

Prospectus of RLUM Limited Unit Trusts

Valid as at 17 February 2026



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Definitions

In this Prospectus, unless the context otherwise requires, the following expressions have the following meanings:

Act: the Financial Services and Markets Act 2000 (as amended from time to time);

Approved Bank: has the meaning given to it in the FCA Glossary;

Business Day: Monday to Friday (except for a bank holiday in England and Wales) being a day on which the London Stock Exchange is open for trading;

Class: a class of unit in a Scheme;

COLL: the Collective Investment Schemes Sourcebook (as amended from time to time);

CRS: the international Common Reporting Standard;

Dealing Day: any day on which Units may be bought and sold via the Manager. Should any Dealing Day not be a Business Day, dealing will take place on the next practicable Business Day;

EEA: the European Economic Area;

EEA State: a member state of the European Union and any other state which is within the European Economic Area;

EEA UCITS scheme: a collective investment scheme established in accordance with the UCITS Directive in an EEA State;

Eligible Institution: has the meaning given to it in the FCA Glossary;

EPM or Efficient Portfolio Management: the use of techniques and instruments which relate to transferable securities and approved money market instruments and which fulfil the following criteria:

- (a) they are economically appropriate in that they are realised in a cost-effective way; and
- (b) they are entered into for one or more of the following specific aims:
 - (i) reduction of risk;
 - (ii) reduction of cost;
 - (iii) generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in COLL, as more fully described in Appendix B;

FCA: the Financial Conduct Authority or any successor regulator;

FCA Glossary: the glossary giving the meanings of the defined expressions used in the FCA Handbook as amended from time to time;

FCA Handbook: the FCA's handbook of rules and guidance, as amended from time to time (which includes COLL);

Manager: the authorised fund manager of each Scheme, RLUM Limited

PISCES: the Private Intermittent Securities and Capital Exchange System, a UK market for trading shares in private companies;

PRA: Prudential Regulation Authority or any successor regulator;

Product Summary: means the key investor information document or product summary that may be required by the rules in the FCA Handbook from time to time;

Scheme: an authorised unit trust scheme, the details of which are set out in Section 1 of this Prospectus;

Scheme Property: the scheme property of a Scheme required under COLL to be given for safekeeping to the Trustee;

SDRT: Stamp Duty Reserve Tax;

Unit or Units: a unit or units in a Scheme;

Unitholder: a holder of Units;

Trustee: HSBC Bank plc or any successor from time to time;

Trust Deed: the trust deed constituting each Scheme, as amended or supplemented from time to time;

UCITS Directive: the European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No 2009/65/EC), as amended and which applies to EEA UCITS schemes;

UK: the United Kingdom of Great Britain and Northern Ireland;

UK UCITS Rules: COLL and the Collective Investment Schemes (Amendment etc) (EU Exit) Regulations 2019 No.325, including any amendments or updates made in relation thereto; and

UK UCITS scheme: a UK UCITS as defined in the FCA Glossary

SECTION 1 – SCHEME SPECIFIC INFORMATION

The following information is specific to the individually named Scheme and should be read in conjunction with other information contained in the “General Information” section of this Prospectus. This Prospectus has been prepared solely for, and is being made available to investors for the purposes of evaluating an investment in the Schemes. Investors should only consider investing in the Schemes if they understand the risks involved including the risk of losing all capital invested. Investors should consider the risk factors set out in Appendix E before investing in any of the Schemes.

To aid investor understanding we have included a glossary of investment terms in Appendix F.

1 Royal London Corporate Bond Monthly Income Trust

Product reference number (PRN)	227769
Date of authorisation	18 September 2003
Investment Adviser	Royal London Asset Management Limited
Status	Available for investment
Investor profile	The Scheme is for retail and institutional investors with a “low/medium” attitude to risk.
SDR disclosure	N/A
Investment objective	
The Scheme aims to provide a consistent monthly income with capital growth over rolling 5-year periods, after the deduction of charges.	
Investment policy	
At least 80% of the Scheme is invested in bonds (corporate bonds and supranational bonds), floating-rate notes and asset-backed securities, denominated in sterling or hedged back to sterling.	
The remainder of the Scheme (up to 20%) may be invested in other types of bonds (UK government bonds, index-linked bonds, convertible bonds and bonds denominated in currencies other than sterling which remain unhedged), securitisations and other transferable securities (including preference shares and permanent interest-bearing shares) and money market instruments.	
Overall, up to 60% of the Scheme is invested in bonds rated BBB or below.	
Up to 10% of the Scheme may be invested in other funds known as collective investment schemes (including exchange-traded funds and funds managed by RLUM Limited or another Royal London Group company).	
The Scheme may use derivatives for the purposes of investment and Efficient Portfolio Management (“EPM”) (including hedging). The use of derivatives for EPM is unlikely to increase the risk profile of the Scheme. The use of derivatives for the purpose of investment may affect the risk profile of the Scheme although this is not the Manager’s intention.	
Cash may be held for investment purposes and to manage inflows and outflows of investors’ money in the Scheme, however cash is not expected to exceed 5% of the Scheme.	

Investment strategy		
<p>The Scheme is actively managed, meaning the Investment Adviser uses its expertise to select investments to meet the objective</p> <p>The Investment Adviser believes that bond markets are inefficient, which creates valuation anomalies (cheaper bonds that are higher in quality than the market believes).</p> <p>As a value investor, the Investment Adviser emphasises its own research and aims to invest in attractively valued bonds issued by companies with sound long-term business models.</p>		
Benchmarks		
Comparator Benchmark 1		
<p>A performance comparator for the Scheme is the Markit iBoxx Sterling Non-Gilts All Maturity Total Return GBP Index (“Index”).</p> <p>The Index has been selected as a performance comparator because it is representative of the type of bonds in which the Scheme invests, and it is therefore considered an appropriate performance comparator.</p>		
Comparator Benchmark 2		
<p>Another performance comparator for the Scheme is the IA Sterling Corporate Bond sector (the “IA Sector”).</p> <p>Schemes in the IA Sector must invest at least 80% of their assets in sterling denominated corporate bonds. The Scheme’s assets are consistent with these investment parameters therefore the IA Sector is considered appropriate as a performance comparator.</p>		
Unit Classes available	Class A Income Units	
Base Currency	Sterling £	
Pricing	Single priced	
<p>Investment minima</p> <p><i>The Manager reserves the right to increase or reduce the investment minima in accordance with COLL.</i></p> <p><i>The investment minima amounts may be waived by the Manager.</i></p> <p><i>If an instruction to redeem leaves the holder with a residual holding of less than £500, the Manager may treat the instruction as one to redeem the entire holding.</i></p>	Minimum initial investment	Class A: £1,000
	Minimum subsequent investment	Class A: £500
	Minimum redemption amount	Class A: £250
	Minimum regular monthly investment	A monthly payment scheme is available – see paragraphs 4.1.7 - 4.1.17 below for further details.
Management charges	Preliminary charge	0.00% for all Unit Classes
	Periodic charge	Class A: 0.60% p.a.

Royal London Corporate Bond Monthly Income Trust (continued)

	Charge for investment research	No
Allocation of charges	All charges will be deducted from income apart from portfolio transaction charges (e.g. SDRT, broker's commission) which will be deducted from capital. This does not change the total return on the investment – it just means that more of the income earned by the investment is paid out in distributions. Whilst the net effect allows the Scheme to distribute more income, please be aware that taking charges from the capital of the Scheme may constrain capital growth.	
Ongoing charges figure ("OCF")	The OCF may be found in the relevant Product Summary.	
Income payment dates	By the end of each calendar month	
Accounting Dates	Final	31 August
	Interim	Last calendar day of each month
Eligible for ISAs	Yes	
General information	As a Unitholder you are entitled to a copy of the latest report and accounts and the relevant Product Summary for this Scheme at any time, available on request.	

2 Royal London European Growth Trust

Product reference number (PRN)	190562
Date of authorisation	2 December 1999
Investment Adviser	Royal London Asset Management Limited
Status	Available for investment
Investor profile	The Scheme is for retail and institutional investors with a “higher” attitude to risk.
SDR disclosure	N/A
Investment objective	
The Scheme aims to provide a return greater than that of the FTSE World Europe ex-UK Net Total Return GBP Index over rolling 5-year periods, through capital growth, after the deduction of charges.	
Investment policy	
<p>At least 80% of the Scheme is invested in shares of European companies that are listed on European stock exchanges (including Turkey but excluding the UK).</p> <p>European companies are those that are either domiciled in, listed in, or have significant business operations in, Europe.</p> <p>The remainder of the Scheme (up to 20%) may be invested in money market instruments, other transferable securities and deposits.</p> <p>Up to 10% of the Scheme may be invested in other funds known as collective investment schemes (including funds managed by RLUM Limited or another Royal London Group company)</p> <p>The Scheme may use derivatives for the purposes of Efficient Portfolio Management (including hedging). The use of derivatives for this purpose is unlikely to increase the risk profile of the Scheme.</p> <p>Cash may be held for investment purposes and to manage inflows and outflows of investors' money in the Scheme, however cash is not expected to exceed 20% of the Scheme.</p>	
Investment strategy	
<p>The Scheme is actively managed, meaning the Investment Adviser uses its expertise to select investments to meet the objective.</p> <p>The Investment Adviser selects companies it believes can deliver superior capital growth by virtue of their strong and competitive positions within their respective markets</p> <p>The Scheme is subject to a tracking error limit of 10%, which is the difference between the return of the Scheme and the return of the Index.</p>	

Benchmarks		
Target Benchmark		
<p>The target benchmark is the FTSE World Europe ex-UK Net Total Return GBP Index which represents the share price performance of the largest companies listed on public stock exchanges in developed European countries (excluding the UK).</p> <p>The Index has been selected as a target benchmark because it is representative of the type of companies in which the Scheme invests, and it is therefore an appropriate measure for the Scheme's performance.</p> <p>Management of the Scheme is not restricted by this target benchmark and the Scheme does not base its investment process upon the Index. As a result, the Scheme can invest in companies that are not part of the Index.</p>		
Comparator Benchmark		
<p>The performance comparator for the Scheme is the IA Europe ex UK sector (the "IA Sector").</p> <p>Schemes in the IA Sector must invest at least 80% of their assets in shares of European companies excluding the UK. The Scheme's assets are consistent with these investment parameters therefore the IA Sector is considered appropriate as a performance comparator.</p>		
Unit Classes available	Class A Income Units	
Base Currency	Sterling £	
Pricing	Single priced	
<p>Investment minima</p> <p><i>The Manager reserves the right to increase or reduce the investment minima in accordance with COLL.</i></p> <p><i>The investment minima amounts may be waived by the Manager.</i></p> <p><i>If an instruction to redeem leaves the holder with a residual holding of less than £500, the Manager may treat the instruction as one to redeem the entire holding.</i></p>	Minimum initial investment	Class A: £1,000
	Minimum subsequent investment	Class A: £500
	Minimum redemption amount	Class A: £250
	Minimum regular monthly investment	A monthly payment scheme is available – paragraphs 4.1.7 - 4.1.17 below for further details.
Management charges	Preliminary charge	0.00% for all Unit Classes
	Periodic charge	Class A: 1.00% p.a.
	Charge for investment research	No

Allocation of charges	All charges will be deducted from income apart from portfolio transaction charges (e.g. SDRT, broker's commission) which will be deducted from capital. This does not change the total return on the investment – it just means that more of the income earned by the investment is paid out in distributions. Whilst the net effect allows the Scheme to distribute more income, please be aware that taking charges from the capital of the Scheme may constrain capital growth.	
Ongoing charges figure (“OCF”)	The OCF may be found in the relevant Product Summary.	
Income payment dates	Final	31 December
	Interim	30 June
Accounting Dates	Final	31 October
	Interim	30 April
Eligible for ISAs	Yes	
General information	As a Unitholder you are entitled to a copy of the latest report and accounts and the relevant Product Summary for this Scheme at any time, available on request.	

3 Royal London Sustainable Corporate Bond Trust

Product reference number (PRN)	589039
Date of authorisation	9 November 2012
Investment Adviser	Royal London Asset Management Limited
Status	Available for investment
Investor profile	The Scheme is for retail and institutional investors with a “low/medium” attitude to risk.
SDR disclosure 	This Scheme complies with the requirements of the FCA's Sustainability Focus Label. Sustainability Focus funds invest mainly in assets that focus on sustainability for people or the planet.
Investment objective	
<p>The Scheme's financial objective is to achieve a total return over the medium term, which should be considered as a period of 3-5 years. There is however no certainty or promise that the Scheme will achieve this objective.</p> <p>The Scheme's sustainability objective is to invest in companies or issuers that make a positive contribution to one or more of the “Sustainability Themes” (listed below), through their products or services as determined by the Investment Adviser using its Sustainability Standard (as defined in the Investment Strategy).</p> <ul style="list-style-type: none"> • Clean – to support the low carbon economy, the reduction of carbon emissions and/or the prevention or remediation of negative environmental impacts such as pollution and biodiversity loss. • Healthy – to support the protection and improvement of people's mental and physical health and wellbeing. • Safe – to support the prevention of physical and mental harm and injury in homes and workplaces and/or keeping data and information safe and secure. • Inclusive – to support people to participate in economic and social life by providing products and services which are affordable, accessible and of a quality that supports equitable treatment of customers and/ or people in society. <p>Further information regarding the types of companies and issuers held and the basis upon which they are selected is included under the 'Revenue Alignment' section in the Investment Strategy.</p>	

Investment policy

At least 80% of the Scheme is invested in bonds (investment grade corporate bonds and supranational bonds) denominated in sterling or hedged back to sterling.

The remainder of the Scheme may be invested as follows:

- up to 20% in other types of bonds (government bonds, convertible bonds, index-linked bonds, sub-investment grade bonds, unrated bonds and bonds denominated in currencies other than sterling which remain unhedged or are hedged back to sterling), unhedged supranational bonds issued in currencies other than sterling, asset-backed securities, securitisations, floating-rate notes and other transferable securities (including shares in overseas companies, preference shares and permanent interest-bearing shares); and
- up to 10% in indirect property, money market instruments and deposits.

Overall, at least 70% of the Scheme is invested in Sustainable Companies or Issuers (as defined in the Investment Strategy section). Up to 30% may be held in Non-Sustainable Companies or Issuers (as defined in the Investment Strategy section).

The remaining portfolio will not conflict with the sustainability objective of the Scheme as detailed in the section titled "Screening for conflict with the sustainability objective".

The Scheme is actively managed, meaning that the Investment Adviser will use its expertise to select investments to meet both the financial and sustainability objectives.

Up to 10% of the Scheme may be invested in other funds known as collective investment schemes (including funds managed by RLUM Limited or another Royal London Group company).

The Scheme may use derivatives for the purposes of investment and Efficient Portfolio Management ("EPM") (including hedging). For the sole purpose of the Scheme's asset allocation, the Investment Adviser may (in extreme market conditions) enter into transactions in index derivatives. The use of derivatives for EPM is unlikely to increase the risk profile of the Scheme. The use of derivatives for the purpose of investment may affect the risk profile of the Scheme although this is not the Manager's intention.

Cash may be held for investment purposes and to manage inflows and outflows of investors' money in the Scheme, however cash is not expected to exceed 5% of the Scheme.

Investment strategy

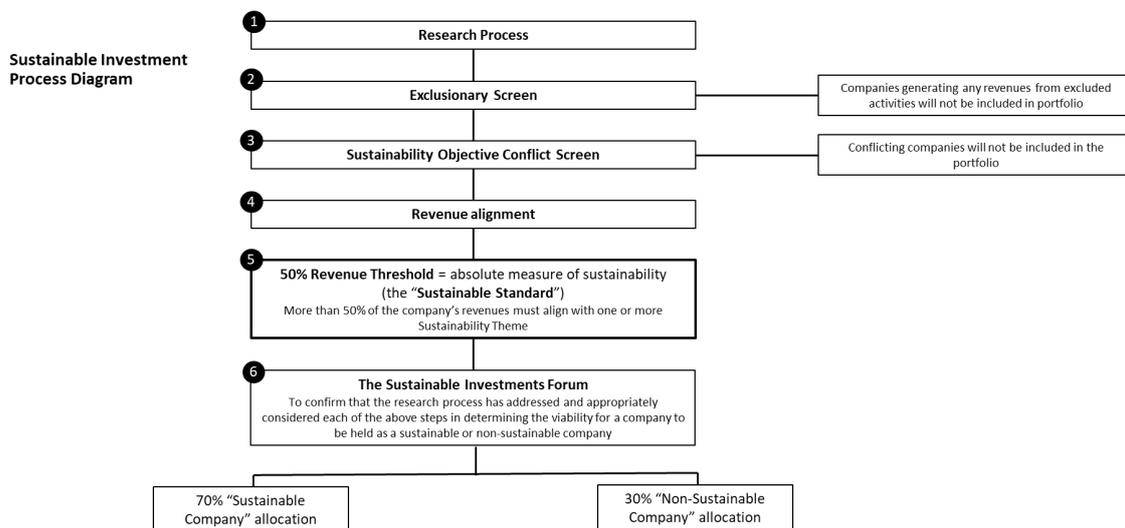
The Sustainable Investment Process

The Investment Adviser selects all assets for the Scheme and monitor investments in accordance with its consistent, robust sustainable investment process which follows the following steps:

1. **Research process:** the preparation of a comprehensive research note for each company and issuer which forms the basis of evidence regarding suitability for investment in such company or issuer by the Scheme.
2. **Exclusionary Screen:** the application of an exclusionary screen that excludes from the Scheme's investable universe any company or issuer that generates any revenue from areas which the Investment Adviser considers contradicts the sustainability objective of the Scheme.
3. **Sustainability Objective Conflict Screen:** the application of a 'Sustainability Objective Conflict Screen' that excludes from the Scheme's investable universe any company or issuer that conflicts with the sustainability objective of the Scheme across all Sustainability Themes.

4. **Revenue alignment:** the assessment of revenues of a company or issuer to provide a breakdown of alignment with one or more of the Sustainability Themes.
5. **Sustainability Standard:** the application of the Sustainability Standard (as defined below) that requires 50% of revenues to be derived from product or services aligned to one or more of the four Sustainability Themes to determine whether a company or issuer is a “Sustainable Company or Issuer” forming 70% of the portfolio of the Scheme. Where a company or issuer does not meet the Sustainability Standard, it may still be eligible for investment as a “Non-Sustainable Company or Issuer”. No more than 30% of the Scheme may be invested in these companies or issuers (as described in the Non-Sustainable Company or Issuer section).
6. **Forum review:** the validation from the the Investment Adviser’s Sustainable Investments Forum (the “Forum”) that a company or issuer has been accurately and appropriately assessed, revenues have been correctly categorised against the above criteria and the evidence used to form conclusions is sufficient.

The below flowchart provides a visual summary of the Investment Adviser’s sustainable investment selection process.



1. Research Process including a sustainability assessment

The investment process begins with a comprehensive and evidence-based sustainability assessment for all potential investee companies and issuers which is used to produce a note that:

- provides detail on the underlying analysis and conclusions of the sustainable investment process;
- documents and assesses whether the company or issuer is managing its business operations in a responsible way that is consistent with the sustainability objective of the Scheme and includes factors like environmental and climate performance, employee and community relations, health and safety, corporate governance, and diversity and inclusion;
- evidences whether the company’s or issuer’s activities breach any of the exclusions criteria listed below;
- assesses and evidences whether the company or issuer is in conflict with the sustainability objective across all Sustainability Themes by failing to pass the ‘Sustainability Objective Conflict Screen’ explained below; and

- provides a breakdown in revenues (based on each company's or issuer's public documents) and evaluates how the company or issuer contributes to one or more of the Sustainability Themes.

A research template is used to support the Investment Adviser in applying a consistent, robust and repeatable framework across all company and issuer types, sectors, geographies and asset classes.

A variety of sources are used to provide evidence to support the analysis including company and issuer disclosures, third-party research, broker notes and internal analysis.

2. Exclusionary Screening Process

The Investment Adviser applies its exclusionary screening process to all assets in the portfolio. This process excludes from the Scheme's investable universe any potential investments that earn any revenue from the following areas which the Investment Adviser considers contradicts with the sustainability objective of the Scheme or the Sustainability Themes:

- tobacco manufacturing;
- armament manufacturing;
- nuclear-power generation;
- animal testing (other than for purposes of human or animal health and/or where it is required by law or regulation);
- pornography production;
- online and offline gambling establishments; and
- fossil fuel extraction.

The list of exclusions may be updated from time to time where the Investment Adviser considers it appropriate.

3. Screening for conflict with the sustainability objective (the 'Sustainability Objective Conflict Screen')

Based on the research undertaken, the Investment Adviser applies its 'Sustainability Objective Conflict Screen' to determine whether a company or issuer conflicts with the sustainability objective and therefore is excluded from investment.

In determining whether a company or issuer will conflict with the sustainability objective, the Investment Adviser will screen the company or issuer (including its operations and products and services) against the ten principles of the UN Global Compact ("UNGC Principles") and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct ("OECD Guidelines"). If a company or issuer contravenes the UNGC Principles or OECD Guidelines, it will be excluded from investment. The Investment Adviser uses the UNGC Principles and OECD Guidelines to assess for conflicts with the sustainability objective because they cover a wide range of considerations relevant to the company or issuer (including its operations and products and services) which are aligned to all Sustainability Themes. This ensures that every company and issuer held by the Scheme does not conflict with any of the Sustainability Themes.

An indication of the types of operations or products and services that would contravene one or more of the UNGC Principles and/or OECD Guidelines (and therefore would conflict with a Sustainability Theme) are shown below:

- **Clean** – Operations or products and services that fail to apply a precautionary, scientific approach to solving environmental and sustainability challenges or preventing environmental

harm (and therefore fail to support the low carbon economy, the reduction of carbon emissions and/or the prevention or remediation of negative environmental impacts such as pollution and biodiversity loss). For example, violation of international laws and standards by taking unacceptable risk, failing to address or prevent environmental harm or remediation, relying unnecessarily on harmful methods of production, creating unsustainable levels of consumption or products and services using new, innovative technologies that create known and foreseeable adverse environmental impacts. These activities can lead to irreversible harm to the environment which the Investment Adviser considers to conflict with the Sustainability Theme of Clean.

- **Healthy** – Operations or products and services that fail to protect the health of employees, communities and customers (and therefore fail to support the protection and improvement of people's mental and physical health and wellbeing). For example, violation of international laws and standards due to poor working conditions, workplace harassment, compromised quality, failure to provide medical care, or production of harmful products. These activities can lead to stress and anxiety, health hazards and other harmful outcomes for people which the Investment Adviser considers to conflict with the Sustainability Theme of Healthy.
- **Safe** – Operations or products and services that fail to protect the safety of employees, communities and customers and demonstrate a lack of respect for the right to life, liberty and security of person (and therefore fail to support the prevention of physical and mental harm and injury in homes and workplaces and/or keeping data and information safe and secure). For example, violation of international laws and standards due to unsafe working practices, non-adherence to labour standards, poor risk management, failure to meet product quality safeguards, use of child labour or exposing people to hazardous conditions. These activities can lead to physical or mental harm which the Investment Adviser considers to conflict with the Sustainability Theme of Safe.
- **Inclusive** – Operations or products and services that fail to protect fundamental rights to equality, dignity and freedom for all people (and therefore fail to support people to participate in economic and social life by providing products and services which are affordable, accessible and of a quality that supports equitable treatment of customers and/ or people in society). For example, violation of international laws and standards due to corruption, discrimination, exploitation, unfair wages, or poor working conditions can limit people's ability to earn a decent wage or access basic services such as healthcare, education, and housing. These activities, in addition to products and services that contribute to adverse impacts on human rights, can reduce people's standard of living, lead to social exclusion, and limit equal participation in economic and social life which the Investment Adviser considers to conflict with the Sustainability Theme of Inclusive.

In undertaking this evaluation the Investment Adviser uses reputable third-party data sources to validate that no companies or issuers in the Scheme fail to meet the UNGC Principles or the OECD Guidelines. Companies or issuers that fail will not be held in the portfolio.

By applying the Sustainability Objective Conflict Screen in combination with the Exclusionary Screening Process explained above, the potential investment universe is reduced to only those companies and issuers that the Investment Adviser considers do not conflict with the sustainability objective across all Sustainability Themes.

4. Revenue Alignment

Revenue is used to understand how a company's or issuer's products or services contribute to the Scheme's sustainability objective based on the Sustainability Themes. The Investment Adviser has selected revenues as the basis for this assessment because products and services are the primary offering of the company or issuer to its customers, and revenues generated by these products/services are a good representation of the focus by the company or issuer on the Sustainability Themes.

Based on each company's or issuer's public disclosures, the research note considers all revenues to provide a breakdown of revenues aligned with the Sustainability Themes in the sustainability objective of the Scheme.

The Investment Adviser assesses the extent to which a company's or issuer's revenues are aligned with one or more of the Sustainability Themes in the sustainability objective of the Scheme ("**Sustainability-Aligned Revenues**") as determined by its products and services.

The below tables provide an indication of the types of products and services linked to each Sustainability Theme that would be considered to be Sustainability-Aligned Revenues and the rationale for such determination by reference to the environmental / social outcome of such activities as they relate to the Sustainability Theme. Please note, the below is a non-exhaustive list.

Sustainability Theme – Clean

Companies or issuers that support the low carbon economy, the reduction of carbon emissions and/or the prevention or remediation of negative environmental impacts such as pollution and biodiversity loss

Example products and services that would be deemed to positively contribute to the Sustainability Theme	Environmental / social outcome of such activities related to the Sustainability Theme
Facilitating the re-use, recycling and remanufacturing of scarce resources.	Reduces consumption of our planet's scarce natural resources and enables the society to do more with less.
Providing electricity transmission or scaling up renewable power generation.	Enables the transition towards a decarbonised economy, through production of zero carbon power and driving greater connections of zero carbon power onto the grid, lowering the climate impacts of power networks over time.
Providing lower-emissions freight transport like rail shipping companies or logistics assets.	Enables more environmentally efficient supply chains and reduces / prevents transport related pollution.
Providing products that electrify and lower fuel consumption in rail transport.	Helps to cut near-term emissions on existing assets and encourages greater use of lower carbon modes of goods transportation in the longer term.
Providing and installing insulation or technology to increase efficiency which lowers the energy requirements of buildings and industrial processes.	Increases efficiency and cuts overall power demand.
Providing natural molecules to improve the performance of the consumer care products and/or enable medicines to work.	Organic chemicals tend to have less environmental impact than petrochemicals, often demonstrating greater biodegradability and lower environmental impact during their production processes.
Providing cloud computing.	Supports the decarbonisation of the economy by moving computing to energy-efficient data centres.

Providing stormwater management products.	Lowers environmental risks associated with flooding and heavy rainfall.
Providing sterilisation products and services to hospitals and life sciences companies.	Ensures a clean and safe environment for surgical procedures, reducing complications and enhancing success of operations.
Providing urban pest control and hygiene solutions.	Ensures a clean and safe living and working environment, protecting humans from diseases and mental stress.
Providing products and services which encourage positive energy, water or biodiversity outcomes.	Facilitates greener outcomes by supporting the development, creation and ongoing running of activities that deliver more efficient and cleaner environmental outcomes, especially in the use of energy, water and biodiversity resources.
Providing solutions that reduce carbon emissions in transport (e.g. companies which provide public transport).	Reduces the need and reliance on private cars/transport with a combined higher carbon footprint. Public transport has a materially lower carbon impact per passenger than individuals or small groups using cars.

Sustainability Theme – Healthy

Companies or issuers that support the protection and improvement of people's mental and physical health and wellbeing

Example products and services that would be deemed to positively contribute to the Sustainability Theme	Environmental / social outcome of such activities related to the Sustainability Theme
Providing products and services that lead to or make better decisions in areas such as healthcare diagnostics.	Earlier diagnosis of diseases such as cancers can have a very meaningful impact on patient health outcomes, improving progression free survival rates and improving patient quality of life.
Providing consumer health and exercise products and/or over the counter medicines.	Promotes good health and hygiene and empower consumers to take greater preventive care.
Improving access to affordable drugs.	Reduces health gaps and socio-economic costs of drugs.
Supplying healthcare products/equipment.	Provides essential equipment that enables safe and well-resourced surgeries, medical care and broader health monitoring, measurement and treatment.
Providing capability to extract more accurate and timely health information from our bodies.	Provides medical professionals with greater information on a patient during a surgery, along with prior to operation and while the patient is recovering. This should also enable longer-term remote monitoring.

Providing innovative new drugs or medical treatments/procedures.	Supports efficiency and effectiveness of drug discovery and surgical practices, improving treatment outcomes across a broad range of disease types.
Providing research and developing new treatment techniques for areas such as cancer.	Improves overall survival rates and other measures of treatment efficacy.
Enabling production, distribution and access to healthier foods.	Sale of healthier foods, at an affordable price point, supports greater nutrition and healthier outcomes.
Providing and selling products intended to improve health such as wound care products and continence products, medical-grade cleaning chemistries and associated washing equipment used by hospitals, diagnostic equipment.	Prevents or helps to lower infection, medical complications and improves patient outcomes, along with providing a safer operating environment for medical professionals and a quicker detection of diseases.
Providing clean water and wastewater services.	Facilitates disease prevention, while providing access to clean water.

Sustainability Theme – Safe

Companies or issuers that support the prevention of physical and mental harm and injury in homes and workplaces and/or keeping data and information safe and secure

Example products and services that would be deemed to positively contribute to the Sustainability Theme	Environmental / social outcome of such activities related to the Sustainability Theme
Providing services and tools that help prevent fraudulent financial transactions and/or manage risks.	Prevents fraudulent financial transactions and lowers the risk of individuals becoming victims of financial crime.
Providing products and services that reduce or prevent transport-related physical harm.	Safety technology for road and rail travel, along with wider transport, provides a clear benefit to lower the impact from and potential for harm.
Manufacturing and selling safety equipment or technology.	Safety equipment benefits society through identification of hazards enabling a user to act, or automatically responding to relevant hazard. Other technologies could protect individuals from physical harm in potentially dangerous environments.
Providing products and services to test and check security systems, alarms and fire safety equipment.	Enables personal and public physical safety, in industrial and public settings.
Providing products and services that detect, prevent, manage and respond to cybersecurity risks.	Ensures data security and privacy preventing individuals and businesses from falling victim to cyber crime and the associated consequent harms.
Providing and allowing safe access to use of data by communities.	Ensures data security and privacy for individuals and communities.

Sustainability Theme – Inclusive	
<i>Companies or issuers that support people to participate in economic and social life by providing products and services which are affordable, accessible and of a quality that supports equitable treatment of customers and/ or people in society.</i>	
Example products and services that would be deemed to positively contribute to the Sustainability Theme	Environmental / social outcome of such activities related to the Sustainability Theme
Providing fair access to data and basic digital services.	Ensures society stays connected which enables individuals to make informed decisions on personal matters and fosters social connections with friends, families, and communities.
Providing fair access to basic financial services including mortgages, long term savings and investments, cash management and protection products.	Helps people to build savings, obtain credit, manage debt and handle unexpected expenses which creates financial security and protects people from life shocks.
Providing financial and other business services for small to mid-size enterprises (“SME”).	SMEs are crucial to the global economy, creating more than two-thirds of jobs and driving growth and social development, providing opportunities for various demographic groups.
Lending or other financial services dedicated to underserved and excluded segments of society.	Enhancing access to financial services is essential for economic growth, reducing gender gaps, and promoting stability and sustainable development.
Providing or supporting social or affordable housing and other services for low-income people.	Promotes community development, social cohesion, and reduced inequality.
Providing financing and services for the education sector, including funding to support universities, schools and students.	Higher education helps individuals, including those from disadvantaged backgrounds achieve higher income levels.
Providing fair access to basic utilities and services to meet energy, water and waste needs.	Energy is vital for economic stability, job creation, and energy security, with an emphasis on environmental protection being beneficial for society.
Providing communications infrastructure ensuring that society can stay connected.	Supports social communication and connection, at a price point which is accessible and affordable to consumers.
Providing affordable essential food and household items.	Food poverty affects millions in the UK and over a billion globally, leading to chronic health issues like diabetes and heart disease. Providing affordable essential food and personal items is critical for social sustainability.
Providing or enabling public (government) services that provide essential services and social protections.	Public services help redistribute income and reduce inequality by providing essential services like education, healthcare, and social protection. These services greatly benefit lower-

	income households, alleviating poverty and improving quality of life.
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5. Sustainability Standard

Based on the revenue alignment assessment undertaken, the Investment Adviser selects companies and issuers that it considers are making a positive contribution to one or more of the Sustainability Themes of Clean, Safe, Healthy and Inclusive and therefore are “Sustainable Companies or Issuers”.

In order to be considered to be making a positive contribution to one or more of the Sustainability Themes, a majority of a company’s or issuer’s revenue (i.e. at least 50%) must be Sustainability-Aligned Revenues (the “**Sustainability Standard**”).

Other revenues do not contribute to the calculation of the 50% threshold and therefore whether the Sustainability Standard has been met.

The Investment Adviser has been analysing companies and issuers from a sustainability perspective based on the products and services of a company or issuer (what they produce) and the operations supporting them (how they are produced), both regionally and globally, across equity and debt markets since 2003. This analysis has been overseen by academics, corporate practitioners, and client representatives with highly relevant expertise in sustainability and has provided the Investment Adviser with a large amount of information and data. From this information and data, the Investment Adviser has concluded that those companies or issuers that generate greater than 50% revenue in total from one or more of the four Sustainability Themes have sufficient management focus on these areas to allow them to consistently grow that aspect of their business. In particular, where a company or issuer generates above 50% of revenue, the Investment Adviser has seen evidence that critical areas, when considered in totality, including corporate governance, climate, diversity, culture, research and development, merger and acquisition activities, and management of other industry specific environmental and social issues and opportunities are better aligned with the sustainability objective than those below the 50% revenue threshold.

Independent Assessment of the Sustainability Standard

The Sustainability Standard has been independently assessed as appropriate for the Scheme. The independent assessment of the Standard is undertaken and signed off by the Investment Adviser’s Performance and Investment Risk Committee. The Standard is independently assessed at least annually to ensure it remains appropriate.

Non-Sustainable Companies or Issuers

Companies and issuers which do not meet the Sustainability Standard may still be considered for inclusion in the Scheme provided they do not conflict with the sustainability objective of the Scheme or any of the four Sustainability Themes, as described above. Non-Sustainable Companies or Issuers held in the portfolio represent no more than 30% of the portfolio of the Scheme.

6. The Forum

Role of the Forum

The final part of the Sustainable Investment Process is for each company and issuer (both Sustainable Companies or Issuers and Non-Sustainable Companies or Issuers) to secure a positive vote through the Forum. The purpose of the Forum is to verify that a company or issuer is suitable for investment by applying a consistent framework across all company and issuer types, sectors, geographies and asset classes.

The Forum reviews all proposed holdings in the Scheme by applying the below ‘Framework for Assessment’, and all holdings must be approved by Forum vote in order to be included in the Scheme. See below regarding ‘Operating the Forum’.

Framework for Assessment:

The research note will include a recommendation for the inclusion of a company or issuer to be eligible to be held in the Scheme as either a Sustainable Company or Issuer or a Non-Sustainable Company or Issuer. The Forum will apply the following framework to assess a company or issuer:

- confirm that the company or issuer does not violate any exclusions as set out in the “Exclusionary Screening Process”;
- corroborate that there are no conflicts with the sustainability objective by applying the criteria and considerations as detailed in the “Screening for conflict with the sustainability objective” section;
- validate that the revenue alignment to one of more of the Sustainability Themes, as defined in the “Revenue Alignment” section above, is correct; and
- check that the Sustainability Standard has been met for any company or issuer to be included for consideration in the Scheme as a Sustainable Company or Issuer.

Operating the Forum

The Forum is an internal meeting of senior representatives from three key teams – the Responsible Investment Team, the Equity Team and the Credit Team.

The Forum meets at least monthly (or more frequently where required) to consider any proposed new investments and periodically reviews updates to companies or issuers held. The research note is used to provide evidence to help the Forum discharge its duties.

Each member has one vote. Voting is conducted anonymously, and the vote is recorded. All companies and issuers (both Sustainable Companies or Issuers and Non-Sustainable Companies or Issuers) in the Scheme have to receive a positive vote from each voting member in order to be included in the Scheme.

Companies and issuers which receive unanimous approvals are eligible for investment.

External Review (when required)

Any Forum votes which are not carried unanimously are referred to the External Advisory Committee (“**AdCom**”), which provides advice to the Forum. The AdCom is made up of at least four industry experts on sustainability and sustainable investment issues. Information on the AdCom’s current members is available on the Investment Adviser’s website here: [External advisory committee | Intermediaries | RLAM.](#)

The AdCom will meet to review and challenge the research note (which may be updated following the Forum challenge). The AdCom will provide advice on the application of the criteria and whether:

- the company or issuer meets the Sustainability Standard and could be classified as a Sustainable Company or Issuer;
- the company or issuer is suitable for investment as a Non-Sustainable Company or Issuer;
- the company’s or issuer’s operations and management are appropriate, it does not commit egregious acts and does not cause significant harm; and
- overall, the company or issuer is appropriate and aligned with the Sustainability Objective of the Scheme.

After the AdCom members provide advice to the Forum, the Forum holds a second vote on the company or issuer – at this second vote, a unanimous vote will be required to decide if the company or issuer is eligible for investment.

This process ensures that the application of criteria is consistent and transparent, with clearly documented evidence, peer review and challenge that forms the basis of the conclusion.

Companies and issuers which do not receive a unanimous vote of support following the Forum challenge process (and external AdCom when required) are not permitted to be held in the Scheme.

Key Performance Indicators (KPIs)

The Investment Adviser monitors the Scheme to measure and report on the sustainability outcomes collectively achieved by the products or services of the Sustainable Companies or Issuers (and therefore the extent of progress being made by the Scheme in achieving its sustainability objective) through the use of KPIs. The KPIs are assessed on an annual basis.

The policy of the Scheme is to invest at least 70% of its assets in Sustainable Companies or Issuers.

The Investment Adviser will publish the following metrics:

- *% of the portfolio invested in Sustainable Companies or Issuers; and*
- *% weighted average of the portfolio revenue aligned with the sustainability objective for each theme*

The Investment Adviser regularly assesses how a company or issuer earns its revenues across different business activities or product segments by analysing each activity or segment’s role in working towards one or more of the Sustainability Themes.

The revenues generated from a company’s or issuer’s products or services to support one or more of the Sustainability Themes is reported as a weighted average of the company’s or issuer’s portfolio value.

The Investment Adviser will report the revenues from products and services on both an individual Sustainability Theme level as well as the amalgamated position used to meet the stated Sustainability Standard.

In addition, where the Investment Adviser deems appropriate and relevant to an investor, it will publish further metrics in its annual report or other investor disclosures on its website to demonstrate the attainment of the sustainability objective.

Sustainability Theme and description	Description of factors that contribute towards the alignment of revenue to the Sustainability Theme	KPI
<p>Clean</p> <p>Companies or issuers that support the low carbon economy, the reduction of carbon emissions and/or the prevention or remediation of negative</p>	<p>The revenues generated from products and services to support a clean society.</p> <p>Companies and issuers included in this segment are those that provide products and services that positively contribute towards environmental and social outcomes as described under the 'Revenue Alignment' section above.</p>	<p>% of revenues from products and services aligned with the sustainability objective.</p>

<p>environmental impacts such as pollution and biodiversity loss.</p>	<p>The revenues associated with and generated by the types of products and services for each company or issuer in the portfolio are combined to provide the KPI at the Scheme level.</p>	
<p>Healthy</p> <p>Companies or issuers that support the protection and improvement of people's mental and physical health and wellbeing.</p>	<p>The revenues generated from products and services to support a healthy society.</p> <p>Companies and issuers included in this segment are those that provide products and services that positively contribute towards social outcomes as described under the 'Revenue Alignment' section above.</p> <p>The revenues associated with and generated by the types of products and services for each company or issuer in the portfolio are combined to provide the KPI at the Scheme level.</p>	<p>% of revenues from products and services aligned with the sustainability objective.</p>
<p>Safe</p> <p>Companies or issuers that support the prevention of physical and mental harm and injury in homes and workplaces and/or keeping data and information safe and secure.</p>	<p>The revenues generated from products and services to support a safe society.</p> <p>Companies and issuers included in this segment are those that provide products and services that positively contribute towards social outcomes as described under the 'Revenue Alignment' section.</p> <p>The revenues associated with and generated by the types of products and services for each company or issuer in the portfolio are combined to provide the KPI at the Scheme level.</p>	<p>% of revenues from products and services aligned with the sustainability objective.</p>
<p>Inclusive</p> <p>Companies or issuers that support people to participate in economic and social life by providing products and services which are affordable, accessible and of a quality that supports equitable treatment of customers and/ or people in society.</p>	<p>The revenues generated from products and services to support an inclusive society.</p> <p>Companies and issuers included in this segment are those that provide products and services that positively contribute towards social outcomes as described under the 'Revenue Alignment' section.</p> <p>The revenues associated with and generated by the types of products and services for each company or issuer in the portfolio are combined to provide the KPI at the Scheme level.</p>	<p>% of revenues from products and services aligned with the sustainability objective.</p>

Monitoring and Escalation

The Investment Adviser monitors investee companies and issuers (to ensure Sustainable Companies or Issuers are demonstrating sufficient performance against the sustainability objective and that there are no conflicts with the sustainability objective in relation to all investee companies

and issuers) by periodically applying the sustainable investment process to the Scheme's investments and reviewing performance of the Scheme against the KPIs.

