



DETERMINATION **FOR GOOD**

Social Impact Report 2019

In 1861 Joseph Degge and Henry Ridge founded Royal London, **determined to help fellow citizens avoid the indignity of a pauper's grave.** That commitment to improving people's lives to the benefit of society is as relevant today as it was then.

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Jerry Toher

CEO – CONSUMER AND GROUP EXECUTIVE
COMMITTEE SOCIAL IMPACT SPONSOR

As a mutual, we're owned by members. We're a purpose-led business that always puts the needs of our customers first and does what's right for them. They're at the centre of our business. But what's in the best interests of our customers is often also in the best interest of their communities and society.

We've always had a positive impact – it's the grounds on which Royal London was founded – but we're determined to do more, especially in light of the current coronavirus (Covid-19) situation that's impacting so many people. By doing our part to tackle big social issues, we're helping to look after our customers and their future. That's why we've developed a new social impact strategy, which focuses on Royal London's effect on our people, customers and communities, as well as wider society and the environment.

As a long-term strategy for the business, it's only the beginning of the journey for us, but we're fully committed to creating positive change. We're currently developing a set of ambitions and KPIs so we can clearly identify what we want to achieve and measure our progress. This will keep us accountable and help to ensure we're making a difference over the longer term.



Nadia Al Yafai

GROUP HEAD OF SOCIAL IMPACT & RESPONSIBILITY

People, be it our colleagues, our customers, their families or in society as a whole, are at the heart of social impact. So we developed our approach through extensive people engagement and research, both internally at Royal London and externally with customers and other stakeholders.

We found that social impact really matters to our customers. It means making positive societal change that affects everyone, and having an impact outside of our main offerings as a business. It shouldn't be an afterthought – it should link directly with core business practices and values. Our mutuality and our values – to be empowered, to be trustworthy, to collaborate and to achieve – mean social impact is truly at the core of Royal London.

Our work on engagement and research led us to focus our social impact approach around three key themes. They represent the social problems where we think we can use our strengths as a business to make a real difference over the long term. Aligned to these, we've developed our 10 commitments, which cover the social impact work happening across all aspects of our business, and we're also working on specific new initiatives to increase our impact in key areas.

Social impact is **the effect of an organisation's actions** on people, communities, the environment and society at large.

Businesses can have a positive social impact in a number of ways, such as operating ethically and sustainably, making donations to charity and considering the effect of their actions on the environment. Companies that reduce negative impacts and put their social impact at the heart of their business strategy are known as responsible businesses. They operate in a way that makes a positive change and seeks to address social challenges rather than simply generating profits.

Social impact at Royal London

As a mutual, we're focused on much more than profits. Throughout our history we've always worked to tackle social issues. We were founded in 1861 by two young men who wanted to help people avoid the stigma of a pauper's grave. Since then, we've continued to have a positive social impact, doing the right things for our customers, members, people and wider society. Today, as a member-owned and independent business, putting members and customers first is in our DNA and our people work solely for their benefit. This also means we focus on the long term, so we're determined to secure a better future for our customers, their families and their communities.

Issues facing society

The world we live in is changing rapidly, especially since the outbreak of coronavirus (Covid-19). But we believe we're well placed to tackle some of the big issues facing society today, including:

- An uncertain economic environment
- Climate change
- Increased consumer focus on social impact
- Technological change
- Demand for innovative products
- Continually evolving regulation
- Trust in business
- An ageing and healthier population

Our approach

We've identified three key social problems – our social impact themes – that we want to tackle for the benefit of our members and customers:



BUILDING FINANCIAL RESILIENCE



TAKING ON THE LONG-TERM SAVINGS CHALLENGE



STRENGTHENING RESPONSIBLE BUSINESS

These are the areas where we think we can use our strengths to make a real difference over the long term, and they have become the core of our approach to social impact.

