ROYAL LONDON

It's everyone's business

Climate Transition Plan

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Group Chief Executive Officer's foreword

The world is facing an increasing range of challenges as a result of climate change. If goals to limit global warming are to be achieved, the financial sector has to play its part.

At Royal London, we are driven by our Purpose: *Protecting today, investing in tomorrow. Together we are mutually responsible.* 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. This includes 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 contributing positively to society and the environment.

We remain committed to developing solutions that enable investment in the low-carbon transition. By expanding the climate-aware investment solutions that we offer, our customers and clients can, for example, gain exposure to companies and assets that are transitioning to a low-carbon future.

Decarbonising our investment portfolio, which accounts for the majority of our Scope 3 emissions – the emissions indirectly produced from our business activities – is critical to managing risks and opportunities on our customers' and clients' behalf. We have communicated our ambition to achieve net zero in our portfolio by 2050. We have also made clear our net zero targets across our direct operations and value chain, from a baseline year of 2019. We are making good progress towards these targets, which 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 customers and clients.

> "If we find that an investee company does not have a credible plan for reducing emissions, we will challenge ourselves on whether that investment will deliver the right outcomes for our customers and clients."

Active engagement is a fundamental part of our climate change strategy. We are the UK's largest mutual life, pensions and investments company[1], and we use our scale to influence positive change. When we believe a company we invest in is falling short, we use our voting rights, and our interactions with boards and management, to encourage action on key issues.

It is our expectation that the companies we invest in should have a credible climate transition plan, with the initial emphasis being on larger companies and those with the most significant levels of carbon emissions. To help influence this, our Asset Management business intends to engage meaningfully with companies representing 70% of its financed emissions over the next five years. Our engagement with companies is focused on the existence and quality of a climate transition plan that is then consistently delivered. If we find that an investee company does not have a credible plan for reducing emissions, we will challenge ourselves on whether that investment will deliver the right outcomes for our customers and clients. There may be some instances where we choose to remain invested and continue our engagement – such as where a company shows intent to develop a credible plan, and its other activities fit with our objectives around building financial resilience. But where we see no such evidence, we are likely to conclude that continued investment would not offer the outcomes that our customers and clients expect.

It is clear that our sector can make important contributions towards a low-carbon future. However, we are reliant on policymakers and regulators to deliver on their climate commitments, and to establish and support rules that enable progress towards climate ambitions globally. Without them taking a consistent approach, our business and our wider industry will be unable to achieve the ambitions we have set. We will continue to play an active part in constructive dialogue with government, influencing them to deliver on their commitments so that we can deliver on ours.

Our Climate Transition Plan

Our Climate Transition Plan describes our climate strategy, outlining our key focus areas for 2025 and beyond. It explains how we are approaching the complex challenges posed by climate change, and how we aim to harness the opportunities that the transition to a low-carbon future may bring. It also aims to explain the limitations we face – for example, in relation to modelling the impact of climate change – and where we believe we can, and should, influence action to address these.

As we manage climate-related risks and opportunities in our business, building the trust and confidence of our members, customers, clients and wider stakeholders remains of great importance. Our Climate Transition Plan helps them, and wider society, recognise how we are maintaining momentum towards achieving our climate ambitions, while remaining committed to continuous improvement and the highest standards of transparency. This is a vital part of the role we play in moving fairly to a sustainable world.

Barry O'Dwyer
Group Chief Executive Officer

1. Based on total 2022 premium income. ICMIF Global 500, 2024.

About Royal London

The Royal London Group (Royal London or the Group) is the UK's largest life, pensions and investment mutual, and is in the top 30 largest mutual and cooperative insurers globally[1]. 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.

Royal London comprises The Royal London Mutual Insurance Society Limited (RLMIS) and its subsidiary businesses.

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 (RLAM), provides investment propositions to Royal London's life and pensions customers and to external institutional and wholesale clients, primarily through intermediaries.

Ireland

Royal London Insurance Designated Activity Company (RLI DAC) is our regulated Irish subsidiary. In Ireland, we provide pension and protection propositions to customers through brokers.

Our Purpose

At Royal London, we are driven by our Purpose:

'Protecting today, investing in tomorrow. Together we are mutually responsible.'

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

Our Purpose outcomes

The trust and confidence of our customers and clients is a priority. Driven by our Purpose, we will clearly communicate the choices we make to deliver our climate strategy in line with our Purpose outcomes. We believe these long-term outcomes are complementary and are best met in a world where the goals of the Paris Agreement are pursued.

Our Purpose sets the positive outcomes we want to achieve

Helping build financial resilience

We aim to:

- ensure our customers do not have to worry about their finances in times of ill health or bereavement
- help 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
- maximise financial inclusion and reduce vulnerability by collaborating with charities and social enterprises.

Playing our part in moving fairly to a sustainable world

We aim to:

- be responsible stewards of the investments we hold for the benefit of our customers and clients
- provide opportunities for 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.

Strengthening the mutual choice for customers

We aim to:

- invest in improving our customer offering by running a profitable and sustainable business
- be cost efficient, so that 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 members, customers and for wider society.

1. Based on total 2022 premium income. ICMIF Global 500, 2024.

Our Asset Management business

RLAM is one of the UK's leading fund managers. It manages assets on behalf of our UK and Irish businesses alongside a wide range of global clients including corporate pension schemes, local authorities, insurance companies, charities, universities and various financial intermediaries.

As an active long-term investor, our Asset Management business balances risk and return across diverse investment strategies covering asset classes such as cash, equities, fixed income, property and commodities. As an integral part of the Group and driven by a shared Purpose, it provides the scale and capability to support our UK and Irish businesses' competitive, value-for-money solutions.

Our Asset Management business plays a critical role in supporting the delivery of Royal London's climate strategy, including our integration of responsible investment. It is formed of Royal London Asset Management Holdings Limited and its subsidiaries, which include Royal London Asset Management Limited (RLAM Limited). Our Asset Management business manages 95% of our customers' assets and is overseen by the RLAM Limited Board.

ESG risks

Our Asset Management business's environmental, social and governance (ESG) processes vary depending on the strategies of individual funds and segregated mandates. Strategies that do not have an explicit ESG objective may consider ESG risks and inefficiencies as part of their investment process alongside other factors such as ratings, valuations and regulations.

We will play our part

Climate change is a threat to human wellbeing and the health of the planet and poses an increasing risk to global economic growth and financial stability.[1] We recognise the significance of climate change and its potential impact on customers' and clients' financial outcomes.

Governments and policymakers around the world have made pledges aligned to the Paris Agreement to curb greenhouse gas (GHG) emissions and limit the rising of global temperatures. To help meet these goals and protect our future, we must all contribute to the global effort.

Paris Agreement

The Paris Agreement[2], established at the 2015 United Nations (UN) Climate Change Conference of the Parties (COP21), has been ratified by 195 states and the European Union (EU). The agreement sets out a number of goals, notably the goal to reduce global GHG emissions and to limit the rise in global temperatures. It aims to keep temperatures well below 2°C above pre-industrial levels, and preferably limit the increase to 1.5°C.

Our commitment to playing our part helps guide our climate strategy, helping to set Royal London's ambitions and prioritise our actions.

By playing our part in moving fairly to a sustainable world, 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 have a strong foundation in responsible investment. Our Asset Management business was among the first signatories of the UN-supported Principles for Responsible Investment, has offered our Sustainable Fund Range for more than a decade, and has an established track record in voting and engagement. This means we use our voice and voting rights to act as stewards of our customers' and clients' investments.

Our Climate Transition Plan (CTP) describes how we will support the goals of the Paris Agreement across our operations, our supply chain and the investments we make on behalf of our customers and clients. It includes:

- our climate commitments
- the actions we will take with the aim of delivering each of our climate commitments
- our dependencies on the actions of others
- how we will use internal governance, culture and skills to deliver our climate strategy
- the potential impacts on our stakeholders.

Our climate strategy will be refined as the external environment and good practice evolve. Each iteration of our CTP will explain any evolution in our approach, supplemented by interim updates on our website and in our annual disclosures[3].

Our CTP framework

We have based our CTP on the sector-neutral framework[4] provided by the Transition Plan Taskforce (TPT), which was set up by HM Treasury in 2022 to develop the gold standard for private sector CTPs. We have also collaborated with this taskforce on the development of TPT guidelines. The framework has been endorsed by the International Financial Reporting Standards Foundation, is compatible with the EU's Corporate Sustainability Reporting Directive (CSRD) and aligns with the Financial Conduct Authority's (FCA's) plans for regulated transition plan disclosures in the UK. This approach will make our objectives clear and progress easy to monitor.

Our approach to responsible investment

Responsible investment aims to deliver long-term investment returns consistent with the investment needs of our clients and customers and does so in a way that reflects the responsibility we have, as stewards of the investments Royal London holds for the benefit of our members, customers and clients, and to wider society.

1. Read more on the impacts of climate change in the World Economic Forum Global Risks Report 2025 and the IPCC Synthesis Report 2023.
2. Read more on the adoption of the Paris Agreement, United Nations 2015 Article 2 at unfccc.int.
3. These include our Annual Report and Accounts, Climate Report (TCFD), Stewardship Reports and CSRD disclosure.
4. Read more on the TPT Disclosure Framework, as at October 2023.

Royal London's climate commitments

To support achieving our Purpose outcomes, which form the basis of our climate strategy, we developed a set of climate-related commitments in 2021. These commitments help us play our part in moving fairly to a sustainable world, while contributing to the effective management of climate-related risks and opportunities on behalf of our customers and members.

Our climate commitments are aligned with the goals of the Paris Aligned Asset Owners and Net Zero Asset Managers (NZAM) initiatives[1]. These commitments are divided into four areas of activity: external engagement, management of emissions associated with our investment portfolio, development of climate-aware investment solutions and management of emissions within our operations and value chain.

The scope of our commitments

We may develop the scope of our climate commitments as good practice continues to evolve, new opportunities for action arise and new challenges appear. We will make clear the reason for any developments and the potential impacts on our customers, clients and other stakeholders.

For example, as data quality and credible net zero methodologies evolve, we expect to expand the scope of asset classes included in our net zero portfolio commitment. In the past, available data and methodologies have tended to be limited to asset classes that enable direct engagement with investee companies or offer higher-quality emissions disclosures (listed equities, corporate fixed income and property). More recently, methodologies have started to expand to include a wider range of asset classes and investor types.

Our net zero portfolio emissions commitment does not currently include investee companies' own Scope 3 (value chain) emissions. We will regularly reconsider this position as the viability of including these emissions develops. We will, however, continue to report these emissions and use this data to help inform our engagement priorities when evaluating companies' climate impacts and alignment to net zero.

Our primary focus remains on achieving our Purpose outcomes for the benefit of our customers and clients. If the actions we take towards achieving our Purpose outcomes seem contradictory to progressing our climate commitments, we will provide transparent explanations. As an example, we may choose to stay invested in some high carbon-emitting companies to help influence their transition to more sustainable practices through active engagement, escalating our engagement activity where appropriate.

1. In early 2025, NZAM suspended and announced a review of its activity in light of changing regulatory and client expectations. Our Asset Management business will engage constructively in any consultation.

Figure 1: Our climate commitments

1 Engagement

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.

Why it matters

Using our position as the UK's largest life, pensions and investment mutual, we hope to influence the activity of these stakeholders.

The success of our climate strategy is highly dependent on the actions of others. This means successful engagement will be one of the most impactful actions we can take to progress our strategy.

2 Portfolio emissions

We are committed to reducing the emissions from our investment portfolio by 50%[1] by 2030 as part of our transition to net zero by 2050.

Why it matters

Over 99% of our reported GHG emissions originate from the assets or issuers in our investment portfolio. To support the goals of the Paris Agreement and act as responsible stewards of customers' and clients' investments, it is important we act to reduce these emissions in ways that support the transition to a net zero economy.