Where a company or issuer is identified as having dropped below the Sustainability Standard, and it does not conflict with the sustainability objective, the Investment Adviser will classify the company or issuer as a Non-Sustainable Company or Issuer.

For any holdings that do not meet the Sustainability Standard, the Investment Adviser will consider their ongoing position in the portfolio as a Non-Sustainable Company or Issuer and the company or issuer will be taken back through the Sustainable Investment Process.

Should a company or issuer conflict with the sustainability objective of the Scheme as detailed in the section titled "Screening for conflict with the sustainability objective" it will no longer be permitted to be held.

If the Investment Adviser decides to divest, it will occur at the first reasonable opportunity to do so (taking into account non-sustainability-related criteria, such as position size and liquidity, as part of the portfolio management process) and no longer than six months after the decision to divest is made (the "Escalation Divestment Process"). This will be tracked at the Forum.

Stewardship and Engagement

The Investment Adviser's approach to stewardship within the Scheme encompasses four principle strategies to improve corporate practices – including the products and services they offer to customers and the way in which a company or issuer operates their business.

The four principles are as follows:

- **Corporate research:** In-depth corporate research is conducted by the investment analyst supported by the Investment Adviser's Responsible Investment Team to inform the Investment Adviser's decisions and to support continuous stewardship activities.
- **Voting:** Where possible, the Investment Adviser exercises its voting rights and votes in line with the Scheme's objective. It has a set of guidelines that it follows in carrying out voting activity. The guidelines can be found under the Responsible Investment section of the RLAM website.
- **Engagement:** The Investment Adviser actively engages with companies and issuers when feasible, aiming to enhance corporate behaviours and establish enduring relationships that are beneficial over the long term. The Investment Adviser's engagement spans a number of considerations across the Sustainability Themes:
 - **Clean:**

Climate Change: where the focus is on encouraging business transformation that supports decarbonisation and a net zero emissions future, while building resilience to the physical risks of climate change.

Biodiversity: where the intention is to improve company's or issuer's stewardship of nature, encouraging them to enhance their knowledge, management and disclosures to protect our environment.
 - **Healthy:**

Employee and customer welfare: where the intention is to enable and support healthy employees and customers, encouraging robust policies and procedures, appropriate corrective actions and greater transparency relating to their physical and mental health and wellbeing.

○ **Safe:**

Innovation, technology and Society: in a rapidly evolving digital world, the intention is to support initiatives to strengthen cyber resilience and the ethical application of technology in the companies or issuers held to address artificial intelligence, data privacy, censorship and the growth of technology use.

Employee and customer safety: where the intention is to encourage appropriate protocols in place to keep employees safe on the job, to reduce safety incidents or product recalls, and improve on safety metrics over time.

○ **Inclusive:**

Social and Financial Inclusion: where the intention is to help to shape a just transition, asking companies and issuers to promote economic equality and protect the vulnerable as they work towards a sustainable future.

Governance and Corporate Culture: where the intention is to encourage good governance, a positive workplace culture and a diverse workforce creating resilient businesses and support inclusive decision making.

- **Advocacy:** The Investment Adviser collaborates with regulatory bodies, government entities, organizations that set standards, and non-governmental organizations (NGOs) to promote the principles of responsible investment and sound governance.

Potential negative outcomes

The Investment Adviser applies its Sustainability Objective Conflict Screen to ensure assets within the Scheme do not conflict with the sustainability objective across all Sustainability Themes. However, it cannot ensure that there will be no negative social or environmental outcomes from the investments of the Scheme. For each company and issuer, the Investment Adviser assesses any negative outcomes relevant to any of the four Sustainability Themes.

Pursuing the sustainability objective may lead to some ancillary unintended impacts to the environment and/or society. This is because economic activity such as manufacturing goods, creating built environments and delivering services will rely in part on the use of both natural and human resources. Even if the companies or issuers invested in are embedding sustainability practices into their operations and/or products and services, not all adverse outcomes can be avoided.

For example, companies or issuers building critical infrastructure to support a cleaner environment such as public transportation to reduce car use, or water and sewer services to reduce river pollution, will produce carbon emissions as part of construction and ongoing maintenance of those services. These companies or issuers are accepted within the context of delivering sustainable outcomes without causing significant harm.

Another example is that companies or issuers providing essential financial services to promote financial inclusion such as retail banking may receive complaints from customers that feel they have received a poor level of service or those that manufacture life-saving vaccines such as pharmaceutical companies or issuers may receive complaints about ineffective results of that vaccine. These companies or issuers may also be included in the portfolio provided appropriate action is being taken to address the complaints.

Where negative outcomes are identified but are not considered to conflict with the sustainability objective, these will also be considered as part of the Investment Adviser's approach to stewardship and engagement process, and where required, escalation process (as described above). Any material negative outcomes will be disclosed to investors.

Benchmarks		
Comparator Benchmark 1		
<p>A performance comparator for the Scheme is the Markit iBoxx Sterling Non-Gilts All Maturity Total Return GBP Index (the “Index”) which represents a broad range of investment grade bonds issued by companies and denominated in sterling.</p> <p>The Index has been selected as a performance comparator because it is representative of the type of bonds in which the Scheme invests, and it is therefore considered an appropriate performance comparator.</p>		
Comparator Benchmark 2		
<p>Another performance comparator for the Scheme is the IA Sterling Corporate Bond sector (the “IA Sector”).</p> <p>Schemes in the IA Sector must invest at least 80% of their assets in sterling denominated corporate bonds. The Scheme’s assets are consistent with these investment parameters therefore the IA Sector is considered appropriate as a performance comparator.</p>		
Unit Classes available	<p>Class B Income Units*</p> <p>Class B Accumulation Units*</p> <p>Class C Income Units**</p> <p>Class C Accumulation Units**</p> <p>Class D Income Units</p> <p>Class D Accumulation Units</p> <p>* Class B Units are only available for further investment by existing holders of Class B Units.</p> <p>** Class C Units are only available for investment by certain classes of investors with arrangements in place with the Manager or its associates. See paragraph 2.3.4 below.</p>	
Base Currency	Sterling £	
Pricing	Single priced	
<p>Investment minima</p> <p><i>The Manager reserves the right to increase or reduce the investment minima in accordance with COLL.</i></p> <p><i>The investment minima amounts may be waived by the Manager.</i></p> <p><i>If an instruction to redeem leaves the holder with a residual holding of less than £500, the Manager may treat the instruction as one to redeem the entire holding.</i></p>	Minimum initial investment	Class B: £5,000 Class C: £1,000 Class D: £3,000,000
	Minimum subsequent investment	Class B: £500 Class C: £500 Class D: £10,000
	Minimum redemption amount	Class B: £250 Class C: £250 Class D: £5,000
	Minimum regular monthly investment	N/A
Management charges	Preliminary charge	0.00% for all Unit Classes

	Periodic charge	Class B: 0.765% p.a. Class C: 0.515% p.a. Class D: 0.365% p.a.
	Charge for investment research	No
Allocation of charges	All charges will be deducted from income apart from portfolio transaction charges (e.g. SDRT, broker's commission) which will be deducted from capital. This does not change the total return on the investment – it just means that more of the income earned by the investment is paid out in distributions. Whilst the net effect allows the Scheme to distribute more income, please be aware that taking charges from the capital of the Scheme may constrain capital growth.	
Ongoing charges figure ("OCF")	The OCF may be found in the relevant Product Summary.	
Income payment dates	Final	31 August
	Interim	30 November, 28 February, 31 May
Accounting Dates	Final	30 June
	Interim	30 September, 31 December, 31 March
Eligible for ISAs	Yes	
General information	As a Unitholder you are entitled to a copy of the latest report and accounts and the relevant Product Summary for this Scheme at any time, available on request.	

4 Royal London Sustainable Diversified Trust

Product reference number (PRN)	490027
Date of authorisation	26 January 2009
Investment Adviser	Royal London Asset Management Limited
Status	Available for investment
Investor profile	The Scheme is for retail and institutional investors with a “medium” attitude to risk.
SDR disclosure 	This Scheme complies with the requirements of the FCA's Sustainability Focus Label. Sustainability Focus funds invest mainly in assets that focus on sustainability for people or the planet.
Investment objective	
<p>The Scheme's financial objective is to achieve capital growth over the medium term, which should be considered as a period of 3-5 years. There is however no certainty or promise that the Scheme will achieve this objective.</p> <p>The Scheme's sustainability objective is to invest in companies or issuers that make a positive contribution to one or more of the “Sustainability Themes” (listed below), through their products or services as determined by the Investment Adviser using its Sustainability Standard (as defined in the Investment Strategy).</p> <ul style="list-style-type: none"> • Clean – to support the low carbon economy, the reduction of carbon emissions and/or the prevention or remediation of negative environmental impacts such as pollution and biodiversity loss. • Healthy – to support the protection and improvement of people's mental and physical health and wellbeing. • Safe – to support the prevention of physical and mental harm and injury in homes and workplaces and/or keeping data and information safe and secure. • Inclusive – to support people to participate in economic and social life by providing products and services which are affordable, accessible and of a quality that supports equitable treatment of customers and/ or people in society. <p>Further information regarding the types of companies and issuers held and the basis upon which they are selected is included under the 'Revenue Alignment' section in the Investment Strategy.</p>	
Investment policy	
<p>Between 40% and 60% of the Scheme is invested in the shares of companies globally that are listed on stock exchanges in their respective countries.</p> <p>The remainder of the Scheme may be invested as follows:</p> <ul style="list-style-type: none"> • up to 60% in investment grade corporate bonds denominated in sterling or hedged back to sterling (of which up to 60% may be rated BBB or Baa); • up to 10% in indirect property, money-market instruments and deposits; and 	

- up to 5% in sub-investment grade bonds.

Overall, at least 70% of the Scheme is invested in Sustainable Companies or Issuers (as defined in the Investment Strategy section). Up to 30% may be held in Non-Sustainable Companies or Issuers (as defined in the Investment Strategy section).

The remaining portfolio will not conflict with the sustainability objective of the Scheme as detailed in the section titled “Screening for conflict with the sustainability objective”.

The Scheme is actively managed, meaning that the Investment Adviser will use its expertise to select investments to meet both the financial and sustainability objectives.

Up to 10% of the Scheme may be invested in other funds known as collective investment schemes (including funds managed by RLUM Limited or another Royal London Group company).

The Scheme may use derivatives for the purposes of investment and Efficient Portfolio Management (“EPM”) (including hedging). For the sole purpose of the Scheme’s asset allocation, the Investment Adviser may (in extreme market conditions) enter into transactions in index derivatives. The use of derivatives for EPM is unlikely to increase the risk profile of the Scheme. The use of derivatives for the purpose of investment may affect the risk profile of the Scheme although this is not the Manager’s intention.

Cash may be held for investment purposes and to manage inflows and outflows of investors’ money in the Scheme, however cash is not expected to exceed 5% of the Scheme.

At least 30% of the Scheme is invested in bonds and cash.

Investment strategy

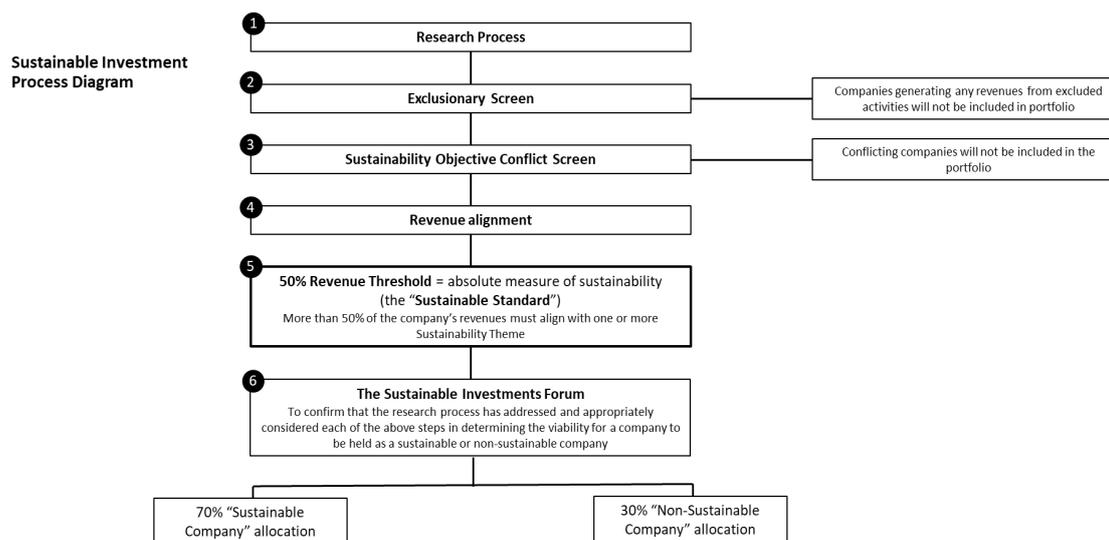
The Sustainable Investment Process

The Investment Adviser selects all assets for the Scheme and monitor investments in accordance with its consistent, robust sustainable investment process which follows the following steps:

1. **Research process:** the preparation of a comprehensive research note for each company and issuer which forms the basis of evidence regarding suitability for investment in such company or issuer by the Scheme.
2. **Exclusionary Screen:** the application of an exclusionary screen that excludes from the Scheme’s investable universe any company or issuer that generates any revenue from areas which the Investment Adviser considers contradicts the sustainability objective of the Scheme.
3. **Sustainability Objective Conflict Screen:** the application of a ‘Sustainability Objective Conflict Screen’ that excludes from the Scheme’s investable universe any company or issuer that conflicts with the sustainability objective of the Scheme across all Sustainability Themes.
4. **Revenue alignment:** the assessment of revenues of a company or issuer to provide a breakdown of alignment with one or more of the Sustainability Themes.
5. **Sustainability Standard:** the application of the Sustainability Standard (as defined below) that requires 50% of revenues to be derived from product or services aligned to one or more of the four Sustainability Themes to determine whether a company or issuer is a “Sustainable Company or Issuer” forming 70% of the portfolio of the Scheme. Where a company or issuer does not meet the Sustainability Standard, it may still be eligible for investment as a “Non-Sustainable Company or Issuer”. No more than 30% of the Scheme may be invested in these companies or issuers (as described in the Non-Sustainable Company or Issuer section).
6. **Forum review:** the validation from the the Investment Adviser’s Sustainable Investments Forum (the “Forum”) that a company or issuer has been accurately and appropriately assessed,

revenues have been correctly categorised against the above criteria and the evidence used to form conclusions is sufficient.

The below flowchart provides a visual summary of the Investment Adviser’s sustainable investment selection process.



1. Research Process including a sustainability assessment

The investment process begins with a comprehensive and evidence-based sustainability assessment for all potential investee companies and issuers which is used to produce a note that:

- provides detail on the underlying analysis and conclusions of the sustainable investment process;
- documents and assesses whether the company or issuer is managing its business operations in a responsible way that is consistent with the sustainability objective of the Scheme and includes factors like environmental and climate performance, employee and community relations, health and safety, corporate governance, and diversity and inclusion;
- evidences whether the company’s or issuer’s activities breach any of the exclusions criteria listed below;
- assesses and evidences whether the company or issuer is in conflict with the sustainability objective across all Sustainability Themes by failing to pass the ‘Sustainability Objective Conflict Screen’ explained below; and
- provides a breakdown in revenues (based on each company’s or issuer’s public documents) and evaluates how the company or issuer contributes to one or more of the Sustainability Themes.

A research template is used to support the Investment Adviser in applying a consistent, robust and repeatable framework across all company and issuer types, sectors, geographies and asset classes.

A variety of sources are used to provide evidence to support the analysis including company and issuer disclosures, third-party research, broker notes and internal analysis.

2. Exclusionary Screening Process

The Investment Adviser applies its exclusionary screening process to all assets in the portfolio. This process excludes from the Scheme's investable universe any potential investments that earn any revenue from the following areas which the Investment Adviser considers contradicts with the sustainability objective of the Scheme or the Sustainability Themes:

- tobacco manufacturing;
- armament manufacturing;
- nuclear-power generation;
- animal testing (other than for purposes of human or animal health and/or where it is required by law or regulation);
- pornography production;
- online and offline gambling establishments; and
- fossil fuel extraction.

The list of exclusions may be updated from time to time where the Investment Adviser considers it appropriate.

3. Screening for conflict with the sustainability objective (the 'Sustainability Objective Conflict Screen')

Based on the research undertaken, the Investment Adviser applies its 'Sustainability Objective Conflict Screen' to determine whether a company or issuer conflicts with the sustainability objective and therefore is excluded from investment.

In determining whether a company or issuer will conflict with the sustainability objective, the Investment Adviser will screen the company or issuer (including its operations and products and services) against the ten principles of the UN Global Compact ("UNGC Principles") and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct ("OECD Guidelines"). If a company or issuer contravenes the UNGC Principles or OECD Guidelines, it will be excluded from investment. The Investment Adviser uses the UNGC Principles and OECD Guidelines to assess for conflicts with the sustainability objective because they cover a wide range of considerations relevant to the company or issuer (including its operations and products and services) which are aligned to all Sustainability Themes. This ensures that every company and issuer held by the Scheme does not conflict with any of the Sustainability Themes.

An indication of the types of operations or products and services that would contravene one or more of the UNGC Principles and/or OECD Guidelines (and therefore would conflict with a Sustainability Theme) are shown below:

- **Clean** – Operations or products and services that fail to apply a precautionary, scientific approach to solving environmental and sustainability challenges or preventing environmental harm (and therefore fail to support the low carbon economy, the reduction of carbon emissions and/or the prevention or remediation of negative environmental impacts such as pollution and biodiversity loss). For example, violation of international laws and standards by taking unacceptable risk, failing to address or prevent environmental harm or remediation, relying unnecessarily on harmful methods of production, creating unsustainable levels of consumption or products and services using new, innovative technologies that create known and foreseeable adverse environmental impacts. These activities can lead to irreversible harm to the environment which the Investment Adviser considers to conflict with the Sustainability Theme of Clean.
- **Healthy** – Operations or products and services that fail to protect the health of employees, communities and customers (and therefore fail to support the protection and improvement of

people's mental and physical health and wellbeing). For example, violation of international laws and standards due to poor working conditions, workplace harassment, compromised quality, failure to provide medical care, or production of harmful products. These activities can lead to stress and anxiety, health hazards and other harmful outcomes for people which the Investment Adviser considers to conflict with the Sustainability Theme of Healthy.

- **Safe** – Operations or products and services that fail to protect the safety of employees, communities and customers and demonstrate a lack of respect for the right to life, liberty and security of person (and therefore fail to support the prevention of physical and mental harm and injury in homes and workplaces and/or keeping data and information safe and secure). For example, violation of international laws and standards due to unsafe working practices, non-adherence to labour standards, poor risk management, failure to meet product quality safeguards, use of child labour or exposing people to hazardous conditions. These activities can lead to physical or mental harm which the Investment Adviser considers to conflict with the Sustainability Theme of Safe.
- **Inclusive** – Operations or products and services that fail to protect fundamental rights to equality, dignity and freedom for all people (and therefore fail to support people to participate in economic and social life by providing products and services which are affordable, accessible and of a quality that supports equitable treatment of customers and/ or people in society). For example, violation of international laws and standards due to corruption, discrimination, exploitation, unfair wages, or poor working conditions can limit people's ability to earn a decent wage or access basic services such as healthcare, education, and housing. These activities, in addition to products and services that contribute to adverse impacts on human rights, can reduce people's standard of living, lead to social exclusion, and limit equal participation in economic and social life which the Investment Adviser considers to conflict with the Sustainability Theme of Inclusive.

In undertaking this evaluation the Investment Adviser uses reputable third-party data sources to validate that no companies or issuers in the Scheme fail to meet the UNGC Principles or the OECD Guidelines. Companies or issuers that fail will not be held in the portfolio.

By applying the Sustainability Objective Conflict Screen in combination with the Exclusionary Screening Process explained above, the potential investment universe is reduced to only those companies and issuers that the Investment Adviser considers do not conflict with the sustainability objective across all Sustainability Themes.

4. Revenue Alignment

Revenue is used to understand how a company's or issuer's products or services contribute to the Scheme's sustainability objective based on the Sustainability Themes. The Investment Adviser has selected revenues as the basis for this assessment because products and services are the primary offering of the company or issuer to its customers, and revenues generated by these products/services are a good representation of the focus by the company or issuer on the Sustainability Themes.

Based on each company's or issuer's public disclosures, the research note considers all revenues to provide a breakdown of revenues aligned with the Sustainability Themes in the sustainability objective of the Scheme.

The Investment Adviser assesses the extent to which a company's or issuer's revenues are aligned with one or more of the Sustainability Themes in the sustainability objective of the Scheme ("**Sustainability-Aligned Revenues**") as determined by its products and services.

The below tables provide an indication of the types of products and services linked to each Sustainability Theme that would be considered to be Sustainability-Aligned Revenues and the rationale for such determination by reference to the environmental / social outcome of such activities as they relate to the Sustainability Theme. Please note, the below is a non-exhaustive list.

Sustainability Theme – Clean

Companies or issuers that support the low carbon economy, the reduction of carbon emissions and/or the prevention or remediation of negative environmental impacts such as pollution and biodiversity loss

Example products and services that would be deemed to positively contribute to the Sustainability Theme	Environmental / social outcome of such activities related to the Sustainability Theme
Facilitating the re-use, recycling and remanufacturing of scarce resources.	Reduces consumption of our planet's scarce natural resources and enables the society to do more with less.
Providing electricity transmission or scaling up renewable power generation.	Enables the transition towards a decarbonised economy, through production of zero carbon power and driving greater connections of zero carbon power onto the grid, lowering the climate impacts of power networks over time.
Providing lower-emissions freight transport like rail shipping companies or logistics assets.	Enables more environmentally efficient supply chains and reduces / prevents transport related pollution.
Providing products that electrify and lower fuel consumption in rail transport.	Helps to cut near-term emissions on existing assets and encourages greater use of lower carbon modes of goods transportation in the longer term.
Providing and installing insulation or technology to increase efficiency which lowers the energy requirements of buildings and industrial processes.	Increases efficiency and cuts overall power demand.
Providing natural molecules to improve the performance of the consumer care products and/or enable medicines to work.	Organic chemicals tend to have less environmental impact than petrochemicals, often demonstrating greater biodegradability and lower environmental impact during their production processes.
Providing cloud computing.	Supports the decarbonisation of the economy by moving computing to energy-efficient data centres.
Providing stormwater management products.	Lowers environmental risks associated with flooding and heavy rainfall.
Providing sterilisation products and services to hospitals and life sciences companies.	Ensures a clean and safe environment for surgical procedures, reducing complications and enhancing success of operations.
Providing urban pest control and hygiene solutions.	Ensures a clean and safe living and working environment, protecting humans from diseases and mental stress.
Providing products and services which encourage positive energy, water or biodiversity outcomes.	Facilitates greener outcomes by supporting the development, creation and ongoing running of activities that deliver more efficient and cleaner environmental outcomes, especially in the use of energy, water and biodiversity resources.

Providing solutions that reduce carbon emissions in transport (e.g. companies which provide public transport).	Reduces the need and reliance on private cars/transport with a combined higher carbon footprint. Public transport has a materially lower carbon impact per passenger than individuals or small groups using cars.
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Sustainability Theme – Healthy

Companies or issuers that support the protection and improvement of people's mental and physical health and wellbeing

Example products and services that would be deemed to positively contribute to the Sustainability Theme	Environmental / social outcome of such activities related to the Sustainability Theme
Providing products and services that lead to or make better decisions in areas such as healthcare diagnostics.	Earlier diagnosis of diseases such as cancers can have a very meaningful impact on patient health outcomes, improving progression free survival rates and improving patient quality of life.
Providing consumer health and exercise products and/or over the counter medicines.	Promotes good health and hygiene and empower consumers to take greater preventive care.
Improving access to affordable drugs.	Reduces health gaps and socio-economic costs of drugs.
Supplying healthcare products/equipment.	Provides essential equipment that enables safe and well-resourced surgeries, medical care and broader health monitoring, measurement and treatment.
Providing capability to extract more accurate and timely health information from our bodies.	Provides medical professionals with greater information on a patient during a surgery, along with prior to operation and while the patient is recovering. This should also enable longer-term remote monitoring.
Providing innovative new drugs or medical treatments/procedures.	Supports efficiency and effectiveness of drug discovery and surgical practices, improving treatment outcomes across a broad range of disease types.
Providing research and developing new treatment techniques for areas such as cancer.	Improves overall survival rates and other measures of treatment efficacy.
Enabling production, distribution and access to healthier foods.	Sale of healthier foods, at an affordable price point, supports greater nutrition and healthier outcomes.
Providing and selling products intended to improve health such as wound care products and continence products, medical-grade cleaning chemistries and associated washing equipment used by hospitals, diagnostic equipment.	Prevents or helps to lower infection, medical complications and improves patient outcomes, along with providing a safer operating environment for medical professionals and a quicker detection of diseases.

Providing clean water and wastewater services.	Facilitates disease prevention, while providing access to clean water.
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Sustainability Theme – Safe

Companies or issuers that support the prevention of physical and mental harm and injury in homes and workplaces and/or keeping data and information safe and secure

Example products and services that would be deemed to positively contribute to the Sustainability Theme	Environmental / social outcome of such activities related to the Sustainability Theme
Providing services and tools that help prevent fraudulent financial transactions and/or manage risks.	Prevents fraudulent financial transactions and lowers the risk of individuals becoming victims of financial crime.
Providing products and services that reduce or prevent transport-related physical harm.	Safety technology for road and rail travel, along with wider transport, provides a clear benefit to lower the impact from and potential for harm.
Manufacturing and selling safety equipment or technology.	Safety equipment benefits society through identification of hazards enabling a user to act, or automatically responding to relevant hazard. Other technologies could protect individuals from physical harm in potentially dangerous environments.
Providing products and services to test and check security systems, alarms and fire safety equipment.	Enables personal and public physical safety, in industrial and public settings.
Providing products and services that detect, prevent, manage and respond to cybersecurity risks.	Ensures data security and privacy preventing individuals and businesses from falling victim to cyber crime and the associated consequent harms.
Providing and allowing safe access to use of data by communities.	Ensures data security and privacy for individuals and communities.

Sustainability Theme – Inclusive

Companies or issuers that support people to participate in economic and social life by providing products and services which are affordable, accessible and of a quality that supports equitable treatment of customers and/ or people in society.

Example products and services that would be deemed to positively contribute to the Sustainability Theme	Environmental / social outcome of such activities related to the Sustainability Theme
Providing fair access to data and basic digital services.	Ensures society stays connected which enables individuals to make informed decisions on personal matters and fosters social connections with friends, families, and communities.

Providing fair access to basic financial services including mortgages, long term savings and investments, cash management and protection products.	Helps people to build savings, obtain credit, manage debt and handle unexpected expenses which creates financial security and protects people from life shocks.
Providing financial and other business services for small to mid-size enterprises ("SME").	SMEs are crucial to the global economy, creating more than two-thirds of jobs and driving growth and social development, providing opportunities for various demographic groups.
Lending or other financial services dedicated to underserved and excluded segments of society.	Enhancing access to financial services is essential for economic growth, reducing gender gaps, and promoting stability and sustainable development.
Providing or supporting social or affordable housing and other services for low-income people.	Promotes community development, social cohesion, and reduced inequality.
Providing financing and services for the education sector, including funding to support universities, schools and students.	Higher education helps individuals, including those from disadvantaged backgrounds achieve higher income levels.
Providing fair access to basic utilities and services to meet energy, water and waste needs.	Energy is vital for economic stability, job creation, and energy security, with an emphasis on environmental protection being beneficial for society.
Providing communications infrastructure ensuring that society can stay connected.	Supports social communication and connection, at a price point which is accessible and affordable to consumers.
Providing affordable essential food and household items.	Food poverty affects millions in the UK and over a billion globally, leading to chronic health issues like diabetes and heart disease. Providing affordable essential food and personal items is critical for social sustainability.
Providing or enabling public (government) services that provide essential services and social protections.	Public services help redistribute income and reduce inequality by providing essential services like education, healthcare, and social protection. These services greatly benefit lower-income households, alleviating poverty and improving quality of life.

5. Sustainability Standard

Based on the revenue alignment assessment undertaken, the Investment Adviser selects companies and issuers that it considers are making a positive contribution to one or more of the Sustainability Themes of Clean, Safe, Healthy and Inclusive and therefore are "Sustainable Companies or Issuers".

In order to be considered to be making a positive contribution to one or more of the Sustainability Themes, a majority of a company's or issuer's revenue (i.e. at least 50%) must be Sustainability-Aligned Revenues (the "**Sustainability Standard**").

Other revenues do not contribute to the calculation of the 50% threshold and therefore whether the Sustainability Standard has been met.

The Investment Adviser has been analysing companies and issuers from a sustainability perspective based on the products and services of a company or issuer (what they produce) and the operations supporting them (how they are produced), both regionally and globally, across equity and debt markets since 2003. This analysis has been overseen by academics, corporate practitioners, and client representatives with highly relevant expertise in sustainability and has provided the Investment Adviser with a large amount of information and data. From this information and data, the Investment Adviser has concluded that those companies or issuers that generate greater than 50% revenue in total from one or more of the four Sustainability Themes have sufficient management focus on these areas to allow them to consistently grow that aspect of their business. In particular, where a company or issuer generates above 50% of revenue, the Investment Adviser has seen evidence that critical areas, when considered in totality, including corporate governance, climate, diversity, culture, research and development, merger and acquisition activities, and management of other industry specific environmental and social issues and opportunities are better aligned with the sustainability objective than those below the 50% revenue threshold.

Independent Assessment of the Sustainability Standard

The Sustainability Standard has been independently assessed as appropriate for the Scheme. The independent assessment of the Standard is undertaken and signed off by the Investment Adviser's Performance and Investment Risk Committee. The Standard is independently assessed at least annually to ensure it remains appropriate.

Non-Sustainable Companies or Issuers

Companies and issuers which do not meet the Sustainability Standard may still be considered for inclusion in the Scheme provided they do not conflict with the sustainability objective of the Scheme or any of the four Sustainability Themes, as described above. Non-Sustainable Companies or Issuers held in the portfolio represent no more than 30% of the portfolio of the Scheme.

6. The Forum

Role of the Forum

The final part of the Sustainable Investment Process is for each company and issuer (both Sustainable Companies or Issuers and Non-Sustainable Companies or Issuers) to secure a positive vote through the Forum. The purpose of the Forum is to verify that a company or issuer is suitable for investment by applying a consistent framework across all company and issuer types, sectors, geographies and asset classes.

The Forum reviews all proposed holdings in the Scheme by applying the below 'Framework for Assessment', and all holdings must be approved by Forum vote in order to be included in the Scheme. See below regarding 'Operating the Forum'.

Framework for Assessment:

The research note will include a recommendation for the inclusion of a company or issuer to be eligible to be held in the Scheme as either a Sustainable Company or Issuer or a Non-Sustainable Company or Issuer. The Forum will apply the following framework to assess a company or issuer:

- confirm that the company or issuer does not violate any exclusions as set out in the "Exclusionary Screening Process";
- corroborate that there are no conflicts with the sustainability objective by applying the criteria and considerations as detailed in the "Screening for conflict with the sustainability objective" section;
- validate that the revenue alignment to one of more of the Sustainability Themes, as defined in the "Revenue Alignment" section above, is correct; and

- check that the Sustainability Standard has been met for any company or issuer to be included for consideration in the Scheme as a Sustainable Company or Issuer.

Operating the Forum

The Forum is an internal meeting of senior representatives from three key teams – the Responsible Investment Team, the Equity Team and the Credit Team.

The Forum meets at least monthly (or more frequently where required) to consider any proposed new investments and periodically reviews updates to companies or issuers held. The research note is used to provide evidence to help the Forum discharge its duties.

Each member has one vote. Voting is conducted anonymously, and the vote is recorded. All companies and issuers (both Sustainable Companies or Issuers and Non-Sustainable Companies or Issuers) in the Scheme have to receive a positive vote from each voting member in order to be included in the Scheme.

Companies and issuers which receive unanimous approvals are eligible for investment.

External Review (when required)

Any Forum votes which are not carried unanimously are referred to the External Advisory Committee (“**AdCom**”), which provides advice to the Forum. The AdCom is made up of at least four industry experts on sustainability and sustainable investment issues. Information on the AdCom’s current members is available on the Investment Adviser’s website here: [External advisory committee | Intermediaries | RLAM](#).

The AdCom will meet to review and challenge the research note (which may be updated following the Forum challenge). The AdCom will provide advice on the application of the criteria and whether:

- the company or issuer meets the Sustainability Standard and could be classified as a Sustainable Company or Issuer;
- the company or issuer is suitable for investment as a Non-Sustainable Company or Issuer;
- the company’s or issuer’s operations and management are appropriate, it does not commit egregious acts and does not cause significant harm; and
- overall, the company or issuer is appropriate and aligned with the Sustainability Objective of the Scheme.

After the AdCom members provide advice to the Forum, the Forum holds a second vote on the company or issuer – at this second vote, a unanimous vote will be required to decide if the company or issuer is eligible for investment.

This process ensures that the application of criteria is consistent and transparent, with clearly documented evidence, peer review and challenge that forms the basis of the conclusion.

Companies and issuers which do not receive a unanimous vote of support following the Forum challenge process (and external AdCom when required) are not permitted to be held in the Scheme.

Key Performance Indicators (KPIs)

The Investment Adviser monitors the Scheme to measure and report on the sustainability outcomes collectively achieved by the products or services of the Sustainable Companies or Issuers (and

therefore the extent of progress being made by the Scheme in achieving its sustainability objective) through the use of KPIs. The KPIs are assessed on an annual basis.

The policy of the Scheme is to invest at least 70% of its assets in Sustainable Companies or Issuers.

The Investment Adviser will publish the following metrics:

- *% of the portfolio invested in Sustainable Companies or Issuers; and*
- *% weighted average of the portfolio revenue aligned with the sustainability objective for each theme*

The Investment Adviser regularly assesses how a company or issuer earns its revenues across different business activities or product segments by analysing each activity or segment's role in working towards one or more of the Sustainability Themes.

The revenues generated from a company's or issuer's products or services to support one or more of the Sustainability Themes is reported as a weighted average of the company's or issuer's portfolio value.

The Investment Adviser will report the revenues from products and services on both an individual Sustainability Theme level as well as the amalgamated position used to meet the stated Sustainability Standard.

In addition, where the Investment Adviser deems appropriate and relevant to an investor, it will publish further metrics in its annual report or other investor disclosures on its website to demonstrate the attainment of the sustainability objective.

Sustainability Theme and description	Description of factors that contribute towards the alignment of revenue to the Sustainability Theme	KPI
<p>Clean</p> <p>Companies or issuers that support the low carbon economy, the reduction of carbon emissions and/or the prevention or remediation of negative environmental impacts such as pollution and biodiversity loss.</p>	<p>The revenues generated from products and services to support a clean society.</p> <p>Companies and issuers included in this segment are those that provide products and services that positively contribute towards environmental and social outcomes as described under the 'Revenue Alignment' section above.</p> <p>The revenues associated with and generated by the types of products and services for each company or issuer in the portfolio are combined to provide the KPI at the Scheme level.</p>	<p>% of revenues from products and services aligned with the sustainability objective.</p>

<p>Healthy</p> <p>Companies or issuers that support the protection and improvement of people's mental and physical health and wellbeing.</p>	<p>The revenues generated from products and services to support a healthy society.</p> <p>Companies and issuers included in this segment are those that provide products and services that positively contribute towards social outcomes as described under the 'Revenue Alignment' section above.</p> <p>The revenues associated with and generated by the types of products and services for each company or issuer in the portfolio are combined to provide the KPI at the Scheme level.</p>	<p>% of revenues from products and services aligned with the sustainability objective.</p>
<p>Safe</p> <p>Companies or issuers that support the prevention of physical and mental harm and injury in homes and workplaces and/or keeping data and information safe and secure.</p>	<p>The revenues generated from products and services to support a safe society.</p> <p>Companies and issuers included in this segment are those that provide products and services that positively contribute towards social outcomes as described under the 'Revenue Alignment' section.</p> <p>The revenues associated with and generated by the types of products and services for each company or issuer in the portfolio are combined to provide the KPI at the Scheme level.</p>	<p>% of revenues from products and services aligned with the sustainability objective.</p>
<p>Inclusive</p> <p>Companies or issuers that support people to participate in economic and social life by providing products and services which are affordable, accessible and of a quality that supports equitable treatment of customers and/ or people in society.</p>	<p>The revenues generated from products and services to support an inclusive society.</p> <p>Companies and issuers included in this segment are those that provide products and services that positively contribute towards social outcomes as described under the 'Revenue Alignment' section.</p> <p>The revenues associated with and generated by the types of products and services for each company or issuer in the portfolio are combined to provide the KPI at the Scheme level.</p>	<p>% of revenues from products and services aligned with the sustainability objective.</p>

Monitoring and Escalation

The Investment Adviser monitors investee companies and issuers (to ensure Sustainable Companies or Issuers are demonstrating sufficient performance against the sustainability objective and that there are no conflicts with the sustainability objective in relation to all investee companies and issuers) by periodically applying the sustainable investment process to the Scheme's investments and reviewing performance of the Scheme against the KPIs.

Where a company or issuer is identified as having dropped below the Sustainability Standard, and it does not conflict with the sustainability objective, the Investment Adviser will classify the company or issuer as a Non-Sustainable Company or Issuer.

For any holdings that do not meet the Sustainability Standard, the Investment Adviser will consider their ongoing position in the portfolio as a Non-Sustainable Company or Issuer and the company or issuer will be taken back through the Sustainable Investment Process.

Should a company or issuer conflict with the sustainability objective of the Scheme as detailed in the section titled "Screening for conflict with the sustainability objective" it will no longer be permitted to be held.

If the Investment Adviser decides to divest, it will occur at the first reasonable opportunity to do so (taking into account non-sustainability-related criteria, such as position size and liquidity, as part of the portfolio management process) and no longer than six months after the decision to divest is made (the "Escalation Divestment Process"). This will be tracked at the Forum.

Stewardship and Engagement

The Investment Adviser's approach to stewardship within the Scheme encompasses four principle strategies to improve corporate practices – including the products and services they offer to customers and the way in which a company or issuer operates their business.

The four principles are as follows:

- **Corporate research:** In-depth corporate research is conducted by the investment analyst supported by the Investment Adviser's Responsible Investment Team to inform the Investment Adviser's decisions and to support continuous stewardship activities.
- **Voting:** Where possible, the Investment Adviser exercises its voting rights and votes in line with the Scheme's objective. It has a set of guidelines that it follows in carrying out voting activity. The guidelines can be found under the Responsible Investment section of the RLAM website.
- **Engagement:** The Investment Adviser actively engages with companies and issuers when feasible, aiming to enhance corporate behaviours and establish enduring relationships that are beneficial over the long term. The Investment Adviser's engagement spans a number of considerations across the Sustainability Themes:
 - **Clean:**

Climate Change: where the focus is on encouraging business transformation that supports decarbonisation and a net zero emissions future, while building resilience to the physical risks of climate change.