During 2019 we built on our initial approach to develop 10 commitments – set out on the page opposite and detailed in this report. Each commitment is linked to one of our three social impact themes and is relevant to specific aspects of our business. They ensure our strategy is influenced by our social impact aims – from helping people to be more financially resilient, to investing responsibly – and also align to the United Nations Sustainable Development Goals. The next stage of our social impact work involves finalising our ambitions and KPIs. Launching in 2021, these will show exactly what we want to achieve and identify the things we can measure against this.

The coronavirus (Covid-19) pandemic has had a significant impact on people and businesses across the world, including Royal London and our customers. Most of the work referenced in this report was under way before the pandemic began, but we believe that it's only sharpened the focus on the social impact commitments we're making.

OUR 10 COMMITMENTS



BUILDING FINANCIAL RESILIENCE

Too many people are living without suitable protection against shocks like long-term illness and death. We believe the best ways we can support people to build resilience are with our affordable, accessible and reliable products; by campaigning on issues that impact financial resilience; and by helping people to manage their finances.

1

Determined to...
help more people
get protection

2

Determined to...
reduce funeral poverty

3

Determined to...
give people financial knowledge
and skills they can use



TAKING ON THE LONG-TERM SAVINGS CHALLENGE

There are many barriers to saving enough for later life. We make sure our products and services are good value and respond to customer needs; campaign to improve the pension system and access to advice and guidance; and communicate with customers to help them engage with their savings.

4

Determined to...
create solutions, products and
services to enable a positive
financial future

5

Determined to...
fight for a fairer pension system
and greater access to advice and
guidance

6

Determined to...
help people engage with their
long-term savings



STRENGTHENING RESPONSIBLE BUSINESS

People's trust in business is at an all-time low, so companies need to show they're acting responsibly and helping to create positive change. We want to help create a better future for everyone. We're a responsible investor; we support our colleagues, communities and the natural environment; and we encourage other businesses to do the same.

7

Determined to...
invest responsibly and encourage
positive change in business

8

Determined to...
build sustainability into
our operational estate and
supply chain

9

Determined to...
help people prevent a life shock
becoming a crisis

10

Determined to...
create a meaningful, inclusive
workplace for our people and
their wellbeing

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS





1

Determined to... help more people get protection

We're helping to remove the barriers preventing people from getting the protection they need, through innovation and driving up standards.

Insurance and protection products are a great way for people to take control, prepare for the unexpected, and get peace of mind. The important thing is to get the right kind of cover – and the right amount. And this is where the challenge lies. Only 27% of consumers are confident that plans they have in place actually meet their needs.

People need protection. That's why we're determined to remove potential barriers that can cause many individuals and families to be underinsured, or not insured at all. As a mutual, we put the customer at the heart of everything we do, and this means we put the long-term interests of our customers first. We're not just committed to solving the problem, we're committed to creating positive change. With innovative new products, and a more inclusive way of doing things, we're helping to make it easier, quicker and simpler to arrange cover, get value for money, and access support when it's needed.



Life insurance customers can expect to pay premiums for up to 20 or 30 years, but we recognise that sometimes their circumstances can change over this period of time. With this in mind, we've introduced protected pay-out and payment holiday features for our Over 50 Life Insurance.

Better mental health protection

We've introduced innovative mental health and critical illness cover to give more customers the protection they need. Our new life protection offering for people with serious mental health conditions, including psychosis and schizophrenia, has allowed us to provide cover for 75% of applicants who we wouldn't have been able to insure previously, and who would struggle to be insured by other providers.

Improved insurance for diabetics

People with certain long-term medical conditions also struggle to get straightforward, affordable cover – applying for life insurance often involves lengthy medical questionnaires, followed by exclusions or additional premiums. For people with diabetes, we've developed a pioneering product that makes it simpler and more affordable for people with the condition to get life insurance. The product also reduces the time it takes to accept an application, from weeks to less than an hour.