3 Climate-aware investment solutions

We are committed to developing investment solutions that will enable our customers and clients to invest in the low-carbon transition.

Why it matters

Climate-aware investment solutions are those that allow our customers and clients to gain exposure to companies and other assets that align with the low-carbon transition, are credibly transitioning towards alignment, or enable others to do so.

If similar solutions were to become sufficiently popular with other investors, our investment decisions could collectively incentivise companies and other issuers to adopt behaviours that help mitigate climate change.

4 Operational and value chain emissions

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

Why it matters

Delivering these commitments helps us contribute towards the objectives of the Paris Agreement. If every business were to follow suit, the collective impact would be substantial.

We believe in leading by example. Although a small part of our carbon footprint, it is important that we take action and demonstrate what we are doing to reduce these emissions.

The assumptions underlying our climate commitments

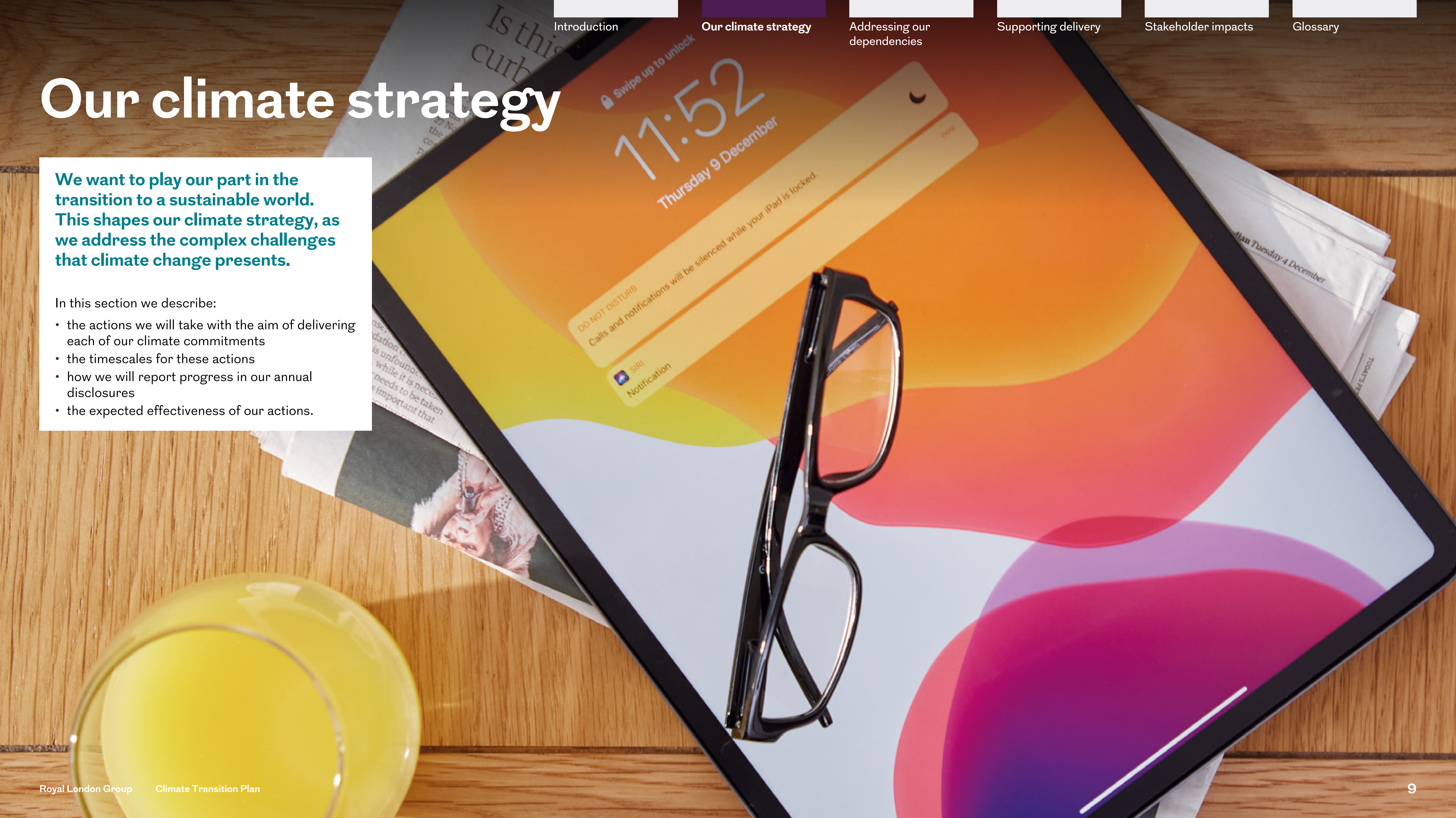
Our climate commitments are based on the expectation that governments and policymakers will deliver on their commitments to achieve the goals of the Paris Agreement and that the required actions do not contravene our legal and regulatory obligations to our members and customers.

Our portfolio emissions commitment includes assets that are controlled by RLMIS and RLI DAC and managed by RLAM. Within the wider Royal London Group, the portfolio emissions commitment also covers the regulated investment funds managed by RLAM. However, this commitment is made at the firm level and does not apply individually to each of RLAM's pooled funds, which are bound by the specific fund-level objectives stated in fund prospectuses. RLAM will also support external clients with assets in segregated mandates where those clients have made a commitment to achieving net zero.

Further detail on the basis and assumptions underlying our climate commitments and metrics can be found in our latest Climate Report.

1. tCO_2e/\$m invested, relative to a 2020 baseline.
2. tCO_2e, relative to a 2019 baseline.
3. See page 20 for an explanation of GHG emissions Scopes 1, 2 and 3.

Our climate strategy



We want to play our part in the transition to a sustainable world. This shapes our climate strategy, as we address the complex challenges that climate change presents.

In this section we describe:

- the actions we will take with the aim of delivering each of our climate commitments
- the timescales for these actions
- how we will report progress in our annual disclosures
- the expected effectiveness of our actions.

The actions we will take

Table 1: Our plans in summary

This table outlines a summary of our plans for each climate commitment. More detail on the steps we will take and the metrics we will disclose to provide accountability is provided on pages 11-20.

Commitment	1. Engagement	2. Portfolio emissions	3. Climate-aware investment solutions	4. Operational and value chain emissions
Summary of key actions	• Engage with policymakers, both directly and through involvement with industry groups and peers, on climate-related issues. • Engage with companies in which our Asset Management business invests, with the goal of evaluating and/or influencing companies that represent 70% of our Asset Management business's financed emissions by 2030. • Engage with suppliers to support their path to net zero, aiming to influence companies contributing to 80% of our supplier emissions by 2030.	• Actively pursue and implement low-emissions investment strategies, within the context of our wider legal and regulatory obligations. • Deliver the targets of our Property Net Zero Carbon Pathway, across the property lifecycle. • Encourage the transition of the highest emitters in our portfolio, including fossil fuel companies, supported by a robust escalation framework.	• Expand and adapt the range of climate-aware investment solutions that we offer our customers and clients. • Continue the transformation of our Asset Management business's property investments into a broader portfolio of real assets, including opportunities to support the transition to renewable energy. • Through involvement with industry groups, encourage further research and increased transparency on the extent to which investment activity can help mitigate climate change.	• For Scope 1 and 2 emissions, continue to focus on energy efficiency measures, related to capital investment and energy procurement decisions within our wider operational estates strategy. • For Scope 3 (non-investment emissions), focus on reducing emissions as much as possible in our highest-emitting categories, which are purchased goods and services, colleague commuting (including working from home) and business travel.
Timescale of current plans[1]	Short to long term.	Short to medium term. Longer-term planning will rely on engagement outcomes.	Short to medium term. Longer-term planning will rely on engagement outcomes.	Short to medium term. Longer-term planning will rely on supply chain engagement.
Metrics	Measures of our activity, focused on the actions we take including the type and focus of engagements. We will include data insights such as the number of engagements by count and proportion of financed emissions.	We disclose a range of portfolio emissions metrics across different asset classes, including carbon footprint (tCO_2e per $m invested) for our corporate fixed income and listed equity assets.	We will disclose the details of new and evolving climate-aware investment solutions as we make them available to our customers and clients. We will continue exploring good practice in these areas internally and with other investors, to support the evolution of transparent progress reporting.	Scope 1, 2 and 3 non-investment emissions (tCO_2e).
Expected effectiveness of our actions	Royal London's four climate commitments are interconnected. Engagement with industry groups could help influence regulatory developments which support tackling climate change and delivering our commitments. Engagement with our value chain and investee companies, accompanied by a clear escalation framework, may help encourage a reduction in 'real world' emissions. Where we have direct investments, such as through our property portfolio, our actions will contribute towards meeting our commitments as well as to the global net zero transition. The pace and degree of change achieved by our actions in regard to our investments in secondary markets is strongly dependent on our stakeholders, the level of aligned engagement and investment in the transition from other investors, and wider economic, regulatory and governmental policy drivers. Although our operational emissions are a small part of our carbon footprint, we recognise that they are more directly within our control and the importance of taking action to reduce them.			

1. Throughout this report we refer to actions we will undertake to progress our climate ambitions. To improve transparency, we have included approximate timescales where possible, using the following categories: • Short term: within one year • Medium term: within five years • Long term: longer than five years.

1. Engagement

The success of our climate strategy is highly dependent on the actions of others. Therefore, one of the most effective actions we will continue to take is to proactively engage with policymakers and investee companies on climate-related issues.

When setting our Group-wide engagement themes, we consider our customer and client research, our Responsible Investment and Stewardship Policy, and our Purpose. We combine these inputs with independent research, supported by our Asset Management business's strong responsible investment experience. We will keep our engagement themes under regular review.

Our current Group-wide engagement themes are:

- climate change
- inclusion (focused on a just transition).

We start with these themes when prioritising engagement activity across the Group. We focus on the most significant opportunities, according to criteria including the likelihood of success, potential impact, alignment with our existing activities, resource implications, and consideration of the most effective channels available to us.

To help decide where to concentrate resources, our engagement is guided by customer and client outcomes. This includes reviewing available guidance and research on the main barriers to a net zero transition. The specific blockers faced by Royal London in building our own climate strategy help bring focus to our engagement prioritisation, as described further on page 22. The dependencies faced by investee companies are also considered, to complement our engagement activity.

To maximise the effectiveness of our engagements, we will seek opportunities to influence by working with industry groups or collaborating with peers. The pace and degree of change achieved by the engaged entities will strongly depend on the entities themselves, the level of aligned engagement from other investors, and wider regulatory and policy drivers.

Access to information on how we engage with our suppliers is provided on page 20, where we also share our operational emissions strategy.

Engaging policymakers – actions we will take

Financial institutions cannot deliver on their climate ambitions without clear leadership from policymakers.

This is recognised by the UN-supported Principles for Responsible Investment, of which Royal London is a signatory[1].

To help achieve our climate commitments, we will continue to encourage policymakers to support the transition to a low-carbon economy, in a way that considers the impact on society.

While policymakers globally will need to work together if the goals of the Paris Agreement are to be met, we recognise the benefit of focusing our engagement where we expect to have the most direct influence. This includes the UK, Ireland and the EU, noting that our Irish business and our Asset Management business (in part) are both subject to regulatory priorities originating from the EU.

As an investor, our Asset Management business has a global outlook for the holdings in its funds and so may be impacted by and have the opportunity to influence wider regulatory developments.

Table 2: Key engagement channels

Association of British Insurers (ABI)
Investment Association (IA)
Institutional Investors Group on Climate Change (IIGCC)
Insurance Ireland (II)
Paris Aligned Investment Initiative (PAII)
UK Sustainable Investment and Finance Association (UKSIF)

We have identified the following three priority action areas for proactive engagement with policymakers, industry groups and regulators, which support our Group-wide engagement themes:

- UK long-term infrastructure strategy
- value for money
- blended finance.