Biodiversity: where the intention is to improve company's or issuer's stewardship of nature, encouraging them to enhance their knowledge, management and disclosures to protect our environment.
 - **Healthy:**

Employee and customer welfare: where the intention is to enable and support healthy employees and customers, encouraging robust policies and procedures, appropriate corrective actions and greater transparency relating to their physical and mental health and wellbeing.
 - **Safe:**

Innovation, technology and Society: in a rapidly evolving digital world, the intention is to support initiatives to strengthen cyber resilience and the ethical application of technology in the companies or issuers held to address artificial intelligence, data privacy, censorship and the growth of technology use.

Employee and customer safety: where the intention is to encourage appropriate protocols in place to keep employees safe on the job, to reduce safety incidents or product recalls, and improve on safety metrics over time.

○ **Inclusive:**

Social and Financial Inclusion: where the intention is to help to shape a just transition, asking companies and issuers to promote economic equality and protect the vulnerable as they work towards a sustainable future.

Governance and Corporate Culture: where the intention is to encourage good governance, a positive workplace culture and a diverse workforce creating resilient businesses and support inclusive decision making.

- **Advocacy:** The Investment Adviser collaborates with regulatory bodies, government entities, organizations that set standards, and non-governmental organizations (NGOs) to promote the principles of responsible investment and sound governance.

Potential negative outcomes

The Investment Adviser applies its Sustainability Objective Conflict Screen to ensure assets within the Scheme do not conflict with the sustainability objective across all Sustainability Themes. However, it cannot ensure that there will be no negative social or environmental outcomes from the investments of the Scheme. For each company and issuer, the Investment Adviser assesses any negative outcomes relevant to any of the four Sustainability Themes.

Pursuing the sustainability objective may lead to some ancillary unintended impacts to the environment and/or society. This is because economic activity such as manufacturing goods, creating built environments and delivering services will rely in part on the use of both natural and human resources. Even if the companies or issuers invested in are embedding sustainability practices into their operations and/or products and services, not all adverse outcomes can be avoided.

For example, companies or issuers building critical infrastructure to support a cleaner environment such as public transportation to reduce car use, or water and sewer services to reduce river pollution, will produce carbon emissions as part of construction and ongoing maintenance of those services. These companies or issuers are accepted within the context of delivering sustainable outcomes without causing significant harm.

Another example is that companies or issuers providing essential financial services to promote financial inclusion such as retail banking may receive complaints from customers that feel they have received a poor level of service or those that manufacture life-saving vaccines such as pharmaceutical companies or issuers may receive complaints about ineffective results of that vaccine. These companies or issuers may also be included in the portfolio provided appropriate action is being taken to address the complaints.

Where negative outcomes are identified but are not considered to conflict with the sustainability objective, these will also be considered as part of the Investment Adviser's approach to stewardship and engagement process, and where required, escalation process (as described above). Any material negative outcomes will be disclosed to investors.

Benchmarks

Comparator Benchmark

The performance comparator for the Scheme is the IA Mixed Investments 20-60% Shares sector (the "IA Sector").

Schemes in the IA Sector must have a range of different investments and invest between 20% and 60% in shares of companies and at least 30% in fixed income or cash investments. The Scheme's

assets are consistent with these investment parameters therefore the IA Sector is considered appropriate as a performance comparator.

Unit Classes available	<p>Class A Income Units Class B Income Units* Class B Accumulation Units* Class C Income Units** Class C Accumulation Units** Class D Income Units Class D Accumulation Units</p> <p>* Class B units are only available for further investment by existing holders of Class B units.</p> <p>** Class C units are only available for investment by certain classes of investors with arrangements in place with the Manager or its associates. See paragraph 2.3.4 below.</p>	
Base Currency	Sterling £	
Pricing	Single priced	
<p>Investment minima</p> <p><i>The Manager reserves the right to increase or reduce the investment minima in accordance with COLL.</i></p> <p><i>The investment minima amounts may be waived by the Manager.</i></p> <p><i>If an instruction to redeem leaves the holder with a residual holding of less than £500, the Manager may treat the instruction as one to redeem the entire holding.</i></p>	Minimum initial investment	Class A: £1,000 Class B: £1,000 Class C: £1,000 Class D: £3,000,000
	Minimum subsequent investment	Class A: £500 Class B: £500 Class C: £500 Class D: £10,000
	Minimum redemption amount	Class A: £250 Class B: £250 Class C: £250 Class D: £5,000
	Minimum regular monthly investment	A monthly payment scheme is available – see paragraphs 4.1.7 - 4.1.17 below for further details.
Management charges	Preliminary charge	0.00% for all Unit Classes
	Periodic charge	Class A: 1.00% p.a. Class B: 1.00% p.a. Class C: 0.75% p.a. Class D: 0.60% p.a.
	Charge for investment research	No
Allocation of charges	All charges will be deducted from income apart from portfolio transaction charges (e.g. SDRT, broker's commission) which will be deducted from capital. This does not change the total return on the investment – it just means that more of the income earned by the investment is paid out in distributions. Whilst the net effect allows the Scheme to distribute more income, please be aware that taking	

	charges from the capital of the Scheme may constrain capital growth.	
Ongoing charges figure (“OCF”)	The OCF may be found in the relevant Product Summary.	
Income payment dates	Final	31 March
	Interim	30 June, 30 September, 31 December
Accounting Dates	Final	31 January
	Interim	30 April, 31 July, 31 October
Eligible for ISAs	Yes	
General information	As a Unitholder you are entitled to a copy of the latest report and accounts and the relevant Product Summary for this Scheme at any time, available on request.	

5 Royal London Sustainable Leaders Trust

Product reference number (PRN)	145544
Date of authorisation	2 May 1990
Investment Adviser	Royal London Asset Management Limited
Status	Available for investment
Investor profile	The Scheme is for retail and institutional investors with a “medium/high” attitude to risk.
SDR disclosure 	This Scheme complies with the requirements of the FCA’s Sustainability Focus Label. Sustainability Focus funds invest mainly in assets that focus on sustainability for people or the planet.
Investment objective	
<p>The Scheme’s financial objective is to achieve capital growth over the medium term, which should be considered as a period of 3-5 years and to outperform the FTSE All-Share Index (the "Index") over a rolling 5-year periods. There is however no certainty or promise that the Scheme will achieve this performance target.</p> <p>The Scheme’s sustainability objective is to invest in companies that make a positive contribution to one or more of the “Sustainability Themes” (listed below), through their products or services as determined by the Investment Adviser using its Sustainability Standard (as defined in the Investment Strategy).</p> <ul style="list-style-type: none"> • Clean – to support the low carbon economy, the reduction of carbon emissions and/or the prevention or remediation of negative environmental impacts such as pollution and biodiversity loss. • Healthy – to support the protection and improvement of people’s mental and physical health and wellbeing. • Safe – to support the prevention of physical and mental harm and injury in homes and workplaces and/or keeping data and information safe and secure. • Inclusive – to support people to participate in economic and social life by providing products and services which are affordable, accessible and of a quality that supports equitable treatment of customers and/ or people in society. <p>Further information regarding the types of companies held and the basis upon which they are selected is included under the ‘Revenue Alignment’ section in the Investment Strategy.</p>	

Investment policy

At least 80% of the Scheme is invested in shares of UK companies that are listed in the UK.

UK companies are those that are either domiciled in, incorporated in, or have a significant economic exposure to, the UK.

The remainder of the Scheme (up to 20%) may be invested in shares of overseas listed companies.

Overall, at least 70% of the Scheme is invested in Sustainable Companies or Issuers (as defined in the Investment Strategy section). Up to 30% may be held in Non-Sustainable Companies or Issuers (as defined in the Investment Strategy section).

The remaining portfolio will not conflict with the sustainability objective of the Scheme as detailed in the section titled "Screening for conflict with the sustainability objective".

The Scheme is actively managed, meaning that the Investment Adviser will use its expertise to select investments to meet both the financial and sustainability objectives.

Up to 10% of the Scheme may be invested in other funds known as collective investment schemes (including funds managed by RLUM Limited or another Royal London Group company) and transferrable securities.

The Scheme may use derivatives for the purposes of Efficient Portfolio Management (including hedging). The use of derivatives for this purpose is unlikely to increase the risk profile of the Scheme.

Cash may be held for investment purposes and to manage inflows and outflows of investors' money in the Scheme, however cash is not expected to exceed 5% of the Scheme.

The Scheme may at times be concentrated in terms of the number of investments it holds (i.e. have less than 50 holdings).

Investment strategyThe Sustainable Investment Process

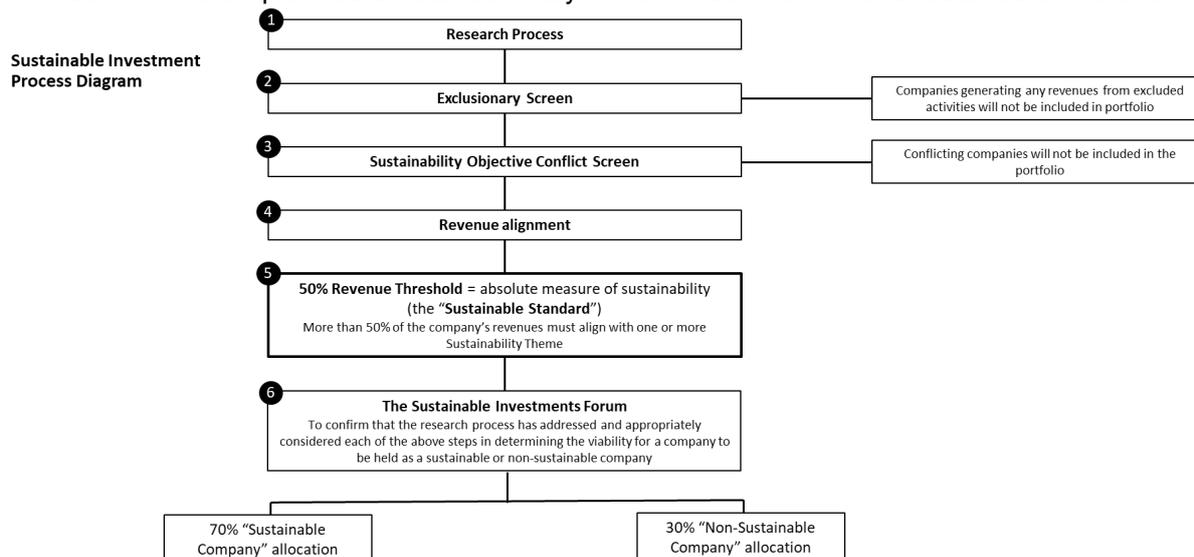
The Investment Adviser selects all assets for the Scheme and monitor investments in accordance with its consistent, robust sustainable investment process which follows the following steps:

1. **Research process:** the preparation of a comprehensive research note for each company which forms the basis of evidence regarding suitability for investment in such company by the Scheme.
2. **Exclusionary Screen:** the application of an exclusionary screen that excludes from the Scheme's investable universe any company that generates any revenue from areas which the Investment Adviser considers contradicts the sustainability objective of the Scheme.
3. **Sustainability Objective Conflict Screen:** the application of a 'Sustainability Objective Conflict Screen' that excludes from the Scheme's investable universe any company that conflicts with the sustainability objective of the Scheme across all Sustainability Themes.
4. **Revenue alignment:** the assessment of revenues of a company to provide a breakdown of alignment with one or more of the Sustainability Themes.
5. **Sustainability Standard:** the application of the Sustainability Standard (as defined below) that requires 50% of revenues to be derived from product or services aligned to one or more of the four Sustainability Themes to determine whether a company is a "Sustainable Company" forming 70% of the portfolio of the Scheme. Where a company does not meet the Sustainability Standard, it may still be eligible for investment as a "Non-Sustainable Company". No more

than 30% of the Scheme may be invested in these companies (as described in the Non-Sustainable Company section).

- Forum review:** the validation from the the Investment Adviser’s Sustainable Investments Forum (the “Forum”) that a company has been accurately and appropriately assessed, revenues have been correctly categorised against the above criteria and the evidence used to form conclusions is sufficient.

The below flowchart provides a visual summary of the Investment Adviser’s sustainable investment



selection process.

1. Research Process including a sustainability assessment

The investment process begins with a comprehensive and evidence-based sustainability assessment for all potential investee companies which is used to produce a note that:

- provides detail on the underlying analysis and conclusions of the sustainable investment process;
- documents and assesses whether the company or issuer is managing its business operations in a responsible way that is consistent with the sustainability objective of the Scheme and includes factors like environmental and climate performance, employee and community relations, health and safety, corporate governance, and diversity and inclusion;
- evidences whether the company’s or issuer’s activities breach any of the exclusions criteria listed below;
- assesses and evidences whether the company or issuer is in conflict with the sustainability objective across all Sustainability Themes by failing to pass the ‘Sustainability Objective Conflict Screen’ explained below; and
- provides a breakdown in revenues (based on each company’s or issuer’s public documents) and evaluates how the company or issuer contributes to one or more of the Sustainability Themes.

A research template is used to support the Investment Adviser in applying a consistent, robust and repeatable framework across all company types, sectors, geographies and asset classes.

A variety of sources are used to provide evidence to support the analysis including company disclosures, third-party research, broker notes and internal analysis.

2. Exclusionary Screening Process

The Investment Adviser applies its exclusionary screening process to all assets in the portfolio. This process excludes from the Scheme's investable universe any potential investments that earn any revenue from the following areas which the Investment Adviser considers contradicts with the sustainability objective of the Scheme or the Sustainability Themes:

- tobacco manufacturing;
- armament manufacturing;
- nuclear-power generation;
- animal testing (other than for purposes of human or animal health and/or where it is required by law or regulation);
- pornography production;
- online and offline gambling establishments; and
- fossil fuel extraction.

The list of exclusions may be updated from time to time where the Investment Adviser considers it appropriate.

3. Screening for conflict with the sustainability objective (the 'Sustainability Objective Conflict Screen')

Based on the research undertaken, the Investment Adviser applies its 'Sustainability Objective Conflict Screen' to determine whether a company conflicts with the sustainability objective and therefore is excluded from investment.

In determining whether a company will conflict with the sustainability objective, the Investment Adviser will screen the company (including its operations and products and services) against the ten principles of the UN Global Compact ("UNGC Principles") and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct ("OECD Guidelines"). If a company contravenes the UNGC Principles or OECD Guidelines, it will be excluded from investment. The Investment Adviser uses the UNGC Principles and OECD Guidelines to assess for conflicts with the sustainability objective because they cover a wide range of considerations relevant to the company (including its operations and products and services) which are aligned to all Sustainability Themes. This ensures that every company held by the Scheme does not conflict with any of the Sustainability Themes.

An indication of the types of operations or products and services that would contravene one or more of the UNGC Principles and/or OECD Guidelines (and therefore would conflict with a Sustainability Theme) are shown below:

- **Clean** – Operations or products and services that fail to apply a precautionary, scientific approach to solving environmental and sustainability challenges or preventing environmental harm (and therefore fail to support the low carbon economy, the reduction of carbon emissions and/or the prevention or remediation of negative environmental impacts such as pollution and biodiversity loss). For example, violation of international laws and standards by taking unacceptable risk, failing to address or prevent environmental harm or remediation, relying unnecessarily on harmful methods of production, creating unsustainable levels of consumption or products and services using new, innovative technologies that create known and foreseeable adverse environmental impacts. These activities can lead to irreversible harm to the environment which the Investment Adviser considers to conflict with the Sustainability Theme of Clean.
- **Healthy** – Operations or products and services that fail to protect the health of employees, communities and customers (and therefore fail to support the protection and improvement of people's mental and physical health and wellbeing). For example, violation of international laws

and standards due to poor working conditions, workplace harassment, compromised quality, failure to provide medical care, or production of harmful products. These activities can lead to stress and anxiety, health hazards and other harmful outcomes for people which the Investment Adviser considers to conflict with the Sustainability Theme of Healthy.

- **Safe** – Operations or products and services that fail to protect the safety of employees, communities and customers and demonstrate a lack of respect for the right to life, liberty and security of person (and therefore fail to support the prevention of physical and mental harm and injury in homes and workplaces and/or keeping data and information safe and secure). For example, violation of international laws and standards due to unsafe working practices, non-adherence to labour standards, poor risk management, failure to meet product quality safeguards, use of child labour or exposing people to hazardous conditions. These activities can lead to physical or mental harm which the Investment Adviser considers to conflict with the Sustainability Theme of Safe.
- **Inclusive** – Operations or products and services that fail to protect fundamental rights to equality, dignity and freedom for all people (and therefore fail to support people to participate in economic and social life by providing products and services which are affordable, accessible and of a quality that supports equitable treatment of customers and/ or people in society). For example, violation of international laws and standards due to corruption, discrimination, exploitation, unfair wages, or poor working conditions can limit people's ability to earn a decent wage or access basic services such as healthcare, education, and housing. These activities, in addition to products and services that contribute to adverse impacts on human rights, can reduce people's standard of living, lead to social exclusion, and limit equal participation in economic and social life which the Investment Adviser considers to conflict with the Sustainability Theme of Inclusive.

In undertaking this evaluation the Investment Adviser uses reputable third-party data sources to validate that no companies in the Scheme fail to meet the UNGC Principles or the OECD Guidelines. Companies that fail will not be held in the portfolio.

By applying the Sustainability Objective Conflict Screen in combination with the Exclusionary Screening Process explained above, the potential investment universe is reduced to only those companies that the Investment Adviser considers do not conflict with the sustainability objective across all Sustainability Themes.

4. Revenue Alignment

Revenue is used to understand how a company's products or services contribute to the Scheme's sustainability objective based on the Sustainability Themes. The Investment Adviser has selected revenues as the basis for this assessment because products and services are the primary offering of the company to its customers, and revenues generated by these products/services are a good representation of the focus by the company on the Sustainability Themes.

Based on each company's public disclosures, the research note considers all revenues to provide a breakdown of revenues aligned with the Sustainability Themes in the sustainability objective of the Scheme.

The Investment Adviser assesses the extent to which a company's revenues are aligned with one or more of the Sustainability Themes in the sustainability objective of the Scheme ("**Sustainability-Aligned Revenues**") as determined by its products and services.

The below tables provide an indication of the types of products and services linked to each Sustainability Theme that would be considered to be Sustainability-Aligned Revenues and the rationale for such determination by reference to the environmental / social outcome of such activities as they relate to the Sustainability Theme. Please note, the below is a non-exhaustive list.

Sustainability Theme – Clean	
<i>Companies that support the low carbon economy, the reduction of carbon emissions and/or the prevention or remediation of negative environmental impacts such as pollution and biodiversity loss</i>	
Example products and services that would be deemed to positively contribute to the Sustainability Theme	Environmental / social outcome of such activities related to the Sustainability Theme
Facilitating the re-use, recycling and remanufacturing of scarce resources.	Reduces consumption of our planet's scarce natural resources and enables the society to do more with less.
Providing electricity transmission or scaling up renewable power generation.	Enables the transition towards a decarbonised economy, through production of zero carbon power and driving greater connections of zero carbon power onto the grid, lowering the climate impacts of power networks over time.
Providing lower-emissions freight transport like rail shipping companies or logistics assets.	Enables more environmentally efficient supply chains and reduces / prevents transport related pollution.
Providing products that electrify and lower fuel consumption in rail transport.	Helps to cut near-term emissions on existing assets and encourages greater use of lower carbon modes of goods transportation in the longer term.
Providing and installing insulation or technology to increase efficiency which lowers the energy requirements of buildings and industrial processes.	Increases efficiency and cuts overall power demand.
Providing natural molecules to improve the performance of the consumer care products and/or enable medicines to work.	Organic chemicals tend to have less environmental impact than petrochemicals, often demonstrating greater biodegradability and lower environmental impact during their production processes.
Providing cloud computing.	Supports the decarbonisation of the economy by moving computing to energy-efficient data centres.
Providing stormwater management products.	Lowers environmental risks associated with flooding and heavy rainfall.
Providing sterilisation products and services to hospitals and life sciences companies.	Ensures a clean and safe environment for surgical procedures, reducing complications and enhancing success of operations.
Providing urban pest control and hygiene solutions.	Ensures a clean and safe living and working environment, protecting humans from diseases and mental stress.
Providing products and services which encourage positive energy, water or biodiversity outcomes.	Facilitates greener outcomes by supporting the development, creation and ongoing running of activities that deliver more efficient and cleaner environmental outcomes, especially in the use of energy, water and biodiversity resources.

Providing solutions that reduce carbon emissions in transport (e.g. companies which provide public transport).	Reduces the need and reliance on private cars/transport with a combined higher carbon footprint. Public transport has a materially lower carbon impact per passenger than individuals or small groups using cars.
Sustainability Theme – Healthy	
<i>Companies that support the protection and improvement of people's mental and physical health and wellbeing</i>	
Example products and services that would be deemed to positively contribute to the Sustainability Theme	Environmental / social outcome of such activities related to the Sustainability Theme
Providing products and services that lead to or make better decisions in areas such as healthcare diagnostics.	Earlier diagnosis of diseases such as cancers can have a very meaningful impact on patient health outcomes, improving progression free survival rates and improving patient quality of life.
Providing consumer health and exercise products and/or over the counter medicines.	Promotes good health and hygiene and empower consumers to take greater preventive care.
Improving access to affordable drugs.	Reduces health gaps and socio-economic costs of drugs.
Supplying healthcare products/equipment.	Provides essential equipment that enables safe and well-resourced surgeries, medical care and broader health monitoring, measurement and treatment.
Providing capability to extract more accurate and timely health information from our bodies.	Provides medical professionals with greater information on a patient during a surgery, along with prior to operation and while the patient is recovering. This should also enable longer-term remote monitoring.
Providing innovative new drugs or medical treatments/procedures.	Supports efficiency and effectiveness of drug discovery and surgical practices, improving treatment outcomes across a broad range of disease types.
Providing research and developing new treatment techniques for areas such as cancer.	Improves overall survival rates and other measures of treatment efficacy.
Enabling production, distribution and access to healthier foods.	Sale of healthier foods, at an affordable price point, supports greater nutrition and healthier outcomes.
Providing and selling products intended to improve health such as wound care products and continence products, medical-grade cleaning chemistries and associated washing equipment used by hospitals, diagnostic equipment.	Prevents or helps to lower infection, medical complications and improves patient outcomes, along with providing a safer operating environment for medical professionals and a quicker detection of diseases.

Providing clean water and wastewater services.	Facilitates disease prevention, while providing access to clean water.
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Sustainability Theme – Safe

Companies that support the prevention of physical and mental harm and injury in homes and workplaces and/or keeping data and information safe and secure

Example products and services that would be deemed to positively contribute to the Sustainability Theme	Environmental / social outcome of such activities related to the Sustainability Theme
Providing services and tools that help prevent fraudulent financial transactions and/or manage risks.	Prevents fraudulent financial transactions and lowers the risk of individuals becoming victims of financial crime.
Providing products and services that reduce or prevent transport-related physical harm.	Safety technology for road and rail travel, along with wider transport, provides a clear benefit to lower the impact from and potential for harm.
Manufacturing and selling safety equipment or technology.	Safety equipment benefits society through identification of hazards enabling a user to act, or automatically responding to relevant hazard. Other technologies could protect individuals from physical harm in potentially dangerous environments.
Providing products and services to test and check security systems, alarms and fire safety equipment.	Enables personal and public physical safety, in industrial and public settings.
Providing products and services that detect, prevent, manage and respond to cybersecurity risks.	Ensures data security and privacy preventing individuals and businesses from falling victim to cyber crime and the associated consequent harms.
Providing and allowing safe access to use of data by communities.	Ensures data security and privacy for individuals and communities.

Sustainability Theme – Inclusive

Companies that support people to participate in economic and social life by providing products and services which are affordable, accessible and of a quality that supports equitable treatment of customers and/ or people in society.

Example products and services that would be deemed to positively contribute to the Sustainability Theme	Environmental / social outcome of such activities related to the Sustainability Theme
Providing fair access to data and basic digital services.	Ensures society stays connected which enables individuals to make informed decisions on personal matters and fosters social connections with friends, families, and communities.
Providing fair access to basic financial services including mortgages, long term savings and	Helps people to build savings, obtain credit, manage debt and handle unexpected expenses

investments, cash management and protection products.	which creates financial security and protects people from life shocks.
Providing financial and other business services for small to mid-size enterprises ("SME").	SMEs are crucial to the global economy, creating more than two-thirds of jobs and driving growth and social development, providing opportunities for various demographic groups.
Lending or other financial services dedicated to underserved and excluded segments of society.	Enhancing access to financial services is essential for economic growth, reducing gender gaps, and promoting stability and sustainable development.
Providing or supporting social or affordable housing and other services for low-income people.	Promotes community development, social cohesion, and reduced inequality.
Providing financing and services for the education sector, including funding to support universities, schools and students.	Higher education helps individuals, including those from disadvantaged backgrounds achieve higher income levels.
Providing fair access to basic utilities and services to meet energy, water and waste needs.	Energy is vital for economic stability, job creation, and energy security, with an emphasis on environmental protection being beneficial for society.
Providing communications infrastructure ensuring that society can stay connected.	Supports social communication and connection, at a price point which is accessible and affordable to consumers.
Providing affordable essential food and household items.	Food poverty affects millions in the UK and over a billion globally, leading to chronic health issues like diabetes and heart disease. Providing affordable essential food and personal items is critical for social sustainability.
Providing or enabling public (government) services that provide essential services and social protections.	Public services help redistribute income and reduce inequality by providing essential services like education, healthcare, and social protection. These services greatly benefit lower-income households, alleviating poverty and improving quality of life.

5. Sustainability Standard

Based on the revenue alignment assessment undertaken, the Investment Adviser selects companies that it considers are making a positive contribution to one or more of the Sustainability Themes of Clean, Safe, Healthy and Inclusive and therefore are "Sustainable Companies".

In order to be considered to be making a positive contribution to one or more of the Sustainability Themes, a majority of a company's revenue (i.e. at least 50%) must be Sustainability-Aligned Revenues (the "Sustainability Standard").

Other revenues do not contribute to the calculation of the 50% threshold and therefore whether the Sustainability Standard has been met.

The Investment Adviser has been analysing companies from a sustainability perspective based on the products and services of a company (what they produce) and the operations supporting them

(how they are produced), both regionally and globally, across equity and debt markets since 2003. This analysis has been overseen by academics, corporate practitioners, and client representatives with highly relevant expertise in sustainability and has provided the Investment Adviser with a large amount of information and data. From this information and data, the Investment Adviser has concluded that those companies that generate greater than 50% revenue in total from one or more of the four Sustainability Themes have sufficient management focus on these areas to allow them to consistently grow that aspect of their business. In particular, where a company generates above 50% of revenue, the Investment Adviser has seen evidence that critical areas, when considered in totality, including corporate governance, climate, diversity, culture, research and development, merger and acquisition activities, and management of other industry specific environmental and social issues and opportunities are better aligned with the sustainability objective than those below the 50% revenue threshold.

Independent Assessment of the Sustainability Standard

The Sustainability Standard has been independently assessed as appropriate for the Scheme. The independent assessment of the Standard is undertaken and signed off by the Investment Adviser's Performance and Investment Risk Committee. The Standard is independently assessed at least annually to ensure it remains appropriate.

Non-Sustainable Companies

Companies which do not meet the Sustainability Standard may still be considered for inclusion in the Scheme provided they do not conflict with the sustainability objective of the Scheme or any of the four Sustainability Themes, as described above. Non-Sustainable Companies held in the portfolio represent no more than 30% of the portfolio of the Scheme.

6. The Forum

Role of the Forum

The final part of the Sustainable Investment Process is for each company (both Sustainable Companies and Non-Sustainable Companies) to secure a positive vote through the Forum. The purpose of the Forum is to verify that a company is suitable for investment by applying a consistent framework across all company types, sectors, geographies and asset classes.

The Forum reviews all proposed holdings in the Scheme by applying the below 'Framework for Assessment', and all holdings must be approved by Forum vote in order to be included in the Scheme. See below regarding 'Operating the Forum'.

Framework for Assessment:

The research note will include a recommendation for the inclusion of a company to be eligible to be held in the Scheme as either a Sustainable Company or a Non-Sustainable Company. The Forum will apply the following framework to assess a company:

- confirm that the company does not violate any exclusions as set out in the "Exclusionary Screening Process";
- corroborate that there are no conflicts with the sustainability objective by applying the criteria and considerations as detailed in the "Screening for conflict with the sustainability objective" section;
- validate that the revenue alignment to one of more of the Sustainability Themes, as defined in the "Revenue Alignment" section above, is correct; and
- check that the Sustainability Standard has been met for any company to be included for consideration in the Scheme as a Sustainable Company.

Operating the Forum

The Forum is an internal meeting of senior representatives from three key teams – the Responsible Investment Team, the Equity Team and the Credit Team.

The Forum meets at least monthly (or more frequently where required) to consider any proposed new investments and periodically reviews updates to companies held. The research note is used to provide evidence to help the Forum discharge its duties.

Each member has one vote. Voting is conducted anonymously, and the vote is recorded. All companies (both Sustainable Companies and Non-Sustainable Companies) in the Scheme have to receive a positive vote from each voting member in order to be included in the Scheme.

Companies which receive unanimous approvals are eligible for investment.

External Review (when required)

Any Forum votes which are not carried unanimously are referred to the External Advisory Committee (“**AdCom**”), which provides advice to the Forum. The AdCom is made up of at least four industry experts on sustainability and sustainable investment issues. Information on the AdCom’s current members is available on the Investment Adviser’s website here: [External advisory committee | Intermediaries | RLAM](#).

The AdCom will meet to review and challenge the research note (which may be updated following the Forum challenge). The AdCom will provide advice on the application of the criteria and whether:

- the company meets the Sustainability Standard and could be classified as a Sustainable Company;
- the company is suitable for investment as a Non-Sustainable Company;
- the company’s operations and management are appropriate, it does not commit egregious acts and does not cause significant harm; and
- overall, the company is appropriate and aligned with the Sustainability Objective of the Scheme.

After the AdCom members provide advice to the Forum, the Forum holds a second vote on the company – at this second vote, a unanimous vote will be required to decide if the company is eligible for investment.

This process ensures that the application of criteria is consistent and transparent, with clearly documented evidence, peer review and challenge that forms the basis of the conclusion.

Companies which do not receive a unanimous vote of support following the Forum challenge process (and external AdCom when required) are not permitted to be held in the Scheme.

Key Performance Indicators (KPIs)

The Investment Adviser monitors the Scheme to measure and report on the sustainability outcomes collectively achieved by the products or services of the Sustainable Companies (and therefore the extent of progress being made by the Scheme in achieving its sustainability objective) through the use of KPIs. The KPIs are assessed on an annual basis.

The policy of the Scheme is to invest at least 70% of its assets in Sustainable Companies.

The Investment Adviser will publish the following metrics:

- *% of the portfolio invested in Sustainable Companies; and*

- *% weighted average of the portfolio revenue aligned with the sustainability objective for each theme*

The Investment Adviser regularly assesses how a company earns its revenues across different business activities or product segments by analysing each activity or segment's role in working towards one or more of the Sustainability Themes.

The revenues generated from a company's products or services to support one or more of the Sustainability Themes is reported as a weighted average of the company's portfolio value.

The Investment Adviser will report the revenues from products and services on both an individual Sustainability Theme level as well as the amalgamated position used to meet the stated Sustainability Standard.

In addition, where the Investment Adviser deems appropriate and relevant to an investor, it will publish further metrics in its annual report or other investor disclosures on its website to demonstrate the attainment of the sustainability objective.

Sustainability Theme and description	Description of factors that contribute towards the alignment of revenue to the Sustainability Theme	KPI
<p>Clean</p> <p>Companies that support the low carbon economy, the reduction of carbon emissions and/or the prevention or remediation of negative environmental impacts such as pollution and biodiversity loss.</p>	<p>The revenues generated from products and services to support a clean society.</p> <p>Companies included in this segment are those that provide products and services that positively contribute towards environmental and social outcomes as described under the 'Revenue Alignment' section above.</p> <p>The revenues associated with and generated by the types of products and services for each company in the portfolio are combined to provide the KPI at the Scheme level.</p>	<p>% of revenues from products and services aligned with the sustainability objective.</p>
<p>Healthy</p> <p>Companies that support the protection and improvement of people's mental and physical health and wellbeing.</p>	<p>The revenues generated from products and services to support a healthy society.</p> <p>Companies included in this segment are those that provide products and services that positively contribute towards social outcomes as described under the 'Revenue Alignment' section above.</p> <p>The revenues associated with and generated by the types of products and services for each company in the portfolio are combined to provide the KPI at the Scheme level.</p>	<p>% of revenues from products and services aligned with the sustainability objective.</p>

<p>Safe</p> <p>Companies that support the prevention of physical and mental harm and injury in homes and workplaces and/or keeping data and information safe and secure.</p>	<p>The revenues generated from products and services to support a safe society.</p> <p>Companies included in this segment are those that provide products and services that positively contribute towards social outcomes as described under the 'Revenue Alignment' section.</p> <p>The revenues associated with and generated by the types of products and services for each company in the portfolio are combined to provide the KPI at the Scheme level.</p>	<p>% of revenues from products and services aligned with the sustainability objective.</p>
<p>Inclusive</p> <p>Companies that support people to participate in economic and social life by providing products and services which are affordable, accessible and of a quality that supports equitable treatment of customers and/ or people in society.</p>	<p>The revenues generated from products and services to support an inclusive society.</p> <p>Companies included in this segment are those that provide products and services that positively contribute towards social outcomes as described under the 'Revenue Alignment' section.</p> <p>The revenues associated with and generated by the types of products and services for each company in the portfolio are combined to provide the KPI at the Scheme level.</p>	<p>% of revenues from products and services aligned with the sustainability objective.</p>

Monitoring and Escalation

The Investment Adviser monitors investee companies (to ensure Sustainable Companies are demonstrating sufficient performance against the sustainability objective and that there are no conflicts with the sustainability objective in relation to all investee companies) by periodically applying the sustainable investment process to the Scheme's investments and reviewing performance of the Scheme against the KPIs.

Where a company is identified as having dropped below the Sustainability Standard, and it does not conflict with the sustainability objective, the Investment Adviser will classify the company as a Non-Sustainable Company.

For any holdings that do not meet the Sustainability Standard, the Investment Adviser will consider their ongoing position in the portfolio as a Non-Sustainable Company and the company will be taken back through the Sustainable Investment Process.

Should a company conflict with the sustainability objective of the Scheme as detailed in the section titled "Screening for conflict with the sustainability objective" it will no longer be permitted to be held.

If the Investment Adviser decides to divest, it will occur at the first reasonable opportunity to do so (taking into account non-sustainability-related criteria, such as position size and liquidity, as part of the portfolio management process) and no longer than six months after the decision to divest is made (the "Escalation Divestment Process"). This will be tracked at the Forum.

Stewardship and Engagement

The Investment Adviser's approach to stewardship within the Scheme encompasses four principle strategies to improve corporate practices – including the products and services they offer to customers and the way in which a company operates their business.

The four principles are as follows:

- **Corporate research:** In-depth corporate research is conducted by the investment analyst supported by the Investment Adviser's Responsible Investment Team to inform the Investment Adviser's decisions and to support continuous stewardship activities.
- **Voting:** Where possible, the Investment Adviser exercises its voting rights and votes in line with the Scheme's objective. It has a set of guidelines that it follows in carrying out voting activity. The guidelines can be found under the Responsible Investment section of the RLAM website.
- **Engagement:** The Investment Adviser actively engages with companies when feasible, aiming to enhance corporate behaviours and establish enduring relationships that are beneficial over the long term. The Investment Adviser's engagement spans a number of considerations across the Sustainability Themes:
 - **Clean:**

Climate Change: where the focus is on encouraging business transformation that supports decarbonisation and a net zero emissions future, while building resilience to the physical risks of climate change.

Biodiversity: where the intention is to improve company's stewardship of nature, encouraging them to enhance their knowledge, management and disclosures to protect our environment.
 - **Healthy:**

Employee and customer welfare: where the intention is to enable and support healthy employees and customers, encouraging robust policies and procedures, appropriate corrective actions and greater transparency relating to their physical and mental health and wellbeing.
 - **Safe:**

Innovation, technology and Society: in a rapidly evolving digital world, the intention is to support initiatives to strengthen cyber resilience and the ethical application of technology in the companies held to address artificial intelligence, data privacy, censorship and the growth of technology use.

Employee and customer safety: where the intention is to encourage appropriate protocols in place to keep employees safe on the job, to reduce safety incidents or product recalls, and improve on safety metrics over time.
 - **Inclusive:**

Social and Financial Inclusion: where the intention is to help to shape a just transition, asking companies to promote economic equality and protect the vulnerable as they work towards a sustainable future.

Governance and Corporate Culture: where the intention is to encourage good governance, a positive workplace culture and a diverse workforce creating resilient businesses and support inclusive decision making.
- **Advocacy:** The Investment Adviser collaborates with regulatory bodies, government entities, organizations that set standards, and non-governmental organizations (NGOs) to promote the principles of responsible investment and sound governance.

Potential negative outcomes

The Investment Adviser applies its Sustainability Objective Conflict Screen to ensure assets within the Scheme do not conflict with the sustainability objective across all Sustainability Themes. However, it cannot ensure that there will be no negative social or environmental outcomes from the

investments of the Scheme. For each company, the Investment Adviser assesses any negative outcomes relevant to any of the four Sustainability Themes.

Pursuing the sustainability objective may lead to some ancillary unintended impacts to the environment and/or society. This is because economic activity such as manufacturing goods, creating built environments and delivering services will rely in part on the use of both natural and human resources. Even if the companies invested in are embedding sustainability practices into their operations and/or products and services, not all adverse outcomes can be avoided.

For example, companies building critical infrastructure to support a cleaner environment such as public transportation to reduce car use, or water and sewer services to reduce river pollution, will produce carbon emissions as part of construction and ongoing maintenance of those services. These companies are accepted within the context of delivering sustainable outcomes without causing significant harm.

Another example is that companies providing essential financial services to promote financial inclusion such as retail banking may receive complaints from customers that feel they have received a poor level of service or those that manufacture life-saving vaccines such as pharmaceutical companies may receive complaints about ineffective results of that vaccine. These companies may also be included in the portfolio provided appropriate action is being taken to address the complaints.

Where negative outcomes are identified but are not considered to conflict with the sustainability objective, these will also be considered as part of the Investment Adviser's approach to stewardship and engagement process, and where required, escalation process (as described above). Any material negative outcomes will be disclosed to investors.

Benchmarks

Target Benchmark

The target benchmark is the FTSE All-Share Index (the “**Index**”) which represents the share price performance of approximately 600 of the largest companies on the London Stock Exchange.

The Index has been selected as a target benchmark because it is representative of the type of companies in which the Scheme invests, and it is therefore an appropriate measure for the Scheme's performance.

Comparator Benchmark

The performance comparator for the Scheme is the IA UK All Companies sector (the “**IA Sector**”).

Schemes in the IA Sector must invest at least 80% of their assets in shares of UK companies. The Scheme's assets are consistent with these investment parameters therefore the IA Sector is considered appropriate as a performance comparator.

Unit Classes available

- Class A Income Units
- Class B Income Units*
- Class B Accumulation Units*
- Class C Income Units**
- Class C Accumulation Units**
- Class D Income Units
- Class D Accumulation Units
- Class E Income Units
- Class E Accumulation Units

* Class B Units are only available for further investment by existing holders of Class B Units or where agreed in advance with the Manager.

	** Class C Units are only available for investment by certain classes of investors with arrangements in place with the Manager or its associates. See paragraph 2.3.4 below.	
Base Currency	Sterling £	
Pricing	Single priced	
Investment minima <i>The Manager reserves the right to increase or reduce the investment minima in accordance with COLL.</i> <i>The investment minima amounts may be waived by the Manager.</i> <i>If an instruction to redeem leaves the holder with a residual holding of less than £500, the Manager may treat the instruction as one to redeem the entire holding.</i>	Minimum initial investment	Class A: £1,000 Class B: £150,000,000 Class C: £1,000 Class D: £3,000,000 Class E: £75,000,000
	Minimum subsequent investment	Class A: £500 Class B: £500 Class C: £500 Class D: £10,000 Class E: £10,000
	Minimum redemption amount	Class A: £250 Class B: £250 Class C: £250 Class D: £5,000 Class E: £5,000
	Minimum regular monthly investment	A monthly payment scheme is available – see paragraphs 4.1.7 - 4.1.17 below for further details.
Management charges	Preliminary charge	0.00% for all Unit Classes
	Periodic charge	Class A: 1.00% p.a. Class B: 0.37% p.a. Class C: 0.75% p.a. Class D: 0.60% p.a. Class E: 0.45% p.a.
	Charge for investment research	No
Allocation of charges	All charges will be deducted from income apart from portfolio transaction charges (e.g. SDRT, broker's commission) which will be deducted from capital. This does not change the total return on the investment – it just means that more of the income earned by the investment is paid out in distributions. Whilst the net effect allows the Scheme to distribute more income, please be aware that taking charges from the capital of the Scheme may constrain capital growth.	
Ongoing charges figure (“OCF”)	The OCF may be found in the relevant Product Summary.	
Income payment dates	Final	31 July
	Interim	31 January

Accounting Dates	Final	31 May
	Interim	30 November
Eligible for ISAs	Yes	
General information	As a Unitholder you are entitled to a copy of the latest report and accounts and the relevant Product Summary for this Scheme at any time, available on request.	

