Sustainable Finance Disclosure Regulation:

Royal London
Global Sustainable Credit Fund

Contents

Summary

The Fund's investment objective is to outperform the ICE BofA Euro Corporate & Pfandbrief Total Return EUR Index (the "Benchmark") by 0.50% per annum over rolling three year periods (gross of fees) by investing in bonds that are deemed to make a positive contribution to society. Investments in the Fund will adhere to the Investment Manager's Ethical and Sustainable Investment Policy, as detailed further below and in the "RESPONSIBLE INVESTMENT" section of the Prospectus. The Benchmark is a flagship measure of European investment grade, fixed-rate corporate debt. Further information in respect of the Benchmark is available on request from the Investment Manager. Investors should note that the Benchmark is being used by the Fund for performance comparison purposes only and the Fund does not intend to track the Benchmark. While the Fund may invest in investments which are constituents of the Benchmark, the Fund will be actively managed and its portfolio will not be constrained by reference to any index. The Investment Manager may use its discretion to invest in instruments which are not included in the Benchmark. The Fund will invest at least 80% of its Net Asset Value in Euro denominated fixed and/or floating rate investment grade corporate debt securities, including bonds and floating rate notes which are listed or dealt on Recognised Markets. The Investment Manager may invest the remainder, up to a maximum of 20% of its Net Asset Value in fixed and/or floating rate sub-investment grade and non-rated, corporate debt securities, investment grade government and government agency bonds, cash and index linked bonds. The Investment Manager seeks out valuation anomalies (cheaper bonds that are higher in quality than the market believes) in the bond markets. As a value investor, the Investment Manager will emphasise their own research and aim to invest in attractively valued bonds issued by companies with sound long-term business models. The fixed and floating rate debt securities in which the Fund will invest will include all types of debt obligations including bonds (corporate and sovereign), structured bonds and other products such as hybrid or preferred securities as detailed below in this paragraph. The Fund will also invest in notes of varying maturities, treasury bills, index-linked notes (which is a note for which the amounts of the coupon payments are linked to the movements of an index), floating rate notes issued by corporate and financial issuers, asset backed securities and mortgage backed securities and up to 5% of its Net Asset Value in private placements (which are securities sold through private offerings) which are consistent with its objective. An asset backed security is a type of corporate bond that is backed by a diverse range of assets which may include residential mortgages, commercial property and affordable housing, leases, credit card debt, a company's receivables and royalties. A hybrid or preferred security is a security which has the characteristics of a bond in terms of a fixed maturity

date but where the coupon payments can be deferred at the issuer's discretion. No more than 10% of the Net Asset Value of the Fund will be invested in emerging markets. The Fund may also invest up to 10% in other investment funds, known as collective investment schemes, including funds managed by the Investment Manager or another Royal London group company, which may be regulated or unregulated, leveraged or unleveraged and are domiciled in Europe, as well as eligible exchange traded funds. The Fund may invest in such collective investment schemes for the purposes of achieving its investment objective and policy. The investment manager maintains continuous monitoring of investments to ensure the sustainable investment objective intention of the fund is attained and that the investments do no significant harm (DNSH).

No significant harm to the sustainable investment objective

The Investment Manager's Ethical and Sustainable Investment Policy requires all issuers held in the Fund to demonstrate that they provide a positive contribution to society either through their products and services and/or through their operations. An important building block in assessing an issuer's net benefit to society is the DNSH principle. The process enables the Investment Manager to gain comfort that issuers held contribute to and do not significantly harm any environmental or social sustainable investment objectives.

Pursuant to the Investment Manager's definition of DNSH, an issuer would be deemed as doing significant harm based on the following criteria:

- The issuer is found to breach any of the negative screens associated with the Fund, either through the products and services which it provides or the nature of its operations,
- The issuer operates in an industry which cannot systematically mitigate the adverse impacts of its products, services or operations on the environment or society. E.g. cement, fishing, mining, palm oil, timber,
- The issuer is found not to be compliant with the 10 principles of the UN Global Compact (which covers impacts including human rights, labour, environmental and anti-corruption),
- The issuer is materially reliant on customers deemed to carry out significant harm,
- The issuer operates in a manner which explicitly supports oppressive regime.

The Investment Manager will assess the avoidance of harm using the following data sources:

- The UN Global Compact's lists of signatories and violations.
- Data on an issuer's revenue and operational exposure to harmful activities.
- A qualitative assessment of the issuer's net benefits to society through its products and services or the ESG leadership of its operations. Various points of relevance for each of the ESG factors, including but not limited to:
  i. Governance – Board independence, remuneration policies and structures, diversity, audit and accounting practices, historic fraudulent activity;
  ii. Environmental – Climate change strategy, waste management, water management and pollution; and
  iii. Social – Human rights, social inclusion, staff benefits, and training, supply chain management.

