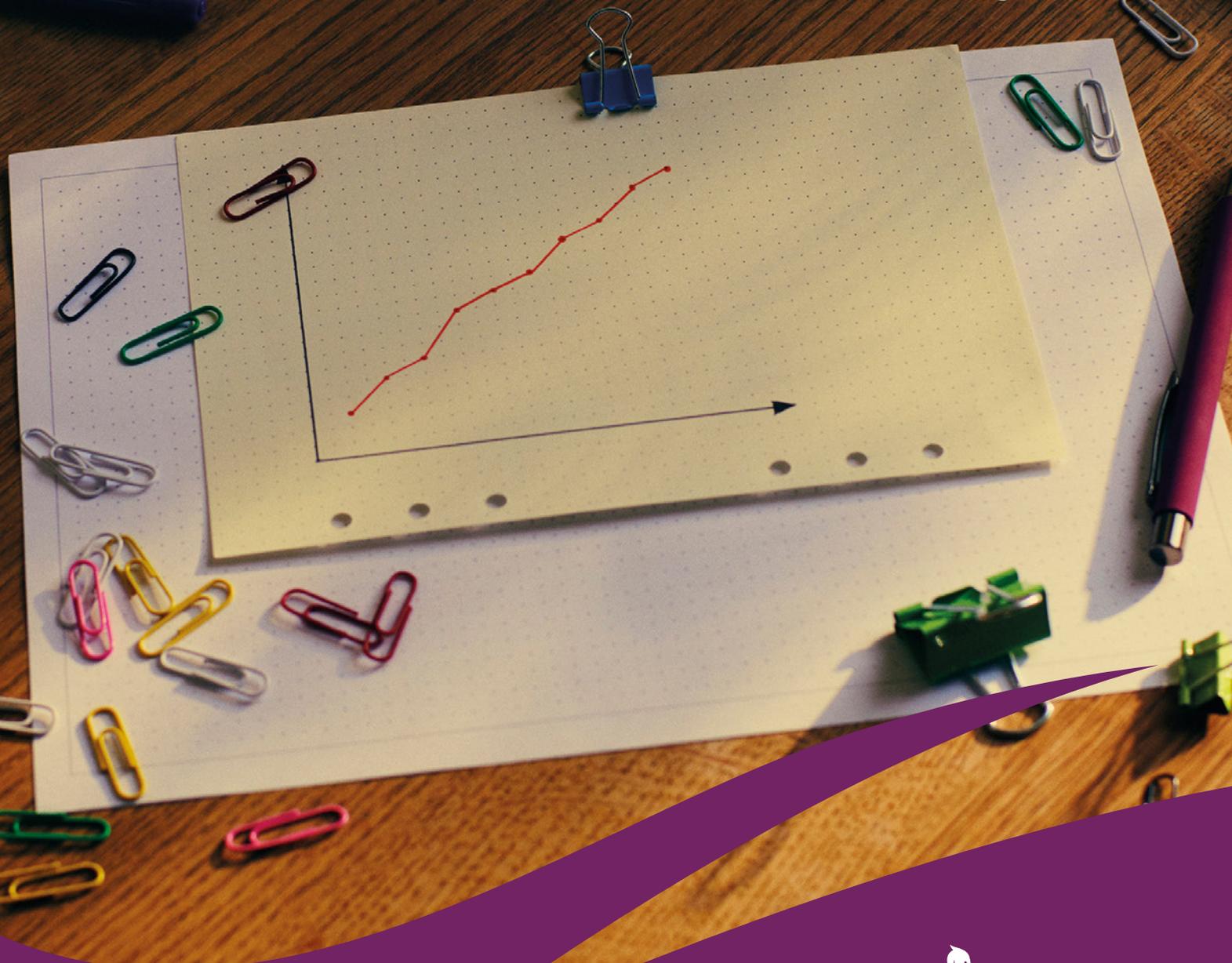


# Investing responsibly with us

Responsible investment and our Governed Range



## Our mutuality

As the UK's largest mutual life, pensions and investment company, we're driven by the needs of our customers.