6 Royal London Sustainable Managed Growth Trust

Product reference number (PRN)	589038
Date of authorisation	9 November 2012
Investment Adviser	Royal London Asset Management Limited
Status	Available for investment
Investor profile	The Scheme is for retail and institutional investors with a “low/medium” attitude to risk.
SDR disclosure	This Scheme complies with the requirements of the FCA’s Sustainability Focus Label. Sustainability Focus funds invest mainly in assets that focus on sustainability for people or the planet.
	
Investment objective	
<p>The Scheme’s financial objective is to achieve a total return over the medium term, which should be considered as a period of 3-5 years. There is however no certainty or promise that the Scheme will achieve this objective.</p> <p>The Scheme’s sustainability objective is to invest in companies or issuers that make a positive contribution to one or more of the “Sustainability Themes” (listed below), through their products or services as determined by the Investment Adviser using its Sustainability Standard (as defined in the Investment Strategy).</p> <ul style="list-style-type: none"> • Clean – to support the low carbon economy, the reduction of carbon emissions and/or the prevention or remediation of negative environmental impacts such as pollution and biodiversity loss. • Healthy – to support the protection and improvement of people’s mental and physical health and wellbeing. • Safe – to support the prevention of physical and mental harm and injury in homes and workplaces and/or keeping data and information safe and secure. • Inclusive – to support people to participate in economic and social life by providing products and services which are affordable, accessible and of a quality that supports equitable treatment of customers and/ or people in society. <p>Further information regarding the types of companies and issuers held and the basis upon which they are selected is included under the ‘Revenue Alignment’ section in the Investment Strategy.</p>	
Investment policy	
At least 65% of the Scheme is invested in government bonds and corporate bonds (both typically sterling-denominated).	

The remainder of the Scheme may be invested as follows:

- up to 35% in the shares of companies globally that are listed on stock exchanges;
- up to 35% in other types of bonds (supranational bonds, convertible bonds, index-linked bonds, and bonds denominated in currencies other than sterling which remain unhedged), asset-backed securities, securitisations floating-rate notes and other transferable securities (including permanent interest-bearing shares and preference shares); and
- up to 10% in indirect property, money-market instruments and deposits.

Overall, between 30% and 70% of the Scheme is invested in investment grade corporate bonds.

In addition, at least 70% of the Scheme is invested in Sustainable Companies or Issuers (as defined in the Investment Strategy section). Up to 30% may be held in Non-Sustainable Companies or Issuers (as defined in the Investment Strategy section).

The remaining portfolio will not conflict with the sustainability objective of the Scheme as detailed in the section titled “Screening for conflict with the sustainability objective”.

The Scheme is actively managed, meaning that the Investment Adviser will use its expertise to select investments to meet both the financial and sustainability objectives

Up to 10% of the Scheme may be invested in other funds known as collective investment schemes (including funds managed by RLUM Limited or another Royal London Group company).

The Scheme may use derivatives for the purposes of investment and Efficient Portfolio Management (“EPM”) (including hedging). For the sole purpose of the Scheme’s asset allocation, the Investment Adviser may (in extreme market conditions) enter into transactions in index derivatives. The use of derivatives for EPM is unlikely to increase the risk profile of the Scheme. The use of derivatives for the purpose of investment may affect the risk profile of the Scheme although this is not the Manager’s intention.

Cash may be held for investment purposes and to manage inflows and outflows of investors’ money in the Scheme, however cash is not expected to exceed 5% of the Scheme.

Investment strategy

The Sustainable Investment Process

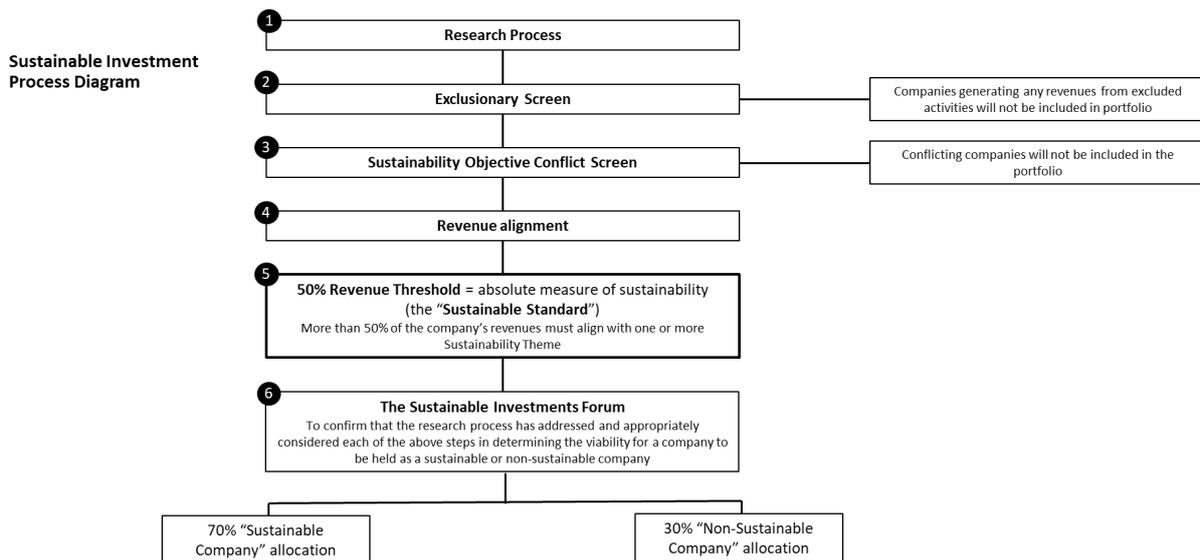
The Investment Adviser selects all assets for the Scheme and monitor investments in accordance with its consistent, robust sustainable investment process which follows the following steps:

1. **Research process:** the preparation of a comprehensive research note for each company and issuer which forms the basis of evidence regarding suitability for investment in such company or issuer by the Scheme.
2. **Exclusionary Screen:** the application of an exclusionary screen that excludes from the Scheme’s investable universe any company or issuer that generates any revenue from areas which the Investment Adviser considers contradicts the sustainability objective of the Scheme.
3. **Sustainability Objective Conflict Screen:** the application of a ‘Sustainability Objective Conflict Screen’ that excludes from the Scheme’s investable universe any company or issuer that conflicts with the sustainability objective of the Scheme across all Sustainability Themes.
4. **Revenue alignment:** the assessment of revenues of a company or issuer to provide a breakdown of alignment with one or more of the Sustainability Themes.
5. **Sustainability Standard:** the application of the Sustainability Standard (as defined below) that requires 50% of revenues to be derived from product or services aligned to one or more of the

four Sustainability Themes to determine whether a company or issuer is a “Sustainable Company or Issuer” forming 70% of the portfolio of the Scheme. Where a company or issuer does not meet the Sustainability Standard, it may still be eligible for investment as a “Non-Sustainable Company or Issuer”. No more than 30% of the Scheme may be invested in these companies or issuers (as described in the Non-Sustainable Company or Issuer section).

6. **Forum review:** the validation from the the Investment Adviser’s Sustainable Investments Forum (the “Forum”) that a company or issuer has been accurately and appropriately assessed, revenues have been correctly categorised against the above criteria and the evidence used to form conclusions is sufficient.

The below flowchart provides a visual summary of the Investment Adviser’s sustainable investment process.



1. Research Process including a sustainability assessment

The investment process begins with a comprehensive and evidence-based sustainability assessment for all potential investee companies and issuers which is used to produce a note that:

- provides detail on the underlying analysis and conclusions of the sustainable investment process;
- documents and assesses whether the company or issuer is managing its business operations in a responsible way that is consistent with the sustainability objective of the Scheme and includes factors like environmental and climate performance, employee and community relations, health and safety, corporate governance, and diversity and inclusion;
- evidences whether the company’s or issuer’s activities breach any of the exclusions criteria listed below;
- assesses and evidences whether the company or issuer is in conflict with the sustainability objective across all Sustainability Themes by failing to pass the ‘Sustainability Objective Conflict Screen’ explained below; and
- provides a breakdown in revenues (based on each company’s or issuer’s public documents) and evaluates how the company or issuer contributes to one or more of the Sustainability Themes.

A research template is used to support the Investment Adviser in applying a consistent, robust and repeatable framework across all company and issuer types, sectors, geographies and asset classes.

A variety of sources are used to provide evidence to support the analysis including company and issuer disclosures, third-party research, broker notes and internal analysis.

2. Exclusionary Screening Process

The Investment Adviser applies its exclusionary screening process to all assets in the portfolio. This process excludes from the Scheme's investable universe any potential investments that earn any revenue from the following areas which the Investment Adviser considers contradicts with the sustainability objective of the Scheme or the Sustainability Themes:

- tobacco manufacturing;
- armament manufacturing;
- nuclear-power generation;
- animal testing (other than for purposes of human or animal health and/or where it is required by law or regulation);
- pornography production;
- online and offline gambling establishments; and
- fossil fuel extraction.

The list of exclusions may be updated from time to time where the Investment Adviser considers it appropriate.

3. Screening for conflict with the sustainability objective (the 'Sustainability Objective Conflict Screen')

Based on the research undertaken, the Investment Adviser applies its 'Sustainability Objective Conflict Screen' to determine whether a company or issuer conflicts with the sustainability objective and therefore is excluded from investment.

In determining whether a company or issuer will conflict with the sustainability objective, the Investment Adviser will screen the company or issuer (including its operations and products and services) against the ten principles of the UN Global Compact ("UNGC Principles") and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct ("OECD Guidelines"). If a company or issuer contravenes the UNGC Principles or OECD Guidelines, it will be excluded from investment. The Investment Adviser uses the UNGC Principles and OECD Guidelines to assess for conflicts with the sustainability objective because they cover a wide range of considerations relevant to the company or issuer (including its operations and products and services) which are aligned to all Sustainability Themes. This ensures that every company and issuer held by the Scheme does not conflict with any of the Sustainability Themes.

An indication of the types of operations or products and services that would contravene one or more of the UNGC Principles and/or OECD Guidelines (and therefore would conflict with a Sustainability Theme) are shown below:

- **Clean** – Operations or products and services that fail to apply a precautionary, scientific approach to solving environmental and sustainability challenges or preventing environmental harm (and therefore fail to support the low carbon economy, the reduction of carbon emissions and/or the prevention or remediation of negative environmental impacts such as pollution and biodiversity loss). For example, violation of international laws and standards by taking unacceptable risk, failing to address or prevent environmental harm or remediation, relying unnecessarily on harmful methods of production, creating unsustainable levels of consumption or products and services using new, innovative technologies that create known and foreseeable adverse environmental impacts. These activities can lead to irreversible harm to the

environment which the Investment Adviser considers to conflict with the Sustainability Theme of Clean.

- **Healthy** – Operations or products and services that fail to protect the health of employees, communities and customers (and therefore fail to support the protection and improvement of people's mental and physical health and wellbeing). For example, violation of international laws and standards due to poor working conditions, workplace harassment, compromised quality, failure to provide medical care, or production of harmful products. These activities can lead to stress and anxiety, health hazards and other harmful outcomes for people which the Investment Adviser considers to conflict with the Sustainability Theme of Healthy.
- **Safe** – Operations or products and services that fail to protect the safety of employees, communities and customers and demonstrate a lack of respect for the right to life, liberty and security of person (and therefore fail to support the prevention of physical and mental harm and injury in homes and workplaces and/or keeping data and information safe and secure). For example, violation of international laws and standards due to unsafe working practices, non-adherence to labour standards, poor risk management, failure to meet product quality safeguards, use of child labour or exposing people to hazardous conditions. These activities can lead to physical or mental harm which the Investment Adviser considers to conflict with the Sustainability Theme of Safe.
- **Inclusive** – Operations or products and services that fail to protect fundamental rights to equality, dignity and freedom for all people (and therefore fail to support people to participate in economic and social life by providing products and services which are affordable, accessible and of a quality that supports equitable treatment of customers and/ or people in society). For example, violation of international laws and standards due to corruption, discrimination, exploitation, unfair wages, or poor working conditions can limit people's ability to earn a decent wage or access basic services such as healthcare, education, and housing. These activities, in addition to products and services that contribute to adverse impacts on human rights, can reduce people's standard of living, lead to social exclusion, and limit equal participation in economic and social life which the Investment Adviser considers to conflict with the Sustainability Theme of Inclusive.

In undertaking this evaluation the Investment Adviser uses reputable third-party data sources to validate that no companies or issuers in the Scheme fail to meet the UNGC Principles or the OECD Guidelines. Companies or issuers that fail will not be held in the portfolio.

By applying the Sustainability Objective Conflict Screen in combination with the Exclusionary Screening Process explained above, the potential investment universe is reduced to only those companies and issuers that the Investment Adviser considers do not conflict with the sustainability objective across all Sustainability Themes.

4. Revenue Alignment

Revenue is used to understand how a company's or issuer's products or services contribute to the Scheme's sustainability objective based on the Sustainability Themes. The Investment Adviser has selected revenues as the basis for this assessment because products and services are the primary offering of the company or issuer to its customers, and revenues generated by these products/services are a good representation of the focus by the company or issuer on the Sustainability Themes.

Based on each company's or issuer's public disclosures, the research note considers all revenues to provide a breakdown of revenues aligned with the Sustainability Themes in the sustainability objective of the Scheme.

The Investment Adviser assesses the extent to which a company's or issuer's revenues are aligned with one or more of the Sustainability Themes in the sustainability objective of the Scheme ("Sustainability-Aligned Revenues") as determined by its products and services.

The below tables provide an indication of the types of products and services linked to each Sustainability Theme that would be considered to be Sustainability-Aligned Revenues and the rationale for such determination by reference to the environmental / social outcome of such activities as they relate to the Sustainability Theme. Please note, the below is a non-exhaustive list.

Sustainability Theme – Clean

Companies or issuers that support the low carbon economy, the reduction of carbon emissions and/or the prevention or remediation of negative environmental impacts such as pollution and biodiversity loss

Example products and services that would be deemed to positively contribute to the Sustainability Theme	Environmental / social outcome of such activities related to the Sustainability Theme
Facilitating the re-use, recycling and remanufacturing of scarce resources.	Reduces consumption of our planet's scarce natural resources and enables the society to do more with less.
Providing electricity transmission or scaling up renewable power generation.	Enables the transition towards a decarbonised economy, through production of zero carbon power and driving greater connections of zero carbon power onto the grid, lowering the climate impacts of power networks over time.
Providing lower-emissions freight transport like rail shipping companies or logistics assets.	Enables more environmentally efficient supply chains and reduces / prevents transport related pollution.
Providing products that electrify and lower fuel consumption in rail transport.	Helps to cut near-term emissions on existing assets and encourages greater use of lower carbon modes of goods transportation in the longer term.
Providing and installing insulation or technology to increase efficiency which lowers the energy requirements of buildings and industrial processes.	Increases efficiency and cuts overall power demand.
Providing natural molecules to improve the performance of the consumer care products and/or enable medicines to work.	Organic chemicals tend to have less environmental impact than petrochemicals, often demonstrating greater biodegradability and lower environmental impact during their production processes.
Providing cloud computing.	Supports the decarbonisation of the economy by moving computing to energy-efficient data centres.
Providing stormwater management products.	Lowers environmental risks associated with flooding and heavy rainfall.
Providing sterilisation products and services to hospitals and life sciences companies.	Ensures a clean and safe environment for surgical procedures, reducing complications and enhancing success of operations.
Providing urban pest control and hygiene solutions.	Ensures a clean and safe living and working environment, protecting humans from diseases and mental stress.

Providing products and services which encourage positive energy, water or biodiversity outcomes.	Facilitates greener outcomes by supporting the development, creation and ongoing running of activities that deliver more efficient and cleaner environmental outcomes, especially in the use of energy, water and biodiversity resources.
Providing solutions that reduce carbon emissions in transport (e.g. companies which provide public transport).	Reduces the need and reliance on private cars/transport with a combined higher carbon footprint. Public transport has a materially lower carbon impact per passenger than individuals or small groups using cars.

Sustainability Theme – Healthy

Companies or issuers that support the protection and improvement of people's mental and physical health and wellbeing

Example products and services that would be deemed to positively contribute to the Sustainability Theme	Environmental / social outcome of such activities related to the Sustainability Theme
Providing products and services that lead to or make better decisions in areas such as healthcare diagnostics.	Earlier diagnosis of diseases such as cancers can have a very meaningful impact on patient health outcomes, improving progression free survival rates and improving patient quality of life.
Providing consumer health and exercise products and/or over the counter medicines.	Promotes good health and hygiene and empower consumers to take greater preventive care.
Improving access to affordable drugs.	Reduces health gaps and socio-economic costs of drugs.
Supplying healthcare products/equipment.	Provides essential equipment that enables safe and well-resourced surgeries, medical care and broader health monitoring, measurement and treatment.
Providing capability to extract more accurate and timely health information from our bodies.	Provides medical professionals with greater information on a patient during a surgery, along with prior to operation and while the patient is recovering. This should also enable longer-term remote monitoring.
Providing innovative new drugs or medical treatments/procedures.	Supports efficiency and effectiveness of drug discovery and surgical practices, improving treatment outcomes across a broad range of disease types.
Providing research and developing new treatment techniques for areas such as cancer.	Improves overall survival rates and other measures of treatment efficacy.
Enabling production, distribution and access to healthier foods.	Sale of healthier foods, at an affordable price point, supports greater nutrition and healthier outcomes.
Providing and selling products intended to improve health such as wound care products	Prevents or helps to lower infection, medical complications and improves patient outcomes,

and continence products, medical-grade cleaning chemistries and associated washing equipment used by hospitals, diagnostic equipment.	along with providing a safer operating environment for medical professionals and a quicker detection of diseases.
Providing clean water and wastewater services.	Facilitates disease prevention, while providing access to clean water.

Sustainability Theme – Safe

Companies or issuers that support the prevention of physical and mental harm and injury in homes and workplaces and/or keeping data and information safe and secure

Example products and services that would be deemed to positively contribute to the Sustainability Theme	Environmental / social outcome of such activities related to the Sustainability Theme
Providing services and tools that help prevent fraudulent financial transactions and/or manage risks.	Prevents fraudulent financial transactions and lowers the risk of individuals becoming victims of financial crime.
Providing products and services that reduce or prevent transport-related physical harm.	Safety technology for road and rail travel, along with wider transport, provides a clear benefit to lower the impact from and potential for harm.
Manufacturing and selling safety equipment or technology.	Safety equipment benefits society through identification of hazards enabling a user to act, or automatically responding to relevant hazard. Other technologies could protect individuals from physical harm in potentially dangerous environments.
Providing products and services to test and check security systems, alarms and fire safety equipment.	Enables personal and public physical safety, in industrial and public settings.
Providing products and services that detect, prevent, manage and respond to cybersecurity risks.	Ensures data security and privacy preventing individuals and businesses from falling victim to cyber crime and the associated consequent harms.
Providing and allowing safe access to use of data by communities.	Ensures data security and privacy for individuals and communities.

Sustainability Theme – Inclusive

Companies or issuers that support people to participate in economic and social life by providing products and services which are affordable, accessible and of a quality that supports equitable treatment of customers and/ or people in society.

Example products and services that would be deemed to positively contribute to the Sustainability Theme	Environmental / social outcome of such activities related to the Sustainability Theme
Providing fair access to data and basic digital services.	Ensures society stays connected which enables individuals to make informed decisions on

	personal matters and fosters social connections with friends, families, and communities.
Providing fair access to basic financial services including mortgages, long term savings and investments, cash management and protection products.	Helps people to build savings, obtain credit, manage debt and handle unexpected expenses which creates financial security and protects people from life shocks.
Providing financial and other business services for small to mid-size enterprises ("SME").	SMEs are crucial to the global economy, creating more than two-thirds of jobs and driving growth and social development, providing opportunities for various demographic groups.
Lending or other financial services dedicated to underserved and excluded segments of society.	Enhancing access to financial services is essential for economic growth, reducing gender gaps, and promoting stability and sustainable development.
Providing or supporting social or affordable housing and other services for low-income people.	Promotes community development, social cohesion, and reduced inequality.
Providing financing and services for the education sector, including funding to support universities, schools and students.	Higher education helps individuals, including those from disadvantaged backgrounds achieve higher income levels.
Providing fair access to basic utilities and services to meet energy, water and waste needs.	Energy is vital for economic stability, job creation, and energy security, with an emphasis on environmental protection being beneficial for society.
Providing communications infrastructure ensuring that society can stay connected.	Supports social communication and connection, at a price point which is accessible and affordable to consumers.
Providing affordable essential food and household items.	Food poverty affects millions in the UK and over a billion globally, leading to chronic health issues like diabetes and heart disease. Providing affordable essential food and personal items is critical for social sustainability.
Providing or enabling public (government) services that provide essential services and social protections.	Public services help redistribute income and reduce inequality by providing essential services like education, healthcare, and social protection. These services greatly benefit lower-income households, alleviating poverty and improving quality of life.

5. Sustainability Standard

Based on the revenue alignment assessment undertaken, the Investment Adviser selects companies and issuers that it considers are making a positive contribution to one or more of the Sustainability Themes of Clean, Safe, Healthy and Inclusive and therefore are "Sustainable Companies or Issuers".

In order to be considered to be making a positive contribution to one or more of the Sustainability Themes, a majority of a company's or issuer's revenue (i.e. at least 50%) must be Sustainability-Aligned Revenues (the "**Sustainability Standard**").

Other revenues do not contribute to the calculation of the 50% threshold and therefore whether the Sustainability Standard has been met.

The Investment Adviser has been analysing companies and issuers from a sustainability perspective based on the products and services of a company or issuer (what they produce) and the operations supporting them (how they are produced), both regionally and globally, across equity and debt markets since 2003. This analysis has been overseen by academics, corporate practitioners, and client representatives with highly relevant expertise in sustainability and has provided the Investment Adviser with a large amount of information and data. From this information and data, the Investment Adviser has concluded that those companies or issuers that generate greater than 50% revenue in total from one or more of the four Sustainability Themes have sufficient management focus on these areas to allow them to consistently grow that aspect of their business. In particular, where a company or issuer generates above 50% of revenue, the Investment Adviser has seen evidence that critical areas, when considered in totality, including corporate governance, climate, diversity, culture, research and development, merger and acquisition activities, and management of other industry specific environmental and social issues and opportunities are better aligned with the sustainability objective than those below the 50% revenue threshold.

Independent Assessment of the Sustainability Standard

The Sustainability Standard has been independently assessed as appropriate for the Scheme. The independent assessment of the Standard is undertaken and signed off by the Investment Adviser's Performance and Investment Risk Committee. The Standard is independently assessed at least annually to ensure it remains appropriate.

Non-Sustainable Companies or Issuers

Companies and issuers which do not meet the Sustainability Standard may still be considered for inclusion in the Scheme provided they do not conflict with the sustainability objective of the Scheme or any of the four Sustainability Themes, as described above. Non-Sustainable Companies or Issuers held in the portfolio represent no more than 30% of the portfolio of the Scheme.

6. The Forum

Role of the Forum

The final part of the Sustainable Investment Process is for each company and issuer (both Sustainable Companies or Issuers and Non-Sustainable Companies or Issuers) to secure a positive vote through the Forum. The purpose of the Forum is to verify that a company or issuer is suitable for investment by applying a consistent framework across all company and issuer types, sectors, geographies and asset classes.

The Forum reviews all proposed holdings in the Scheme by applying the below 'Framework for Assessment', and all holdings must be approved by Forum vote in order to be included in the Scheme. See below regarding 'Operating the Forum'.

Framework for Assessment:

The research note will include a recommendation for the inclusion of a company or issuer to be eligible to be held in the Scheme as either a Sustainable Company or Issuer or a Non-Sustainable Company or Issuer. The Forum will apply the following framework to assess a company or issuer:

- confirm that the company or issuer does not violate any exclusions as set out in the "Exclusionary Screening Process";
- corroborate that there are no conflicts with the sustainability objective by applying the criteria and considerations as detailed in the "Screening for conflict with the sustainability objective" section;

- validate that the revenue alignment to one of more of the Sustainability Themes, as defined in the “Revenue Alignment” section above, is correct; and
- check that the Sustainability Standard has been met for any company or issuer to be included for consideration in the Scheme as a Sustainable Company or Issuer.

Operating the Forum

The Forum is an internal meeting of senior representatives from three key teams – the Responsible Investment Team, the Equity Team and the Credit Team.

The Forum meets at least monthly (or more frequently where required) to consider any proposed new investments and periodically reviews updates to companies or issuers held. The research note is used to provide evidence to help the Forum discharge its duties.

Each member has one vote. Voting is conducted anonymously, and the vote is recorded. All companies and issuers (both Sustainable Companies or Issuers and Non-Sustainable Companies or Issuers) in the Scheme have to receive a positive vote from each voting member in order to be included in the Scheme.

Companies and issuers which receive unanimous approvals are eligible for investment.

External Review (when required)

Any Forum votes which are not carried unanimously are referred to the External Advisory Committee (“AdCom”), which provides advice to the Forum. The AdCom is made up of at least four industry experts on sustainability and sustainable investment issues. Information on the AdCom’s current members is available on the Investment Adviser’s website here: [External advisory committee | Intermediaries | RLAM](#).

The AdCom will meet to review and challenge the research note (which may be updated following the Forum challenge). The AdCom will provide advice on the application of the criteria and whether:

- the company or issuer meets the Sustainability Standard and could be classified as a Sustainable Company or Issuer;
- the company or issuer is suitable for investment as a Non-Sustainable Company or Issuer;
- the company’s or issuer’s operations and management are appropriate, it does not commit egregious acts and does not cause significant harm; and
- overall, the company or issuer is appropriate and aligned with the Sustainability Objective of the Scheme.

After the AdCom members provide advice to the Forum, the Forum holds a second vote on the company or issuer – at this second vote, a unanimous vote will be required to decide if the company or issuer is eligible for investment.

This process ensures that the application of criteria is consistent and transparent, with clearly documented evidence, peer review and challenge that forms the basis of the conclusion.

Companies and issuers which do not receive a unanimous vote of support following the Forum challenge process (and external AdCom when required) are not permitted to be held in the Scheme.

Key Performance Indicators (KPIs)

The Investment Adviser monitors the Scheme to measure and report on the sustainability outcomes collectively achieved by the products or services of the Sustainable Companies or Issuers (and therefore the extent of progress being made by the Scheme in achieving its sustainability objective) through the use of KPIs. The KPIs are assessed on an annual basis.

The policy of the Scheme is to invest at least 70% of its assets in Sustainable Companies or Issuers.

The Investment Adviser will publish the following metrics:

- *% of the portfolio invested in Sustainable Companies or Issuers; and*
- *% weighted average of the portfolio revenue aligned with the sustainability objective for each theme*

The Investment Adviser regularly assesses how a company or issuer earns its revenues across different business activities or product segments by analysing each activity or segment's role in working towards one or more of the Sustainability Themes.

The revenues generated from a company's or issuer's products or services to support one or more of the Sustainability Themes is reported as a weighted average of the company's or issuer's portfolio value.

The Investment Adviser will report the revenues from products and services on both an individual Sustainability Theme level as well as the amalgamated position used to meet the stated Sustainability Standard.

In addition, where the Investment Adviser deems appropriate and relevant to an investor, it will publish further metrics in its annual report or other investor disclosures on its website to demonstrate the attainment of the sustainability objective.

Sustainability Theme and description	Description of factors that contribute towards the alignment of revenue to the Sustainability Theme	KPI
<p>Clean</p> <p>Companies or issuers that support the low carbon economy, the reduction of carbon emissions and/or the prevention or remediation of negative environmental impacts such as pollution and biodiversity loss.</p>	<p>The revenues generated from products and services to support a clean society.</p> <p>Companies and issuers included in this segment are those that provide products and services that positively contribute towards environmental and social outcomes as described under the 'Revenue Alignment' section above.</p> <p>The revenues associated with and generated by the types of products and services for each company or issuer in the portfolio are combined to provide the KPI at the Scheme level.</p>	<p>% of revenues from products and services aligned with the sustainability objective.</p>
<p>Healthy</p> <p>Companies or issuers that support the protection and improvement of people's mental and physical health and wellbeing.</p>	<p>The revenues generated from products and services to support a healthy society.</p> <p>Companies and issuers included in this segment are those that provide products and services that positively contribute towards social outcomes as described under the 'Revenue Alignment' section above.</p>	<p>% of revenues from products and services aligned with the sustainability objective.</p>

	The revenues associated with and generated by the types of products and services for each company or issuer in the portfolio are combined to provide the KPI at the Scheme level.	
<p>Safe</p> <p>Companies or issuers that support the prevention of physical and mental harm and injury in homes and workplaces and/or keeping data and information safe and secure.</p>	<p>The revenues generated from products and services to support a safe society.</p> <p>Companies and issuers included in this segment are those that provide products and services that positively contribute towards social outcomes as described under the 'Revenue Alignment' section.</p> <p>The revenues associated with and generated by the types of products and services for each company or issuer in the portfolio are combined to provide the KPI at the Scheme level.</p>	% of revenues from products and services aligned with the sustainability objective.
<p>Inclusive</p> <p>Companies or issuers that support people to participate in economic and social life by providing products and services which are affordable, accessible and of a quality that supports equitable treatment of customers and/ or people in society.</p>	<p>The revenues generated from products and services to support an inclusive society.</p> <p>Companies and issuers included in this segment are those that provide products and services that positively contribute towards social outcomes as described under the 'Revenue Alignment' section.</p> <p>The revenues associated with and generated by the types of products and services for each company or issuer in the portfolio are combined to provide the KPI at the Scheme level.</p>	% of revenues from products and services aligned with the sustainability objective.

Monitoring and Escalation

The Investment Adviser monitors investee companies and issuers (to ensure Sustainable Companies or Issuers are demonstrating sufficient performance against the sustainability objective and that there are no conflicts with the sustainability objective in relation to all investee companies and issuers) by periodically applying the sustainable investment process to the Scheme's investments and reviewing performance of the Scheme against the KPIs.

Where a company or issuer is identified as having dropped below the Sustainability Standard, and it does not conflict with the sustainability objective, the Investment Adviser will classify the company or issuer as a Non-Sustainable Company or Issuer.

For any holdings that do not meet the Sustainability Standard, the Investment Adviser will consider their ongoing position in the portfolio as a Non-Sustainable Company or Issuer and the company or issuer will be taken back through the Sustainable Investment Process.

Should a company or issuer conflict with the sustainability objective of the Scheme as detailed in the section titled "Screening for conflict with the sustainability objective" it will no longer be permitted to be held.

If the Investment Adviser decides to divest, it will occur at the first reasonable opportunity to do so (taking into account non-sustainability-related criteria, such as position size and liquidity, as part of

the portfolio management process) and no longer than six months after the decision to divest is made (the “Escalation Divestment Process”). This will be tracked at the Forum.

Stewardship and Engagement

The Investment Adviser’s approach to stewardship within the Scheme encompasses four principle strategies to improve corporate practices – including the products and services they offer to customers and the way in which a company or issuer operates their business.

The four principles are as follows:

- **Corporate research:** In-depth corporate research is conducted by the investment analyst supported by the Investment Adviser’s Responsible Investment Team to inform the Investment Adviser’s decisions and to support continuous stewardship activities.
- **Voting:** Where possible, the Investment Adviser exercises its voting rights and votes in line with the Scheme’s objective. It has a set of guidelines that it follows in carrying out voting activity. The guidelines can be found under the Responsible Investment section of the RLAM website.
- **Engagement:** The Investment Adviser actively engages with companies and issuers when feasible, aiming to enhance corporate behaviours and establish enduring relationships that are beneficial over the long term. The Investment Adviser’s engagement spans a number of considerations across the Sustainability Themes:
 - **Clean:**

Climate Change: where the focus is on encouraging business transformation that supports decarbonisation and a net zero emissions future, while building resilience to the physical risks of climate change.

Biodiversity: where the intention is to improve company’s or issuer’s stewardship of nature, encouraging them to enhance their knowledge, management and disclosures to protect our environment.
 - **Healthy:**

Employee and customer welfare: where the intention is to enable and support healthy employees and customers, encouraging robust policies and procedures, appropriate corrective actions and greater transparency relating to their physical and mental health and wellbeing.
 - **Safe:**

Innovation, technology and Society: in a rapidly evolving digital world, the intention is to support initiatives to strengthen cyber resilience and the ethical application of technology in the companies or issuers held to address artificial intelligence, data privacy, censorship and the growth of technology use.

Employee and customer safety: where the intention is to encourage appropriate protocols in place to keep employees safe on the job, to reduce safety incidents or product recalls, and improve on safety metrics over time.
 - **Inclusive:**

Social and Financial Inclusion: where the intention is to help to shape a just transition, asking companies and issuers to promote economic equality and protect the vulnerable as they work towards a sustainable future.

Governance and Corporate Culture: where the intention is to encourage good governance, a positive workplace culture and a diverse workforce creating resilient businesses and support inclusive decision making.

- **Advocacy:** The Investment Adviser collaborates with regulatory bodies, government entities, organizations that set standards, and non-governmental organizations (NGOs) to promote the principles of responsible investment and sound governance.

Potential negative outcomes

The Investment Adviser applies its Sustainability Objective Conflict Screen to ensure assets within the Scheme do not conflict with the sustainability objective across all Sustainability Themes. However, it cannot ensure that there will be no negative social or environmental outcomes from the investments of the Scheme. For each company and issuer, the Investment Adviser assesses any negative outcomes relevant to any of the four Sustainability Themes.

Pursuing the sustainability objective may lead to some ancillary unintended impacts to the environment and/or society. This is because economic activity such as manufacturing goods, creating built environments and delivering services will rely in part on the use of both natural and human resources. Even if the companies or issuers invested in are embedding sustainability practices into their operations and/or products and services, not all adverse outcomes can be avoided.

For example, companies or issuers building critical infrastructure to support a cleaner environment such as public transportation to reduce car use, or water and sewer services to reduce river pollution, will produce carbon emissions as part of construction and ongoing maintenance of those services. These companies or issuers are accepted within the context of delivering sustainable outcomes without causing significant harm.

Another example is that companies or issuers providing essential financial services to promote financial inclusion such as retail banking may receive complaints from customers that feel they have received a poor level of service or those that manufacture life-saving vaccines such as pharmaceutical companies or issuers may receive complaints about ineffective results of that vaccine. These companies or issuers may also be included in the portfolio provided appropriate action is being taken to address the complaints.

Where negative outcomes are identified but are not considered to conflict with the sustainability objective, these will also be considered as part of the Investment Adviser's approach to stewardship and engagement process, and where required, escalation process (as described above). Any material negative outcomes will be disclosed to investors.

Benchmarks

Comparator Benchmark

The performance comparator for the Scheme is the IA Mixed Investments 0-35% Shares sector (the "IA Sector").

Schemes in the IA Sector must have a range of different investments and invest up to 35% in shares of companies and at least 45% in fixed income or cash investments. The Scheme's assets are consistent with these investment parameters therefore the IA Sector is considered appropriate as a performance comparator.

Unit Classes available

- Class B Gross Income Units*
- Class B Gross Accumulation Units*
- Class B Income Units*
- Class B Accumulation Units*
- Class C Income Units**
- Class C Accumulation Units**
- Class D Income Units

	Class D Accumulation Units	
	* Class B Units are only available for further investment by existing holders of Class B Units.	
	** Class C Units are only available for investment by certain classes of investors with arrangements in place with the Manager or its associates. See paragraph 2.3.4 below.	
Base Currency	Sterling £	
Pricing	Single priced	
Investment minima <i>The Manager reserves the right to increase or reduce the investment minima in accordance with COLL.</i> <i>The investment minima amounts may be waived by the Manager.</i> <i>If an instruction to redeem leaves the holder with a residual holding of less than £500, the Manager may treat the instruction as one to redeem the entire holding.</i>	Minimum initial investment	Class B: £1,000 Class C: £1,000 Class D: £3,000,000
	Minimum subsequent investment	Class B: £500 Class C: £500 Class D: £10,000
	Minimum redemption amount	Class B: £250 Class C: £250 Class D: £5,000
	Minimum regular monthly investment	N/A
Management charges	Preliminary charge	0.00% for all Unit Classes
	Periodic charge	Class B: 0.90% p.a. Class C: 0.65% p.a. Class D: 0.55% p.a.
	Charge for investment research	No
Allocation of charges	All charges will be deducted from income apart from portfolio transaction charges (e.g. SDRT, broker's commission) which will be deducted from capital. This does not change the total return on the investment – it just means that more of the income earned by the investment is paid out in distributions. Whilst the net effect allows the Scheme to distribute more income, please be aware that taking charges from the capital of the Scheme may constrain capital growth.	
Ongoing charges figure (“OCF”)	The OCF may be found in the relevant Product Summary.	
Income payment dates	Final	30 June
	Interim	30 September, 31 December, 31 March
Accounting Dates	Final	30 April

Royal London Sustainable Managed Growth Trust (Continued)

	Interim	31 July, 31 October, 31 January
Eligible for ISAs	Yes	
General information	As a Unitholder you are entitled to a copy of the latest report and accounts and the relevant Product Summary for this Scheme at any time, available on request.	

7 Royal London Sustainable World Trust

Product reference number (PRN)	499277
Date of authorisation	4 August 2009
Investment Adviser	Royal London Asset Management Limited
Status	Available for investment
Investor profile	The Scheme is for retail and institutional investors with a “medium/high” attitude to risk.
SDR disclosure	This Scheme complies with the requirements of the FCA’s Sustainability Focus Label. Sustainability Focus funds invest mainly in assets that focus on sustainability for people or the planet.
	
Investment objective	
<p>The Scheme’s financial objective is to achieve capital growth over the medium term, which should be considered as a period of 3-5 years. There is however no certainty or promise that the Scheme will achieve this objective.</p> <p>The Scheme’s sustainability objective is to invest in companies or issuers that make a positive contribution to one or more of the “Sustainability Themes” (listed below), through their products or services as determined by the Investment Adviser using its Sustainability Standard (as defined in the Investment Strategy).</p> <ul style="list-style-type: none"> • Clean – to support the low carbon economy, the reduction of carbon emissions and/or the prevention or remediation of negative environmental impacts such as pollution and biodiversity loss. • Healthy – to support the protection and improvement of people's mental and physical health and wellbeing. • Safe – to support the prevention of physical and mental harm and injury in homes and workplaces and/or keeping data and information safe and secure. • Inclusive – to support people to participate in economic and social life by providing products and services which are affordable, accessible and of a quality that supports equitable treatment of customers and/ or people in society. <p>Further information regarding the types of companies and issuers held and the basis upon which they are selected is included under the 'Revenue Alignment' section in the Investment Strategy.</p>	

Investment policy

Between 60% and 85% of the Scheme is invested in the shares of companies globally that are listed on stock exchanges in their respective countries.

The remainder of the Scheme may be invested as follows:

- up to 40% in investment grade corporate bonds denominated in sterling or hedged back to sterling (of which up to 60% may be rated BBB or Baa);
- up to 10% in indirect property, money-market instruments and deposits; and
- up to 2% in sub-investment grade bonds.

Overall, at least 70% of the Scheme is invested in Sustainable Companies or Issuers (as defined in the Investment Strategy section). Up to 30% may be held in Non-Sustainable Companies or Issuers (as defined in the Investment Strategy section).

The remaining portfolio will not conflict with the sustainability objective of the Scheme as detailed in the section titled "Screening for conflict with the sustainability objective".

The Scheme is actively managed, meaning that the Investment Adviser will use its expertise to select investments to meet both the financial and sustainability objectives.