Ensuring that the investment philosophy and processes are aligned with current regulation and best practices is a consistent and ongoing endeavour for the Investment Manager. In this view, the Investment Manager relies on the in-house, purpose-built technological solution to consider and report principle adverse impact indicators at Fund level. The data is updated on a monthly basis, allowing investment decisions to be made on timely and accurate information.

As a result, PAI indicators on sustainability factors are considered as part of the investment process of the Fund, alongside other material sustainability indicators. This forms a final assessment of DNSH and whether the issuer passes the net benefit test and ultimately influences the composition of the Fund. OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights are considered in the research process as part of the DNSH criteria.

The Investment Manager's internal advisory committee has ultimate responsibility for approving the decision to include or exclude a security for investment, however, the Investment Manager may, where appropriate, seek counsel from an independent external advisory committee on the decision to include or exclude a security for investment. The external advisory committee may provide comments where relevant on this outcome, which may be considered by the Investment Manager who at all times retains investment discretion and authority with respect to the Fund. The external advisory committee adds an impartial layer of governance to the Ethical and Sustainable Investment Policy.

The Investment Manager's Ethical and Sustainable Investment Policy, individual investment desk procedures and employment of the DNSH principle all work together to integrate an effective set of safeguards, which align the Investment Manager's process with the recommendation of existing regulation.

Sustainable investment objective of the financial product

The sustainable investment objective of the Fund is to invest in issuers that provide a positive contribution to society. This can either be achieved through the issuer demonstrating a net benefit via its products and services or through environmental, social and governance ("ESG") leadership. The Fund focuses on the sustainability of the products and services of the issuers it invests in, as well as their ESG management, alongside financial analysis. Therefore, the Fund is not constrained to a minimum percentage of holdings in either an Environmental or Social objective and has the flexibility to construct a diversified portfolio of sustainable investments from an established screened universe that can meet both the Sustainable and financial objectives. No reference benchmark has been designated for the purpose of attaining the sustainable investment objective.

Investment strategy

The Fund invests at least 80% of its Net Asset Value in a portfolio of Euro denominated investment grade and fixed and/or floating rate corporate debt which adhere to the Investment Manager's Ethical and Sustainable Investment Policy. Focus is on the sustainability of the products and services of the issuers it invests in, as well as their standards of ESG management, alongside financial analysis.

The Benchmark is a multi-currency flagship measure of global investment grade, fixed-rate corporate debt including bonds from developed and emerging markets issuers within a wide variety of sectors. The Fund uses the Benchmark for performance comparison purposes only, does not intend to track the Benchmark and may invest in investments which are not constituents of the Benchmark.

The Fund operates in line with the Investment Manager's good governance policy. Good governance practices are a fundamental prerequisite for demonstrating they are fit for inclusion within the investment universe and constitute one of the negative screening indicators in the first instance of the screening and research process.

While factors will be dependent on issuer-specific characteristics issuer fundamentals are subject to analysis based on governance indicators, including but not limited to:

(i) Board composition, structure and diversity

(ii) Remuneration policies and implementation

(iii) Stakeholder relations, including shareholders and bondholders

(iv) Audit and accounting practices

(v) Business ethics, including corruption and fraud

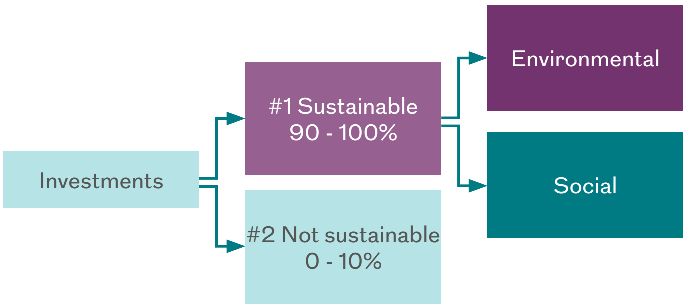
As part of the Fund's investment process, within the qualitative research process, issuer governance will be considered and assessed to determine whether it is good enough to warrant inclusion in the Fund. The assessment of good governance is tailored to the specific sector and geographic region the issuer is based in, though the assessment does align with the Investment Manager's good governance policy in terms of what it is aiming to assess.

Proportion of investments

To warrant inclusion in the Fund, an issuer must demonstrate that it provides a positive contribution to society. This can be achieved via its products and services or through being an ESG leader. The overall net benefit objectives must lead to a cleaner, healthier, safer and more inclusive society. As a result, the Investment Manager seeks to build a portfolio which contributes towards both environmental and social objectives.

As noted above, the Fund's minimum commitment to sustainable investments can be achieved through any mix of such environmental and / or social sustainable investments and there is no prioritisation of one category over the other, as such there is no minimum commitment to each sub-category of sustainable investments. The investments included under "#2 Not Sustainable" are cash, cash equivalents and hedging instruments.

