI**
Greenhouse gas emissions (continued)	1.GHG Emissions (continued)	Scope 3 GHG emissions (estimated) (tCO_2e)	N/A	4,424,525.31	Sum of portfolio companies' Scope 3 – Total Emission Estimated (tCO_2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash. 2023 coverage: 71.0%	In 2022, it was not a regulatory requirement to disclose Scope 3 GHG emissions (estimated) (tCO_2). We have provided this information for the first time this year to increase transparency for clients. **Background** Royal London Asset Management aims to mitigate climate-related adverse impacts via our commitment to achieving net zero[1] by 2050 and reducing our carbon equivalent emissions by 50% by 2030 for our in-scope assets, using 2020 as the baseline year.[2] Our commitment is made at the firm-level and we will report periodically and transparently on the progress we are making. This commitment does not apply to all Royal London Asset Management funds and strategies because each will have different investment objectives. Please check the prospectus for details on specific fund-level objectives. Our intention is to decarbonise Royal London Asset Management's in-scope assets under management in line with the real economy. We will also work closely with our segregated clients towards this goal where they have made explicit public commitments to net zero. Royal London Asset Management's efforts are focused on supporting the decarbonisation of the companies we invest in through engagement (and not decarbonising our aggregate portfolio regardless of the real economy). The commitment is based on the expectation that governments and policymakers will deliver on commitments to achieve the goals of the Paris Agreement. It also assumes this action does not contravene Royal London Asset Management's fiduciary duty to external investors.
		Total GHG emissions (tCO_2e)	3,952,168.21	5,048,697.54	The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with the market value of the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash). 2022 coverage: 62.45% 2023 coverage: 71.3%	
	2. Carbon footprint	Carbon footprint (tCO_2e /€M)	265.87	309.94	The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with 1 million EUR invested in the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash). 2022 coverage: 62.45% 2023 coverage: 71.3%	
	3. GHG intensity of investee companies	GHG intensity of investee companies (tCO_2e/€M)	1,098.87	854.56	The portfolio's weighted average of its holding issuers' GHG Intensity (Scope 1, Scope 2 and estimated Scope 3 GHG emissions/EUR million revenue). 2022 coverage: 70.97% 2023 coverage: 82.67%	

1 The term Net Zero means achieving a balance between the amount of greenhouse gases emitted into the atmosphere and the amount removed from it. The commitment is based on the expectation that governments and policy makers will deliver on commitments to achieve the 1.5°C temperature goal of the Paris Agreement. It also assumes this action does not contravene Royal London Asset Management's fiduciary duty to external investors. The commitment is baselined on the year 2020. It includes assets managed and controlled by Royal London Asset Management, but excludes segregated mandates managed on behalf of external clients, unless otherwise instructed.

2 The commitment is baselined on the year 2020 and is being tracked using Scope 1 and 2 carbon footprint using EVIC as an attribution factor (tCO_2e/\$m invested) for in-scope companies in which we invest.

Adverse sustainability indicator		Metric	Impact (2022)	Impact (2023)	Explanation	Methods to consider and/or mitigate the PAI
Greenhouse gas emissions (continued)	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector (%)	5.21%	5.83%	The percentage of the portfolio's market value exposed to issuers with fossil fuels related activities, including extraction, processing, storage and transportation of petroleum products, natural gas, and thermal and metallurgical coal. 2022 coverage: 74.63% 2023 coverage: 82.16%	See commentary above.
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage (%)	70.29%	66.51%	The portfolio's weighted average of issuers' energy consumption and/or production from non-renewable sources as a percentage of total energy used and/or generated. 2022 coverage: 55.32% 2023 coverage: 58.29%	