Up to 10% of the Scheme may be invested in other funds known as collective investment schemes (including funds managed by RLUM Limited or another Royal London Group company).

The Scheme may use derivatives for the purposes of investment and Efficient Portfolio Management ("EPM") (including hedging). For the sole purpose of the Scheme's asset allocation, the Investment Adviser may (in extreme market conditions) enter into transactions in index derivatives. The use of derivatives for EPM is unlikely to increase the risk profile of the Scheme. The use of derivatives for the purpose of investment may affect the risk profile of the Scheme although this is not the Manager's intention.

Cash may be held for investment purposes and to manage inflows and outflows of investors' money in the Scheme, however cash is not expected to exceed 5% of the Scheme.

Investment strategy

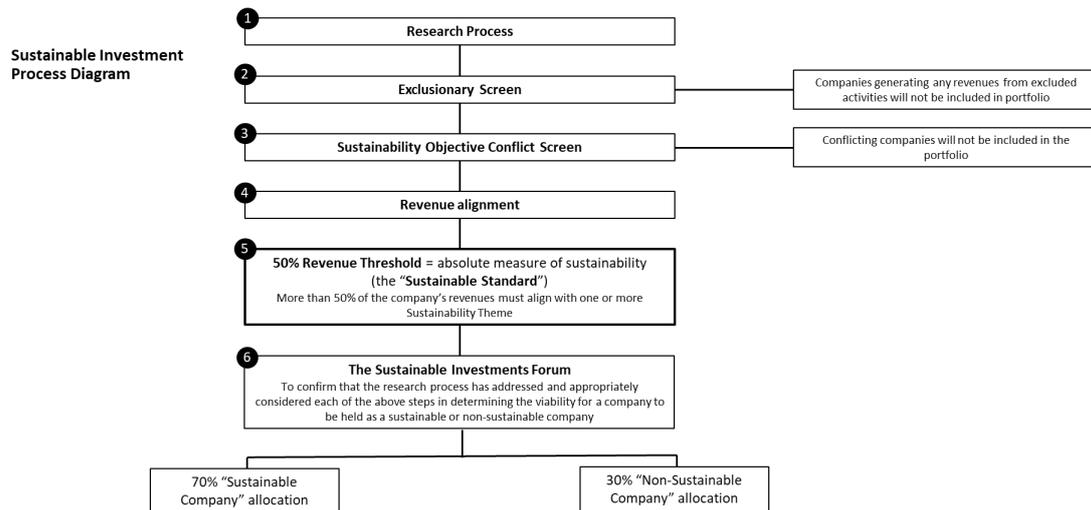
The Sustainable Investment Process

The Investment Adviser selects all assets for the Scheme and monitor investments in accordance with its consistent, robust sustainable investment process which follows the following steps:

1. **Research process:** the preparation of a comprehensive research note for each company and issuer which forms the basis of evidence regarding suitability for investment in such company or issuer by the Scheme.
2. **Exclusionary Screen:** the application of an exclusionary screen that excludes from the Scheme's investable universe any company or issuer that generates any revenue from areas which the Investment Adviser considers contradicts the sustainability objective of the Scheme.
3. **Sustainability Objective Conflict Screen:** the application of a 'Sustainability Objective Conflict Screen' that excludes from the Scheme's investable universe any company or issuer that conflicts with the sustainability objective of the Scheme across all Sustainability Themes.
4. **Revenue alignment:** the assessment of revenues of a company or issuer to provide a breakdown of alignment with one or more of the Sustainability Themes.

5. **Sustainability Standard:** the application of the Sustainability Standard (as defined below) that requires 50% of revenues to be derived from product or services aligned to one or more of the four Sustainability Themes to determine whether a company or issuer is a “Sustainable Company or Issuer” forming 70% of the portfolio of the Scheme. Where a company or issuer does not meet the Sustainability Standard, it may still be eligible for investment as a “Non-Sustainable Company or Issuer”. No more than 30% of the Scheme may be invested in these companies or issuers (as described in the Non-Sustainable Company or Issuer section).
6. **Forum review:** the validation from the the Investment Adviser’s Sustainable Investments Forum (the “Forum”) that a company or issuer has been accurately and appropriately assessed, revenues have been correctly categorised against the above criteria and the evidence used to form conclusions is sufficient.

The below flowchart provides a visual summary of the Investment Adviser’s sustainable investment selection process.



1. Research Process including a sustainability assessment

The investment process begins with a comprehensive and evidence-based sustainability assessment for all potential investee companies and issuers which is used to produce a note that:

- provides detail on the underlying analysis and conclusions of the sustainable investment process;
- documents and assesses whether the company or issuer is managing its business operations in a responsible way that is consistent with the sustainability objective of the Scheme and includes factors like environmental and climate performance, employee and community relations, health and safety, corporate governance, and diversity and inclusion;
- evidences whether the company’s or issuer’s activities breach any of the exclusions criteria listed below;
- assesses and evidences whether the company or issuer is in conflict with the sustainability objective across all Sustainability Themes by failing to pass the ‘Sustainability Objective Conflict Screen’ explained below; and
- provides a breakdown in revenues (based on each company’s or issuer’s public documents) and evaluates how the company or issuer contributes to one or more of the Sustainability Themes.

A research template is used to support the Investment Adviser in applying a consistent, robust and repeatable framework across all company and issuer types, sectors, geographies and asset classes.

A variety of sources are used to provide evidence to support the analysis including company and issuer disclosures, third-party research, broker notes and internal analysis.

2. Exclusionary Screening Process

The Investment Adviser applies its exclusionary screening process to all assets in the portfolio. This process excludes from the Scheme's investable universe any potential investments that earn any revenue from the following areas which the Investment Adviser considers contradicts with the sustainability objective of the Scheme or the Sustainability Themes:

- tobacco manufacturing;
- armament manufacturing;
- nuclear-power generation;
- animal testing (other than for purposes of human or animal health and/or where it is required by law or regulation);
- pornography production;
- online and offline gambling establishments; and
- fossil fuel extraction.

The list of exclusions may be updated from time to time where the Investment Adviser considers it appropriate.

3. Screening for conflict with the sustainability objective (the 'Sustainability Objective Conflict Screen')

Based on the research undertaken, the Investment Adviser applies its 'Sustainability Objective Conflict Screen' to determine whether a company or issuer conflicts with the sustainability objective and therefore is excluded from investment.

In determining whether a company or issuer will conflict with the sustainability objective, the Investment Adviser will screen the company or issuer (including its operations and products and services) against the ten principles of the UN Global Compact ("UNGC Principles") and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct ("OECD Guidelines"). If a company or issuer contravenes the UNGC Principles or OECD Guidelines, it will be excluded from investment. The Investment Adviser uses the UNGC Principles and OECD Guidelines to assess for conflicts with the sustainability objective because they cover a wide range of considerations relevant to the company or issuer (including its operations and products and services) which are aligned to all Sustainability Themes. This ensures that every company and issuer held by the Scheme does not conflict with any of the Sustainability Themes.

An indication of the types of operations or products and services that would contravene one or more of the UNGC Principles and/or OECD Guidelines (and therefore would conflict with a Sustainability Theme) are shown below:

- **Clean** – Operations or products and services that fail to apply a precautionary, scientific approach to solving environmental and sustainability challenges or preventing environmental harm (and therefore fail to support the low carbon economy, the reduction of carbon emissions and/or the prevention or remediation of negative environmental impacts such as pollution and biodiversity loss). For example, violation of international laws and standards by taking unacceptable risk, failing to address or prevent environmental harm or remediation, relying unnecessarily on harmful methods of production, creating unsustainable levels of consumption

or products and services using new, innovative technologies that create known and foreseeable adverse environmental impacts. These activities can lead to irreversible harm to the environment which the Investment Adviser considers to conflict with the Sustainability Theme of Clean.

- **Healthy** – Operations or products and services that fail to protect the health of employees, communities and customers (and therefore fail to support the protection and improvement of people's mental and physical health and wellbeing). For example, violation of international laws and standards due to poor working conditions, workplace harassment, compromised quality, failure to provide medical care, or production of harmful products. These activities can lead to stress and anxiety, health hazards and other harmful outcomes for people which the Investment Adviser considers to conflict with the Sustainability Theme of Healthy.
- **Safe** – Operations or products and services that fail to protect the safety of employees, communities and customers and demonstrate a lack of respect for the right to life, liberty and security of person (and therefore fail to support the prevention of physical and mental harm and injury in homes and workplaces and/or keeping data and information safe and secure). For example, violation of international laws and standards due to unsafe working practices, non-adherence to labour standards, poor risk management, failure to meet product quality safeguards, use of child labour or exposing people to hazardous conditions. These activities can lead to physical or mental harm which the Investment Adviser considers to conflict with the Sustainability Theme of Safe.
- **Inclusive** – Operations or products and services that fail to protect fundamental rights to equality, dignity and freedom for all people (and therefore fail to support people to participate in economic and social life by providing products and services which are affordable, accessible and of a quality that supports equitable treatment of customers and/ or people in society). For example, violation of international laws and standards due to corruption, discrimination, exploitation, unfair wages, or poor working conditions can limit people's ability to earn a decent wage or access basic services such as healthcare, education, and housing. These activities, in addition to products and services that contribute to adverse impacts on human rights, can reduce people's standard of living, lead to social exclusion, and limit equal participation in economic and social life which the Investment Adviser considers to conflict with the Sustainability Theme of Inclusive.

In undertaking this evaluation the Investment Adviser uses reputable third-party data sources to validate that no companies or issuers in the Scheme fail to meet the UNGC Principles or the OECD Guidelines. Companies or issuers that fail will not be held in the portfolio.

By applying the Sustainability Objective Conflict Screen in combination with the Exclusionary Screening Process explained above, the potential investment universe is reduced to only those companies and issuers that the Investment Adviser considers do not conflict with the sustainability objective across all Sustainability Themes.

4. Revenue Alignment

Revenue is used to understand how a company's or issuer's products or services contribute to the Scheme's sustainability objective based on the Sustainability Themes. The Investment Adviser has selected revenues as the basis for this assessment because products and services are the primary offering of the company or issuer to its customers, and revenues generated by these products/services are a good representation of the focus by the company or issuer on the Sustainability Themes.

Based on each company's or issuer's public disclosures, the research note considers all revenues to provide a breakdown of revenues aligned with the Sustainability Themes in the sustainability objective of the Scheme.

The Investment Adviser assesses the extent to which a company’s or issuer’s revenues are aligned with one or more of the Sustainability Themes in the sustainability objective of the Scheme (“Sustainability-Aligned Revenues”) as determined by its products and services.

The below tables provide an indication of the types of products and services linked to each Sustainability Theme that would be considered to be Sustainability-Aligned Revenues and the rationale for such determination by reference to the environmental / social outcome of such activities as they relate to the Sustainability Theme. Please note, the below is a non-exhaustive list.

Sustainability Theme – Clean

Companies or issuers that support the low carbon economy, the reduction of carbon emissions and/or the prevention or remediation of negative environmental impacts such as pollution and biodiversity loss

Example products and services that would be deemed to positively contribute to the Sustainability Theme	Environmental / social outcome of such activities related to the Sustainability Theme
Facilitating the re-use, recycling and remanufacturing of scarce resources.	Reduces consumption of our planet’s scarce natural resources and enables the society to do more with less.
Providing electricity transmission or scaling up renewable power generation.	Enables the transition towards a decarbonised economy, through production of zero carbon power and driving greater connections of zero carbon power onto the grid, lowering the climate impacts of power networks over time.
Providing lower-emissions freight transport like rail shipping companies or logistics assets.	Enables more environmentally efficient supply chains and reduces / prevents transport related pollution.
Providing products that electrify and lower fuel consumption in rail transport.	Helps to cut near-term emissions on existing assets and encourages greater use of lower carbon modes of goods transportation in the longer term.
Providing and installing insulation or technology to increase efficiency which lowers the energy requirements of buildings and industrial processes.	Increases efficiency and cuts overall power demand.
Providing natural molecules to improve the performance of the consumer care products and/or enable medicines to work.	Organic chemicals tend to have less environmental impact than petrochemicals, often demonstrating greater biodegradability and lower environmental impact during their production processes.
Providing cloud computing.	Supports the decarbonisation of the economy by moving computing to energy-efficient data centres.
Providing stormwater management products.	Lowers environmental risks associated with flooding and heavy rainfall.
Providing sterilisation products and services to hospitals and life sciences companies.	Ensures a clean and safe environment for surgical procedures, reducing complications and enhancing success of operations.

Providing urban pest control and hygiene solutions.	Ensures a clean and safe living and working environment, protecting humans from diseases and mental stress.
Providing products and services which encourage positive energy, water or biodiversity outcomes.	Facilitates greener outcomes by supporting the development, creation and ongoing running of activities that deliver more efficient and cleaner environmental outcomes, especially in the use of energy, water and biodiversity resources.
Providing solutions that reduce carbon emissions in transport (e.g. companies which provide public transport).	Reduces the need and reliance on private cars/transport with a combined higher carbon footprint. Public transport has a materially lower carbon impact per passenger than individuals or small groups using cars.

Sustainability Theme – Healthy

Companies or issuers that support the protection and improvement of people's mental and physical health and wellbeing

Example products and services that would be deemed to positively contribute to the Sustainability Theme	Environmental / social outcome of such activities related to the Sustainability Theme
Providing products and services that lead to or make better decisions in areas such as healthcare diagnostics.	Earlier diagnosis of diseases such as cancers can have a very meaningful impact on patient health outcomes, improving progression free survival rates and improving patient quality of life.
Providing consumer health and exercise products and/or over the counter medicines.	Promotes good health and hygiene and empower consumers to take greater preventive care.
Improving access to affordable drugs.	Reduces health gaps and socio-economic costs of drugs.
Supplying healthcare products/equipment.	Provides essential equipment that enables safe and well-resourced surgeries, medical care and broader health monitoring, measurement and treatment.
Providing capability to extract more accurate and timely health information from our bodies.	Provides medical professionals with greater information on a patient during a surgery, along with prior to operation and while the patient is recovering. This should also enable longer-term remote monitoring.
Providing innovative new drugs or medical treatments/procedures.	Supports efficiency and effectiveness of drug discovery and surgical practices, improving treatment outcomes across a broad range of disease types.
Providing research and developing new treatment techniques for areas such as cancer.	Improves overall survival rates and other measures of treatment efficacy.

Enabling production, distribution and access to healthier foods.	Sale of healthier foods, at an affordable price point, supports greater nutrition and healthier outcomes.
Providing and selling products intended to improve health such as wound care products and continence products, medical-grade cleaning chemistries and associated washing equipment used by hospitals, diagnostic equipment.	Prevents or helps to lower infection, medical complications and improves patient outcomes, along with providing a safer operating environment for medical professionals and a quicker detection of diseases.
Providing clean water and wastewater services.	Facilitates disease prevention, while providing access to clean water.

Sustainability Theme – Safe

Companies or issuers that support the prevention of physical and mental harm and injury in homes and workplaces and/or keeping data and information safe and secure

Example products and services that would be deemed to positively contribute to the Sustainability Theme	Environmental / social outcome of such activities related to the Sustainability Theme
Providing services and tools that help prevent fraudulent financial transactions and/or manage risks.	Prevents fraudulent financial transactions and lowers the risk of individuals becoming victims of financial crime.
Providing products and services that reduce or prevent transport-related physical harm.	Safety technology for road and rail travel, along with wider transport, provides a clear benefit to lower the impact from and potential for harm.
Manufacturing and selling safety equipment or technology.	Safety equipment benefits society through identification of hazards enabling a user to act, or automatically responding to relevant hazard. Other technologies could protect individuals from physical harm in potentially dangerous environments.
Providing products and services to test and check security systems, alarms and fire safety equipment.	Enables personal and public physical safety, in industrial and public settings.
Providing products and services that detect, prevent, manage and respond to cybersecurity risks.	Ensures data security and privacy preventing individuals and businesses from falling victim to cyber crime and the associated consequent harms.
Providing and allowing safe access to use of data by communities.	Ensures data security and privacy for individuals and communities.

Sustainability Theme – Inclusive

Companies or issuers that support people to participate in economic and social life by providing products and services which are affordable, accessible and of a quality that supports equitable treatment of customers and/ or people in society.

Example products and services that would be deemed to positively contribute to the Sustainability Theme	Environmental / social outcome of such activities related to the Sustainability Theme
Providing fair access to data and basic digital services.	Ensures society stays connected which enables individuals to make informed decisions on personal matters and fosters social connections with friends, families, and communities.
Providing fair access to basic financial services including mortgages, long term savings and investments, cash management and protection products.	Helps people to build savings, obtain credit, manage debt and handle unexpected expenses which creates financial security and protects people from life shocks.
Providing financial and other business services for small to mid-size enterprises ("SME").	SMEs are crucial to the global economy, creating more than two-thirds of jobs and driving growth and social development, providing opportunities for various demographic groups.
Lending or other financial services dedicated to underserved and excluded segments of society.	Enhancing access to financial services is essential for economic growth, reducing gender gaps, and promoting stability and sustainable development.
Providing or supporting social or affordable housing and other services for low-income people.	Promotes community development, social cohesion, and reduced inequality.
Providing financing and services for the education sector, including funding to support universities, schools and students.	Higher education helps individuals, including those from disadvantaged backgrounds achieve higher income levels.
Providing fair access to basic utilities and services to meet energy, water and waste needs.	Energy is vital for economic stability, job creation, and energy security, with an emphasis on environmental protection being beneficial for society.
Providing communications infrastructure ensuring that society can stay connected.	Supports social communication and connection, at a price point which is accessible and affordable to consumers.
Providing affordable essential food and household items.	Food poverty affects millions in the UK and over a billion globally, leading to chronic health issues like diabetes and heart disease. Providing affordable essential food and personal items is critical for social sustainability.
Providing or enabling public (government) services that provide essential services and social protections.	Public services help redistribute income and reduce inequality by providing essential services like education, healthcare, and social protection. These services greatly benefit lower-income households, alleviating poverty and improving quality of life.

5. Sustainability Standard

Based on the revenue alignment assessment undertaken, the Investment Adviser selects companies and issuers that it considers are making a positive contribution to one or more of the

Sustainability Themes of Clean, Safe, Healthy and Inclusive and therefore are “Sustainable Companies or Issuers”.

In order to be considered to be making a positive contribution to one or more of the Sustainability Themes, a majority of a company’s or issuer’s revenue (i.e. at least 50%) must be Sustainability-Aligned Revenues (the “Sustainability Standard”).

Other revenues do not contribute to the calculation of the 50% threshold and therefore whether the Sustainability Standard has been met.

The Investment Adviser has been analysing companies and issuers from a sustainability perspective based on the products and services of a company or issuer (what they produce) and the operations supporting them (how they are produced), both regionally and globally, across equity and debt markets since 2003. This analysis has been overseen by academics, corporate practitioners, and client representatives with highly relevant expertise in sustainability and has provided the Investment Adviser with a large amount of information and data. From this information and data, the Investment Adviser has concluded that those companies or issuers that generate greater than 50% revenue in total from one or more of the four Sustainability Themes have sufficient management focus on these areas to allow them to consistently grow that aspect of their business. In particular, where a company or issuer generates above 50% of revenue, the Investment Adviser has seen evidence that critical areas, when considered in totality, including corporate governance, climate, diversity, culture, research and development, merger and acquisition activities, and management of other industry specific environmental and social issues and opportunities are better aligned with the sustainability objective than those below the 50% revenue threshold.

Independent Assessment of the Sustainability Standard

The Sustainability Standard has been independently assessed as appropriate for the Scheme. The independent assessment of the Standard is undertaken and signed off by the Investment Adviser’s Performance and Investment Risk Committee. The Standard is independently assessed at least annually to ensure it remains appropriate.

Non-Sustainable Companies or Issuers

Companies and issuers which do not meet the Sustainability Standard may still be considered for inclusion in the Scheme provided they do not conflict with the sustainability objective of the Scheme or any of the four Sustainability Themes, as described above. Non-Sustainable Companies or Issuers held in the portfolio represent no more than 30% of the portfolio of the Scheme.

6. The Forum

Role of the Forum

The final part of the Sustainable Investment Process is for each company and issuer (both Sustainable Companies or Issuers and Non-Sustainable Companies or Issuers) to secure a positive vote through the Forum. The purpose of the Forum is to verify that a company or issuer is suitable for investment by applying a consistent framework across all company and issuer types, sectors, geographies and asset classes.

The Forum reviews all proposed holdings in the Scheme by applying the below ‘Framework for Assessment’, and all holdings must be approved by Forum vote in order to be included in the Scheme. See below regarding ‘Operating the Forum’.

Framework for Assessment:

The research note will include a recommendation for the inclusion of a company or issuer to be eligible to be held in the Scheme as either a Sustainable Company or Issuer or a Non-Sustainable Company or Issuer. The Forum will apply the following framework to assess a company or issuer:

- confirm that the company or issuer does not violate any exclusions as set out in the “Exclusionary Screening Process”;
- corroborate that there are no conflicts with the sustainability objective by applying the criteria and considerations as detailed in the “Screening for conflict with the sustainability objective” section;
- validate that the revenue alignment to one of more of the Sustainability Themes, as defined in the “Revenue Alignment” section above, is correct; and
- check that the Sustainability Standard has been met for any company or issuer to be included for consideration in the Scheme as a Sustainable Company or Issuer.

Operating the Forum

The Forum is an internal meeting of senior representatives from three key teams – the Responsible Investment Team, the Equity Team and the Credit Team.

The Forum meets at least monthly (or more frequently where required) to consider any proposed new investments and periodically reviews updates to companies or issuers held. The research note is used to provide evidence to help the Forum discharge its duties.

Each member has one vote. Voting is conducted anonymously, and the vote is recorded. All companies and issuers (both Sustainable Companies or Issuers and Non-Sustainable Companies or Issuers) in the Scheme have to receive a positive vote from each voting member in order to be included in the Scheme.

Companies and issuers which receive unanimous approvals are eligible for investment.

External Review (when required)

Any Forum votes which are not carried unanimously are referred to the External Advisory Committee (“**AdCom**”), which provides advice to the Forum. The AdCom is made up of at least four industry experts on sustainability and sustainable investment issues. Information on the AdCom’s current members is available on the Investment Adviser’s website here: [External advisory committee | Intermediaries | RLAM](#).

The AdCom will meet to review and challenge the research note (which may be updated following the Forum challenge). The AdCom will provide advice on the application of the criteria and whether:

- the company or issuer meets the Sustainability Standard and could be classified as a Sustainable Company or Issuer;
- the company or issuer is suitable for investment as a Non-Sustainable Company or Issuer;
- the company’s or issuer’s operations and management are appropriate, it does not commit egregious acts and does not cause significant harm; and
- overall, the company or issuer is appropriate and aligned with the Sustainability Objective of the Scheme.

After the AdCom members provide advice to the Forum, the Forum holds a second vote on the company or issuer – at this second vote, a unanimous vote will be required to decide if the company or issuer is eligible for investment.

This process ensures that the application of criteria is consistent and transparent, with clearly documented evidence, peer review and challenge that forms the basis of the conclusion.

Companies and issuers which do not receive a unanimous vote of support following the Forum challenge process (and external AdCom when required) are not permitted to be held in the Scheme.

Key Performance Indicators (KPIs)

The Investment Adviser monitors the Scheme to measure and report on the sustainability outcomes collectively achieved by the products or services of the Sustainable Companies or Issuers (and therefore the extent of progress being made by the Scheme in achieving its sustainability objective) through the use of KPIs. The KPIs are assessed on an annual basis.

The policy of the Scheme is to invest at least 70% of its assets in Sustainable Companies or Issuers.

The Investment Adviser will publish the following metrics:

- i) % of the portfolio invested in Sustainable Companies or Issuers; and*
- ii) % weighted average of the portfolio revenue aligned with the sustainability objective for each theme*

The Investment Adviser regularly assesses how a company or issuer earns its revenues across different business activities or product segments by analysing each activity or segment's role in working towards one or more of the Sustainability Themes.

The revenues generated from a company's or issuer's products or services to support one or more of the Sustainability Themes is reported as a weighted average of the company's or issuer's portfolio value.

The Investment Adviser will report the revenues from products and services on both an individual Sustainability Theme level as well as the amalgamated position used to meet the stated Sustainability Standard.

In addition, where the Investment Adviser deems appropriate and relevant to an investor, it will publish further metrics in its annual report or other investor disclosures on its website to demonstrate the attainment of the sustainability objective.

Sustainability Theme and description	Description of factors that contribute towards the alignment of revenue to the Sustainability Theme	KPI
<p>Clean</p> <p>Companies or issuers that support the low carbon economy, the reduction of carbon emissions and/or the prevention or remediation of negative environmental impacts such as pollution and biodiversity loss.</p>	<p>The revenues generated from products and services to support a clean society.</p> <p>Companies and issuers included in this segment are those that provide products and services that positively contribute towards environmental and social outcomes as described under the 'Revenue Alignment' section above.</p> <p>The revenues associated with and generated by the types of products and services for each company or issuer in the portfolio are combined to provide the KPI at the Scheme level.</p>	<p>% of revenues from products and services aligned with the sustainability objective.</p>

<p>Healthy</p> <p>Companies or issuers that support the protection and improvement of people's mental and physical health and wellbeing.</p>	<p>The revenues generated from products and services to support a healthy society.</p> <p>Companies and issuers included in this segment are those that provide products and services that positively contribute towards social outcomes as described under the 'Revenue Alignment' section above.</p> <p>The revenues associated with and generated by the types of products and services for each company or issuer in the portfolio are combined to provide the KPI at the Scheme level.</p>	<p>% of revenues from products and services aligned with the sustainability objective.</p>
<p>Safe</p> <p>Companies or issuers that support the prevention of physical and mental harm and injury in homes and workplaces and/or keeping data and information safe and secure.</p>	<p>The revenues generated from products and services to support a safe society.</p> <p>Companies and issuers included in this segment are those that provide products and services that positively contribute towards social outcomes as described under the 'Revenue Alignment' section.</p> <p>The revenues associated with and generated by the types of products and services for each company or issuer in the portfolio are combined to provide the KPI at the Scheme level.</p>	<p>% of revenues from products and services aligned with the sustainability objective.</p>
<p>Inclusive</p> <p>Companies or issuers that support people to participate in economic and social life by providing products and services which are affordable, accessible and of a quality that supports equitable treatment of customers and/ or people in society.</p>	<p>The revenues generated from products and services to support an inclusive society.</p> <p>Companies and issuers included in this segment are those that provide products and services that positively contribute towards social outcomes as described under the 'Revenue Alignment' section.</p> <p>The revenues associated with and generated by the types of products and services for each company or issuer in the portfolio are combined to provide the KPI at the Scheme level.</p>	<p>% of revenues from products and services aligned with the sustainability objective.</p>

Monitoring and Escalation

The Investment Adviser monitors investee companies and issuers (to ensure Sustainable Companies or Issuers are demonstrating sufficient performance against the sustainability objective and that there are no conflicts with the sustainability objective in relation to all investee companies and issuers) by periodically applying the sustainable investment process to the Scheme's investments and reviewing performance of the Scheme against the KPIs.

Where a company or issuer is identified as having dropped below the Sustainability Standard, and it does not conflict with the sustainability objective, the Investment Adviser will classify the company or issuer as a Non-Sustainable Company or Issuer.

For any holdings that do not meet the Sustainability Standard, the Investment Adviser will consider their ongoing position in the portfolio as a Non-Sustainable Company or Issuer and the company or issuer will be taken back through the Sustainable Investment Process.

Should a company or issuer conflict with the sustainability objective of the Scheme as detailed in the section titled "Screening for conflict with the sustainability objective" it will no longer be permitted to be held.

If the Investment Adviser decides to divest, it will occur at the first reasonable opportunity to do so (taking into account non-sustainability-related criteria, such as position size and liquidity, as part of the portfolio management process) and no longer than six months after the decision to divest is made (the "Escalation Divestment Process"). This will be tracked at the Forum.

Stewardship and Engagement

The Investment Adviser's approach to stewardship within the Scheme encompasses four principle strategies to improve corporate practices – including the products and services they offer to customers and the way in which a company or issuer operates their business.

The four principles are as follows:

- **Corporate research:** In-depth corporate research is conducted by the investment analyst supported by the Investment Adviser's Responsible Investment Team to inform the Investment Adviser's decisions and to support continuous stewardship activities.
- **Voting:** Where possible, the Investment Adviser exercises its voting rights and votes in line with the Scheme's objective. It has a set of guidelines that it follows in carrying out voting activity. The guidelines can be found under the Responsible Investment section of the RLAM website.
- **Engagement:** The Investment Adviser actively engages with companies and issuers when feasible, aiming to enhance corporate behaviours and establish enduring relationships that are beneficial over the long term. The Investment Adviser's engagement spans a number of considerations across the Sustainability Themes:

- **Clean:**

Climate Change: where the focus is on encouraging business transformation that supports decarbonisation and a net zero emissions future, while building resilience to the physical risks of climate change.

Biodiversity: where the intention is to improve company's or issuer's stewardship of nature, encouraging them to enhance their knowledge, management and disclosures to protect our environment.

- **Healthy:**

Employee and customer welfare: where the intention is to enable and support healthy employees and customers, encouraging robust policies and procedures, appropriate corrective actions and greater transparency relating to their physical and mental health and wellbeing.

- **Safe:**

Innovation, technology and Society: in a rapidly evolving digital world, the intention is to support initiatives to strengthen cyber resilience and the ethical application of technology in the companies or issuers held to address artificial intelligence, data privacy, censorship and the growth of technology use.

Employee and customer safety: where the intention is to encourage appropriate protocols in place to keep employees safe on the job, to reduce safety incidents or product recalls, and improve on safety metrics over time.

○ **Inclusive:**

Social and Financial Inclusion: where the intention is to help to shape a just transition, asking companies and issuers to promote economic equality and protect the vulnerable as they work towards a sustainable future.

Governance and Corporate Culture: where the intention is to encourage good governance, a positive workplace culture and a diverse workforce creating resilient businesses and support inclusive decision making.

- i) **Advocacy:** The Investment Adviser collaborates with regulatory bodies, government entities, organizations that set standards, and non-governmental organizations (NGOs) to promote the principles of responsible investment and sound governance.

Potential negative outcomes

The Investment Adviser applies its Sustainability Objective Conflict Screen to ensure assets within the Scheme do not conflict with the sustainability objective across all Sustainability Themes. However, it cannot ensure that there will be no negative social or environmental outcomes from the investments of the Scheme. For each company and issuer, the Investment Adviser assesses any negative outcomes relevant to any of the four Sustainability Themes.

Pursuing the sustainability objective may lead to some ancillary unintended impacts to the environment and/or society. This is because economic activity such as manufacturing goods, creating built environments and delivering services will rely in part on the use of both natural and human resources. Even if the companies or issuers invested in are embedding sustainability practices into their operations and/or products and services, not all adverse outcomes can be avoided.

For example, companies or issuers building critical infrastructure to support a cleaner environment such as public transportation to reduce car use, or water and sewer services to reduce river pollution, will produce carbon emissions as part of construction and ongoing maintenance of those services. These companies or issuers are accepted within the context of delivering sustainable outcomes without causing significant harm.

Another example is that companies or issuers providing essential financial services to promote financial inclusion such as retail banking may receive complaints from customers that feel they have received a poor level of service or those that manufacture life-saving vaccines such as pharmaceutical companies or issuers may receive complaints about ineffective results of that vaccine. These companies or issuers may also be included in the portfolio provided appropriate action is being taken to address the complaints.

Where negative outcomes are identified but are not considered to conflict with the sustainability objective, these will also be considered as part of the Investment Adviser's approach to stewardship and engagement process, and where required, escalation process (as described above). Any material negative outcomes will be disclosed to investors.

Benchmarks

The performance comparator for the Scheme is the IA Mixed Investments 40-85% Shares sector (the "IA Sector").

Schemes in the IA Sector must invest a range of different investments and invest between 40% and 85% in shares of companies. The Scheme's assets are consistent with these investment parameters therefore the IA Sector is considered appropriate as a performance comparator.

<p>Unit Classes available</p>	<p>Class A Income Units Class B Income Units* Class B Accumulation Units* Class C Income Units** Class C Accumulation Units** Class D Income Units Class D Accumulation Units</p> <p>* Class B Units are only available for further investment by existing holders of Class B Units.</p> <p>** Class C Units are only available for investment by certain classes of investors with arrangements in place with the Manager or its associates. See paragraph 2.3.4 below.</p>	
<p>Base Currency</p>	<p>Sterling £</p>	
<p>Pricing</p>	<p>Single priced</p>	
<p>Investment minima</p> <p><i>The Manager reserves the right to increase or reduce the investment minima in accordance with COLL.</i></p> <p><i>The investment minima amounts may be waived by the Manager.</i></p> <p><i>If an instruction to redeem leaves the holder with a residual holding of less than £500, the Manager may treat the instruction as one to redeem the entire holding.</i></p>	<p>Minimum initial investment</p>	<p>Class A: £1,000 Class B: £1,000 Class C: £1,000 Class D: £3,000,000</p>
	<p>Minimum subsequent investment</p>	<p>Class A: £500 Class B: £500 Class C: £500 Class D: £10,000</p>
	<p>Minimum redemption amount</p>	<p>Class A: £250 Class B: £250 Class C: £250 Class D: £5,000</p>
	<p>Minimum regular monthly investment</p>	<p>A monthly payment scheme is available – see paragraphs 4.1.7 - 4.1.17 below for further details.</p>
<p>Management charges</p>	<p>Preliminary charge</p>	<p>0.00% for all Unit Classes</p>
	<p>Periodic charge</p>	<p>Class A: 1.00% p.a. Class B: 1.00% p.a. Class C: 0.75% p.a. Class D: 0.60% p.a.</p>
	<p>Charge for investment research</p>	<p>No</p>
<p>Allocation of charges</p>	<p>All charges will be deducted from income apart from portfolio transaction charges (e.g. SDRT, broker's commission) which will be deducted from capital. This does not change the total return on the investment – it just means that more of the income earned by the investment is paid out in distributions. Whilst the net effect allows the Scheme to distribute more income, please be aware that taking charges from the capital of the Scheme may constrain capital growth.</p>	

Ongoing charges figure (“OCF”)	The OCF may be found in the relevant Product Summary.	
Income payment dates	Final	30 November
	Interim	31 May
Accounting Dates	Final	30 September
	Interim	31 March
Eligible for ISAs	Yes	
General information	As a Unitholder you are entitled to a copy of the latest report and accounts and the relevant Product Summary for this Scheme at any time, available on request.	

8 Royal London UK Equity Tracker Trust

Product reference number (PRN)	227767
Date of authorisation	18 September 2003
Investment Adviser	Royal London Asset Management Limited
Status	This Scheme is in the process of being wound up and is no longer available for investment.
Investor profile	N/A
SDR disclosure	Sustainable investment labels help investors find products that have a specific sustainability goal. This product does not have a UK sustainable investment label as part of the FCA's UK Sustainability Disclosure Requirements because it does not meet the UK regulator's qualifying criteria.
Investment objective	
The Scheme's investment objective is to achieve capital growth (1) over the medium-to-long term, which should be considered as a period of 5-7 years, principally by matching the performance before the deduction of charges of the FTSE4Good UK GBP Index (the " Index ") of shares.	
Investment policy	
At least 90% of the Scheme will be invested in the shares of companies that belong to the Index.	
The Scheme may also invest in securities that derive their value from another closely related underlying investment (known as derivatives). The manager will use derivatives, including forward transactions (3), both for investment purposes and efficient portfolio management (4).	
In addition, the Scheme can invest in other funds, known as collective investment schemes, including those managed by Royal London.	
Typically only a small portion of assets will be invested in cash.	
The Scheme will typically have at least 100 and as many as 400 holdings. The Manager is free to invest in shares of any sized companies, provided they are members of the Index.	
When tracking the Index, the Scheme's manager allows for an anticipated level of tracking error, meaning the return of the Scheme may be above or below the returns achieved by the Index. Assuming normal market conditions, the tracking error for this Scheme is typically expected to be no more than +/- 0.50%, before fees are paid.	

There are times when this tracking error could be exceeded and there are several possible reasons for this:

- The cost of changing holdings or reinvesting dividends
- Portfolio weightings not exactly matching the Index
- The Scheme valuing its shares at a different time to the Index
- Small amounts of cash being invested in components of the Index
- The effect of EPM
- The effects of illiquid Index components

Additional information

The index provider reviews the index composition quarterly with the objective of reflecting changes in the underlying markets. Further information on the index is available at <http://www.ftse.com/analytics/factsheets/Home/Search>.

Information on the constituents and their weightings in the index can be found at <http://www.ftse.com>.

In addition to the Index, which the Scheme aims to replicate, the IA UK All Companies sector (5) is considered an appropriate benchmark for performance comparison. Funds in the IA UK All Companies sector must invest at least 80% of their assets in UK shares that have a primary objective of achieving capital growth, which closely follows the Index the Scheme tracks. If the Manager believes it is in the best interests of the Scheme, it will be removed from the sector.

Investment strategy

The Investment Adviser will select assets for the Scheme which form part of the Index (see further details below in the Index Information section).

The Scheme uses an optimised portfolio approach aimed at minimising costs while controlling for risk. This means that, while the Scheme aims to replicate the composition of the Index as fully as possible, the manager may decide not to hold all constituents of the Index, particularly if they have poor liquidity (where the money invested is not easily accessible), or if they are expensive to trade. The Scheme's manager may also choose not to hold constituents in the exact benchmark weights of the Index.

Index Information

The Index is constructed from companies that form part of the FTSE All-Share Index (the "**Index Universe**").

The Index belongs to a range of indices that are intended to help investors invest in companies that comply with ESG (environmental, social and governance) criteria (2). The criteria for eligibility are developed using an extensive market consultation process and are approved by an independent committee of experts. A broad range of stakeholders help shape the criteria, including NGOs, governmental bodies, consultants, academics, the investment community and the corporate sector. To remain consistent with market expectations and developments in ESG practice, the inclusion criteria are revised regularly.

Index Exclusions:

The Index excludes from the Index Universe any companies which manufacture or produce any of the following:

- tobacco products;
- chemical or biological weapons, or that produce specific and critical parts or services for chemical or biological weapons;
- cluster munitions, or that produce specific and critical parts or services for cluster munitions;
- anti-personnel mines, or that produce specific and critical parts or services for anti-personnel mines;
- nuclear weapon systems, or that that produce specific and critical parts or services for nuclear weapons systems;
- other weapons for military use, including munitions, vehicles designed to carry military weapons, or weapon delivery systems;
- firearms or ammunition for non-military use, including handguns, shotguns, rifles or semi-automatic weapons; and
- coal.

Investment Trusts do not qualify for inclusion in the Index Universe.

ESG Score:

Once the Index Universe has screened out excluded companies, the Index then applies an ESG (environmental, social and governance) Score as a method of selecting assets. The Index is designed to measure the performance of companies that have an ESG Score above a specific threshold (as detailed below). The ESG Score is comprised of an overall score that breaks down into underlying "Theme Scores", "Theme Exposures", "Pillar Scores" and "Pillar Exposures".

A "Theme Score" measures the quality of a company's management of issues related to each theme. To determine a company's Theme Score, the company's Theme Exposure is applied against threshold bands to assign a Theme Score from 0-5 with 5 being the highest. It is important that companies that are more exposed to particular Themes such as Climate Change and Corporate Governance are doing more to address them. Therefore, the threshold bands are higher for companies with a high Theme Exposure than the bands for a company with low Theme Exposure.

A "Theme Exposure" measures the relevance for a company of each Theme. For each Theme a company's Theme Exposure is identified as High, Medium, Low or Negligible/Not Applicable.

A "Pillar Score" measures the quality of a company's management of environmental, social and governance issues. Pillar Scores are calculated as Exposure weighted averages of the Theme Scores such that the higher Exposure Themes for a particular company have a greater weight. This results in Pillar Scores of 0-5 to one decimal place.

A "Pillar Exposure" measures the relevance for a company of the respective environmental, social and governance issues. Pillar Exposure is calculated as a weighted average of the applicable Theme Exposures; Themes that are "High Exposure" have a weight of 3, "Medium Exposure" have a weight of 2, and "Low Exposure" have a weight of 1.

The pillars and themes are built on over 300 individual indicator assessments that are applied to each company's unique circumstances. Each company in the Index Universe is given an overall ESG Score ranging from 0 to 5, with 5 being the highest. The overall ESG Score is calculated as a Pillar Exposure-weighted average of the Pillar Scores. These are calculated to one decimal place. To be

included in the Index Universe a company must achieve an ESG Score above 3.3 out of 5. A company that achieves an ESG Score above 3.3 is considered to demonstrate good sustainability practices.

