



# Climate Report 2025

Task Force on Climate-related Financial Disclosures



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### Annual Report and Accounts 2025

Find out how we continued to make progress in delivering our strategy and achieving our Purpose in 2025.



### Climate Transition Plan

Our strategic roadmap for evolving our operations, investments and policies to support a low-carbon, climate-resilient future.

For a glossary of terms used in this report, please visit [www.royallondon.com](http://www.royallondon.com)



# Foreword



**We remain firm in our belief that the best future for our customers is one where we collectively take actions to reach the goals of the Paris Agreement.”**

**Barry O’Dwyer**  
Group Chief Executive Officer

Royal London is a proudly customer-owned business. Driven by our Purpose – Protecting today, investing in tomorrow. Together we are mutually responsible. – we want to empower millions of people to take better financial decisions, harnessing technology to make it engaging and easy.

Being owned by our customers means we can put their long-term interests first – rather than reacting to short-term pressures. Fully addressing the risks and complexities presented by climate change calls for the same long-term view, with concerted action needed across government, business and wider society. At the same time, we are conscious that we must reduce emissions in a way that benefits people, communities and nature. That is why our approach focuses on a just transition, with social impacts considered alongside reducing emissions.

Policymakers often face competing pressures, a fact that has been highlighted by recent geopolitical events and the resulting economic uncertainty. For example, the war in Iran is impacting investment markets and oil and gas prices, with the expectation that this will continue to put upward pressure on both interest rates and inflation over the short to medium term. While most governments remain committed to net zero goals, other pressures can divert attention and resources from climate action – impeding progress and cooperation internationally, and leading to some governments diluting or delaying the implementation of climate policies.

As a result, policy pathways could become increasingly out of step with stated net zero ambitions.

We remain firm in our belief that the best future for our customers is one where we collectively take actions to reach the goals of the Paris Agreement, and we continue to strengthen our engagement with policymakers and wider stakeholders to advocate for a consistent policy framework. Over the last year, we worked with Business in the Community (BITC) to publish ‘Creating a Future Ready Economy’, setting out wide-ranging recommendations for a just transition to a more resilient, lower-carbon UK economy.

While we continue to tackle the emissions from our own operations and supply chain – which are more directly within our control – by far the greatest impact on our overall emissions is through the investments we make and the assets we hold on behalf of our customers.

Where a company we invest in lacks a credible climate transition plan, we will consider whether that investment will continue to deliver good outcomes for our customers. In 2025, we held 181 engagements with investee companies on climate-related issues. Divesting from high-emitting sectors and companies would speed progress towards our own commitments, but we prioritise engagement first because we believe it drives greater real-world change.

By continuing to expand and adapt our range of climate-aware investment solutions, we will offer our customers increased opportunities to invest in ways that align with both their long-term financial goals and the net zero transition. In 2025, we further evolved our Equity Tilt fund range, including the introduction of an investment goal aligned with our net zero targets. Our acquisition of Dalmore Capital will also support investment in the infrastructure needed to facilitate the UK’s transition to a lower-carbon economy.

As the risks and opportunities associated with climate change and decarbonisation become clearer, our customers and wider stakeholders need access to reliable, accurate information on which to base their decisions. In June 2025, we published our Climate Transition Plan, setting out how we aim to meet our own commitments – including ultimately achieving net zero across our business by 2050.

This Climate Report is a further example of our commitment to transparency. By being open about our progress – and the challenges we inevitably face on our journey to net zero – we aim to provide clarity on how we are helping our customers build their financial resilience, while playing our part in moving fairly to a sustainable world.

# Introduction

## Our business

Royal London is the UK’s largest life, pensions and investment mutual.<sup>1</sup> 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:

**UK** In the UK, we provide pension and protection propositions to customers, employers and pension scheme trustees, primarily through intermediaries.

**Asset Management** Our Asset Management business, Royal London Asset Management, provides investment propositions to Royal London’s life and pensions customers, and to external institutional and intermediary clients.

**Ireland** Royal London Insurance Designated Activity Company is our regulated Irish subsidiary. In Ireland, we provide long-term savings and protection propositions, exclusively through brokers.

## About this report

Royal London’s Climate Report 2025 has been prepared in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) framework, and in line with the Financial Conduct Authority’s (FCA) Environmental, Social and Governance (ESG) sourcebook regulation (ESG 1A and ESG 2).

The disclosures in this report reflect the activities of the Royal London Group (also referred to as ‘Royal London’ or the ‘Group’).

The Group includes The Royal London Mutual Insurance Society Limited (RLMIS), as well as the companies within our Asset Management business, Royal London Asset Management (RLAM).<sup>2</sup> Our Asset Management business includes Royal London

## Our Purpose

At Royal London, we are driven by our Purpose:

**‘Protecting today, investing in tomorrow. Together we are mutually responsible.’**

Our Purpose sets out the positive outcomes we want to achieve by using our mutuality for good:

- helping build financial resilience
- playing our part in moving fairly to a sustainable world
- strengthening the mutual choice for customers.

It drives our strategy, shapes our culture and informs our long-term response to trends that influence members, customers, intermediaries and society.

**See page 10 for more information on our Purpose, and page 6 for our climate commitments, which help us play our part in moving fairly to a sustainable world.**

Asset Management Limited (RLAM Limited), RLUM Limited (RLUM) and Royal London Unit Trust Managers Limited (RLUTM).

In November 2025, our Asset Management business acquired Dalmore Capital Limited (Dalmore Capital), which operates as a standalone infrastructure asset manager within RLAM. In this report, references to the Royal London Group do not include Dalmore Capital. In particular, Dalmore Capital’s Climate Report is prepared separately and can be found on its [website](#), and so its data has not been included in our emissions metrics for 2025. You can read more about Dalmore Capital on page 23.

As at 31 December 2025, RLMIS, RLAM Limited, RLUM, RLUTM and Dalmore Capital were in scope of the FCA’s ESG sourcebook regulation (ESG 1A and ESG 2). The RLMIS, RLAM Limited, RLUM and

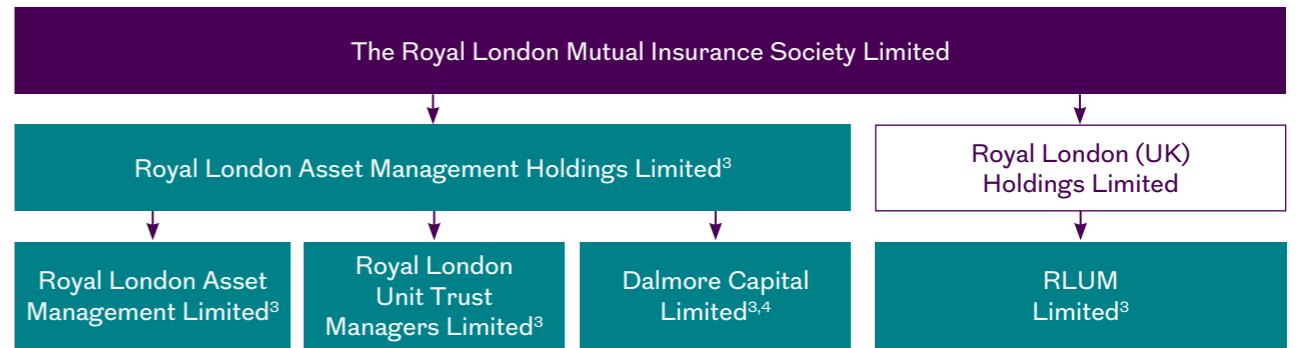
RLUTM entity-level TCFD disclosures are included in this report, from page 54.

**See Figure 1 for an overview of our in-scope Group structure.**

## In this report, we:

- set out how we integrate climate-related risks and opportunities into our Purpose and strategy, embedding sustainability across our business
- disclose the governance we have in place to manage climate-related risks and opportunities
- detail how we identify, assess and manage climate-related risks and opportunities
- disclose our emissions metrics and progress against our climate commitments
- set out the areas where we will focus our efforts to achieve our Purpose.

**Figure 1: Our in-scope legal entities (31 December 2025)**



1. Based on total 2024 premium income. ICMIF Members: Key Statistics, 2025.

2. Royal London Insurance Designated Activity Company (RLI DAC), RLMIS’s Irish subsidiary, is not in scope of the FCA’s ESG sourcebook regulations. As such, entity-level disclosures have not been provided for RLI DAC. Elements of RLI DAC are covered within the Group report, such as within operational emissions data, however these are not material to the Group.

3. These entities form our Asset Management business.

4. In November 2025, our Asset Management business acquired Dalmore Capital, which operates as a standalone infrastructure asset manager within our Asset Management business.

# Overview of our 2025 climate-related activity

Achieving a net zero, carbon-resilient future is urgent – but it must also benefit people, communities and nature. We are committed to reducing emissions from our investments and operations, engaging our stakeholders, and developing climate-aware investment solutions.<sup>1</sup>

## Our climate strategy

In June 2025, we published our Climate Transition Plan – outlining how we will address the complex challenges of climate change and the opportunities that a low-carbon future presents. We also published our Fossil Fuel Investments Position. This sets out how we will evolve our approach to investing in companies that produce or use fossil fuels to generate energy, and how we engage with companies on their own transition plans. Where companies do not have credible plans, we will consider whether those investments deliver the right outcomes for our customers and clients.

[Read about our climate commitments on page 6 and at www.royallondon.com](#)

## Advocating for a just transition

In October 2025, in partnership with Business in the Community, we published ‘Creating a Future Ready Economy’, exploring how the UK can ensure a fair and inclusive transition, to create an economy resilient to social, geopolitical and environmental shocks. We also supported Transition Finance Scotland and the ABI’s Investment Delivery Forum to explore barriers to scaling transition finance, and responded directly or through trade bodies to UK government consultations on climate transition plans and sustainability reporting.

[Read about policymaker and industry engagement on pages 20 to 21.](#)

## Engaging with investee companies

Through our Net Zero Stewardship Programme we work with investee companies that contribute most to our financed emissions, including encouraging them to integrate just transition considerations into their plans. Once a company publishes its transition plan, we assess it, and engage with the company to track progress against our expectations. In 2025, we engaged with 65 companies on 125 occasions.

[Read about our engagements on page 19.](#)

## Managing climate risks across our business

We continue to be well positioned to manage climate risk impacts on our capital position and strategy. In 2025, we agreed actions to enhance our risk management processes – helping us to meet the Prudential Regulation Authority’s (PRA) new expectations (SS5/25).<sup>2</sup> We also developed a set of climate scenario narratives to help us better understand the potential impact of climate-related risks on our business over the short term.

[Read about how we identify and manage climate risks on pages 34 to 35.](#)

## Working to reduce our operational impact

While our investment portfolio generates most of our emissions, we continue to act to reduce our own operational impact. For 2025, internal paper usage was down 88% from our baseline, short of our 90% target. We met our 2025 targets for purchase of 100% renewable electricity, and for external paper, waste and water usage. We engaged with suppliers representing 67% of our 2024 supply chain emissions. We also ran a survey of over 2,000 colleagues, offering valuable insights on homeworking and commuting.

[Read about our operational emissions on page 24.](#)

## Nature and biodiversity

Following the creation of a dedicated senior role to lead our nature and biodiversity strategy, we have begun to embed nature into our climate risk management processes. This included performing a nature impact and dependencies assessment. We continue to explore opportunities to invest in nature – through sustainable and regenerative farming, a nature and biodiversity strategy for our investment property portfolio and in how we consider nature impacts more widely.

[Read more in our case studies at www.royallondon.com](#)

1. Our 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 go against our legal and regulatory obligations to our members and customers. Additionally, our commitments are made at Group level and do not apply to all individual products and strategies because each has different investment objectives. For details of a specific product, see the product prospectus.

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

# Our climate commitments

Royal London’s climate commitments contribute to the effective management of climate-related risks and opportunities for our customers and clients. Through effective climate-related risk and opportunity management, we aim to help build customers’ financial resilience and support clients’ investment outcomes in a way that is responsible and helps to address environmental and societal challenges.

We list our commitments and summarise our progress during 2025 in Table 1 – with further detail provided on pages 18 to 24. Our Climate Transition Plan describes our plans for how we will play our part in tackling climate change – for further information on our climate strategy see our [website](#).

Our 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 members and customers. Our commitments include assets that are both controlled by RLMIS and RLI DAC and managed by RLAM. They exclude segregated mandates managed by RLAM on behalf of its external clients.

Our commitments are made at Group level and do not apply to all individual products and strategies because each has different investment objectives. For details of a specific product see the product prospectus.

Further details of the basis and assumptions underlying our climate metrics and targets are provided on page 42, and an explanation of greenhouse gas (GHG) emissions scopes can be found on page 8.



Table 1

|                               | 1. Engagement  | 2. Portfolio emissions   | 3. Climate-aware investment solutions  | 4. Operational emissions   |
|-------------------------------|--|--|--|--|
| Our commitments               | We are committed to 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.  | We are committed to reducing the emissions from our investment portfolio by 50% <sup>1</sup> by 2030 as part of our transition to net zero by 2050. <sup>2</sup>   | We are committed to developing investment solutions that will enable our customers and clients to invest in the low-carbon transition.   | We are committed to achieving net zero direct operational emissions by 2030 (Scopes 1 and 2) <sup>4</sup> and net zero in our Scope 3 non-investment value chain by 2050. We will purchase 100% renewable electricity for our operations (Scope 2) by 2025.  |
| Summary of progress over 2025 | We presented recommendations on a just transition to the UK government and continued working with industry bodies on how to remove barriers to scaling transition finance. Our Asset Management business engaged with 65 investee companies, representing 52% of its financed emissions.<br><br><a href="#">Read more on pages 18 to 21.</a> | As at 31 December 2025, the carbon footprint (Scope 1 and 2 tCO <sub>2</sub> e/\$m invested) from our corporate fixed income and listed equity portfolio reduced by 32% since 2020, our baseline year, and has increased by 5% from 2024.<br><br><a href="#">Read more on pages 22 and 43 to 46.</a> | We evolved our tilted equity solutions, <sup>3</sup> including the introduction of an investment goal aligned to our Group net zero targets. We acquired Dalmore Capital, a leading infrastructure investment manager delivering essential UK infrastructure and supporting the transition to a more sustainable economy.<br><br><a href="#">Read more on page 23.</a> | As at 31 December 2025, our Scope 1 and Scope 2 market-based emissions reduced by 9% since 2024 and 94% since 2019, our baseline year. We also continued to purchase 100% renewable electricity for our operations. Our non-investment value chain Scope 3 emissions increased by 24% in 2025, but remain 34% down on our 2019 baseline year.<br><br><a href="#">Read more on pages 24 and 48 to 50.</a> |

1. tCO<sub>2</sub>e/\$m invested, relative to a 2020 baseline.  
 2. Our investment portfolio generates over 99% of our emissions.  
 3. Our tilted equity solutions seek to reduce the carbon footprint of the solution versus that of its Index.  
 4. See page 8 for an explanation of GHG emissions Scopes 1, 2 and 3.

# Our journey to net zero

## Achieved

# 2025

### Published our Climate Transition Plan

**£42bn<sup>1,2</sup>**

AUM in our tilt funds, which form part of our climate-aware investment solutions

**181<sup>1</sup>**

engagements on climate-related issues held by RLAM with investee companies

**94%<sup>1</sup>**

reduction in direct operational emissions (Scopes 1 and 2 market-based) from 2019 baseline

**Achieved**

our 2025 targets for purchase of 100% renewable electricity, external paper, waste and water usage

## Next steps

# 2026–2030

**50%**

reduction in investment portfolio emissions (from 2020 baseline) by 2030

**50%**

reduction in Scope 3 non-investment emissions (from 2019 baseline) by 2030

**Net zero**

for direct operational emissions (Scopes 1 and 2) by 2030

**Net zero**

in our Asset Management business's directly managed investment property assets (Scopes 1, 2 and 3) by 2030

**100%**

of UK company cars transitioned to EV by the end of 2026

## Longer-term goals

# 2030–2050

**Net zero**

in our Asset Management business's indirectly managed property assets by 2040

**Net zero**

portfolio emissions and Scope 3 (non-investment) emissions by 2050

**Net zero by 2050**

across Royal London

We remain committed to reducing emissions from our operations and investment portfolio. Key levers to enable our investment emissions reduction will be our strategy to continue to expand and adapt the choice of climate-aware investment solutions we offer. Engagement with investee companies, policymakers and wider stakeholders will also play a key role in delivering our net zero ambitions.

Our 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 go against our legal and regulatory obligations to our members and customers. The basis and assumptions underlying our climate metrics and targets are set out in detail on page 42.

A summary of progress against our climate commitments in 2025 is on pages 18 to 24.

1. Data as at 31 December 2025.

2. See page 23 for further detail.

# Our 2025 emissions and progress on our commitments

From our baseline levels, we have reduced greenhouse gas (GHG) emissions across all scopes. While we saw overall increases in emissions over the last year, we remain committed to reducing our emissions in line with our climate commitments.

For more detail on the year-on-year movements, and on data coverage, see pages 43 to 53.

## Our GHG emissions scopes

Emissions from our operations and value chain, including our investments, are classified into three scopes. Over 99% of our emissions come from our investment portfolio, as shown in the pie chart on the right.

### Scope 1

Emissions resulting directly from our business activities, such as company cars and gas used in our buildings.

### Scope 2

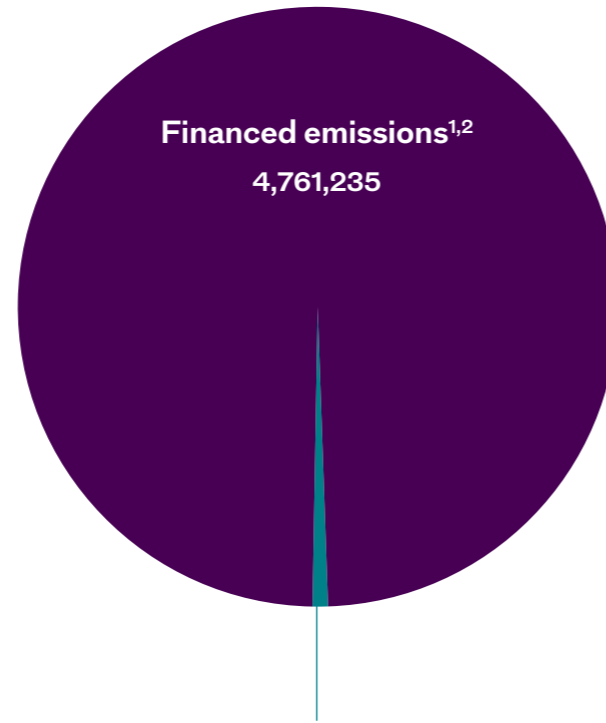
Emissions resulting indirectly through the purchase of energy, such as through generation of the electricity we purchase to light and power our buildings.

### Scope 3

All other indirect emissions resulting from our business activities across our value chain, such as purchased goods and services, travel and waste. Emissions arising from our investments are also part of Scope 3 and we report these as our 'portfolio emissions' (see pages 43 to 46).

## Our 2025 GHG emissions

tCO<sub>2</sub>e

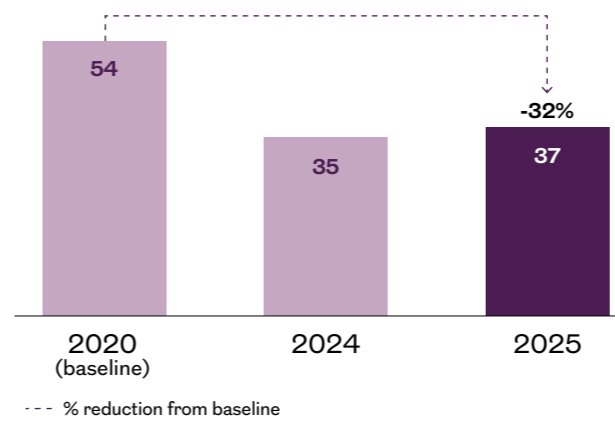


## Operational and value chain emissions<sup>3</sup>

38,264

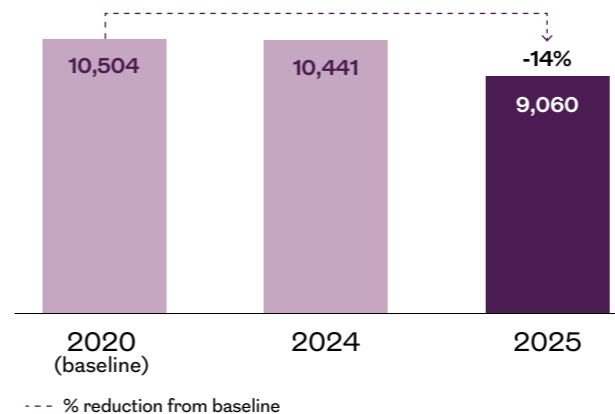
## Carbon footprint – corporate fixed income and listed equity

tCO<sub>2</sub>e/\$m invested



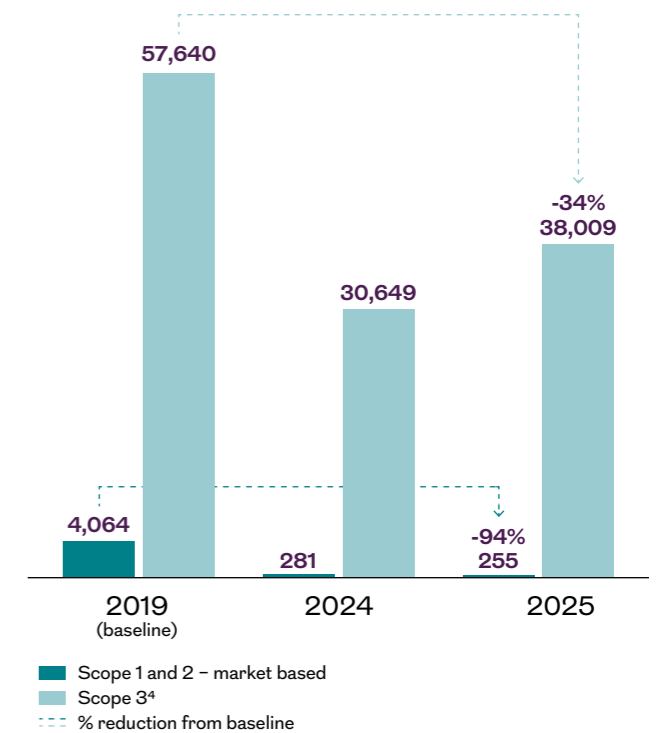
## Financed emissions – property

tCO<sub>2</sub>e



## Operational and value chain emissions

tCO<sub>2</sub>e



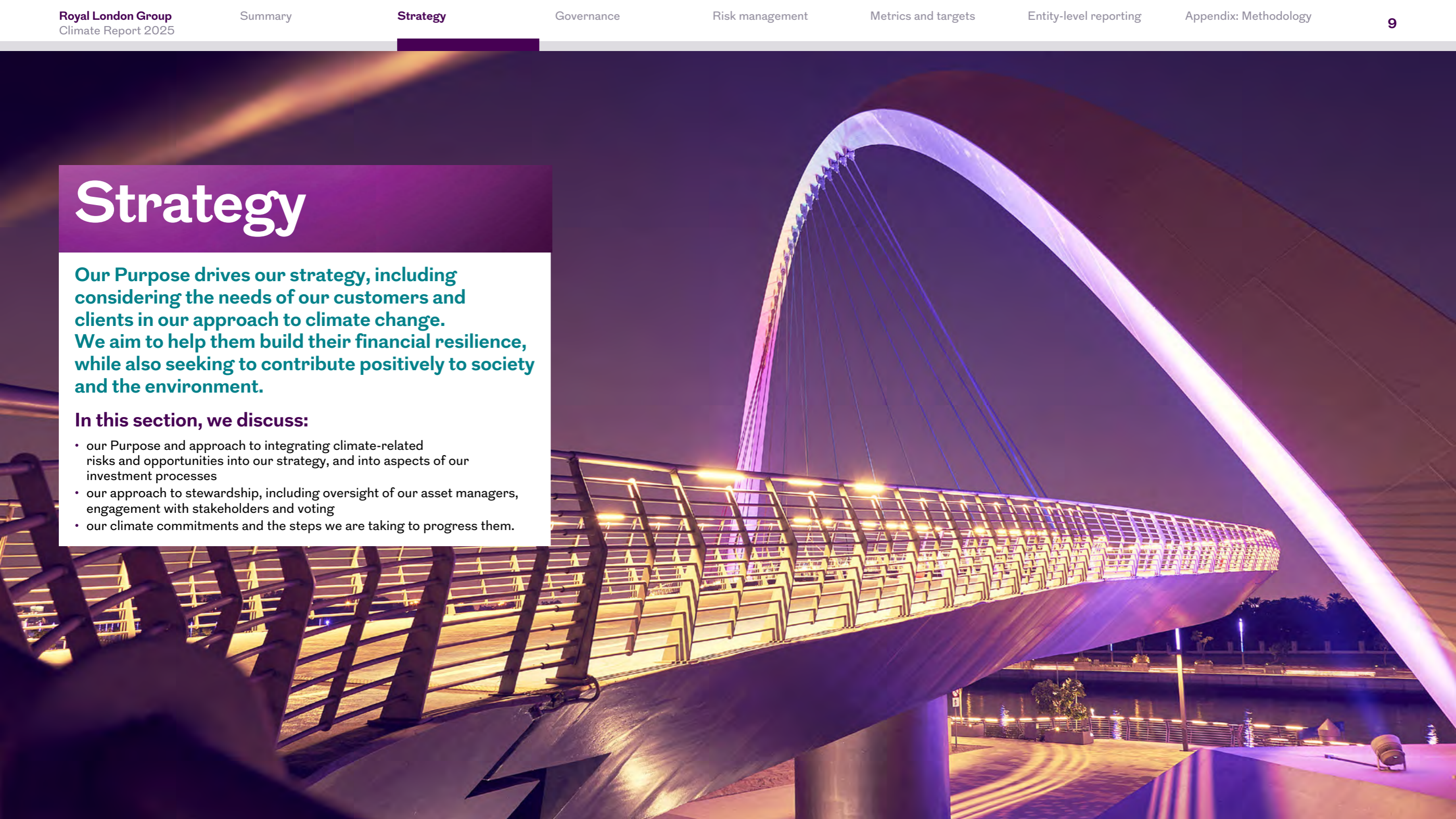
1. Consists of corporate fixed income and listed equity Scope 1 and 2 and property Scope 1 and 2 financed emissions. Sovereign debt financed emissions are excluded from this chart. On page 46, corporate fixed income and listed equity financed emissions are presented in MtCO<sub>2</sub>e rather than tCO<sub>2</sub>e.
2. Financed emissions data relates to RLMIS. Our Asset Management business's emissions are presented from page 63. The operational and value chain metrics apply to our wider Group.
3. Scope 1, 2 (market-based) and 3 emissions.
4. This consists of emissions in Scope 3 categories 1 to 8 and 13 (2019 only).

# Strategy

**Our Purpose drives our strategy, including considering the needs of our customers and clients in our approach to climate change. We aim to help them build their financial resilience, while also seeking to contribute positively to society and the environment.**

## **In this section, we discuss:**

- our Purpose and approach to integrating climate-related risks and opportunities into our strategy, and into aspects of our investment processes
- our approach to stewardship, including oversight of our asset managers, engagement with stakeholders and voting
- our climate commitments and the steps we are taking to progress them.



# Our Purpose outcomes



**Helping build financial resilience**



**Playing our part in moving fairly to a sustainable world**



**Strengthening the mutual choice for customers**

Our Purpose – ‘Protecting today, investing in tomorrow. Together we are mutually responsible.’ – drives our strategy, shapes our culture and informs our long-term response to trends that influence members, customers, intermediaries and society. It enables us to define the roles and responsibilities we have in helping to build a world that people can look forward to retiring into, and sets out the positive outcomes we want to achieve.

**We aim to:**

- help our customers to feel confident about making decisions on their long-term savings and investments
- help our customers to have sufficient savings to enjoy the retirement they planned
- ensure our customers do not have to worry about their finances in times of ill health or bereavement
- grow financial inclusion and reduce vulnerability by collaborating with charities and social enterprises.

**We aim to:**

- be responsible stewards of the investments we hold for the benefit of our customers and clients
- provide opportunities for our customers to use their investments to address environmental and societal challenges
- champion a just transition and support communities to build resilience as they adapt to environmental challenges
- help build clarity on the role that Royal London and the wider industry can play in the net zero transition.

**We aim to:**

- invest in improving our customer offering by running a profitable and sustainable business
- be cost efficient, so that our customers receive the financial benefits of our mutuality
- offer a sustainable alternative to companies run for the benefit of shareholders
- do what is right for our members, our customers and for wider society.

# Our Climate Transition Plan

We will play our part in moving fairly to a sustainable world. This means we remain committed to lowering the emissions from our investments and our own business operations, influencing policymakers and the companies we invest in, and developing climate-aware investment solutions.

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 created our plan using guidelines from the Transition Plan Taskforce’s framework, which is recognised as best practice in the industry. Further detail of our strategy and 2025 progress against our commitments is on pages 18 to 24. The basis and assumptions underlying our climate metrics and targets are detailed on page 42.

We also published our [Fossil Fuel Investments Position](#). This sets out how we will evolve our approach to investing in companies that produce or use fossil fuels to generate energy. This includes:

- engaging with companies on their own transition plans
- phasing out investment in companies heavily involved in thermal coal
- engaging with UK policymakers to support policies that promote low-carbon energy.

[For more details see page 22.](#)

## Supporting delivery of our climate strategy

To successfully deliver our climate strategy, we consider the following:



### Embedding sustainability across our business

For our climate strategy to succeed, our plans require a supportive culture and the necessary skills embedded within the business.

To help foster this culture and grow those skills across Royal London, we have developed a Sustainability Learning and Capability Plan, as described on page 31.

Strong accountability, leadership, governance and risk management help us evolve and deliver our climate strategy, and report progress effectively to our stakeholders.

For our governance and risk management approach, see pages 26 to 39.



### Supporting transparency

Building the trust and confidence of our members, customers, clients and wider stakeholders remains of great importance. Our Climate Transition Plan seeks to help them, and wider society, recognise how we are maintaining momentum towards achieving our climate ambitions, while understanding the limitations and dependencies we face.

We regularly publish our progress in managing our emissions, along with case studies of our investment actions and how we engage with companies, policymakers and industry groups to influence change. We also publish thought leadership on the role investment activity can play in climate change mitigation and adaptation.



### Balancing stakeholder needs and dependencies

We aim to balance our climate commitments with our customers’ and clients’ expectations around returns, investment risk and management costs. Understanding the risks and opportunities presented by the economic transition to net zero helps us to manage our financial position more effectively and deliver value for our members.

As we evolve and deliver our climate strategy, the actions and decisions of others also have an impact on our progress. This includes the progress made by policymakers in delivering on their own ambitions. Although these dependencies limit the number of options immediately available, they do not stop us from taking meaningful action. We view each as an opportunity to actively contribute to the development of new solutions.

# Embedding sustainability across our business



## Consideration of climate risks

RLMIS manages climate risks in aspects of our investment processes in collaboration with our Asset Management business, including by setting strategic asset allocations.

To help oversee aspects of climate risk, in particular transition risk,<sup>1</sup> the RLMIS Investment Office monitors and assesses our asset managers' responsible investing activity and performance against the requirements of our Asset Manager Oversight Framework.

We also continue to be committed to developing investment solutions that enable customers and clients to align their investments to the low-carbon transition. For further details, see page 23.

## Integrating ESG risks

Across our investment solutions, our Asset Management business typically 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 some investment strategies seek an explicit ESG objective, others do not but may still consider ESG risks and inefficiencies as part of their investment process. We believe ESG considerations are not solely for the purpose of any explicit sustainability outcome, but to help us make informed long-term decisions based on a holistic view of the potential risks. Please check product documentation for details on specific product outcomes.

## Strategic asset allocation

RLMIS's largest exposure to climate risk is from the impact these may have on the assets we manage for customers and members. To help manage these risks and impacts, climate risk evaluation is embedded into the strategic asset allocation process. This includes:

- reviewing the strategic asset allocation against at least two climate change scenarios, to understand our exposure to the associated risks
- assessing the carbon emissions of the existing and alternative strategic asset allocation proposals, to determine the impact any change might have on meeting our emissions reduction targets.

## Our Asset Management business

Our Asset Management business, which manages over 95% of the Group's assets, plays an important role in helping us achieve our climate and financial resilience goals, as well as the goals of its external clients.

## A Royal London-wide perspective on stewardship

Royal London's businesses work closely together to help influence policymakers and the companies we invest in to support our Group's Purpose. Our Responsible Investment and Stewardship Framework sets out the standards that apply across our Group, including in our Asset Management business, with respect to responsible investment and stewardship.

## Stewardship of our assets

As the UK's largest mutual life, pensions and investments company, we aim to influence the actions of policymakers, the companies we invest in, our peers and other stakeholders – for the benefit of our members, customers, clients and wider society.

Responsible investing is embedded within our Investment Philosophy and Beliefs (IPB), which guide the investment decisions we make. This means aiming to deliver investment outcomes based on a deep understanding of our customers' and clients' goals, values and risk preferences. For details of Royal London's investment beliefs, see our [website](#).

Our IPB are underpinned by our Responsible Investment and Stewardship Policy Framework,<sup>2</sup> which comprises Royal London's Responsible Investment and Stewardship Policy, Voting Policy and Exclusions Policy. The Framework sets out the standards expected of Royal London's asset owners and asset managers in respect of responsible investment and stewardship. This includes asset manager oversight, engagement with policymakers, investee companies and others, as well as exercising our voting rights. For more details, see our [website](#).