Being a mutual means we have no shareholders to pay and no short-term demands to answer to.

So, you can be sure everything we do has the best interests of our members and customers, and your long-term financial wellbeing in mind.

This is reflected in our company purpose which puts our customers at the heart of everything we do.

We're focused on building financial resilience, promoting long-term savings and strengthening our responsible business activity because we believe this will deliver better value and service for our customers.

Mutuality, and sharing responsibility for building a better future, are at our heart – and we're all in it together.

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- 06** Investing with responsible expertise
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### Our purpose

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



# Our approach to investment

We're committed to acting and investing responsibly. By being a force for good and including environmental, social and governance (ESG) issues in our investment decisions, we aim to improve the impact of the money you invest with us on the wider world.

As a leading investor, we believe we can make a real difference by acting on our customers' behalf to influence and challenge the companies they own shares in, on issues such as CO2 emissions, modern slavery policies and executive pay and push for positive change.

## Our Governed Range

Our Governed Range is designed exclusively for long-term savings, with a successful track record of delivering performance, governance and risk management.

There are more than 1 million plans invested, and over £46.2bn assets under management<sup>1</sup>.

Our nine Governed Portfolios are designed for customers saving for retirement. We also offer five Governed Retirement Income Portfolios, or 'GRIPs' for short, designed for customers looking to take a regular income.

## A range of benefits

Our Governed Range offers many benefits.

### Responsible investment as standard

We want to make it easy for customers to invest their money responsibly. That's why our Governed Range comes with responsible investment built in as standard, at no extra cost.

### Reducing our carbon intensity

We've taken steps to reduce the carbon intensity of our Governed Range. We now invest less in companies that have the highest carbon emissions.

And invest more in those that have the lowest carbon emissions.

We believe these changes will result in a significant reduction in the carbon intensity of our investments, without significantly impacting risk or returns. This all comes at no additional cost.

### Governance

Investment experts, including independents, monitor the portfolios on a regular basis at no extra cost.

### Resilience

Investments are spread across a broad range of asset classes in the UK and overseas, including Equities, Property, Bonds and Commodities in order to improve resilience in a wide range of market conditions.

### Active management

Our expert investors take an active view in setting asset class weightings and selecting the individual investments that make up the portfolios with a view to improving returns and managing risk.

### Performance

Our Governed Range has a proven long-term track record of delivering on its investment objective and risk control targets.

### Easily accessible

Customers can view the details of their portfolios online.

1. as at 8 August 2021

## Our road to Net Zero

We're playing our part in helping tackle the climate crisis through the way we run our business and manage our investments.

To make this clear we've set out a series of climate pledges, as we believe we have to take action now to help our members retire into a world worth living in.



### Our IIGCC Net Zero commitment

The IIGCC stands for The Institutional Investors Group on Climate Change and is a leading body focusing specifically on climate change.

As founding signatories of the IIGCC Net Zero Commitment, we're committed to aligning our investments to Net Zero by 2050. And we're engaging with the companies we invest in to ask them to do the same.



### We're lowering carbon emissions in our investments

We commit to achieving a minimum 50% reduction CO<sub>2</sub> emissions by 2030 and net zero by 2050 across our investments. Plus, in 2021 we'll reduce the carbon footprint of our workplace pension default fund by 10%.



### We're engaging for positive change

We're engaging with the largest carbon emitters on the need for a Just Transition plan- ensuring that social issues are taken into account in moving to a low carbon economy and we'll begin divesting from companies who are unwilling and unable to transition from 2025. You can read more about how engagement can lead to positive outcomes for society<sup>2</sup>, including how we helped Scottish and Southern Energy (SSE) publish its Just Transition strategy, the first company to do this globally.



### We're investing in climate solutions

We're committed to developing solutions that will enable our customers to invest in the low carbon transition.



### We're aiming for net zero in our operations

We aim to achieve net zero in our operational emissions by 2030 (scope 1&2) and last year we achieved carbon neutrality in our operational energy use through carbon offsetting<sup>3</sup>.