An overview of the pillars and themes considered are set out in the table below:

The “ESG Score”			
Measure of the overall quality of a company’s management of ESG issues			1 ESG Score
Environmental	Social	Governance	3 Pillars
1. biodiversity 2. climate change 3. pollution and resources 4. water security 5. environmental supply chain	6. customer responsibility 7. health and safety 8. human rights and community 9. labour standards 10. social supply chain	11. anti-corruption 12. corporate governance 13. risk management 14. tax transparency	14 Themes
Over 300 indicators in the model with each Theme containing 10 to 35 indicators. An average of 125 indicators are applied per company			300+ indicators

Further information on the Index can be found on the [LSEG’s website](#).

For further information on the ESG Score and the underlying Pillars and Themes please refer to the [LSEG’s website](#).

Monitoring

Constituents of the Index Universe are monitored by FTSE Russell and where they are found to have breached a threshold will be suspended from inclusion in the Index Universe for two years. Following this suspension a company would need to demonstrate that it has rectified the issue that gave rise to the breach and meet all other criteria above before being considered for inclusion in the Index Universe.

Notes

- (1) Capital growth is defined as the rise in an investment’s value over time.
- (2) Environmental, social and governance is the FTSE4Good Index’s list of predefined criteria that determines how a company operates in terms of sustainability and corporate governance.
- (3) Agreement to buy or sell an investment at a fixed time in the future at a price agreed in the present.
- (4) A list of approved investment techniques used to protect against excessive risk, including use of derivatives.
- (5) Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics. Some independent data providers prepare and publish performance data on the funds in this sector and you can use this to assess the Scheme’s performance. The data source will be Financial Express.

Unit Classes available	Class A Accumulation Units	
Base Currency	Sterling £	
Pricing	Single priced	
Investment minima <i>The Manager reserves the right to increase or reduce the investment minima in accordance with COLL.</i> <i>The investment minima amounts may be waived by the Manager.</i> <i>If an instruction to redeem leaves the holder with a residual holding of less than £500, the Manager may treat the instruction as one to redeem the entire holding.</i>	Minimum initial investment	Class A: £1,000
	Minimum subsequent investment	Class A: £500 Such minimum does not apply to The Children's Mutual.
	Minimum redemption amount	In accordance with the terms of relevant Child Trust Fund Account and the Child Trust Funds Regulations 2004.
	Minimum regular monthly investment	N/A
Management charges	Preliminary charge	0.00% for all Unit Classes
	Periodic charge	Class A: 0.25% p.a.
	Charge for investment research	No
Allocation of charges	The periodic charge will be deducted from income. All other charges will be borne by the Manager.	
Ongoing charges figure ("OCF")	The OCF may be found in the relevant Product Summary.	
Income payment dates	Final	31 October
	Interim	30 April
Accounting Dates	Final	31 August
	Interim	Last day of February each year
Eligible for ISAs	No	
General information	As a Unitholder you are entitled to a copy of the latest report and accounts and the relevant Product Summary for this Scheme at any time, available on request.	

9 Royal London UK Growth Trust

Product reference number (PRN)	144045
Date of authorisation	11 August 1989
Investment Adviser	Royal London Asset Management Limited
Status	Available for investment
Investor profile	The Scheme is for retail and institutional investors with a "medium/high" attitude to risk.
SDR disclosure	N/A
Investment objective	
The Scheme aims to provide a return greater than that of the FTSE All-Share Index (the " Index ") over rolling 5-year periods, through capital growth, after the deduction of charges.	
Investment policy	
<p>At least 50% of the Scheme is invested in shares of UK companies.</p> <p>UK companies are those that are either domiciled in, incorporated in, or have a significant economic exposure to, the UK.</p> <p>The remainder of the Scheme may be invested as follows:</p> <ul style="list-style-type: none"> • up to 30% in shares of overseas companies that are listed in the UK; and • up to 10% in shares of overseas companies that are not listed in the UK. <p>In total, at least 80% of the Scheme is invested in shares of companies that form part of the Index.</p> <p>Up to 10% of the Scheme may be invested in other funds known as collective investment schemes (including exchange-traded funds and funds managed by RLUM Limited or another Royal London Group company).</p> <p>The Scheme may use derivatives for the purposes of Efficient Portfolio Management (including hedging). The use of derivatives for this purpose is unlikely to increase the risk profile of the Scheme.</p> <p>Cash may be held for investment purposes and to manage inflows and outflows of investors' money in the Scheme, however cash is not expected to exceed 10% of the Scheme.</p>	

Investment strategy		
<p>The Scheme is actively managed, meaning the Investment Adviser uses its expertise to select investments to meet the objective.</p> <p>The Investment Adviser invests with a “quality-growth bias” which means it will aim to increase the original capital invested (referred to as growth) and selects companies that it deems to have certain quality characteristics, such as strong finances and stable management. Quality companies are expected to both perform more consistently and come with a lower risk of sizeable losses. The Investment Adviser selects companies by focusing on companies that it believes can improve their earnings year-on-year and have positive cash flows to fund growth.</p> <p>The Scheme is subject to a tracking error limit of 6%, which is the difference between the return of the Scheme and the return of the Index.</p>		
Benchmarks		
Target Benchmark		
<p>The target benchmark is the FTSE All-Share Index (the “Index”) which represents the share price performance of approximately 600 of the largest companies on the London Stock Exchange.</p> <p>The Index has been selected as a target benchmark because it is representative of the type of companies in which the Scheme invests, and it is therefore an appropriate measure for the Scheme's performance.</p> <p>Management of the Scheme is not restricted by this target benchmark and the Scheme does not base its investment process upon the Index. As a result, the Scheme can invest in companies that are not part of the Index.</p>		
Comparator Benchmark		
<p>The performance comparator for the Scheme is the IA UK All Companies sector (the “IA Sector”).</p> <p>Schemes in the IA Sector must invest at least 80% of their assets in shares of UK companies. The Scheme's assets are consistent with these investment parameters therefore the IA Sector is considered appropriate as a performance comparator.</p>		
Unit Classes available	Class A Income Units	
Base Currency	Sterling £	
Pricing	Single priced	
<p>Investment minima</p> <p><i>The Manager reserves the right to increase or reduce the investment minima in accordance with COLL.</i></p> <p><i>The investment minima amounts may be waived by the Manager.</i></p> <p><i>If an instruction to redeem leaves the holder with a residual holding of less than £500, the Manager may treat</i></p>	Minimum initial investment	Class A: £1,000
	Minimum subsequent investment	Class A: £500
	Minimum redemption amount	Class A: £250
	Minimum regular monthly investment	A monthly payment scheme is available – see paragraphs 4.1.7 - 4.1.17 below for further details.

<i>the instruction as one to redeem the entire holding.</i>		
Management charges	Preliminary charge	0.00% for all Unit Classes
	Periodic charge	Class A: 1.00% p.a.
	Charge for investment research	No
Allocation of charges	All charges will be deducted from income apart from portfolio transaction charges (e.g. SDRT, broker's commission) which will be deducted from capital. This does not change the total return on the investment – it just means that more of the income earned by the investment is paid out in distributions. Whilst the net effect allows the Scheme to distribute more income, please be aware that taking charges from the capital of the Scheme may constrain capital growth.	
Ongoing charges figure ("OCF")	The OCF may be found in the relevant Product Summary.	
Income payment dates	Final	30 September
	Interim	31 March
Accounting Dates	Final	31 July
	Interim	31 January
Eligible for ISAs	Yes	
General information	As a Unitholder you are entitled to a copy of the latest report and accounts and the relevant Product Summary for this Scheme at any time, available on request.	

10 Royal London UK Income with Growth Trust

Product reference number (PRN)	144044
Date of authorisation	11 August 1989
Investment Adviser	Royal London Asset Management Limited
Status	Available for investment
Investor profile	The Scheme is for retail and institutional investors with a “medium/high” attitude to risk.
SDR disclosure	N/A
Investment objective	
The Scheme aims to provide an annual income return that is 20% greater than that of the FTSE All-Share Total Return GBP Index, with some capital growth, over rolling 7-year periods, after the deduction of charges. The Scheme prioritises income return over capital growth.	
Investment policy	
<p>At least 50% of the Scheme is invested in the shares of UK companies listed in the UK.</p> <p>UK companies are those that are either domiciled in, incorporated in, or have a significant economic exposure to, the UK.</p> <p>The remainder of the Scheme may be invested as follows:</p> <ul style="list-style-type: none"> • up to 30% in shares of overseas companies that are listed in the UK; and • up to 20% in UK corporate bonds included in the iBoxx £ Non-Gilts Total Return Index and UK government bonds, both of which must be rated investment grade at the time of purchase. <p>Up to 10% of the Scheme may be invested in other funds known as collective investment schemes (including funds managed by RLUM Limited or another Royal London Group company).</p> <p>The Scheme may use derivatives for the purposes of Efficient Portfolio Management (including hedging). The use of derivatives for this purpose is unlikely to increase the risk profile of the Scheme.</p> <p>Cash may be held for investment purposes and to manage inflows and outflows of investors’ money in the Scheme, however cash is not expected to exceed 5% of the Scheme.</p> <p>Investments that exceed 3% of a single company’s shares are limited to a maximum of 20% of the Scheme’s assets.</p>	
Investment strategy	
<p>The Scheme is actively managed, meaning the Investment Adviser uses its expertise to select investments to meet the objective.</p> <p>The Investment Adviser selects companies it believes can offer above-average income to unitholders in the form of dividends. Companies are therefore assessed on their ability to maintain and increase their dividends over time.</p>	

Benchmarks		
Target Benchmark		
<p>The target benchmark is the FTSE All-Share Total Return GBP Index (the “Index”) which represents the share price performance of approximately 600 of the largest companies on the London Stock Exchange.</p> <p>The Index has been selected as a target benchmark because it is representative of the type of companies in which the Scheme invests, and it is therefore an appropriate measure for the Scheme's performance.</p> <p>Management of the Scheme is not restricted by this target benchmark and the Scheme does not base its investment process upon the Index. As a result, the Scheme can invest in companies that are not part of the Index.</p>		
Unit Classes available	Class A Income Units	
Base Currency	Sterling £	
Pricing	Single priced	
Investment minima <i>The Manager reserves the right to increase or reduce the investment minima in accordance with COLL.</i> <i>The investment minima amounts may be waived by the Manager.</i> <i>If an instruction to redeem leaves the holder with a residual holding of less than £500, the Manager may treat the instruction as one to redeem the entire holding.</i>	Minimum initial investment	Class A: £1,000
	Minimum subsequent investment	Class A: £500
	Minimum redemption amount	Class A: £250
	Minimum regular monthly investment	A monthly payment scheme is available – see paragraphs 4.1.7 - 4.1.17 below for further details.
Management charges	Preliminary charge	0.00% for all Unit Classes
	Periodic charge	Class A: 1.00% p.a.
	Charge for investment research	No
Allocation of charges	Charges will be deducted from capital. Where charges are taken from capital, this may constrain capital growth.	
Ongoing charges figure (“OCF”)	The OCF may be found in the relevant Product Summary.	
Income payment dates	Final	31 May
	Interim	31 August, 30 November,

		28 February
Accounting Dates	Final	31 March
	Interim	30 June, 30 September, 31 December
Eligible for ISAs	Yes	
General information	As a Unitholder you are entitled to a copy of the latest report and accounts and the relevant Product Summary for this Scheme at any time, available on request.	

11 Royal London US Equity Trust

Product reference number (PRN)	194027
Date of authorisation	20 December 2000
Investment Adviser	Royal London Asset Management Limited
Status	Available for investment
Investor profile	The Scheme is for retail and institutional investors with a “higher” attitude to risk.
SDR disclosure	N/A
Investment objective	
The Scheme aims to provide a return greater than that of the MSCI USA £ Net Total Return Index over rolling 5-year periods, through capital growth, after the deduction of charges.	
Investment policy	
<p>At least 80% of the Scheme is invested in the shares of US companies listed in the US.</p> <p>US companies are those that are either domiciled in, listed in, or have significant business operations in, the United States.</p> <p>Up to 10% of the Scheme may be invested in other funds known as collective investment schemes (including funds managed by RLUM Limited or another Royal London Group company).</p> <p>The Scheme may use derivatives for the purposes of Efficient Portfolio Management (including hedging). The use of derivatives for this purpose is unlikely to increase the risk profile of the Scheme.</p> <p>Cash may be held for investment purposes and to manage inflows and outflows of investors' money in the Scheme, however cash is not expected to exceed 10% of the Scheme.</p>	
Investment strategy	
<p>The Scheme is actively managed, meaning the Investment Adviser uses its expertise to select investments to meet the objective.</p> <p>The Investment Adviser selects US companies it believes can create wealth for unitholders and are attractively priced compared to their peers.</p> <p>The Scheme will be well diversified across companies and industries.</p> <p>The Scheme is subject to a tracking error limit of 3%, which is the difference between the return of the Scheme and the return of the Index.</p>	

Benchmarks		
Target Benchmark		
<p>The target benchmark is the MSCI USA £ Net Total Return Index which represents the share price performance of US companies.</p> <p>The Index has been selected as a target benchmark because it is representative of the type of companies in which the Scheme invests, and it is therefore an appropriate measure for the Scheme's performance.</p>		
Comparator Benchmark		
<p>The performance comparator for the Scheme is the IA North America sector (the "IA Sector").</p> <p>Schemes in the IA Sector must invest at least 80% of their assets in the shares of North American companies. The Scheme's assets are consistent with these investment parameters therefore the IA Sector is considered appropriate as a performance comparator.</p>		
Unit Classes available	Class A Income Units Class D Income Units Class D Accumulation Units	
Base Currency	Sterling £	
Pricing	Single priced	
Investment minima <i>The Manager reserves the right to increase or reduce the investment minima in accordance with COLL.</i> <i>The investment minima amounts may be waived by the Manager.</i> <i>If an instruction to redeem leaves the holder with a residual holding of less than £500, the Manager may treat the instruction as one to redeem the entire holding.</i>	Minimum initial investment	Class A: £1,000 Class D: £3,000,000
	Minimum subsequent investment	Class A: £500 Class D: £10,000
	Minimum redemption amount	Class A: £250 Class D: £5,000
	Minimum regular monthly investment	A monthly payment scheme is available – see paragraphs 4.1.7 - 4.1.17 below for further details.
Management charges	Preliminary charge	0.00% for all Unit Classes
	Periodic charge	Class A: 1.00% p.a. Class D: 0.27% p.a.
	Charge for investment research	No

Allocation of charges	All charges will be deducted from income apart from portfolio transaction charges (e.g. SDRT, broker's commission) which will be deducted from capital. This does not change the total return on the investment – it just means that more of the income earned by the investment is paid out in distributions. Whilst the net effect allows the Scheme to distribute more income, please be aware that taking charges from the capital of the Scheme may constrain capital growth.	
Ongoing charges figure (“OCF”)	The OCF may be found in the relevant Product Summary.	
Income payment dates	Final	28 February
	Interim	31 August
Accounting Dates	Final	31 December
	Interim	30 June
Eligible for ISAs	Yes	
General information	As a Unitholder you are entitled to a copy of the latest report and accounts and the relevant Product Summary for this Scheme at any time, available on request.	

SECTION 2 – GENERAL INFORMATION

1 Management and administration

1.1 The Schemes

Each Scheme is an authorised unit trust scheme (within the meaning of the Act) and is constituted by a Trust Deed. All of the Schemes are UK UCITS schemes.

Unitholders are not liable for the debts of a Scheme.

1.2 The Manager

The manager of the Schemes is RLUM Limited, a company limited by shares and incorporated in England and Wales on 10 April 1989, with company number 2369965. The Manager is authorised and regulated by the FCA, with firm reference number 144032. The Manager does not act as authorised fund manager for any other regulated collective investment schemes.

The Manager's ultimate holding company is The Royal London Mutual Insurance Society Limited, a company incorporated in England and Wales with company number 99064 and registered office at 80 Fenchurch Street, London, EC3M 4BY. Its FCA number is 117672.

Share Capital: The issued share capital of the Manager is £5 million made up of 5 million Ordinary £1 shares, all of which are fully paid.

Directors:

- John Brett
- Jill Jackson
- Jon Glen
- Hans Georgeson
- Andrew Hunt
- Susan Spiller

The above-named directors are all executive directors (except for John Brett and Jill Jackson who are independent non-executive directors and Jon Glen who is a non-executive director) and are involved in the management of other companies within the Royal London group of companies.

Registered Office and:
Place of Business

- 80 Fenchurch Street
- London
- EC3M 4BY

Administration Address:

- Royal London
- Churchgate House
- 56 Oxford Street
- Manchester
- M1 6EU

All communications in relation to this Prospectus shall be in English.

1.3 The Trustee

Information about the Trustee

The Trustee, HSBC Bank plc, is a public limited company incorporated in England and Wales with company registration number 00014259. HSBC Bank plc is a wholly owned subsidiary of HSBC Holdings plc. The Trustee's registered and head office is located at 8 Canada Square, London E14 5HQ and the principal business activity of the Trustee is the provision of financial services, including trustee and trustee services. The Trustee is authorised by the PRA and regulated by the PRA and the FCA.

Terms of appointment

Pursuant to the agreement dated 18 March 2016 between the Manager and the Trustee (the “**Depositary Services Agreement**”) and for the purposes of and in compliance with the UK UCITS Rules and the FCA Handbook, the Trustee has been appointed as trustee of the Schemes.

The Trustee provides services to the Schemes as set out in the Depositary Services Agreement and, in doing so, shall comply with the UK UCITS Rules and the FCA Handbook.

The appointment of the Trustee under the Depositary Services Agreement may be terminated without cause by not less than 6 months written notice provided that the Depositary Services Agreement does not terminate until a replacement trustee has been appointed.

Key Duties of the Trustee

The Trustee’s duties include the following:

- ensuring that each of the Scheme’s cash flows are properly monitored and that all payments made by or on behalf of applicants upon the subscription to Units of the Schemes have been received.
- safekeeping of the Scheme Property, which includes (i) holding in custody all financial instruments that may be held in custody; and (ii) verifying the ownership of other assets and maintaining records accordingly.
- ensuring that issues, redemptions and cancellations of the Units of each Scheme are carried out in accordance with the Trust Deed, the Prospectus, and applicable law, rules and regulations.
- ensuring that in transactions involving Scheme Property any consideration is remitted to the Schemes within the usual time limits;
- ensuring that the value of the Units of the Schemes is calculated in accordance with applicable law and the relevant FCA Handbook provisions.
- carrying out the instructions of the Manager unless they conflict with the Trust Deed, the Prospectus, or applicable law, rules and regulations.
- ensuring that a Scheme’s income is applied in accordance with applicable law and the relevant FCA Handbook provisions.

Delegation of safekeeping function

The Trustee may delegate its safekeeping functions subject to the terms of the Depositary Services Agreement and agreement of the Manager. The Trustee has delegated to the delegates listed in Appendix D the custody of certain Scheme Property entrusted to the Trustee for safekeeping in accordance with the terms of written agreements between the Trustee and those delegates.

Conflicts

From time to time, actual or potential conflicts of interest may arise between the Trustee and its delegates. For example, such conflicts may arise; (i) where an appointed delegate is an affiliated group company and is providing a product or service to a Scheme and has a financial or business interest in such product or service; or, (ii) where an appointed delegate is an affiliated group company which receives remuneration for other related products or services it provides to the Schemes. The Trustee maintains a conflict of interest policy to address this.

In addition, actual or potential conflicts of interest may also arise between the Schemes, the Unitholders or the Manager on the one hand and the Trustee on the other hand. For example,

such actual or potential conflict may arise because the Trustee is part of a legal entity or is related to a legal entity which provides other products or services to the Schemes or the Manager and from which fees and profits in relation to the provision of those products or services may arise and from which the Trustee may benefit directly or indirectly. In addition, the Trustee may have a financial or business interest in the provision of such products or services, or receives remuneration for related products or services provided to the Schemes, or may have other clients whose interests may conflict with those of the Schemes, the Unitholders or the Manager.

In particular, HSBC Bank plc may provide foreign exchange services to the Schemes for which they are remunerated out of the property of the Schemes. HSBC Bank plc or any of its affiliates or connected persons may also act as market maker in the investments of the Schemes, provide broking services to the Schemes and/or to other funds or companies; acts as financial adviser, banker, derivatives counterparty or otherwise provides services to the issuer of the investments of the Schemes in question; act in the same transaction as agent for more than one client; have a material interest in the issue of the investments of the Schemes, or earn profits from or have a financial or business interest in any of these activities.

The Trustee will ensure that any such additional services provided by it or its affiliates are on terms which are not materially less favourable to the Manager and the Schemes than if the conflict or potential conflict had not existed.

The Trustee has a conflict of interest policy in place to identify, manage and monitor on an on-going basis any actual or potential conflict of interest. The Trustee has functionally and hierarchically separated the performance of its trustee tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the Trustee issues to be properly identified, managed and monitored.

Liability of the Trustee

In general, the Trustee is liable for losses suffered by the Schemes as a result of its negligence or wilful default to properly fulfil its obligations. Subject to the paragraph below, and pursuant to the Depositary Services Agreement, the Trustee will be liable to the Schemes for the loss of financial instruments of the Schemes which are held in its custody. The Trustee will not be indemnified out of the Scheme Property for the loss of financial instruments.

The liability of the Trustee will not be affected by the fact that it has delegated safekeeping to a third party.

The Trustee will not be liable where the loss of financial instruments arises as a result of an external event beyond the reasonable control of the Trustee, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Trustee shall not be liable for any indirect, special or consequential loss.

In the event there are any changes to the Trustee's liability under the UK UCITS Rules and the relevant FCA Handbook provisions the Manager will inform Unitholders of such changes without delay.

1.4 The Registrar

The Manager is the Registrar of each Scheme but has delegated responsibility for safekeeping and maintenance of the register to Capita Life and Pensions Regulated Services Limited. The register of holders for each Scheme may be inspected at Churchgate House, 56 Oxford Street, Manchester M1 6EU.

1.5 The Auditor

The auditor of each Scheme is:

KPMG LLP

15 Canada Square
London
E14 5GL

The auditor is responsible for auditing the annual accounts of the Schemes and expressing an opinion on certain matters relating to the Scheme in the annual report including whether its accounts have been prepared in accordance with applicable accounting standards, the FCA Handbook and the Trust Deed.

2 Characteristics of Units

- 2.1.1 The nature of the rights represented by the Units in the Schemes is that of a beneficial interest under a trust.
- 2.1.2 Each Unitholder is entitled to participate in the property of a Scheme in proportion to the number of Units held.
- 2.1.3 The Schemes may issue income and accumulation Units, although not necessarily both income and accumulation Units are currently in issue for every Scheme. Details of the Classes of Unit presently available in respect of each Scheme are set out in Section 1 above.
- 2.1.4 An income Unit represents one undivided share in the property of a Scheme whilst an accumulation Unit represents an increasing number of undivided shares in the property of a Scheme. With accumulation Units, any income of the Scheme allocated at the end of the relevant accounting period to such Units is retained in the Scheme and consequently is reflected in the price of accumulation Units, which gradually draws away from that of income Units, as the income is “rolled up” in the value of each Unit.
- 2.1.5 The income available for distribution to holders is determined in accordance with COLL. Broadly, it comprises all sums received or receivable by the Scheme, during the relevant accounting period, which are deemed by the Manager to be in the nature of income, less appropriate deductions in respect of charges, expenses and other liabilities. Where income is paid out to retail clients, payment will be made directly to the Unitholders bank account. For non-retail clients, the method of payment will be agreed with each client. With the agreement of the Trustee, average amounts of income of £10 or less may not be paid.
- 2.1.6 The Trust Deeds allow gross income and gross accumulation Units to be issued, as well as net income and net accumulation Units, but currently none are in issue. Net Units are Units in respect of which income allocated to them is distributed periodically to the relevant Unitholders (in the case of income Units) or credited periodically to capital (in the case of accumulation Units), in either case in accordance with relevant tax law, net of any tax deducted or accounted for by the Schemes. Gross Units are income or accumulation Units where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Schemes. All references in this Prospectus are to net Units unless otherwise stated.
- 2.1.7 Please note, where gross Units are in issue for a Scheme, that it is intended that gross income Units and gross accumulation Units will make interest distributions and allocation of income without deduction of UK income tax. This is only permissible if the holders of such Units fall within the following categories:
- (i) local authorities;
 - (ii) charities;
 - (iii) certain pension schemes;

- (iv) ISA investors; and
- (v) any other persons in respect of whom there is no obligation to deduct tax on making interest distributions.

Accordingly, only persons falling within one or more of those categories shall be entitled to hold gross income Units or gross accumulation Units. The Manager will need to be satisfied that the recipient of any gross payment is the beneficial owner and that it is entitled to be paid gross interest distributions and/or accumulations. The Manager may require a suitable indemnity from the recipient before gross payment can be made.

- 2.1.8 The Manager may carry out a compulsory conversion of some or all of the Units of one Class into another Class where it reasonably believes it is in the best interests of Unitholders (for example, to merge two existing Unit Classes). The Manager will give Unitholders written notice as required before any compulsory conversion is carried out. The process for carrying out a conversion is further explained at paragraph 4.1.26 below.

2.2 Additional characteristics of Units in the Royal London Corporate Bond Monthly Income Trust, Royal London European Growth Trust, Royal London UK Growth Trust and the Royal London UK Income with Growth Trust

- 2.2.1 The Units comprising each Scheme are exclusively income Units, the holders of which are entitled where appropriate to final and, if the Manager so determines, interim allocations of income in respect of each annual accounting period. These Units are available as Class A Units only.
- 2.2.2 Each Unitholder may choose to have income either paid out or re-invested.
- 2.2.3 Unitholders for whom income is re-invested receive statements at half-yearly intervals containing details of the number of additional Units issued and the prices at which they were issued.

2.3 Additional characteristics of Units in the Royal London Sustainable Corporate Bond Trust, Royal London Sustainable Diversified Trust, Royal London Sustainable Leaders Trust, Royal London Sustainable Managed Growth Trust, Royal London Sustainable World Trust and the Royal London US Equity Trust (the Multi Class Trusts)

For Class A Units (Royal London Sustainable Diversified Trust, Royal London Sustainable Leaders Trust, Royal London Sustainable World Trust Royal London US Equity Trust only)

- 2.3.1 The Class A Units comprising each Scheme are exclusively income Units, the holders of which are entitled where appropriate to final and, if the Manager so determines, interim allocations of income in respect of each annual accounting period.
- 2.3.2 Each holder of Class A Units may choose to have income either paid out or re-invested. However, for holders of Class A Units in the Royal London Sustainable Diversified Trust or Royal London Sustainable World Trust, if the amount of any income payment is less than £20, we reserve the right to automatically reinvest the income to buy more Units.
- 2.3.3 Unitholders for whom income is re-invested receive statements at half-yearly intervals containing details of the number of additional Units issued and the prices at which they were issued.

For Class B, C, D and E Units

2.3.4 The type of Classes B, C, D and E Units issued by the Schemes are set out in Section 1 above. The different Classes of Units have differing minimum investment levels as set out below in the section entitled Buying and Selling Units.

- Investment in Class B Units is restricted to Unitholders that currently hold Class B Units or as agreed in advance with the Manager.
- Investment in Class C Units is restricted to:
 - institutional investors;
 - authorised firms providing retail clients with advice on retail investment products, or such firm's retail clients who invests in the relevant Units in their own name on advice from the firm;
 - investors designated by the Manager as providing platform services (as defined in the FCA Glossary); or
 - investors which are nominee companies,

that, (whether investing in their own name or on behalf of underlying investors) have arrangements for this Class with the Manager or its associates. The Manager may waive any of these criteria at its discretion.

2.4 Evidence of title

A register of Unitholders will be maintained by the Registrar and entries in this register shall be conclusive evidence of title to Units.

3 Valuations and the price of Units

3.1 Determination of value of the property of each Scheme

3.2 The value of the property of each Scheme shall be the value of its assets less the value with liabilities determined in accordance with the following provisions:

3.2.1 All the property of the Scheme (including receivables) is to be included, subject to the following provisions;

3.2.2 Property which is not cash (or other assets dealt with in paragraph 3.2.3 below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

3.2.2.1 units or shares in a collective investment scheme:

- (i) if a single price for buying and selling units or shares is quoted, at that price; or
- (ii) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial or preliminary charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto for units or shares in a collective investment scheme; or
- (iii) if, in the opinion of the Manager, the price obtained is unreliable or no recent trade price is available or if no recent price exists, or if the most recent price available does not reflect the Manager's best estimate of the value

of the units or shares, at a value which, in the opinion of the Manager, is fair and reasonable;

- 3.2.2.2 any other transferable security:
- (i) if a single price for buying and selling units or shares is quoted, at that price; or
 - (ii) if separate buying and selling prices are quoted, at the average of the two prices; or
 - (iii) if, in the opinion of the Manager, the price obtained is unreliable or no recent trade price is available or if no price exists, or if the most recent price available does not reflect the Manager's best estimate of the value of the security, at a value which, in the opinion of the Manager, is fair and reasonable;
- 3.2.2.3 property other than that described in 3.2.1 and 3.2.2 above: at a value which, in the opinion of the Manager, represents a fair and reasonable mid-market price.
- 3.2.3 Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.
- 3.2.4 Property which is a contingent liability transaction shall be treated as follows:
- 3.2.4.1 if a written option, (and the premium for writing the option has become part of the Scheme Property), deduct the amount of the net valuation of premium receivable. If the property is an off-exchange derivative the method of valuation shall be agreed between the Manager and the Trustee;
 - 3.2.4.2 if an off-exchange future, include at the net value of closing out in accordance with a valuation method agreed between the Manager and the Trustee;
 - 3.2.4.3 if any other form of contingent liability transaction, include at the net value of the margin on closing out (whether as a positive or negative value). If the property is an off-exchange derivative, the method of valuation shall be agreed between the Manager and the Trustee.
- 3.2.5 In determining the value of the Scheme Property, all instructions given to issue or cancel Units shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 3.2.6 Subject to paragraphs 3.2.7 and 3.2.8 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the Manager, their omission shall not materially affect the final net asset amount.
- 3.2.7 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 3.2.6.
- 3.2.8 All agreements are to be included under paragraph 3.2.6 which are, or ought reasonably to have been, known to the person valuing the property.

- 3.2.9 Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax and advance corporation tax, value added tax, stamp duty and SDRT.
- 3.2.10 Deduct an estimated amount for any liabilities payable out of the property of the Scheme treating periodic items as accruing from day to day.
- 3.2.11 Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
- 3.2.12 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 3.2.13 Add any other credit or amounts due to be paid into the property of the Scheme.
- 3.2.14 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.
- 3.2.15 Currencies or values in currencies other than base currency shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of Unitholders or potential unitholders.

3.3 Valuations and the price of Units

- 3.3.1 Regular valuations of the property of the Schemes will be carried out on each Business Day at 12 noon. The Manager may carry out additional valuations at other times if it is considered desirable to do so.
- 3.3.2 For the purpose of calculating the Manager's and the Trustee's periodic charges the value of the property will be determined on a mid-market basis.
- 3.3.3 Units are issued at a single price.
- 3.3.4 Under the single pricing arrangements, the price of a Unit will be the net asset value of the Scheme attributable to the relevant Unit Class of the Scheme divided by the number of Units of that Class in issue. The net asset value is determined by calculating the value of assets attributable to that type of Units and deducting the liabilities attributable to it in accordance with provisions set out in the Trust Deed for the Scheme.
- 3.3.5 The base currency of the Scheme is the Pound Sterling (GBP).
- 3.3.6 The Manager's normal basis of dealing is at a forward price. This means that when a customer wants to buy or sell Units the price will be based on the next valuation after satisfactory instructions are received at the Administration Address.

3.4 Dilution Adjustment (Swinging Single Price)

The actual cost of purchasing, selling or switching underlying investments in a Scheme may deviate from the mid-market value used in calculating its Unit price, due to dealing charges, taxes, and any spread between buying and selling prices of the Scheme's underlying investments. These dealing costs could have an adverse effect on the value of a Scheme, known as "dilution". In order to mitigate the effect of dilution COLL allows the Manager to adjust the sale and purchase price of Units in the Schemes to take into account the possible effects of dilution. This practice is known as making a "dilution adjustment" or operating swinging single pricing. The power to make a dilution adjustment may only be exercised for the purpose of reducing dilution in the Schemes.

The Manager reserves the right to make a dilution adjustment every day. The dilution adjustment is calculated using the estimated dealing costs of a Scheme's underlying investments and taking into consideration any dealing spreads, commission and transfer taxes. The need to make a dilution adjustment will depend on the difference between the value of Units being acquired and the value of Units being redeemed as a proportion of the total value of that Scheme. The measurement period will typically be a single day but, where a trend develops so that for a number of days in a row there is a surplus of acquisitions or redemptions on each and every day, the aggregate effect of such acquisitions or redemptions as a proportion of the total relevant Scheme value may be taken into account.

Where a Scheme is experiencing net acquisitions of its Units the dilution adjustment would increase the price of Units above their mid-market value. Where a Scheme is experiencing net redemptions the dilution adjustment would decrease the price of Units to below their mid-market value.

It is the Manager's policy to reserve the right to impose a dilution adjustment on purchases, sales and switches of Units of whatever size and whenever made. In the event that a dilution adjustment is made it will be applied to all transactions in a Scheme during the relevant measurement period and all transactions during the relevant measurement period will be dealt on the same price inclusive of the dilution adjustment. The Manager's decision on whether or not to make this adjustment, and at what level this adjustment might be made in a particular case or generally, will not prevent it from making a different decision on future similar transactions.

On the occasions when a dilution adjustment is not applied, if a Scheme is experiencing net acquisitions of Units or net redemptions, there may be an adverse impact on the assets of that Scheme attributable to each underlying Unit, although the Manager does not consider this likely to be material in relation to the potential future growth in the value of a Unit. As dilution is directly related to the inflows and outflows of monies from a Scheme it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently, it is also not possible to accurately predict how frequently the Manager will need to make a dilution adjustment.

The dilution adjustment will be applied to the mid-price for Units resulting in a figure calculated up to at least two decimal places. The final digit in this figure will then be rounded either up or down in accordance with standard mathematical principles resulting in the final price for the Units.

The price of each Class of Unit in each Scheme will be calculated separately but any dilution adjustment will in percentage terms affect the price of Units of each Class identically.

The following table provides the number of times a dilution adjustment was applied during the 12-month period from 1 January 2024 to 31 December 2024 as well as the estimated rate of dilution adjustments on buying and selling Units for each Scheme.

Scheme	Number of times dilution adjustment made	Estimated dilution adjustment (realised/expected)	Estimated dilution adjustment (realised/expected)
		Buying Units (%)	Selling Units (%)
Royal London Corporate Bond Monthly Income Trust	10	0.44	0.43
Royal London European Growth Trust	0	0.15	0.13
Royal London Sustainable Corporate Bond Trust	8	0.44	0.43
Royal London Sustainable Diversified Trust	0	0.30	0.21

Royal London Sustainable Leaders Trust	0	0.54	0.15
Royal London Sustainable Managed Growth Trust	1	0.37	0.33
Royal London Sustainable World Trust	0	0.22	0.15
Royal London UK Growth Trust	0	0.62	0.15
Royal London UK Income With Growth Trust	0	0.55	0.22
Royal London US Equity Trust	4	0.10	0.08

Although, as stated above, as at the date of this Prospectus, the Manager's policy is that it may require a dilution adjustment on the basis set out above, if, at some future date, it appears to the Manager that a charge of dilution levy would be preferable to making a dilution adjustment then the Manager may change its policy, and may charge a dilution levy.

No dilution adjustment data is shown for Royal London UK Equity Tracker Trust as this Scheme is in the process of being wound up and is no longer available for investment.

3.5 Fair value pricing

3.5.1 Where the Manager has reasonable grounds to believe that:

3.5.1.1 no reliable price exists for a security at a valuation point; or

3.5.1.2 the most recent price available does not reflect the Manager's best estimate of the value of the security at the valuation point,

it can value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price).

3.5.2 The circumstances which may give rise to a fair value price being used include:

3.5.2.1 no recent trade in the security concerned; or

3.5.2.2 the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.

3.5.3 In determining whether to use such a fair value price, the Manager will include in its consideration:

3.5.3.1 the type of each Scheme;

3.5.3.2 the securities involved;

3.5.3.3 the basis and reliability of the alternative price used; and

3.5.3.4 the Manager's policy on the valuation of Scheme Property as disclosed in this Prospectus.

4 Buying and selling Units

4.1 Buying and selling Units – Retail Clients

Details of the minimum investment amounts for each Scheme are set out in Section 1 above.

The minimum investment, subsequent investment and minimum withdrawal amounts set out in Section 1 may be waived by the Manager.

Lump sum purchases

- 4.1.1 Lump sum purchases of Units for all Schemes may be made by sending a completed application form to the Manager's Administration Address. Existing Unitholders may purchase additional Units by telephone. The Manager's hours of business for dealing in Units are 8.30 a.m. to 4.00 p.m. on any Business Day but purchases made by telephone by existing Unitholders may be arranged through the Customer Contact Centre 0345 605 7777 between the hours of 8.00 a.m. to 6.00 p.m. on Monday to Friday.
- 4.1.2 Application forms must be accompanied by cheques. In the case of telephone applications, payment is due immediately upon receipt of the contract note. All cheques should be payable to RLUM Limited.
- 4.1.3 All lump sum purchases will be acknowledged by the issue of contract notes.
- 4.1.4 Settlement of purchases of Units is due within two Business Days of the Dealing Day on which the order was received by the Manager. For customers paying by cheque, Units will be purchased on the day of receipt of the cheque proving it is received by 12 noon and all documentation is correct. Cheques received after 12 noon on a Dealing Day will be treated as being received the next Dealing Day.
- 4.1.5 We reserve the right to cancel any Units purchased if payment is not received within the prescribed time limit.
- 4.1.6 From the 2 November 2015, no new ISA business will be accepted. Existing ISA investors can increase their payments up to the maximum annual ISA allowance either by direct debit or lump sum.

Purchase through monthly payment scheme

- 4.1.7 Units in each Scheme (with the exception of the Royal London Sustainable Corporate Bond Trust and the Royal London Sustainable Managed Growth Trust) may be purchased by monthly direct debit. A completed application form and direct debit mandate should be sent to the Manager's Administration Address.
- 4.1.8 Advance notice of the date of the first direct debit demand will be issued following processing of the application and direct debit mandate.
- 4.1.9 Direct debit demands will be made on the 6th day of each month or, where that date falls on a weekend or bank holiday, the next Business Day. Units will be purchased, and allocated to the holder's account, on the day that the demand is made.
- 4.1.10 Customers may make additional, lump sum investments to supplement their monthly investments, subject to the minimum figures for lump sums set out below.
- 4.1.11 (a) Monthly investments must be in multiples of £1 and the minimum monthly investment is £50**, which may be split between different Schemes.

**£150 for Class B Units within the Royal London Sustainable Corporate Bond Trust

- (b) Customers may change the amount of their monthly investments provided the change is of not less than £25. Instructions should be given in writing to the Manager's Administration Address.
- 4.1.12 Customers purchasing Units through a monthly payment scheme will be sent a statement at six-monthly intervals setting out the payments made and the Units purchased for their Scheme during the period to which the statement relates.
- 4.1.13 If a direct debit demand is not met, the Manager will not re-attempt collection for that month.
- 4.1.14 Customers may take payment "holidays" (i.e. suspend payments temporarily) for up to two months in any twelve-month period provided that at least two weeks advance notice is given to the Manager.
- 4.1.15 If two successive payments are missed where no holiday arrangement has been made, and in any event if three payments are missed in any twelve-month period, the payment scheme will be treated as lapsed and no further demands will be made.
- 4.1.16 If a payment scheme is lapsed or payments are otherwise discontinued, and the total value of the holding is less than £500, the Manager may repurchase the holding.
- 4.1.17 Customers wishing to stop their monthly payments must contact their bank to cancel the direct debit mandate in addition to notifying the Manager.