These 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. We will regularly review our policymaker objectives to react to the changing policy landscape and evolving priorities.

This will ensure our engagement activities remain aligned with and effectively support our climate strategy.

We dedicate primary focus to UK policymakers, allowing us to allocate resource where we have the greatest ability to influence outcomes. While the jurisdictional and political contexts are different for our Irish business, we believe these priorities are equally relevant. We engage with and pursue a consistent approach with our UK business in any consultation on Irish or EU policy through Insurance Ireland. We also engage with other international policymakers through our membership of the bodies described in Table 2 and through other collaborative opportunities as described in our annual disclosures.

Each policymaker engagement priority action area is explained in more detail below.

UK long-term infrastructure strategy

We will seek to influence the UK government towards providing more clarity and certainty on:

- its long-term energy infrastructure strategy, with specific consideration to energy-related initiatives including renewable energy, smart grids and grid-scale energy storage
- how the development of the UK's long-term energy infrastructure strategy will support a just transition
- the electrification of mass transportation and commercial and passenger vehicles.

> "Well-designed and effectively implemented public policies support national economic and sustainability objectives, enhance the resilience and stability of financial and economic systems, improve market efficiency, address public concerns regarding Environmental, Social and Governance (ESG) issues and increase the attractiveness of countries as investment destinations."
>
> UN PRI

1. Source: UN PRI 2022 Annual Report.

To support the UK government's long-term trajectory, we would also like to see examples of other governments consistently pricing climate impacts through, for example, tax incentives, levies, subsidies and/or cap-and-trade programmes.

Value for money

A focus on cost concerns, without due consideration of other investment factors, can hinder innovation and the pursuit of better 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. This could include investments that preserve an appropriate level of customer protection and investment returns, but may incur higher costs, such as unlisted illiquid assets that might support the transition to net zero.

Through the ABI as well as direct engagement with the UK government and the FCA, we will continue to explore this issue and highlight the need for greater innovation to support the transition to a more sustainable future.

Blended finance

Blended finance combines public and private sector funds to support projects or initiatives with social or environmental goals. By balancing risk and return characteristics of public and private investment, these investment opportunities can increase their appeal to institutional investors and catalyse private finance.

This could be achieved by governments creating pools of capital willing to accept some concession in risk and/or expected return relative to the open market. For example, investment guarantees underwritten by governments regarding the extent of possible loss could help align investment profiles with Royal London customers' and clients' risk appetites.

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

Disclosures, labelling and taxonomy

Beyond our three priority action areas for policymaker engagement, we will contribute to discussions and consultations relating to disclosures, climate investment taxonomies, labelling activities and interoperability across jurisdictions. This includes the FCA's Sustainability Disclosure Requirements (SDR), the International Sustainability Standards Board's (ISSB) standards, the European Commission's Sustainable Finance Disclosure Regulation (SFDR) and the Corporate Sustainability Reporting Directive (CSRD), among others.

Our objective through this activity is to advance the consistency of standards underpinning climate-related investment activity and to support the usefulness of regulated disclosures to our customers and clients.

Our approach

Teams across Royal London will continue to work together to address the priority action areas in our policymaker engagement activities through the mechanisms outlined in Table 3. We will continue to respond to opportunities as they arise, adapting to policy changes and new channels of influence.

Table 3: Influencing policymakers

Engagements	We will seek opportunities to meet with a range of policymakers, including ministers, opposition ministers and civil servants. Where appropriate, we will try to include representatives of other organisations to encourage the participation of impacted groups and wider community engagement.
Collaboration	We will continue to work with the collaborative organisations listed on page 11 and seek new opportunities within and outside these groups.
Consultations	We will prioritise consultations that are directly relevant to the priority action areas described above and contribute our responses to the industry bodies listed on page 11.
Research	We will consider opportunities to sponsor further research and reports that set out the case for policy action, supported by media campaigns with powerful messaging and narratives.
Thought leadership	We will deliver thought leadership to complement the activities described above in line with our engagement themes.

Engaging investee companies – actions we will take

Our approach

We actively exercise the rights we gain from holding shares in companies, including our right to vote at company meetings. Engagement can play a part in decarbonising both our portfolio and the wider economy while helping us better manage investment risks and opportunities on behalf of our customers and clients.

We currently take an ‘engagement-first’ rather than ‘divestment-first’ approach. Replacing high-emitting assets with net zero assets could allow rapid progress towards our net zero portfolio targets. However, we believe selling assets to other investors in this way would do little to influence decision making within the divested companies. We remain invested so that we can attempt to positively influence and collaborate with companies, encouraging them to support a more sustainable future. We believe this is a more beneficial course of action, with greater potential to support emissions reduction in the wider economy. In supporting real world change, we recognise that an engagement-led approach may slow the progress we are able to make against our own portfolio emissions commitment.

We are also realistic about the level of change that we can achieve through engagement, especially with sectors and asset classes in our portfolio that currently lack viable decarbonisation pathways.

Our UK and Irish businesses

Asset managers can be well placed to influence investee companies’ behaviours by leveraging existing close relationships. For this reason, RLMIS and RLI DAC delegate investee company-level engagement to their asset managers, including RLAM Limited. RLMIS will continue to inform its asset managers of the Royal London engagement themes and monitors their engagement activities as part of bi-annual stewardship meetings. RLMIS reserves the right to decide on voting on equity holdings and exclusions according to its own preferences (within segregated mandates).

RLMIS and RLI DAC will continue to oversee the activity of their asset managers to ensure alignment with Royal London priorities and policies within segregated mandates, and to encourage such alignment outside of segregated mandates. For information on RLMIS’ engagement strategy, policies and asset manager requirements and oversight, see the RLMIS Stewardship Report.

Our Asset Management business

RLAM’s investee engagement themes are refreshed every two years. See Figure 2 for its 2024-26 engagement themes. Each refresh considers our Group-level engagement themes, reviews emerging trends, and involves extensive consultation with internal investment teams, responsible investment analysts, clients and other stakeholders. These themes span a wide range of sustainability issues, including a focus on the net zero transition and climate change adaptation.

Under the climate change theme, our Asset Management business focuses on supporting investee decarbonisation. This includes encouraging investees to adopt credible plans for reducing emissions.

RLAM measures credibility by assessing if a company has set emissions reduction targets, supports the wider transition to net zero, and is demonstrating action. This is supplemented by consideration of its unique circumstances, such as sector-specific factors.

This investee engagement activity, both direct and through collaboration with peers, is carried out on behalf of our UK and Irish businesses, as well as other clients. Annual updates, including descriptions of RLAM’s climate transition assessments, are disclosed in the Stewardship and Responsible Investment Report. Professional clients can read more in the Net Zero Stewardship Programme Report.

Figure 2: Our Asset Management business’s engagement themes for 2024-26

Climate change
- Transition to global net zero emissions
- Adaptation to climate change

Social and financial inclusion
- Just transition
- Financial inclusion
- Human rights and modern slavery

Health
- Mental health
- Health equity and community health

Innovation, technology and society
- Cyber security
- Technology and society

Governance and corporate culture
- Good governance, purpose and culture
- Diversity

Nature and biodiversity
- Biodiversity restoration and conservation
- Nature

Development areas
To help maintain the credibility of our approach, we will strengthen our engagement escalation frameworks over the short to medium term.

Measuring progress

Successful engagement with policymakers and investee companies is difficult to quantify. In most cases, multiple entities will engage on the same or parallel topics. The engaged entities will also have other considerations to account for, so may make changes for reasons unrelated to our engagement. We will therefore focus our reporting on the activity we undertake. We will continue to look for opportunities to develop internal measures to attribute the success of our engagements.

Reporting policymaker engagement
Measurement of Royal London's activity will include reporting the actions we take such as the number of relevant meetings, consultation responses and articles placed with the intention of influencing policymakers. We will report successful outcomes where appropriate, recognising that disproportionate effort on reporting can divert limited resources from more productive activities.

To support accountability, we aim to focus our activities and reporting on a mix of short, medium and long-term engagement. We recognise that successful engagement which creates the most impactful change is likely to take time and may require longer timeframes.

Reporting investee company engagement
Our Asset Management business carries out engagement on behalf of our UK and Irish businesses and other clients, with the goal of evaluating and/or influencing companies and other issuers representing 70% of its financed emissions by 2030.

The engagement activities of our Asset Management business, including recent case studies and metrics such as those summarised in Table 4, are reported in RLAM's Stewardship and Responsible Investment Report and/or Net Zero Stewardship Programme Report for professional clients.

Making our climate votes count
Our Asset Management business exercises voting rights as a core part of its stewardship approach, complementing our engagement activities and serving as an important escalation route. RLAM's voting is pragmatic, reflecting good practice, evolving insights and the long-term interests of our UK and Irish businesses and its other clients.

RLAM reports metrics in its Stewardship and Responsible Investment Report, such as:

- Voting outcomes
- Votes by category
- Total climate voting record
- Management shareholder proposals
- Management climate proposals.

A full breakdown of RLAM's voting decisions is available on the RLAM website.

Table 4: RLAM engagement metrics

Engagement metric	Examples	Why it is useful
Number of companies engaged on climate change	Number of engagements on climate change Number of companies contacted	Measures climate engagement activity. Tracked over time, it can indicate scaling of efforts and resources.
Number of companies engaged as part of Net Zero Stewardship Programme	Count of companies engaged with objectives linked to RLAM's Climate Transition Assessment indicators	Measures targeted net zero engagement activity. Tracked over time, it can indicate scaling of efforts and resources.
Proportion of financed emissions under engagement	Percentage of financed emissions under engagement	Measures materiality of contribution from engaged companies to RLAM's portfolio emissions.
Proportion of companies assessed against net zero alignment categories	Percentage not aligned; aligning; aligned	Measures change in engaged companies' climate transition plans and implementation progress.

2. Portfolio emissions

Actions we will take

We will actively pursue and implement low-emissions investment strategies over the short and medium term, building on those we have delivered to date. These will support progress against our portfolio decarbonisation commitment and help manage climate risks and opportunities on behalf of our customers and clients.

Although selling high-emitting assets to other investors may improve the rate of reported decarbonisation in our own portfolio, as explained on page 13, we believe this would be less effective in contributing to the global net zero transition. We believe that engagement, supported by a clear escalation framework, will more effectively encourage decarbonisation in the long term.

Asset class strategies

We manage an array of investment products that include public and private equities, corporate and sovereign debt, real estate, cash and commodities, with some exposure through derivatives. This diversity introduces complexities in net zero planning. Each asset class may follow a distinct net zero transition path due to differing risk profiles, investment horizons, and our customers' and clients' objectives.

Our methods for managing climate risks and influencing outcomes are tailored to each asset type and may require a mix of strategies. We recognise that for certain asset classes, such as commodities and derivatives, frameworks are still evolving to measure and report climate risks and carbon emissions. Our initial focus with these assets will be on taking the first step within a longer-term evolution. We aim to collaborate with data providers, partners, and regulatory bodies to tackle these challenges.

For a more detailed explanation of our current approach to managing climate risks and the stewardship of our clients' and customers' investments, see our annual disclosures.

Regulated fund challenges

Changing the independent strategies and investment objectives of our Asset Management business's existing regulated pooled funds requires explicit consent from the funds' investors. This reflects RLAM Limited's position as a separately regulated entity within the Royal London Group, with obligations to treat all clients fairly.

Within our legal and regulatory obligations to all customers and clients, we will continue to seek and create new opportunities to reduce emissions in our regulated pooled funds, including when launching new funds.

Engagement with policymakers, industry groups and data providers may help broaden the suite of available actions across more asset classes. We will work with industry groups to help evolve good practice in how investors can address such challenges.

Fossil fuels

During production and burning, fossil fuels – such as coal, oil and natural gas – release large amounts of greenhouse gases. This means the transition to a net zero economy requires a substantial reduction in fossil fuel use and a shift to low- or zero-carbon energy sources[1].