Payment holidays

Life insurance customers can expect to pay premiums for up to 20 or 30 years, but we recognise that sometimes their circumstances can change over this period of time. With this in mind, we've introduced protected pay-out and payment holiday features for our Over 50 Life Insurance to help our customers adapt to different circumstances better.

Clearer critical illness cover

In Ireland, our unique Multi-Claim Protection Cover takes a radical approach to critical illness insurance and is a market first. The policy can pay out multiple times, providing effective cover for multiple health setbacks. Typical critical illness policies can be complex and rely on specific medical diagnoses, but we've made ours easy to understand, and

27%

The amount of consumers who are confident that plans they have in place actually meet their needs.

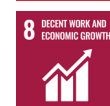
75%

Our new life protection offering for people with serious mental health conditions has allowed us to provide cover for 75% of applicants who we wouldn't have been able to insure previously, and who would struggle to be insured by other providers.

pay-outs are based on treatments rather than complex medical definitions.

Support when a loved one dies

In 2019 we launched CLARA, a claims and case management system that aims to speed up payments to bereaved families. We know how difficult it is when a loved one dies, so we want to ensure that customers have a dedicated person at Royal London to help them with their claim from beginning to end. We've also created a bereavement guide that explains the process and what people need to do.





2

Determined to... reduce funeral poverty

We're leading, supporting and influencing the Government and industry to ensure affordable, dignified funerals.

Royal London was founded to help people deal with the costs of a funeral. More than 150 years later, funeral costs remain a cause of people falling into debt – an issue that we continue to campaign on. The average funeral cost stood at £3,785 in 2019 and state support for those facing funeral poverty is inadequate because it doesn't even cover the full cost of a basic funeral. In 2018, nearly 74,000 individuals struggled to pay for a funeral. These vulnerable individuals faced an average shortfall of £1,990, a rise of 14% from 2018 and an all-time high.

Charity support

We're determined to provide support for anyone struggling to pay for a funeral. So we're working with the charity Quaker Social Action on their Down to Earth programme, which helps individuals and families on low incomes to deal with funerals and the associated costs. We aim to support their work and help build capacity to grow their reach.

Annual research

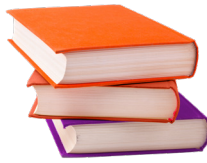
In addition, since 2014 Royal London has published the National Funeral Cost Index. It's published annually and tracks the rising cost of funerals and the growing problem of funeral poverty. We use this research to raise awareness of this issue and keep it on the agenda of policymakers.

Successful campaigning

We've highlighted the funeral poverty problem to ministers and officials and have lobbied the Department for Work and Pensions (DWP) to make improvements to the Funeral Expenses Payment. This year, we also helped to establish a parliamentary working group, bringing together MPs from different parties, with the specific aim of addressing funeral poverty.

There are signs that our campaigning has had an effect. In November 2019, the DWP announced a 43% rise – to £1,000 – for the Funeral Expenses Payment, which has been frozen for 16 years. In addition, the Competition and Markets Authority launched an investigation into the cost of funeral and crematorium services and used our data to illustrate the problem.





3

Determined to... give people the financial knowledge and skills they need

We're driving up knowledge and skills to help people better prepare for life's challenges.

The ability to manage money is an important skill. It helps people plan for future goals, such as buying a property or retirement. It can also make it a little easier to handle unexpected events, like being made redundant or losing a loved one.

Too many people are missing the skills and knowledge to successfully manage their money and cope with the financial impact of life's shocks. Only 49% of UK adults could last three months or more without borrowing if they were to lose their main source of income, and 22% have less than £100 in savings. Many people also find financial matters bewildering. Almost half of us (47%) don't feel confident making decisions about financial products and services.

Support for managing money

We've developed a Financial Capability strategy that aims to empower our customers to ask the right questions. It's a way to help them be better prepared for significant life events, and deal with financial difficulty.