Adverse sustainability indicator		**Metric**	**Impact (2022)**	**Impact (2023)**	**Explanation**	**Actions taken, actions planned, and targets set for the next reference period**
Greenhouse gas emissions (continued)	6. Energy consumption intensity per high impact climate sector – NACE codes A-L (GwH/€M revenue	A – Agriculture, Forestry and Fishing	0.52	1.26	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for the specific NACE code.	PAI 6 B – Mining and Quarrying: Energy consumption intensity per high impact climate sector – NACE codes A-L. We have removed the 2022 data for NACE code B mining and quarrying due to an error in the 2022 data from our third-party data provider. This error was discovered when preparing the 2023 statement and has therefore been removed for the 2023 report as the figures are not comparable. We note that energy consumption intensity has increased for a number of sectors. This is consistent with analysis in our TCFD report which indicates greater overall carbon emissions from economic activity, particularly following the Covid pandemic. Due to data coverage and limitations, we are unable to undertake further attribution analysis to understand the factors impacting the changes to energy consumption data by sector. The changes may be the result of energy consumption by companies within our funds, asset allocation activities, or as a result of active investment management decisions.
		B – Mining and Quarrying	N/A	10.09		
		C – Manufacturing	1.23	0.74		
		D – Electricity, Gas, Steam and Air Conditioning Supply	2.50	3.43		
		E – Water Supply; Sewerage, Waste Management and Remediation Activities	1.41	0.66		
		F – Construction	0.04	0.07		
		G – Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles	0.09	0.10		
		H – Transportation and Storage	1.65	1.24		
		I – Accommodation and Food Service Activities	0.89	0.43		
		J - Information and Communication	0.76	0.08		
		K – Financial and Insurance Activities	0.11	0.08		
		L – Real Estate Activities	0.40	0.38		
		Coverage %	38.86%	43.84%		

Adverse sustainability indicator		Metric	Impact (2022)	Impact (2023)	Explanation	Actions taken, actions planned, and targets set for the next reference period
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/ operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas (%)	0.00%	0.00%	The percentage of the portfolio's market value exposed to issuers' that reported having operations in or near biodiversity sensitive areas and have been implicated in controversies with severe or very severe impacts on the environment 2022 coverage: 74.63% 2023 coverage: 82.19%	We note there is no change to this metric. **Engagement** Biodiversity is one of Royal London Asset Management's six engagement themes. As part of this theme, we have undertaken research to understand data availability and how we can approach and implement the recommendation of Taskforce on Nature Related Financial Disclosures (TNFD) when required to do so. In 2023 we started to engage with companies to improve their stewardship of nature, encouraging them to enhance their knowledge, management, and disclosures to protect our environment. We joined FAIRR (Farm Animal Investment Risk and Return Initiative), and Nature Action 100, both collaborative engagement initiatives aimed at addressing biodiversity issues. We also engaged with eight UK house builders to understand their approaches to meeting the requirements of the new UK regulation on Biodiversity Net Gain and published our best practice and recommendations based on our findings. **ESG integration** We consider the materiality of biodiversity and where appropriate it is assessed within company level ESG research at fund/ strategy level by the investment teams. ESG integration refers to the consideration of ESG risk as part of the investment process. It does not mean any given fund is trying to achieve a particular positive ESG outcome. Please check the prospectus for details on specific fund-level objectives. Biodiversity is part of the proprietary ESG Dashboard and analytics solution, which is available to fund managers, to assist them in monitoring PAIs and ESG risks at both a fund and issuer/ company level. Though we are pleased we have no exposure to activities negatively affecting biodiversity- sensitive areas, we also recognise that data availability relating to biodiversity is limited. As such, when considering this PAI we do not solely rely on data and believe qualitative based analysis is equally as important.

Adverse sustainability indicator		Metric	Impact (2022)	Impact (2023)	Explanation	Actions taken, actions planned, and targets set for the next reference period
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average (Metric Tonnes / €1M Investment	N/A	N/A	The total annual wastewater discharged (metric tons reported) into surface waters as a result of industrial or manufacturing activities associated with 1 million EUR invested in the portfolio. Companies' water emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	The data availability for this metric is still very limited and as a consequence we have chosen not to disclose. We are engaging with companies to identify the best way forward to improve the disclose this metric. **Engagement** Royal London Asset Management has a history of research and engagement with the UK water utility sector dating back to 2018. This sector has an important role in managing and treating emissions to water and given our exposure to UK water utility companies within our overall AUM, we identified this as a key priority for engagement to help address the principal adverse impact. Our engagement work has enabled us to gain a broad understanding of ESG within the sector and form expectations which we are intending to use to shape engagement for change activities in 2023. For more information, please see our Stewardship and Responsible Investment Report. **ESG Integration** We consider the materiality of emissions to water and where appropriate it is assessed within company level ESG research at fund/ strategy level by the investment teams. ESG integration refers to the consideration of ESG risk as part of the investment process. It does not mean the fund is trying to achieve a particular positive ESG outcome. Emissions to water is part of the proprietary ESG Dashboard and analytics solution, which is available to fund managers, to assist them in monitoring PAIs and ESG risks at both a fund and issuer/company level.
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average (Metric Tonnes / €1M Investment)	N/A	N/A	The total annual hazardous waste (metric tons reported) associated with 1 million EUR invested in the portfolio. Companies' hazardous waste is apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash (EVIC)).	We have chosen not to disclose this metric as data availability is still limited. Where we consider this metric, we typically rely on other approaches such as qualitative research. **General** We consider the materiality of hazardous waste and where appropriate it is assessed within company level ESG research at fund/ strategy level by the investment teams. Hazardous waste is part of the proprietary ESG Dashboard and analytics solution, which is available to fund managers, to assist them in monitoring PAIs and ESG risks at both a fund and issuer/company level.