Selling Units

- 4.1.18 Instructions for sale of Units may be accepted by telephone in certain circumstances but the Manager reserves the right to require such instruction, or confirmation thereof, in writing. Instructions must include:
 - (a) the Unitholder's name, address and holder number;
 - (b) the number or value of Units to be sold and the Scheme in which they are held; and
 - (c) where the instructions or confirmation are in writing, the Unitholder's signature.
- 4.1.19 Instructions received via electronic communications, such as email, will not be accepted.
- 4.1.20 Instructions will be acknowledged by the issue of a contract note. Normally payment will be issued by the end of the third Business Day after the valuation point following receipt (and acceptance) of the holder's instructions, but there may be occasions where we will need to contact the Unitholder to verify their instruction and in that event, payment will be issued by the end of the third Business Day following the day on which the Manager has the appropriate instructions and authorisation to effect the redemption.
- 4.1.21 The minimum value of Units which may be the subject of any one sale transaction are set out in the table above at paragraph 4.1.
- 4.1.22 If an instruction for sale of Units would leave the holder with a residual holding of less than £500 in any one Scheme, the Manager may repurchase the residual holding as well.
- 4.1.23 The Manager may issue Units in exchange for assets other than cash (an in-specie issue), but will only do so where the Trustee has taken reasonable care

to determine, in accordance with COLL that the acquisition of those assets in exchange for the Units concerned is not likely to result in any material prejudice to the interests of Unitholders.

- 4.1.24 Where a holder asks to sell (or asks the Manager to cancel) Units worth 5% or more of the value of the Scheme's relevant property, the Manager may choose (or in the case of the Royal London Sustainable Leaders Trust, Royal London UK Growth Trust and the Royal London UK Income with Growth Trust, the holder may ask the Manager), to arrange to transfer some of the Scheme's property to the holder, instead of making payment, in respect of the value of the Units, (an in specie cancellation). The Manager will select the property to be transferred in consultation with the Trustee. The Trustee must take reasonable care to ensure that the transfer of the property of the Scheme would not be likely to result in any material prejudice to the interests of Unitholders.

Switching and conversions

- 4.1.25 A Unitholder may switch all or some of his Units within Classes of a Scheme for Units of the same Class within a different Scheme. A switch involves the sale of the original Units and the purchase of new Units on the same Dealing Day. The number of new Units issued will be determined by reference to the respective prices of the old and new Units at the valuation point applicable when the old Units are sold and the new Units are bought.
- 4.1.26 Subject to any restrictions on the eligibility of investors for a particular Class, a Unitholder may convert all or some of his Units of one Class for Units of another Class in the same Scheme. Conversions will be effected by the Manager recording the change of Class on the register of the Scheme. The Manager looks to carry out conversion instructions within 5 Dealing Days of the receipt of the valid instruction and by reference to the respective Unit prices of the relevant Classes.
- 4.1.27 If the switch or conversion results in a Unitholder holding a number of old Units or new Units of a value which is less than the minimum holding of the Scheme concerned, the Manager may, at its discretion, convert the whole of the Unitholder's holdings of old Units to new Units or refuse to effect any switch or conversion of the old Units. No switch or conversion will be made during any period when the right of Unitholders to require the redemption of their Units is suspended. The general provisions on selling Units shall apply equally to a switch or conversion.
- 4.1.28 Requests to switch or convert Units may be made by sending clear written instructions to the Manager.
- 4.1.29 Unitholders subject to UK tax should note that a switch of Units between Schemes is treated as a disposal for the purposes of capital gains taxation. A conversion between Classes in the same Scheme will not generally be treated as a disposal for capital gains tax purposes.
- 4.1.30 No rights to cancel the purchase of Units under the rules in FCA Handbook will be given to Unitholders who switch their Units in another Class or Scheme.
- 4.1.31 The Manager reserves the right to charge up to 2% of the value of the investment that is being switched.

Transfer of Units

- 4.1.32 Subject to any restrictions in this Prospectus, Unitholders are entitled to transfer their Units to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the Manager for this purpose.

Completed instruments of transfer must be returned to the Manager in order for the transfer to be registered by the Manager.

- 4.1.33 The Manager currently accepts transfers of title (including renunciation of title in the case of a redemption) to Units on the authority of electronic instructions transmitted via electronic messaging systems.
- 4.1.34 These systems are operated by third party companies and are only available to persons who have entered into agreements with those third party companies. Where instructions are provided by permitted electronic means (as set out above), the Manager (or its delegate):
- 4.1.34.1 must be satisfied that any electronic instructions purporting to be made by a prospective investor or his agent are in fact made that person;
 - 4.1.34.2 may require the party providing those instructions to provide such further information to the Manager as it considers necessary to satisfy itself as to the authenticity of instructions; and
 - 4.1.34.3 reserves the right to reject or delay the processing or acceptance of such instructions until it is satisfied as to their authenticity.

General

- 4.1.35 Unit prices (with the exception of Class B, C and D Units) are displayed on the Manager's website, <https://www.royallondon.com/existing-customers/your-products/manage-your-isa-or-unit-trust/rlum-isa-overview/fund-details/>, and can also be obtained by telephoning the Customer Contact Centre on 0345 605 7777 between the hours of 8.00 a.m. to 6.00 p.m. (Monday to Friday).

Class B, C and D Unit prices will be published on the RLAM website at (<https://www.rlam.com/uk/intermediaries/funds/fund-centre/>).

- 4.1.36 Any purchase or sales of Units with a value equal to or in excess of £50,000 will amount to a "large deal". For large deals (subject to COLL), the Manager may sell Units at more than, or redeem Units at less than, the published price.
- 4.1.37 The Manager may make a profit from dealing in Units as principal. The Manager is not accountable to Unitholders for any profit it makes in dealing in Units as principal.
- 4.1.38 Where, having regard to the interests of Unitholders, there are exceptional circumstances for doing so the Trustee (or the Manager with the prior agreement of the Trustee) may temporarily suspend the purchase and sale of Units. The period of suspension must only continue for as long as it is justified having regards to the interests of Unitholders.

On suspension, the Manager (or Trustee) will immediately inform the FCA, and where appropriate, provide details of the suspension to Unitholders as soon as practicable, including the exceptional circumstances which resulted in the suspension. Details of the suspension will be published on the Manager's website, including the likely duration (if known).

The suspension of dealing will cease as soon as practicable after the exceptional circumstances have ceased. The suspension will be reviewed by the Manager and Trustee at least every 28 days.

The Manager may agree, during the suspension, to deal in Units in which case all deals accepted during, and outstanding prior to, the suspension will be undertaken at a price calculated at the first valuation point after restart of dealing.

During a suspension, the Manager should inform any person who requests a sale or redemption of Units that all dealings in Units have been suspended and that they have the option to withdraw the request during the period of suspension, or have the request executed at the first opportunity after the suspension ends.

- 4.1.39 The Manager may make a charge on the redemption of Units. At present, no redemption charge is levied. The Manager may only introduce a redemption charge in accordance with COLL. Also, if such a charge was introduced, it would not apply to Units issued before the date of the introduction (i.e. those not previously subject to a redemption charge).

Compulsory redemption

- 4.1.40 The Manager may from time to time take such action and impose such restrictions as it thinks necessary for the purpose of ensuring that no Units in the Scheme are acquired or held by any person in circumstances:

4.1.40.1 which constitute a breach of the law or governmental rule or regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or

4.1.40.2 which would (or would if other Units were acquired or held in like circumstances) result in the Scheme incurring any liability to taxation or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory);

4.1.40.3 where a Unitholder is not eligible to hold such Units or if the Manager reasonably believes this to be the case,

and, in this connection, the Manager may reject at its discretion any subscription for, sale, exchange, or transfer of Units.

- 4.1.41 If it comes to the notice of the Manager that any Units have been acquired or are being held in each case whether beneficially or otherwise in any of the circumstances referred to in paragraph 4.1.40 above or if it reasonably believes this to be the case, the Manager may give notice to the holder of such Units requiring the Unitholder to transfer the Units to a person who is qualified or entitled to own the same or to give a request in writing for the redemption or cancellation of such Units in accordance with COLL. If any person upon whom such a notice is served does not within thirty days after the date of such notice transfer his Units to a person qualified to hold the same, or establish to the satisfaction of the Manager that the Unitholders are qualified and entitled to hold the Units, he shall be deemed upon the expiration of that thirty day period to have given a request in writing for the redemption or cancellation (at the discretion of the Manager) of the Units pursuant to COLL.

- 4.1.42 A person who becomes aware that he has acquired or holds, whether beneficially or otherwise, Units in any of the circumstances referred to in paragraph 4.1.40 above shall, unless he has already received such a notice referred to in paragraph 4.1.41 above, either transfer or procure the transfer of all such Units to a person qualified to own the same, or give a request in writing or procure that a request is so given for the redemption or cancellation of all the Units pursuant to COLL.

Compulsory exchange of Units

- 4.1.43 If at any time the Manager becomes aware that the Unitholder of any Units that make or intend to make distributions or allocations without any tax being deducted or accounted for by the Scheme has failed or ceased for whatever reason to be entitled to receive distributions or have allocations made in respect of his holding of such Units without deduction of United Kingdom tax, then the Manager shall convert all of the relevant Units owned by such Unitholder for Units of a Class or Classes which, in the opinion of the Manager, such Unitholder is entitled to hold and most nearly equate to the Class or Classes of Units held by that Unitholder.
- 4.1.44 An amount equal to any tax charge incurred by the Scheme or for which the Scheme may be held liable as a result of an exchange pursuant to paragraph 4.1.43 above shall be recoverable from the Unitholder concerned and may be accounted for in any adjustment made to the number of new Units to be issued to that Unitholder further to any such exchange.
- 4.1.45 If at any time the Manager becomes aware that a Unitholder of any Units in question is not eligible to hold such Units or if it reasonably believes this to be the case, or - a holding constitutes a breach of the Trust Deed or this Prospectus as to eligibility or entitlement to hold any Units then the Manager may give notice requiring the transfer or repurchase of such Units. If any person does not take such steps within 30 days, he shall then be deemed to have given a written request for the redemption of all of his Units.

Money Laundering

- 4.1.46 As a result of legislation in force in the UK to prevent money laundering, RLUM Limited is required to undertake various checks on all transactions.

These checks involve the need to obtain independent documentary verification of the identity and permanent address of the person applying to open the account, and of any third party making payments into the account. The checks may include an electronic search of information held about such a person, which can incorporate information held on the electoral roll and the use of credit reference agencies. In certain circumstances investors may also be asked to provide additional documentation.

Investing in our funds represents permission from you to access this information, in accordance with the UK's Data Protection Act 2018, which implements the EU's General Data Protection Regulation (GDPR) and any consequential national data protection legislation.

We are also required to record details of all beneficial owners of investments (i.e. in circumstances where one person owns these investments acting on behalf of another person, for example a trustee, we will need information on the person(s) on whose behalf the investments are held). Consequently, we also need this information to be provided.

Until satisfactory proof of identity is obtained, the Manager reserves the right to refuse to issue Units or pay out money in respect of redemptions or distributions.

4.2 Buying and selling Units – non-retail clients

The provisions for buying and selling Units for non-retail clients may vary from the above, and will be as agreed with each non-retail client where appropriate.

This may include provisions for accepting instructions via electronic communications. Where this is the case, full details (including the types of electronic communications accepted and security measures) will be set out in the relevant terms of business or service level agreement.

4.3 Income equalisation

- 4.3.1 Income equalisation is a capital sum representing the Manager's best estimate, as at the end of an accounting period, of the amount of income which has accrued during that accounting period and which has been included in the buying price of Units purchased during the period.
- 4.3.2 Income equalisation is paid to Unitholders on the first distribution date following their purchase of Units. It represents a return of capital sum. As such, it is not liable to income tax but should be deducted from the Unit price when calculating the cost of Units for capital gains tax purposes.

5 Taxation

- 5.1 The information below is a general guide based on current UK law and HM Revenue & Customs practice, which are subject to change. It summarises the tax position of the Schemes and of investors who are UK resident and hold Units as investments. **Please note that the tax treatment of investors depends on their individual circumstances and may be subject to change in the future.** Prospective investors who are in any doubt about their tax position, or who may be subject to tax in a jurisdiction other than the UK, are recommended to take professional advice.
- 5.2 The Schemes are authorised unit trust schemes and accordingly are not liable to UK tax on capital gains on the disposal of any of the property of the Schemes (including interest-bearing securities). Income derived from the property of the Schemes (other than dividends from UK and non-UK resident companies and any part of dividend distributions from UK open-ended investment companies and UK authorised unit trusts which represent such dividends) less deductible expenses is chargeable to corporation tax at 20%. Where non-UK source income is received net of foreign withholding tax at rates in excess of the rate in a relevant double tax treaty, then claims for its repayment may be submitted to the overseas countries concerned. Any irrecoverable foreign tax will generally be a cost to the Scheme concerned.
- 5.3 Schemes with 60% or less of their investments throughout the year in interest-bearing or economically similar investments are referred to below as "equity" funds. Schemes with over 60% of their investments throughout the year in interest-bearing or economically similar investments are referred to below as "bond" funds.
- 5.4 All the Schemes are equity funds except for Royal London Corporate Bond Monthly Income Trust, Royal London Sustainable Corporate Bond Trust and the Royal London Sustainable Managed Growth Trust which are bond funds.
- 5.5 **Equity funds:** Income allocations to Unitholders are classified as dividend distributions. No tax is deducted from dividend distributions and accumulations.
- 5.6 The first £500 of dividends received (or deemed to be received) by a UK resident individual in a tax year (the dividend allowance) is not subject to income tax. Above this level, the income tax rates applying to dividends are currently 8.75% for basic rate taxpayers, 33.75% for higher rate taxpayers and 39.35% for additional rate taxpayers.
- 5.7 Corporate Unitholders who receive dividend distributions may have to divide them into two parts (the division will be indicated on the tax voucher). Any part representing income which has been liable to corporation tax in the Scheme must be treated by the corporate Unitholder as an annual payment made after deduction of income tax at the basic rate, and corporate Unitholders may be liable to tax on the grossed up amount, with the benefit of a 20% deemed income tax deduction, or be able to reclaim part or all of the deemed tax deducted (excluding any representing foreign tax) as shown on the tax voucher. The remainder (including any part representing dividends received by the Scheme from a company) will be treated as dividend income and, consequently, will be exempt from corporation tax.
- 5.8 Alternatively, however, if, at any time in a corporate investor's accounting period, the Scheme fails the qualifying investments test (that is, has over 60% of its net asset value held as

interest-bearing or economically similar investments) then Unitholders chargeable to corporation tax are taxable under the loan relationships rules and must account for tax on the the fair value movement of their interest in the Scheme (including any distributions).

- 5.9 Non-UK resident Unitholders are not generally liable to pay UK tax on their dividend distributions or accumulations but may be liable to tax on them in their own country.
- 5.10 **Bond Funds:** Income allocations to Unitholders are classified as interest distributions.
- 5.11 No tax is deducted from interest distributions.
- 5.12 For UK resident basic rate taxpayers, the first £1,000 of interest (including interest distributions) received in a tax year is not taxable, after which any excess income is taxed at the rate of 20%. For higher rate taxpayers the allowance will be £500, after which the tax rate is 40%, and for additional rate taxpayers there is no allowance and the tax rate applying is 45%.
- 5.13 Unitholders who are chargeable to corporation tax will be liable to tax, under the loan relationships rules, on the fair value movement of their interest in the Scheme including the amount of any interest distributions they have received.
- 5.14 Non-UK resident Unitholders are not generally liable to pay UK tax on their interest distributions or accumulations but may be liable to tax on them in their own country. They are normally treated as dividends for tax treaty purposes.
- 5.15 **For all income allocations:** A tax voucher showing the amount of the income distributed or deemed to be distributed to each Unitholder will be sent to the Unitholder at the time of distribution or accumulation.
- 5.16 The first income allocation received by an investor after buying Units may include an amount of income equalisation. This is effectively a repayment of the income paid by the investor as part of the purchase price. It is a refund of capital and not taxable. Rather it should be deducted from the allowable cost of the Units for capital gains tax purposes (except where corporate investors invest in a bond fund).

5.17 Capital gains

- 5.17.1 The redemption or sale of Units by a Unitholder will constitute a disposal for the purposes of tax on capital gains. The extent of any liability to tax will depend upon the particular circumstances of the Unitholder, but individual Unitholders resident in the UK will not be liable to tax on their capital gains unless their chargeable gains from all sources are in excess of their annual exemption. A Unitholder who is an individual, and is not resident in the UK, would not normally be liable to UK tax on capital gains.
- 5.17.2 Income allocations received in respect of accumulation Units (including any equalisation) may be deducted in computing the capital gain on disposal of those Units.
- 5.17.3 For Unitholders within the charge to corporation tax, net capital gains on equity funds will normally be added to the profits chargeable to corporation tax but, as described above, they must treat holdings in bond funds and any other Schemes which fail the qualifying investment test, as creditor relationships subject to a fair value basis of accounting.

5.18 International and UK Tax Reporting

- 5.18.1 In order to comply with the legislation implementing the United Kingdom's obligations under various intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including the United States provisions commonly known as 'FATCA', CRS and

various mandatory disclosure regimes), the Manager (or its agent) will collect and report information about Unitholders for this purpose, including where appropriate information to verify their identity and tax status, as well as if applicable about the Schemes.

- 5.18.2 When requested to do so by the Manager or its agent, Unitholders must provide information to be passed on to HM Revenue & Customs, and, by them, to any relevant overseas tax authorities.
- 5.18.3 Unitholders refusing to provide the requisite information to the Manager may be reported to HM Revenue & Customs, and, by them, to certain overseas tax authorities including those of the United States. Any prospective investor concerned about this should take appropriate advice.
- 5.18.4 The Schemes are also required to report to HMRC, on request, details of interest paid to UK residents.

6 General information

- 6.1 Neither the Manager, the Trustee, the Investment Adviser (or any associate of the same) or the Auditor is liable to account to either each other or to Unitholders for any profits or benefits it makes or receives that are made or derived from or in connection with:
 - (a) dealing in the Units of the Schemes; or
 - (b) any transactions in the property of the Schemes; or
 - (c) the supply of services to the Schemes.
- 6.2 The prices of Units and the income from them can go down as well as up. Units in the Scheme should generally be regarded as medium to long-term investments.
- 6.3 The annual report for each Scheme will be published within 4 months after the end of each annual accounting period of that Scheme. A half-yearly report will be published within two months after the end of the half-yearly accounting period. The dates for each Scheme appear in the Section 1 above. A long report containing the full accounts is available to any person free of charge on request.
- 6.4 Copies of the Trust Deeds and of any supplemental deeds constituting each Scheme may be inspected free of charge at the Manager's Head Office. If a copy is required it may be obtained on request from the same address. A small charge may be made for this service. Copies of the most recent Prospectus and of the latest annual and half-yearly reports may also be inspected at the Manager's Head Office and copies obtained free of charge on request from that address.
- 6.5 Copies of the latest Product Summary for each Scheme can be obtained on request from the Customer Contact Centre on 08457 46 46 46.
- 6.6 The Manager maintains accounts for holding client money with third party banks. In certain circumstances money belonging to customers may be held temporarily in these accounts.
- 6.7 Unclaimed distributions will be repaid into the Scheme after 6 years, and thenceforth neither the payee nor the holder nor any successor in title to it will have any right to such unclaimed distributions except as part of the capital property. The does not apply to unclaimed distributions derived from an ISA.
- 6.8 Where any changes are proposed to be made to a Scheme the Manager will assess whether the change is fundamental, significant or notifiable in accordance with COLL. If the change is regarded as fundamental, holder approval will be required. If the change is regarded as significant, not less than 60 days' prior written notice will be given to Unitholders. If the change is regarded as notifiable, Unitholders will receive suitable notice of the change.

- 6.9 The Manager will provide upon the request of a Unitholder further information relating to:
- (a) the quantitative limits applying in the risk management of a Scheme;
 - (b) the methods used in relation to (a); and
 - (c) any recent development of the risk and yields of the main categories of investment.
- 6.10 All notices or other documents sent by the Manager to a Unitholder will be sent by normal post to the last address notified in writing to the Manager by the Unitholder.

6.11 Delegation

The following functions included in the activity of collective portfolio management, as specified in the UK UCITS Rules, are delegated by the Manager:

6.11.1 Delegation to other Group members

The function of providing staff and associated HR and Facilities services is delegated to The Royal London Mutual Insurance Society Limited.

6.11.2 Portfolio Management and other services

The Manager has retained an investment adviser (Royal London Asset Management Limited (“**RLAM**”) (the “**Investment Adviser**”)) to undertake the service of portfolio management for all schemes, through an Investment Management Agreement (“**IMA**”) between the Manager and RLAM. Any third party research received in connection with investment management services that the Investment Adviser provides to the Schemes will be paid for by the Investment Adviser out of the fee it receives for its discretionary investment management services from the Manager.

Other services relating to the schemes (as set out in the IMA and summarised below) have been delegated to RLAM.

RLAM is authorised and regulated by the FCA (registration number 141665), and is part of same group of companies as the Manager.

Summary of the Investment Management Agreement

Investment Discretion

RLAM will manage each Scheme with a view to achieving the investment objectives of each Scheme as set out in the relevant mandate of each Scheme. RLAM will monitor the performance of the Schemes against the relevant objectives, including compliance with the Prospectus, the Trust Deeds and any applicable rule, law or regulation including the relevant provisions of COLL. RLAM will act in good faith and with reasonable skill and care. Subject to such objectives and restrictions, RLAM, normally acting as agent, will have complete discretion over the account of the Manager (without prior reference to the Manager) to buy, sell, retain, exchange or otherwise deal in investments and other assets, make deposits, subscribe to issues and offers for sale and accept placings, underwritings and sub-underwritings of any investments, advise on or execute transactions (including transactions in, or relating to, unregulated collective investment schemes), effect transactions on any markets, negotiate and execute counterparty and account opening documentation, take all routine or day to day decisions, and otherwise act as RLAM judges appropriate in relation to the management of the Schemes, but always subject to the applicable obligations of RLAM under the rules in the FCA Handbook regarding suitability and best execution. To comply with the rules in the FCA Handbook on best execution, RLAM carries on its investment business on behalf of the Manager in

accordance with an Order Execution Policy. Details of this are available on request from RLUM Limited.

RLAM will keep the objectives under review and may, from time to time, suggest to the Manager such amendments as, in RLAM's opinion, are appropriate.

Outsourcing and Use of Agents

RLAM may delegate any of its critical or important operational functions or investment services provided under the Agreement to third parties (including Associates) and may provide information about the Manager and the Schemes to any person to whom such activities have been outsourced.

RLAM will give the Manager written notice of the delegation of any function that involves the exercise of its discretionary investment management powers, and will obtain written consent from the Manager if it intends to delegate all (or substantially all) of such powers.

RLAM may, where reasonable and not in breach of the Manager's outsourcing policy, employ agents to perform any administrative, dealing or ancillary services required to enable RLAM to perform its services under the Agreement. RLAM will act in good faith and with reasonable skill and care in the selection, use and monitoring of agents.

Other delegated services

Under the IMA, RLAM agree to provide the following services on behalf of the Manager for each of the Schemes:

- i) Within 4 months of the end of the annual accounting period and within 2 months of the end of the half-yearly accounting period of each scheme, provide a completed Unit Trust Managers Report and Accounts long report.
- ii) Daily provisional and final Unit prices for all of the Schemes. Such prices to be provided by email by 1.30pm and 3.30pm respectively.
- iii) Estimated distribution rates on the annual accounting reference date and by the end of the interim accounting period for each scheme.
- iv) Five days prior to the income allocation dates of each scheme provide the final distribution amount.
- v) On a daily basis, make available all daily prices for all Schemes to all relevant external agencies, websites and press publications as agreed with the Manager from time to time.
- vi) On a best endeavours basis, procure the exercise of voting or any other rights attaching to the investments in all Schemes in accordance with RLAM's Responsible Investment Policy (a copy of which is available on request).

Fees, Charges and other Payments

RLAM (or its Associates) will receive remuneration and payments for its services, and reimbursement of reasonable costs and expenses. The fees charged by RLAM will be borne by the Manager. They will not be paid out of the Scheme Property.

Termination of Agreement

Either party may terminate this Agreement on at least twelve months' notice to the other provided that such notice may not be given earlier than the fifth anniversary of the commencement of this agreement.

6.11.3 External Delegation

Unit dealing activities and Registrar

The Unit dealing activities and associated administration services for all of the Schemes have been delegated to Capita Life and Pensions Regulated Services Limited. The delegated activities exclude investment management and investment accounting activities, and exclude the production of Manager's reports. The maintenance and safekeeping of the register for the Schemes has also been delegated to Capita Life and Pensions Regulated Services Limited.

Capita Life and Pensions Regulated Services Limited are authorised and regulated by the FCA, registration number 145540.

Valuation and pricing services

The Manager has appointed HSBC Bank plc of 8 Canada Square, Canary Wharf, London E14 5HQ as its delegate in order to provide fund pricing and valuation services to the Manager in relation to the Schemes. HSBC Bank plc is authorised by the PRA and is regulated by the FCA and the PRA.

6.12 Voting rights

The following provisions apply to voting at a general meeting:

- 6.12.1 At meetings of Unitholders an extraordinary resolution (meaning a resolution carried by a majority consisting of 75% of the total number of votes cast for and against such resolution) put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, by the Trustee or by one or more Unitholders present in person or by proxy.
- 6.12.2 Except where COLL or the Trust Deed requires an extraordinary resolution (which needs at least 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution required by COLL will be passed by a simple majority of the votes validly cast for and against the resolution.
- 6.12.3 Unless a poll is so demanded a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.
- 6.12.4 If a poll is duly demanded it shall be taken in such manner as the chairman may direct and the result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 6.12.5 A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith and a poll demanded on any other question shall be taken at such time and place as the chairman directs.
- 6.12.6 The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

- 6.12.7 On a show of hands every Unitholder who (being an individual) is present in person or by proxy or (being a corporation) is present by one of its officers as its proxy shall have one vote.
- 6.12.8 On a poll every Unitholder who is present in person or by proxy shall have one vote for every complete Unit and a further part of one vote proportionate to any fraction of a Unit of which he is the holder, and a Unitholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.
- 6.12.9 A corporation being a Unitholder may authorise such person as it thinks fit to act as its representative at any meeting of Unitholders and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Unitholder.
- 6.12.10 In the case of joint Unitholders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint Unitholders and for this purpose seniority shall be determined by the order in which the names stand in the register of Unitholders.
- 6.12.11 On a poll votes may be given either personally or by proxy.
- 6.12.12 In order to be valid, a vote by proxy must be deposited at such place as the Trustee, or the Manager with the approval of the Trustee, may in the notice convening the meeting direct (or if no such place is appointed then at the registered office of the Manager) at least 48 hours prior to the meeting.
- 6.12.13 The Manager may not be counted in the quorum for a meeting and neither the Manager nor any associate (as defined in COLL) of the Manager is entitled to vote at any meeting of the Scheme except in respect of Units which the Manager or associate holds on behalf of or jointly with a person who, if the registered holder, would be entitled to vote and from whom the Manager or associate has received voting instructions.
- 6.12.14 Where a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any Unitholder on the ground (however formulated) of mental disorder, the Manager may in its absolute discretion upon or subject to production of such evidence of the appointment as the Manager may require, permit such receiver or other person on behalf of such Unitholder to vote on a poll in person or by proxy at any meeting of Unitholders or Class meeting or to exercise any right other than the right to vote on a show of hands conferred by ownership of Units in relation to such a meeting.
- 6.12.15 No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote may be disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.
- 6.12.16 An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Manager may approve or in its absolute discretion accept (including as to how it may be signed or sealed). The signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Manager) be lodged with the instrument appointing the proxy pursuant to the next following paragraph, failing which the instrument may be treated as invalid.

- 6.12.17 An instrument appointing a proxy must be left at or delivered to such place or one of such places (if any) as may be specified for the purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, to or at the Manager's head office) by the time which is forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used and, in default, may be treated as invalid. The instrument appointing a proxy shall, unless contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates.
- 6.12.18 A vote cast by proxy shall not be invalidated by the previous death or bankruptcy of the principal or by other transmission by operation of law of title to the Units concerned or by the revocation of the appointment of the proxy or of the authority under which the appointment of the proxy was made provided that no intimation in writing of such death, insanity or revocation shall have been received by the Manager at its head office by the time which is two hours before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.
- 6.12.19 Any corporation which is a Unitholder may by resolution of the directors or other governing body of such corporation and in respect of any Unit or Units in the Scheme of which it is the holder authorise such individual as it thinks fit to act as its representative at any general meeting of the Unitholders or of any Class meeting. The individual so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise in respect of such Unit or Units if it were the individual Unitholder in the Scheme and such corporation shall for the purposes of the Instrument be deemed to be present in person at any such meeting if an individual so authorised is present.
- 6.12.20 "Unitholders" in this context means Unitholders entered on the register at a time to be determined by the Manager and stated in the notice of the meeting which must not be more than 48 hours before the time fixed for the meeting.

6.13 Manager's Remuneration Policy

- 6.13.1 The Manager has put in place a remuneration policy (the "**Remuneration Policy**") that is in accordance with the requirements of SYSC 19 E of the Senior Management Arrangements, Systems and Controls sourcebook of the FCA Handbook. The Remuneration Policy is designed to ensure that the Manager's remuneration practices are consistent with and promote sound and effective risk management, do not encourage risk taking, ensure it does not impair its duty to act in the interest of the UK UCITS schemes that the Manager manages, and are consistent with the risk profile of the UK UCITS schemes that the Manager manages. The Manager considers the Remuneration Policy to be appropriate to the size, internal operations, nature, scale and complexity of the UK UCITS schemes that the Manager manages and in line with the risk profile, risk appetite and the strategy of those funds.
- 6.13.2 Up-to-date details of a description of how remuneration and benefits are calculated; and the identities of the persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee will be available on the Manager's website (myisa.royallondon.com) as well as on the RLAM website (www.rlam.com/uk). A paper copy of the information is available free of charge following a request to the Manager.

6.14 Your personal information

The Manager's privacy notice details the collection, use and sharing of Unitholders' personal information in connection with their investment in the Schemes. The privacy notice can be found on the Manager's website at www.royallondon.com/legal/privacy/.

This notice may be updated from time to time and Unitholders should confirm that they hold the latest version. Unitholders who access the Schemes through an intermediary such as a wealth manager, platform service or ISA plan manager, should also contact that organisation for information about its treatment of their personal information.

Any Unitholder who provides the Manager and its agents with personal information about another individual (such as a joint investor) must also show the privacy notice to those individuals.

6.15 Benchmark Licenses

6.15.1 Information about FTSE® - for Schemes that use a FTSE® benchmark

"FTSE®" is a trademark of the London Stock Exchange Plc and The Financial Times Limited and is used by FTSE® International Limited ("FTSE®") under licence. Royal London Asset Management is licensed by FTSE® to redistribute the FTSE® All-Share Index and FTSE® World Europe ex-UK Index.

6.15.2 Information about MSCI – for Schemes that use a MSCI benchmark

Certain information contained herein (the "Information") is sourced from/copyright of MSCI Inc., MSCI ESG Research LLC, or their affiliates ("MSCI"), or information providers (together the "MSCI Parties") and may have been used to calculate scores, signals, or other indicators. The Information is for internal use only and may not be reproduced or disseminated in whole or part without prior written permission. The Information may not be used for, nor does it constitute, an offer to buy or sell, or a promotion or recommendation of, any security, financial instrument or product, trading strategy, or index, nor should it be taken as an indication or guarantee of any future performance. Some funds may be based on or linked to MSCI indexes, and MSCI may be compensated based on the fund's assets under management or other measures. MSCI has established an information barrier between index research and certain Information. None of the Information in and of itself can be used to determine which securities to buy or sell or when to buy or sell them. The Information is provided "as is" and the user assumes the entire risk of any use it may make or permit to be made of the Information. No MSCI Party warrants or guarantees the originality, accuracy and/or completeness of the Information and each expressly disclaims all express or implied warranties. No MSCI Party shall have any liability for any errors or omissions in connection with any Information herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages

7 Payments out of the scheme

7.1 This section details the payments that may be made out of each Scheme to the parties operating the Schemes to meet the costs of administration of each Scheme and in respect of the investment and safekeeping of Scheme Property. Each Unit Class in a Scheme has an ongoing charges figure and this is shown in the relevant Product Summary. The ongoing charges figure is intended to assist Unitholders to ascertain and understand the impact of charges on their investment each year and to compare the level of those charges with the level of charges in other schemes.

7.2 The ongoing charges figure excludes portfolio transaction costs and any initial charge or redemption charge but will capture the effect of the various charges and expenses referred to in this section. In common with other types of investors in financial markets, the Schemes

incur costs when buying and selling underlying investments in pursuit of their investment objective. These portfolio transaction costs include dealing spread, broker commissions, transfer taxes and stamp duty incurred by the Schemes on transactions. The annual and half-yearly reports of each Scheme provide further information on portfolio transaction costs incurred in the relevant reporting period.

In all cases, where the expense, cost etc. in question attracts liability to tax, such tax will also be chargeable against the property of the relevant Scheme. (Please note that where income in the relevant Scheme is insufficient to pay the charges the residual amount may be taken from capital which may result in capital erosion and constrain capital growth. This information is set out for each Scheme in Section 1 above).

The following payments are chargeable against the property of each Scheme:

- 7.2.1 The cost of dealing in the property of the Scheme.
- 7.2.2 Any interest on borrowings permitted under the Scheme and any charges incurred in terminating or varying the terms of such borrowings.
- 7.2.3 Taxation and duties payable in respect of the property of the Scheme, the Trust Deed or the issue of Units.
- 7.2.4 Any costs incurred in modifying the Trust Deed, including costs incurred in respect of meetings of Unitholders convened for the purpose where the modification is:
 - (a) necessary to implement any change in the law;
 - (b) expedient having regard to any fiscal enactment and which the Manager and the Trustee agree is in the interests of Unitholders; or
 - (c) for the purpose of removing obsolete provisions from the Trust Deed.
- 7.2.5 Any costs incurred in respect of meetings of Unitholders convened and requisitioned by Unitholders not including the Manager or an associate of the Manager.
- 7.2.6 Liabilities on unitisation, amalgamation or reconstruction.
- 7.2.7 The costs incurred in the maintenance of the register of Unitholders. There is currently no separate charge for maintaining the register of Unitholders.
- 7.2.8 The Trust Deed governing each Scheme permits HSBC Bank plc, as the Trustee, to be paid out of the property of the Scheme by way of remuneration a periodic charge (plus VAT) at rates to be agreed with the Manager. The periodic charge is calculated in respect of successive monthly periods ("payment periods") according to the value of the property of the Scheme as at the valuation point at which the relevant payment period begins or if the relevant payment period does not begin at a valuation point, as at the last valuation point before the beginning of the payment period in question. The periodic charge so calculated accrues monthly and is paid as soon as practicable after the end of the period to which it relates.

The rate of the Trustee's periodic charge, that is payable out of the assets of the relevant Scheme, is calculated as an annual percentage of the value of the property of each Scheme on a sliding scale as follows:

Band Range	Fee
On the first GBP £100 million	1.25 basis points (0.0125%)
On the next GBP £100 million	1.00 basis points (0.010%)
On the next GBP £1.8 billion	0.5 basis points (0.005%)
On the next GBP £3 billion	0.25 basis points (0.0025%)
On the next GBP £5 billion	0.15 basis points (0.0015%)
On the balance over GBP £10 billion	0.10 basis points (0.0010%)

In addition to the Trustee's periodic charge, a charge of £3,000 per Scheme per annum is payable out of the assets of the relevant Scheme ("**UK UCITS Charge**"). The UK UCITS Charge relates to particular obligations upon the Trustee under the UK UCITS Rules.

HSBC Bank plc is entitled to receive from the Scheme Property, fees in relation to the provision of custodian services.

HSBC Bank plc's remuneration for acting as Custodian is calculated at an ad valorem rate determined by the territory or country in which the assets of the Schemes are held. Currently, the lowest rate is 0.0016% and the highest rate is 0.62%. In addition, the Custodian makes a transaction charge determined by the territory or country in which the transaction is effected. Currently, these transaction charges range from £5 - £87 per transaction.

In respect of Royal London UK Equity Tracker Trust*, the above periodic charges and charges for the provision of custodian services will be paid by the Manager, rather than paid out of the property of the Scheme.

7.2.9 The Trustee may also be reimbursed out of the property of a Scheme for all expenses incurred in exercising any powers conferred upon the Trustee, or in performing any of the duties imposed upon it by COLL, the Trust Deed governing each Scheme or by law. Without prejudice to the generality of the foregoing, the duties of the Trustee may include the following:

- (a) delivery of stock to the Trustee or custodian;
- (b) custody of assets;
- (c) the collection and distribution of income and capital;
- (d) the submission of tax returns;
- (e) the handling of tax claims;
- (f) the preparation of the Trustee's annual report; and
- (g) such other duties as the Trustee is required by COLL, the Trust Deed governing the respective Schemes, or by law to perform.

In respect of Royal London UK Equity Tracker Trust*, the above charges will be paid by the Manager, rather than paid out of the property of the Scheme.

7.2.10 The Manager's periodic charge in respect of each Scheme appears in Section 1 above expressed as an annual charged based on the value of the Scheme

Property. The periodic charge is paid monthly out of the property of the Scheme. The price at which Units in each Scheme may be purchased from the Manager may include a preliminary charge payable to the Manager. The Manager's "initial" or "preliminary" charge is borne directly by the Unitholder. The Manager's current preliminary charge is set out in Section 1 above.

- 7.2.11 The audit fees and expenses of the auditor (excluding the Royal London UK Equity Tracker Trust* for which audit fees and expenses of the auditor are paid by the Manager, rather than paid out of the property of the Scheme).
- 7.2.12 Permitted fees of regulatory authorities. At the date of preparation of this Prospectus, any such regulatory fees are borne by the Manager.

*This Scheme is in the process of being wound up and is no longer available for investment.

8 Winding up of a Scheme

A Scheme will be wound up when:

- 8.1.1 the order declaring that Scheme to be an authorised unit trust scheme is revoked; or
- 8.1.2 the FCA determines that such order be revoked at the request of the Manager or the Trustee; or
- 8.1.3 a duly approved scheme of amalgamation or reconstruction becomes effective.

On the occurrence of such an event:

- 8.1.4 the Trustee shall cease to create and cancel Units in the Scheme;
- 8.1.5 the Manager shall cease to issue and redeem Units in the Scheme; and
- 8.1.6 the Trustee shall proceed to wind up the Scheme.

Where the Trustee proceeds to wind up the Scheme in the circumstances described above, following the passing of an extraordinary resolution approving the amalgamation of the Scheme with another body or scheme, the Scheme shall be wound up in accordance with that resolution or the terms of the approved amalgamation.

In any other case, the Trustee shall, as soon as practicable after the Scheme falls to be wound up, realise the property of the Scheme and, after paying or retaining adequate provision for all liabilities properly payable out of such property and retaining provision for the costs of the winding up, shall (subject to receiving satisfactory evidence of entitlement) distribute the proceeds of that realisation to the Unitholders and the Manager in proportion to their respective interests in the Scheme. Any unclaimed net proceeds or other cash held by the Trustee after the expiration of 12 months from the date on which the same became payable shall be paid into Court.

9 Risk Factors

See Appendix E for the risk factors applicable to each Scheme.

10 Commission

The Manager effects transactions on which commissions or other charges are payable, through other affiliated Group companies including the Royal London Mutual Insurance Society Limited, as well as through other unconnected brokers. Information about dealing commissions and mark-ups and mark-downs paid in respect of these transactions will be given in the Manager's annual report to Unitholders.

When executing orders, or placing orders with other entities for execution, that relate to financial instruments for, or on behalf of, the Scheme, the Investment Adviser will not accept and retain any fees, commissions or monetary benefits; or accept any non-monetary benefits, where these are paid or provided by any third party or a person acting on behalf of a third party. The Investment Adviser will return to each relevant Fund as soon as reasonably possible after receipt any fees, commissions or any monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to the services provided to that fund, and disclose in the annual report the fees, commissions or any monetary benefits transferred to them.

The Investment Adviser may, however, accept without disclosure minor non-monetary benefits that are capable of enhancing the quality of service provided to the relevant Scheme; and of a scale and nature such that they could not be judged to impair their compliance with its duty to act honestly, fairly and professionally in the best interests of each Scheme.

11 Conflicts of interest

The Manager and other companies within the Royal London group may, from time to time, act as managers to other funds or sub-funds which follow similar investment objectives to those of the Schemes. The Schemes may also invest in other funds managed by the Manager and other companies within the Royal London group.