It's our aim to help people be good with their money, but we're aware that, for many, financial advice is unaffordable. In response to this, we've published *Good With Your Money* guides to empower people to take control of their financial situation. We've also created a library of online resources and articles – for example, our Bereavement Hub, providing guidance on topics relating to money and death. We regularly share these resources with customers by including them in our Member Newsletter.

Training our employees

We're training up some of our frontline customer service staff so that they can help customers with broader financial issues. This



could range from getting help with problem debt, to budgeting and state benefits – not just Royal London products.

Our employees have their own financial needs and wants too, and we want them to feel more confident about managing their money. So, we've also offered financial capability workshops to employees across all of our offices to explain topics such as the benefits package.

Collaborating with others

We've teamed up with the former CEO of The Pensions Advisory Service, Michelle Cracknell, and have started conducting trials to help people who don't have a financial adviser to manage their money better and feel more in control of their finances. In one trial, we trained some of our customer service

consultants to offer financial guidance to people approaching retirement. In a second pilot for Over-50 customers on modest incomes, we offered information on budgeting, cutting bills, state benefits and debt.

We're also working with the Money and Pensions Service and Behavioural Insights Team on a 'smarter signposting' project. We're testing whether clearer information and signposting to guidance could improve customers' engagement with their workplace pension.





4

Determined to... create solutions, products and services to enable a positive financial future

We're developing products specifically to meet the needs of our customers and put their interests first, while treating all of our customers fairly.

In our industry, providers don't always put the customer first. Too often profits are the priority and market returns can take precedence over a holistic approach to a customers' needs. For example, providers sometimes focus on upselling and cross-selling, and they don't always treat their long-standing customers as well as new ones.

Customer focused

As a mutual, we put our customers first. Unlike our competitors, who may be pressured to deliver short-term profits for shareholders, we have the advantage of independence. We can create products and services that deliver positive, long-term results for our customers, without compromise.

We focus all our effort on listening to customers, understanding their needs, and solving the problems that matter to them, rather than satisfying shareholders. We're committed to continually delivering value for money and doing everything we can to provide all customers with the best possible financial future, regardless of how they came to Royal London.

Developing suitable products

Our customers' interests are our priority when developing our products and services, which help them to manage risk and make the most of rewarding opportunities. For example, our Drawdown solutions are designed to

provide customers with a sustainable income in retirement and guard against the risk of running out of money too soon.

The comprehensive range of products and services we offer aim to ensure customers can make informed choices about their financial future, receive value for money and have enough income to enjoy a comfortable retirement. By carefully considering how someone's needs might change throughout their life, we believe we can move away from the industry standard, one-size-fits-all approach towards a more effective, holistic one.

Shared success

When we do well, we share our success with our members, boosting their retirement savings by adding a share of our profits to their plan each year. Since its launch in 2007, our ProfitShare scheme has allocated over £1 billion to eligible members' savings.

Ongoing support

We believe that all customers should have easy access to the products and services that are right for them. The FCA has highlighted the risk of providers treating customers unfairly – such as keeping them in expensive products that fail to deliver good outcomes or cutting costs in a way that's detrimental to customers. We're determined to help keep customers on track. Using sophisticated

£1 billion

Since 2007, our ProfitShare scheme has allocated over £1 billion to eligible members' savings.

modelling, we give customers' portfolios a score to assess their long-term sustainability. We review this quarterly and alert customers to any risks early enough for them to take positive action. We also provide advisers with updates to ensure they can provide the best advice to their customers.

We continually work to ensure that all customers are supported to achieve the best possible outcomes. And, by regularly reviewing and updating terms and conditions, we make sure our 5 million+ long-standing customers receive the same experience and service as our newer ones.

Additionally, our Governed Retirement Income Portfolio investment solution takes a lot of the hassle of investing away from our customers, considering their appetite for risk to help them achieve their desired level of income. Regular monitoring is designed to make sure that the portfolios achieve their objectives. Customers can also use our Pensions App to view their funds, helping them to focus on overall growth and make good long-term decisions.