The Framework is supported by entity-specific standards that allow for flexibility in implementation

while ensuring consistent alignment with Royal London's overarching principles. As an asset owner, we inform key asset managers – including our Asset Management business – of the engagement themes 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.

Our Asset Management business undertakes stewardship and engagement activity with investee companies on behalf of the Group and its external clients. Through the RLMIS Responsible Investment and Climate Change (RICC) Asset Manager Oversight Framework, we monitor the performance of our asset managers against the Responsible Investment and Stewardship Policy Framework, and other considerations, to confirm they meet our required standards.

We are also committed to working with our peers in the financial sector, regulators and policymakers to play our part in responding to market-level and systemic risks. We do this through collaboration with industry bodies, as detailed on pages 20 to 21.

We continue to develop our IPB and policies where necessary as good practice evolves. In 2025, we continued to embed our updated Responsible Investment and Stewardship Policy and brought together our previously separate entity IPBs into a single Royal London IPB. We also developed a Group-wide Exclusions Policy to provide a consistent approach to exclusions across Royal London, replacing the previously separate entity policies. This introduced an exclusion to companies heavily involved in thermal coal, as part of developing our approach to investing in fossil fuels. Further details are on pages 22.

1. Transition risks are risks arising from the transition to a low-carbon economy. See page 34 for further detail.  
2. As Dalmore Capital currently operates as a standalone entity, the Framework does not apply to it.

## Embedding sustainability across our business *continued*

As signatories to the FRC’s UK Stewardship Code 2020, we demonstrate our dedication to continuous improvement and transparency against the highest stewardship standards. In 2025, both RLMIS and RLAM successfully retained signatory status of the UK Stewardship Code 2020 based on the FRC’s assessment of our reporting. These reports are available on our [website](#).

Find details of our approach to asset manager oversight on pages 14 and 15, our engagement activities on page 19, and of our voting activities below.

### Voting

Voting is one of the valuable rights attached to holding shares in a company. 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. Further detail of our voting activity and how we engage with our asset manager in relation to voting is provided on pages 15 and 16.

As an asset owner, RLMIS delegates voting decisions to its asset managers as part of the investment management process. Our Asset Management business actively exercises the voting rights we gain from holding shares in companies where they invest on our behalf.

For investments in ‘pooled’ collective investment funds, we engage with our asset managers to assess how they align with our Voting Policy. We monitor and analyse the voting patterns of asset managers, taking further action if needed. For segregated mandates managed by our Asset Management business, we have a Reserved Voting process that enables us to direct a vote on resolutions if required.

Where investee companies or their shareholders propose votes or resolutions that are judged to be high risk or sensitive, our Reserved Voting Forum considers these and provides voting advice as appropriate.

### Asset manager selection

When selecting and considering whether to adopt new external asset managers, RLMIS – as an asset owner – conducts a formal assessment covering its standards, expectations and requirements. As part of this assessment, we ask asset managers to outline their responsible investment and climate change activities. They complete a due diligence questionnaire to provide a baseline assessment against a range of ESG topics aligned with our Group’s Responsible Investment and Stewardship Policy, including their approach to exclusions, voting, engagement, ESG integration and climate change factors.

New asset managers are required to be signatories to the UK Stewardship Code 2020 and the UN Principles for Responsible Investment (UN PRI), demonstrating commitment to these standards.

To ensure alignment with Royal London’s climate commitments, we require these asset managers to be signatories to the Net Zero Asset Managers (NZAM) initiative or demonstrate an equivalent level of standards in their climate commitments.<sup>1</sup>

RLMIS considers additional expectations when deciding whether to onboard or retain key asset managers (those who manage over £100m each on our behalf) and ‘Matrix’ fund asset managers.<sup>2</sup>

RLMIS assesses the Group’s key asset managers against the following expectations, on a ‘comply or explain’ basis:



- Develop a climate transition plan and demonstrate progress against climate commitments
- Exercise voting rights on all eligible investments and ensure voting takes the principles of the Group Voting Policy into consideration<sup>3</sup>
- Set clear investor engagement priorities on climate change, taking into consideration the level of influence (the size of their investments) and the materiality of climate change to company risk and performance.

These criteria are considered alongside a broader set of expectations and requirements, with the Investment Committee holding responsibility for final approval of the appointment of material asset managers.<sup>4</sup>

RLMIS seeks to validate the information provided to us by cross-checking against third-party data, such as analysis of information provided by our external data provider, MSCI, to monitor the climate transition of our key asset managers.

1. In early 2025, NZAM suspended its activity and announced a review of the initiative, in light of changing regulatory and client expectations. The initiative was relaunched in February 2026 with a revised commitment statement for signatories. RLAM remains committed to the initiative.
2. 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.
3. Our Group-wide Voting Policy sets the parameters within which RLMIS and RLAM operate. This Voting Policy includes the Royal London Voting Principles and RLAM’s Voting Guidelines.
4. The RLMIS Investment Committee Terms of Reference defines ‘material’ as being where assets under management exceed £100m.

## Embedding sustainability across our business *continued*

### Asset manager oversight

We use the RLMIS RICC Asset Manager Oversight Framework (see page 12) to assess and monitor our asset managers' responsible investing activity and performance. This framework has three core pillars:

- Performance
- Responsible Investment and Climate Change
- Operations.

It focuses on policy, resources, ESG integration, climate, and stewardship aspects. The stewardship aspects include voting, engagement and exclusions (see Figure 3, with further information set out on the next page). This framework splits RLMIS's asset managers across three tiers of oversight, in line with the materiality of our exposure (see Figure 2).

Each level determines the frequency and sophistication of oversight activities. All Tier 3 asset managers receive a standard due diligence questionnaire, which includes a number of RICC questions.

These are reviewed and scored, with any issues identified raised on an 'exception only' basis.

We ask key asset managers to 'comply or explain' when any material concerns are identified. RLMIS conducts a baseline assessment through an enhanced RICC due diligence questionnaire covering topics included under the RICC Asset Manager Oversight Framework. This enhanced questionnaire is issued annually to all asset managers across Tiers 1 and 2.

The responses are reviewed and scored, and any issues for discussion and challenge are raised in the biannual stewardship meetings conducted with our Asset Management business and our Tier 2 key asset managers. Any issues identified for non-key asset manager Matrix funds are raised on an 'exception only' basis.

Currently, our Asset Management business is the only asset manager that we categorise within Tier 1.

Figure 3: The RLMIS RICC Asset Manager Oversight Framework

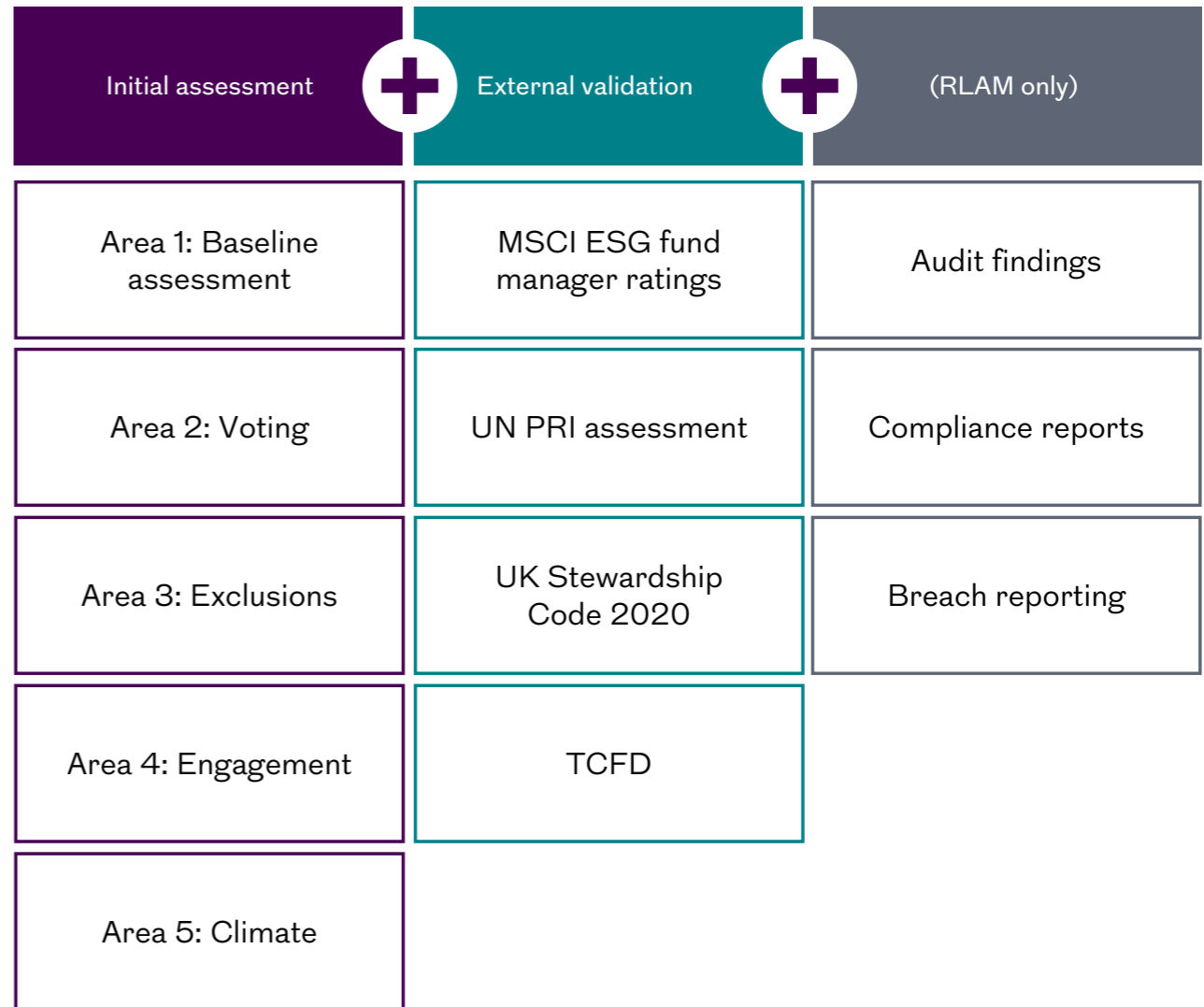
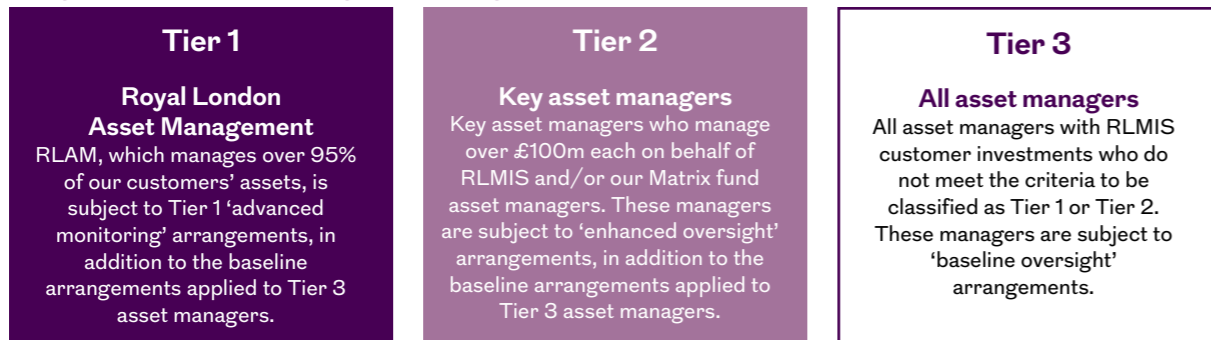


Figure 2: Asset manager oversight tiers



## Embedding sustainability across our business *continued*

### Monitoring our Asset Management business

The performance of our Asset Management business is subject to RLMIS's highest level of oversight due to the high proportion of RLMIS assets that it manages. As RLAM is part of the Group, it is subject to Royal London's Responsible Investment and Stewardship Policy Framework.

We implement two assessments to ensure RLAM's appropriateness to manage the majority of our assets. The first is an ongoing review of its responsible investment capabilities, conducted in line with our RICC Asset Manager Oversight Framework. This involves detailed enhanced questionnaires and ongoing monitoring of RLAM's responsible investment activity.

The second assessment takes place every three years, with RLMIS conducting a more detailed review of RLAM, consolidating all the ongoing oversight we perform, collating feedback from key stakeholders and performing a fees analysis. The most recent assessment was completed in 2025 covering the period from 2022 to 2025. 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.

### Monitoring our Tier 1 and 2 asset managers

In addition to the enhanced RICC due diligence questionnaire, RLMIS receives supplementary information and data for Tier 1 and Tier 2 asset

managers. This identifies any areas for discussion or challenge in formal biannual stewardship meetings with these asset managers. RLMIS undertakes further analysis for the following areas:

- **Voting:** RLAM's approach to voting reflects Royal London's Voting Policy. For Tier 2 asset managers, quarterly voting data and significant voting data is analysed. Any exceptions identified are discussed at biannual stewardship meetings. The voting policies of Tier 2 asset managers are also compared against our Group Voting Policy, with those asset managers confirming on a 'comply or explain' basis that they align to our policy.
- **Exclusions:** Analysis of exclusions data, including a quarterly review of underlying securities within the funds we invest, is conducted against Royal London's exclusion list. Exceptions are reported to the asset manager as appropriate.
- **Engagement:** RLAM's approach reflects Royal London's Responsible Investment and Stewardship Policy. Tier 2 asset managers' engagement policies, priorities, escalations and reporting processes are reviewed on an ongoing basis.
- **Climate:** In addition to the climate aspects that are covered through the RICC baseline assessment, our Tier 1 and Tier 2 asset managers are assessed on their climate target disclosures, progress towards net zero, and integration of climate transition risk into their investments. For Tier 2 asset managers, we also assess their TCFD disclosures.

As RLAM sits within Tier 1, additional validation is undertaken to gain further insight into its activity. Audit findings, compliance reports, breach reporting and other similar sources of information are reviewed.

Formal biannual stewardship meetings are held across our Asset Management business and with key asset managers, supported by analysis of MSCI data

for the funds that each holds on behalf of RLMIS. These meetings discuss:

- key metrics from the RICC Asset Manager Oversight Framework
- any changes to our policies, procedures or stewardship requirements
- any current or upcoming regulatory changes and the outcome of monitoring activities.

### Monitoring our Tier 3 asset managers

All Tier 3 asset managers receive a standard due diligence questionnaire, which includes a number of RICC questions. Based on the responses, any areas for challenge are actioned by exception only.

### Activity 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 2020 and UN PRI.

As set out on page 13, NZAM suspended its activity and announced a review of the initiative in 2025. 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, several asset managers have withdrawn as signatories. In light of this, and given that the revised commitment statement had not yet been released, in 2025, we confirmed that asset managers are either signatories of NZAM or demonstrate an equivalent level of standards in their climate commitments.

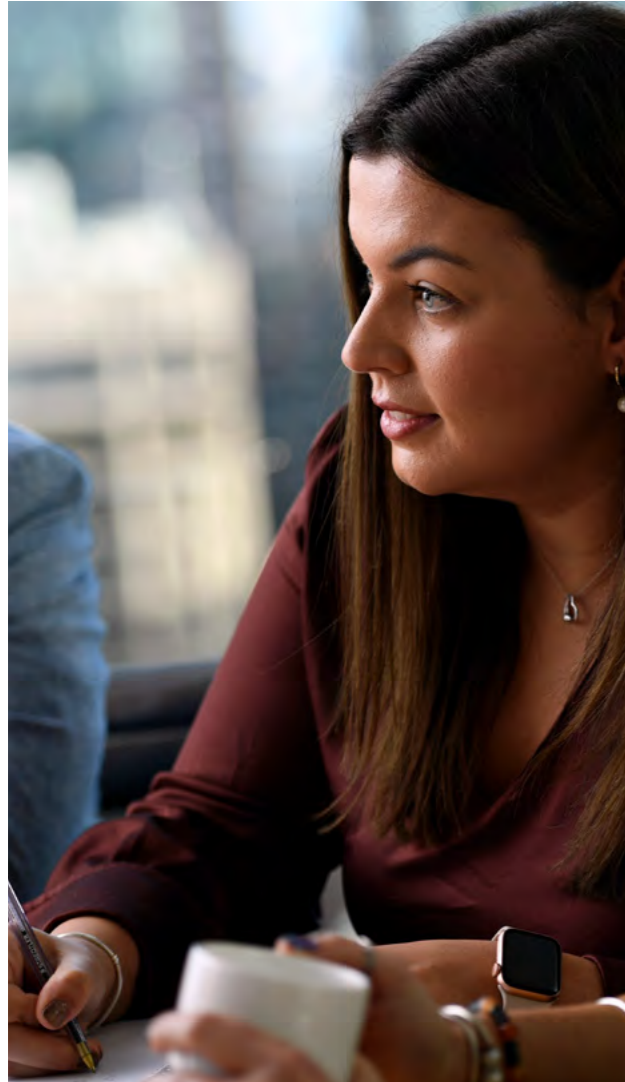
Key asset managers confirmed that they are broadly aligned to the Group Voting Policy.

We continued to enhance the RLMIS RICC Asset Manager Oversight Framework in 2025. To improve the baseline assessment (see Figure 3), 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 3). 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.

## Embedding sustainability across our business *continued*



### Case studies – How our Asset Management business voted in line with the Group’s Voting Policy in 2025:

#### ExxonMobil, Inc.

Our climate transition assessment raised concerns that ExxonMobil’s climate plan does not adequately address decarbonisation and climate risks. ExxonMobil is targeting significant growth in oil and gas production, which we consider to be of material concern, alongside poor consideration of the need for a just transition. Additionally, we have seen limited progress against our engagement priorities.

Given the strength of these concerns, we voted against all members of the Environment, Safety and Public Policy Committee.

#### Centrica plc

Centrica sought approval of its Climate Transition Plan, three years after it put its first climate proposal to a vote. The latest version outlines Centrica’s journey to achieve its climate goals through its People & Planet Plan.

We spoke to Centrica prior to publication of its latest plan. The share of total capital expenditure allocated to green activities rose from 31% in 2023 to 37% in 2024, with an ambition to exceed 50% by 2028. Delivery of the plan is also linked to management bonus incentives.

Despite these positives, we decided to abstain. Centrica’s emission reduction targets do not currently meet our expectations regarding alignment with the Paris Agreement. Combined with the recent increase in emissions and the need for further disclosure on resilience to physical climate risks, there are uncertainties around the long-term effectiveness of the plan.

#### Glencore plc

Glencore has recently faced biodiversity controversy in Colombia, primarily centred around its ownership and operation of the Cerrejón coal mine. The mine, one of the largest open-pit coal mines in the world, has been linked to a wide range of environmental and social challenges.

At Glencore’s AGM, we abstained on the re-election of the board Chair. This abstention was an acknowledgement of Glencore’s environmental policy, but also a signal of concern over the controversies and the effectiveness of the company’s biodiversity risk assessments. A letter was sent to Glencore ahead of its AGM to notify the company of our vote and rationale.

For more detail on our votes, see [RLAM’s Stewardship and Responsible Investment Report 2025](#).

Reference to any security is for information purposes only and should not be considered a recommendation to buy or sell. Portfolio holdings are subject to change without notice.

## Embedding sustainability across our business *continued*

### Building a culture of sustainability

We want all colleagues to understand the role they play in meeting our sustainability commitments and feel empowered to take meaningful action.

### Sustainability Learning and Capability Plan

We continue to build key internal sustainability capabilities through our multi-year Sustainability Learning and Capability Plan. In 2025, we launched a mandatory annual e-learning module for all colleagues, partnered with Cranfield University to deliver tailored development sessions to the RLMIS and Royal London Ireland Boards, and delivered an 'Investing with Purpose' masterclass to inspire and engage our investment professionals on responsible investment topics with insights from external experts. Further information is on page 31.

### Our 2025 Sustainability Summit

Our fourth annual Sustainability Summit, themed #PlayingOurPart, was a week-long internal celebration of sustainability held in September. Colleagues were encouraged to reflect on the role they can play individually to help us achieve our Purpose. The Summit featured competitions, in-person events, and webinars covering key topics such as RLAM's Sustainable Fund Range, the National Energy Transition, our new sustainability charity partner Groundwork, our sustainability progress and the development of our nature and biodiversity strategy.

To make sustainability locally relevant, the Summit included community marketplaces at our Edinburgh and Alderley Park offices, where colleagues engaged with local groups on nature volunteering, zero waste and sustainable food, clothing and homewares. In London, Dublin and Edinburgh, local independent breweries and wineries shared insights on climate action and water conservation in their industry, while Alderley Park hosted a coffee morning led by the Responsible Business Director.

On our internal Viva Engage colleague communication platform, Group Executives shared daily updates showcasing how their areas contribute to our business playing its part in moving fairly to a sustainable world.

More than 350 colleagues participated in the 2025 Summit, reinforcing our commitment to embedding sustainability into our culture and operations.

### Colleague engagement survey

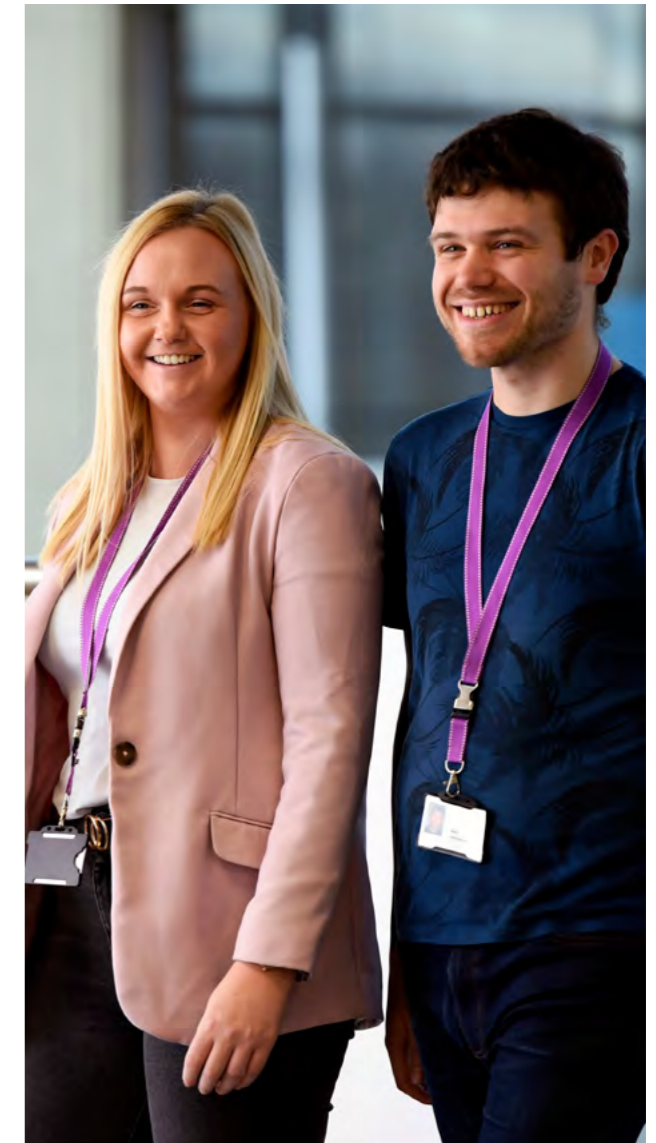
In 2025, colleague engagement in sustainability was tracked through our biannual engagement survey. The results remained strong with 79% (2024: 79%) of colleagues understanding how their role supports our sustainability goals, and 74% (2024: 73%) aware of our Group's sustainability commitments.

### Eco Champs network

Our Eco Champs colleague network consisted of more than 900 members at the end of 2025, continuing to foster a strong culture of sustainability. The network organised eight educational events and prompted colleague conversations on topics such as energy savings, commuting, workplace initiatives, climate policy updates, biodiversity and practical action. In 2025, the Eco Champs also launched an initiative to support our charity partner Cancer Research UK, setting up clothing donation stations in three of our UK offices, providing colleagues with an accessible way to contribute to the cause and recycle unwanted items.

### Colleague carbon-reduction activities

We held two company-wide, month-long focused events in 2025, bringing friendly competition between departments on actions colleagues could take to reduce their carbon footprint. More than 21,000 sustainability actions were logged. We also continued our partnership with energy-efficiency consultancy Heat Scheme, which provided free energy consultations, tailored recommendations and webinars to help colleagues improve home energy efficiency. In 2025, 261 colleagues signed up to the Heat Scheme initiative.



# Progress against our climate commitments

As set out on page 6, we have four climate commitments. We summarised progress against these commitments there – this section provides further detail.

## 1. Engagement

We commit to engaging with policymakers, the companies we invest in, our peers and other stakeholders to play our part in enabling a fair transition to a sustainable world.

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 social impacts. We also engage with companies through our Asset Management business, which runs a dedicated Net Zero Stewardship Programme to focus on the highest-emitting companies in its investments.

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 focus areas for Group-wide engagement

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 will be climate and nature, and social and financial inclusion.

### Our Asset Management business's engagement themes

In addition, our Asset Management business – which manages over 95% of our Group's assets – has its own themes on which it prioritises engagement activity. These align with the Group's themes 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 engagement themes, reviews emerging trends and involves extensive consultation with internal investment teams, responsible investment analysts, clients and other stakeholders.

The themes presented on the right relate to 2024–2026. The refresh of the 2026–2028 themes has been completed and the themes will be climate, nature, people and governance. The four 2026–2028 themes represent our ongoing commitment to driving positive change and fostering sustainable growth in an increasingly complex and dynamic landscape. Each theme has played a central role in our strategy to date, but the coming years will see us more focused and place even greater emphasis on the interconnectedness of these ESG topics.

Further details of the 2026–2028 themes are available in [RLAM's 2025 Stewardship and Responsible Investment report](#).



#### 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

## Progress against our climate commitments *continued*



### Engaging with investee companies

We engage with investee companies through our Asset Management business.

Our Asset Management business held 658 engagements with 356 investee companies during 2025, which addressed 20 unique ESG topics. Of these engagements, 181 were climate-related.

Through our Asset Management business, we also engaged with 65 companies as part of the Net Zero Stewardship Programme, accounting for 52% of financed emissions, and engaged with 21 companies on topics related to a just transition.

Within our Asset Management business, the Responsible Investment (RI) team works closely with other senior leaders to oversee stewardship, ESG, and climate performance activities. The Engagement Delivery Group, along with other relevant teams, aligns engagement with investment strategies and manages escalation.

When engagement with companies stalls or fails to deliver progress, a structured escalation framework – ranging from enhanced engagement to investment actions – ensures robust governance, transparent oversight, and effective delivery of RI objectives.

### A just transition

During 2025, we engaged to encourage a just transition, in alignment with our focus on climate change and inclusion. 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 engagement with four of the largest UK banks.

Our Asset Management business worked with Border to Coast Pensions Partnership and Friends Provident Foundation, to evaluate how the banks incorporate just transition and benchmarking them against investor expectations. Our report was published in March 2026 and is available at [www.rlam.com](http://www.rlam.com).

In addition to the four UK banks, we have also engaged with Shell plc on just transition. See right for more details.

### Just transition at Shell

Shell plc is a global energy company, headquartered in the UK. Since 2022, we have 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 us 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. The company has also shared examples of local action.

In the Netherlands, Shell's Impact Fund supports social entrepreneurs working on inclusive energy solutions. The aim is to benefit 100,000 households and small to medium-sized enterprises by cutting energy costs, reducing energy consumption and ensuring access to cleaner energy.

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

Reference to any security in this report is for information purposes only and should not be considered a recommendation to buy or sell.

## Progress against our climate commitments *continued*

### Engaging with policymakers

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<sup>1</sup> which support our engagement focus areas.

#### 1. UK long-term infrastructure strategy

We will 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, 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. Read more about the report on page 40.

- **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,<sup>2</sup> a UK-wide plan to drive regional growth and investment in infrastructure.

#### 2. Blended finance

We will continue to work with policymakers including the UK government, both directly and through industry groups, to identify and encourage blended finance opportunities.<sup>3</sup>

- **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 our 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 – whilst 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 will 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. These priorities are based on the assumption that the UK government will not, now or in the future, renege on its legal obligation to reduce the UK's GHG emissions to net zero by 2050.

2. 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.

3. Blended finance combines public and private sector funds to support projects or initiatives with social or environmental goals.

## Progress against our climate commitments *continued*

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

### Sustainability disclosures, labelling and taxonomies

- **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. Royal London Ireland advocated for proportionate, interoperable EU sustainability reporting rules through Insurance Ireland and a European Sustainable Investment Forum-coordinated joint statement.
- **Sustainability investment labels:** Through our Asset Management business, and together with UKSIF, we provided feedback to the FCA on lessons that could be learned from the implementation of Sustainability Disclosure Requirements (SDR), based on our experiences applying the labels across all eight UK-based funds in our £11bn Sustainable Fund Range. For further information see page 57.
- **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.



## Progress against our climate commitments *continued*

### 2. Portfolio emissions

We commit to reducing the emissions from our investment portfolio by 50% by 2030 (tCO<sub>2</sub>e/\$m invested) from a 2020 baseline, as part of the transition to net zero by 2050.<sup>1,2,3</sup>

There are several levers we can use to help reduce our portfolio emissions, including engaging with policymakers and investee companies, developing climate-aware investment strategies and improving management of investment properties. We focus on reducing Scope 1 and 2 emissions for listed equity, corporate fixed income and property assets<sup>3</sup>. We also regularly review the possibility of expanding the asset classes included in our commitment as net zero methodologies evolve. Further details of the basis and assumptions underlying our climate metrics and targets and their scope are provided on page 42.

#### Listed equity and corporate fixed income assets

We seek to influence policymakers, the companies we invest in, our peers and others to benefit our customers and wider society. With investee companies, we follow an ‘engagement first’ rather than ‘divestment first’ approach because 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. Examples of escalation are on page 16. For further details of our engagement with investee companies, see pages 18 and 19.

We are also working to expand and adapt the climate-aware investment solutions that we offer to customers and clients.

For details, see page 23.

#### Property assets

Our Asset Management business manages the Group’s property investment portfolio. Across these properties, we aim to achieve net zero carbon by 2030 across our directly managed property assets and developments, and by 2040 across our indirectly managed property assets.

Directly managed property assets are those over which RLAM has complete operational control, or greater than 50% equity share, or joint ventures where it would cover the proportionate amount of emissions. Developments are defined as any new development or major refurbishment that will come online from 2030 onwards. Indirectly managed property assets are managed wholly by the occupier. During 2025, work towards our property targets included:

- Implementing a new ESG data platform to collect, monitor and analyse property-level utility performance data across our portfolio, including energy and water usage, waste generation and carbon emissions. This helps us track progress against industry benchmarks, such as the Carbon Risk Real Estate Monitor’s 1.5°C warming trajectory and identify opportunities to reduce our impact.
- Developing metering guidance for office and non-office asset types to improve the granularity of energy usage data. This will support work to improve operational performance, helping us engage with our occupiers and work with them to maximise energy efficiency.

- Certifying three offices under the National Australian Built Environment Rating System (NABERS) UK Energy for Offices rating, with two assets achieving three-star ratings and one asset achieving four stars (the maximum is six). As NABERS UK ratings measure actual energy performance, undertaking these certifications is a key initiative to aid our understanding of the assets’

operational performance and identify potential improvements. This includes enhancing submetering infrastructure to gain better visibility of energy consumption patterns and deploying smart building technologies to identify any operational inefficiencies.

For details of our progress to reduce portfolio emissions, see pages 43 to 46.

#### Fossil fuels

Fossil fuels – like coal, oil and natural gas – release large amounts of greenhouse gases when produced and burned. To reach global net zero goals, there needs to be a switch towards using low-carbon or zero-carbon energy sources. In 2025, we published a position statement detailing our investment approach to fossil fuels.

Through its Net Zero Stewardship Programme, our Asset Management business assesses whether companies have credible climate transition plans. This includes the companies we invest in that are involved in fossil fuel production or that use fossil fuels to generate energy. We consider a plan to be credible if a company is, or is making progress towards, setting emissions reduction targets, supporting the wider transition to net zero, and demonstrating action.

Where we feel a company is not making enough progress or where there is a risk to our investments, we will take action. This can include stopping further investment, reducing our existing investment, or divesting completely. For example, we phased out investment in companies heavily involved in thermal coal during 2025.

We also engage with UK policymakers to support policies that promote low-carbon energy. We engage directly with the UK government, on subjects such as setting standards for UK businesses, global climate leadership, and creating opportunities for ‘blended finance’ – an approach that combines private and public capital – to invest in low-carbon energy infrastructure and production as part of accelerating the transition away from fossil fuels. We also use our relationships with trade associations to help shape industry best practice and to amplify our impact by highlighting shared industry concerns to policymakers.

For more information, see our [Fossil Fuel Investments Position](#). For details of our exposure to fossil fuel activities, see page 50 of this report.

1. Our 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 go against our legal and regulatory obligations to our members and customers.
2. Our commitments are made at Group level and do not apply to all individual products and strategies because each has different investment objectives. For details of a specific product, see the product prospectus.
3. Our targets do not cover sovereign debt due to our limited ability to influence changes in countries’ emissions.

## Progress against our climate commitments *continued*

### 3. Climate-aware investment solutions

As a Group, we are committed to developing investment solutions that will enable our customers and clients to invest in the low-carbon transition.

Climate-aware investment solutions are an important part of our responsible investment strategy, helping us meet the long-term needs of our customers and clients, as well as wider society, as we transition to a lower-carbon economy.