The transition towards low-carbon energy will be influenced by multiple factors, including geopolitics, low-carbon technology development, as well as energy supply and demand trends, and progress may not always be linear. We look at how the transition can happen and use this knowledge to assess company transition plans and their potential impact on the investments we manage.

As responsible stewards of the investments we hold for our customers and clients, our preference is to remain invested so that we can attempt to influence companies to support a more sustainable future. Our approach to fossil fuel investments includes the following actions:

1. Integrating climate risks into investment decisions

We expect our investment managers to consider material climate risks in investment decisions, including in relation to fossil fuel companies. This applies to how investments are allocated across different asset classes as well as decisions to buy and sell securities in our funds.

2. Encouraging policymaker action

We support policies that promote low-carbon energy and reduce reliance on fossil fuels. As part of our engagement approach (see page 11), we engage with UK government and industry groups to help accelerate the transition away from fossil fuels.

3. Engaging with companies

Through RLAM's Net Zero Stewardship Programme, we engage with several fossil fuel-related sectors, including oil and gas, utilities and mining. We will increase our engagement with companies involved in oil sands, Arctic oil or that use coal to generate power, focusing on companies that we assess as not having credible transition plans.

4. Taking investment action

We will take investment action – including halting new investment, underweighting our investment or divestment – where a company is making insufficient progress or there is a risk of poor outcomes for customers and clients over different time horizons. During 2025, we are phasing out new and existing investments in companies that have large reserves[2] of thermal coal or that generate a significant part of their revenues[3] from thermal coal mining.

Our approach takes into account the views of our customers and clients and the responsibilities we have to them, as well as independent challenge from a specialist external advisory group. We continue to develop our approach to investing in fossil fuels and you can read more on our website.

1. 2023 Summary for Policymakers, Working Group III: Mitigation of Climate Change, Sixth Assessment Report at IPCC.
2. Two billion tonnes or more globally.
3. 60% or more of a company's total revenues.

Measuring progress

We assess progress against Royal London's portfolio emissions targets relative to a 2020 baseline, using a Scope 1 and 2 carbon footprint intensity metric incorporating corporate fixed income and listed equity (tCO_2e/$m invested). This approach reflects the challenges in measuring meaningful changes in financed emissions across other asset classes.

We disclose a range of additional portfolio emissions metrics across different asset classes. The rationale behind these metrics and the most up-to-date analysis of progress against our 2030 and 2050 portfolio emissions targets are set out in the 'Metrics' section of our Climate Report.

We know the global transition to net zero, and therefore our own journey to decarbonise our portfolios, will not be linear. We expect our reported emissions to fluctuate year on year due to our dependency on the underlying activity of companies and other issuers in our portfolio and as a result of emissions reporting technicalities (for example, changes to asset values driving increases in reported emissions). It is also possible that investments supporting the transition to net zero could cause an initial increase in portfolio emissions before future reductions are realised (for example, investments designed to align with or encourage companies transitioning to credible net zero pathways).

Limitations of emissions data and metrics

We recognise there are significant limitations associated with calculating portfolio emissions, including the availability of data, methodology gaps across different asset classes, lack of consistency across the industry, data quality and transparency. For more detail on these limitations and our approach to managing them, please see our Climate Report.

Future emissions data considerations

We expect our reporting to improve over time as we continue to stay aligned with developing good practice, targeting the most appropriate metrics and methodologies available. We also recognise that regulatory requirements will impact the metrics we use across all climate disclosures.

Looking ahead, over the medium term we plan to:

- refine our approach to calculating portfolio emissions, with a focus on accuracy and consistency over time and across asset classes
- expand our capability to analyse the drivers of emissions reductions across our portfolio over time
- expand our portfolio emissions analysis to more asset classes as improved data and methodologies become available
- evolve our internal policy for the consistent and reliable recalculation of historical emissions
- continually review good practice to ensure the use of appropriate, reliable and useful metrics.

Spotlight on property

We target net zero property portfolio GHG emissions by 2030 for directly managed property assets and developments, and 2040 for indirectly managed property assets.

We have projected the emissions from our property portfolio to understand what reductions and actions will be needed. Using this assessment, we identified targeted interventions across the lifecycle of our properties. Our Net Zero Carbon Pathway Report describes the efforts we will take across acquisition, asset management and development.

Working with our tenants

By understanding our tenants' net zero commitments we can work collaboratively to reduce energy consumption and help decarbonise tenant spaces in our multi-let offices and whole-building single lets. Joint decarbonisation efforts with tenants will include green lease clauses, data sharing, net zero audits and advocacy for the financial benefits of decarbonisation.

3. Climate-aware investment solutions

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. We continue to believe that the successful companies of the future will be those that adopt a long-term strategy to combat climate change and to secure their own sustainability.

Actions we will take

We help our customers and clients align their investments with a lower-carbon transition, for example through our equity tilts, equity transitions, commodities tilts and real assets strategies. More information on these products is included in our annual disclosures and product documentation.

We will continue to expand and adapt our choice of climate-aware investment solutions to support customer and client outcomes. Our climate-aware investment solutions working group, Sustainability and Stewardship Delivery Group and Group Sustainability Oversight Committee, as described in our Climate Report, will support these efforts with a focus on cross-Group collaboration, knowledge sharing and innovation.

Climate-aware investment outcomes

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 3, 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.

Binding portfolio construction criteria, as referenced in Figure 3, may include:

- *tilting* – reducing exposure to assets with potential to materially slow the net zero transition, in favour of net zero-aligned assets
- *reduced emissions relative to benchmark* – aiming for lower portfolio emissions relative to a relevant benchmark.

Binding criteria in security selection may include a mix of:

- *positive screening* – selecting assets based on their alignment with the net zero transition
- *negative screening* – avoiding certain assets with potential to materially slow the net zero transition.

Measuring climate-aware investment solutions progress

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.

Development areas

As explained in our Climate Report, the availability of sufficiently high-quality and comparable net zero alignment data is currently limited. This increases the challenge of assessing climate-related risks and opportunities as we approach our 2030 portfolio emissions target.

We improve our quality of insight by cleaning and augmenting carbon data and gathering additional information from companies and other issuers. We will continue over the medium term to evaluate the reliability of forward-looking net zero alignment and impact metrics as the field evolves, adopting new initiatives into our investment research as appropriate.

Reporting impact

It is important that, as investors, we do not overstate our ability to directly influence climate outcomes.

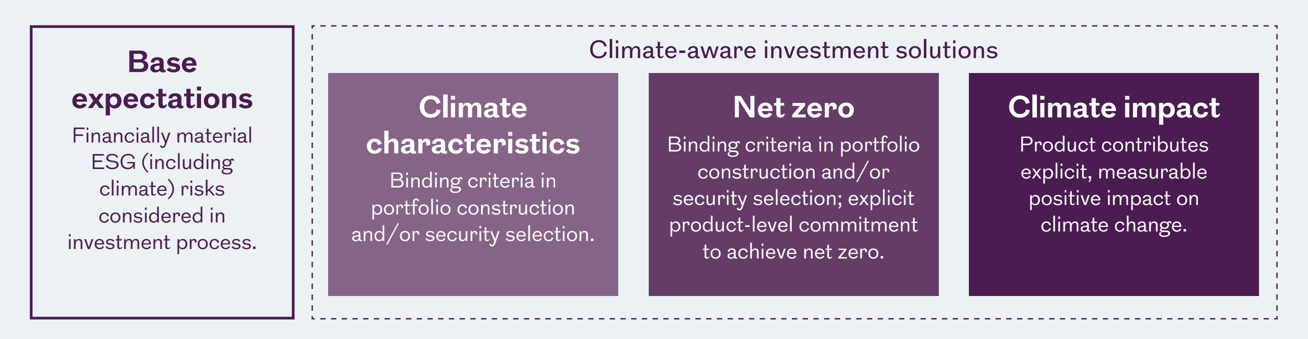
We are realistic about the likelihood of Royal London's investment choices, in isolation, to change the behaviour of companies and other issuers. At present, with the exception of our property portfolio and primary issuance investments, the majority of our investments are indirect, for example through the trading of secondary market listed equity and fixed income assets. However, we believe that if a sufficiently large number of investors were to take the same approach, our investment decisions could collectively help incentivise companies and other issuers to adopt behaviours that support the net zero transition.

Our reporting will set out 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.

The pace of this evolution will depend on the availability of relevant data, the specifics of pending regulation and the support of other investors in developing robust, consistent and useful metrics.

Figure 3: Types of climate-aware investment solution



Carbon tilting

Tilted funds aim to reduce exposure to high-emitting activities while delivering returns in line with a non-tilted benchmark. Through our Asset Management business, this is one way we look to expand and adapt the choice of climate-aware investment solutions we offer our customers and clients.

Tilted equities

As reported in our annual disclosures, increased exposure to tilted equity solutions – rather than to passive equity funds that are weighted by market capitalisation – has contributed to our net zero portfolio progress. Tilting allows us to adjust our exposure to certain stocks based on specific climate and ESG factors, while aligning funds with the risk and return characteristics of traditional index trackers. We may exclude specific stocks with less favourable ESG characteristics, but generally we prefer to hold them at a reduced weight compared to the reference index, rather than exclude completely.

In the short term, we expect to broaden the range of tilted equity funds we offer our customers and clients. In the medium term, we intend to evolve our approach to equity tilting, recognising current limitations of portfolio-level emissions data.

Tilted commodities

Our Asset Management business has held a strategic allocation in commodity funds since 2016, making us one of the largest commodity investors in the UK. This position has allowed us to demonstrate continued thought leadership, particularly regarding climate considerations.

To overcome a lack of suitable climate-aware commodity solutions, our Asset Management business collaborated with Bloomberg to create an innovative carbon-tilted index and was the cornerstone investor that helped launch the first SFDR Article 8 commodity exchange-traded fund. The process is designed to maintain exposure to a diversified set of commodities, while reducing the fund's carbon profile. The index tilts exposure away from commodities with the highest carbon cost of production within each sector, and towards those adopting more carbon-efficient processes.

Future iterations may recognise the impact of product use, such as burning of fossil fuels, and tilting across commodity classes to improve focus on real-world outcomes.

A just transition

A just transition considers the social implications of moving fairly to a low-carbon economy. It is an inclusive approach which helps avoid exacerbating existing injustices or creating new ones.

In supporting a just transition, there are increasing links and trade-offs between action on climate change and action on nature loss. Across our operations and investments, we will therefore consider climate, nature and social agendas together.

To help us manage the different aspects of the just transition centrally, we have broadened the expertise within our Group Sustainability and Stewardship team. This includes integrating Social Impact specialists into the team, and creating a senior role to lead the formation of our nature and biodiversity strategy.

Within our Asset Management business, we will look for ways to address just transition risks and opportunities as we build climate-aware investment solutions. This will complement engagement activities with investee companies and policymakers.

In the medium term, we are also exploring the role Royal London has to play in championing a just adaptation, recognising the expected increase of climate-related and nature-related impacts on society.

Managing our impact on nature and biodiversity

The activity of our Asset Management business is central to how we manage our impact on nature and biodiversity. In recent years, this has included building nature and biodiversity considerations into our Responsible Property Investment Framework, as well as a first investment into agriculture and natural capital.

Our Asset Management business has also been measuring the impact on biodiversity across its property portfolio, working with an external consultancy to establish a biodiversity baseline that future impacts can be measured against. This baseline will help us monitor our impacts over time, as well as manage our obligations under the Biodiversity Net Gain regulations – a framework designed to make sure that wildlife habitats are left in a better state than they were before development.

Nature is also a consideration when it comes to stewardship. Our Asset Management business is evaluating the use of a proprietary screening tool, which measures companies' biodiversity impacts and the potential risks and opportunities from those investments. The aim is for the tool to support discussions with companies on their approach to nature and biodiversity, and inform the themes that will shape our stewardship strategy in the future.