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5

Determined to... fight for a fairer pension system and greater access to advice and guidance

We're advocating better retirement outcomes through championing access to advice and guidance and lobbying the Government for change.

Saving for retirement is a simple idea. So why are pensions so complicated? The complexity of the pensions system means people don't always get what they're entitled to – for example, tax relief or State Pension contributions. The State Pension provides vital retirement income for many of our members and customers. To make sure they don't miss out, we're determined to help them understand how it works, overcome its complexities, and get their full entitlement. That's why we're fighting for a fairer pension system and improved access to advice and guidance.

Our fight for stable futures

We've worked hard in many areas of the pensions sector so that people achieve fairer financial outcomes and more stable futures. For example, we've campaigned to fix the Child Benefit system so that mothers don't lose out on their State Pension contributions due to missing National Insurance credits. Even missing just one year can lead to nearly £5,000 in missing State Pension payments. There's so much evidence that women tend to end up with poorer pensions than men and, as this could make the problem even worse, we think it's vital that the Government takes action now.

14,000

people signed our petition, which led to HMRC changing the Child Benefit forms. This will ensure that fewer women miss out in the future.

Our petition on this issue received almost 14,000 signatures and led to HMRC changing the Child Benefit forms. This will ensure that fewer women miss out in the future. But we're still calling for the Government to lift the strict limits on backdating, so that parents can make a claim back to 2013 if necessary.

Quality advice

Good quality guidance and financial advice can help people navigate the pensions system to ensure they're maximising their savings and not missing out. But, unfortunately, too many people don't seek financial advice. In 2018, only 9% of people saw an adviser.

Independent advice has proven value for our members and customers. Research by Royal London and the International Longevity Centre has suggested that, depending on personal circumstances, those who access advice can be up to £47,000 better off 10 years later.

We want more people to have access to the advice they need, at an affordable price. That starts with toolkits and services for advisers, to help them deliver advice more cost-effectively so they can support a greater number of clients. For example, our Client Review Service removes the cost of the adviser creating annual client reports from scratch. Last year, an average of 2,500 reports were created every week.

Tracking pensions

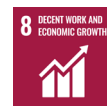
We're actively supporting the Government's plans to introduce Pensions Dashboards, which would allow individuals to see all their different pension pots in one place, at any time and on any device. We pushed for all

providers to make information available to the Pension Dashboard, and we're now campaigning for State Pensions to be included too.

We've also created guidance to help our customers with pension questions. Our guide on how to top up your State Pension was downloaded 70,000 times in its first week after publishing.

Campaigning for change

We lobby on issues that are important to wider society and do things that benefit our customers, even when they're not linked to our products and services. The state of the NHS, for example, is of great interest to our customers. So we investigated complex tax laws that discourage some doctors from taking on more work in the NHS, because doing extra shifts or covering for an absent colleague could negatively affect their levels of pension tax relief. This was making the shortage of doctors even more severe. We published a report on the issue, which pressed for a simpler and fairer taxation system that doesn't penalise doctors financially for doing extra work, and some concessions were made in the most recent budget.





6

Determined to... help people engage with their long-term savings

We're increasing engagement in planning for later life through improved customer communications and support.

Over a million people now have a workplace pension with Royal London. These people are also our members and, as a mutual, we'll always act in their best long-term interests. We want to help our members and customers save enough to meet their retirement goals, so we're working to tackle the challenges that can prevent people from being engaged with their pension and saving enough for the long term.

Auto-enrolment into workplace pensions saw the number of people actively paying into a pension pot rise to 10.4 million in 2017/18. That's up by a million on the previous year. While this is positive, many employees were opted in by default, rather than by active choice. The shift to defined contribution pensions has also put more responsibility on employees' shoulders. However, most people aren't contributing enough to bridge the retirement savings gap. Savers made an average contribution of £2,700 into their

pensions in 2017/18 – £200 less than the previous year. And around 18 million people who are currently saving into a pension (56%) aren't confident they're saving enough to give them the lifestyle they want in retirement.