#### Our existing strategies

We help our customers and clients align their investments with a lower-carbon transition through a number of solutions, including our equity tilts, equity transitions, commodities tilts and real assets strategies. More information on these products is included in our product documentation and previous TCFD-aligned reporting.



#### Our focus in 2025

We evolved our tilted equity solutions,<sup>1</sup> including the introduction of an investment goal aligned to our Group net zero targets, with an interim 50% reduction target for 2030. In December 2025, we launched a Global Equity Tilt Fund, expanding RLAM's Equity Tilt range, bringing the total AUM in the tilted equity solutions to £42bn.

We also completed our acquisition of Dalmore Capital. Dalmore Capital is delivering essential UK infrastructure and supporting the transition to a more sustainable economy.<sup>2</sup> The acquisition reflects our strategic ambition to grow our 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.

#### Our next steps

We will expand and adapt our choice of climate-aware investment solutions to support customer and client outcomes. Through this, we will offer exposure to companies and other assets that:

- align with the low-carbon transition
- enable others to do so, and/or
- are credibly transitioning.

The types of climate-aware investment solutions available to Royal London are described in Figure 4, alongside the base expectations that apply to all of our investment solutions. In the medium to long term, we will explore suitable investment strategies under each category. Our Sustainability and Stewardship Delivery Group and Group

Sustainability Oversight Committee, as described on page 29, will support these efforts with a focus on cross-Group collaboration, knowledge sharing and innovation.

#### Measuring progress and reporting impact

We are realistic about the limits of our direct influence on climate outcomes and the actions of companies and other issuers.

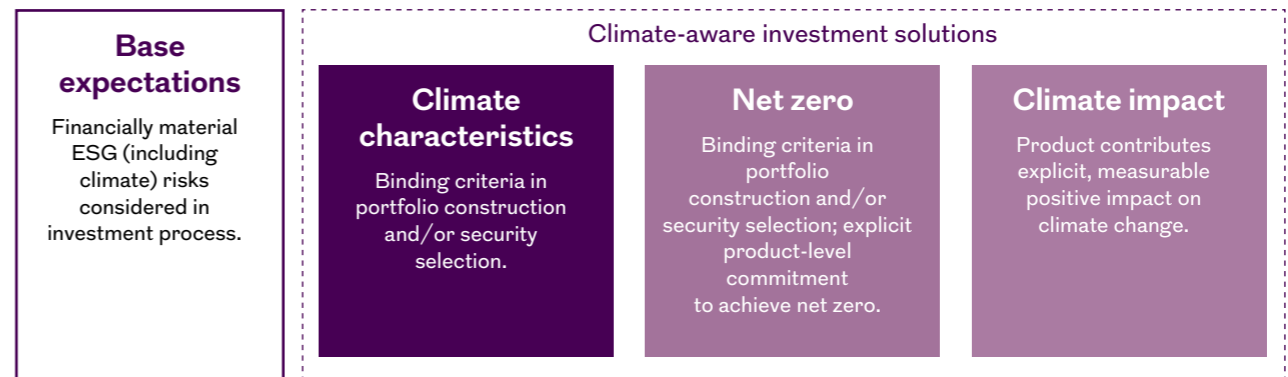
At present, with the exception of our property portfolio and primary issuance investments, the majority of our investments are indirect, for example through the trading of secondary market listed equity and corporate fixed income assets. However, if a sufficiently large number of investors were to take the same approach as us, we believe our collective investment decisions could help incentivise companies and other issuers to take action that drives the net zero transition.

Our reporting of new and evolving climate-aware investment solutions will clearly explain any expectations regarding:

- **direct effects:** how we expect our investment choices to affect companies and other issuers
- **indirect effects:** how we expect these effects to influence companies' and other issuers' decision making
- **systemic effects:** how outcomes from these decisions may be expected to contribute to the mitigation of climate change.

We will disclose the detail of new and evolving climate-aware investment solutions as we make them available to our customers and clients. The assessment of portfolios' alignment with the net zero transition and contribution to climate change mitigation are emerging fields. We will continue exploring good practice in these areas internally and with other investors, to support the evolution of transparent progress reporting.

Figure 4: Types of climate-aware investment solution



1. Our tilted equity solutions seek to reduce the carbon footprint of the solution versus that of its Index.  
2. For more information on Dalmore's approach to sustainability, see its 2025 Sustainability Highlights Report which can be found [here](#).

## Progress against our climate commitments *continued*

### 4. Operational and value chain emissions

We commit to achieving net zero in our direct operational emissions by 2030 (Scopes 1 and 2), and in our Scope 3 non-investment value chain by 2050. We are also committed to purchasing 100% renewable electricity for our operations (Scope 2) by 2025.

While the emissions from our operations and value chain are a small part of our total emissions, managing them is more directly within our control. We focus on reducing emissions across our operational estate and our non-investment-related value chain, and improving our performance against selected environmental metrics.

As we work towards our 2030 target, our operational estate strategy will focus on energy efficiency, investment in renewable energy technologies and securing renewable energy contracts. In line with this approach, the development of our Thistle Street office will seek to minimise embodied carbon emissions throughout the fit-out and development process. Achieving net zero operational status for this property is a core element of our overall operational emissions strategy.

Our value chain strategy will prioritise reducing emissions wherever possible, with a particular focus on our three highest sources of Scope 3 non-investment emissions: purchased goods and services, colleague commuting (including working from home) and business travel.

To support this strategy, in 2025, we delivered a project to implement a carbon emissions data platform. The platform will support improvements to data collection and streamline emissions calculation processes, align to good practice and enhance controls around our emissions reporting. This solution will be utilised for our emissions calculation and reporting for year-end 2026 onwards.

#### Direct operations

Our strategy to reach net zero across our direct operational emissions (Scope 1 and 2) includes:

- meeting our target of procuring renewable energy contracts for 100% of our electricity use by 2025
- transitioning 100% of UK company cars to electric vehicles (EV) by 2026
- removing all fossil-fuel fired boilers and equipment from owned buildings by 2029
- installing solar panels at our Alderley Park office by 2029
- identifying and implementing all energy efficiency initiatives across our buildings (capital projects) by 2029
- aligning our operational estate strategy to our net zero trajectory by 2029.

In 2025, we purchased separate renewable energy certificates for the UK and Ireland to cover 100% of electricity consumption from our operational buildings. We also completed installation of 226 solar panels at our Alderley Park office, ahead of our 2029 target, generating over 39,000 kWh of renewable energy over the year. At the end of 2025, over 82% of our UK company cars were EV.

#### Value chain

We continue to enhance our strategy to reduce value chain emissions as new opportunities arise to work with suppliers, colleagues and customers. During 2025, our approach included:

- continuing to engage with suppliers representing 67% of our 2024 supply chain emissions to understand their targets and what initiatives are being undertaken to reduce emissions
- surveying more than 2,000 colleagues (up from 1,500 in 2024) about their remote work and commuting habits, to enhance the data guiding our strategy and to increase colleague awareness of the impact of their travel and home-working choices.

#### Other environmental metrics

The year 2025 marked the target year across our additional environmental metrics, specifically focusing on paper usage, waste management and water consumption. For 2025, our internal paper usage was down 88% from our baseline, falling short of our 90% target. We met our 2025 targets for external paper (50% reduction), and for waste and water usage (a reduction of 50% per FTE and 15% per FTE, respectively). We remain committed to sending zero waste to landfill.

Our 'My Royal London' service has continued to allow customers to access their plan digitally. By the end of 2025, more than 534,000 customers had registered on the service, up from 399,000 in 2024.

As we look ahead, we will continue to prioritise emissions reduction across our operational and value chain, while monitoring our other environmental metrics.

#### Carbon offsetting

We prioritise reducing operational emissions through our own actions and by influencing others. We also make use of carbon offsetting for residual operational emissions: our Group has utilised carbon credits to offset our direct operations (Scope 1 and 2) since 2020, as part of our aim to be carbon neutral by 2030 for these emissions.

We continue to shift from carbon avoidance to carbon removal credits to offset residual emissions.<sup>1</sup> Our offsetting to date has been through purchasing credits for projects certified to the highest standard, including a Gold Standard project providing solar energy systems to communities in India, and a Verified Carbon Standard reforestation and community development project in Ghana.<sup>2</sup> We are also supporting a programme to invest in innovative future carbon removal technologies.

We will monitor good practice as the voluntary carbon market continues to evolve. We seek to align with the Oxford Principles for Net Zero Aligned Carbon Offsetting,<sup>3</sup> to ensure a robust approach in our offsetting strategy.

**For details of our progress to reduce operational and value chain emissions, see pages 51 to 53.**

1. Residual emissions are hard-to-abate emissions amounting to no more than 10% of our baseline (2019) emissions at 2030.

2. For details of Gold Standard, visit [www.goldstandard.org](http://www.goldstandard.org). For details of Verified Carbon Standard, visit [www.verra.org/programs/verified-carbon-standard/](http://www.verra.org/programs/verified-carbon-standard/)

3. These Principles are available at: [www.smithschool.ox.ac.uk/sites/default/files/2024-02/Oxford-Principles-for-Net-Zero-Aligned-Carbon-Offsetting-revised-2024.pdf](http://www.smithschool.ox.ac.uk/sites/default/files/2024-02/Oxford-Principles-for-Net-Zero-Aligned-Carbon-Offsetting-revised-2024.pdf)

## Progress against our climate commitments *continued*



### Developing our nature strategy

As environmental wellbeing is linked closely to climate resilience and social prosperity, we are focused on embedding nature within our existing climate strategy and risk management frameworks. We have completed a comprehensive nature risk and impact assessment, and have integrated nature into our climate risk appetite framework. Nature is also considered in our climate scenario planning and is a focus area when engaging with investee companies and our wider industry.

#### Nature finance

We are considering ways to integrate nature into climate-aware investments – those that give customers and clients opportunities to invest in companies, and other assets, that align with the low-carbon transition or are credibly transitioning.

We have continued to explore natural capital investment opportunities, following the first investment by our Asset Management business into agriculture and natural capital in 2024 – the acquisition of 21,000 acres of prime farmland in a £260m joint venture with South Yorkshire Pensions Authority. This has included applying regenerative agricultural practices and opportunities to protect and enhance biodiversity, carbon capture and renewable energy.

Our property portfolio is a core part of our nature strategy. We have established a biodiversity baseline to measure the impact that our properties have on nature. This has helped to shape our strategy for identifying opportunities to enhance nature and biodiversity across our directly owned assets.

#### Culture and capability

We believe that we have the most impact when we all play our part. As part of our colleague engagement work, we have rolled out nature-related training opportunities to colleagues. We are also making charitable donations to community-led nature restoration through our partnership with Groundwork – a federation of charities working to build a fairer, greener future for people, communities and nature.

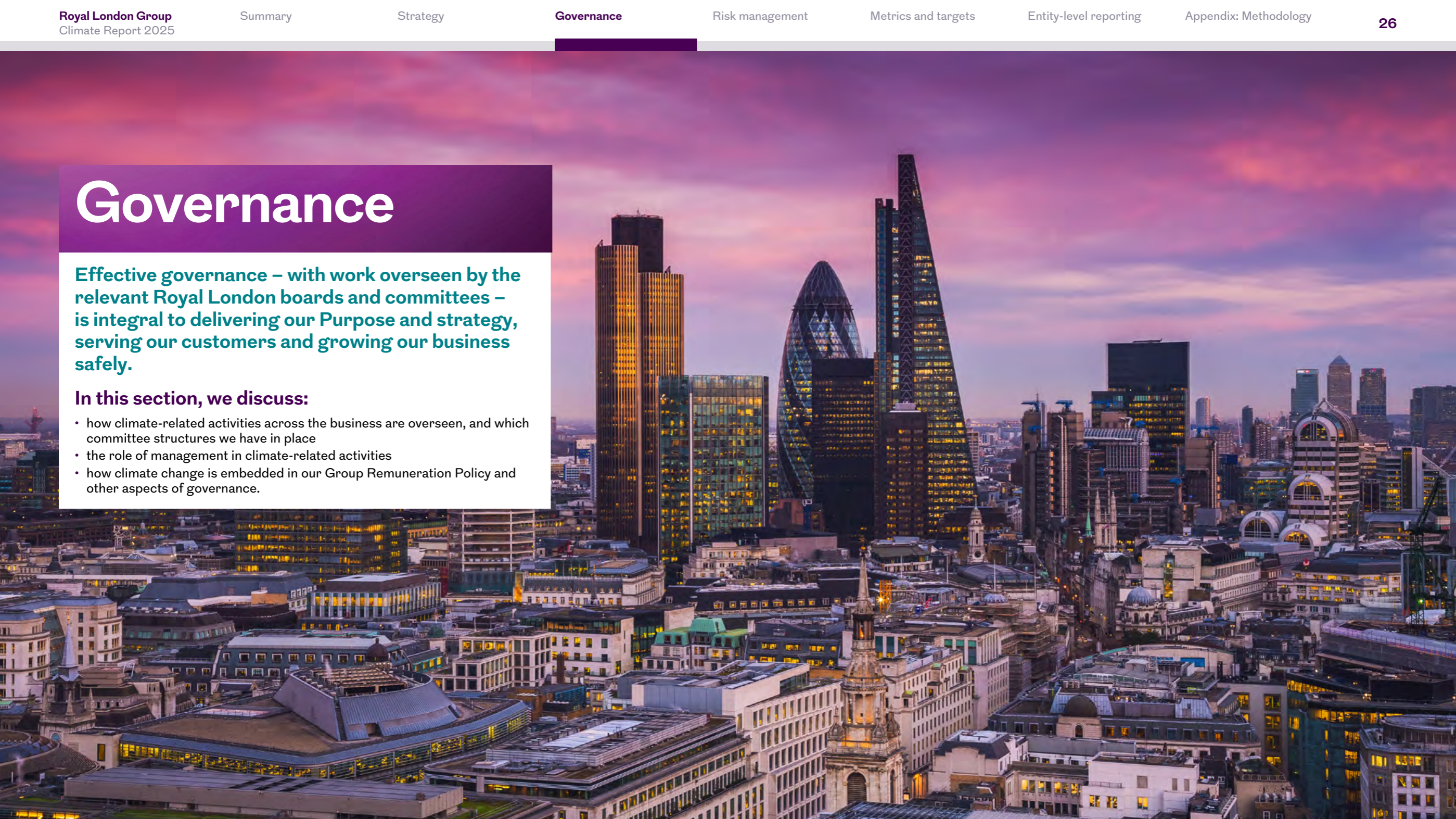
[Read more about our partnership with Groundwork here.](#)

# Governance

**Effective governance – with work overseen by the relevant Royal London boards and committees – is integral to delivering our Purpose and strategy, serving our customers and growing our business safely.**

## **In this section, we discuss:**

- how climate-related activities across the business are overseen, and which committee structures we have in place
- the role of management in climate-related activities
- how climate change is embedded in our Group Remuneration Policy and other aspects of governance.



# Governance



## Board oversight

The Board sets the strategic direction for the Group and oversees the Group's governance framework, which is integral to delivering our Purpose and strategy. As part of this, it takes responsibility for guiding the Group's climate strategy and receives updates on climate-related activity at least every six months. Details of the oversight and delivery of our climate strategy are on page 30.

All boards and committees within the Group must demonstrate that they take ESG considerations into account through the reports they receive, including climate-related risks and opportunities. A mandatory prescribed board and committee paper template, requiring the inclusion of this information, acts as a tool to embed these key considerations in day-to-day decision making.

Within the Group, climate-related accountabilities are defined and managed in line with the Senior Managers and Certification Regime's requirements. The RLMIS Board delegates to:

- the Group Chief Executive Officer, Barry O'Dwyer, the day-to-day management of the Group
- the Group Chief Financial Officer, Daniel Cazeaux, the regulatory responsibility for managing the financial risks arising from climate change
- the Group Chief Risk Officer, Dr James McCourt, the responsibility for maintaining the robustness of the Group's risk management systems.

RLAM Limited, RLUTM and RLUM operate in the Group structure and are aligned to the Group's Purpose, strategy and climate-related commitments. Each of these legal entities has a separate board of directors and governance structure and considers climate-related matters relevant to them. See pages 57 to 72 for further details.

## Our climate-related governance activity in 2025

The relevant boards and committees within the Group directly engage with and consider key climate-related activity.<sup>1</sup>

During 2025, this included:

- review of the Group's climate commitments, progress and implications by the RLMIS Board
- approval of the Group Climate Transition Plan by the RLMIS Board
- approval of a position statement for fossil fuels investment, referenced in the Group Climate Transition Plan, by the RLMIS and RLAM Investment Committees
- approval of the 2024 Royal London Climate Report by the RLMIS Board
- approval of the RLMIS 2024 Stewardship Report by the RLMIS Investment Committee
- approval of the Responsible Investment and Stewardship Policy Framework, including the Royal London Exclusions Policy, by the RLMIS Board
- approval of the RLAM 2024 Stewardship and Responsible Investment Report by the RLAM Limited Board
- approval of the Royal London Investment Philosophy and Beliefs, including climate considerations, by the RLMIS Board
- review of key updates on responsible investment and climate change by the RLMIS Board and the RLAM Limited Board
- participation by the RLMIS Board in a briefing session on sustainability
- participation by the RLAM Limited Board in a responsible investment deep-dive session
- participation by the RLUM and RLUTM Boards in a briefing session on Sustainability Disclosure Requirements (SDR) in relation to the labelling of Sustainable Funds and the new SDR Entity Report
- approval of our climate risk appetite statement by the RLMIS Board and monitoring of climate risk management activity across the Group.

1. Dalmore Capital's governance is covered in its Climate Report, available [here](#).

## Governance continued

### Committee structure

An overview of the RLMIS Board and its committees that share climate-related roles and responsibilities for the Group is presented in Table 2. The full governance structure of RLMIS is available on page 73 in the RLMIS 2025 Annual Report and Accounts.



**Table 2: RLMIS Board, its committees and other supporting governance with climate-related roles and responsibilities**

#### RLMIS Board

The RLMIS Board has established committees and delegated authority to them to consider and make recommendations to the RLMIS Board on important issues of policy and governance facing the Group, including those that are climate related. This structure ensures that we have appropriate expertise and constructive debate in managing and overseeing the Group's affairs, and it facilitates effective, efficient and transparent decision making.

#### Investment Committee

Supports the RLMIS Board in managing financial investments held by RLMIS as principal in a manner consistent with the RLMIS Investment Philosophy and Beliefs,<sup>1</sup> including climate-related investment risks and opportunities.

#### Disclosure Committee

Supports the RLMIS Board in the announcement and publication of key market and member information, and financial and regulatory information.

#### Risk and Capital Committee

Supports the RLMIS Board in managing the Group's risk and capital position by providing oversight and advice on current risk exposures, future risk strategy, and the Group's risk appetite and tolerance, to ensure compliance with prudential and conduct regulations. The Group's Risk Appetite Framework is approved by the RLMIS Board and defines the level of risk we are willing to take in alignment with our Purpose and strategy.

#### Audit Committee

Supports the RLMIS Board in overseeing the Group's financial and regulatory reporting, financial reporting controls, and internal and external audit. As part of this, it reviews and recommends to the RLMIS Board for approval Royal London's Climate Report.

#### Remuneration Committee

Supports the RLMIS Board in determining the Group Remuneration Policy, including the compensation of key senior management. This includes how climate-related targets and objectives are considered as part of the Group Remuneration Policy.

#### Other supporting governance

The Group Executive Committee supports the Group Chief Executive Officer in the day-to-day management of the Group's business and affairs, including overseeing climate-related risks and opportunities across the Group. Our Asset Management business is represented on the Group Executive Committee by the Chief Executive Officer of RLAM Limited, RLUM and RLUTM.

Beyond this, the Independent Governance Committee acts independently from the RLMIS Board to assess the ongoing value for money provided by the Group to its Relevant Policyholders and Pathway Investors. Its remit includes consideration of environmental, social and governance factors that are material to the suitability of an investment. The committee operates in accordance with the requirements of the FCA's Conduct of Business Sourcebook, section 19.5. The Independent Governance Committee Annual Report 2024 and terms of reference are available on [www.royallondon.com](http://www.royallondon.com).

1. The RLMIS Board approved the Group-wide Royal London Investment Philosophy and Beliefs in December 2025, replacing the RLMIS Investment Philosophy and Beliefs.

## Governance *continued*

### The role of management

Royal London’s Group Sustainability Oversight Committee (GSOC), which supports our Group Executive Committee, has responsibility for:

- supporting, overseeing and challenging the delivery of the product, investment and operational sustainability goals of the Group
- providing clear direction, ensuring alignment and transparency of delivery across the Group
- providing support, challenge and recommendations, as required, to the Group Executive Committee.

Our Sustainability and Stewardship Delivery Group, comprising Group-wide senior leaders, focuses on the delivery, development and implementation of our climate strategy. The Delivery Group reports to the GSOC. Our Group Executive Committee is also supported by the Group Executive Risk Committee. This is responsible for monitoring risk at the Group level against the Group’s Risk Appetite Framework, including climate and sustainability-related risks. Supervision from the GSOC complements how climate-related risks are assessed and managed across the business in accordance with the Group’s risk management processes, including our risk management framework.

Support in managing climate-related risks is provided by a number of teams across the Group. Table 3 presents the key teams involved. Forums and working groups also play a central part in supporting and informing our committees, management and the wider business on climate-related risks and opportunities. Table 4 presents examples of other key groups who carry out climate-related activities.

**Table 3: Key teams with climate-related responsibilities**

| Team                                    | Climate-related responsibilities   |
|---|--|
| Corporate Communications                | Supports the Group Responsible Business team in delivering clear, consistent, and compelling messaging that aligns to the Group’s strategic narrative, and drives engagement across channels and audiences. This includes leading the production elements of the Group’s sustainability and stewardship reports. |
| Group Actuarial                         | Conducts climate scenario stress testing across a range of timescales to assess the impact of climate change on our capital position and business planning, and to address regulatory expectations.  |
| Group Finance                           | Responsible for certain climate-related external reporting, including the Climate Report and the RLMIS emissions data presented there.   |
| Group Responsible Business <sup>1</sup> | Accountable for the Group’s responsible business strategy, including our sustainability strategy, and provides support, challenge and sustainability expertise with the aim of embedding sustainability throughout Royal London.   |
| Group Risk and Compliance               | Provides specialist support for the development of Group-wide climate risk reporting and is responsible for embedding climate-related risks into our risk management framework. The team provides second-line review of climate-related reporting.   |
| Insight                                 | Provides insight on customer and adviser perceptions and preferences on topics, including responsible investment and environmental impact.   |
| Investment Office                       | Responsible for developing and implementing the investment strategy and strategic asset allocation for RLMIS, and overseeing the performance of RLAM and other asset managers. Sustainability and climate-related considerations are integrated across these activities.   |
| Investment Solutions                    | Leads on the development of climate-aware investment solutions alongside our Asset Management business. The team supports business areas across Royal London and contributes to sustainability and climate-related industry consultations.   |
| Policy & Technical                      | Provides direction on climate-related policy matters and ensures the Group has a strong and consistent voice among key audiences.  |
| RLAM Responsible Investment             | Works closely with investment teams in our Asset Management business to analyse key climate and ESG issues for consideration in selected investment decisions. The RI team and the investment teams also engage with investee companies to encourage improvements.   |

**Table 4: Key groups for climate-related activities**

| Group  | Climate-related activities   |
|--|--|
| Emerging and Strategic Risk Forum              | Identifies, monitors, assesses and reports emerging and strategic risks, including climate-related risks, to the Group Executive Risk Committee. It also supports the Group’s stress- and scenario-testing processes.  |
| Group Sustainability and Stewardship Forum     | Enables regular communication and knowledge sharing between teams managing activities that support progress towards Royal London’s sustainability goals and Purpose.   |
| Group Sustainability Oversight Committee       | Supports the Group Executive Committee, by overseeing delivery of the Group’s sustainability goals and providing direction, support and challenge on sustainability topics. See left on this page for further detail.  |
| RLAM Engagement Delivery Group                 | Works with analysts and fund managers from each investment desk to align engagement with investment strategies, promote collaboration and oversee escalation procedures.   |
| RLAM Responsible Investment (RI) 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 RI and attended by Heads of Asset Class, Investment Directors and senior members of the RI team.             |
| Sustainability and Stewardship Delivery Group  | Comprises senior leaders across our business, who support implementation of our climate strategy with members responsible for progressing the Group’s sustainability goals. Providing cross-Group collaboration and challenge, the group reports to Royal London’s GSOC. |

1. The Group Responsible Business team was known as Group Sustainability and Stewardship until 31 December 2025.

## Governance continued

### Approach to developing and implementing our climate strategy

#### Developing our climate strategy

Led by our Group Responsible Business team, under the direction of our Director of Responsible Business, our climate strategy is developed with close input and support from subject matter experts across the Group. The Responsible Business team is accountable for the Group's responsible business strategy, including our sustainability strategy. The team also provides support, challenge and sustainability expertise with the aim of embedding sustainability across the wider business. Responsible Business colleagues undergo regular training and development to stay up to date with climate-related trends and industry good practice.

We recognise that our climate strategy will evolve over time. We expect to update our Climate Transition Plan at least every three years. Future versions of our Climate Transition Plan will reflect refinements in our climate strategy as the external environment changes and good practice evolves. Our annual disclosures provide interim updates on our evolving climate strategy. These include descriptions of the actions we have taken over the relevant reporting period to progress our climate ambitions and explanations of any material change to our climate strategy.

Internal and external developments that could materially impact our climate strategy are discussed at GSOC meetings. If any recommendations were made for significant changes to our climate strategy, these would be brought by the Responsible Business team to GSOC for review and challenge.

These recommendations, which would be informed by relevant subject matter experts from the Sustainability and Stewardship Delivery Group and other senior leaders from across the business, could include proposed additions or other changes to our climate commitments. The Responsible Business team provides annual updates on the Group's climate strategy to the RLMIS Board for oversight and challenge. Any proposals to change our climate strategy would be subject to approval by the Group Chief Executive Officer, with advice from the Group Executive Committee. Changes to our climate commitments, as described on page 6, would be further subject to RLMIS Board approval.

#### Implementing our climate strategy

Senior leaders across the Group are responsible for delivering our climate strategy. They meet regularly with the Responsible Business team as part of the Sustainability and Stewardship Delivery Group. Chaired by the Director of Responsible Business, the delivery group supports cross-business collaboration by discussing strategy delivery plans, recent progress and the prioritisation of the activities detailed within our Climate Transition Plan. The delivery group also provides quarterly updates to the GSOC for oversight and challenge.

#### Performance management and reward

Royal London's incentive framework is structured to align colleagues' efforts with our overarching strategy and Purpose, ensuring sustained long-term value for all stakeholders. The framework encompasses a Short-Term Incentive Plan (annual bonus) for most colleagues, while certain senior executives additionally participate in a Long-Term Incentive Plan.

### Our 'three lines' model

Our 'three lines' model defines ownership and responsibilities for all risks. This includes climate-related risks:

#### First line

Business units and Group functions have primary responsibility for managing risks. In line with our Group risk management framework, all business areas must attest to the design and effectiveness of their controls biannually. This includes business units and Group functions with climate-related responsibilities. Members of the Group Executive Committee manage the risks affecting their areas of responsibility.

#### Second line

is our Group Risk and Compliance function, which is independent of business units and Group functions. This provides specialist advice, oversight, challenge and assurance, and includes assessing adherence to relevant internal policies and external regulation.

#### Third line

is our Group-wide Internal Audit function. This provides independent assurance and has a reporting line independent of executive management.



Climate commitments form part of the Long-Term Incentive Plan for all current active schemes,<sup>1</sup> incorporating measures that track progress on key initiatives such as reductions in our carbon emissions and just transition-related engagement.

#### External assurance

We complement our 'three lines' model with external assurance as necessary. We engaged KPMG LLP to perform independent limited assurance over selected emissions metrics. See pages 46, 53 and 65 for more information and links to the independent assurance statements, which include full details of the scope, activities, limitations and conclusions of the assurance engagement. See our [2025 Emissions Metrics Reporting Criteria](#) for the methodology used to calculate our emissions detailed on the same pages.

1. As at 31 December 2025.

Governance continued



### Sustainability Learning and Capability Plan

Throughout 2025, we continued delivery of our multi-year Sustainability Learning and Capability Plan. This strategic initiative is designed to equip colleagues across all levels with the knowledge and confidence to act on sustainability issues relevant to their roles. A key milestone was the launch of an annual mandatory e-learning module, Sustainability: The power of your role, aimed at helping all colleagues to understand the importance of our sustainability journey. The module focused on our climate change commitments, highlighted practical ways individuals and teams can contribute to our Group’s collective sustainability goals, and provided resources to support engagement and action. At the end of 2025, over 97% of colleagues had completed the module. People Leaders were supported to facilitate team discussions to explore their team’s role in meeting our commitments and to encourage team sustainability goal setting.

Tailored development sessions were delivered to RLMIS and Royal London Ireland Boards in collaboration with sustainability learning specialists at Cranfield University. These focused on building Board understanding of why sustainability is critical to Royal London’s success and how Boards can play a pivotal role in championing and driving the sustainability agenda.

We also launched our new Investing with Purpose masterclass series for investment professionals across our Group on Responsible Investment topics. The first event, AI for Good or AI for Growth: Navigating the Trade-offs, brought together external experts in technology, policy, investments and ethics to explore the opportunities and risks of AI and what it means for the future of markets, society and responsible investing.



**Strong governance is the foundation of our sustainability ambitions. Through our Sustainability Learning and Capability Plan, we’re enabling our Boards and leaders to champion sustainability with clarity and confidence. By deepening understanding and embedding accountability, we ensure governance structures actively drive progress – recognising sustainability is integral to Royal London’s long-term success.”**

**Ruth Bryson**

Head of Responsible Business – Stewardship, Climate and Nature

# Risk management

**Climate risk is complex, with significant uncertainty surrounding the timing and severity of potential impacts. Using our risk management system, we manage climate-related risks across Royal London.**

## **In this section, we discuss:**

- our approach to climate risk and opportunity management
- how we identify, assess and manage climate-related risks
- how we have used climate transition pathways to model possible outcomes
- our climate risks and opportunities.



# Group risk management system

## An integrated approach

Climate risks can be strategic, financial or operational – and related to the physical impacts of climate change, or to the transition to a low-carbon economy. Proper identification of climate risks enables us to take the necessary measures to mitigate their effects.

Given that climate risk can manifest itself across any of the risk categories we consider, reporting of climate considerations within each subsidiary and from each subsidiary to the Group is integrated into our Group risk management system.

Under this model, individual business units – with support from our Group Risk and Compliance function – are accountable for identifying, measuring and managing climate risks, and for monitoring and reporting these risks. This includes the design and operation of suitable internal controls and the allocation of risk and control responsibilities.

This integrated approach helps drive consistency in climate risk management activities across the Group. It also supports all areas of the Group to integrate key climate-related issues into day-to-day and strategic planning activities.

## Group Risk Appetite Framework

Our Group Risk Appetite Framework provides direction and assists in making key decisions related to risk and capital management. It is a central part of our Group risk management system and, for example, assists with decisions related to business and project planning as well as mergers and acquisitions.

It is formed of four components:

- **Our risk strategy:** defines and categorises the types of risks that arise in the pursuit of our business objectives and sets the boundaries within which our risk appetite will operate.
- **Our risk preferences:** articulate the extent to which we view certain risks as being desirable or undesirable.
- **Our risk appetite statements:** explain how much risk we are prepared to be exposed to in relation to each risk category outlined in the risk strategy. These are constructed around five risk appetite categories that we consider core to our business: strategic, capital, liquidity, insurance and operational risk.
- **Our risk metrics:** help measure the amount of risk we are exposed to compared with our risk appetite.

## Climate risk appetite statement

Our climate risk appetite statement outlines our appetite towards the strategic, financial and operational risks arising from climate change. It is part of the risk appetite statements contained within our Group Risk Appetite Framework. RLAM Limited, as a subsidiary of Royal London, operates within the Group's risk appetite statement. In doing so, it articulates specific risk appetite components that reflect its own activities as an asset manager.

In 2025, the RLMIS Board completed its annual review of our risk appetite statements and no changes were made in respect of climate risk.



**Royal London will manage and mitigate our exposure to the financial, strategic and operational risks arising from climate change. These include climate risks related to our investment decisions, and opportunities to sustainably reduce our carbon footprint and carbon-equivalent emissions in our investment portfolio in line with our commitments. We will also monitor external climate-related developments that could affect the sustainability and resilience of our business. These risks will continue to be embedded into risk management disciplines across the Group and will be monitored through climate risk reporting.”**

Royal London climate risk appetite statement

# Identifying and assessing climate-related risks

## Climate risk landscape

Climate risks are complex and may take shape in a number of ways across a range of time horizons. When assessing climate risks, potential impacts are typically grouped into the categories of physical and transition risks, as shown in Table 5.

As recorded in our Annual Report and Accounts, climate change is one of the Group’s principal risks and uncertainties. We detail the climate-related risks and opportunities deemed most material to the Group in Tables 7 and 8 of this report, on pages 38 to 39.

**Table 5: Climate risk categories**

| 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   |

## Climate risk identification

We identify the primary risks arising from climate change and consider interdependencies between risks. We use a number of methods to identify and assess these risks, including horizon scanning. We also assess the direct impact these risks have on our business and their potential to set in motion a range of knock-on direct and indirect impacts over varying

time frames. Using this understanding, we assess the relative significance of each risk to inform our risk management process and prioritisation.

We will continue to refine our risk management approach, including the development of our approach to climate financial risk modelling and through a regular refresh of our risk appetite.