More widely, we engage actively in external initiatives designed to drive improved outcomes relating to nature. This includes being represented on the nature working group of the Climate and Financial Risk Forum and the deforestation working group of the IIGCC, while our Asset Management business is a member of Nature Action 100.

In the short to medium term, we will continue to develop our Group-wide nature and biodiversity investment strategy, and will share updates on our progress in future disclosures.

Investing in agriculture and natural capital

In January 2024, RLAM, on behalf of Royal London, acquired 21,000 acres of prime farmland in a £260m joint venture with South Yorkshire Pension Authority. This acquisition marks our Asset Management business's first investment into agriculture and natural capital.

One of the main aims of this acquisition is to reduce environmental impact via innovation, technology and the use of sustainable and regenerative farming techniques whilst investigating nature-based solutions. Activities may include increasing soil organic matter, lowland peatland restoration, hedgerow afforestation, habitat banking, storage and filtration schemes for improved water quality and renewables.

For more detail, please see our Climate Report.

4. Operational and value chain emissions

Operational and value chain emissions contributed less than 1% of our total emissions at year end 2024, with the remainder attributable to the assets in our portfolio.

Despite the low materiality, we want to take action to reduce emissions that are more directly within our control.

As described in our Climate Report, we have made strong progress reducing our operational and value chain emissions from our 2019 baseline, including Scope 1 and 2 location-based operational emissions and non-investment value chain Scope 3 emissions. Figure 4 illustrates the breadth of potential sources of GHG emissions. Table 5 describes Royal London's most material sources of non-investment GHG Scope 1, 2 and 3 emissions.

Our strategy in summary

To continue progressing towards achievement of our operational emissions commitments, we must maintain focus on managing our facilities responsibly and enhancing our energy efficiency. In the short to medium term, our operational estate strategy will continue to focus on energy efficiency measures, capital investment (for example, installing solar panels) and purchasing renewable energy.

Over the same timeframe, our net zero value chain strategy will focus on reducing GHG emissions as much as possible by focusing on the three highest contributors to our Scope 3 non-investment emissions categories, which are purchased goods and services, colleague commuting (including working from home) and business travel.

Our detailed plans

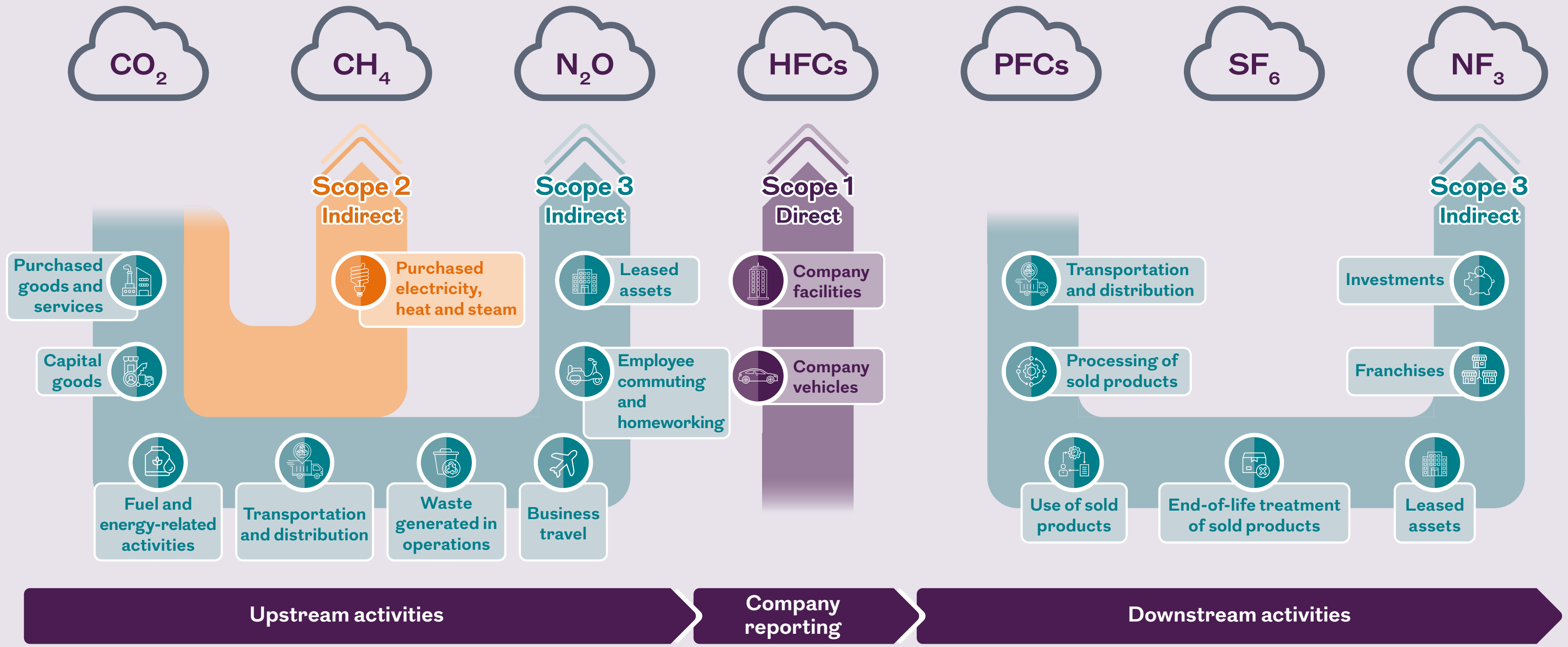
We disclose and maintain a detailed explanation of our operational and value chain emissions strategies on our website separately from our CTP. This allows us to include more detail, including on our emissions-offsetting strategy, without distracting from the more material areas of focus described in this report. As our website describes elements of our climate strategy, it supports our CTP in aligning with the TPT's disclosure recommendations.

Table 5: Royal London's operational and value chain emissions scopes

Our plans for operational and value chain emissions cover Scopes 1 and 2 emissions and non-investment Scope 3 emissions respectively.

Scope 1 emissions	GHG emissions directly resulting from our business activities, for example from company cars and direct emissions from air conditioning units.
Scope 2 emissions	Indirect GHG emissions resulting from our energy consumption, for example fossil fuels burned to produce the electricity used to provide heat and light, and to power technology within our offices.
Scope 3 non-investment emissions	All other GHG emissions indirectly produced as a result of our business activities, with the exception of the assets in our investment portfolio. This category includes emissions from business travel, employee commuting and the transportation of goods and services we purchase.

Figure 4: GHG Protocol scopes and emissions



Addressing our dependencies

We are clear on our ambition to play our part in moving fairly to a sustainable world, but we cannot achieve the level of change required on our own.

In this section we describe a number of our external dependencies and explain where we see opportunities to encourage change.

The opportunities our dependencies present

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

Table 6 summarises the opportunities we see available to respond to four areas of significant dependency.

We actively engage with policymakers, investee companies, tenants in our property portfolio, industry groups, peers, advisers, brokers and suppliers on climate-related issues to inform, influence and encourage positive change.

Table 6

Dependency	Opportunity
1. The wider economic transition to net zero	Proactively engage with a wide range of stakeholders to inform, influence and encourage positive change.
2. Policymakers, governments and regulators	Engage with policymakers, governments and regulators on priority issues and report on progress.
3. The activities and decisions of other investors	Work with our peers to develop good practice including exploring new Paris-aligned investment and engagement opportunities.
4. Climate scenario modelling methodologies	Refine our approach to climate scenario modelling, with a focus on consistency of approach across Royal London.

1. The wider economic transition to net zero

We invest customers' savings and clients' money across many sectors, asset types and geographies. This broad diversification, which is key in helping us meet the financial needs of our customers and clients, closely ties our ability to make progress on net zero across our portfolio to the success of the net zero transition across the wider economy.

If the rate of change in the economy does not align with our ambition, our options to achieve net zero in our investment portfolio in a way that meets clients' and customers' needs will become more limited. Stepping too far ahead of the wider economy's transition could require divestment and reallocation into a smaller range of sectors, asset types and/or geographies. Depending on the scale and rate of change, reducing diversification in this way could expose customers and clients to greater financial risk. While this may reduce our reported emissions, we believe it would be unlikely to lead to discernible climate change mitigation due to demand for these assets from other investors.

We also believe that rapidly reducing our exposure to the highest-emitting companies would not entirely remove customers' or clients' exposure to systemic climate transition risks, which are inherent to a diversified investment portfolio. However, it would reduce our ability to influence the management of these companies to help mitigate climate change.

Our approach and priorities for our engagement with investee companies were described on page 13.

We consider alternative market views when assessing climate risks (for example, exposure to stranded assets) and opportunities (for example, technological breakthroughs). This approach helps us effectively manage investment outcomes on behalf of our customers and clients.

2. Policymakers, governments and regulators

In the absence of market-driven, commercially viable breakthroughs in climate mitigation technology, we are reliant on policymakers and regulators to deliver on the commitments made as part of the Paris Agreement, and to establish and support rules that enable progress. Without this, our business and our wider industry will be unable to achieve the climate commitments we have set.

The political landscape surrounding net zero commitments has seen significant shifts during 2024 and early 2025, with growing eco-scepticism among some politicians. As a result, some global companies are signalling a dilution of their climate commitments. Clear leadership from governments would provide greater certainty, allowing businesses and investors to develop climate transition plans with confidence. It would also give assurance to early developers of emissions-mitigating or emissions-avoiding technologies, in turn enabling investors to better support activities that contribute to climate change mitigation.

In addition, we have a range of regulatory and legal obligations across the markets in which we operate. We strongly support the principles underpinning regulatory oversight, which help ensure financial firms uphold high standards, prudently steward the money invested on behalf of their customers and clients, and communicate clearly with their stakeholders.

Although our regulators are increasingly encouraging appropriate climate transition and physical risk management, regulatory or legal restrictions may in some instances inhibit our ability to deliver more meaningfully against our climate ambitions, as described on page 10.

We will continue to create opportunities to engage with regulators and policymakers on these challenges and report progress, as described on page 11.

3. The activities and decisions of other investors

The use of secondary market investments to support climate change mitigation forms part of our climate strategy. However, outcomes are strongly dependent on whether the activities of other investors align with our own climate strategy.

To influence asset prices, a majority of investors would need to invest with a strong preference for secondary market assets aligned to the Paris Agreement. If combined with supportive engagement, this might be expected to impact asset prices in the secondary market which may, in turn, impact the ability of a company or other issuer to attract new funding.

Secondary market investments

Our listed equity and fixed income assets are typically purchased from and sold to other investors. When asset managers choose to purchase a listed asset from another investor (ie on the ‘secondary market’), no money or other direct financial support flows to the original asset issuer.

Our focus remains on the needs of our own customers and clients. However, a shared recognition of the systemic challenges of climate change has provided the opportunity for us to work with our peers to help develop good practice – including exploring new Paris-aligned investment and engagement opportunities.

4. Climate scenario modelling methodologies

An understanding of climate-related investment risks and opportunities helps us balance our Purpose outcomes and deliver strong investment returns for our customers and clients.