We also need to consider the Pension Freedoms, which have given consumers far greater control over their pension savings. People now have important choices to make, but many aren't engaged enough to fully understand what these options could mean for them. For example, since the Pension Freedoms were rolled out, customers have accessed over £3.2 billion of their savings without taking professional advice.

Expert engagement

We're here for our members and customers throughout their whole journey to retirement, connecting with them in lots of different ways – from helping them understand the value of their savings or what they'll need in later life, to prompting them to make informed decisions and take action to keep their pension on track.

Our engagement strategy is founded on three core strengths: clear, relevant and timely communications; a high-quality customer experience; and easy access to information, guidance and affordable impartial advice from financial advisers (see page 10).

Customer-focused communications

We use multiple channels to communicate with customers, including email, social media and regular content on our website. Our quarterly Member Newsletter also features information to help members understand their finances, and our recently launched monthly podcast, 'The penny drops', is

designed to simplify finance to help people make better informed money decisions.

We believe problems are best solved by designing communications around a customer's needs. For example, our mobile app lets people keep an eye on their pension and it's quick and easy for them to see what their pension savings could be worth when they retire. The app has already been downloaded by 34,000 customers.

Providing the right information

To support our customers to save enough for later life, we need to ensure that long-term savers understand what they can and need to do, to achieve their desired standard of living in retirement. So we use our communications and experiences to help them make good decisions about their pensions, at every stage of their savings journey.

Many people find pensions complicated and confusing – so we make sure our communications are easy to understand. In 2019 we redesigned our Annual Statements, making them simpler and clearer, highlighting key information with visuals.

We also know that employers and advisers have a vital role to play when it comes to getting people to think more about their pensions. So we provide the information they need to fully support their employees and clients.



Our recently launched monthly podcast is designed to help people make better informed money decisions.





7

Determined to... invest responsibly and encourage positive change in business

We're continuously embedding advanced environmental, social and governance (ESG) capabilities into our investment activities and supporting Royal London Asset Management (RLAM) to influence positive corporate changes.

Businesses play an important role in some of our society's most pressing issues, from climate change to inclusion and diversity. We believe that when it comes to making a positive social and environmental contribution, the business world can and should be doing more.

Positive influence

As a responsible investor, and a leading investor, we use our position as a force for good. We have an influence over the thousands of businesses we invest in, so we encourage those companies to make better decisions. As shareholders, we're able to influence companies across a range of issues – from encouraging business leaders to make their operations more climate-friendly, to raising concerns about excessive pay and corporate governance. We're not afraid to speak up when we believe companies could be doing better – in 2019 we engaged with 175 companies on 260 occasions.

We manage approximately £139bn of assets on behalf of our members and customers, and when we choose which companies we invest in, we carefully consider the long-term impact they have. Engaging with the businesses we do decide to invest in and encouraging them to be more responsible is

a win-win situation. We can make a positive impact on the world, while also looking after our customers' money. Companies that fail to act responsibly in relation to ESG factors open themselves up to more risk – potentially creating a negative impact on the financial health of the business, as well as the wider world. And they also miss out on profitable opportunities, such as those created by the transition to a low-carbon economy.

Now we're taking our responsible investment capability to a more advanced level. In January 2020, we became signatories of the United Nations Principles for Responsible Investment, and we plan to sign up to the Financial Reporting Council's UK Stewardship Code by the end of 2020.

Action on climate change

We're also a signatory of Climate Action 100+ and its European branch, the Institutional Investor Group for Climate Change. This involves working collectively with likeminded shareholders to engage with the world's largest corporate greenhouse emitters and encourage them to take necessary action on climate change. As part of this action, we co-filed BP's 2019 shareholder resolution, requesting that the company disclose the steps it will take to align its business strategy with the goals of the Paris Climate Agreement.