Our horizon scanning processes include:

- **Quarterly regulatory radar:**<sup>1</sup> A report on emerging regulatory (FCA and PRA) themes (short, medium and long term), in-flight consultations and changes in these themes during the previous quarter. This is owned by the Group Risk and Compliance team.
- **Regulatory update newsletter:**<sup>1</sup> A regular newsletter compiled by the Group Risk and Compliance team and distributed throughout our business, which highlights significant regulatory changes from the FCA and the PRA, including climate-related regulatory changes.
- **Emerging and Strategic Risk Forum:** A biannual gathering of key individuals involved in the management of emerging risks, strategic risks, and stress and scenario testing across the Group. A report is produced which details the risks identified, an indication of when these might impact our business, and the appointed business owner of the risks.
- **Technical Support team daily scan:** A daily scan for any changes in legislation or regulation that could affect any of RLMIS’s UK products, including ESG-related changes. Changes are summarised and directed to the appropriate teams to address, with the Technical Support team tracking items to completion.
- **Competitors and markets scan:** A weekly newsletter that summarises key activity among our competitors and in the market. The newsletter includes a section on ‘climate, nature and sustainability’.
- **Legal horizon-watching report:** A quarterly report that aims to capture the most important and relevant legal developments on the horizon for our business.

## Materiality assessment

In determining whether climate-related risks are material or principal risks to the Group, we apply a structured assessment process that integrates both qualitative and quantitative inputs. This includes:

- scenario analysis and stress testing to evaluate the financial impact of plausible climate pathways on our capital position, investment portfolios and customer outcomes
- engagement with subject matter experts across the Group to assess strategic, operational and reputational exposures
- review of external factors such as policy developments, market sentiment and scientific consensus on climate and nature risks.

We use different approaches to climate risk assessment due to the limitations of scenario modelling (see page 37). The outputs of our climate scenario modelling can be found on page 37 and the results of our qualitative risk assessment on pages 38 to 39.

<sup>1</sup> These processes reflect activities carried out by Group Risk and Compliance on behalf of RLMIS. For further details of RLAM Limited, RLUM and RLUTM’s risk identification and assessment processes, please refer to the Entity-level reports, starting on page 57. Dalmore Capital operates as a standalone infrastructure capability within RLAM. The Climate Report for this entity is prepared separately and can be found on the Dalmore Capital [website](#).

# Managing climate-related risks

We do not actively seek to avoid exposure to climate-related risks. Instead, we seek to manage and mitigate our exposure, undertaking risk management actions to reduce the impact and likelihood of occurrence.

We present the key climate-related risks and opportunities identified across our business on pages 38 to 39. Examples of how these risks are managed include:

- the actions we expect to take to progress our climate strategy, as outlined in detail along with the potential impact on our business and customers in our Climate Transition Plan, which was published in June 2025
- continuing to operate our Sustainability and Stewardship Delivery Group, comprising Group-wide senior leaders, focused on the delivery and development of our climate strategy
- continuing to embed climate risk reporting across the business, to provide the Group Executive Risk Committee with visibility of the aggregate climate risk position across the Group, including the effectiveness of embedded climate risk management
- updating the analysis of climate change scenarios in our Own Risk and Solvency Assessment (ORSA)
- continuing to embed our enhanced Group-wide Responsible Investment and Stewardship Policy
- increasing the effectiveness of our policymaker climate engagement activities, aimed at supporting our climate strategy.

For all risk categories, our risk management approach primarily focuses on building capabilities across the business. This is done by raising awareness of climate-related risks and by sharing best practices for managing them.

## Frequency of climate risk reporting

The Board receives updates on climate-related activity at least every six months.

The GSOC, the Investment Committee and the Risk and Capital Committee meet at least quarterly and, in line with their terms of reference, consider and discuss relevant climate-related matters. Our internal Group Climate Risk Report is presented to the Group Executive Risk Committee biannually.

In addition, a quarterly report from the Group Chief Risk Officer provides the Board with an assessment of risks against our overall Group ‘risk appetite’ – the level of risk that our business is comfortable to take while remaining aligned with our Purpose and strategy. When relevant, this includes material climate-related risks.



# Risks and opportunities assessment

## Climate change scenario analysis

By analysing the possible impacts of climate-related risks over a range of potential transition pathways and time horizons, we can improve our understanding of:

- our financial exposures to climate-related risks
- the challenges to our business models from these risks
- our potential responses
- the implications for our customers and members.

This scenario-modelling helps to inform the development of our investment and business strategies, to mitigate both physical and transition risks while maximising opportunities.

## Our 2025 climate pathways

In 2025, our climate pathway analysis modelled outcomes from three climate pathways based on those developed by the Network for Greening the Financial System (NGFS). As in previous years, we aligned our analysis with the five-year time horizon for our business planning. This approach enables us to examine the potential impact of a range of future climate scenarios, while recognising the uncertainty attached to the timing and effectiveness of climate policy.

We assessed three pathways, as described in Table 6. These pathways include differences in how physical and transition risks could be realised and the scale of impacts on financial markets and the wider economy. These differences make a direct comparison of the effects on our business over a range of timeframes problematic.

Table 6: 2025 climate pathways

|                                  | Below 2°C  | Delayed transition  | Current policies  |
|----------------------------------|--|---|---|
| <b>Scenario</b>                  | In this 'orderly' scenario, countries gradually increase the stringency of climate policies. Countries with net zero targets partially reach them (80% of targets are achieved), giving a two-thirds chance of limiting global warming below 2°C by the end of the 21 <sup>st</sup> century. | In this 'disorderly' scenario, countries do not start transitioning to reduce greenhouse gas (GHG) emissions until 2030, with strong policies then required. Countries with net zero targets partially reach them (80% of targets are achieved). Global warming is limited below 2°C by the end of the 21 <sup>st</sup> century, but policy changes in 2030 are unanticipated and disruptive.   | In this 'hot house world' scenario, existing climate policies remain in place but there is no strengthening of the ambition level of these policies. This leads to high physical risks.   |
| <b>Global warming</b>            | End-of-century temperature goal met: <ul style="list-style-type: none"> <li>• average global warming stabilises at 1.7°C</li> <li>• CO<sub>2</sub> emissions ~ IPCC RCP<sup>1</sup> 2.6</li> </ul>   | End-of-century temperature goal met: <ul style="list-style-type: none"> <li>• average global warming stabilises at 1.7°C</li> <li>• CO<sub>2</sub> emissions ~ IPCC RCP 2.6</li> </ul>  | End-of-century temperature goal not met: <ul style="list-style-type: none"> <li>• average global warming stabilises at 4°C</li> <li>• CO<sub>2</sub> emissions ~ IPCC RCP 4.5</li> </ul>  |
| <b>Transition risks</b>          | Transition risks increase due to: <ul style="list-style-type: none"> <li>• ambitious low-carbon policies</li> <li>• high investment in low-carbon technologies</li> <li>• substitution away from fossil fuels to cleaner energy sources and biofuel</li> </ul>                               | Transition risks increase due to: <ul style="list-style-type: none"> <li>• ambitious low-carbon policies</li> <li>• high investment in low-carbon technologies</li> <li>• substitution of fossil fuels for cleaner energy sources and biofuel</li> <li>• abrupt pricing-in of transition risks and sentiment shock</li> </ul>   | No impact from transition to low-carbon economy because: <ul style="list-style-type: none"> <li>• economies follow the business-as-usual track continuing current low-carbon policies and technology trends (for example, significant falls in renewable energy prices)</li> <li>• no additional new policy measures</li> </ul> |
| <b>Physical risks</b>            | Moderate physical impact with regional differences<br>Impacts are greater than observed today  | Moderate physical impact with regional differences<br>Impacts are greater than observed today, but still much less than under a Current policies pathway  | Severe physical impacts occur, increasing over time as temperatures rise<br>Impacts include gradual physical changes such as agricultural and worker productivity, as well as more frequent and severe extreme weather events   |
| <b>Impact on GDP</b>             | Global GDP lowers  | Global GDP level lowers in line with the Below 2°C pathway  | Global GDP is significantly lower   |
| <b>Indicative market impacts</b> | Transition is assumed to occur as smoothly as possible.<br>Negative returns until around 2050 relative to the baseline projection, driven by transition risks. Thereafter, broadly unchanged from the baseline projection.   | Sudden repricing of assets in the medium term, followed by a sudden sentiment shock to the financial system.<br>Negative returns relative to the baseline projection until around 2050, which are driven by transition risk from 2030 and more adverse than in a Below 2°C pathway. Positive relative returns from around 2065 as benefits are realised from climate policies, meaning that losses are only slightly worse than in a Below 2°C pathway by 2100. | Markets price in physical risks up to 2050 by the end of the decade. A second repricing occurs after this decade as investors factor in severe physical risks post-2050.<br>Negative returns throughout the projection driven by physical risks, modelled as a smooth progression.  |

1. Representative Concentration Pathways.

## Risks and opportunities assessment *continued*

### Results from our 2025 climate pathways analysis

Our 2025 pathway analysis supported the examination of potential impacts to the value of different asset classes up to 2060. The results remained in line with previous years' analysis: across each pathway, the results indicated a negative year-on-year impact to the value of all our asset classes. As in previous years, the most significant effects were observed in the Current policies scenario, where the modelling anticipates a range of adverse economic and social impacts as a result of rising temperatures.

Similarly, our assessment of the risk to our capital position over a medium-term business planning horizon also pointed to the most significant negative impact arising from the Current policies scenario. These impacts remained within acceptable tolerance limits, however – with our equity hedging strategy playing a key role in dampening the effects.

### Modelling limitations

As climate modelling remains an emerging area, we recognise that it may underestimate the level of risk to our Group and our customers. Modelling the financial impacts of unprecedented levels of climate change is inherently challenging, with limitations to current processes including:

- Models are estimates based on past historical relationships between GDP and temperature at a regional level and over a limited timeframe which, when used to estimate the impact of unprecedented global temperature rise, may result in misleading outcomes.

- Our analysis does not make explicit allowance for all potentially significant factors, particularly where it is not possible to reliably integrate the timing, likelihood and severity of financial impacts into the model. Examples may include the geopolitical impacts of severe climate change, such as increases in migration and conflict, which – alongside their significant human costs – are likely to result in further economic impact.
- Financial stress tests are not able to measure all risks facing our business, such as the risks associated with changing customer expectations, the competitive environment, or the political and geopolitical landscape. These non-financial risks may indirectly lead to financial impacts including volatility in our capital requirements, shocks to the profitability of existing business and reductions to our new business sales.
- The full range of impacts that climate change may have on our business is not currently captured by climate scenario models. This is why we use the outputs of our qualitative risk assessment process alongside our climate scenario modelling, to try to capture risks that may be missed by scenario modelling alone.

Understanding of the impact of climate change, including within the financial sector, is regularly evolving. However, industry development of modelling tools tailored to help firms create their own climate change scenarios continues to advance slowly, reflecting the breadth and complexity of inputs required for these models. We will continue to reflect on the outputs from climate modelling and to review emerging methods.

### Considerations for 2026

During 2025, we continued to use an external third-party model to support our quantitative climate risk modelling capabilities. We also 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. This will support meeting the expectations of the PRA's Supervisory Statement SS5/25, published in December 2025.

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. We will explore how we use climate scenarios within our Asset Management business.

### Qualitative risks and opportunities assessment

Our qualitative assessment of the climate-related risks and opportunities that may impact our business is presented in Tables 7 and 8, on pages 38 and 39. Each risk and opportunity is assigned one or multiple timeframes – short- (S, up to one year), medium- (M, one to five years) or long-term (L, over five years) – to indicate when we expect it to impact our business. This supports our risk management response, prioritisation and mobilisation. The medium time horizon is aligned with our business planning time horizon of five years.

We take mitigating actions as appropriate to address climate-related risks – including actions outlined in our stewardship approach on page 12, and in our [Climate Transition Plan](#).



## Risks and opportunities assessment *continued*

**Table 7: Transition risks and opportunities**

| Risk category: Strategic  | Risk category: Financial   |
|---|--|
| <p><b>Risks</b></p> <p><b>Reputational</b><br/>Inability to meet customer and client requirements or expectations, regulatory requirements or own commitments, causing reputational damage to our brand, which leads to loss of new business and increased lapse rates or outflows. (S,M,L)</p> <p><b>Policy</b><br/>Lack of consistency in the international regulatory approach to ESG and/or net zero implementation – with differing approaches to labelling and disclosure, implementation timing and expectations relating to consumer-facing materials resulting in challenges on how products are communicated, reported and distributed in both existing and new jurisdictions. (S,M)</p> <p><b>Market</b><br/>We may lose market share if we fail either to develop new propositions, or to modify existing ones to adapt to changing consumer or client sentiment. (S,M)</p> <p><b>Policy</b><br/>Government or regulatory policy developments designed to address the physical and transitional impacts of climate change may impact the viability of our propositions. (M,L)</p> | <p><b>Risks</b></p> <p><b>Policy</b><br/>Action from regulators and governments to meet the Paris Agreement targets and respond to public sentiment may lead to significant market repricing of asset values and increase the risk of counterparty default. (S,M,L)</p> <p><b>Market</b><br/>Disruptive green technologies may provide a competitive advantage to our peers if we fail to anticipate them in our funds. (M,L)</p> <p><b>Regulation</b><br/>There is a risk associated with the cost to comply with regulations impacting our property investments, including the UK’s current Minimum Energy Efficiency Standard (MEES) regulations. (S,M,L)</p>   |
| <p><b>Opportunities</b></p> <p><b>Market</b><br/>An opportunity to increase market share resulting from the successful development of existing propositions to meet the demand for products that align with or seek to aid the transition to net zero. (S,M,L)</p> <p><b>Products and services</b><br/>A growing demand from customers and clients for ESG investing and net zero-aligned investments could open opportunities for new products and services. (S,M,L)</p>   | <p><b>Opportunities</b></p> <p><b>Resource efficiency</b><br/>Through energy efficiency improvements from both operations and refurbishment, we will expect to see reduced operating costs. This opportunity is likely to be compounded by volatility and price fluctuations seen recently in the energy market. (S, M)</p> <p><b>Products and services</b><br/>As more occupiers set net zero carbon targets, energy efficient and sustainable certified buildings will become increasingly desirable. Through our Asset Management business’s net zero carbon audits, we can identify the potential interventions required to improve a property’s operational performance to achieve net zero. We believe this places our Asset Management business in a favourable position to respond to changing occupier preferences and demand for net zero buildings. (S,M)</p> <p><b>Climate transition investments</b><br/>Returns from investment in companies and sectors that are supporting the climate transition could be enhanced through innovation (for example, battery technology). This reflects changes in the investment landscape and in policy relating to prioritisation of green strategic objectives. (S,M)</p> <p><b>Energy security</b><br/>To reduce reliance on the UK National Grid, there is the opportunity to install solar PV panels on the roofs of buildings to generate onsite renewable energy. This can then be sold to the occupier, creating a financial return. (S,M)</p> |
| <p><b>Risk category: Operational</b></p> <p><b>Risks</b></p> <p><b>Reputational</b><br/>Our ability to recruit and retain talent may be negatively impacted if the Group’s response to climate change is perceived as inadequate by current and potential future colleagues. (S,M,L)</p> <p><b>Policy</b><br/>Stakeholder interest has increased the potential for legal and/or regulatory challenge, exacerbated by the fast pace of regulatory change. (M,L)</p>  |  |
| <p><b>Opportunities</b></p> <p><b>Suppliers</b><br/>Engagement with suppliers could help them transition towards the lower-carbon economy. (S,M,L)</p>  |  |

## Risks and opportunities assessment *continued*

**Table 8: Physical risks and opportunities**

|   |
|---|
| <b>Risk category: Operational</b>   |
| <b>Risks</b>  |
| Acute<br>Weather-related business disruption may become more frequent due to climate change, as a result of direct impacts to our offices or data centres and those of our key suppliers, and/or impact travel between our offices. (M,L)   |
| <b>Opportunities</b>  |
| Suppliers<br>Opportunity to build resilience in our supply chain through engagement with our suppliers. (M,L)   |
| <b>Risk category: Financial</b>   |
| <b>Risks</b>  |
| Chronic<br>Our portfolios with significant investments in physical assets, including property and asset-backed securities, may be directly impacted by the physical effects of climate change. (M,L)<br>An increase in average temperatures, resulting in more regular extreme weather and temperature fluctuations that affect our customers in the UK and Ireland, may lead to inaccuracies in our assumed rates of mortality and morbidity. (M,L)<br>Temperature changes resulting from climate change may increase the frequency of global infectious disease pandemics, in turn impacting the accuracy of our mortality and morbidity assumptions. (M,L)<br>Political instability, resource shortages and mass migration resulting from climate change may negatively impact levels of mortality, morbidity and expense inflation. (M,L) |
| Acute<br>Exposure to extreme weather, such as flooding, poses a risk to property assets in terms of repair costs, disruption to construction, and reduced asset value. (M,L)  |
| Acute/chronic<br>Indirect physical effects from climate change may impact the value of assets in our portfolio, for example due to supply chain disruption, mass migration and political instability. (M,L)   |
| <b>Opportunities</b>  |
| Market<br>An opportunity to increase market share resulting from the successful development of existing propositions to meet the demand for products that align with or seek to aid the transition to net zero. (S,M,L)   |
| Products and services:<br>A growing demand from customers and clients for ESG investing and net zero-aligned investments could open opportunities for new products and services. (S,M,L)  |



## Risks and opportunities assessment *continued*



### Advocating for a just transition

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 research explores how the UK can ensure a fair and inclusive transition, to build an economy that is resilient to social, geopolitical and environmental shocks. The report brings together insights from the University of Exeter and engagement with over 100 businesses, investors, academics and local communities.

#### The report's recommendations include that:

- Government, businesses and civil society should work hand-in-hand, tackling economic, social and environmental challenges together to unlock growth, create warm homes, secure jobs, and vibrant local economies.
- The Government must set clearer and more consistent policy to enable business and communities to innovate for growth and resilience.
- The UK needs to capitalise on its position as a global leader in tackling social and environmental challenges to help restore national trust and influence others to follow.

Our Climate Transition Plan sets out how we are embedding climate resilience and social impact into our strategy. We can support other businesses to do the same by sharing what we have learned. We can also work with government to help scale up private sector investment in areas of particular significance to a just transition. This could include retrofitting buildings, strategic infrastructure and developing nature-based solutions.

Read the report at ['Creating a Future Ready Economy – Business in the Community'](#)

# Metrics and targets

We are committed to achieving net zero emissions from our investment portfolio and operations by 2050. We track progress against our targets using emissions metrics, as we continue to monitor our exposure to climate-related risks.

## In this section, we discuss:

- the basis and assumptions underlying our metrics and targets
- the metrics we use to track our progress and monitor risks.

## The basis and assumptions underlying our metrics and targets

Our climate targets are based on the expectation that governments and policymakers will deliver on commitments to achieve the goals of the Paris Agreement, and that the required actions do not contravene our legal and regulatory obligations to our members and customers. See pages 38 to 42 of our [2025 Emissions Metrics Reporting Criteria](#) at [www.royallondon.com](http://www.royallondon.com) for the methodology used to calculate our emissions.

### Portfolio emissions targets<sup>1</sup>

Our portfolio emissions targets include assets that are controlled by RLMIS and RLI DAC and managed by our Asset Management business. Within the wider Group, the portfolio emissions commitment also covers the regulated investment funds managed by our Asset Management business. It excludes segregated mandates managed on behalf of external clients, unless those clients have made an explicit commitment to achieving net zero.

The RLMIS reported portfolio emissions baseline and progress on page 39 are referred to as 'in-scope investment assets', and are also disclosed in the Group Climate Report. These assets comprise the Group's investment portfolio (investments plus assets held to cover linked liabilities in the Group's UK GAAP balance sheet) plus assets held by the Group's sponsored defined benefit pension schemes. The emissions of our RLMIS 'in-scope investment assets' are measured against a 2020 baseline and tracked using our Scope 1 and 2 carbon footprint metric, an intensity metric of corporate fixed income and listed equity (tCO<sub>2</sub>e/\$m invested). The scope of this metric is broader than the scope of our portfolio emissions

target, as it includes assets which are externally managed, but it provides an indication of progress against the target. The portfolio emissions of our Asset Management business are disclosed within the RLAM entity-level disclosure of our Group Climate report.

Our net zero portfolio emissions commitment includes our investee companies' own Scope 1 and 2 emissions but does not currently include their Scope 3 (value chain) emissions. We will regularly reconsider this position as the viability of including investee companies' own Scope 3 emissions develops, with a view to supporting customer and client objectives.

Across our property investments, we aim to achieve net zero carbon by 2030 for our directly managed property assets and developments, and by 2040 for our indirectly managed property assets from a 2019 baseline. Directly managed property assets are those over which our Asset Management business has complete operational control, or greater than 50% equity share, or joint ventures where it would cover the proportionate amount of emissions.

Developments are defined as any new development or major refurbishment that will come online from 2030 onwards. Indirectly managed property assets are managed wholly by the occupier.

We will expand the scope of asset classes included in our targets as net zero methodologies evolve.

### The limitations of portfolio emissions data

We recognise there are significant limitations associated with calculating portfolio emissions, including availability and timeliness of data, methodology gaps across different asset classes, lack of consistency across the industry, data quality and

transparency. Reported emissions are the preferred basis for our Scope 1 and 2 corporate fixed income and listed equity metrics. However, not all companies that we invest in consistently disclose their emissions. To enable higher overall data coverage, reported emissions are supplemented by estimated emissions calculated by our data provider, MSCI.

Scope 3 emissions are less commonly reported by underlying investee companies, and there is a lack of consistency in how Scope 3 emissions are calculated. Therefore, for Scope 3 emissions we use estimated emissions from our data provider to provide greater coverage across our portfolio and allow for better like-for-like comparison across companies. However, estimated emissions data can vary significantly across different data providers and is generally considered less accurate than Scope 1 and 2 emissions. As a result, Scope 3 emissions metrics should not be used for comparison across different portfolios. Data quality and coverage challenges are more acute for historical Scope 3 emissions. The 2020 coverage of 44% for RLMIS Scope 3 emissions demonstrates the challenges around coverage, and this together with data quality challenges means that there is a high degree of uncertainty around the impact of the portfolio.

Reported emissions data, also provided by MSCI, is updated on a 'best efforts' basis following company and sovereign disclosures but may, therefore, not always utilise the most recently reported emissions from our underlying holdings.

For sovereign debt emissions, the Partnership for Carbon Accounting Financials takes a holistic approach, recommending that emissions from sources located within the domestic territory and emissions from imports are included. This approach goes beyond the scope of Nationally Defined

Contributions and reported emissions of most sovereign nations, meaning data relies heavily on estimates. The recommended approach seeks to attribute sovereign debt emissions to investors in a way that partially reflects the methodology used to calculate financed emissions from corporations. However, sovereigns and corporates are different and are reported separately. Direct comparisons in emissions metrics across these asset classes should not be made.

### Operational and value chain emissions targets

Our operational emissions targets include emissions arising directly from operations controlled by our business (Scope 1) and indirectly via consumed energy (Scope 2). Our value chain targets include our emissions arising indirectly through our value chain (Scope 3), excluding portfolio emissions. The baseline year for our operational and value chain emissions targets is 2019. We disclose separately the emissions from the companies in which we invest as our portfolio emissions (Scope 3).

### The limitations of value chain data and other environmental data

There are limitations to value chain emissions and other environmental metrics. As our data collection and methodologies improve, reported data is subject to revisions. We apply estimates where data is not available. See our [2025 Emissions Metrics Reporting Criteria](#) for details of assumptions and estimates.

Note: Portfolio data and metrics in this section apply specifically to RLMIS. The operational and value chain metrics apply to our wider Group.

1. Our commitments are made at Group level and do not apply to all individual products and strategies because each has different investment objectives. For details of a specific product, see the product prospectus.

# RLMIS portfolio emissions

## Portfolio emissions metrics

Table 9 presents the portfolio emissions metrics used to monitor progress against our targets and exposure to climate-related risks. Details of the formulae and methodology applied in calculating these metrics are provided in the Appendix.

We also consider it important to report how our portfolio aligns with the net zero transition and contributes to climate change mitigation. As we expand our range of climate-aware investment solutions – including developing our equity tilt strategies and growing our private assets capabilities – this remains an evolving area. We are continuing to collaborate internally and with other investors to shape good practice. Our priority remains reporting outcomes in a credible and transparent way. As investors, it is particularly important that our disclosures do not overstate our level of influence on climate outcomes. For details on how we are developing our position on alignment with the low-carbon transition and climate change mitigation, see page 23.

All data is provided for information purposes only and should not be relied upon for investment decisions.

## Our approach

We have calculated emissions metrics for RLMIS corporate fixed income, listed equity, sovereign debt within government bond holdings, and property. This accounts for 88% of RLMIS in-scope investment assets<sup>1</sup> – see Figure 5. For corporate fixed income, listed equity and sovereign debt, our emissions data is sourced from MSCI. Our sovereign debt in-scope investment assets include a small portion that is invested in non-sovereign assets, such as supranational or municipal bonds, for which we have no coverage. Our corporate fixed income and listed

equity in-scope investment assets include some private investments and short-term debt.

The calculations of our carbon emissions metrics are based on both reported and estimated emissions. We use US dollars (\$) as the reporting currency for attributing carbon emissions, in line with the primary methodology applied by our data provider, MSCI. Find further details on the methodologies adopted by MSCI in the Appendix.

For corporate fixed income and listed equity, we have reported Scope 1, 2 and 3 portfolio emissions where data is available.

Emissions metrics for RLMIS property assets are calculated by our Asset Management business, which manages 100% of RLMIS property assets. Find further details of the methodology in the Appendix.

**Figure 5: RLMIS in-scope investment assets breakdown by asset class (31 December 2025)<sup>2</sup>**



**Table 9: Portfolio emissions metrics**

| Metrics  | Units                                   | Asset class   | Purpose  |
|--|---|---|--|
| Financed emissions                             | Financed emissions tCO <sub>2</sub> e   | Corporate fixed income, listed equity, property, sovereign debt | This metric is a suitable measure of our current position as it shows absolute financed emissions. However, since this metric is sensitive to changes in portfolio size, we use it in conjunction with other metrics to track our progress towards climate targets.  |
| Carbon footprint                               | tCO <sub>2</sub> e/\$m invested         | Corporate fixed income, listed equity                           | This metric normalises emissions over investment value, which enables comparisons over time. However, it is sensitive to share price and market forces.  |
| Weighted Average Carbon Intensity              | tCO <sub>2</sub> e/\$m revenue          | Corporate fixed income, listed equity                           | This is an alternative measure of intensity to carbon footprint that is not as sensitive to share price. However, this metric is sensitive to other factors, such as inflation and other market forces.  |
| Data coverage                                  | % coverage                              | N/A   | This metric monitors the portion of assets for which we have emissions information (reported or estimated by MSCI).  |
| Sovereign debt production emissions intensity  | tCO <sub>2</sub> e/\$m PPP-adjusted GDP | Sovereign debt  | This metric monitors exposure to climate risk within our sovereign debt assets. This metric reflects production intensity of sovereign economies. Production emissions are normalised by Purchasing Power Parity-adjusted Gross Domestic Product (PPP-adjusted GDP). |
| Sovereign debt consumption emissions intensity | tCO <sub>2</sub> e/capita               | Sovereign debt  | This metric monitors exposure to climate risk within our sovereign debt assets. This metric reflects consumption intensity of sovereign economies. Consumption emissions are normalised per capita.  |

1. Investments within the scope of calculating RLMIS GHG emissions for Scope 3 category 15 are referred to as 'in-scope investment assets'. These assets comprise the Group's investment portfolio (£139.1bn) plus assets held by the Group's sponsored defined benefit pension schemes (£2.1bn), excluding BPA policies purchased from the Group to avoid duplication with the assets already held by the Group's matching adjustment portfolio (Royal London Group Pension Scheme and Royal Liver UK plan assets totalling £0.9bn). Over 99% of the Group's investment portfolio is owned by RLMIS, with £0.5bn owned by RLI DAC.  
2. Rounded to the nearest 1%.

## RLMIS portfolio emissions *continued*

### Portfolio emissions

We know the global transition to net zero, and therefore our own journey to decarbonise our portfolios, will not be linear. Our Group-wide emissions can vary from year to year because they depend on the activities of companies and issuers in our portfolio. Additional factors, such as changes in how emissions are reported or fluctuations in asset values, can also cause reported emissions to rise or fall. To support progress against our portfolio decarbonisation commitment, we will actively pursue and implement low-emissions investment strategies over the short and medium term, building on those we have delivered to date. We will also encourage the transition of the highest emitters in our portfolio, including fossil fuel companies, through engagement supported by a robust escalation framework.

### RLMIS portfolio GHG emissions disclosure

We actively monitor emissions from our investments to track progress against our climate goals. During 2025, RLMIS in-scope investment assets increased from £127bn to £140bn. The table on page 46 shows the emissions arising from our corporate fixed income, listed equity, sovereign debt and property investments. Financed emissions refer to the absolute carbon emissions associated with our investment portfolio, whereas carbon footprint and Weighted Average Carbon Intensity (WACI) are intensity metrics.

### Corporate fixed income and listed equity

We continue to use a range of metrics to understand the drivers of our portfolio emissions, including attribution analysis where possible, and to identify areas for action.

For our in-scope corporate fixed income and listed equity assets, financed emissions have fallen by 8% from 2020, our baseline year – but have increased by 21% since 2024. Several contributing factors have influenced this year-on-year change, notably the increase in in-scope assets, and changes in the weighting of investee companies (the size of the investment as a proportion of the total portfolio).

The carbon footprint (tCO<sub>2</sub>e/\$m invested) of these assets has fallen by 32% since 2020, with a 5% increase since 2024. Changes in weighting were the most material driver, contributing an 11% increase in carbon footprint, partly offset by a 4% reduction driven by changes in issuer emissions.

A combination of other factors, including changes from divested and new investments, and changes in investee companies' Enterprise Value Including Cash (EVIC), among others, contributed to a total reduction of 2%. EVIC is used to normalise emissions across investee companies to quantify issuer-level carbon footprints. The WACI (tCO<sub>2</sub>e/\$m revenue) – which is less sensitive to share price fluctuations – has fallen by 33% since 2020, remaining broadly stable year on year with a 1% increase.

In line with our Climate Transition Plan, available at [www.royallondon.com](http://www.royallondon.com), we take action to support emissions reductions in the wider economy, as well as in our own portfolio, by engaging with policymakers and the companies we invest in, rather than simply divesting from high-emitting industries.

We will continue to refine our climate strategy as the external environment and good practice evolve, including through ongoing engagement and further developing our climate-aware investment solutions. More information is on page 23.

### Scope 3

Our Scope 3 carbon footprint increased 12% year on year but remains 18% below our baseline. Financed emissions increased 11% above baseline and by 29% since the previous year. This is due in part to an increase in in-scope investment assets, and the changes in the weighting of investee companies. The Weighted Average Carbon Intensity of our Scope 3 emissions increased by 13% year on year.

We expect the quality and availability of Scope 3 emissions data will continue to improve over time as more investee companies disclose their emissions and as estimation methodologies continue to advance. We recognise there are inherent data limitations across Scope 3 emissions categories, including inconsistent reporting practices and reliance on third-party estimates. For more information on these limitations, refer to page 42.

### Sovereign debt

Financed emissions associated with our sovereign debt in-scope assets have fallen 26% from 2020 but have increased by 15% since 2024, with the main driver being a growth in the assets of 23% in the same period. This is partially offset by the change reflected in intensity metrics, where consumption emissions intensity fell by 7% over the past year, and production emissions intensity reduced by 15% since 2024. Consumption emissions are attributed to goods and services consumed within a domestic territory, while production emissions originate from goods and services produced within a domestic territory.

1. The investment property reporting period is October 2024 to 30 September 2025, due to the timing of data availability.

### Property

Scope 1 and 2 emissions from our property investments have decreased by 14% since 2020 (our baseline year), as of 30 September 2025.<sup>1</sup> This reflects our focus on improving the operational performance of our directly managed property assets.

Since the publication of our Net Zero Carbon Pathway in 2021, we have been focusing on maximising the operational performance of our landlord-controlled spaces. Over 2025, we continued with the expansion of our LED light replacement programme across the external lighting in our retail and industrial parks, and high street retail assets. We also achieved three new NABERS UK Energy for Offices ratings which are focused on rewarding operational energy improvements.

Scope 3 emissions from our property investments have decreased by 5% since 2020 and by 28% compared to 2024. This is due to lower embodied carbon emissions in 2025 as a result of only completing one development project, Atlantic Park in Liverpool. Additionally, we have continued efforts to engage with our occupiers on topics such as sharing utility consumption data with us to help identify opportunities to collaborate and drive improvements in operational performance. This improves our data quality and helps to reduce our Scope 3 emissions.

### Data quality improvement

In 2025, our corporate fixed income and listed equity assets data coverage for financed emissions and carbon footprint remained stable at 87% (2024: 88%). Issuer-level reported emissions covered 80% of these assets in 2025 (2024: 79%). We remain committed to transparent reporting on data quality and coverage and will continue to seek improvements to our emissions disclosures.

Further details on MSCI's methodology can be found at [www.msci.com](http://www.msci.com).

## RLMIS portfolio emissions *continued*

### Attribution analysis of our carbon footprint

Carbon footprint is the primary metric used for tracking progress against our portfolio carbon emissions reduction targets. To understand the factors contributing to the increase in the Scope 1 and 2 carbon footprint of our investments, we completed an attribution analysis to identify the key drivers of the movement. The analysis considers the impact of changes in investee company emissions as well as changes in our investment portfolio. Figure 6 presents a detailed breakdown of the findings of our attribution analysis on the Scope 1 and 2 carbon footprint of RLMIS’s corporate fixed income and listed equity assets.