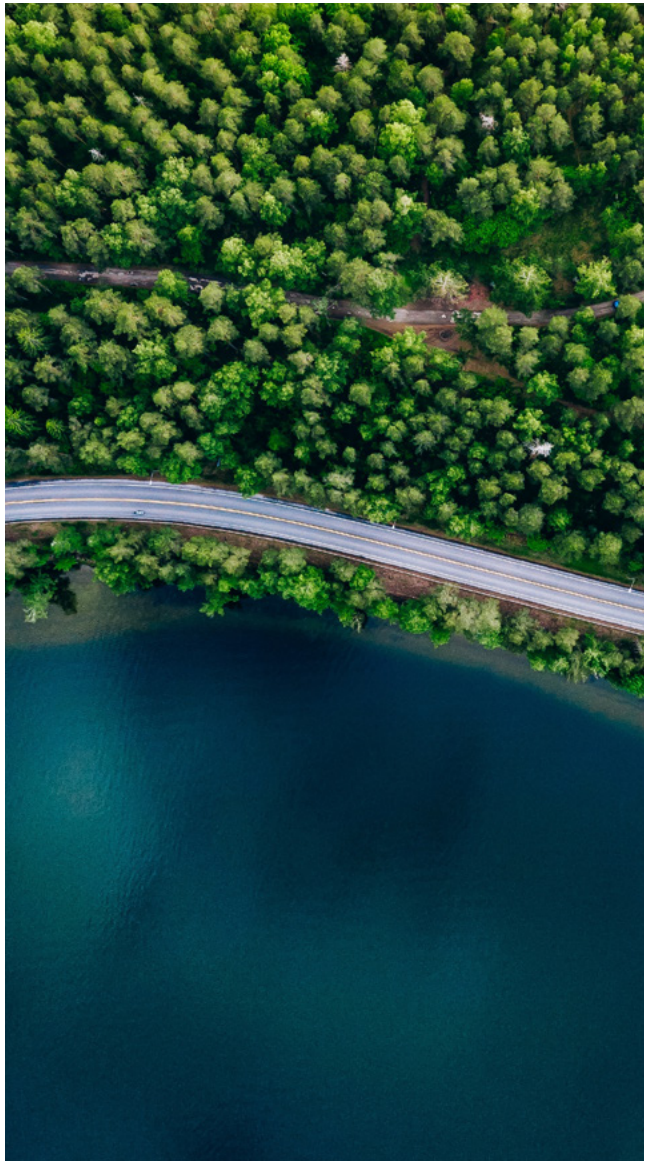
The investment choices needed to optimise our Purpose outcomes will differ between a future in which policymakers drive swift and effective emissions reductions ahead of 2030, and a future in which meaningful action continues to be delayed beyond 2040. Technological developments, the rate of change in global warming and related impacts, and the pace of adaptation to climate change will similarly impact economic trends and investment outcomes.

It is important when evolving our climate strategy that we have a view on the nature of feasible economic impacts across a range of future climate pathways, to help ensure we effectively play our part in moving fairly to a sustainable world while maintaining high-quality investment performance.

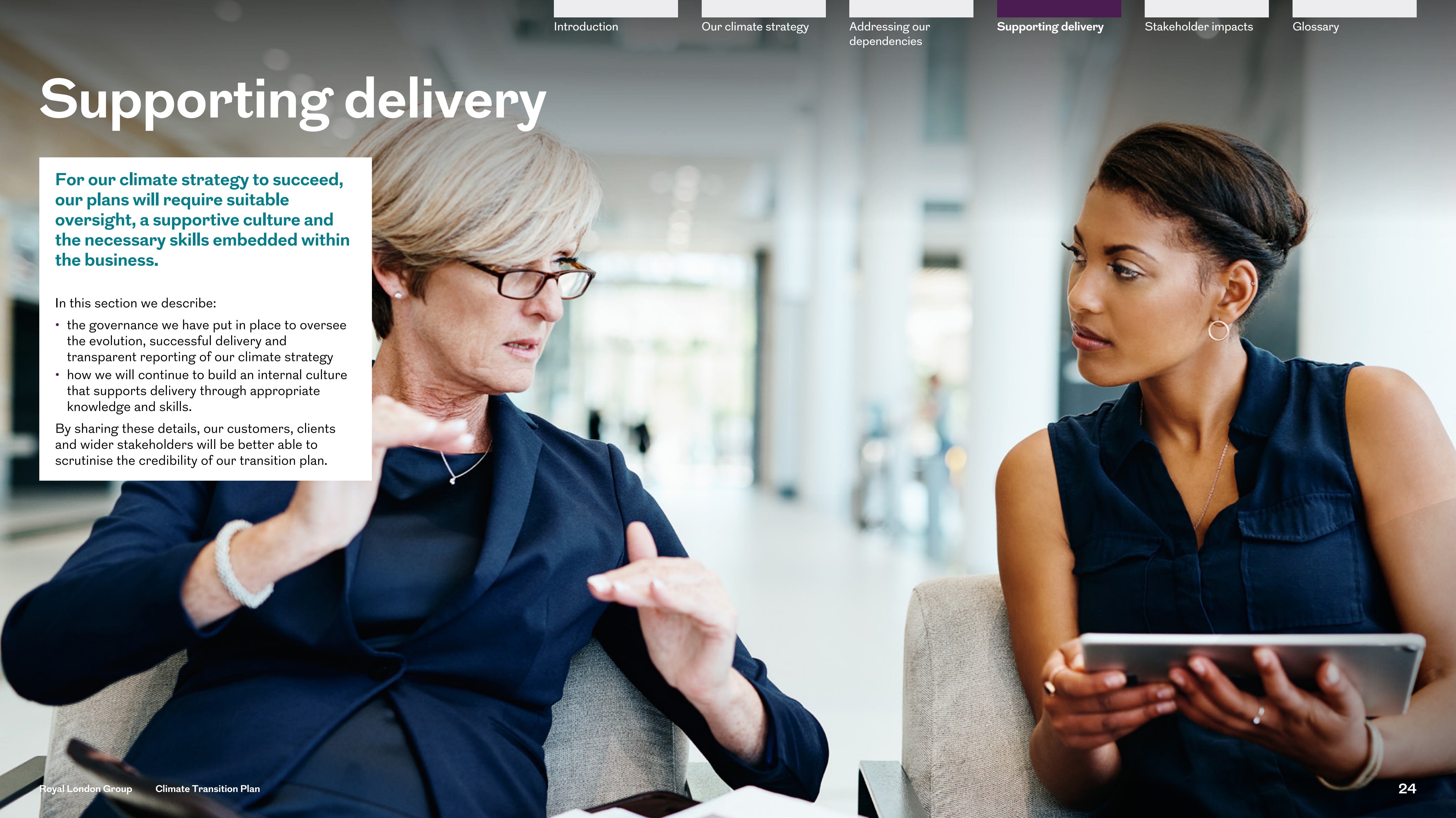
To understand the potential risks and opportunities that may arise from climate change, we rely on models produced by climate scientists and experts in climate scenario modelling. From scientific consensus, we know that climate change presents significant risks to customer and client investment outcomes. However, the timing, frequency, location and exact severity of the physical and transition impacts are uncertain. As a consequence, the likelihood and scale of impacts to our customers’ and clients’ investment returns across time are unclear, exacerbated by a lack of directly relevant historical data and other technical but significant modelling challenges.

We undertake climate scenario stress testing to support strategic asset allocation, capital management, regulatory disclosures and the evolution of our climate strategy. A summary of our approach is set out in our Climate Report.

We will take the opportunity presented by rapidly evolving good practice to refine our approach to climate scenario modelling. In the short term, we are exploring refinements including narrative-based methods, reverse stress testing, the prudent presentation of downside climate risks, and transparency on the uncertainties inherent to climate scenario modelling.



Supporting delivery



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

In this section we describe:

- the governance we have put in place to oversee the evolution, successful delivery and transparent reporting of our climate strategy
- how we will continue to build an internal culture that supports delivery through appropriate knowledge and skills.

By sharing these details, our customers, clients and wider stakeholders will be better able to scrutinise the credibility of our transition plan.

Governance

Strong leadership, clear lines of responsibility and robust governance help maintain focus as we evolve and implement our climate strategy and report progress to our stakeholders.

Our approach to overseeing the ongoing development and implementation of our climate strategy is detailed within the Governance section of our Climate Report.

Strategy disclosure

Our CTP publication discloses our climate strategy, recognising this will evolve over time, allowing stakeholders to scrutinise our plans and better understand potential impacts. As the CTP reflects key elements of our Purpose and strategy, our Group CEO Barry O'Dwyer is the executive sponsor and Board endorsement is required before publication.

Led by our Group Sustainability and Stewardship (GSS) team, which reports directly to the Group CEO, our CTP has been developed with close input and support from subject matter experts across the Royal London Group. A CTP Steering Committee, with senior representatives from across the Group, supports oversight of the disclosure by providing challenge and ensuring alignment with our Purpose.

Future versions of our CTP will reflect refinements in our climate strategy as the external environment changes and good practice evolves. We expect to publish a CTP at least every three years. Our annual disclosures will provide interim updates on our evolving climate strategy. These will 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.

Culture and skills

Culture

To help realise our ambitions, we foster an internal culture that promotes the implementation of our climate strategy with appropriate skill sets embedded across Royal London.

Our effectiveness in delivering our climate strategy depends on harnessing the talent and skills of colleagues across the organisation, supported by our four 'Spirit of Royal London' values. Through this cultural framework, colleagues are: **Empowered** to deliver our strategy; **Trustworthy** in their actions and communication; and **Collaborate** across the Group and with external stakeholders, to **Achieve** our ambitions.

Talent

Our colleague pathway starts with recruitment, onboarding and induction processes. We will embed climate and other sustainability considerations with colleagues across the business, setting expectations from the start and recruiting colleagues with aligned values and awareness of the climate risks and opportunities appropriate to their role.

Our Group-wide induction programme introduces new joiners to our Purpose outcome "Playing our part in moving fairly to a sustainable world" and provides an opportunity to set out our expectations of colleagues.

Our core messaging on sustainability, climate and just transition will be embedded into our employer brand narrative, to support a consistent and compelling story to the talent market. This will contribute to attracting candidates aligned with our values and Purpose. Our resourcing delivery model is evolving to support this approach, including equipping our in-house recruitment team to source talent aligned with our climate strategy and setting clear expectations with our external search partners. Due to the scale of this change, we expect it to be over the medium term that we realise this approach across all new roles.

We aim to increase the climate-related capabilities of all colleagues across our Group. In the short term, we will focus on the most material elements impacting our climate strategy.

People policies

To help deliver our climate strategy, we will engage colleagues in the journey at every level. To support this ambition, we will explore opportunities to further embed climate considerations in our People policies.

Our Leave Policy, for example, allows colleagues the equivalent of up to one additional week of unpaid leave for activities that align with our climate objectives. This makes it clear to colleagues how important our climate objectives are and that they are supported at a practical level to make a difference.

Reward, recognition and benefits

Over the short to medium term, we will embed climate and other sustainability considerations within our performance management and engagement frameworks for all colleagues.

We have incorporated recognition for colleagues' contribution to climate and other sustainability considerations into our Spirit of Royal London recognition scheme.

The benefits we offer colleagues further support our climate efforts by providing access to a range of sustainable transport options, including our 'Cycle to Work' scheme, public transport season tickets and a salary sacrifice scheme supporting the purchase of hybrid and electric vehicles. We aim to keep improving the availability and affordability of sustainable benefit choices for colleagues in the medium term.

Incentives

Measuring, incentivising and rewarding colleagues' contributions will be essential to the successful delivery of our climate strategy.

Our Short-Term Incentive Plan (STIP) applies to most colleagues and aims to focus attention on the results needed to meet the Group's annual objectives, including financial and non-financial measures. In previous years, this has included Board approval of our climate strategy, UK Stewardship Code accreditation submissions and engagement strategy for financed emissions. The STIP scorecard for our Irish business has also set sustainability objectives.

Our Long-Term Incentive Plan (LTIP) applies to certain members of the Group Executive Committee and includes measures to support our climate strategy over a longer three-year period. It includes assessment of progress and outcomes in delivery of our Climate Transition Plan and financed emissions under engagement.

We will continue to develop our approach with relevant metrics and targets and will provide updates as appropriate in our Annual Report and Accounts.

Internal communications and engagement

Our colleague engagement survey, which we run twice a year, helps us to assess colleagues' views on our climate strategy and other sustainability ambitions.

Continuous engagement on climate-related challenges will help maintain awareness and drive advocacy discussions with our senior leaders, encouraging reflection on how all colleagues' actions can help deliver our climate strategy. Several of our engagement initiatives are described in Table 7 below.