Responsible goals

At Royal London, we have a long track record in responsible investing. RLAM has over 25 years' experience assessing companies' ESG performance. Its focus is on climate risk, social and financial inclusion, circular economy, innovation, technology and society, corporate governance and diversity.

£139bn

We manage approximately £139bn of assets on behalf of our members and customers, and when we choose which companies we invest in, we carefully consider the long-term impact they have.

175

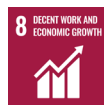
In 2019 we engaged with 175 companies on 260 occasions. As shareholders, we're able to influence companies across a range of issues.

We ask our asset managers to vote at shareholder meetings, to meet with company management, and to push for higher industry standards. We're committed to putting the three key responsible investment pillars into practice: ESG integration, governance and voting, and engagement and advocacy.

In the future, we'll be asking all of our asset managers to consider ESG risks and opportunities when they make investment decisions. We'll also be investing in people and technology to enhance these capabilities, improving our ability to analyse, assess and report on ESG factors.



We're a signatory of Climate Action 100+ and its European branch, the Institutional Investor Group for Climate Change.





8

Determined to... build sustainability into our operational estate and supply chain

We're playing our part to tackle climate change by making our own offices, operations and supply chain more sustainable.

From plastic waste and carbon emissions, to deforestation and loss of biodiversity, businesses can have a hugely negative effect on our environment. However, the reverse is also true – by making environmentally-friendly, sustainable choices, corporations can make a significant and positive impact on our planet.

We have a proud history of leading the way for positive change, and we've always been committed to doing the right thing. Our planet is facing an environmental crisis – the UN calls climate change 'the defining issue of our time'. As a responsible business, we

recognise the importance of considering the implications of climate change on our activities, beneficiaries and society as a whole. As well as our investments, our impact on climate change depends on how we manage the carbon footprint in our own operations.

Reduced carbon footprint

In 2019, we secured 100% renewable energy for electricity contracts within our control. We've removed single-use plastic cups from all of our offices, and our canteens offer reusable cups at a subsidised price. We've moved to FSC-accredited and EU Ecolabel office paper, which meets high environmental

standards and is produced with limited emissions. In addition, we've reduced CO₂ emissions by 495 tonnes in our Edinburgh, Wilmslow and Bath offices.

Lasting change

This is about more than one-off changes. We're committed to making continuous, long-term improvements. In October 2019, we published our Climate Framework, which outlines our commitment to a low-carbon economy and reducing our own carbon footprint. We've also hired a Group Environmental and Sustainability manager and we're creating an Environmental Improvement Plan that will support us in setting environmental targets based on a SBTi (Science Based Targets initiative) methodology across our offices and operations.

People power

People are the driving force behind positive environmental change, so we've launched our first Environmental Champions network to help increase awareness of environmental initiatives across the business. We've now recruited more than 100 Environmental Champions after launching in September 2019. These champions will spearhead change initiatives, such as reducing the impact of our business travel or encouraging fellow employees to adopt more environmentally-friendly behaviours.

OUR CLIMATE CHANGE COMMITMENTS



Climate risk policy

We require our asset managers to develop and put in place a climate risk policy.



Low-carbon economy

We will promote the case for moving to a low-carbon economy to policymakers and influential stakeholders.



Risk management

We will consider climate change risk within our risk management and business planning.



Operating efficiently

We will consider climate change risks and opportunities in our own operations.



Keeping you up to date

We will report on our progress in our Annual Report and on our website at least once a year, in line with recommendations from the Task Force on Climate-related Financial Disclosures (TCFD).





9

Determined to... help people prevent a life shock becoming a crisis

We're strengthening our local communities and helping people prevent a life shock becoming a crisis through volunteering, partnerships and financial support.