Adverse sustainability indicator		Metric	Impact (2022)	Impact (2023)	Explanation	Actions taken, actions planned, and targets set for the next reference period
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (%)	0.34%	0.05%	The percentage of the portfolio's market value exposed to issuers with severe or very severe controversies related to the company's operations and/or products. 2022 coverage: 74.67% 2023 coverage: 82.33	**Year-on-year change** There are five companies held by the funds in scope of this report that are flagged under this metric. This is down from 11 companies in 2022. Six companies are no longer flagging, or we have sold our positions from the in-scope funds. This has driven a marginal improvement in performance regarding the UN Global Compact violations and policies.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles of OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or the OECD guidelines for Multinational Enterprises (%)	38.56%	37.80%	The percentage of the portfolio's market value exposed to issuers that are not signatories in the UN Global Compact. 2022 coverage: 73.16% 2023 coverage: 81.99%	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies (%)	N/A	20.22%	The portfolio holdings' weighted average of the difference between the average gross hourly earnings of male and female employees, as a percentage of male gross earnings. 2022 coverage: N/A 2023 coverage: 24.93%	In 2022 we chose not to disclose our gender pay gap PAI as data coverage was low. This year the coverage is higher at 24.93%. However the data can vary significantly by country and number of employees and may not be an accurate reflection of underlying performance As a result, we choose to consider this PAI through other means such as engagement, proxy voting and qualitative ESG integration. We have seen an increase in the average ratio of female to male board members in investee companies. Diversity is one of the focus areas in our Governance and Corporate Culture engagement theme for 2024-2026.

Continued overleaf

Adverse sustainability indicator		Metric	Impact (2022)	Impact (2023)	Explanation	Actions taken, actions planned, and targets set for the next reference period
Social and employee matters (continued)	13. Board gender diversity	Average ratio of female to male board members in investee companies (%)	32.00%	34.63%	The portfolio holdings' weighted average of the ratio of female to male board members expressed as a percentage 2022 coverage: 73.46% 2023 coverage: 81.89%	We are members of the 30% Club Investor Group focusing on increasing gender diversity and representation at board and executive levels. In 2023 we focused on gender diversity in Japan which you can read about on page 35 of our Stewardship and Responsible Investment Report. We plan to engage further and assess whether the Japanese companies we engaged with have set credible targets and more fully integrated DEI into their corporate agendas. We have seen increases in coverage of data available which can affect the metrics reported. We have explained this on page 3 of this document. **Engagement** Governance and Corporate Culture, including diversity, is one of Royal London Asset Management's six engagement themes. Through our engagement on gender diversity, we seek to gather information and change company practices to be in line with what we consider good practice. For examples of where we have engaged on gender diversity, please see our Stewardship and Responsible Investment report. **Proxy voting** Royal London Asset Management encourages good pay practices and believes that diversity of individuals, whether of gender, ethnic origin, nationality, professional background, experience or other factors, are essential considerations of Board executives. As such, Royal London Asset Management will abstain or vote against the re-election of the Chair or Chair of the Nomination Committee, should the Board not have at least 33% gender diversity absent a compelling rationale. Though we are pleased with our Board gender diversity PAI being close to our target, we note it isn't quite where we'd like it to be and so we recognise that ongoing work is needed to encourage companies to improve diversity practices including female representation on the Board. You can read more about gender pay gap reporting and ethnic diversity in our Stewardship and Responsible Investment Report. For more information on how we voted in 2023, please see our voting records here. **ESG integration** We consider the materiality of social and employee matters relating to UNGC and OECD Guidelines for Multinational Enterprises and where appropriate it is assessed within company level ESG research at fund/strategy level by the investment teams.