Table 7

Sustainability Summit	With webinars, panel events, stalls, screenings, activities and competitions, the annual Summit is an opportunity for all colleagues to engage with a range of climate and other sustainability topics. Our medium-term aim is to grow colleague engagement with the Summit. In the longer term, we will explore the viability of widening participation to include members, customers, clients and the general public.
Internal communications	Internal communications play a vital role in keeping colleagues informed of our climate plans and activities, and in aiding the flow of information between business areas. Colleagues can access relevant resources on our central sustainability intranet site. In the medium term, we will focus on developing toolkits and guidance to help our leaders engage their teams and embed climate considerations into everyday processes.
Social impact	Our social impact strategy supports our Purpose. We are continuing to support Business in the Community's Community Climate Fund and will continue to explore a new climate and social impact partnership for launch in the short to medium term.
Carbon footprint app	In 2021, we introduced the Pawprint app to enable all colleagues to measure, understand and reduce their personal carbon footprint. We hold several month-long 'sprints' each year, helping to engage colleagues through healthy competition.

Skills and knowledge

We want colleagues in all business areas to understand critical climate and other sustainability-related issues and feel empowered to take action.

Through training and engagement we empower colleagues to understand the role they can play in delivering our climate commitments, as relates to their business area. Recognising we can always do better, over the short to medium term we will continue to build transition-aligned skills, competencies and knowledge across the organisation and up to Board level.

Board leadership

Regular sessions are held with the boards of the relevant legal entities, including RLMIS, RLAM Limited and RLI DAC, to support engagement on climate-related issues. The RLMIS Board also receives ad-hoc updates on these themes from teams across our Group throughout the year and regularly discusses the interactions between our climate ambitions and Purpose outcomes.

In the short term, we are delivering a formal training plan on climate-related topics for the boards of the relevant legal entities, including RLMIS, RLAM Limited and RLI DAC. This plan will include delivery of training to our executive colleagues, building on previous climate training activity.

Senior leaders

We include climate and other sustainability-related updates in our regular senior leader internal events and encourage the development of relevant skills through leadership training. We launched a Group-wide initiative to focus efforts on our strategic outcomes, including those related to our climate commitments. Working groups bring together senior leaders from different areas of the business to contribute to our strategic direction and develop relevant skills, behaviours and knowledge. We focus on reflective, experiential learning where leaders can apply outcomes directly in their roles.

We have identified the leaders across our Group that will be key to the successful delivery of our climate strategy. These leaders meet with the GSS team regularly as part of the Sustainability and Stewardship Delivery Group (SSDG), which provides quarterly updates to the Group Sustainability Oversight Committee, as described in our Climate Report.
A targeted capability training plan will be developed to meet the needs of this cohort within the Sustainability Learning and Capability plan described below.

Group Sustainability and Stewardship

The GSS team is accountable for our Group's sustainability and stewardship strategy, including our climate strategy. In addition to their own accountabilities, GSS colleagues support the embedding of climate and other sustainability activity across the wider business.

GSS colleagues undergo regular training and development to stay current with climate-related trends and industry best practice, including attendance at relevant industry meetings, conferences, roundtables and webinars. They hold regular knowledge sharing sessions and maintain a skills matrix to identify knowledge gaps and opportunities for improvement.

Responsible Investment team

For over two decades, our Asset Management business has been pioneering responsible investment, long before it became mainstream in asset management. The Responsible Investment team – comprising specialists in ESG, including climate – collaborates closely with investment teams across our Group to integrate ESG risk factors into investment decisions, consult on proxy voting and drive improvements in the companies we invest in. Colleagues in the Responsible Investment team undertake regular training and development, with a focus on meeting the needs of our asset management clients.

Group Sustainability and Stewardship Forum

The GSS Forum provides a platform for leaders and subject matter experts across the Group to meet and discuss sustainability and climate-related business priorities. The Forum promotes awareness of key issues and practical challenges, helping to maintain the appropriate level of skills, competencies and knowledge throughout the organisation to deliver our climate strategy.

Independent expertise

We have established an external advisory group to support the ongoing development of our climate strategy. This will supplement internal expertise and capability with challenge and additional specialist expertise, including legal and academic knowledge.

Continuous development

Our Group-wide Sustainability Learning and Capability plan is aimed at meeting climate knowledge and skills gaps within our organisation. Our plan divides colleagues into cohorts according to distinct areas of focus, for example colleagues in customer-facing roles, investment professionals and marketing specialists. We will prioritise those colleagues we consider to have the greatest degree of influence on the realisation of our climate strategy across all areas of the business.

Delivery began in 2024 with a Responsible Investment training programme for colleagues in our Asset Management business, across four cohorts. Rollout is moving into the next phase with the development of foundational all-colleague training, leadership education and targeted training for subject matter experts. Funded external training certificates, such as from the CFA Institute and Institute and Faculty of Actuaries, are encouraged where role-appropriate.

The key to achieving a material change in mindset and skillset will be enabling colleagues to apply the learning in their roles. Our capability planning includes tailored engagement plans for each cohort, with active follow-up to embed new skills and behaviours and encourage continual learning.

This approach reflects insights gained from the climate-related training we delivered to colleagues in 2022, in partnership with the University of Edinburgh Business School, as described in RLMIS' 2022 TCFD disclosure.

We will continually refresh our Group Sustainability Learning and Capability plan in line with agreed metrics for each element and will carry out a full review at least every two years.

Stakeholder impacts

We believe that being open and transparent is the best way to help our customers, clients and wider stakeholders make better-informed decisions.

This includes explaining how our climate strategy may directly impact stakeholders' outcomes. We consider the potential impacts of our climate strategy across a range of customer and client needs.

Balancing stakeholder needs

Customer and client outcomes

Risk, return and costs

Investment approaches that move beyond 'screening' or 'net zero alignment' in pursuit of more direct contributions to climate change mitigation may in some cases require accepting higher risk, lower returns and/or higher management costs. Among other reasons, these challenges stem from the size of relevant markets, the life stage of innovative companies and industries, the level of required investor expertise and oversight, and the time horizons over which outcomes are evaluated.

With the support of our customers, clients and regulators, it may become possible to build novel solutions that balance these challenges. For retail customers, any such evolution would consider customers' comprehension of the key issues and potential impacts to their long-term financial resilience.

We aim to balance our climate commitments with our customers' and clients' expected returns, risk and management costs in alignment with our legal and regulatory requirements.

We will keep asking our customers and clients for their views and investment preferences, to support active exploration of suitable investment solutions. For more information on how we understand customer and client needs, see our latest Stewardship Reports.

Investment time horizons

Customers and clients prioritising longer-term investment outcomes may benefit from a reduced exposure to high-emitting sectors in their portfolio, with a view to mitigating transition risks. However, reducing exposure to high-emitting sectors too early could increase the risk of reduced returns for customers and clients with shorter investment time horizons.

As we implement our climate strategy, we aim to balance competing needs across our customer and client preferences.

Benefits

Our understanding of the risks and opportunities presented by the wider economic transition to net zero helps us to deliver the investment results desired by our customers and clients, meet our financial obligations to customers and more effectively manage our financial performance for the benefit of our members.

Our members

As a mutual, many of our UK pension customers are also members, and are eligible to share in the proceeds of our company's success through our ProfitShare scheme. This means that their financial outcomes are affected by our financial performance.

Our members have the opportunity to voice their opinions on our strategy, including our approach to climate, at our Annual General Meeting.

Other stakeholders

Other stakeholders interested in how our climate strategy may impact our financial position include:

- bondholders
- regulators
- governments
- financial advisers
- brokers
- colleagues
- our third-party suppliers.

Our climate strategy helps us meet the evolving needs of customers and clients and better manage climate-related risks to our capital strength, as detailed in our Climate Report.

Implementing our climate strategy will incur costs. However, compared to the potential impact of not taking action, we believe that these costs are appropriate considering the expected financial and non-financial benefits explained elsewhere in this report. In line with our Purpose, our aim is to be cost efficient.

We have, for example, embedded responsibility for much of the delivery of our climate strategy across existing teams and colleagues. Our actions to reduce our operational emissions have also led to financial benefits from efficiencies and less volatile energy costs.

Future developments

We recognise our climate strategy is likely to change over time as we see variations in:

- the level of customer and client support for our climate strategy
- the degree and pace of policymaker alignment to the Paris Agreement
- market reaction to climate policies and emergent technologies
- commentary from climate scientists on the advance of global warming and expectations for associated physical, political and socioeconomic volatility
- good practice in the interrogation of climate risks and opportunities.

We will regularly disclose through our Climate Report how we expect climate-related issues to impact our financial position and business strategy.

Glossary

Term	Definition
Asset manager	An investment firm that provides portfolio management services to investors, including an Alternative Investment Fund Manager and the operators of an Undertaking for Collective Investment in Transferable Securities.
Asset owner	An undertaking carrying out activities of life assurance within the meaning of points a), b) and c) of Article 2(3) of Directive 2009/138/EC of the European Parliament and of the Council, and of reinsurance as defined in point (7) of Article 13 of that Directive, provided that those activities cover life-insurance obligations, and which is not excluded pursuant to that Directive.
Association of British Insurers (ABI)	The ABI represents the collective interests of the UK's insurance industry.
Biodiversity	Biodiversity is a foundational characteristic of natural systems, and it is a proxy for functional, productive and resilient ecosystems that are able to provide the ecosystem services upon which life on Earth relies. (Source: IFRS)
Carbon equivalent emissions (CO_2e)	The release of GHGs into the atmosphere using the universal unit of measurement to indicate the global warming potential (GWP) of each of the seven greenhouse gases, expressed in terms of the GWP of one unit of carbon dioxide.
Climate change	Long-term shifts in temperatures and weather patterns.
Climate risk	Climate risks can arise from potential impacts of climate change as well as human responses to climate change. In the context of climate change impacts, risks result from dynamic interactions between climate-related hazards with the exposure and vulnerability of the affected human or ecological system to the hazards. In the context of climate change responses, risks result from the potential for such responses not achieving the intended objective(s), or from potential trade-offs with, or negative side-effects on, other societal objectives, such as the Sustainable Development Goals (see also risk trade-off). (Source: IPCC)
Climate scenario modelling	Models and techniques employed to estimate likely impacts on our portfolio value in a range of climate scenarios over various time horizons. Climate scenario modelling is underpinned by many uncertainties and subjective choices. Models commonly exclude widely accepted material climate risks (including the impacts from policymakers' decisions, impacts of market sentiment and climate tipping points) and rely on material subjective assumptions (including viability of investee net zero plans and assumed sector-level transition pathways).

Term	Definition
Climate transition plan	A transition plan is integral to an entity's overall strategy, setting out its plan to contribute to and prepare for a rapid global transition towards a low greenhouse gas-emissions economy. (Source: TPT)
Climate transition risks	Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organisations.
Decarbonisation	Decarbonisation refers to all measures through which a business sector, or an entity – a government, an organisation – can lower greenhouse gas emissions to reduce its impact on the climate.
Engagement	Engagement refers to structured, purposeful dialogue between investors and companies, policymakers, standard setters and other stakeholders with the intention of influencing (or identifying the need to influence) positive change and/or improving disclosure. Engagement can take two forms: engagement for information, which describes engagements which seek to uncover information or identify the need to change or influence; and engagement for change, which describes engagements that seek to influence change, with defined objectives and demonstrable outcomes.
Environmental, social and governance (ESG) risks (integration)	ESG integration is the systematic, explicit and transparent integration of material environmental, social and governance (ESG) considerations into processes for investment research, analysis and decision making. For funds, ESG integration refers to the consideration of ESG risks as part of the investment process. It does not mean the fund is trying to achieve a particular positive ESG outcome.
Financed emissions	The absolute emissions associated with the investments in a portfolio, expressed in tCO_2e (metric tonnes of carbon dioxide equivalent).
Financial Conduct Authority (FCA)	An independent conduct of business regulator, which ensures that business is conducted in such a way that advances the interests of all users of, and participants in, the UK financial sector.
Global warming	Global warming is the long-term warming of the planet's overall temperature. While this warming trend has been going on for a long time, its pace has significantly increased in the last hundred years due to the burning of fossil fuels. Fossil fuels include coal, oil and natural gas, and burning them causes what is known as the 'greenhouse effect' in the Earth's atmosphere.