#### Results

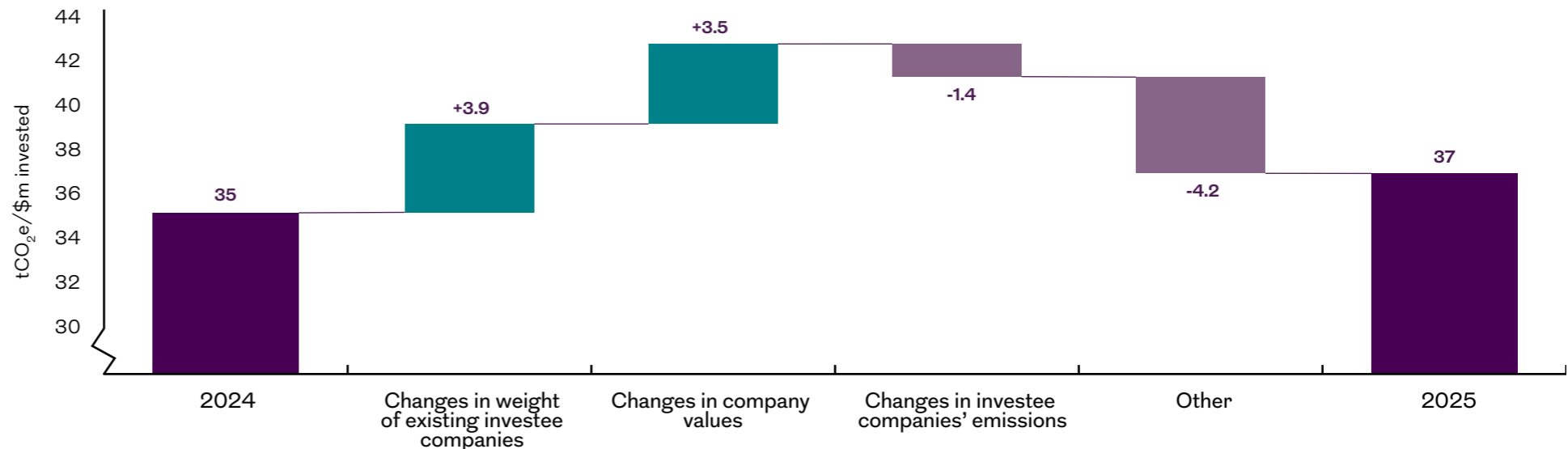
In 2025, the carbon footprint of our portfolio (tCO<sub>2</sub>e/\$m invested) increased by 1.7 from 35.1 to 36.8. The most material driver of the increase was changes in the weight of existing investee companies, driving an increase of 3.9.

As carbon footprint is an intensity metric, it is impacted both by changes in an investee company’s emissions and by changes in the total value of the company (EVIC). Over 2025, changes in investee company values drove an increase of 3.5 in our carbon footprint. Reductions in the Scope 1 and 2 carbon emissions of investee companies drove a decrease of 1.4 in our carbon footprint. We also saw changes from other factors such as new investments, the sale of existing holdings and data coverage, which collectively accounted for a decrease of 0.4, and the remainder of the change is caused by interactions between the main drivers mentioned above. These impacts are shown collectively as ‘Other’ in Figure 6.

[For further detail of our attribution analysis, including the methodology and limitations behind this analysis, see page 77.](#)



Figure 6: Drivers of change in our carbon footprint, 2024–2025<sup>1</sup>



1. Figures for the drivers of change are rounded to 1dp. 2024 and 2025 figures are rounded to 0dp.

## RLMIS portfolio emissions *continued*

**Table 10: RLMIS portfolio emissions disclosure**

|   | 2025           | 2024    | 2020 (baseline) | Year-on-year change <sup>2</sup> | Change against baseline year <sup>2</sup> |
|---|----------------|---------|-----------------|----------------------------------|---|
| <b>RLMIS in-scope investment assets (£bn)<sup>1</sup></b>                             | <b>140</b>     | 127     | 114             | <b>11%</b>                       | <b>23%</b>                                |
| <b>Corporate fixed income and listed equity</b>                                       |                |         |                 |                                  |   |
| In-scope investment assets (£bn) <sup>3</sup>   | <b>96</b>      | 90      | 70              | <b>7%</b>                        | <b>37%</b>                                |
| <b>Scope 1 and 2</b>  |                |         |                 |                                  |   |
| Financed emissions (MtCO <sub>2</sub> e) <sup>4</sup>                                 | ● <b>4.8</b>   | 3.9     | 5.1             | <b>21%</b>                       | <b>-8%</b>                                |
| Carbon footprint (tCO <sub>2</sub> e/\$m invested) <sup>4</sup>                       | ● <b>37</b>    | 35      | 54              | <b>5%</b>                        | <b>-32%</b>                               |
| Data coverage (%) <sup>5</sup>  | ● <b>87%</b>   | 88%     | 67%             | <b>-1%</b>                       | <b>31%</b>                                |
| Weighted Average Carbon Intensity (tCO <sub>2</sub> e/\$m revenue) <sup>4</sup>       | ● <b>78</b>    | 78      | 117             | <b>1%</b>                        | <b>-33%</b>                               |
| Data coverage (%) <sup>5</sup>  | ● <b>87%</b>   | 88%     | 67%             | <b>0%</b>                        | <b>31%</b>                                |
| <b>Scope 3</b>  |                |         |                 |                                  |   |
| Financed emissions (MtCO <sub>2</sub> e) <sup>4</sup>                                 | <b>42</b>      | 33      | 38              | <b>29%</b>                       | <b>11%</b>                                |
| Carbon footprint (tCO <sub>2</sub> e/\$m invested) <sup>4</sup>                       | <b>327</b>     | 292     | 399             | <b>12%</b>                       | <b>-18%</b>                               |
| Data coverage (%) <sup>5</sup>  | <b>87%</b>     | 88%     | 44%             | <b>0%</b>                        | <b>100%</b>                               |
| Weighted Average Carbon Intensity (tCO <sub>2</sub> e/\$m revenue) <sup>4</sup>       | <b>678</b>     | 601     | 740             | <b>13%</b>                       | <b>-8%</b>                                |
| Data coverage (%) <sup>5</sup>  | <b>87%</b>     | 87%     | 44%             | <b>0%</b>                        | <b>100%</b>                               |
| <b>Sovereign debt</b>   |                |         |                 |                                  |   |
| In-scope investment assets (£bn) <sup>6</sup>   | <b>20</b>      | 16      | 20              | <b>23%</b>                       | <b>0%</b>                                 |
| Financed emissions (MtCO <sub>2</sub> e) <sup>4</sup>                                 | ● <b>5.3</b>   | 4.6     | 7.1             | <b>15%</b>                       | <b>-26%</b>                               |
| Production emissions intensity (tCO <sub>2</sub> e/\$m PPP-adjusted GDP) <sup>4</sup> | ● <b>128</b>   | 151     | 160             | <b>-15%</b>                      | <b>-20%</b>                               |
| Consumption emissions intensity (tCO <sub>2</sub> e/capita) <sup>4</sup>              | ● <b>11</b>    | 12      | 11              | <b>-7%</b>                       | <b>-1%</b>                                |
| Data coverage (%) <sup>5</sup>  | ● <b>93%</b>   | 96%     | 98%             | <b>-3%</b>                       | <b>-4%</b>                                |
| <b>Property<sup>7</sup></b>   |                |         |                 |                                  |   |
| In-scope investment assets (£bn)  | <b>8.5</b>     | 7.6     | 7.6             | <b>11%</b>                       | <b>12%</b>                                |
| <b>Scope 1 and 2 emissions</b>  |                |         |                 |                                  |   |
| Financed emissions (tCO <sub>2</sub> e) <sup>4,8,9</sup>                              | <b>9,060</b>   | 10,441  | 10,504          | <b>-13%</b>                      | <b>-14%</b>                               |
| <b>Scope 3 emissions</b>  |                |         |                 |                                  |   |
| Financed emissions (tCO <sub>2</sub> e) <sup>4,9</sup>                                | <b>123,997</b> | 172,923 | 132,325         | <b>-28%</b>                      | <b>-6%</b>                                |
| <b>Intensity Scope 1, 2 and 3</b>   |                |         |                 |                                  |   |
| Property emissions intensity (kgCO <sub>2</sub> e/m <sup>2</sup> )                    | <b>51</b>      | 61      | 57              | <b>-15%</b>                      | <b>-10%</b>                               |

### Independent assurance

We engaged KPMG LLP to perform independent limited assurance over selected emissions metrics, marked with a ● symbol. Selected metrics can be found in the table on the left and on page 53.

The assurance engagement was performed in accordance with the International Standard on Assurance Engagements (UK) 3000 and the International Standard on Assurance Engagements 3410. You can read the unqualified independent assurance statement in full, available [here](#).

- Investments within the scope of calculating RLMIS GHG emissions for Scope 3 category 15 are referred to as 'in-scope investment assets'. These assets comprise the Group's investment portfolio (£139.1bn) plus assets held by the Group's sponsored defined benefit pension schemes (£2.1bn), excluding BPA policies purchased from the Group to avoid duplication with the assets already held by the Group's matching adjustment portfolio (RLGPS and Royal Liver UK plan assets totalling £0.9bn). Over 99% of the Group's investment portfolio is owned by RLMIS, with £0.5bn owned by RLI DAC.
- Year-on-year change represents the percentage change in the year ended 2025 metric from the year ended 2024 metric. Change from baseline represents the percentage change in the year ended 2025 metric from our baseline year, the year ended 2020 metric. Percentages are derived from the underlying figures.
- Corporate fixed income and listed equity AUM includes some private investments and short-term debt, such as commercial paper and money market instruments.
- tCO<sub>2</sub>e represents the estimated amount of emissions, measured in metric tonnes of carbon dioxide equivalent. MtCO<sub>2</sub>e represents one million metric tonnes of carbon dioxide equivalent.
- Proportion of assets with complete data. Complete data is defined as the available issuer-level data for all data points required for calculating a metric. For all metrics, this includes data on investment value and issuer emissions. Beyond this, corporate fixed income and listed equity carbon footprint and financed emissions metrics also require data on issuer Enterprise Value Including Cash; Weighted Average Carbon Intensity requires issuer revenue; sovereign debt financed emissions and production intensity metrics require data on Purchasing Power Parity-adjusted Gross Domestic Product; and sovereign debt consumption intensity requires capita data.
- Sovereign debt in-scope investment assets include a small amount of non-sovereign investments such as supranational and municipal investments. These are among the assets for which we have no coverage (<4% total AUM).
- The investment property reporting period is 1 October 2024 to 30 September 2025, due to the timing of data availability.
- Property Scope 2 emissions reflect location-based emissions.
- 2024 data for this metric has been recalculated to reflect actual data replacing estimates and update of emissions between scopes following identification of errors. For further information on this restatement, refer to page 36 of our 2025 Emissions Metrics Reporting Criteria (available at [www.royallondon.com](http://www.royallondon.com)).

## RLMIS portfolio emissions *continued*

### Forward-looking and portfolio alignment climate metrics

We described the emissions associated with our portfolio in 2025 in the previous section. Forward-looking climate metrics support these disclosures by providing insight into the potential future trajectory of emissions and climate-related risk. We consider the following forward-looking metrics:

- **Climate Value-at-Risk (C-VaR):** An estimate of the possible impacts of transition and physical climate risks on the value of portfolios under a range of plausible climate scenarios.
- **Implied Temperature Rise (ITR):** A modelled assessment of the portfolios' alignment with global climate targets and the projected pathway of warming over time.
- **Companies with targets across all emission scopes:** A measure of the extent to which companies that we are invested in have set carbon-reduction targets across all three corporate emission scopes.
- **Companies with Science Based Targets initiative (SBTi)-approved targets:** A measure of alignment with externally verified carbon reduction targets approved by the SBTi.

It is important to consider the limitations of these metrics in assessing portfolio performance and potential future pathways.

### Limitations

Forward-looking metrics, such as C-VaR and ITR, rely on complex climate and financial modelling. These models often exclude widely accepted material climate risks that cannot be modelled (including the impacts from external policy decisions, market sentiment and potential climate tipping points) and rely on material subjective assumptions, such as the viability of investee companies' net zero plans and assumed sector-level transition pathways.

While temperature alignment metrics can provide a high-level indication of alignment with the goals of the Paris Agreement, we use them alongside more granular and comprehensive assessments to form a more accurate view of a company's sustainability performance. We will continue to assess the usefulness of forward-looking climate metrics on an ongoing basis.

The limitations of these metrics are set out in detail in the Appendix on pages 80 to 81 and discussed at a high level below.

#### Climate Value-at-Risk

There are several fundamental limitations associated with using C-VaR as a forward-looking climate metric:

- **Scope:** C-VaR does not account for many of the potentially significant impacts of severe climate change, such as the geopolitical impacts and potential tipping points, and is limited in its ability to consider long-term risks. As such, it does not capture the full range of longer-term foreseeable risks that may arise from climate change.
- **Comparability:** Comparability between data providers, across different years and between financial institutions is limited, as the methodology underpinning C-VaR continues to evolve, and data providers and financial institutions apply different approaches to its calculation.

- **Usefulness:** Although C-VaR provides insight into potential climate-related risks and opportunities, it does not support users in determining the most effective course of action for mitigating or managing climate risk.

C-VaR also relies on necessary climate-modelling and socio-economic assumptions, as well as cost and valuation calculations that reduce confidence in the metric. Given these limitations and the reliance on modelling assumptions, we report on C-VaR qualitatively rather than quantitatively. See page 80 in the Appendix for further details on the assumptions underpinning C-VaR metrics.

#### Implied Temperature Rise

ITR is similar to C-VaR in that it is narrow in scope and, in isolation, lacks comparability and decision-usefulness. The inputs to ITR models are based on several assumptions with inherent uncertainties, including assumptions related to carbon budgets, rates of population and economic growth, and emissions trajectories over time.

#### Binary target measurement

The usefulness of binary target measurement is also limited. It provides limited detail of the climate targets set by investee companies, beyond whether or not they have set targets and if these are SBTi-approved.

While the SBTi provides a source of validation for corporate climate targets, it is not necessary for all credible net zero targets to be SBTi-approved. In contrast, MSCI's 'companies with targets across all scopes' metric is susceptible to including companies that have set weak or immaterial targets. By using both these binary metrics in conjunction, we hope to be as holistic as possible in our judgement of the alignment of our investments with net zero targets, while considering the limitations of each metric individually.

### Climate Value-at-Risk

C-VaR estimates the impact of physical and transition risks of different climate scenarios on future returns of a portfolio. This metric evaluates potential policy impacts, technology opportunities and physical climate risk under different global warming scenarios. It provides insight into the potential stress on market valuations and translates climate-related costs into possible valuation impacts.

We calculated our C-VaR across three possible pathways, based on those developed by the NGFS. The NGFS long-term climate scenarios were developed with climate scientists and economists to explore a range of plausible outcomes. We used MSCI data to assess the total impacts of transition and physical risks on the value of our corporate fixed income and listed equity assets up to a time horizon of 2100 for each pathway. The scenarios observed and their key characteristics are provided in Table 11.

**Table 11: C-VaR scenarios**

| Scenario                                   | Scenario summary   |
|--|--|
| Delayed transition                         | Assumes global annual emissions do not decrease until 2030. Strong policies are then needed to limit warming to below 2°C. Negative emissions are limited.   |
| Below 2°C                                  | Gradually increases the stringency of climate policies, giving a 67% chance of limiting global warming to below 2°C.   |
| Nationally Determined Contributions (NDCs) | Includes all pledge policies, even if not yet backed up by implemented effective policies. Emissions decline but lead nonetheless to 2.3°C of warming associated with moderate to severe physical risks. |

## RLMIS portfolio emissions *continued*

### Results

We performed analysis on our 2025 portfolio C-VaR using the three scenarios described in Table 11. These scenarios were updated during 2025 to reflect the Phase 5 scenarios update that the NGFS released in November 2024. All scenarios that we tested saw increased transition risk as a result of the Phase 5 update, which was most pronounced in the NDCs scenario. This reflects an increase in ambition in the national climate policy commitments within the NDCs scenario.

Under the Below 2°C scenario, overall impacts are comparatively lower than in the other scenarios assessed, reflecting the lower transition risk in this orderly transition pathway compared to the other scenarios we tested. Physical risks in this scenario were marginally less acute than the Delayed Transition scenario due to an earlier peak in emissions, and significantly less acute than the NDCs scenario in which warming exceeds 2°C.

The Delayed Transition scenario reflects the most acute transition risk, driven by uncoordinated and disruptive policy action required to limit global warming to below 2°C. The most severe physical risks are assumed to be avoided by limiting global warming to below 2°C through delayed transition.

The NDCs scenario is expected to fail to limit warming below 2°C. As such, the physical risk associated with this scenario is the most acute of the scenarios assessed. The NDCs scenario poses significantly less transition risk than the Delayed Transition scenarios, likely due to pledged policies being partially priced into the market.

In all scenarios, some amount of physical risk cannot be avoided.

### Limitations of physical risk modelling

Physical risk is typically underestimated in scenario modelling. The potential impacts of a future where warming exceeds 2°C are therefore particularly difficult to fully capture in market valuations. This reflects limitations in modelling potentially significant, non-linear factors such as geopolitical impacts of severe climate change (including increased migration and conflict), and the scale of harm impacting the ability of markets to recover.



## RLMIS portfolio emissions *continued*

### Implied Temperature Rise

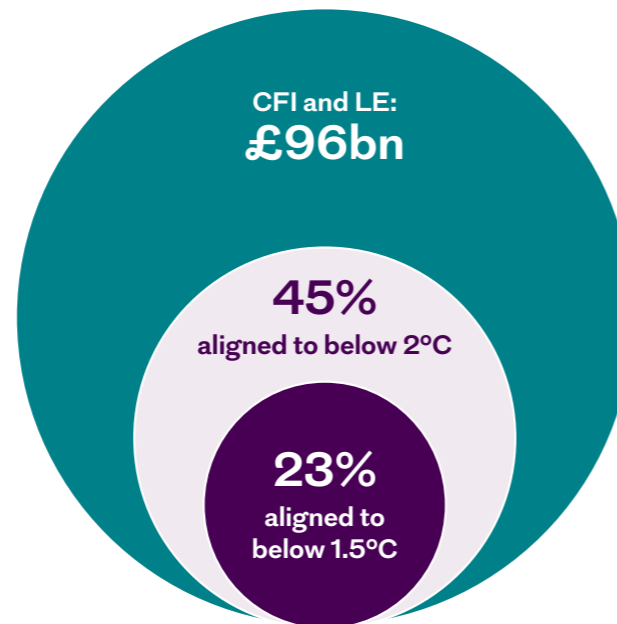
ITR is a portfolio-alignment metric. It seeks to estimate the global warming outcome from the projected emissions of a company, if the global economy followed the same trajectory.

Using this metric, we can estimate the percentage of our corporate fixed income and listed equity holdings that are assessed as having ITRs aligned to global warming of below 2°C and 1.5°C, respectively:<sup>1</sup>

- 45% of our corporate fixed income and listed equity assets have ITRs that are aligned<sup>2</sup> with the goal of limiting temperature increase to below 2°C.
- 23% of our corporate fixed income and listed equity assets have ITRs that are aligned<sup>2</sup> with the goal of limiting temperature increase to below 1.5°C.

While 45% of our corporate fixed income and listed equity investment value is assessed as having a below 2°C trajectory, only 20% of our emissions are from companies aligned to this trajectory. We continue to seek investment and engagement opportunities that support our climate commitments and will monitor our ITR to help assess our progress.

**Figure 7: ITR across RLMIS corporate fixed income (CFI) and listed equity (LE) assets, as of year-end 2025<sup>1</sup>**



### Binary target measurement

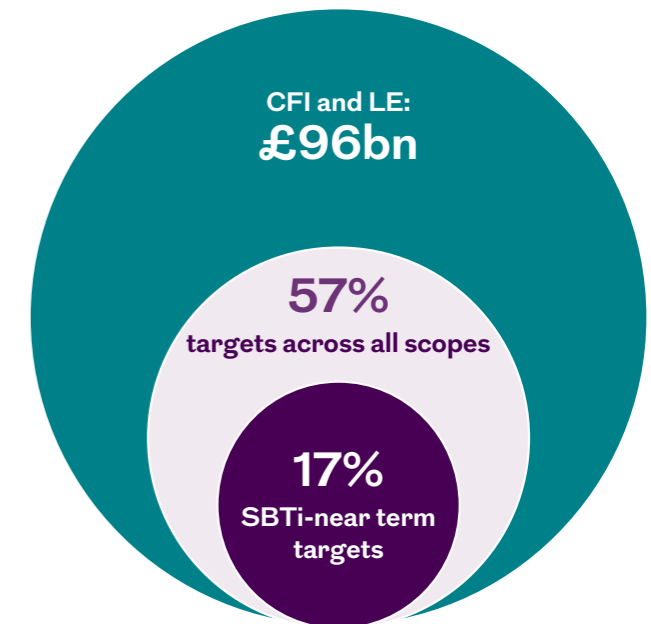
Our binary target metrics show the percentage of portfolio value invested in companies with emissions reduction targets. We consider portfolio alignment using the following binary target metrics:<sup>3</sup>

- Companies with targets across all emission scopes (%): The percentage of companies in our corporate fixed income and listed equity asset classes with published climate targets for Scopes 1, 2 and 3.
- Companies with SBTi near-term targets (%): The percentage of companies in our corporate fixed income and listed equity asset classes with climate targets approved by the SBTi.

While tracking alignment with SBTi near-term targets is valuable, SBTi validation is not the only indicator of a credible net zero target. We therefore also monitor the proportion of investee companies that have targets across all emission scopes, using MSCI's 'companies with targets across all scopes' metric.

57% of our corporate fixed income and listed equity holdings have published climate targets across all emissions scopes, and 17% have SBTi near-term targets. Consequently, 43% of our holdings across these asset classes have not published climate targets across all scopes.<sup>3</sup>

**Figure 8: Emissions reduction targets across RLMIS corporate fixed income (CFI) and listed equity (LE) assets, as of year-end 2025<sup>3</sup>**



While forward-looking information is useful, we do not rely on these metrics for investment decisions or assessing climate risk exposure due to the limitations described on page 47 and in further detail in the Appendix. This allows us to consider more nuanced qualitative assessment and judgement when making decisions.

1. Based on 88% portfolio coverage.

2. Aligned in this case means the model projects that emissions reductions will be reduced sufficiently to meet Paris Agreement goals for 2°C and 1.5°C, respectively.

3. Target across all scopes is based on 92% portfolio coverage.

## RLMIS portfolio emissions *continued*

### Fossil fuels

We recognise that we have a part to play in the energy sector’s net zero transition and that the use of fossil fuels must reduce significantly. We have published our [Fossil Fuel Investments Position](#), which outlines how we will evolve our approach to investing in companies that produce or use fossil fuels. See page 22 for further details.

Our exposure to fossil fuel activity within RLMIS corporate fixed income and listed equity assets is detailed in Table 12. Some metrics overlap in scope, for example, Arctic oil and gas exposure is also captured within overall oil and gas exposure, and companies may be involved in multiple fossil fuel activities, meaning they may appear across several metrics.

These metrics can help indicate the extent to which our portfolio may be exposed to transition risk. However, they are simplistic and so are not used in investment decisions. These metrics are significantly limited because they:

- do not show companies’ exposure to fossil fuels as a proportion of their revenue, nor exposure to ‘green revenues’ (such as from renewables) – both of which impact a company’s overall transition risk
- do not indicate where companies with fossil fuel exposure have expressed an intention to align with a transition pathway.

We will continue to evaluate the metrics we use to track fossil fuel activity and report more meaningful and granular metrics as these become available.

**Table 12: Exposure to fossil fuel activities**

| Metric <sup>1</sup>                   | % of RLMIS corporate fixed income and listed equity portfolio <sup>2</sup> |
|---------------------------------------|--|
| Oil and gas exposure                  | 12%  |
| Oil and gas extraction and production | 3%   |
| Arctic oil and gas production         | 0%   |
| Shale oil and gas production          | 3%   |
| Thermal coal production               | 1%   |
| Metallurgical coal production         | 1%   |
| Thermal coal generation               | 2%   |
| Tar oil sands                         | 1%   |
| Biomass energy                        | 4%   |

1. These metrics measure the percentage of instruments (by value) held in the portfolio that have any exposure to revenues from fossil fuel activities. They do not measure the total revenue derived from these activities. Rounded to the nearest 1%.
2. The data coverage for these metrics is 88%. Source: MSCI.

**For definitions of each type of activity, see page 74.**

### Future considerations for portfolio metrics

We will continue to improve our approach to data and aim to use the most appropriate climate data and methodologies available, recognising that data and methodological gaps should not be a limiting factor to making climate-related disclosures in line with FCA guidance.

In the future, we plan to:

- expand our internal capability to apply insights from our climate data to decision making, including analysis of the drivers of our emissions metrics to identify opportunities for improvement
- review our approach to calculating portfolio emissions to identify opportunities for improvement
- address the recommendations identified during the assurance of our 2025 portfolio emissions
- continue to review good practice and use the most appropriate, reliable and useful metrics and targets.



# Operational and value chain emissions

## Our operational and value chain metrics

### Our targets

We recognise that our operations and value chain generate emissions that contribute to climate change. In line with our portfolio emissions target, we have committed to reaching net zero across our Group-level operational emissions by 2050, with Scope 1 and 2 emissions reaching net zero by 2030.

Further information on our net zero targets can be found on page 6.

Our operational emissions targets are set for the Group; all metrics are therefore disclosed at a Group level.

Our strategy to meet these targets is on page 24.

More detail on the basis and assumptions underlying our metrics and targets is on page 42.

## Our approach

Our 2025 emissions calculations are completed in line with the GHG Protocol Corporate Standard. For all non-investment-related emissions, estimates were applied where data was not available. See our [2025 Emissions Metrics Reporting Criteria](#) for the methodology used to calculate each category of emissions.

## Improving our data collection processes

As described on page 42, there are limitations to our value chain and environmental metrics, and we continue to improve how we collect and process this data. In 2025, we delivered a project to implement a third-party data solution to support improvements to data collection as well as calculation and reporting of these metrics. We will transition to the use of this platform for reporting purposes in 2026.

Our 2025 operational and value chain emissions, and other environmental metrics are shown in Table 13 on page 53.

## Progress during 2025<sup>1</sup>

| Group target   | Metric  | Progress to date   |
|--|---|--|
| Reach net zero direct operational emissions (Scope 1 and 2) by 2030  | Total Scope 1 and 2 emissions <sup>2</sup> (tCO <sub>2</sub> e)     | <b>94%</b><br>reduction since 2019 (market-based) and 73% reduction since 2019 (location-based) <sup>3</sup> |
| Reach net zero indirect value chain emissions (Scope 3 non-investment-related) by 2050, with a 50% reduction by 2030 | Total Scope 3 non-investment-related emissions (tCO <sub>2</sub> e) | <b>34%</b><br>reduction since 2019   |
| Purchase 100% renewable electricity for operations (Scope 2) by 2025   | Total energy consumption (kWh)                                      | <b>100%</b><br>of our electricity is from renewable sources  |

During 2025, we engaged with suppliers representing

**67%**

of our 2024 supply chain emissions.

At the end of 2025,

**82%**

of our UK company cars were electric vehicles.

More than

**2,000**

colleagues were surveyed on commuting and homeworking habits, informing our approach to reducing emissions.

1. Source: Royal London Group.

2. Total Scope 1 and 2 emissions refers to those arising from sites that we own, or where we have operational control.

3. Further information on Scope 2 (market-based and location-based) emissions calculations can be found in the Metrics description and methodology section on page 75.

## Operational and value chain emissions *continued*

### Analysis

#### Our operations

In 2025, we achieved reductions in our Scope 1 and 2 operational emissions, as shown in Figure 9. Our combined Scope 1 and 2 market-based emissions fell by 9%, and location-based by 14%. From our 2019 baseline year, we have reduced market-based emissions by 94% and location-based emissions by 73%. This reduction relates to ongoing energy efficiency initiatives and changes in the operational estate in 2025. Our UK business accounted for 95% (2024: 89%) of Scope 1 and 2 operational emissions and 96% (2024: 98%) of our energy consumption.

In 2025, we purchased separate renewable energy certificates for the UK and Ireland to cover 100% of electricity consumption from our operational buildings.

See Figure 10 for our Scope 1 and 2 emissions split by source.

#### Our non-investment value chain

Our Scope 3 non-investment emissions increased by 24% in 2025 but remain 34% down on our 2019 baseline year, as shown in Figure 11. The year-on-year increase is primarily driven by our supply chain emissions. These were impacted by several factors, including increased spend, improved availability of 2025 actual data (which can cause emissions to fluctuate year on year and affects comparability between years) and increased supplier emissions. We have also seen increases in employee-related emissions, driven by growth in our colleague population. We are actively engaged with suppliers on initiatives to reduce emissions. In 2025, we engaged with suppliers representing 67% of our 2024 supply-chain emissions. All our suppliers must accept our Supplier Code of Conduct, which includes our environmental requirements. When choosing a new

supplier, we consider environmental performance alongside other considerations, and include our climate expectations in contracts if needed.

#### Other environmental metrics

We met our 2025 targets to reduce waste and water use per full-time equivalent compared with our baseline year. Since 2019, we have achieved substantial reductions in paper usage, with externally distributed paper falling 57% and internal usage by 88%. While we narrowly missed our internal paper target by 0.2 tonnes, we will continue to monitor usage and reduce levels as operational needs allow. Our 'My Royal London' service has continued to allow customers to access their plan digitally. By the end of 2025, more than 534,000 customers had registered on the service, up from 399,000 in 2024. We will continue to work with our suppliers to identify areas for further enhancement.

During 2025, we worked to obtain additional waste data for our landlord-managed properties, reducing reliance on estimates, and reducing reported waste emissions by 11% from 2024.

For more information, refer to page 24.

#### Using AI responsibly

We are committed to deploying AI responsibly to help us deliver better outcomes for our customers, while recognising that increased use of AI may have ethical and environmental impacts, including an increase in emissions. We engage constructively with our suppliers on emissions reduction initiatives, and our Asset Management business actively engages with investee companies on responsible AI practices.

We are currently reviewing our approach to ensure we continue to manage effectively the risks and opportunities AI brings.