Due to the nature of the investment process, and the fact that there are no requirements for issuers held in the Fund to contribute towards a specific environmental objective, the Fund is not deemed to be Taxonomy aligned.



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

Monitoring of sustainable investment objective

The Investment Manager undertakes detailed issuer level analysis involving a bespoke positive and negative screen on every issuer within the fund to ensure issuers provide a positive contribution to society. This can be achieved either through its products and services by providing a net benefit to society and/ or being a sector leader in terms of its ESG leadership practices.

The Fund and its composition are monitored on a daily basis as part of the Investment Management's process. As corporate sustainability disclosures are released once a year on average, the Investment Manager carries out a review to confirm if the issuer is still aligned with the Investment Objective. This includes a reassessment of the issuer's PAIIs, other material factors and a progress update on the issuer's sustainability targets.

Alongside corporate disclosure timelines, the Investment Manager undertakes regular sustainability checks:

- Constantly/Automatic: a data driven screen is embedded in the Investment Manager's portfolio management systems, flagging whether an issuer has breached a subset of metrics used in the research process. This includes controversy flags and third party sources (data providers, UN Global Compact, UN Human Rights, others).
- Quarterly: An issuer and fund level assessment of the PAIIs is carried out.
- Every two years: A review of the investment universe is undertaken with the aim of monitoring significant movements in ESG performance and of determining whether a full deep-dive desk research is deemed necessary.
- Ad-hoc/irregular: Sustainability related news, controversies, client inquiries.

Methodologies

The Fund adheres to the Investment Manager's Ethical and Sustainable Investment Policy and only invests in issuers classified as fit for 'inclusion'. To be classified as fit for 'inclusion', individual issuers must demonstrate that they provide a positive contribution to society, either through being an ESG leader and/or through their products and services.

Given the subjective and ever evolving nature of sustainability, the Investment Manager believes that indicators alone are insufficient to measure attainment of such an objective. As a result, the investment process is largely qualitative. This qualitative approach allows for issuer level nuances to be appropriately assessed, which requires deep-dive research to be undertaken. The sector and country context, coupled with the issuer's product niches may give rise to these issuer nuances.

The research process utilises a wide array of sustainability metrics as inspired by the Ethical and Sustainable Investment Policy in the beginning of the screening process. These may include but are not limited to: (1) governance related indicators (2) reputational issues flagged by well accepted watchlists (UN Global Compact, UN Human Rights) and by other third-party metrics and environmental indicators. These indicators are subject to change as the Investment Manager deems appropriate, with a view to ensuring the metrics reflect evolving responses to critical/emerging issues and changes in regulation. Indicators used and applied to the Fund are set out in full in the Ethical and Sustainable Investment Policy available on the policy section of the website https://www.rlam.com.

The Investment Manager recognises that sustainability risks and opportunities are different for each issuer and therefore does not apply a set template but instead assesses each issuer's specific risks and opportunities through the Sustainable Accounting Standards Board ("SASB") materiality matrix. The SASB is largely concerned with the operational focus of an issuer and the impacts of its outputs. Principal Adverse Impact ("PAI") indicators on sustainability factors are also considered as part of the investment process.

Consideration of the Organisation of Economic Cooperation and Development ("OECD") Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights is included via the 'Do No Significant Harm' ("DNSH") criteria. Furthermore, the Fund's exclusions align the application of the DNSH principle with international environmental and human rights good practice standards. Exclusions include but are not limited to:

i. Issuers involved in the production of controversial weapons;

ii. Issuers involved in the production or sale of torture equipment, landmines or nuclear weapons;

iii. Issuers which produce tobacco products or engage in the sale of tobacco products; and

Issuers who cause harm to stakeholders through unacceptable corporate governance practices.

These indicators inform the Investment Manager's additional desk-based research and help assess an issuer's positive contribution to society.

Data sources and processing

The Investment Manager conducts a deep dive analysis on every issuer before approving it. The analysis is both qualitative and quantitative and employs a primary approach. Primary data is further supplemented by third party commercial and academic sources enabled by Royal London Asset Management's central Responsible Investment Team.

A wide range of data sources are used to inform the issuer research and include, but are not limited to:

- Corporate disclosures: issuer ESG, GRI, SASB and financial reports;
- Public third party data providers: UN Global Compact, UN Human Rights, Carbon Disclosure Project, World Resource Institute, other UN sources;
- Academic journals and subject matter publications;
- Third party commercial ESG data providers;
- Third party commercial research;
- RLAM's internal database.

To ensure data quality, RLAM seeks to engage data providers who are seen as leading in the industry and who are able to provide RLAM with significant data volumes using good practice methodologies.