Continued overleaf

Adverse sustainability indicator		Metric	Impact (2022)	Impact (2023)	Explanation	Actions taken, actions planned, and targets set for the next reference period
Social and employee matters (continued)						ESG integration refers to the consideration of ESG risk as part of the investment process. It does not mean the fund is trying to achieve a particular positive ESG outcome. Social and employee matters relating to the UNGC and OECD Guidelines for Multinational Enterprises are part of the proprietary ESG Dashboard and analytics solution, which is available to fund managers, to assist them in monitoring PAIs and ESG risks at both a fund and issuer/company level.
Human Rights	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons (%)	0.00%	0.00%	The percentage of the portfolio's market value exposed to issuers with an industry tie to landmines, cluster munitions, chemical weapons or biological weapons. Note: Industry ties includes ownership, manufacturing and investments. Ties to landmines do not include related safety products. 2022 coverage: 100.00% 2023 coverage: 99.54%	We note there is no change to this metric. **Exclusions** Royal London Asset Management has implemented a firm wide exclusion of controversial weapons as we believe, as a responsible investor and stewards of our client's capital, we should not support involvement in these products. Royal London Asset Management will not knowingly invest in companies involved in the manufacture of land mines, cluster munitions, and chemical and biological weapons. For more information, please see our Controversial Weapons Policy.

Other indicators for principal adverse impacts on sustainability factors

Additional indicators

Adverse sustainability indicator		Metric	Impact (2022)	Impact (2023)	Explanation	Actions taken, actions planned, and targets set for the next reference period
Emissions (additional)	15. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with Paris Agreement (%)	30.64%	29.97%	The sum of companies' weights in the portfolio that have no carbon emissions reduction initiatives coverage. There is no re-weighting, nor removing of holdings with no data available for the calculation. 2022 coverage: 70.30% 2023 coverage: 80.24%	Please see the Greenhouse gases section of this table for more information on our methods for considering and/or mitigating this PAI. **Year on year change** One of the indicators within our responsible investment Climate Transition Assessment (CTA) relates to carbon emission reduction targets set by our investee companies. As part of our Net Zero Stewardship Programme, we assess whether the companies in scope have credible targets covering all scopes of emissions, focusing on how ambitious the target is and how material the target is within the sector. We give the companies we assess a red, amber or green rating for each indicator then engage with the company on how we believe they could improve their targets. We have seen increases in coverage of data available which can affect the metrics reported, we have explained this on page 3 of this document.

Adverse sustainability indicator		Metric	Impact (2022)	Impact (2023)	Explanation	Actions taken, actions planned, and targets set for the next reference period
Human Rights (additional)	16. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis (count)	0.01	0.01	The portfolio's weighted average sum of the holdings with human rights violations coverage. For the portion of the fund where human rights violation data is not available, the holdings are removed and remainder of the fund re-weighted to 100%. The portion not covered by human rights violations data values are assumed to behave as the holding with data available. 2022 coverage: 62.46% 2023 coverage: 71.21%	Please see the Human Rights section of this table for more information on our methods for considering and/or mitigating this PAI.
Social and employee matters (additional)	17. Incidents of discrimination	Number of incidents of discrimination reported in investee companies expressed as a weighted average (count)	0.00	0.00	The portfolio's weighted average of issuers' number of Severe and Very Severe controversy cases in last three years related to the company's involvement in: Employee discrimination and workforce diversity issues 2023 coverage: 62.46% 2023 coverage: 71.21%	We note there is no change to this metric. **Engagement** Royal London Asset Management recognises that the treatment of employees is central to a company's ability to succeed. This includes all areas of social and employee matters, within which multiple factors are often inter-related. As such, Royal London Asset Management has undertaken engagement on employee harassment. For more information and to read an example of engagement in this area, please see our Stewardship and Responsible Investment report. **ESG integration** We consider the materiality of social and employee matters relating to incidents of discrimination and where appropriate it is assessed within company level ESG research at fund/strategy level by the investment teams. ESG integration refers to the consideration of ESG risk as part of the investment process. It does not mean the fund/s are trying to achieve a particular positive ESG outcome. Please check the prospectus for details on specific fund-level objectives. Social and employee matters relating to incidents of discrimination are also considered within many of our Article 8 and 9 funds and typically investment teams will use Royal London Asset Management's proprietary ESG Dashboard and analytics solution to evaluate and monitor PAIs and ESG risks at both a fund and issuer/company level.