Figure 9: Scope 1 and 2 emissions

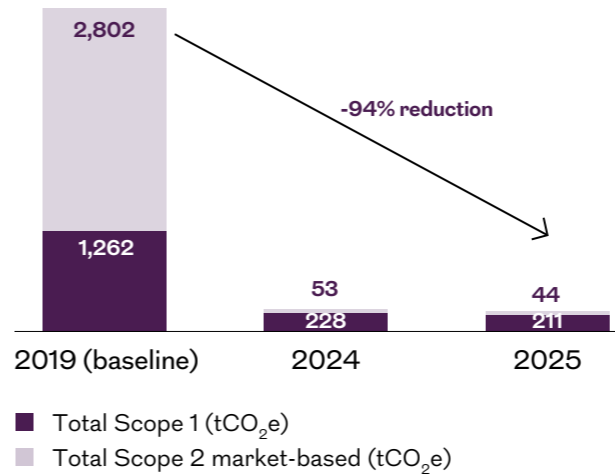
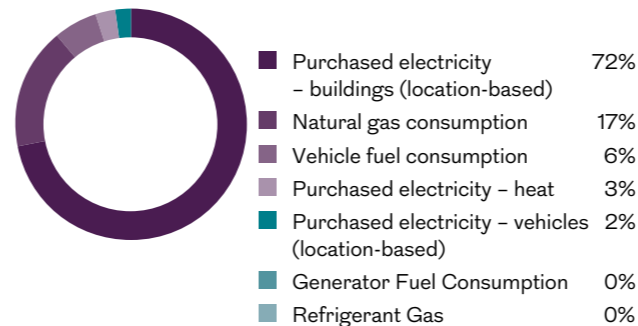
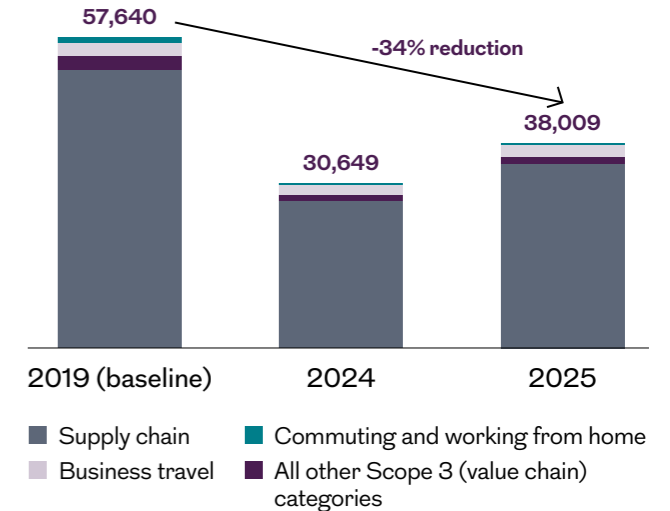


Figure 10: 2025 Scope 1 and 2 emissions split by source<sup>1</sup>



1. Source: Royal London Group. Rounded to the nearest 1%.

Figure 11: Scope 3 non-investment value chain emissions



## Operational and value chain emissions *continued*

**Table 13: Operational and value chain emissions**

|   |                             | 2025   | 2024   | 2019<br>(baseline<br>year) | Year-on-<br>year<br>change | Change<br>against<br>baseline<br>year | Target  |
|---|-----------------------------|--------|--------|----------------------------|----------------------------|---------------------------------------|---|
| <b>Scope 1 direct GHG emissions (tCO<sub>2</sub>e)<sup>1,2,3</sup></b>                                |                             | 211    | 228    | 1,262                      | -7%                        | -83%                                  | 60% absolute reduction by 2025 and net zero by 2030                                   |
| <b>Scope 2 indirect GHG emissions (tCO<sub>2</sub>e)<sup>3</sup></b>                                  |                             |        |        |                            |                            |                                       | Purchase 100% renewable electricity for our operations (Scope 2) by 2025 <sup>4</sup> |
|   | Market-based <sup>4</sup>   | 44     | 53     | 2,802                      | -19%                       | -98%                                  |   |
|   | Location-based <sup>2</sup> | 696    | 824    | 2,089                      | -16%                       | -67%                                  |   |
| Total Scope 1 and 2 (market-based) emissions (tCO <sub>2</sub> e) per FTE <sup>5,6</sup>              |                             | 0.04   | 0.05   | 0.82                       | -22%                       | -95%                                  |   |
| <b>Scope 3 GHG (value chain) emissions (tCO<sub>2</sub>e) consisting of the following categories:</b> |                             |        |        |                            |                            |                                       |   |
| Category 1. Purchased goods and services <sup>7</sup>   |                             | 33,335 | 26,620 | 50,724                     | 25%                        | -34%                                  |   |
| Category 2. Capital goods <sup>7</sup>  |                             | 813    | 626    | 816                        | 30%                        | -                                     |   |
| Category 3. Fuel and energy-related activities  |                             | 409    | 310    | 699                        | 32%                        | -42%                                  |   |
| Category 4. Upstream transportation and distribution  |                             | 2.8    | 1.9    | 14                         | 51%                        | -80%                                  |   |
| Category 5. Waste generated in operations   |                             | 3.3    | 3.7    | 45                         | -11%                       | -93%                                  |   |
| Category 6. Business travel <sup>8</sup>  |                             | 1,327  | 1,117  | 2,537                      | 19%                        | -48%                                  |   |
| Category 7. Employee commuting and homeworking  |                             | 2,111  | 1,960  | 2,552                      | 8%                         | -17%                                  |   |
| Category 8. Upstream leased assets <sup>2</sup>   |                             | 8.2    | 10     | -                          | -17%                       | -                                     |   |
| Category 13. Downstream leased assets   |                             | -      | -      | 253                        | -                          | -100%                                 |   |
| <b>Total Scope 3 GHG (value chain) emissions (tCO<sub>2</sub>e)<sup>3,9</sup></b>                     |                             | 38,009 | 30,649 | 57,640                     | 24%                        | -34%                                  | Reduction of 50% by 2030 and net zero by 2050   |
| Total Scope 3 emissions (tCO <sub>2</sub> e) per FTE <sup>6</sup>                                     |                             | 6.0    | 5.6    | 12                         | 7%                         | -48%                                  |   |

**Table 14: Other environmental metrics**

|   |   | 2025   | 2024   | 2019<br>(baseline<br>year) | Year-on-<br>year<br>change | Change<br>against<br>baseline<br>year | Target   |
|---|---|--------|--------|----------------------------|----------------------------|---------------------------------------|--|
| <b>Paper use (t)<sup>10</sup></b>         | Total                                       | 523    | 590    | 1,111                      | -11%                       | -53%                                  |  |
|   | Internal paper per policy (g) <sup>11</sup> | 1.1    | 1.5    | 9.5                        | -27%                       | -88%                                  | Reduction of 90% per policy by 2025  |
|   | External paper per policy (g) <sup>12</sup> | 83     | 94     | 191                        | -12%                       | -57%                                  | Reduction of 50% per policy by 2025  |
| <b>Waste (t)</b>                          | Total                                       | 156    | 222    | 802                        | -30%                       | -81%                                  | Reduction of 50% per FTE by 2025 and continue to send zero waste to landfill |
|   | Per FTE                                     | 0.02   | 0.05   | 0.17                       | -49%                       | -85%                                  |  |
| <b>Water (m<sup>3</sup>)<sup>13</sup></b> | Total                                       | 14,574 | 12,086 | 39,650                     | 21%                        | -63%                                  |  |
|   | Per FTE                                     | 2.3    | 2.7    | 8.3                        | -13%                       | -72%                                  | Reduction of 15% per FTE by 2025   |

- tCO<sub>2</sub>e represents the estimated amount of emissions, measured in metric tonnes of carbon dioxide equivalent.
- 2024 Scope 1 and 2 emissions have been restated, as consumption (48 MWh) and related emissions (10 tCO<sub>2</sub>e in total) from one property (West George Street, Glasgow) should be accounted for in Scope 3, category 8. For further information on this restatement, refer to pages 36 to 37 of our 2025 Emissions Metrics Reporting Criteria (available at [www.royallondon.com](http://www.royallondon.com)).
- Royal London announced its intention to acquire Dalmore Capital in May 2025, and the acquisition completed in November 2025. Data for Dalmore Capital has not been included in the operational and value chain metrics for 2025 and is not material to our reported emissions and metrics.
- In 2025, we purchased separate renewable energy certificates for the UK and Ireland to cover 100% of electricity consumption from our operational buildings. This is an enhancement compared to 2024, where we purchased a renewable energy certificate for 100% of our total electricity consumption which was eligible for UK energy only.
- Full-time equivalent.
- Intensity metrics have been updated from emissions per square metre to emissions per full-time equivalent to better reflect the nature of the Group's operations.
- Data excludes Wealth Wizards and Responsible Life Limited and Responsible Lending Limited due to data availability.
- Data excludes Wealth Wizards. Responsible Life Limited and Responsible Lending Limited data is included from July 2025.
- Categories 9, 10, 11, 12, 13 and 14 of Scope 3 were not applicable to Royal London in 2025 or 2024. Category 15 (investments) emissions data is reported on page 46.
- Internal and external paper per policy does not include policies administered by Capita as these are outside of Royal London's operational control.
- Internal paper data is based on volumes purchased for internal use from known paper suppliers. This data excludes Wealth Wizards. Responsible Life Limited and Responsible Lending Limited data is included from July 2025. No historical data has been included due to availability.
- External paper data (paper for external use) is based on reported volumes from known paper suppliers. This data excludes third-party providers and Wealth Wizards. Responsible Life Limited and Responsible Lending Limited data is included from July 2025. No historical data has been included due to availability.
- Cubic metres.

● Limited assurance, as described on page 46.

# Entity-level reporting

**In this section, we provide entity-level disclosures for each of our entities in scope of the FCA's ESG sourcebook regulation.**

The entity-level reports complement and refer to content included in the Group disclosures. This includes details of the strategies, policies and actions taken at Group level that are applicable to the individual entities which comprise the Group.

**In this section, we discuss:**

- how climate-related risks and opportunities are identified, assessed and managed for these entities
- governance structures in place across these entities to manage climate-related risks and opportunities
- metrics used to monitor climate-related risks and progress against targets.

# TCFD compliance summary

## Our business

Structured around four thematic areas, the TCFD recommendations cover: strategy, governance, risk management, and metrics and targets. These areas are interrelated and supported by 11 recommended disclosures that help stakeholders understand how we consider climate-related risks and opportunities.

Following the publication of the UK Sustainability Reporting Standards (SRS) S1 and S2 by the UK government, we continue to monitor regulatory developments regarding climate-related disclosures, including participating in relevant consultations, such as the FCA's CP26/5 consultation on aligning listed issuers' sustainability disclosures with international standards.

As at 31 December 2025, RLMIS, RLAM Limited, RLUM, RLUTM and Dalmore Capital were in scope of the FCA's ESG sourcebook regulation (ESG 1A and ESG 2). The RLMIS, RLAM Limited, RLUM and RLUTM entity-level TCFD disclosures are presented on the following pages. These entity-level reports supplement and make reference to the content included in the Group disclosures in the main body of this report.

In November 2025, our Asset Management business acquired Dalmore Capital Limited. Dalmore Capital operates as a standalone infrastructure capability within RLAM. The Climate Report for this entity is prepared separately and can be found on the Dalmore Capital website.

The summary on the right indicates where we have reported against each TCFD recommendation in our report for each in-scope entity.

## TCFD compliance summary

| TCFD pillar         | TCFD recommendation  | RLMIS     | RLAM Limited | RLUM | RLUTM |
|---------------------|--|-----------|--------------|------|-------|
| Strategy            | Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term                                | 38-39     | 38-39        | 68   | 69    |
|                     | Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning                         | 10-24     | 58           | 68   | 69    |
|                     | Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario | 36-37     | 67           | 68   | 69    |
| Governance          | Describe the Board's oversight of climate-related risks and opportunities  | 27-28     | 59-61        | 68   | 69    |
|                     | Describe management's role in assessing and managing risks and opportunities   | 29        | 59-61        | 68   | 69    |
| Risk management     | Describe the organisation's processes for identifying and assessing climate-related risks  | 34        | 62-63        | 68   | 69    |
|                     | Describe the organisation's processes for managing climate-related risks   | 35        | 62-63        | 68   | 69    |
|                     | Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management      | 33-35     | 33-35        | 68   | 69    |
| Metrics and targets | Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process    | 41-53     | 63-67        | 68   | 69-71 |
|                     | Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks  | 46, 53    | 65-66        | 68   | 69-70 |
|                     | Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets                          | 7, 46, 53 | 63, 65-66    | 68   | 69-70 |

# The Royal London Mutual Insurance Society Limited: Entity-level report

The Royal London Mutual Insurance Society Limited is authorised by the PRA and regulated by the FCA and the PRA. It is overseen by the RLMIS Board and is part of the Royal London Group (see page 4 for an overview of the Royal London Group).

The approach of RLMIS to managing climate-related risks and opportunities is consistent with that of the Group. RLMIS compliance with TCFD recommendations is, therefore, evidenced through content in the main body of this report.

## Compliance statement

The disclosures for RLMIS, including any Group disclosures cross-referenced, comply with the requirements under the FCA's ESG sourcebook regulation (ESG 1A and ESG 2).

No third-party climate disclosure reports are referenced in this report. We use data supplied by third-party providers and the nature of this means that, while we take reasonable efforts to validate data, there are limits to our ability to oversee the validity and accuracy of the data used.

## Barry O'Dwyer

Group Chief Executive Officer



# Royal London Asset Management Limited: Entity-level report

Royal London Asset Management Limited (RLAM Limited) is an FCA-regulated asset manager operating within the Royal London Asset Management group. As a wholly owned indirect subsidiary of RLMIS, RLAM Limited is managed independently from RLMIS and is governed by the RLAM Limited Board. See page 4 for an overview of the Royal London Group.

## Compliance statement

The disclosures for RLAM Limited, including any Group disclosures cross-referenced, comply with the requirements under the FCA's ESG sourcebook regulation (ESG 1A and ESG 2). No third-party climate disclosure reports are referenced in this report. We use data supplied by third-party providers and the nature of this means that, while we take reasonable efforts to evaluate data, there are limits to our ability to oversee the validity and accuracy of the data used.

### Hans Georgeson

Chief Executive Officer,  
Royal London Asset Management

## Compliance with UK FCA Sustainability Disclosure Requirements (SDR)

In 2025, RLAM reinforced its commitment to meeting the highest standards for the Sustainable fund range that was established over 20 years ago, adopting the UK FCA's Sustainability Focus label across all eight UK-domiciled sustainable funds. Professional clients can find further detail at [www.rlam.com](http://www.rlam.com).

RLAM also published its inaugural annual 2024 Sustainability Entity Report, prepared in accordance with the FCA's Environmental, Social and Governance (ESG) Sourcebook regulations, specifically ESG 5.4.5R and ESG 5.6. The report covers the activities of Royal London Asset Management which includes the entities Royal London Asset Management Limited, RLUM Limited (RLUM) and Royal London Unit Trust Managers Limited (RLUTM). We have published this report separately from our annual TCFD entity-level report – it is available at [www.rlam.com](http://www.rlam.com).



## Royal London Asset Management Limited: Entity-level report *continued*

### Strategy

Our commitment to stewardship and responsible investment is central to our climate change strategy. The climate is changing and companies must prepare for the transition to a more sustainable economy. Extreme weather impacts, along with policy and infrastructure changes, are already starting to disrupt financial markets and ‘business as usual’. We focus our stewardship efforts on encouraging business transformation that supports the goals of the Paris Agreement and a net zero emissions future, while building resilience to the physical risks of climate change. We support this through advocacy work with industry peers, policymakers and other stakeholders.<sup>1</sup>

### Our Climate Transition Plan

As part of Royal London, the climate strategy within our Asset Management business is fully aligned with the Group’s strategy. In 2024 and 2025, we played an active role in shaping the Group’s Climate Transition Plan (see page 11). Published in June 2025, the Plan outlines the key priorities that will drive progress towards our climate commitments.

Our actions are designed to support the objectives of the Paris Agreement. This means focusing on the decarbonisation of our investee companies through engagement, rather than reducing portfolio emissions without regard to the real-world impact. For segregated clients with explicit public net zero commitments, we will work closely with them to help achieve these goals.

Our climate commitments are based on the expectation that governments and policymakers will deliver on commitments to achieve the goals of the Paris Agreement, and that the required actions do not go against our legal and regulatory obligations to our investors. We will work with others to pursue real-world emission reductions.

We have consistently recognised the complexity of addressing climate change and have remained committed to the NZAM initiative throughout its period of review. In 2025, despite NZAM pausing its activities, RLAM maintained existing climate-related practices and continued supporting clients’ net zero ambitions while managing our own climate risks. By 2026, as NZAM introduced a revised and less prescriptive Commitment Statement, we reaffirmed our dedication to the goals of the Paris Agreement and set out an NZAM+ strategy, preserving the ambition and integrity of our climate commitments even where the updated framework allows greater discretion. This approach ensures long-term continuity grounded in climate science, aligns with fiduciary and regulatory responsibilities. It also reinforces our ongoing integration of climate considerations into investment processes, active engagement with companies and policymakers, and transparent reporting to support a fair and economically sound transition.

**[For more information on our engagement, voting and advocacy activity, refer to RLAM’s Stewardship and Responsible Investment Report.](#)**

### Our approach to managing RLAM’s climate transition on behalf of our clients covers:



### Voting

Voting is a direct expression of our stewardship responsibilities and is closely informed by research, engagement and investment insights. Our voting is pragmatic and guided by best practice, evolving insights and the long-term interests of our clients. Voting is a critical tool in our wider stewardship approach. Depending on the circumstances, we can use it as an escalation tool when engagement has not yielded the desired results, or to signal our views when engagement is not possible. By integrating our voting, engagement and investment insights, we demonstrate our belief that stewardship activities are intertwined and can be mutually reinforcing. Read more about our voting activity on page 16.

### Engagement

Engagement is integral to responsible investment. It involves ongoing dialogue with companies, policymakers and stakeholders to drive positive change. We believe targeted engagement can lead to measurable improvements in company behaviour and create long-term value. We focus our engagement efforts on the most significant ESG issues, such as climate change, social inclusion and governance, prioritising companies where our research identifies both risk and opportunity. Read more about our engagement activity on page 19.

### Advocacy

Advocacy complements our engagement and voting activities by seeking broader, systemic change. We work with industry groups, regulators and policymakers to promote responsible investment standards and improve market-wide practices. While our advocacy is informed by the same research that guides our engagement and voting, it focuses on shaping the external environment to ensure that the financial system as a whole supports sustainable, long-term value creation. Read more about our policy and advocacy work on page 20.

1. Our responsible investment and stewardship activities always aim to be pragmatic, reflective of local best practice and evolving market insights, and focus on the long-term interests of our clients. The actions we take may not always apply to any specific Royal London Asset Management product or strategy as each has its own investment objective and makes investment decisions according to this. Please check the product details for specific objectives and outcomes.

## Royal London Asset Management Limited: Entity-level report *continued*

### Governance

#### Board oversight and committee structure

RLAM is Royal London's Asset Management business. It comprises Royal London Asset Management Holdings Limited (RLAM Holdings) and its subsidiaries, including RLAM Limited and RLUTM. The structure also incorporates RLUM, which, although a subsidiary of Royal London (UK) Holdings Limited (RL (UK) Holdings), operates under RLAM's oversight. Both RLAM Holdings and RL (UK) Holdings are wholly owned subsidiaries of RLMIS.

Dalmore Capital operates as a standalone infrastructure capability entity within RLAM. While it is overseen by the RLAM Holdings Board, its day-to-day governance is run separately from the rest of the Group.

**For a visual representation of Royal London's organisational structure, refer to the diagram on page 4.**

We acknowledge that climate change represents a significant strategic opportunity for our clients and their businesses. Consequently, within RLAM, climate-related considerations are integrated into the decision-making processes of both the RLAM Limited Board and the Executive Committee.

The RLAM Limited Board holds responsibility for ensuring the long-term sustainable success of RLAM Limited, while considering stakeholder interests and environmental impact. In addition, the Board retains ultimate authority for defining the organisation's risk appetite.

Within RLAM, day-to-day operations are delegated to the Chief Executive Officer, who is supported by the Executive Committee. This Committee oversees progress on RLAM's climate commitments and sets the organisation's strategic priorities, including responsible investment with a focus on climate and net zero.

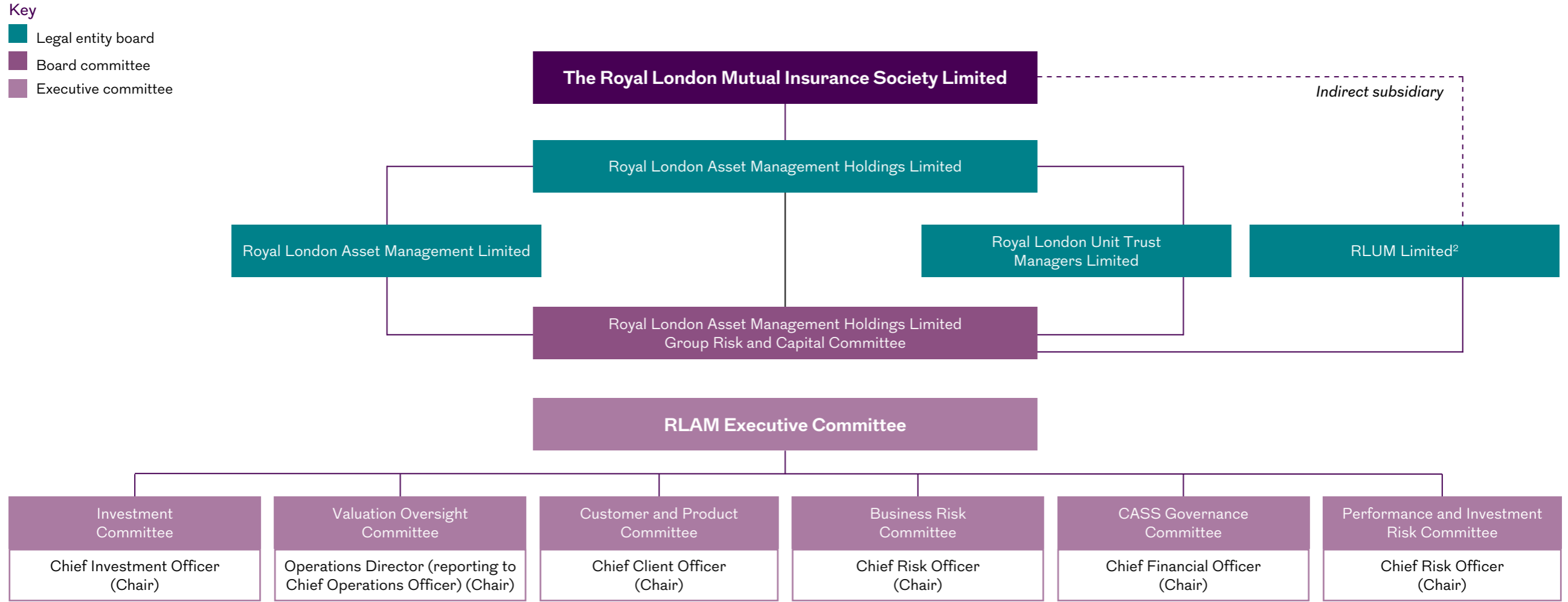
The RLAM Limited Board, along with the Risk and Capital Committee of RLAM Holdings, actively engages with and reviews climate-related activities. A detailed overview of RLAM Limited's Board and committee structure, together with climate governance and responsibilities across the business, is presented in Figure 12 (page 60) and Table 15 (page 61). In 2025, the Board and its committees considered a range of climate-related matters, including:

- approval of RLAM's Stewardship and Responsible Investment Report 2024
- consideration of climate change scenarios as part of RLAM's Internal Capital Adequacy and Risk Assessment 2024
- quarterly updates on climate and ESG strategic risks
- quarterly updates on regulatory changes and developments
- an in-depth review of RLAM's stewardship and responsible investment approach including climate change.



Royal London Asset Management Limited: Entity-level report *continued*

Figure 12: Royal London Asset Management Board and committee structure<sup>1</sup>



1. Other subsidiaries of Royal London Asset Management Holdings Limited are not shown in this diagram as they are not included within this Report. These consist of Dalmore Capital Limited, which produces a separate entity-level report, and other subsidiaries which are not in scope of the FCA's ESG sourcebook regulations and therefore are not required to produce entity-level disclosures.  
 2. From April 2024, the oversight of RLUM Limited moved to RLAM.

## Royal London Asset Management Limited: Entity-level report *continued*

### Performance management and reward

Royal London’s incentive framework applies to RLAM and is designed to align outcomes with the achievement of key strategic objectives.

For further details, see page 30.

### Climate training

Our investment teams benefit from a combination of hands-on experience and structured ESG training. Fund managers and analysts receive practical guidance on climate-related issues through ongoing collaboration with ESG specialists. Additionally, colleagues interested in deepening their knowledge can join informal ‘lunch-and-learn’ sessions.

In 2025, all colleagues including those in our Asset Management business were required to complete sustainability training in the form of a mandatory online e-learning module. For more details see page 17. The module focused on our climate change commitments, highlighted practical ways individuals and teams can contribute to our climate objectives, and provided resources to support engagement and action.

**Table 15: RLAM climate governance and responsibilities**

| Role   | Climate-related responsibility  |
|--|---|
| RLAM Limited Board                               | Responsible for overseeing RLAM Limited’s approach to climate risk.   |
| Executive Committee                              | Supports the RLAM Chief Executive Officer in overseeing climate change risks and opportunities across RLAM.   |
| Risk and Capital Committee                       | Undertakes capital and risk oversight on behalf of all Boards in RLAM, as shown in Figure 12.   |
| 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. The Investment Committee is chaired by the Chief Investment Officer.  |
| Chief Investment Officer                         | Responsible for the investment functions, including Responsible Investment. This senior management function is part of the Executive Committee.   |
| Heads of Asset Class and all investment managers | Responsible for ensuring that material ESG risks, including climate risks, are considered within investment decisions, and for contributing to engagement and proxy-voting decisions, where applicable.   |
| Responsible Investment (RI) 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 RI and attended by Heads of Asset Class, Investment Directors and senior members of the RI team.  |
| Head of Responsible Investment and the RI 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)                  | Works with analysts and fund managers from each investment desk to align engagement with investment strategies, promote collaboration and oversee escalation procedures.  |
| Climate Technical Forum                          | Expert technical body established to support climate-related initiatives including Net Zero and Climate Transition Planning. It provides advice, challenge and input on policy development, methodology, and investment approaches. Members include representatives from the RI team, Investment desks, Risk team and Product team. |



## Royal London Asset Management Limited: Entity-level report *continued*



### Risk management

To address and reduce exposure to financial, strategic, reputational, regulatory, and commercial risks linked to climate change, we integrate climate risk into our risk management framework and track key metrics. Our goal is to support a transition to a lower-carbon investment portfolio – where aligned with client preferences – while continuing to deliver appropriate investment returns.

With the support of the Risk function, executives are accountable for identifying, assessing, monitoring, managing and reporting risks within their respective business areas. This includes establishing and maintaining effective internal controls and assigning risk and control ownership – for example, through our Group Responsible Investment and Stewardship Policy, where we have risks and mitigating controls in place against the requirements of this policy. This approach promotes consistency in how climate risks are managed across the organisation and helps embed climate considerations into both day-to-day operations and long-term strategic planning.

### Our risk management framework

The Group Risk Management Framework is applied to manage risk exposure, helping to safeguard business performance against unforeseen events – see page 33 for more details. This framework provides confidence that climate-related risks relevant to RLAM are being effectively identified and managed within our defined Group risk appetite.

### Identification, assessment and management of climate risks

#### Emerging and strategic risk assessments

As part of risk identification and management processes, emerging and strategic risks are routinely reviewed by the Business Risk Committee, with significant issues escalated to the RLAM Holdings Limited Risk and Capital Committee. These reviews help identify risks that could affect RLAM's ability to operate effectively, deliver on its strategy, serve clients, or that may have climate-related implications. Each risk is evaluated based on its potential impact, likelihood, expected timeframe and whether its probability is increasing or decreasing.

We actively monitor risks related to meeting client expectations on ESG and net zero commitments, as well as those arising from the evolving and increasingly complex regulatory landscape in these areas. To help mitigate these risks, we continue to focus on enhancing our strategy and strengthening our climate risk oversight processes.

We track two key metrics to monitor climate-related risks: portfolio emissions measured against a linear decarbonisation curve, and the extent of our engagement with investee companies. Each metric has a designated owner within RLAM and is reported through our strategic and emerging risk processes to

both the RLAM Business Risk Committee and the Group Emerging and Strategic Risk Forum.

Climate-related risks are incorporated into RLAM's Internal Capital Adequacy and Risk Assessment (ICARA). The ICARA is a process of ongoing identification, monitoring, quantification and mitigation of the harms that RLAM may pose to itself and the markets it operates in. We assess within our ICARA the direct financial and reputational impact should we not achieve our sustainable strategy goals, or if our funds do not align to their intended sustainability regulations or labels as a result of insufficient procedures.

#### Investment risk management

Climate change has the potential to impact the investment returns of the assets we manage on behalf of clients. To address and mitigate these risks, we embed climate considerations within our risk appetite framework and integrate material ESG risks – including those related to climate – into our investment decision-making process. In addition, we act as active stewards of our clients' capital, using targeted proxy voting and engagement to highlight potential climate risks and influence the behaviour of companies, tenants, and regulators, as outlined on page 12.

Our work supports the management of reputational and commercial risks by ensuring climate considerations are appropriately reflected in our investment strategy and product development. We also focus on maintaining the right resources and operating model to meet evolving client needs.

#### Property investment risk management

To date, climate risk on real estate assets has focused on both the effects of physical climate risk, such as flooding and/or overheating, as well as transition risk,

such as legislation that requires landlords to improve the energy efficiency of buildings. Actions we take to manage physical risks include conducting flood-risk assessments across all properties, assessing present day and future flood risk using climate projections, as well as undertaking a portfolio-wide screening of six physical climate risks, including temperature, rainfall and drought, to project how these risks will evolve in the short, medium and long term under two different climate scenarios.

Action taken to manage transition risk in 2025 includes the deployment of a new ESG data platform which collects, monitors and analyses property-level utility performance data across our portfolio. The platform enhances our ability to track portfolio-, fund- and asset-level progress against industry best practice benchmarks (such as the Carbon Risk Real Estate Monitor's (CRREM) 1.5-degree warming trajectory), supporting us in identifying opportunities to implement interventions to minimise our impact.

Professional clients can find further detail in [RLAM's Property Net Zero Carbon Pathway Progress Report 2024](#).

#### Operational risk management

Operational risks arising from climate-related factors are managed collaboratively with the Group through shared services, infrastructure, and facilities.

## Royal London Asset Management Limited: Entity-level report *continued*

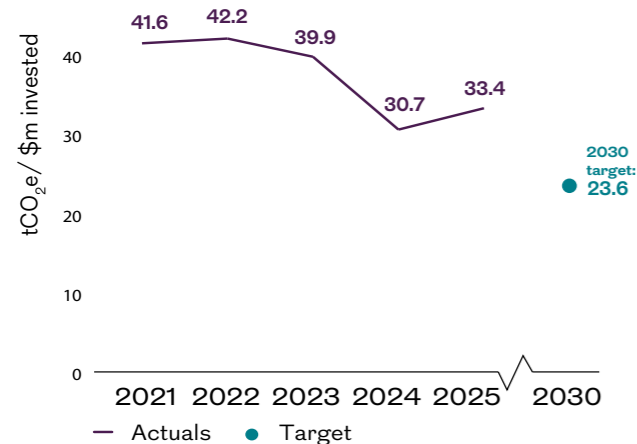
### Metrics and targets<sup>1</sup>

A key element of RLAM’s climate commitment is to achieve net zero entity-level portfolio emissions by 2050 for in-scope assets. Our decarbonisation target<sup>2</sup> covers corporate fixed income and listed equity assets, and we have a separate net zero target for property assets.

Our intention is to decarbonise RLAM’s in-scope directly managed funds in line with the real economy while upholding our legal duty. This also relies on governments and policymakers delivering 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.

As part of Royal London, RLAM adopts the Group’s operational emissions targets, with the Group leading their implementation. Details on the relevant metrics and the progress achieved so far can be found on pages 50 to 53.

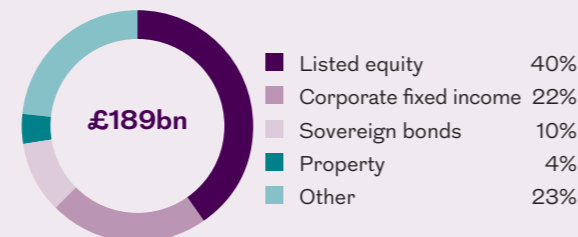
**Figure 13: RLAM carbon footprint and mid-term reduction target**



### Assets under management

The Royal London Group’s assets under management (AUM) as at 31 December 2025 was £199bn, of which £189bn are assets managed by RLAM on behalf of clients, including our parent company RLMIS. Assets managed on behalf of RLMIS are also included within the RLMIS portfolio emissions disclosure. The climate metrics reported in this entity-level report are for the following asset classes: listed equity, corporate fixed income, sovereign bonds and property. All climate data is reported as at 31 December 2025, with the exception of RLAM’s property portfolio which is reported as at 30 September 2025, in line with property reporting standards. Throughout this report, our exposure to these asset classes is compared with composites of relevant equity and fixed income benchmarks. The analysis of the carbon emissions of RLAM’s AUM excludes cash, certificates of deposits, commodities, derivatives and private instruments. These excluded asset classes account for 23% of our AUM collectively (shown as ‘Other’ in Figure 14).

**Figure 14: Breakdown of RLAM’s AUM by asset class<sup>1</sup>**



1. Source: RLAM. Rounded to the nearest 1%.

### Corporate fixed income and listed equity

#### Performance

We use a number of metrics to measure decarbonisation progress across our corporate fixed income and listed equity assets. See page 43 and the Appendix for an explanation of these metrics.

As of 31 December 2025, changes in emissions associated with these asset classes included:

- Weighted Average Carbon Intensity (Scope 1 and 2) increased by 8% since 2024 but we observed an overall decrease of 36% since 2020.
- Financed emissions (Scope 1 and 2) increased by 16% since 2024 but decreased overall by 8% since 2020.
- Financed emissions (Scope 1, 2 and 3) increased by 22% from 2024, with an overall increase of 8% since 2020.
- Carbon footprint (Scope 1 and 2) increased by 9% since 2024 but has fallen 29% since 2020. We measure progress against our decarbonisation target using this metric.

#### Analysis

##### Emissions trend overview

We calculate carbon footprint using Scopes 1 and 2 (tCO<sub>2</sub>e/\$m invested) and attribute emissions using Enterprise Value including Cash (EVIC). Detailed methodology can be found on page 74.

As noted above, RLAM’s carbon footprint has fallen by 29%, from 47 tCO<sub>2</sub>e/\$m invested in 2020 to 33 tCO<sub>2</sub>e/\$m in 2025 (see Figure 13). While this reflects an overall reduction against our baseline, the 2025 footprint represents a 9% increase compared with the 2024 level of 31 tCO<sub>2</sub>e/\$m.

#### Drivers of year-on-year change

The year-on-year increase is the result of two main drivers. The first is changes in the weight of existing investee companies. Second, part of the change reflects updates to RLAM’s internal asset classification methodology as part of a business-wide strategic change to a new order management system. As part of this change, some low-carbon assets previously classified as corporate fixed income – such as term loans, certificates of deposit, commercial paper and term deposits – are now classified as ‘other’ and out of scope.

As a result, the remaining assets are contributing a higher level of emissions than before this change. We expect this reclassification to improve the precision and robustness of our future reporting, even though it may have introduced temporary variations.

#### Fossil fuel exclusions and divestment

Targeted divestments from high-emitting issuers during 2025 moderated the upward trajectory of the portfolio’s carbon footprint described above.

In line with the Group’s Fossil Fuel Investments Position and the Royal London Climate Transition Plan, we started to phase out investment in companies with significant thermal coal reserves or material revenues from thermal coal mining.

For further details of our carbon accounting results, see Figure 13 and Table 16 on page 65.

1. Data in the entity-level report is subject to rounding.  
2. Segregated mandates managed on behalf of external clients who have not set an explicit net zero target are excluded from our target.

## Royal London Asset Management Limited: Entity-level report *continued*

### Engagement

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. We actively engage issuers to encourage adoption of science-based transition plans.