2. [www.royallondon.com/pensions/investment-options/investing-responsibly/case-studies/](https://www.royallondon.com/pensions/investment-options/investing-responsibly/case-studies/)

3. [www.royallondon.com/mutuality/responsible-investment/climate-change-commitments/achieving-operational-carbon-neutrality-by-helping-households-in-guatemala/](https://www.royallondon.com/mutuality/responsible-investment/climate-change-commitments/achieving-operational-carbon-neutrality-by-helping-households-in-guatemala/)

# Investing with responsible expertise

Royal London Asset Management (RLAM) manage just over 90% of our pension assets and take their responsibilities as shareowners on our behalf very seriously.

Investing money responsibly is part of everyday business for RLAM, and you can see this when looking at their [voting record](#)<sup>4</sup> or reading their latest [stewardship report](#)<sup>5</sup>.

RLAM has a dedicated responsible investment (RI) team who work on our customers' behalf to analyse and understand ESG issues, to improve company behaviour, and represent our customers' views and interests when voting or meeting with companies.

## Responsible achievements

### Global recognition

Awarded A+ by the UN supported Principles for Responsible Investment in strategy and governance in 2020. Overall, the team secured three A+ and 5 A grades across the eight categories of assets they manage.

### Widescale engagement

A 59% increase in engagement activity in 2020. The team undertook 413 company engagements to reduce ESG risk and improve behaviour and performance.

### Tackling climate change

In 2020 the team engaged 141 times on climate related risk with 71 companies. In March 2020 they were among the first to call for 'Green' to be embedded in the COVID stimulus packages.

## Voting record

An 85% increase in voting activity in 2020. Globally the team voted against or abstained 1,098 out of a possible 2,395 times at 1,398 companies, or 46% of the time on remuneration.

## Stewardship

Being a good steward of our customers' money is very important to us, as is choosing the right asset managers to make investment decisions on our behalf. To help us meet our commitment to responsible investing, we ask our asset managers to vote at Annual General Meetings (AGMs) and engage with the companies our customers are invested in. As shareholders who own stakes in companies, we can state the case for change if we believe it's necessary and in the interests of our customers and the wider world.

RLAM carry out their stewardship responsibilities by voting at company meetings, and engaging with companies on environmental, social and governance (ESG) issues.

## Engagement to make the world a better place

In 2020, RLAM's Responsible Investment (RI) team engaged with over 200 companies on a total of 413 occasions. Their engagement spanned a range of topics, including executive pay, climate change and corporate governance.



Find out more about how the responsible investment team engage with the companies we invest in to influence positive change in our engagement case studies<sup>6</sup>.

4. [www.rlam-voting.co.uk/voting](http://www.rlam-voting.co.uk/voting)

5. [www.rlam.co.uk/globalassets/media/literature/reports/2021/77491-stewardship-report-2021-web3.pdf](http://www.rlam.co.uk/globalassets/media/literature/reports/2021/77491-stewardship-report-2021-web3.pdf)

6. [www.royallondon.com/pensions/investment-options/responsible-investment/case-studies/](http://www.royallondon.com/pensions/investment-options/responsible-investment/case-studies/)

## Our responsible investment approach

Here's a snapshot of our responsible investment approach based on The Investment Association's Responsible Investment Framework, and how we adhere to responsible investment codes and initiatives.

IA RI framework: RI approach		Codes and initiatives	
Stewardship		UNPRI signatory	
<ul style="list-style-type: none"> <li>• Voting</li> <li>• Advocacy</li> </ul>		UK Stewardship Code signatory	
ESG integration		IIGCC Net Zero investment framework	
Exclusion		Founding signatory	
Sustainability focus	 Ability to overcode equity funds		
Impact investing	 Plans to launch solutions		

To find out more about our Governed Range and our responsible investment approach please speak to your usual Royal London contact.



**Royal London**  
1 Thistle Street, Edinburgh EH2 1DG  
[royallondon.com](http://royallondon.com)

**We're happy to provide your documents in a different format, such as Braille, large print or audio, just ask us when you get in touch.**

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