A life shock, such as being made redundant, coping with an accident, illness or injury, facing a separation or divorce, or losing a loved one, can have a big impact on our finances. For some people, these shocks lead to a crisis. One in three UK adults (34%) say they wouldn't be able to manage without their income, or cope in the event of a life shock. That's 17.6 million people. At Royal London, we can help to protect our customers and prevent shocks from becoming a crisis. But there are millions of others who can't afford our products.

We're working hard to make it as easy and affordable as possible for people to benefit from our products and services. We're also determined to find ways to help those who can't afford our products to prevent a shock becoming a crisis, and to help those who face a shock to build themselves up again. That's why we're working with community partners to provide proactive help and immediate relief, as well as lasting support for those who are struggling.

Support and fundraising

In the last three years, our employees have raised £397,625 and donated 15,667 hours to our local communities, supporting 27,658 people. Through the Royal London Foundation, charities nominated by our members have received a total of £1,058,000 in funding. In 2019 we also allowed slightly larger organisations – those with income of up to £1m a year rather than £500,000 – to qualify for grants for the first time.

Championing charities and communities

This year we'll launch our new Flagship Community Programme, which will focus on tackling a specific issue where we believe we can make the biggest difference: financial vulnerability and resilience. Our new aim is to 'help people prevent a life shock becoming a crisis'. As we've learned, a sudden shock which leaves people financially vulnerable, such as a pandemic, could happen to anyone. Our role is

to work with charities to support preventative and proactive approaches and enable people in the thick of it to feel like they're back in control of their lives.

At the start of 2020 we announced new local charity partners for our offices, voted for by our people. These charities go beyond being a helping hand by supporting people to prevent life's shocks, but also work with their clients to build them up again after facing one. We're helping our charity partners to become stronger, building their capacity and helping them to raise funds so they can make an even greater impact in the long term. And, for the first time, we'll work with a national charity partner, allowing us to help make a bigger difference across the UK.





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Determined to... create a meaningful, inclusive workplace for our people and their wellbeing

We're building a workplace where all our people can make a positive impact
and feel supported, engaged and valued.

At Royal London we recognise that our 4,000+ people are critical to delivering our vision. Without our employees, we wouldn't be able to fulfil our duty to our customers or our social impact commitments. But we don't just look after our people because it boosts performance. We do it because it's the right thing to do.

Respecting individuality

It's important for our people to feel included and valued. We acknowledge that everyone is different, and we treat them as individuals. Similarly, each of our employees has a unique contribution to make to our company, so we do all we can to protect their wellbeing and help them grow. We believe employers have a responsibility to remove barriers that prevent employees from making a positive contribution, including discrimination and bias relating to race, gender, sexual orientation or ability.

Our people experience

At Royal London, employees can make their views heard through our Employee Engagement Survey or elected forum of Employee Representatives. We listen to what our people are telling us, and we use their suggestions to develop our People Commitments. We also work with external organisations, such as the Employers Network for Equality & Inclusion, to benchmark ourselves and ensure we're continuously improving our experience for our people. Our employees give us an engagement score of 82% – higher than other financial services organisations – and we've been listed as one of the top ten places to work in the UK.

Mental health training

66% of employees in the financial services sector have experienced a mental health condition as a result of work. We believe that mental health is

hugely important and have signed up to the Time to Change campaign to end mental health stigma. We've invested in awareness training on mental health conditions for our People Managers as part of our commitment to reduce the stigma attached to mental health issues in the workplace. And our Mental Health First Aiders have been a valuable first port of call for Royal London employees.

A voice for everyone

While strides have been made in the financial industry, there are still barriers to overcome. The ONS found that the gender pay gap stood at 8.6% among full-time employees in 2018, but for financial institution managers and directors it was 30%.

We've signed up to the Women in Finance target of 40% of women in management roles by 2020, and supported the creation of networks – including our Women's Network, BAME and LGBTQ+ networks, as well as our Disability network, which is due to launch in 2020. Networks enable under-represented employees to be heard, feel supported and help shape our culture.