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

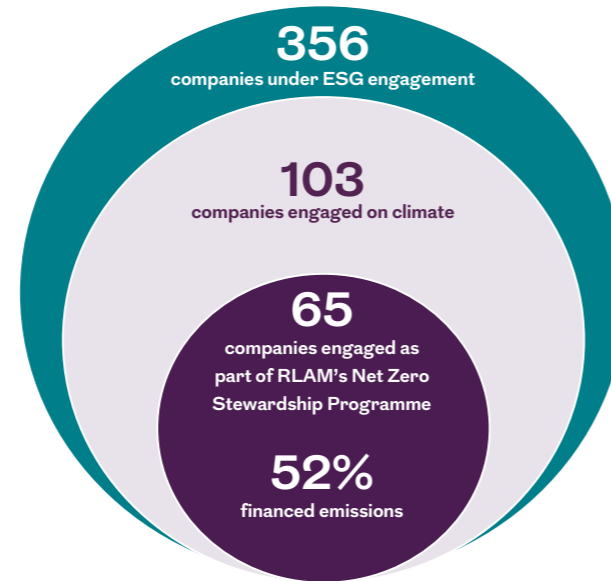
As shown in Figure 15, in 2025 we engaged with 103 companies on general climate issues, either directly or through collaborative partnerships with other investors.

The Net Zero Stewardship Programme (NZSP) encourages businesses to move towards a low-carbon economy, ensuring their transition is consistent with the Paris Agreement. To support this, we promote the creation of robust climate strategies and set emissions reduction targets based on scientific, sector-specific approaches, such as those outlined by the Science Based Targets initiative (SBTi).

Through the NZSP, we targeted 65 of the highest-emitting companies across our corporate fixed income and listed equity funds in 2025, accounting for 52% of our financed emissions (Scopes 1, 2 and 3).

For further details of our 2025 climate engagements, please refer to [RLAM's Stewardship and Responsible Investment Report 2025](#).

**Figure 15: engagement with investee companies**



### Sovereign debt

At Royal London, we use three metrics, recommended by the Partnership for Carbon Accounting Financials (PCAF), to assess emissions from sovereign bonds:

- Sovereign debt emissions, which include all country emissions from production and imports
- Sovereign debt production intensity
- Sovereign debt consumption intensity.

Consumption emissions represent the greenhouse gas footprint associated with goods and services consumed domestically, whereas production emissions relate to goods and services produced within a country's borders. Tracking both perspectives allows us to better understand sovereign exposure to and management of transition risk and to monitor how national policies and structural economic shifts influence countries' emissions trajectories over time.

### Performance and analysis

Financed emissions associated with our sovereign debt holdings were 16% lower in 2025 relative to our 2020 baseline, reflecting progress made across our portfolios. However, financed emissions rose 16% year on year from 2024. The principal driver of this was a 23% growth in assets under management within the sovereign debt portfolio. While this increased the total emissions attributed to our investments, it does not impact emissions intensity metrics, which are normalised for portfolio size. Over the past year, consumption-based emissions intensity fell by 7%, and production-based emissions intensity fell by 15% compared to 2024 levels.

## Royal London Asset Management Limited: Entity-level report *continued*

### Independent assurance

We engaged KPMG LLP to perform independent limited assurance over selected climate metrics, marked with a ◆ symbol. Selected metrics can be found in Table 16.

The assurance engagement was performed in accordance with the International Standard on Assurance Engagements (UK) 3000 and the International Standard on Assurance Engagements 3410. You can read the unqualified independent assurance statement in full, available [here](#).

**Table 16: RLAM portfolio emissions disclosure**

| Metrics  |   | 2025 <sup>1</sup> | 2024 <sup>1</sup> | 2020<br>(baseline) <sup>1</sup> | Year-on-year<br>change <sup>2</sup> | Change against<br>baseline <sup>2</sup> |
|--|---|-------------------|-------------------|---------------------------------|-------------------------------------|---|
| <b>Corporate fixed income and listed equity</b>  |   |                   |                   |                                 |                                     |   |
| AUM (£bn)  |   | 132               | 133               | 100                             | -1%                                 | 32%                                     |
| <b>Scope 1 and 2</b>   |   |                   |                   |                                 |                                     |   |
| Financed emissions (MtCO <sub>2</sub> e) <sup>3</sup>                                  | ◆ | 5.9               | 5.1               | 6.5                             | 16%                                 | -8%                                     |
| Carbon footprint (tCO <sub>2</sub> e <sup>3</sup> /\$m invested)                       | ◆ | 33                | 31                | 47                              | 9%                                  | -29%                                    |
| Data coverage (%) <sup>4</sup>   | ◆ | 87%               | 87%               | 66%                             | 0%                                  | 31%                                     |
| Weighted Average Carbon Intensity (tCO <sub>2</sub> e <sup>3</sup> /\$m revenue)       | ◆ | 74                | 68                | 116                             | 8%                                  | -36%                                    |
| Data coverage (%) <sup>4</sup>   | ◆ | 87%               | 88%               | 78%                             | -1%                                 | 11%                                     |
| <b>Scope 3</b>   |   |                   |                   |                                 |                                     |   |
| Financed emissions (estimated) (MtCO <sub>2</sub> e) <sup>3</sup>                      |   | 54                | 44                | 49                              | 23%                                 | 10%                                     |
| Data coverage (%) <sup>4</sup>   |   | 87%               | 87%               | 66%                             | 0%                                  | 32%                                     |
| <b>Scope 1, 2 and 3</b>  |   |                   |                   |                                 |                                     |   |
| Financed emissions (estimated) (MtCO <sub>2</sub> e) <sup>3</sup>                      |   | 60                | 49                | 55                              | 22%                                 | 8%                                      |
| Data coverage (%) <sup>4</sup>   |   | 87%               | 87%               | 66%                             | 0%                                  | 32%                                     |
| <b>Sovereign debt</b>  |   |                   |                   |                                 |                                     |   |
| AUM (£bn)  |   | 26                | 21                | 23                              | 23%                                 | 14%                                     |
| Financed emissions (MtCO <sub>2</sub> e) <sup>3</sup>                                  | ◆ | 6.9               | 6.0               | 8.0                             | 16%                                 | -16%                                    |
| Production emissions intensity (tCO <sub>2</sub> e <sup>3</sup> /\$m PPP-adjusted GDP) | ◆ | 126               | 148               | 158                             | -15%                                | -20%                                    |
| Consumption emissions intensity (tCO <sub>2</sub> e <sup>3</sup> /capita)              | ◆ | 11                | 11                | 11                              | -7%                                 | -2%                                     |
| Data coverage (%) <sup>4</sup>   | ◆ | 99%               | 99%               | 98%                             | -1%                                 | 1%                                      |

1. Source: MSCI. Data for year ended 2025, 2024 and 2020, respectively.

2. Year-on-year change represents the percentage change in the year ended 2025 metric from the year ended 2024 metric. Change from baseline represents the percentage change in the year ended 2025 metric from our baseline year, the year ended 2020 metric. Percentage changes are derived from the underlying unrounded data and so may not match the calculation based on the rounded figures in the table.

3. tCO<sub>2</sub>e represents the estimated amount of emissions, measured in metric tonnes of carbon dioxide equivalent. MtCO<sub>2</sub>e represents one million metric tonnes of carbon dioxide equivalent.

4. Proportion of assets with complete data. Complete data is defined as the available issuer-level data for all data points required for calculating a metric. For all metrics, this includes data on investment value and issuer emissions. Find more information on page 78. Beyond this, corporate fixed income and listed equity carbon footprint and financed emissions metrics also require data on issuer EVIC; Weighted Average Carbon Intensity requires issuer revenue; sovereign debt financed emissions and production intensity metrics require data on Purchasing Power Parity-adjusted Gross Domestic Product; and sovereign debt consumption intensity requires capita data. Data coverage – the majority of data for Scope 1, 2 and 3 is reported by the companies in which RLAM invests, supplied by our third-party data provider, MSCI. The remaining emissions data is estimated by MSCI or unavailable. Estimated data for Scope 1, 2 and 3 is provided by MSCI.

## Royal London Asset Management Limited: Entity-level report *continued*

### Property

We aim to achieve net zero emissions for RLAM's directly managed property assets and developments by 2030, and for indirectly managed by 2040. In 2025, absolute Scope 1, 2 and 3 emissions from RLAM's property investments decreased by 27% compared to 2024. Over 2025, we continued efforts to minimise emissions from the landlord-controlled spaces within our properties. Initiatives in place include our ongoing LED light replacement programme across the external lighting within our multi-let industrial and retail parks, and high street retail sites. We also certified three offices under the NABERS UK Energy for Offices rating, with two assets achieving three-star ratings and one asset achieving four stars (the maximum is six). As NABERS UK measures actual energy consumption, this achievement highlights our focus on optimising the operational performance across landlord spaces. The reduction in Scope 2 emissions can also be partly attributed to the decrease in electricity emission factor from 2024 to 2025.

For our Scope 3 emissions, the reduction is partly driven by less development activity during 2025, compared to the six projects completed in 2024. In 2025, RLUKREF had no new build or major refurbishment projects reaching practical completion whereas in 2024, three new build developments did, and this difference led to a reduction on Scope 3 emissions in 2025. In contrast, Scope 3 emissions for the RLAM Healthcare Fund increased by 8,959 tCO<sub>2</sub>e as a result of four care home developments reaching practical completion during 2025. In addition, continual efforts to engage with our occupiers on both sharing utility data and encouraging more energy efficient operations have been ongoing, supporting this overall 27% reduction in Scope 3 occupier emissions.

We have continued to focus on improving the Energy Performance Certificate (EPC) profile of our property portfolio to minimise our transitional risk against the MEES regulation, which requires an EPC rating of E or above and may uplift to B or above from 2030. During 2025, we increased the number of our units with an EPC A+ to B rating by 157 and decreased the number of our units with an EPC C to E rating by 84. Only 19 units with an EPC F and G rating now remain which equates to less than 1% of total units across the Property portfolio.

For details of the methodology used to calculate our property metrics, refer to page 71 and the Appendix.

**Table 17: RLAM property portfolio emissions disclosure<sup>1</sup>**

|   | RLPPF             |                   |                     | Royal London UK Real Estate Fund (RLUKREF) |                   |                     | Royal London Property Fund (RLPF) |                   |                     | RLAM Healthcare Fund |                   |                     | RLAM Living Fund  |                   | Total             |                     |
|---|-------------------|-------------------|---------------------|--|-------------------|---------------------|-----------------------------------|-------------------|---------------------|----------------------|-------------------|---------------------|-------------------|-------------------|-------------------|---------------------|
|   | 2025 <sup>2</sup> | 2024 <sup>3</sup> | Year-on-year change | 2025 <sup>2</sup>                          | 2024 <sup>3</sup> | Year-on-year change | 2025 <sup>2</sup>                 | 2024 <sup>3</sup> | Year-on-year change | 2025 <sup>2</sup>    | 2024 <sup>3</sup> | Year-on-year change | 2025 <sup>2</sup> | 2025 <sup>2</sup> | 2024 <sup>3</sup> | Year-on-year change |
| AUM (£m) <sup>4</sup>                                       | 5,687             | 4,822             | 18%                 | 2,812                                      | 2,654             | 6%                  | 370                               | 346               | 7%                  | 325                  | 246               | 32%                 | 139               | 9,333             | 8,068             | 16%                 |
| <b>Absolute (MWh)</b>                                       |                   |                   |                     |  |                   |                     |                                   |                   |                     |                      |                   |                     |                   |                   |                   |                     |
| Total electricity <sup>5</sup>                              | 134,979           | 137,511           | -2%                 | 62,756                                     | 58,826            | 7%                  | 9,171                             | 9,317             | -2%                 | 7,551                | 6,102             | 24%                 | 1,430             | 215,887           | 211,757           | 2%                  |
| Total fuel <sup>5</sup>                                     | 79,447            | 84,888            | -6%                 | 89,866                                     | 83,669            | 7%                  | 8,882                             | 8,218             | 8%                  | 2,301                | 2,212             | 4%                  | -                 | 180,496           | 178,988           | 1%                  |
| <b>Energy intensity (kWh/m<sup>2</sup>)</b>                 |                   |                   |                     |  |                   |                     |                                   |                   |                     |                      |                   |                     |                   |                   |                   |                     |
| Total like-for-like building energy intensity by floor area | 118               | 123               | -5%                 | 264  | 246               | 7%                  | 139                               | 135               | 3%                  | 156                  | 127               | 24%                 | 2                 | 153               | 152               | 1%                  |
| <b>GHG emissions (tCO<sub>2</sub>e)</b>                     |                   |                   |                     |  |                   |                     |                                   |                   |                     |                      |                   |                     |                   |                   |                   |                     |
| Scope 1 <sup>5</sup>  | 2,844             | 2,996             | -5%                 | 1,162                                      | 1,191             | -2%                 | 115                               | 197               | -42%                | -                    | -                 | -                   | -                 | 4,121             | 4,383             | -6%                 |
| Scope 2 (location-based) <sup>5</sup>                       | 3,649             | 4,334             | -16%                | 1,238                                      | 1,563             | -21%                | 219                               | 279               | -22%                | -                    | -                 | -                   | 4                 | 5,110             | 6,177             | -17%                |
| Scope 3 <sup>5</sup>  | 74,725            | 79,989            | -7%                 | 33,918                                     | 85,971            | -61%                | 5,463                             | 5,475             | 0%                  | 11,815               | 2,856             | 314%                | 707               | 126,629           | 174,291           | -27%                |
| <b>Total GHG emissions</b>                                  | <b>81,219</b>     | <b>87,319</b>     | <b>-7%</b>          | <b>36,318</b>                              | <b>88,725</b>     | <b>-59%</b>         | <b>5,797</b>                      | <b>5,951</b>      | <b>-3%</b>          | <b>11,815</b>        | <b>2,856</b>      | <b>314%</b>         | <b>711</b>        | <b>135,860</b>    | <b>184,851</b>    | <b>-27%</b>         |
| <b>GHG intensity (kgCO<sub>2</sub>e/m<sup>2</sup>)</b>      |                   |                   |                     |  |                   |                     |                                   |                   |                     |                      |                   |                     |                   |                   |                   |                     |
| Total GHG emissions by floor area                           | 44                | 41                | 7%                  | 63   | 123               | -49%                | 43                                | 45                | -4%                 | 179                  | 48                | 275%                | 73                | 52                | 61                | -15%                |

1. Data subject to rounding conventions.

2. Investment property reporting period for 2025 data is Q4 2024 - Q3 2025.

3. Investment property reporting period for 2024 data is Q4 2023 - Q3 2024.

4. AUM contains total property valuation data (excluding Cash) and is as at 30 September 2025 and 30 September 2024.

5. 2024 data has been recalculated to reflect actual data, replacing estimates that were reported and following updates to the allocation of utility meters between landlord or tenant, moving some emissions between Scope 1 and 2, and Scope 3.

6. 2024 emissions for the RLAM Living Fund are included in RLPPF's 2024 emissions; however these emissions are not material (total 97 tCO<sub>2</sub>e).

## Royal London Asset Management Limited: Entity-level report *continued*

### Forward-looking and portfolio alignment climate metrics

To assess how issuers and companies progress on their net zero journey, we use the following forward-looking metrics:

- Implied Temperature Rise (ITR)
- Science Based Targets initiative (SBTi) alignment
- Climate Value-at-Risk (C-VaR).

Further detail on the methodologies, assumptions and limitations underlying these metrics can be found in the Appendix.

We also monitor the alignment of companies in our portfolios through methodologies aligned with the Net Zero Investment Framework (NZIF). Our Climate Transition Assessment evaluates the credibility of climate transition plans for our most material emitters. This proprietary assessment informs our Net Zero Stewardship Programme.

### Implied Temperature Rise

We use ITR to assess how closely our investments align with global climate goals – specifically, limiting warming to well below 2°C above pre-industrial levels and pursuing efforts to restrict the increase to 1.5°C (see Table 18). ITR provides a forward-looking view of our investee companies’ progress towards net zero when considered alongside complementary climate metrics. While we recognise the methodological limitations inherent in ITR models, its use is recommended or expected by several of our clients.

We calculate ITR using third-party data from MSCI. The 2025 data indicates a continued downward trend in ITR performance. The proportion of companies in our portfolio with business plans aligned to below 1.5°C or below 2°C has decreased, indicating fewer

companies are aligned to a net zero pathway based on this third-party data. In 2025, 17% of our funds’ value was aligned below 1.5°C and 35% below 2°C. This reflects a year-on-year reduction of the proportion of issuers aligned with those two thresholds by 11% and 19%, respectively.

### Science Based Targets initiative alignment

SBTi target metrics are assessed alongside our portfolio-level alignment indicators to provide an indicative view of the decarbonisation trajectory of our investee companies. We also recognise that science-based, sector-specific alignment methodologies – such as those used by the SBTi – have inherent limitations (see page 81). As such, RLAM does not consider it necessary for every company to have a target explicitly validated by the SBTi.

We monitor the proportion of portfolio value covered by SBTi-approved 1.5°C and 2°C targets (see Table 19). In 2025, the share of portfolio value with SBTi-approved 1.5°C targets fell from 24% to 18%. Coverage also decreased for companies with near-term 2°C targets and for those committed to setting near-term targets.

In 2024, SBTi began removing companies from its database if they had pledged to set targets but had not submitted them for verification within 24 months of their initial commitment. This approach continued in 2025 and is contributing to the observed reduction in the number of companies classified as committed to near-term targets.

**For details of the methodology used to track SBTi alignment, see page 81.**

### Climate Value-at-Risk

C-VaR provides insight into potential risks and opportunities related to climate change and their potential impact. We calculate C-VaR across various scenarios using integrated assessment models. C-VaR is included in TCFD product-level reporting. For details of the methodology, see page 80.

**Table 18: RLAM ITR<sup>1</sup>**

| Metric          |                      | 2025 | 2024 | Year-on-year change |
|-----------------|----------------------|------|------|---------------------|
| ITR below 1.5°C | % value in portfolio | 17%  | 19%  | -11%                |
| ITR below 2°C   | % value in portfolio | 35%  | 44%  | -19%                |

**Table 19: RLAM SBTi alignment<sup>2</sup>**

| Metric   | 2025 | 2024 | Year-on-year change |
|--|------|------|---------------------|
| Companies with near-term 1.5°C SBTi targets (% value of portfolio) | 18%  | 24%  | -23%                |
| Companies with near-term 2°C SBTi targets (% value of portfolio)   | 1%   | 2%   | -58%                |
| Companies committed to near-term targets                           | 3%   | 8%   | -55%                |
| Total  | 22%  | 34%  | -32%                |

1. Source: MSCI as at 31 December 2025. Portfolio refers to corporate fixed income and listed equity. Rounded to the nearest 1%.

2. Source: SBTi database ‘by company’. Portfolio refers to corporate fixed income and listed equity. Data coverage refers to the percentage value of the portfolio where data is available. Rounded to the nearest 1%.



# RLUM Limited: Entity-level report

RLUM Limited (RLUM) is an FCA-regulated unit trust manager and a wholly owned indirect subsidiary of RLMIS with £13bn in assets under management. RLUM has appointed its affiliated company, RLAM Limited, to manage its funds under an investment management agreement between RLUM and RLAM Limited (see page 4 for an overview of the Royal London Group). The RLUM Limited Board provides governance, and its climate disclosures are subject to internal oversight in collaboration with RLMIS and RLAM.

## Compliance statement

The disclosures for RLUM, including any Group disclosures cross-referenced, comply with the requirements under the FCA's ESG sourcebook regulation (ESG 1A and ESG 2). No third-party climate disclosure reports are referenced in this report. We use data supplied by third-party providers and the nature of this means that, while we take reasonable efforts to evaluate data, there are limits to our ability to oversee the validity and accuracy of the data used.

## Hans Georgeson

Chief Executive Officer, RLUM

## Governance, strategy and risk management

Under the RLUM Board's oversight, RLAM undertakes governance, strategy, and risk management activities on behalf of RLUM (see page 60 for an overview of RLAM). Details of these activities can be found in RLAM Limited's entity-level report on page 57, which provides full disclosure of activities covering RLUM.

RLUM has no direct employees or premises; all activities are carried out by Royal London colleagues within the Group's locations. Consequently, RLUM's operations are integrated into Royal London's operations, and any Group-level operational metrics and targets include RLUM activity.

## RLUM climate metrics

We disclose a selected number of metrics across the RLUM portfolio, shown in Table 20. This table details the total emissions from all RLUM fund holdings.

Table 20: RLUM corporate listed equity and fixed income metrics<sup>1</sup>

| Metric                            | Units                           | 2025 | 2024 | Year-on-year change |
|-----------------------------------|---------------------------------|------|------|---------------------|
| Scope 1 and 2 emissions           |                                 |      |      |                     |
| Weighted Average Carbon Intensity | tCO <sub>2</sub> e/\$m revenue  | 46   | 54   | -16%                |
| Data coverage                     | %                               | 94%  | 93%  |                     |
| Financed emissions                |                                 |      |      |                     |
| Carbon footprint                  | MtCO <sub>2</sub> e             | 0.3  | 0.3  | 4%                  |
|                                   | tCO <sub>2</sub> e/\$m invested | 16   | 17   | -3%                 |
| Data coverage                     | %                               | 94%  | 94%  |                     |
| Scope 3 emissions                 |                                 |      |      |                     |
| Financed emissions                | MtCO <sub>2</sub> e             | 3.1  | 2.6  | 21%                 |
| Data coverage                     | %                               | 94%  | 94%  |                     |
| Scope 1, 2 and 3 emissions        |                                 |      |      |                     |
| Financed emissions                | MtCO <sub>2</sub> e             | 3.4  | 2.9  | 19%                 |
| Data coverage                     | %                               | 94%  | 94%  |                     |

1. Source: MSCI. As at 31 December 2025 and 31 December 2024. Data subject to rounding conventions.



## TCFD disclosures for RLUM funds

These are available on the RLAM Fund Centre website located [here](#).

# Royal London Unit Trust Managers Limited: Entity-level report

Royal London Unit Trust Managers Limited (RLUTM) is a fund management company regulated by the FCA with £85bn in assets under management. It is a wholly-owned subsidiary of RLAM Holdings Limited and has appointed its affiliated company, RLAM Limited, to manage its funds under an investment management agreement between RLUTM and RLAM Limited (see page 4 for an overview of the Royal London Group). RLUTM is overseen by its Board, and its climate-related disclosures are subject to internal governance processes in collaboration with RLMIS and RLAM.

## Compliance statement

The disclosures for RLUTM, including any Group disclosures cross-referenced, comply with the requirements under the FCA’s ESG sourcebook regulation (ESG 1A and ESG 2). No third-party climate disclosure reports are referenced in this report. We use data supplied by third-party providers and the nature of this means that, while we take reasonable efforts to evaluate data, there are limits to our ability to oversee the validity and accuracy of the data used.

## Hans Georgeson

Chief Executive Officer,  
Royal London Unit Trust Managers

## Governance, strategy and risk management

Under the RLUTM Board’s oversight, RLAM undertakes governance, strategy, and risk management activities on behalf of RLUTM (see page 60 for an overview of RLAM). Full details of these activities are provided in the RLAM Limited entity-level report on page 57, which includes disclosures covering RLUTM.

RLUTM has no direct employees or premises; all activities are carried out by Royal London colleagues within the Group’s locations. Consequently, RLUTM’s operations are considered part of Royal London’s overall operations, and any Group-level operational metrics and targets include RLUTM activity.

## RLUTM climate metrics

We disclose a selected number of metrics across the RLUTM portfolio, as shown in Table 21. This table details the total emissions from all RLUTM non-property fund holdings. Refer to page 71 and the Appendix for the property metrics methodology.

Table 21: RLUTM corporate listed equity and fixed income metrics<sup>1</sup>

| Metric                            | Units                           | 2025 | 2024 | Year-on-year change |
|-----------------------------------|---------------------------------|------|------|---------------------|
| <b>Scope 1 and 2 emissions</b>    |                                 |      |      |                     |
| Weighted Average Carbon Intensity | tCO <sub>2</sub> e/\$m revenue  | 76   | 70   | 9%                  |
| Data coverage                     | %                               | 94%  | 93%  | 1%                  |
| Financed emissions                | MtCO <sub>2</sub> e             | 3.3  | 2.6  | 25%                 |
| <b>Carbon footprint</b>           |                                 |      |      |                     |
| Carbon footprint                  | tCO <sub>2</sub> e/\$m invested | 37   | 33   | 13%                 |
| Data coverage                     | %                               | 94%  | 92%  | 2%                  |
| <b>Scope 3 emissions</b>          |                                 |      |      |                     |
| Financed emissions                | MtCO <sub>2</sub> e             | 31   | 24   | 26%                 |
| Data coverage                     | %                               | 94%  | 92%  | 2%                  |
| <b>Scope 1, 2 and 3 emissions</b> |                                 |      |      |                     |
| Financed emissions                | MtCO <sub>2</sub> e             | 34   | 27   | 26%                 |
| Data coverage                     | %                               | 94%  | 92%  | 2%                  |

1. Source: MSCI. As at 31 December 2025 and 31 December 2024. Data subject to rounding conventions.



## TCFD disclosures for RLUTM funds

These are available on the RLAM Fund Centre website located [here](#).

## Royal London Unit Trust Managers Limited: Entity-level report *continued*

### Energy and GHG emissions for RLUTM property funds

For RLUTM real estate funds, the impacts of climate change, the metrics used to measure climate change, and the management response required differ significantly from all other asset classes. These are, therefore, disclosed separately in Table 22.

**Table 22: RLUTM property metrics<sup>1</sup>**

|   | Royal London UK Real Estate Fund (RLUKREF) |                   |                     | Royal London Property Fund (RLPF) |                   |                     | Total             |                   |                     |
|---|--|-------------------|---------------------|-----------------------------------|-------------------|---------------------|-------------------|-------------------|---------------------|
|   | 2025 <sup>2</sup>                          | 2024 <sup>3</sup> | Year-on-year change | 2025 <sup>2</sup>                 | 2024 <sup>3</sup> | Year-on-year change | 2025 <sup>2</sup> | 2024 <sup>3</sup> | Year-on-year change |
| AUM (£m) <sup>4</sup>                                       | 2,812                                      | 2,654             | 6%                  | 370                               | 346               | 7%                  | 3,182             | 2,999             | 6%                  |
| <b>Absolute (MWh)</b>                                       |  |                   |                     |                                   |                   |                     |                   |                   |                     |
| Total electricity   | 62,756                                     | 58,826            | 7%                  | 9,171                             | 9,317             | -2%                 | 71,927            | 68,143            | 6%                  |
| Total fuel  | 89,866                                     | 83,669            | 7%                  | 8,882                             | 8,218             | 8%                  | 98,748            | 91,887            | 7%                  |
| <b>Energy intensity (kWh/m<sup>2</sup>)</b>                 |  |                   |                     |                                   |                   |                     |                   |                   |                     |
| Total like-for-like building energy intensity by floor area | 264  | 246               | 7%                  | 139                               | 135               | 3%                  | 241               | 226               | 7%                  |
| <b>GHG emissions (tCO<sub>2</sub>e)</b>                     |  |                   |                     |                                   |                   |                     |                   |                   |                     |
| Scope 1   | 1,162                                      | 1,191             | -2%                 | 115                               | 197               | -42%                | 1,276             | 1,387             | -8%                 |
| Scope 2 (location-based)                                    | 1,238                                      | 1,563             | -21%                | 219                               | 279               | -22%                | 1,457             | 1,843             | -21%                |
| Scope 3   | 33,918                                     | 85,971            | -61%                | 5,463                             | 5,475             | 0%                  | 39,381            | 91,446            | -57%                |
| Total GHG emissions   | 36,318                                     | 88,725            | -59%                | 5,797                             | 5,951             | -3%                 | 42,115            | 94,676            | -56%                |
| <b>GHG intensity (kgCO<sub>2</sub>e/m<sup>2</sup>)</b>      |  |                   |                     |                                   |                   |                     |                   |                   |                     |
| Total GHG emissions intensity by floor area                 | 63   | 123               | -49%                | 43                                | 45                | -4%                 | 59                | 111               | -47%                |

1. Source: RLAM, as at 30 September 2025. Data subject to rounding conventions.

2. Investment property reporting period for 2025 data is Q4 2024 – Q3 2025.

3. Investment property reporting period for 2024 data is Q4 2023 – Q3 2024.

4. AUM contains total property valuation data (excluding Cash) and is as at 30 September 2025 and 30 September 2024.

5. 2024 data has been recalculated to reflect actual data replacing estimates that were reported and following updates to utility meters' allocation between landlord or tenant, moving some emissions between Scope 1 and 2, and Scope 3.



### TCFD disclosures for RLUTM funds

Fund disclosures are available on the RLAM Fund Centre website located [here](#).

## Royal London Unit Trust Managers Limited: Entity-level report *continued*



### Property metrics: methodology notes

1. Due to the nature of carbon, energy and water data for property, the data presented in this section is taken from 1 October 2023 (Q4) to 30 September 2024 (Q3), and 1 October 2024 (Q4) to 30 September 2025 (Q3). The need to report Q4 to Q3 data is common within the property management industry and is driven by delays in data availability.
2. Scope 1 is inclusive of emissions from landlord-procured gas (excluding occupier spaces) and fugitive emissions from refrigerants. Scope 2 is inclusive of emissions from landlord-procured electricity (excluding occupier spaces). Scope 3 is inclusive of:
  - purchased goods and services
  - capital goods (including development activities)
  - energy transmission and distribution
  - landlord-procured water emissions
  - landlord-managed waste emissions
  - end-of-life treatment of sold products
  - indirect investments
  - emissions from energy consumption in occupier spaces.
3. Please see RLAM's Property Net Zero Carbon Pathway Progress Report (2025) for a full breakdown of Scope 1, 2 and 3 emissions by GHG source. Like-for-like intensity metrics are calculated only where whole building coverage is available, to align with the INREV reporting guidelines. It relates only to internal (gross internal area (GIA)) utilities. Assets sold or purchased during the reporting period and assets with incomplete data sets have been excluded from like-for-like analysis.
4. Energy intensity calculations are inclusive of data from assets which have whole building data and full coverage across the reporting period.
5. Where data has not been available, GHG emissions calculations have utilised benchmarks and averages. Therefore, total emissions and intensities cover the GIA of each fund.
6. See the Appendix for methodological and data assumptions, limitations and disclaimers.

# Appendix: Methodology

## In this section, we discuss:

- our methodology for climate scenario analysis and calculation of our metrics
- key methodological and data assumptions, limitations and disclaimers.



# Metrics description and methodology

The metrics and methodology described in this section apply across the Group.