Glossary *continued*

Term	Definition
Greenhouse Gas (GHG) Protocol	The GHG Protocol establishes comprehensive global standardised frameworks to measure and manage GHG emissions from private and public sector operations, value chains and mitigation actions. Building on a 20-year partnership between the World Resources Institute and the World Business Council for Sustainable Development, the GHG Protocol works with governments, industry associations, NGOs, businesses and other organisations. (Source: GHG Protocol)
Institutional Investors Group on Climate Change (IIGCC)	The IIGCC is a European-focused investor membership organisation that works to bring the investor community together in making progress towards a net zero and climate resilient future. (Source: IIGCC)
Insurance Ireland	Insurance Ireland is the representative organisation for the insurance sector in Ireland. It advocates on behalf of its members with policymakers and regulators in Ireland, Europe and internationally to promote the value that its members create for individuals, the economy and society, and to help customers understand insurance products and services so that they can make informed choices.
Intergovernmental Panel on Climate Change (IPCC)	The IPCC is the United Nations' body for assessing the science related to climate change. The IPCC was created to provide policymakers with regular scientific assessments on climate change, its implications and potential future risks, as well as to put forward adaptation and mitigation options. (Source: IPCC)
International Sustainability Standards Board (ISSB)	The ISSB is an independent, private-sector body that develops and approves International Financial Reporting Standards' Sustainability Disclosure Standards (IFRS SDS). The ISSB operates under the oversight of the IFRS Foundation. The ISSB is committed to delivering standards that are cost effective, useful and market informed.
Investment Association	The Investment Association is the trade body that represents UK investment managers.
Ireland/Irish business	The Ireland business comprises the Group's Irish subsidiary, Royal London Insurance Designated Authority Company (RLI DAC). It provides intermediated protection and unit linked pension products to individuals in the Republic of Ireland.
Just adaptation	Just adaptation minimises the negative social externalities from efforts to adapt to climate change while maximising the adaptation benefits for wider society.
Just transition	An inclusive approach which helps avoid exacerbating existing injustices or creating new ones, considering the social implications of moving fairly to a low-carbon economy.

Term	Definition
Materiality	Materiality is a concept that defines why and how certain issues or information are important for a company or a business sector.
Mutual	A company owned by its member customers rather than shareholders. A member of a mutual company can vote at its Annual General Meeting.
Nature	Nature's four realms – land, ocean, freshwater and atmosphere – include different types of ecosystem or 'biome', such as tropical forests, and rivers and streams. Ecosystems are assets that provide 'ecosystem services' on which society and business depend, such as freshwater for drinking and irrigation, and pollination of crops by bees. Together, the concepts of realms, biomes, environmental assets and ecosystem services form key building blocks for business and finance to understand nature. (Source: Taskforce for Nature-related Financial Disclosures)
Net zero	The term 'net zero' means achieving a balance between the amount of greenhouse gases emitted into the atmosphere and the amount removed from it.
Net Zero Asset Managers initiative (NZAM)	NZAM is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C; and to supporting investing aligned with net zero emissions by 2050 or sooner. (Source: NZAM)
Operational emissions	Direct Scope 1 and indirect Scope 2 operational greenhouse gas emissions.
Paris Agreement	A legally binding international treaty on climate change adopted by 196 parties at the UN Climate Change Conference (COP21) in December 2015. Its central aim is to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C.
Paris Aligned Asset Owners (PAAO)	The Paris Aligned Asset Owners are an international group of asset owners who have made individual commitments to support the goal of reducing greenhouse gas emissions to net zero by 2050 or sooner, in line with global efforts to limit temperature warming to 1.5°C above pre-industrial levels, with low or no overshoot. (Source: PAAO)
Paris Aligned Investment Initiative (PAII)	The PAII is a collaborative investor-led global forum enabling investors to align their portfolios and activities with the goals of the Paris Agreement. (Source: PAII)
Pooled funds	Where assets are held on a collective basis on behalf of a number of investors and managed according to a single, defined investment objective.

Glossary *continued*

Term	Definition
Portfolio emissions	The emissions of investees represented within our asset portfolio. We share ownership and/or influence over investees through our investments (for example, equity and corporate debt instruments) and are, therefore, accountable for a portion of their total emissions.
Responsible investment	An approach that aims to deliver long-term investment returns consistent with the investment needs of our clients and customers, and does so in a way that reflects the responsibility we have, as stewards of the investments Royal London holds for the benefit of our members, customers and clients, and to wider society.
Royal London Asset Management (RLAM)	Our Asset Management business, responsible for managing Royal London's financial assets as well as funds for external clients, including multi-managers, pension funds, local authorities, universities, charities and individuals. In this report, 'RLAM' or 'our Asset Management business' encompasses one or more of the subsidiaries that operate within our Asset Management business.
Royal London Asset Management Limited (RLAM Limited)	A regulated subsidiary within the Group's Asset Management business, Royal London Asset Management (RLAM).
Royal London Insurance Designated Activity Company (RLI DAC)	Royal London's regulated Irish insurance subsidiary.
Royal London/the Group	The Royal London Mutual Insurance Society Limited (RLMIS) and its subsidiary undertakings.
Segregated mandates	Where assets are invested by an appointed Asset Manager on instruction from an investor on a discretionary or non-discretionary basis and held separately from other clients' assets.
Stewardship	Stewardship is the responsible allocation, management and oversight of customers', members' and clients' money to create long-term value, supporting more sustainable benefits for the economy, the environment and society. 'Steward' shall be interpreted accordingly.

Term	Definition
Sustainability	Sustainability means meeting the needs of the present without compromising the ability of future generations to meet their own needs. This thereby contributes to the long-term wellbeing and prosperity of economies, environment and societies.
Sustainability Disclosure Requirements (SDR)	The Financial Conduct Authority's SDR regulatory requirements introduced a package of measures aimed at clamping down on greenwashing. This includes sustainable investment labels, disclosure requirements and restrictions on the use of sustainability-related terms in product naming and marketing.
Sustainable Finance Disclosure Regulation (SFDR)	The European Commission's SFDR regulatory disclosure requirements introduced standardised disclosures requiring asset managers to provide information on how ESG factors are integrated at both an entity and product level. A significant portion of the SFDR applies to all asset managers, whether or not they have an express ESG or sustainability focus.
The Royal London Mutual Insurance Society Limited (RLMIS)	The Royal London Mutual Insurance Society Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The firm is on the Financial Services Register, registration number 117672. The company is registered in England and Wales as company number 99064.
Transition Plan Taskforce	The Transition Plan Taskforce aims to help organisations meet their climate goals and support the UK government's pledge to achieve net zero by 2050 by providing a set of good practice recommendations to help companies across the economy make high-quality, consistent and comparable transition plan disclosures.
UK business	The Group's UK business provides propositions to customers, employers and pension scheme trustees, primarily through intermediaries. Products offered include workplace and individual pensions, as well as protection products and later life offerings. From 2024, the UK business also provides a bulk purchase annuity product to pension schemes via the scheme trustees.
UK Stewardship Code 2020	The UK Stewardship Code 2020 is a voluntary set of principles that sets high standards for how investors, and those that support them, invest and manage money on behalf of UK savers and pensioners, and how this leads to sustainable benefits for the economy, the environment and society.

Glossary *continued*

Term	Definition
UK Sustainable Investment and Finance Association (UKSIF)	The UKSIF exists to bring together the UK's sustainable investment and finance community and support its members to expand, enhance and promote this key sector. (Source: UKSIF)
United Nations-supported Principles for Responsible Investing (UN PRI)	The PRI, a UN-supported network of investors, works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance issues, and to support signatories in integrating these issues into investment and ownership decisions. (Source: UN PRI)
Value chain	The value chain is the series of stages involved in producing a product or service that is sold to consumers, with each stage adding to the value of the product or service.
Value chain emissions	Royal London's non-investment-related Scope 3 value chain greenhouse gas emissions.
Voting	Using our rights as shareholders to vote at the Annual or Extraordinary General Meetings of the companies in which Royal London invests.

Disclaimer

This Climate Transition Plan (CTP) includes forward-looking statements with respect to the Group's climate strategy, including the delivery of the Group's climate commitments and associated dependencies. Forward-looking statements by their nature involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future. In particular, there are inherent risks and uncertainties associated with achieving emissions reduction targets by future dates in a complex, interdependent, and continually evolving global landscape. The Group's net zero portfolio emissions targets and operational and value chain emissions targets have not been externally validated.

The Group sets its climate commitments in good faith and is committed to taking actions as detailed in this CTP. The Group also recognises that the success of these actions and the achievement of its climate commitments will depend on various external factors that are beyond its control. These external factors include, but are not limited to:

1. The level and pace of the wider economic transition to net zero
   - For example: macroeconomic trends and microeconomic and financial factors; general economic and business conditions in the UK and internationally; the speed of grid decarbonisation, and decarbonisation within sector entities and value chains; the effectiveness of businesses and consumers to measure, manage and mitigate the impacts of climate change, and to mitigate climate and sustainability-related risks; advancements in technologies to achieve net zero; climate change, climate change impacts, climate pattern change, and weather events.
2. The actions of policymakers, governments and regulators
   - For example: domestic and geopolitical instability, including from wars and civil unrest; government net zero strategy; climate-related policies and actions of governmental and regulatory authorities, including adequate government policies, and timely implementation and integration including via changes in laws and regulations.
3. Climate scenario modelling methodologies
   - For example: the limitations of climate scenario analysis and the models that analyse them, and comparability of climate-related forward-looking methodologies; evolving climate science knowledge and data, including as to the extent and pace of climate change such as the timing and manifestation of physical and transition risks, impacts of climate change on assets and value chains, and levels of warming over the short, medium and long term; the availability of accurate, verifiable, reliable, consistent climate-related data, including data to support entities in analysing interdependencies (such as limited emissions data transparency in value chains).
4. The climate strategies and related activities of other investors, including client and customer behaviour and demand.

While the Group acknowledges that there are certain actions it can take, and that it can exert a certain degree of influence to help reduce these dependencies, it cannot guarantee the absolute achievement of emissions reduction targets due to external factors beyond its control.

In developing its climate strategy and this CTP and setting its emissions targets, the Group has made certain assumptions about current and future events. These assumptions, modelling inputs, and implementation of the Group's climate strategy and this CTP will be impacted over time by the evolution of external factors such as climate scenarios, data availability, and revisions in external policies, frameworks and reporting standards, as well as real economy developments and trends.

The Group's climate strategy remains under development, and the data and modelling underlying these, and market practice in relation to such disclosures, are likely to evolve over time. The Group acknowledges that emissions reduction strategies, particularly for portfolio emissions or financed emissions, are at an early stage in their development. Government policies, frameworks and standards of best practice in relation to climate transition planning and emissions targets are all nascent and will continue to evolve for some time.

Any failure to achieve the Group's climate commitments arising from external factors beyond the Group's control shall not be construed as a failure by the Group to deliver on its commitments.

As a result of the evolving global transition landscape, the Group may need to revise certain metrics and targets. The Group reserves the right to adjust, amend or adapt its metrics and targets, in response to unforeseen circumstances or changes in external factors and dependencies which impact the feasibility of achieving stated targets.

To the fullest extent permitted by law, the Group does not accept any duty of care or liability in relation to the interpretation and application of this CTP or any reliance placed on it.

Except as required by any applicable law or regulation, the forward-looking statements contained herein are made as of the date of publication of this CTP.

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