Adverse sustainability indicator		Metric	Impact (2022)	Impact (2023)	Explanation	Actions taken, actions planned, and targets set for the next reference period
Environ-mental (sovereign)	18. GHG intensity	GHG intensity of investee countries (tCO_2e/€M GDP)	168.40	206.13	The portfolio's weighted average of sovereign issuers' GHG Emissions Intensity (Scope 1, 2 and 3 emissions/EUR M GDP) 2022 coverage: 99.36% 2023 coverage: 99.42%	Please see the Greenhouse gases section of this table for more information on our methods for considering and/or mitigating this PAI.
Social (sovereign)	19. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law.	0.00	0.00	The portfolio's number of unique sovereign issuers with European External Action Service (EEAS) restrictive measures (sanctions) on imports and exports 2022 coverage: 99.36% 2023 coverage: 99.42%	We note there is no change to these metrics. **General** Where it is considered material, country social violations will be considered within issuer-level ESG research.
		Number of investee countries subject to social violations (relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law (%)	0.00%	0.00%	The portfolio's percentage of unique sovereign issuers with European External Action Service (EEAS) restrictive measures (sanctions) on imports and exports 2022 coverage:99.36% 2023 coverage: 99.42%	

Data sources and margin of error within methodologies

Given the evolving nature of ESG data and disclosures, we face a number of challenges in identifying PAIs. We utilise a third-party data provider for PAI data. We have built an in-house solution to aggregate and display this data, enabling investment teams to access and analyse the data at issuer/company and fund level to help inform investment analysis. We also have the ability to review the data at firm-level.

To aid in assessing Good Governance, we have increased the research coverage for our internal governance assessments which have been adapted for private issuers or those with more limited public disclosures. It also allows us to appropriately adjust for asset class specific factors, such as the type of issuer and the level of security we have over the assets.

Our disclosed PAIs are subject to limitations due to the emerging nature of the data applications and methodologies. Low levels of data coverage may give inaccurate fund and entity-level statistics. All data is supplied for informational purposes only and should not be relied upon for investment decisions.

We endeavour to improve PAI data in finance through our engagement with companies and data providers. We believe that technological innovations will make data more easily accessible and reliable in the future.

Although our information providers, including but not limited to, MSCI ESG Research LLC and its affiliates (the ESG parties), obtain information from sources considered reliable, none of the ESG parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose.

Royal London Asset Management's Engagement Policy

Dialogue between Royal London Asset Management and investee companies is an important tool to help us understand the adverse impacts of our investments as well as to encourage change at issuer level to produce better outcomes for society and the environment.

Where we have serious concerns about a company's environmental or social impact, we will seek to engage with a company to improve their practices and mitigate their adverse impacts.

The extent of our engagement relates to the size and nature of any PAIs.

For more information on our approach to engagement, please see our latest Stewardship and Responsible Investment report and the Engagement Policy section of our Responsible Investment Policy.

References to international standards

Integrating ESG practices across Royal London Asset Management includes adhering to several business conduct codes and initiatives. While the below is not an exhaustive list, these are the codes/initiatives that are most recognisable at an international level and the ones that we actively apply or participate in:

- UK Stewardship Code (see our Stewardship and responsible investment report
- UK Corporate Governance Code and local market governance codes (where appropriate)
- Principles for Responsible Investment (PRI)
- Taskforce on climate related financial disclosures (TCFD) (see our TCFD 2022 Report)
- Climate Financial Risk Forum (CFRF)
- Net Zero Asset Managers Initiative (NZAM) (see the NZAMi initial target disclosure report for our commitment)
- Climate Action 100+ (CA100+)
- Investment Association (IA) committees, including the Sustainability & Responsible Investment Committee
- UK Sustainable Investment and Financial Association (UKSIF)

In addition to the above, other international standards are considered within some of our Article 8 and 9 funds. This includes the United Nations Global Compact (UNGC) and Organisation for Economic Cooperation and Development (OECD) guidelines for multinational enterprises. Adherence with these standards at a fund-level is managed directly by the investment desks.

As we describe in Table 1 under Greenhouse gases, Royal London Asset Management aims to mitigate climate- related adverse impacts via its climate commitment and is a signatory to the Net Zero Asset Managers initiative (NZAM). We do not currently utilise the prescribed GHG emission metrics within the SFDR to monitor this commitment, however we do utilise climate-related metrics that are aligned with the Taskforce for Climate-Related Financial Disclosures (TCFD).

Historical comparisons

A historical comparison of the PAIs reported in Table 1 has been made available.

Contact us

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

Royal London Asset Management has partnered with FundRock Distribution S.A, who will distribute its products and services in the EEA. This follows the United Kingdom's withdrawal from the European Union and ending of the subsequent transition period, as UK Financial Services firms, including Royal London Asset Management, can no longer passport their business into the EEA.

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

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