## Portfolio climate metrics and methodology

| Metric   | Description and methodology  |
|--|--|
| Carbon footprint<br>tCO <sub>2</sub> e/\$m invested                          | <p>The emissions intensity of an investment portfolio, expressed in tCO<sub>2</sub>e/\$m invested. Financed emissions (explained on the following page) is divided by the portfolio value. The resulting indicator measures absolute emissions generated for each dollar invested in the fund.</p> <p>For further details, see Royal London's 2025 Emissions Metrics Reporting Criteria.</p>   |
| Climate Value-at-Risk<br>(C-VaR)<br>%  | <p>Our C-VaR model aims to provide an assessment on how climate change may affect the investment return in portfolios based on conditions associated with global temperature trajectories.</p> <p>The underlying climate model we selected is the regionalised model of investment and development (REMIND). It is a global model that couples an economic growth model with a detailed energy system model and a simple climate model. It is hosted at the Potsdam Institute for Climate Impact Research (PIK). We use three scenarios developed by the NGFS:</p> <ul style="list-style-type: none"> <li>National Determined Contributions: 'hot house' 3°C scenario</li> <li>Below 2°C: an 'orderly transition' scenario</li> <li>Delayed transition: a 2°C 'disorderly transition' scenario.</li> </ul> <p>Whether the transition is orderly or disorderly depends on global cooperation and adequate policies being in place, among other variables. The variables behind each scenario can be reviewed on the MSCI website.</p> |
| Companies with Science Based Targets initiative (SBTi)-approved targets<br>% | <p>Companies with SBTi-approved targets (%) is the percentage of companies in our corporate fixed income and listed equity asset classes that have had their climate targets approved by the SBTi.</p> <p>It is the percentage of instruments (by value) held in the portfolio through equity stake or bonds that have validated science-based targets with near-term target trajectories below 1.5°C and 2°C, respectively.</p>   |

| Metric  | Description and methodology  |
|---|--|
| Exposure to fossil fuels<br>%                                   | <p>The percentage of instruments (by value) held in the portfolio through equity stake or bonds that have any exposure to revenues from the following fossil fuel activities:</p> <ul style="list-style-type: none"> <li>Oil and gas 'any tie': companies with an industry tie (or exposure) to oil and gas, in particular reserve ownership, oil- and gas-related revenues and power generation.</li> <li>Oil and gas production: companies that provide evidence of revenues from extraction and production of oil and gas.</li> <li>Arctic oil and gas production: companies that provide evidence of producing Arctic oil or gas.</li> <li>Shale oil and gas: companies that provide evidence of producing oil or gas using the method of hydraulic fracking.</li> <li>Oil sands: companies with an industry tie to oil sands, in particular reserve ownership and production activities.</li> <li>Thermal coal: companies disclosing evidence of thermal coal production.</li> <li>Metallurgical coal: companies disclosing evidence of metallurgical coal production.</li> <li>Coal power: companies disclosing evidence of thermal coal power generation.</li> </ul> <p>This does not measure the total revenues derived from these activities.</p> |
| Financed emissions<br>tCO <sub>2</sub> e or MtCO <sub>2</sub> e | <p>The absolute emissions associated with the investments in the portfolio, expressed in tCO<sub>2</sub>e or MtCO<sub>2</sub>e (metric tonnes or million metric tonnes of carbon dioxide equivalent). Emissions are attributed to a portfolio based on the portion of the company's value that the portfolio holds, using EVIC for publicly listed corporates.</p> <p>For further details, see Royal London's 2025 Emissions Metrics Reporting Criteria.</p> <p>For Scope 3 emissions, RLMIS uses estimated emissions from MSCI. RLAM distinguishes between company reported data and estimated data from our data providers.</p>  |

Metrics description and methodology *continued*

| Metric   | Description and methodology   |
|--|---|
| Implied Temperature Rise (ITR)<br>°C                               | <p>ITR aims to measure the warming that the emissions from a company would drive by year 2100, if the whole economy had the same over- or under-shoot level of GHG emissions. It is based on the company's most recent Scope 1, 2 and 3 emissions, projecting these into the future and incorporating the company's targets. It is expressed in degrees Celsius.</p> <p>Further details of MSCI's ITR methodology can be found on their website.</p> <p>This year, we have provided detail on the percentage of our corporate fixed income and listed equity portfolio by value that has an ITR of below 1.5°C or 2°C. We believe this is a more useful metric than a portfolio-aggregated ITR figure, albeit with limitations and assumptions which are provided on page 81.</p> |
| Property emissions intensity<br>kgCO <sub>2</sub> e/m <sup>2</sup> | <p>Total Scope 1, 2 and 3 carbon dioxide-equivalent emissions per metre squared.</p> <p>Calculated using the GHG Protocol methodology and by applying the UK government's GHG Conversion Factors for Company Reporting (2024, 2025).</p>  |
| Sovereign debt emissions<br>MtCO <sub>2</sub> e                    | <p>Total financed emissions are calculated by multiplying the attribution factor by the sovereign emissions. The attribution factor is the value of our investment over the sovereign issuer PPP-adjusted GDP. Sovereign emissions scope includes emissions from sources located within the domestic territory (PCAF-defined Scope 1), emissions from energy imports (PCAF-defined Scope 2) and emissions from non-energy imports (PCAF-defined Scope 3).</p> <p>For further details, see Royal London's 2025 Emissions Metrics Reporting Criteria.</p>   |
| Sovereign debt consumption intensity<br>tCO <sub>2</sub> e/capita  | <p>Sovereign debt consumption intensity measures a portfolio's exposure to carbon-intensive economies, defined as the portfolio weighted average of sovereigns' GHG consumption intensity (consumption emissions/population for the country territory). Consumption emissions (PCAF defined Scope 1 + 2 + 3 – exported emissions) reflect the emissions attributable to consumption within the sovereign territory. Consumption emissions per capita provides a metric to compare demand-size of sovereign economies.</p> <p>For further details, see Royal London's 2025 Emissions Metrics Reporting Criteria.</p>   |

| Metric   | Description and methodology  |
|--|--|
| Sovereign debt production intensity<br>tCO <sub>2</sub> e/\$m PPP-adjusted GDP | <p>Sovereign debt production intensity measures a portfolio's exposure to emissions-intensive economies, defined as the portfolio weighted average of sovereigns' GHG production intensity (production emissions/PPP-adjusted GDP). Production emissions (PCAF defined Scope 1) reflect the emissions generated within the sovereign territory. Values exclude land use, land-use change and forestry (LULUCF). Production emissions normalised by Purchasing Power Parity-adjusted Gross Domestic Product (PPP-adjusted GDP) provides a metric to compare sovereign economies emissions relative to output and real economy size.</p> <p>For further details, see Royal London's 2025 Emissions Metrics Reporting Criteria.</p> |
| Total building energy intensity by floor area<br>kWh/m <sup>2</sup>            | <p>Energy (electricity + fuel) per kilowatt hour per metre squared.</p>  |
| Total electricity consumption<br>kWh   | <p>Electricity consumption per kilowatt hour (kWh) – based on metered building consumption data.</p>   |
| Total fuel consumption<br>kWh  | <p>Fuel consumption per kilowatt hour (kWh). Fuel refers to natural gas consumption only within building types.</p>  |
| Weighted Average Carbon Intensity<br>tCO <sub>2</sub> e/\$m revenue            | <p>The Weighted Average Carbon Intensity is a portfolio's exposure to carbon-intensive companies, expressed in tCO<sub>2</sub>e/\$m revenue. Carbon equivalent emissions are divided by companies' revenues, then multiplied based on portfolio weights (the current value of the investment relative to the current portfolio value).</p> <p>For further details, please see Royal London's 2025 Emissions Metrics Reporting Criteria.</p>  |

## Metrics description and methodology *continued*

### Operational and value chain emissions methodology

For further details, including estimation methodologies applied, please see Royal London's [2025 Emissions Metrics Reporting Criteria](#).

| Metric                                      | Description and methodology  |
|---|--|
| Scope 1 GHG emissions<br>tCO <sub>2</sub> e | <p>Direct emissions from stationary combustion – Natural gas consumption is recorded monthly, utilising a hierarchy of data sources. Where verifiable data is not available, estimations are calculated from a range of methodologies. The relevant natural gas emission factors for the UK and Ireland are applied to the consumption data for the year to calculate emissions in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e).</p> <p>Direct emissions from mobile combustion – Business travel from vehicles owned or controlled by Royal London utilising petrol or diesel fall under Scope 1. Consumption data is recorded yearly, utilising vehicle mileage or fuel spend. The relevant fuel emission factors from the UK and Ireland are applied based on vehicle size and fuel type to calculate emissions in tCO<sub>2</sub>e.</p> <p>Direct fugitive emissions – This is limited to building cooling systems at operational sites where Royal London has access and is responsible for the maintenance and management of the system. Refrigerant gas consumption for all cooling systems is obtained from maintenance surveys or via confirmation from the cooling system provider. The relevant global warming potential (GWP) is applied based on refrigerant gas type to calculate emissions in tCO<sub>2</sub>e.</p> |

| Metric  | Description and methodology  |
|---|--|
| Scope 2 – GHG emissions<br>tCO <sub>2</sub> e | <p>Indirect emissions from purchased electricity, location-based – Electricity consumption is recorded using a hierarchy of data sources. Where verifiable data is unavailable in line with the data source hierarchy, estimations are calculated from a range of methodologies. The relevant grid emission factors are applied to the consumption data for the year to calculate emissions in tCO<sub>2</sub>e.</p> <p>Indirect emissions from purchased electricity, market-based – Electricity consumption that can be classified as renewable is recorded using either a Renewable Energy Guarantees of Origin (REGO) or Guarantee of Origin (GO) (depending on the regional requirements), or a certificate of supply or landlord confirmation of renewable energy supply. Energy sourced from certified renewable sources via the REGO/GO scheme is currently classified as carbon neutral and falls under Scope 2 market-based emissions. Where landlord confirmation of REGO/GO certificates has not been obtained for certain sites, Royal London has taken the approach to purchase a bulk REGO/GO from the National Grid to certify these sites as utilising renewable energy.</p> <p>Indirect emissions from electric charging, location- and market-based – Expensed travel from electric vehicles owned or controlled by Royal London falls under Scope 2. Where the emissions source of electric vehicle charging points cannot be verified, all related emissions are assigned as non-renewable. Consumption from electric vehicle charging is recorded yearly, utilising vehicle mileage and fuel spend. For the location-based calculation, the relevant grid emissions factors from the UK and Ireland are applied to the consumption data for the whole 12-month period to calculate emissions in tCO<sub>2</sub>e. For the market-based calculation, the relevant residual mix emission factors from the UK and Ireland are applied to the consumption data for the year to calculate emissions in tCO<sub>2</sub>e.</p> <p>Indirect emissions from heating, location- and market-based – Emissions from heating cover multi-tenant properties where Royal London consumes heat from a system that is not within operational control. Heat consumption is recorded through physical meter readings. For the location-based and market-based calculation, the relevant onsite heating emission factor for the UK is applied to the consumption data for the year to calculate emissions in tCO<sub>2</sub>e.</p> |

## Metrics description and methodology *continued*

| Metric  | Description and methodology   |
|---|---|
| Scope 3 – GHG (value chain) emissions<br>tCO <sub>2</sub> e | <p>Categories 9, 10, 11, 12, 13 and 14 of Scope 3 are currently not disclosed as these categories are not material to Royal London’s business. Category 15 (Investments) emissions data is reported separately.</p> <p><b>Category 1: Purchased goods and services and Category 2: Capital goods</b> – Covers emissions from the extraction, production and transportation of purchased goods and services (from cradle to gate). This data represents payments made to suppliers within the reporting period. A data-cleansing exercise is completed to exclude any supplier spend that would represent double-counting in another category. Emissions are calculated utilising either specific supplier emissions from Carbon Disclosure Project (CDP) data or utilising the relevant Environmentally Extended Input-Output (EEIO) industry emission factors from the Supply Chain Greenhouse Gas Emission Factors, released by the US Environmental Protection Agency.</p> <p>Royal London recognises the limitations of CDP data, as different suppliers may disclose different categories and utilise different calculation methods. This hybrid method allows for more in-depth, actual data to be utilised where it is available, while implementing estimations for the remaining dataset using the spend-based method.</p> <p><b>Category 3: Fuel and energy-related activities</b> – Covers emissions from the extraction, refining and transportation of fuels and purchased energy prior to their use in the generation of energy, as well as due to the loss of energy during transmission and distribution. Consumption data collected for Scopes 1 and 2 is utilised for the calculation of this emissions category. The relevant transmission and distribution emission factors are applied to electricity and heat consumption for the year to calculate emissions from transmission and distribution losses in tCO<sub>2</sub>e. The relevant well-to-tank emission factor for the UK is applied to electricity, natural gas and other fuel consumption for the year to calculate well-to-tank (WTT) emissions in tCO<sub>2</sub>e.</p> <p>The relevant UK emissions factor is applied to fuel, electricity and natural gas consumption from Royal London sites in Ireland as there is currently no available Irish emissions factor.</p> |

| Metric   | Description and methodology  |
|--|--|
| Scope 3 – GHG (value chain) emissions <i>continued</i><br>tCO <sub>2</sub> e | <p><b>Category 4: Upstream transportation and distribution</b> – Covers emissions from the transportation and distribution of water to Royal London offices. Water consumption is collected using a hierarchy of data sources. Where verifiable data is not available, estimations are calculated from a range of methodologies. The relevant water supply emission factor for the UK is applied to water consumption for the year to calculate emissions from transportation and distribution of water in tCO<sub>2</sub>e.</p> <p>The relevant UK water supply factor is applied to water consumption data from all Royal London sites. This includes Ireland sites as there is currently no available Irish factor.</p> <p><b>Category 5: Waste generated in operations</b> – Covers emissions from the disposal and treatment of waste generated from Royal London offices, using several waste disposal streams. Waste tonnage data from all sites and waste streams is collected using a hierarchy of data sources. Where verifiable data is not available, estimations are calculated from a range of methodologies. The relevant waste emission factors for each disposal stream and processing type for the UK and Ireland are applied to calculate emissions from waste generated in operations in tCO<sub>2</sub>e.</p> <p>The relevant UK waste/wastewater supply factors are applied to water consumption data from all Royal London sites. This includes Ireland sites as there is currently no available Irish factors.</p> <p><b>Category 6: Business travel</b> – Covers emissions generated from rail and air business travel, hotel stays, taxi travel and use of personal cars for business purposes. Business travel data is collected via a range of methods, depending on the travel type. The relevant emission factors by travel type for the UK and Ireland are applied to calculate emissions from business travel in tCO<sub>2</sub>e.</p> |

## Metrics description and methodology *continued*

| Metric   | Description and methodology  |
|--|--|
| Scope 3 – GHG (value chain) emissions <i>continued</i><br>tCO <sub>2</sub> e | <p><b>Category 7: Employee Commuting and Homeworking</b> – Covers emissions from the commuting of employees between their homes and Royal London offices, and emissions from employees working from home. Employee commuting and homeworking input data is made up of results from the Royal London colleague commuting and homeworking survey on a range of factors related to commuting and homeworking. For homeworking, the methodology in the Eco Act Homeworking Whitepaper is used for calculation, alongside several assumptions. Relevant emission factors for the UK are applied to the survey results, office occupancy and full-time equivalent data to calculate emissions from employee commuting and homeworking in tCO<sub>2</sub>e. There are two shuttle buses between the train station and the office in Alderley Park. Shuttle bus mileage is used to calculate the carbon emissions in tCO<sub>2</sub>e.</p> <p><b>Category 8: Upstream leased assets</b> – Covers emissions from the operation of assets leased by Royal London (lessee) where Royal London does not have full operational control of the property. The relevant natural gas and electricity emission factors for the UK are applied to the consumption data for the year to calculate emissions in tCO<sub>2</sub>e.</p> <p><b>Category 13: Downstream leased assets</b> – Covers emissions from the operation of assets owned by Royal London (lessor) and leased to other entities, where Royal London does not have full operational control of the property. This category is included for 2019 baseline emissions; however, all downstream leased assets have since been sold and therefore there were no emissions from this category in 2024 or 2025. The relevant natural gas and electricity emission factors for the UK are applied to the consumption data for the year to calculate emissions in tCO<sub>2</sub>e.</p> |
| Scope 3 – GHG (emissions intensity metrics)<br>tCO <sub>2</sub> e per FTE    | <p><b>Total Scope 1 and 2 emissions per full-time equivalent (FTE)</b> – Consumption data collected for Scopes 1 and 2 is utilised for the calculation of this intensity metric. Please refer to the Scope 1 and Scope 2 market-based sections for information on the collection, estimation and calculation under each consumption type for how emissions are calculated in tCO<sub>2</sub>e. Total Scope 1 and 2 market-based emissions for the year are then divided by the actual yearly average FTE to reach the intensity metric in tCO<sub>2</sub>e per FTE.</p> <p><b>Total Scope 3 emissions per FTE</b> – Consumption data across all relevant Scope 3 categories is utilised for the calculation of this intensity metric. Please refer to the Scope 3 section for information on the collection, estimation and how emissions for each Scope 3 category are calculated in tCO<sub>2</sub>e. Total Scope 3 emissions for the year are then divided by the actual yearly average FTE to reach the intensity metric in tCO<sub>2</sub>e per FTE.</p>  |

### Our approach to attribution analysis

Our attribution analysis examines the change in our Scope 1 and 2 carbon footprint for corporate fixed income and listed equity assets over the last year. It investigates changes in the company-level emissions and financial data used to inform our carbon footprint. For information on how our carbon footprint is calculated using this data, see Royal London's 2025 Emissions Metrics Reporting Criteria. Our approach aligns with the method set out by MSCI researchers in A Framework for Attributing Changes in Portfolio Carbon Footprint published in the Journal for Portfolio Management.

Our analysis sets out ten drivers of the change in our carbon footprint over the last year. Each driver sits within one of three layers of analysis, which are categorised according to the depth of detail they provide. The results of our analysis are shown on page 45.

The first layer of detail includes four drivers that influence the overall change in our carbon footprint:

- **Existing positions:** changes in the carbon footprint of companies in our corporate fixed income and listed equity portfolio, relating to investments we held at the end of both 2024 and 2025.
- **Change in data coverage:** the impact of changes in the availability of complete data for companies in our portfolio.
- **Divested positions:** the impact of companies being removed from our portfolio over 2025.
- **New positions:** the impact of companies added to our portfolio over 2025.

The second layer breaks down the factors influencing our existing positions, as this is the driver from the first layer that offers the most comprehensive insights:

- **Change in carbon intensity:** the impact of the changing carbon footprint of individual companies in our portfolio.
- **Change in weight:** the impact of changes to the relative weighting of companies across our portfolio (the size of the investment as a proportion of the total portfolio).
- **Interaction between weight and intensity:** the effect of interactions between changes in companies' weight and carbon intensity.

The third layer represents the most detailed level of insight, breaking down the drivers that influence the change in carbon intensity:

- **Change in EVIC values:** the impact of changes in the total value of a company.
- **Change in issuer emissions:** the impact of changes in the emissions (Scope 1 and 2 tCO<sub>2</sub>e) of the companies we invest in.
- **Interaction between EVIC and issuer emissions:** the effect of interactions between changes in companies' EVIC and emissions.

Our approach is subject to the data limitations outlined on pages 42 and 79 to 81. As set out on page 34 of Royal London's 2025 Emissions Metrics Reporting Criteria, we endeavour to use the most up-to-date data available to us at the time of calculation. MSCI makes ongoing updates to its database. This is particularly important as MSCI data drives the categorisation of the drivers included in the first layer of analysis. MSCI data changes could lead to changes in the year-on-year classification of some positions when matching across data sets.

## Metrics description and methodology *continued*

### Climate scenario analysis: methodology

To understand how investment portfolios might be impacted under a range of climate pathways, we analysed a number of scenarios and possible impacts on our business model.

This was done by:

- using three pathways from the NGFS Phase 4 framework to inform future policy and technology assumptions, which influence modelled levels of GHG emissions
- estimating the associated temperature increases and economic impacts of physical warming under each scenario
- using these assumptions to estimate the impact on GDP at a regional level
- assessing the likely impact of these GDP changes on returns across asset classes.

Reductions in rates of return across asset classes were modelled to reflect how they are expected to change over the rest of this century. Impacts on asset returns, relative to a base scenario excluding climate pathway overlays, increase when moving from a scenario assuming faster transition (i.e. Below 2°C) to scenarios with slower transitions (i.e. Delayed Transition and Current Policies).

There is significant subjectivity involved in converting climate pathways into tangible asset-modelled scenarios. There is also significant subjectivity and uncertainty around what the potential impacts of these pathways will be on mortality rates and life expectancy in the UK. As a result, mortality and life expectancy were not considered in the 2025 quantitative analysis.

### Data sources and quality

#### Financial data

For The Royal London Mutual Insurance Society (RLMIS):

- portfolio data for corporate fixed income, listed equity and sovereign debt is from RLMIS internal financial data with values as at end of 2025.
- revenue and EVIC issuer data is provided by MSCI. Revenue figures are aligned to the emissions year and EVIC figures are the latest available.
- capita and PPP-adjusted GDP for sovereign issuers are provided by MSCI.

For Royal London Asset Management (RLAM), Royal London Unit Trust Managers (RLUTM) and RLUM:

- portfolio data for equities and fixed income are from RLAM financial data systems with values as at end of 2025.
- revenue and EVIC issuer data is provided by MSCI. Revenue figures are aligned to the emissions year and EVIC figures are the latest available.
- capita and PPP-adjusted GDP for sovereign issuers are provided by MSCI.

All of our emissions data across corporate fixed income, listed equity and sovereign debt assets is provided by MSCI. Data is obtained from MSCI on a 'point in time' basis within 10 working days of year-end, using the most recent figures available.

ITR, C-VaR and fossil fuel exposure are provided by MSCI. We take SBTi data directly from the public-access website.

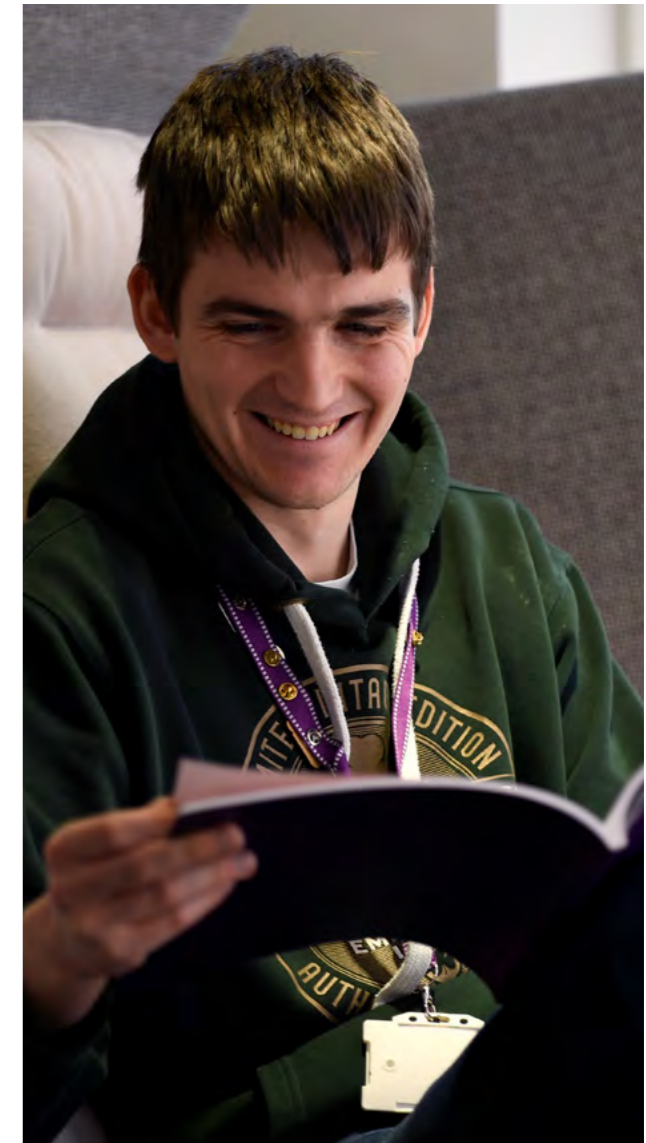
### Data quality

PCAF data quality scoring for issuer emissions data, as assessed by our data provider, is as follows:

| PCAF Score  | RLMIS (% corporate fixed income and listed equity) |
|-------------|--|
| 1           | 64%  |
| 2           | 17%  |
| 3           | 0%   |
| 4           | 7%   |
| 5           | 0%   |
| No coverage | 12%  |

Sovereign debt emissions are based on a combined dataset and, as such, do not have a PCAF single quality score attached. The dataset relies on estimates for imported emissions which are rated as a PCAF Score 4. Therefore, the combined dataset might be considered to be rated as '4' as this is the lower score of the combined sources. We do not expect this to improve in the immediate future as sovereigns are not expected to report on imported emissions.

Details for the PCAF data quality scoring are described in The Global GHG Accounting and Reporting Standard Part A: Financed Emissions, Second Edition.



## Metrics description and methodology *continued*

### Methodological and data assumptions, limitations and disclaimers

We recognise there are limitations associated with calculating portfolio emissions, including availability of data, methodology gaps across different asset classes, lack of consistency across the industry, data quality and transparency. There are also limitations to the reliability and usefulness of climate data due to the emerging nature of climate data applications and methodologies in finance. All data is supplied for information purposes only and should not be relied upon for investment decisions.

We endeavour to improve climate data in finance through our engagement with companies and data providers. We also collaborate with industry bodies such as the IIGCC, to support the evolution of good practice in climate emissions disclosures.

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We have identified the following areas where limitations are most evident:

#### Aggregation and data coverage

The percentage data coverage for each metric is based on the portion of corporate fixed income and listed equity with available data and expressed in percentage value in the portfolio. For the portion of the portfolio

where data (emissions or financial data, including holding value, revenue or EVIC) is not available, the holdings are removed and the portfolio is reweighted to 100%. We follow the aggregation process that our data provider, MSCI, uses. The portion of our portfolio that has no climate disclosures is assumed to mirror the behaviour of the holdings with available data.

Sovereign bonds follow the same aggregation and coverage logic explained above and are treated as a distinct portfolio.

For further details on our assumptions and data limitations, see Royal London's 2025 Emissions Metrics Reporting Criteria.

Property is reported separately as the metrics are specific to this asset class. We classify assets internally to perform aggregation calculations.

#### Asset class coverage

Due to how our assets are internally categorised, a small portion of our corporate fixed income and listed equity, and sovereign debt portfolios are invested in other types of holdings such as private equity or supranational bonds, for which we do not have issuer emissions data. There are some asset classes where emissions data or methodologies to calculate proxies are not readily available, such as derivatives and private markets, and therefore these are excluded from our analysis.

#### Accuracy and availability of financial data

The financial data standardised by ESG data providers used in this report may differ from data used in our internal financial analysis. For example, conversion rates and differences in tax system reporting make data less comparable.

#### Accuracy and availability of emissions data

##### Scope 1 and 2 emissions data

Not all companies disclose their emissions. The level and accuracy of disclosure vary across geographies

and industry sectors, and where disclosures are made, they are typically subject to less rigorous auditing processes than financial data. Issuers disclose emissions with different levels of transparency, coverage and methodologies, making disclosures less comparable.

Reported emissions are supplemented by estimated emissions calculated by our data provider to allow for higher overall coverage, which can make emissions data less reliable.

For its property investments, since the 2019 reporting year RLAM Property has used estimates where actual data is not available, improving data coverage up to 100%. For data from 2019 to 2023, this is done by applying the Global Real Estate Sustainability Benchmark carbon intensity benchmarks to an asset's gross internal area. This approach was applied primarily to emissions from occupier-procured data, but also for landlord-procured energy, where appropriate. For 2024 and 2025, these estimates have been calculated by applying our data platform provider's estimation methodology. This is computed based on data coverage levels ranging from data with 100% coverage to partial data using extrapolation, or indexing where no data is available. Extrapolation leverages known consumption within parts of the building to estimate missing values, while indexing compares the performance of similar assets within similar sectors and locations.

#### Scope 3 emissions data

Few companies are currently reporting their Scope 3 emissions resulting in only estimations being available for most of our holdings. Companies are selectively disclosing certain subcategories of Scope 3, often not the most material but the easiest to calculate, which can lead to underestimation of emissions if reported Scope 3 emissions are relied on for calculations.

There is a lack of consistency on the methodology being adopted across the industry to estimate these emissions. As a result, Scope 3 emissions can vary significantly across different data providers, and in the subsequent reporting across our peers. The Scope 3 estimation methodologies cannot follow entirely the GHG Protocol as it would require complete understanding of each company's entire value chain and market. Nonetheless, the methodologies are based on bottom-up company-specific data when available but can also use top-down sector intensities. Estimations allow for better like-for-like comparison of Scope 3.

We note that the Scope 3 emissions estimates are particularly weak for the financial services sector. This is mainly as methodologies for this sector are only recently being supplemented by PCAF, disclosures are more complex, and estimations involve using reference proxy portfolios and sub-industry average emissions, which are less accurate in nature than estimations for sectors where activities can be tracked by revenue split or assets.

#### Timeliness of emissions data reporting

The comparability and timeliness of companies' disclosures is limited. Timing of disclosure varies across jurisdictions and companies, with announcements on climate strategy or emissions targets not necessarily following the financial disclosure schedules.

The data reported may not always utilise the most recently reported emissions from our underlying holdings. Our external data provider makes regular updates to its databases following company disclosures but does not always report the most recent carbon emissions for all companies. This results in carbon data often being out of date by 12 to 24 months. We endeavour to use the most up-to-date data available to us at the time of calculation.

## Metrics description and methodology *continued*

### Forward-looking and portfolio alignment metrics

Forward-looking metrics are underpinned by many uncertainties and subjective choices. While we observed improvements, they may still:

- exclude widely accepted material climate risks that cannot be modelled, including the impacts from external policy decisions, market sentiment and climate tipping points
- rely on material subjective assumptions, including viability of investee net zero plans and assumed sector-level transition pathways.

Data providers' methodologies, using the latest available climate science, will inevitably need to evolve with changes in scientific understanding. This could make our year-on-year disclosures not comparable.

While quantitative information is useful, we do not rely on these forward-looking metrics for investment decisions or assessing climate risk exposure, due to the limitations described below. This allows us to consider more nuanced qualitative assessment and judgement when making decisions.

Despite ongoing enhancements by data providers such as MSCI, modelling limitations look set to persist in the short term. We will continue to encourage enhancements by MSCI through regular engagement. We will strive to use and report the most logical and decision-useful data available. This approach will be kept under review as the quality of climate data for financials improves and as decision makers become more familiar with the basis and limitations of climate metrics.

### Climate Value-at-Risk (C-VaR)

C-VaR relies on necessary climate model and socio-economic assumptions as well as cost and valuation calculations that reduce confidence in the metric.

The metric consists of three models: policy C-VaR, physical C-VaR and technology C-VaR. For each, climate impact is calculated at asset level and translated into impact on cost or return for the next 15 years.

- **Policy C-VaR** calculations make necessary assumptions on how much a company may need to reduce its GHG emissions due to climate policy and how much this may cost.

Assumptions include countries adequately disclosing their plans to the United Nations Framework Convention on Climate Change (UNFCCC) and implementing them. Carbon prices used to estimate costs are taken from IPCC-referenced integrated assessment models (IAM) and scenarios. IPCC and NGFS IAM scenarios assumptions are openly auditable and can be considered the latest science which informs policy. However, these models have assumptions around GDP growth, technology uptake and marginal abatement costs, which means that inherently each scenario for which a carbon price is taken will show only one possible alternative future.

- **Physical C-VaR** makes assumptions on the climate impact on a company's assets from climate change and how costly this could be in terms of increased business interruptions and/or asset damage.

Climate impact models are used that include chronic hazards such as gradual temperature, precipitation and snowfall changes, as well as acute hazards such as coastal flooding and cyclones. The impact of emissions on warming has lower uncertainties than the planet's warming effects on weather and climate and its implications in specific locations. Beyond the difficulty of accurately estimating the increase in vulnerability of assets due to climate change, estimating how much this may cost the business has additional assumptions, for example, how costs are aggregated from asset to business balance sheets, assumptions of companies' lack of adaptive capacity, and insurance costs.

- **Technology C-VaR** has embedded various assumptions on green technology ownership and uptake to estimate how much a company may benefit from transitioning to a low-carbon economy.

For this analysis, millions of low-carbon patents granted by various patent authorities are assessed. Using current green revenues and patent analysis to understand companies' low-carbon innovation, a model simulates which companies may benefit when policies from IPCC and NGFS IAM models that reach different warming goals are implemented globally. Assumptions are made on technology uptake, the returns these technologies will yield, and that patent ownership and citations are a good starting point to understand transition opportunity.

Further assumptions are embedded in the consolidation of each of the sub-model costs and its expression as a final aggregated financial metric. Yearly costs from the three models are added using different assumptions in line with IAM climate modelling, for example that climate policy cost peaks in the next decade and that climate physical risk costs grow steadily. Once all costs are added, a discount rate is applied to bring these to present value. Discount rates are controversial within climate models and economists have argued for different discount rates to be applied to climate cost, given that tail risk has very high impact. The final C-VaR expresses the present value costs of climate impacts over the current enterprise market value. An additional model splits this C-VaR into equity and debt following reasonable assumptions in line with market practice. There is no consideration as to whether the market has already priced in any of these risks.

## Metrics description and methodology *continued*

### Implied Temperature Rise (ITR)

The scientific inputs to the ITR model used by our data provider are carbon budgets based on IPCC-reviewed research. Carbon budgets link economic activity to levels of carbon emissions, and these emissions to a level of warming by the end of the century. The relationship between emissions and warming is well-established by science, but other assumptions remain subject to scientific debate.

IPCC assertions and models have inherent uncertainties, probabilistic claims and confidence ranges typically used in climate science. For instance, the remaining carbon budget may change with new findings, as well as the upper boundary or worst-case warming scenario. Some modelling assumptions are sociopolitical, such as the rates of population and economic growth, and the relative importance of carbon removal strategies to expand the carbon budget through negative emissions.

Further uncertainties arise when the global scientific carbon budget concept is applied to company emissions intensities and their trajectories over time. For ITR, the allocation of a carbon budget to a company is similarly based on the company's emissions intensity per dollar of revenue. This means that changes in the company's revenues, for factors unrelated to its emissions reductions such as mergers and acquisitions or sector cyclicality, affect the company's implied temperature scores.

### Binary target metrics

As with ITR models, a key assumption in alignment metrics is that companies' emissions targets are met. These metrics, therefore, may not account for the dynamic nature of climate change and the need for ongoing adaptation and mitigation efforts. A company that is currently considered 'aligned' may not remain so in the future if it does not adapt to changing climate conditions or if the regulatory landscape shifts.

Other sources of uncertainty in the methodology include company emissions targets which are typically not standardised. These metrics provide limited detail regarding the climate targets that our investee companies have set, other than whether they have set these targets and if they are SBTi-approved.

SBTi provides a source of validation for corporate climate targets; however, the initiative does not provide full disclosure of the material provided by companies to obtain verification. SBTi approval is also not a necessary requirement of a credible net zero target – companies may have credible net zero targets while choosing not to align with SBTi. Conversely, MSCI's 'companies with targets across all scopes' metric is susceptible to including companies that have set weak or immaterial targets in its count.

The SBTi allows for different methods for corporates to establish and receive validation of targets, some of which are more likely to avoid a global overshoot of the 1.5°C carbon budget. Additional shortcomings include that the SBTi is solely focused on emissions reductions and not on full climate transition plans and does not provide a methodology for verification in key sectors where most global emissions are concentrated. Furthermore, the methodologies for target setting typically represent one possible path to net zero and there is a lack of acknowledgement of the multiple potential routes to net zero, or a broader systemic understanding of the role that different companies within a sector may have to deliver emissions reductions.

### Exposure to fossil fuels

Issuers seldom disclose the percentages of revenues for business activities specific to fossil fuel activities. Therefore, this is estimated by ESG data providers. For our definition of fossil fuel revenues, we selected the percentage of issuers in our portfolio with any revenue related to the fossil fuel-related activity as the best proxy for our selected metric. While this approach is binary, it limits the data providers' assumptions needed to allocate a specific percentage of revenues to a business segment. It is important to note that this approach can lead us to overestimate our revenue exposures. It assumes 100% of the business activities are associated with fossil fuel revenues and, therefore, 100% of our position.

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