Additionally, where deemed appropriate, RLAM will seek to harvest data manually. This both helps to increase data coverage and accuracy. This is particularly important for fixed income funds where issuer-level ESG data is not as well covered by data providers and researchers.

Where disclosing data, the Investment Manager seeks to provide information on the amount of data which is estimated so as to increase transparency around data quality. Understanding data quality is also important for using data to inform decision making and therefore the Investment Manager is provided access to this information on PAI sustainability indicators.

The proportion of data that is estimated will vary by each data point that is considered.

Limitations to methodologies and data

We are confident that these limitations do not affect the attainment of the sustainable investment fund objective owing to our thorough approach to bespoke research. We maintain an awareness of data limitations when making investment decisions and do not solely rely on a single data source to form research and investment recommendations and decisions.

Due diligence

Regular issuer meetings and record keeping

We centrally record our ESG engagement meetings, including the objectives of the meeting, attendees, minutes, and the outcomes and key issues discussed. We use this information to monitor and track issuer improvements, and to report progress to our investment teams and clients. Our investment teams also maintain a high degree of contact with investee issuers, often meeting with them on multiple occasions throughout the year to discuss strategy, performance (both financial and non-financial), risk profile, capital structure and other material factors. These financial meetings regularly include discussions of ESG issues and are recorded by each investment team.

Engagement outcomes

The outcome of our engagements, whether successful or not, represents part of the investment process and our ESG integration strategy. All of our engagements are recorded centrally so that investment teams across the business can consider the outcome of an engagement as part of their investment decisions. In making this assessment, fund managers consider how material the issue is, whether there are mitigating factors that reduce the risk to clients, and the time horizon of the investment, among other factors. We do not advocate a 'onesize-fits-all' approach and believe these decisions must be made within the context of each fund, based on the financial and non-financial objectives set by our clients. As a result, the way in which ESG risks, opportunities, and PAIs affect investment decisions will vary between funds.

Voting oversight and research

Our UK1 and global2 voting policies define our overarching approach to exercising our voting rights. These policies are updated annually and signed off by the RLAM Investment Committee to ensure they meet emerging best practice and client expectations. Details of our voting behaviour are available on our website and there is also a summary provided in our annual Stewardship and Responsible Investment Report. In addition to our voting policies, a great deal of research goes into every vote. For example, RLAM's team of governance experts review all votes ahead of each vote submission. And we consider both external and internal research, alongside the advice of proxy advisory firms, to ensure we are making the best possible decisions. Our governance team submits votes via an online governance research and proxy-voting platform, which provides us with research, tailored voting recommendations, reporting functionality and vote processing. We also have an annual meeting with our voting-platform provider to review the effectiveness of our voting, determine any improvements that can be made in our approach and review the service we receive. Meanwhile, we undertake an internal monthly compliance review of our votes to ensure that we are voting in line with our policy. We review any rejected or unprocessed votes and any issues that may occur during the process. Any exceptions, challenges or issues are reported to the Investment Committee.

ESG integration

Integrating, analysing and assessing ESG issues across our funds help us better manage investment risks and opportunities. We believe those issuers best prepared for a more sustainable future are more likely to deliver long-term returns for clients, as governments, regulators and consumers continue to focus on delivering a better future for society and the environment. Each investment team is responsible for considering ESG factors in their investment processes, alongside financial and other non-financial factors.

Engagement Policies

Our Engagement Policy

Engagement is purposeful, targeted communication with an entity on particular matters of concern. The goal of engagement is to encourage change at an individual issuer level and/or address market-wide or systemic risks (in addition to a wider goal of exchanging information or increasing the investor's understanding of business risks and opportunities). Engagement is a fundamental part of the research process as well as an important tool for encouraging issuers to make ongoing improvements, reduce their investment risk, and create better outcomes for our clients and society. We engage with businesses in both our equity and fixed income funds, as we believe this provides valuable insight for our investment teams and is a key part of our stewardship responsibilities.

We engage with issuers in two ways: engagement for information and engagement for change. Both forms of engagement allow us to understand how ESG risks affect our investments and, in turn, the adverse effects our investment decisions may have on the environment and society.

Engagement for information

Here we speak to issuer representatives to uncover additional evidence to complement and enhance existing research as part of our investment process. Engagement for Change is part of our research process and is often the first step in the engagement process. It is also critical to enhancing our ESG insights and, in turn, improving our investment decision-making. We believe information discovery and disclosure in itself is an important and positive outcome.

Engagement for change

Here we seek to influence an issuer's behaviour, policies and practices as a direct outcome of engagement. Engagement for change is often more focussed, sets out clear objectives regarding what change we would like to see and may span many months or years.

Attainment of the sustainable investment objective

The Fund does not have a specific reference benchmark for sustainable purposes.

Contact us

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

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

Important information

For professional clients only.

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

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