



Our approach to stewardship and engagement

Investments | Responsible Investment



We expect our chosen asset managers to look after our customers' money responsibly and engage with companies they invest in. We'll also step in whenever we feel our customers' needs are not being properly considered.

Represent Customers' needs:

We understand the long-term needs and interests of our customers and so we'll act as their voice on matters of stewardship and governance to help ensure the best long-term outcomes.

Add value where we can:

We'll seek to ensure our asset owner voice is heard. Whilst we don't invest directly into equities and do not want to duplicate the stewardship and engagement activities of our asset managers, we will engage with them where we feel we can add additional value as an asset owner.

Focus on potential risks:

We'll take action, or we'll ask our asset managers to take action if we feel there's an increased risk our customers' pension investments could be negatively impacted.

Listening to our customers

As a customer-centric company, we're committed to incorporating our customers' views into our approach to stewardship and engagement. We'll use our customer research to help make decisions about our stewardship and engagement approach.

We'll undertake research to understand our customers' views

We'll assess and determine the extent to which this research can be incorporated into our stewardship and engagement activities.

Our stewardship and engagement responsibilities

We'll ask our asset managers to take action, or we'll take independent action on the following:



Engagement

We have the right to tell our asset managers what our priority engagement themes are and ask how they're acting on these themes.



Voting

We require asset managers to meet the principles of our Voting Policy, or explain why they cannot do so.



Exclusions

We require asset managers to meet the principles of our Exclusion Policy, or explain why they cannot do so.

Our engagement priorities

Royal London Ireland is focusing on three key engagement themes on behalf of customers: climate change, inclusion, and governance.

These themes align to our Purpose and are used to focus our activities and were formed following the results from customer research.

Each theme will have underlying topics and these topics will be prioritised based on:

- The percentage of holding in the issuer company, market value of the asset, portfolio company and/or property.

- The materiality of Environmental, Social and Governance (ESG) factors on financial and/or operational performance.
- Specific ESG factors with systemic influence (e.g. climate or human rights).
- Specific ESG factors based on input from beneficiaries.
- Climate Action 100+.

What we expect of our asset managers

We expect the asset managers we work with to exercise the full range of shareholder rights and responsibilities on our behalf. We expect asset managers to become signatories of the following initiatives or provide an explanation as to why they have not done so:

- UN Principles of Responsible Investment
- UK Stewardship Code 2020

Our voting principles

We've developed Voting Principles that set out the expectations we place on the asset managers we've appointed and the expectations we place on the companies our asset managers invest in. We've also developed Voting Policy Guidelines that outline our view on what good corporate governance looks like within the companies we invest in through our asset managers. We require all asset managers to meet the Voting Policy Guidelines or explain why they cannot do so.

Applying exclusions

We endeavour not to invest in corporate equity and/or debt of companies involved in the manufacture and sale of cluster munitions, anti-personnel landmines, or biological and chemical weapons. We communicate our policy to asset managers, ask them to meet this policy or explain why they cannot do so, and monitor positions against this policy. It is not possible to apply this policy to passive funds that follow an index, as their constituent investments are driven by the index.

Conflicts of Interest

We take a fair, consistent and ongoing approach to managing conflicts of interest by holding all our employees to account. The Board is accountable for the management of all conflicts of interest and responsible for dealing with these in a fair way.

Engagement with companies we invest in

To help encourage proactive engagement we'll share our engagement themes with asset managers.

We'll do this by:

1 Directing stewardship and engagement activity

We'll share our engagement themes with key asset managers of pooled funds and monitor their engagement activities that align with our engagement themes.

2 Adherence to industry standards

We'll assess how asset managers adhere to best practice as defined in the requirements of the UN Principles of Responsible Investment (UNPRI).

Engagement escalation

If engagement activities do not meet the objectives that were set out at the start of the engagement, or if the activities do not result in real progress within the timeframes that have been set then we expect our asset managers to escalate their activities.

- Holding additional meetings with company management, the chairman or other board members.
- Divesting from, or reducing their exposure to, the investee company.
- Excluding or reducing exposure to the sector from their investment universe.
- Making a public statement in advance of the AGM.
- Withholding support or voting against management.
- Submitting a Shareholder Resolution.

Our monitoring of stewardship and engagement

We require asset managers to demonstrate that their approach to stewardship and engagement meets the standards we've set. We do this by monitoring asset manager engagement, voting and exclusions.

We'll also subscribe to external data providers for responsible investment and climate change research to provide us with a third-party view of asset manager arrangements and help validate our assessments of asset managers. Monitoring activity will include quarterly meetings with key asset managers.

The results from all responsible investment and climate change monitoring activities will result in a rating being produced for each asset manager that will feed into a Responsible Investment and Climate Change Dashboard. All escalations will take place through our Asset Manager Oversight Framework.

Reporting and disclosure

- We'll report as needed to meet the Shareholder Rights Directive (SRD) II requirements.



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