It is therefore possible that the Manager may in the course of its business have potential conflicts of interest with a Scheme or Schemes and/or other funds managed by the Manager. The Manager will, however, have regard in such event to its obligations under the Trust Deeds and, in particular, to its obligation to act in the best interests of the Scheme so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the Manager will ensure that the Scheme and the other funds it manages are fairly treated.

The Manager maintains a written conflict of interest policy. The Manager acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Scheme or its Unitholders will be prevented. Should any such situations arise the Manager will, as a last resort, if the conflict cannot be avoided, disclose these to Unitholders in an appropriate format.

12 Exercise of voting rights

The Manager has a strategy for determining when and how voting rights attached to ownership of Scheme Property are to be exercised for the benefit of each Scheme. Please contact the Manager for a copy of this policy.

13 Best execution policy

The Manager must act in the best interests of each Scheme when executing decisions to deal on behalf of the relevant Fund. The policy sets out (i) the systems and controls that have been put in place and (ii) the basis upon which the Manager will effect transactions and place orders in relation to the Company whilst complying with its obligations under the handbook of rules issued by the FCA to obtain the best possible outcome for each transaction undertaken on behalf of the Schemes. Details of the best execution policy are available from the Manager on request. If you have any questions regarding the policy please contact the Manager or your professional adviser.

14 Telephone recording

Please note that the Manager may record telephone calls for training and monitoring purposes and to confirm investors' instructions. Recordings will be provided on request for a period of at least five years from the date of such recording, or, where requested by a competent

regulatory authority, for a period of seven years, where we can identify the call coming from you. If you ask us to send you a recording of a particular call, we may ask for further information to help us identify the exact call to which your request relates.

15 Complaints

If a client wishes to make a complaint about the Manager's role in respect of any of the Schemes detailed in this Prospectus, please contact:

In writing:

Customer Relations

Royal London
Royal London House
Alderley Park
Congleton Road
Nether Alderley
Macclesfield
SK10 4EL

By phone:

0161 274 8890

If the complaint is not dealt with to the satisfaction of a retail client, the client can then complain to:

Financial Ombudsman Service
Exchange Tower London
E14 9SR

Tel: 0300 123 9 123

A copy of the customer leaflet "Our commitment to handling complaints" summarising the Manager's complaints handling procedures is available on request. Making a complaint will not prejudice your rights to commence legal proceedings.

APPENDIX A

Eligible Markets

Investors should be aware that in order to qualify as an approved security or derivative, the market upon which any security or derivative is traded must be “eligible”.

At the time of preparation of this Prospectus, the markets in which the Schemes will deal are set out below.

Markets in the UK or EEA States

Markets in the UK and in EEA states are eligible as they are regulated, operate regularly and are open to the public. These markets are not specifically listed below however we have listed the countries for information only:

Austria, Belgium, Bulgaria, Czech Republic, Cyprus, Denmark, Eire, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Lichtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom.

Please note that the member states of the EEA may change over time and any additions to EEA membership are deemed to be eligible markets whether or not they are detailed below.

Additional Securities and Derivatives Markets

The following tables contain additional markets which the Manager and the Trustee have agreed as eligible for the specified Scheme(s)

1 This table applies to the following Schemes:

Royal London Corporate Bond Trust

Royal London Diversified Trust

Royal London Sustainable Leaders Trust

Royal London Sustainable Managed Growth Trust

Royal London Sustainable World Trust

Country	Eligible Markets
Australia	ASX Limited
Brazil	BM&F BOVESPA
Canada	Toronto Stock Exchange
China	Shanghai Stock Exchange Shenzhen Stock Exchange
Hong Kong	Hong Kong Futures Exchange Stock Exchange of Hong Kong Limited
India	BSE Ltd (Bombay Stock Exchange)

Country	Eligible Markets
Indonesia	Indonesia Stock Exchange
Japan	Osaka Securities Exchange Tokyo Financial Exchange Tokyo Stock Exchange
Korea	Korea Exchange
Malaysia	Bursa Malaysia Securities Berhad
Mexico	Bolsa Mexicana de Valores
New Zealand	NZX Limited
Philippines	The Philippines Stock Exchange
Singapore	Singapore Exchange Limited (SGX)
Switzerland	SIX Swiss Exchange
Taiwan	The Taiwan Stock Exchange Ltd
Thailand	Stock Exchange of Thailand
Turkey	Borsa Istanbul AS
United States	Chicago Board Options Exchange Chicago Mercantile Exchange NASDAQ New York Stock Exchange NYSE MKT Inc

2 This table applies to Royal London European Growth Trust

Country	Eligible Markets
Switzerland	SIX Swiss Exchange
Turkey	Borsa Istanbul AS

Notwithstanding the restrictions listed in the Scheme's objectives, the Scheme may invest in securities traded on the London Stock Exchange, but only for investments relative to the objective/geographic area of that Scheme.

3 This table applies to Royal London US Equity Trust

Country	Eligible Markets
Canada	Toronto Stock Exchange
United States	Chicago Board Options Exchange Chicago Mercantile Exchange NYSE MKT Inc New York Stock Exchange NASDAQ

Notwithstanding the restrictions listed in the Scheme's objectives, the Scheme may invest in securities traded on the London Stock Exchange, but only for investments relative to the objective/geographic area of that Scheme.

APPENDIX B

Investment and Borrowing Powers

The property of each Scheme may be invested only in accordance with the provisions of the Trust Deed, COLL and this Prospectus. The full investment and borrowing powers for a UK UCITS scheme, which will apply for each Scheme, are explained below.

1 General

The Manager must ensure that, taking account of the investment objective and policy of a Scheme, the Scheme Property aims to provide a prudent spread of risk.

An aim of the restrictions on investment and borrowing powers for a UK UCITS scheme set out in COLL is to help to protect Unitholders by laying down minimum requirements for the investments that may be held by a Scheme. There are requirements for the types of investments which may be held by a Scheme. There are also a number of investment rules requiring diversification of investment of a Scheme, and so providing a prudent spread of risk.

2 Risk management

2.1 Risk Management Process

The Manager must use a risk management process enabling it to monitor and measure at any time the risk of the Scheme's positions and their contribution to the overall risk profile of the Scheme. The process must take into account the investment objectives and policy of the Scheme.

The Manager is expected to demonstrate more sophistication in its risk management process for a Scheme with a complex risk profile. The Manager must take reasonable care to establish and maintain systems and controls which are appropriate to its business. The risk management process should enable the analysis mentioned above to be undertaken at least daily or at each valuation point (whichever is the more frequent).

The Manager must assess, monitor and periodically review the adequacy and effectiveness of the measures taken to address any deficiencies in the performance of the risk management process. The Manager must notify the FCA of any material changes to the risk management process.

The Manager has its own risk management process which is based on the risk management process used by its Investment Adviser.

The Trustee should take reasonable care to review the appropriateness of the risk management process in line with its duties.

2.2 Liquidity Risk

The Manager must employ an appropriate liquidity risk management process in order to ensure that a Scheme is able to comply with COLL on Sale and Redemption, and ensure that the liquidity profile of the investments of each Scheme is appropriate in relation to the redemption policy.

2.3 Risk Management Policy

The Manager must establish, implement and maintain an adequate and documented risk management policy which identifies the risks that the Schemes are exposed to. The policy must comprise procedures to enable the Manager to assess the exposure of the Schemes to market, liquidity and counterparty risks, and exposure to all other material risks including operational risk.

The policy must at least address the techniques, tools and arrangements that enable the Manager to comply with obligations set out in COLL in relation to Derivatives Exposure, the allocation of responsibilities pertaining to risk management, and the terms, contents, and frequency of the reporting of risk management to the governing body or senior personnel.

The Manager must assess, monitor and periodically review the adequacy and effectiveness of the risk management policy and the level of compliance with the policy.

2.4 Measurement and Management of Risk

The Manager must adopt adequate and effective arrangements, processes and techniques as described in COLL, in order to measure and manage at any time the risks a Scheme is or might be exposed to. In addition, those arrangements must ensure compliance with the limits concerning global exposure and counterparty risk set out in COLL.

The arrangements should be proportionate in view of the nature, scale and complexity of the business or the Manager and the Schemes, and be consistent with the Scheme's risk profile.

3 Types of investment

The property of a Scheme must, except where otherwise provided in COLL, as outlined below, consist solely of any or all of:

- 3.1.1 transferable securities;
- 3.1.2 approved money market instruments;
- 3.1.3 derivatives and forward transactions;
- 3.1.4 deposits; and
- 3.1.5 units in collective investment schemes;

in each case as permitted under the terms of Section 5 of COLL, as outlined below.

For the Royal London European Growth Trust, Royal London Sustainable Leaders Trust, Royal London UK Growth Trust, Royal London UK Income with Growth Trust and the Royal London US Equity Trust, subject to the investment objectives and policies of each Scheme, the property of the Scheme must **only consist of transferable securities, and units in collective investment schemes (limited to 10% of the value of the Scheme)**.

For the Royal London Corporate Bond Monthly Income Trust, Royal London Sustainable Corporate Bond Trust, Royal London Sustainable Diversified Trust, Royal London Sustainable Managed Growth Trust and the Royal London Sustainable World Trust, given each of the Schemes' investment objectives and policies, the Schemes will **principally invest in transferable securities but other investments may be made (with investment in units in collective investment schemes limited to 10% of the value of the Scheme)**.

The following paragraphs summarise the restrictions for UK UCITS schemes generally under COLL.

4 Types of investment relevant to all schemes

4.1 Transferable securities

A Scheme will generally invest in "approved securities" (as detailed below), which are transferable securities admitted to official listing in the UK or an EEA State or traded on an Eligible Securities Market (otherwise than by the specific permission of the market authority).

What is a transferable security?

A transferable security is an investment which is any of the following: a share, a debenture, a government and public security, a warrant or a certificate representing certain securities. An investment is not a transferable security if title to it cannot be transferred, or can be transferred only with the consent of a third party (although, in the case of an investment which is issued by a body corporate and which is a share or debenture, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored). An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

A Scheme may invest in a transferable security only to the extent that that transferable security fulfils the following criteria:

- 4.1.1 the potential loss which the Scheme may incur with respect to holding the transferable securities is limited to the amount it paid for it;
- 4.1.2 its liquidity does not compromise the ability of the Manager to comply with its obligation to redeem Units at the request of any qualifying Unitholder;
- 4.1.3 a reliable valuation is available for it as follows:
 - 4.1.3.1 for a transferable security admitted to or dealt in on an eligible market, there are accurate reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers; and
 - 4.1.3.2 for a transferable security not admitted to or dealt in on an eligible market, there is a valuation on a periodic basis which is derived from information from the issuers of the transferable security or from competent investment research;
- 4.1.4 appropriate information is available for it as follows:
 - 4.1.4.1 for a transferable security admitted to or dealt in on an eligible market, there is regular accurate and comprehensive information available to the market on that security or, where relevant on the portfolio of the transferable security; and
 - 4.1.4.2 for a transferable security not admitted to or dealt in on an eligible market, there is regular and accurate information available to the Manager on the transferable security or where relevant on the portfolio of the transferable security;
- 4.1.5 it is negotiable; and
- 4.1.6 its risks are adequately captured by the risk management process of the Manager.

Unless there is information available to the Manager that would lead to a different determination, a transferable security which is admitted to, or dealt in on, an eligible market is presumed not to compromise the ability of the Manager to comply with its obligation to redeem Units at the request of any qualifying Unitholder and to be negotiable.

Note that a unit in a closed ended fund is taken to be a transferable security provided it fulfils the above criteria and either:

- 4.1.7 where the closed ended fund is constituted as an investment company or a unit trust:

- 4.1.7.1 it is subject to corporate governance mechanisms applied to companies; and
- 4.1.7.2 where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or
- 4.1.8 where the closed ended fund is constituted under the law of contract:
 - 4.1.8.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and
 - 4.1.8.2 it is managed by a person who is subject to national regulation for the purposes of investor protection.

(Shares in UK investment trusts are classified as transferable securities.)

Transferable securities linked to other assets

A Scheme may invest in any other investment which may be taken to be a transferable security for the purposes of investment by a Scheme provided that the investment fulfils the criteria set out above and is backed by or linked to the performance of other assets which may differ from those in which a UK UCITS scheme can invest.

Where such an investment contains an embedded derivative component, the requirements with respect to derivatives and forwards will apply to that component.

What are “approved securities”?

Each Scheme will generally invest in "approved securities", which are transferable securities which are admitted to, or dealt in on, an eligible market as defined for the purposes of COLL. Subject to COLL, “approved securities” may also include recently issued transferable securities (explained below).

Limited investment in unapproved securities

Not more than 10% in value of a Scheme's property is to consist of transferable securities which are not such “approved securities”. This limit will also apply to any investment by the Royal London Corporate Bond Monthly Income Trust, Royal London Sustainable Corporate Bond Trust, Royal London Sustainable Diversified Trust, Royal London Sustainable Managed Growth Trust and Royal London Sustainable World Trust, in approved money market instruments which are not within any of the three paragraphs under the heading ‘Eligible money market instruments’ below.

Eligible Markets

Please note that in the interest of investor information and protection a list of the securities and derivatives exchanges/markets in non-UK or EEA States (including the markets on which transferable securities are admitted to official listing) in which a Scheme will or may invest through or deal on, can be found in Appendix A to this Prospectus. The list of eligible markets has been decided by the Manager after consultation with the Trustee and the Investment Adviser.

Recently issued transferable securities

Recently issued transferable securities may be held by a Scheme provided that:

- 4.1.9 the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and
- 4.1.10 such admission is secured within a year of issue.

4.2 Derivatives

Under COLL, derivatives (a contract for difference, a future or an option) are permitted for UK UCITS schemes for investment purposes. Derivative transactions may, under COLL, be used for the purposes of EPM (including hedging) or meeting the investment objectives or both. A transaction in a derivative must not cause a Scheme to diverge from its investment objectives.

Proposed use of Derivatives

The proposed use of derivatives is set out in the investment policy of each Scheme.

Derivatives, when used for meeting the objectives of the Schemes, may alter the risk profile of the Schemes. Use of derivative transactions for EPM (including hedging) is not expected to alter the risk profile of a Scheme, but such effect as there may be should be beneficial by way of reducing the risk profile, given the purpose for employing this technique.

As mentioned above, the Manager must use a risk management process to enable it to monitor and measure as appropriate the risk of a Scheme's positions. This must include a Scheme's derivatives and forwards positions and their contribution to the overall risk profile of a Scheme. The Manager must provide details of the derivatives risk management process to the FCA before entering into any derivatives transactions and at least annually thereafter. This must include a true and fair view of the types of derivatives to be used together with their underlying risks and any quantitative limits, and the methods for estimating risks in derivatives.

The Manager should undertake the risk assessment with the highest care when the counterparty to the derivative is an associate of the Manager or the credit issuer.

Total return swaps

Certain of the Schemes may be permitted to enter into total return swaps from time to time. Total return swaps are agreements whereby the Manager agrees on behalf of the Scheme to pay a stream of payments based on an agreed interest rate in exchange for payments representing the total economic performance, over the life of the swap, of the asset or assets underlying the swap. Through the swap the Scheme may take a long or short position in the underlying asset(s), which may constitute a single security or a basket of securities. Exposure through the swap closely replicates the economics of physical shorting (in the case of short positions) or physical ownership (in the case of long positions), but in the latter case without the voting or beneficial ownership rights of direct physical ownership. If a Scheme invests in total return swaps or other derivatives with the same characteristics, the underlying asset or index may be comprised of equity or debt securities, money market instruments or other eligible investments which are consistent with the investment objective and policies of the Scheme. The counterparties to such transactions are typically banks, investment firms, broker-dealers, collective investment schemes or other financial institutions or intermediaries. The risks involved in using derivatives for investment purposes include the risk of loss to a Scheme arising from the counterparty defaulting on its obligations under the total return swap. See section on "Risk Factors" below.

The counterparties to total return swaps entered into in relation to a Scheme will not assume any discretion over the composition or management of the Scheme's investment portfolio or over the underlying of the derivatives.

Efficient portfolio management (including hedging)

Where using derivatives for the limited purposes of EPM (including hedging), the Manager may utilise the property of a Scheme to enter into derivative and forward transactions relating to transferable securities (or for the Royal London Corporate Bond Monthly Income Trust, Royal London Sustainable Corporate Bond Trust, Royal London Sustainable Diversified Trust, Royal London Sustainable Managed Growth Trust and Royal London Sustainable

World Trust, relating to transferable securities and approved money market instruments), which fulfil the following criteria:

- 4.2.1 They are economically appropriate in that they are realised in a cost effective way.
- 4.2.2 They are entered into for one or more of the following specific aims:
 - 4.2.2.1 The reduction of risk.
 - 4.2.2.2 The reduction of cost.
 - 4.2.2.3 The generation of additional capital or income for a Scheme with a risk level which is consistent with the risk profile of the Scheme and the risk diversification rules laid down in COLL and in this Prospectus.

Any income or capital generated from EPM techniques (including stock-lending) will be returned to the relevant Scheme net of direct and indirect operational costs.

Permitted underlying assets for derivative transactions

The underlying of any transaction in a derivative must consist of any one or more of the following, where permitted for the Scheme:

- 4.2.3 transferable securities;
- 4.2.4 approved money market instruments admitted to, or dealt in on, an eligible market or with a regulated issuer;
- 4.2.5 deposits;
- 4.2.6 permitted derivatives;
- 4.2.7 units in a collective investment scheme;
- 4.2.8 financial indices which satisfy certain criteria;
- 4.2.9 interest rates;
- 4.2.10 foreign exchange rates; and
- 4.2.11 currencies.

A UK UCITS scheme may not undertake a transaction in derivatives on commodities.

The financial indices mentioned above are those which satisfy the following criteria:

- 4.2.12 the index is sufficiently diversified - a financial index is sufficiently diversified if it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index; where it is composed of assets in which a UK UCITS scheme is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out for UK UCITS schemes; and, where it is composed of assets in which a UK UCITS scheme cannot invest it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration applicable to UK UCITS schemes;
- 4.2.13 the index represents an adequate benchmark - a financial index represents an adequate benchmark for the market to which it refers if it measures the

performance of a representative group of underlyings in a relevant and appropriate way; it is revised or rebalanced periodically to ensure that it continues to reflect the market to which it refers, following criteria which are publicly available; and the underlying is sufficiently liquid, allowing users to replicate it if necessary; and

- 4.2.14 the index is published in an appropriate manner - an index is published in an appropriate manner if its publication process relies on sound procedures to collect prices and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall, where they satisfy the requirements with respect to any other underlyings which are permitted underlyings for a transaction in derivatives mentioned above, be regarded as a combination of those underlyings.

Permitted derivative transactions for UK UCITS schemes

Subject to certain detailed restrictions, a transaction in derivatives or a forward transaction may be effected for a Scheme if it is:

- 4.2.15 a permitted transaction; and
4.2.16 the transaction is covered;

in each case on the basis explained below.

For any derivative transaction, there are requirements specified if that transaction will or could lead to the delivery of property, and there must be an appropriate risk management process in place.

Permitted transactions

A transaction in a derivative must be either:

- 4.2.17 in an approved derivative; or
4.2.18 (subject to restrictions, an OTC derivative transaction.

Any transaction in an OTC derivative must be:

- 4.2.19 with an approved counterparty - a counterparty to a transaction in derivatives is approved only if the counterparty is:
- 4.2.19.1 an Eligible Institution or an Approved Bank; or
 - 4.2.19.2 a person whose permission permits it to enter into transactions as principal off – exchange;
- 4.2.20 on approved terms - the terms of the transaction in derivatives are approved only if the Manager:
- 4.2.20.1 carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and

4.2.20.2 can enter into one or more further transactions to sell, liquidate or close out that transaction at any time at its fair value.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The Manager must:

- (i) establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of a UK UCITS scheme to OTC derivatives; and
- (ii) ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

Where the arrangements and procedures referred to above involve the performance of certain activities by third parties, the Manager must comply with the additional requirements for a management company in the SYSC sourcebook and the due diligence requirements of AFMs of UK UCITS schemes in COLL. The arrangements and procedures above must be:

- (i) adequate and proportionate to the nature and complexity of the OTC derivative concerned; and
- (ii) adequately documented.

4.2.20.3 capable of reliable valuation - a transaction in derivatives is capable of reliable valuation only if the Manager, having taken reasonable care, determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:

- (i) on the basis of an up to date market value which the Manager and the Trustee have agreed is reliable; or
- (ii) if the value referred to above is not available, on the basis of a pricing model which the Manager and the Trustee have agreed uses an adequate recognised methodology.

and

4.2.20.4 subject to verifiable valuation - a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into), verification of the valuation is carried out by:

- (i) an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the Manager is able to check it; or
- (ii) a department within the Manager which is independent from the department in charge of managing the Scheme Property and which is adequately equipped for such a purpose.

The Trustee must take reasonable care to ensure that the Manager has systems and controls that are adequate to ensure compliance with paragraphs 4.2.20.1 to 4.2.20.4 above.

A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, approved money market instruments, units in a collective investment scheme or derivatives.

Any forward transaction must be made with an Eligible Institution or an Approved Bank.

A derivative includes an instrument which fulfils the following criteria:

- 4.2.21 it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
- 4.2.22 it does not result in the delivery or the transfer of assets other than those referred to regarding permitted types of Scheme Property for a UK UCITS scheme including cash;
- 4.2.23 in the case of an OTC derivative, it complies with the requirements for OTC transactions in derivatives explained above;
- 4.2.24 its risks are adequately captured by the risk management process of the Manager, and by its internal control mechanisms in the case of risks of asymmetry of information between the Manager and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.

Derivatives exposure

A Scheme may invest in derivatives and forward transactions as part of its investment policy provided its global exposure relating to derivatives and forward transactions held in the Scheme does not exceed the net value of the Scheme Property, and its global exposure to the underlying assets does not exceed in aggregate the investment limits laid down below.

The Manager of a Scheme must calculate the global exposure of the Scheme on at least a daily basis.

Exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

The Manager must calculate the global exposure of any Scheme it manages either as:

- 4.2.25 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in COLL) which may not exceed 100% of the net value of the Scheme Property; or
- 4.2.26 the market risk of the Scheme Property.

The Manager must calculate the global exposure of a Scheme by using:

- 4.2.27 the commitment approach; or
- 4.2.28 the value at risk approach.

The Manager must ensure that the method selected above is appropriate, taking into account:

- 4.2.29 the investment strategy pursued by the Scheme;
- 4.2.30 the types and complexities of the derivatives and forward transactions used; and

- 4.2.31 the proportion of the Scheme Property comprising derivatives and forward transactions.

Where a Scheme employs techniques and instruments including repo contracts or stock lending transactions in accordance with COLL (Stock lending) in order to generate additional leverage or exposure to market risk, the Manager must take those transactions into consideration when calculating global exposure.

Value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.

Where the Manager of a Scheme uses the commitment approach for the calculation of global exposure, it must:

- 4.2.32 ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives), whether used as part of the scheme's general investment policy, for the purposes of risk reduction or for the purposes of EPM in accordance with Stock lending rules; and
- 4.2.33 convert each derivative or forward transaction into the market value of an equivalent position in the underlying asset of that derivative or forward (standard commitment approach).

The Manager of a Scheme may apply other calculation methods which are equivalent to the standard commitment approach.

The Manager may take account of netting and hedging arrangements when calculating global exposure of a Scheme, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.

Cash obtained from borrowing, and borrowing which the Manager reasonably regards an Eligible Institution or Approved Bank to be committed to provide, is not available for cover unless the Trustee for the account of the Scheme borrows an amount of currency from an Eligible Institution or Approved Bank and keeps an amount in another currency at least equal to the borrowing for the time being in the initial amount of currency on deposit with the lender (or his agent and nominee) in which case the requirements for cover applies if the borrowed currency and not the deposited currency were part of the Scheme Property.

The Manager must (as frequently as is necessary) re-calculate the amount of cover required in respect of derivatives and forward positions already in existence. Derivatives and rights under forward transactions may be retained in the Scheme Property only so long as they remain covered globally.

Transactions for the purchase of property

A derivative or forward transaction which will or could lead to the delivery of property for the account of a Scheme, may be entered into only if:

- 4.2.34 that property can be held for the account of the Scheme; and
- 4.2.35 the Manager, having taken reasonable care, determines that delivery of the property under that transaction will not occur or will not lead to a breach of the applicable restrictions.

Requirement to cover sales

No agreement by or on behalf of a Scheme to dispose of property or rights may be made unless:

- 4.2.36 the obligation to make the disposal and any other similar obligation could immediately be honoured by the Scheme by delivery of property or the assignment (or, in Scotland, assignation) of rights; and
- 4.2.37 such property and rights are attributable to the Scheme at the time of the agreement.

Exposure to underlying assets

Where a Scheme invests in derivatives, the exposure to the underlying assets must not exceed the spread limits explained in “Spread requirements” below, save that where a Scheme invests in an index based derivative, provided the relevant index falls within the definition of “relevant index” (being an index which satisfies the following criteria: (i) the composition is sufficiently diversified; (ii) the index represents an adequate benchmark for the market to which it refers; and (iii) the index is published in an appropriate manner), the underlying constituents of the index do not have to be taken into account for the purposes of the spread requirements. Such relaxation in respect of index based derivatives is subject to the requirement for the Manager to maintain a prudent spread of risk.

Transferable securities and money market instruments embedding derivatives

Where a transferable security or, for the Royal London Corporate Bond Monthly Income Trust, Royal London Sustainable Corporate Bond Trust, Royal London Sustainable Managed Growth Trust, Royal London Sustainable Diversified Trust and Royal London Sustainable World Trust, approved money market instrument embeds a derivative, this must be taken into account for the purposes of complying with the restrictions on derivatives.

A transferable security or an approved money market instrument will embed a derivative if it contains a component which fulfils the following criteria:

- 4.2.38 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a standard alone derivative;
- 4.2.39 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
- 4.2.40 it has a significant impact on the risk profile and pricing of the transferable security or approved money market instrument.

A transferable security or an approved money market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money market instrument. That component shall be deemed to be a separate instrument.

4.3 Collective investment schemes

Investment by a Scheme in units in collective investment schemes is subject to the following restrictions:

Additional restriction

No more than 10% of the value of a Scheme may be invested in units or shares in other collective investment schemes. This is in order that each Scheme may be available as an investment for certain fund of funds schemes. The following summary of the UK UCITS scheme restrictions relating to investment in units in collective investment schemes and those concerning the spread requirements (below) should be read accordingly.

Relevant types of collective investment scheme

Each Scheme may invest in any of the following types of collective investment scheme (“**Second Scheme**”) provided the Second Scheme satisfies all of the following conditions.

- 4.3.1 The Second Scheme must:
- 4.3.1.1 satisfy the conditions necessary for it to enjoy the rights conferred by the UK UCITS Rules or, in the case of an EEA UCITS scheme, the UCITS Directive; or
 - 4.3.1.2 be a recognised scheme that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided the requirements of COLL 5.2.13AR are met); or
 - 4.3.1.3 be authorised as a non-UCITS retail scheme (provided the requirements of COLL 5.2.13AR are met); or
 - 4.3.1.4 be authorised in an EEA State provided the requirements of COLL 5.2.13AR are met; or
 - 4.3.1.5 be authorised by the competent authority of an OECD member country (other than the UK or an EEA State) which has:
 - (i) signed the IOSCO Multilateral Memorandum of Understanding; and
 - (ii) approved the Second Scheme’s management company, rules and depositary/custody arrangements;(provided the requirements of COLL 5.2.13AR are met).
- 4.3.2 The Second Scheme must have terms which prohibit more than 10% in value of the Scheme Property consisting of units in collective investment schemes. Where the Second Scheme is an umbrella, the provisions in this paragraph 4.3.2, paragraph 4.3.3 and paragraph 5.2.1 (Spread requirements) apply to each sub-fund as if it were a separate scheme.
- 4.3.3 Investment may only be made in other collective investment schemes managed by the Manager or an associate of the Manager if a Scheme’s Prospectus clearly states that it may enter into such investments and the rules on double charging contained in COLL are complied with.
- 4.3.4 The Schemes may invest in collective investment schemes managed or operated by, or whose authorised corporate director or manager is, the Manager or one of its associates.

Spread and diversification restrictions

As mentioned below (see “Spread requirements”), no more than 20%* in value of a UK UCITS scheme is to consist of units in any one collective investment scheme. For the purposes of this spread requirement, if investment is made in sub-funds of an umbrella scheme, each sub-fund is treated as if it were a separate scheme.

Also, as mentioned below (see “Concentration restrictions”), a Scheme must not acquire more than 25% of the units in any single collective investment scheme.

* These limits apply to UK UCITS schemes in accordance with COLL but, in relation to each of the Schemes, are superseded by the more stringent 10% restriction outlined in the ‘additional restriction’ section above.

Investment in associated collective investment schemes

A Scheme may invest in associated collective investment schemes (other collective investment schemes which are managed or operated by the Manager or an associate of the Manager). In this connection, where an investment or disposal of units in such an associated collective investment scheme is made, and there is a charge in respect of such investment or disposal, the Manager must pay certain amounts within four Business Days following the date of the agreement to invest or dispose namely:

4.3.5 when an investment is made, any preliminary charge; and

4.3.6 when a disposal is made, any charge made for the account of the operator of the second scheme or an associate of any of them in respect of the disposal.

Note that, for this purpose, dilution is not regarded as part of any charge. The intention is to prevent any double charging of the preliminary charge on investment, or redemption charge on disinvestment.

5 Types of investment relevant to the Royal London Corporate Monthly Bond Income Trust, Royal London Sustainable Corporate Bond Trust, Royal London Sustainable Diversified Trust, Royal London Sustainable Managed Growth Trust and Royal London Sustainable World Trust

5.1.1 Money market instruments

What is an “approved money market instrument”?

An approved money market instrument is a money market instrument which is normally dealt in on the money market, is liquid and has a value which can be accurately determined at any time.

(a) *normally dealt in on the money market*

A money market instrument shall be regarded as normally dealt in on the money market if it:

- (i) has a maturity at issuance of up to and including 397 days;
- (ii) has a residual maturity of up to and including 397 days;
- (iii) undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
- (iv) has a risk profile including credit and interest rate risks corresponding to that of the instrument which has a maturity as set out in (i) or (ii) or is subject to yield adjustment as set out in (iii).

(b) *regarded as liquid*

A money market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame taking into account the obligation of the Manager to redeem Units at the request of any qualifying Unitholder.

and

(c) *has a value which can be accurately determined at any time*

A money market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuation systems, which will fulfil the following criteria, are available:

- they enable the Manager to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and
- they are based either on market data or on valuation models including systems based on amortised costs.

Eligible money market instruments

Generally investment may be made in the following types of money market instrument:

(1) *Money market instruments admitted to/dealt in on an Eligible Market*

A money market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time, and so be an approved money market instrument, unless there is information available to the Manager that would lead to a different determination.

(2) *Money market instruments with certain regulated issuers*

In addition to instruments admitted to or dealt in on an eligible market, a UK UCITS scheme may invest in an approved money market instrument provided:

- (a) the issue or the issuer is regulated for the purpose of protecting investors and savings

This is regarded as being the case if:

- (i) the instrument is an approved money market instrument (as explained above);
- (ii) appropriate information is available for the instrument (including information which allows an appropriate assessment of credit risks related to investment in it);

Generally, the following information must be available:

- information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;
- updates of that information on a regular basis and whenever a significant event occurs; and
- available and reliable statistics on the issue or the issuance programme, or where appropriate, other data enabling an appropriate assessment of the credit risks related to investment in those instruments.

In the case of an approved money market instrument issued or guaranteed by a central authority of the UK or an EEA state or, if the EEA state is a federal state, one of the members making up the federation, the European Union or the European Investment Bank or a non EEA state or, in the case of a federal state, one of the members making up the federation, or which is issued by a regional or local authority of the UK or an EEA state or a public international body to which the UK or one or more EEA states belong and is guaranteed by a central authority of the UK or an EEA state or, if the EEA state is a federal state, one of the members making up the federation, information must be available on the issue or the issuance

programme, or on the legal and financial situation of the issuer prior to the issue of the instrument;

and

- (iii) the instrument is freely transferable;
- (b) the instrument is:
 - (i) issued or guaranteed by any one of the following: a central authority of the UK or an EEA state or, if the EEA state, is a federal state, one of the members making up the federation; a regional or local authority of the UK or an EEA state; the Bank of England, the European Central Bank or a central bank of an EEA state; the European Union or the European Investment Bank; a non EEA state or, in the case of federal state, one of the members making up the federation; a public international body to which the UK or one or more EEA member states belong; or
 - (ii) issued by a body, any securities of which are dealt in on an eligible market; or
 - (iii) issued or guaranteed by an establishment which is: (i) subject to prudential supervision in accordance with the criteria defined by UK or EU law or (ii) subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by UK or EU law. (This latter condition is considered satisfied if it is subject to and complies with prudential rules and fulfils one or more of the following criteria: it is located in the UK or the EEA; it is located in an OECD country belonging to the Group of Ten; it has at least investment grade rating or, on the basis of an in depth analysis of the issuer, it can be demonstrated that prudential rules applicable to that issuer are at least as stringent as those laid down by UK or EU law.)

(3) *Other money market instruments with a regulated issuer*

In addition to instruments admitted to or dealt in on an eligible market, a UK UCITS scheme may also, with the express consent of the FCA (which takes the form of a waiver under Section 148 of the Act), invest in an approved money market instrument provided:

- (a) the issue or issuer is itself regulated for the purpose of protecting investors and savings on the basis explained above;
- (b) investment in that instrument is subject to investor protection equivalent to that provided by instruments which satisfy the requirements explained above; and
- (c) the issuer is a company whose capital and reserves amount to at least €10 million and which presents and publishes its annual accounts in accordance with the requirements of the Companies Act 2006 applicable to public companies limited by shares or by guarantee, or private companies limited by shares or by guarantee, or, for companies incorporated in the EEA, Directive 2013/34/EU, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

A securitisation vehicle is a structure, whether in corporate, trust or contractual form, set out for the purpose of securitisation operations.

A banking liquidity line is a banking facility secured by a financial institution which is an establishment subject to prudential supervision in accordance with criteria defined by UK or

EU law or in an establishment which is subject to, and complies with, prudential rules considered by the FCA to be at least as stringent as those laid down by UK or EU law.

Limited investment in money market instruments which are not “Eligible money market instruments”

Not more than 10% in value of the Scheme Property of a Scheme may consist of approved money market instruments which are not within any of the three paragraphs under the heading ‘Eligible money market instruments’ above and shares in a PISCES company (together with any transferable securities which are not approved securities as explained above). A PISCES company is a company whose shares are, or are intended to be, traded on a PISCES.

Deposits

A Scheme may invest in deposits only if it is with an Approved Bank and is re-payable on demand or has the right to be withdrawn and matures in no more than 12 months.

5.2 Other investment powers and restrictions applicable to all schemes

5.2.1 Spread requirements

There are limitations on the proportion of the value of a Scheme which may be held in certain forms of investment. These rules relating to spread of investments do not apply until the expiry of six months after the initial offer of Units of a Scheme, although the Manager must still aim to maintain a prudent spread of risk during this initial period.

General Spread Requirements

The general spread requirements are as follows:

- (a) Not more than 20% in value of a Scheme’s property is to consist of deposits with a single body. This only applies to the Royal London Corporate Bond Monthly Income Trust, Royal London Sustainable Corporate Bond Trust, Royal London Sustainable Diversified Trust, Royal London Sustainable Managed Growth Trust, Royal London Sustainable World Trust and the Royal London UK Equity Tracker Trust*.
- (b) Not more than 5% in value of a Scheme’s property is to consist of transferable securities (or, for the Royal London Corporate Bond Monthly Income Trust, Royal London Sustainable Corporate Bond Trust, Royal London Sustainable Diversified Trust, Royal London Sustainable Managed Growth Trust, Royal London Sustainable World Trust and the Royal London UK Equity Tracker Trust*, approved money market instruments) issued by a single body, except that:
 - (i) the 5% limit is increased to 10% in respect of up to 40% in value of the Scheme’s property (and in applying these limits certificates representing certain securities are treated as equivalent to the underlying security); and
 - (ii) covered bonds need not be taken into account for the purposes of applying the limit of 40%. The limit of 5% is raised to 25% in value of the Scheme Property in respect of covered bonds, provided that, when a Scheme invests more than 5% in covered bonds issued by a single body, the total value of covered bonds must not exceed 80% in value of the Scheme Property.

Note: With the exception of the Royal London Sustainable Corporate Bond Trust, Royal London Sustainable Diversified Trust, Royal London Sustainable Managed Growth Trust and the Royal London Sustainable World Trust, no Scheme may currently invest in covered bonds.

Note: For the Royal London UK Equity Tracker Trust*, up to 20% in value of the Scheme’s property may be invested in shares and debentures which are issued by

the same body, and this 20% limit may be raised to 35% in value of the Scheme Property but only in respect of one body and where justified by exceptional market conditions.

- (c) The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of a Scheme's property although this limit is raised to 10% where the counterparty is an Approved Bank.
- (d) Not more than 20% in value of a Scheme is to consist of transferable securities or, for the Royal London Corporate Bond Monthly Income Trust, Royal London Sustainable Corporate Bond Trust, Royal London Sustainable Diversified Trust, Royal London Sustainable Managed Growth Trust and Royal London Sustainable World Trust, approved money market instruments issued by the same group (meaning companies included in the same group for the purposes of consolidated accounts as defined in accordance with section 399 of the Companies Act 2006, EU Directive 2013/34/EU, or in the same group in accordance with international accounting standards).
- (e) Not more than 20% in value of a UK UCITS scheme is to consist of units in any one collective investment scheme (in relation to each of the Schemes this limit is superseded by the more stringent 10% restriction outlined in the 'additional restriction' section above).

In applying the limits in (a), (b) and (c) and subject to the restrictions on covered bonds mentioned in (b) above, in relation to a single body not more than 20% in value of a Scheme's property is to consist of any combination of any two or more of the following:

- transferable securities (including covered bonds) or approved money market instruments issued by that body; or
- deposits made with that body; or
- exposure from OTC derivatives transactions made with;

that body. Notwithstanding that these limits do not apply to government and public securities, and subject as mentioned below, in applying this 20% limit with respect to a single body, government and public securities issued by that body shall be taken into account.

Government and public securities

The above restrictions do not apply in respect of a transferable security or an approved money market instrument to which this paragraph applies.

With the exception of the Royal London Sustainable Corporate Bond Trust, Royal London Sustainable Diversified Trust and the Royal London Sustainable Managed Growth Trust, no more than 35% of the Scheme's property will be invested in government and public securities issued or guaranteed by a single state, local authority or public international body. Apart from this restriction, there is no limit on the amount which may be invested in such securities or in any one issue.

For the Royal London Sustainable Corporate Bond Trust, Royal London Sustainable Diversified Trust and the Royal London Sustainable Managed Growth Trust more than 35% of the Scheme's property may be invested in such securities issued or guaranteed by the UK Government.

Exposure to OTC derivatives

- (1) The Manager of a Scheme must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out above.

- (2) When calculating the exposure of a Scheme to a counterparty in accordance with the limits in COLL, the Manager must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- (3) The Manager may net the OTC derivative positions of a Scheme with the same counterparty, provided:
 - (a) it is able legally to enforce netting agreements with the counterparty on behalf of the Scheme.
 - (b) the netting agreements in (a) do not apply to any other exposures a Scheme may have with that same counterparty.
- (4) The Manager of a Scheme may reduce the exposure of Scheme Property to a counterparty of an OTC derivative through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.
- (5) The Manager of a Scheme must take collateral into account in calculating exposure to counterparty risk in accordance with the limits when it passes collateral to an OTC counterparty on behalf of the Scheme.
- (6) Collateral passed in accordance with (4) may be taken into account on a net basis only if the Manager is able legally to enforce netting arrangements with this counterparty on behalf of the Scheme.
- (7) The Manager of a Scheme must calculate the issuer concentration limits referred to above on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.
- (8) In relation to the exposure arising from OTC derivatives as referred to above, the Manager must include any exposure to OTC derivative counterparty risk in the calculation.

Use of index based derivatives

Where a scheme invests in an index based derivative, provided the relevant index complies with the above criteria, the underlying constituents of the index do not need to be taken into account for the purposes of the spread requirements provided the Manager takes into account the requirement to provide a prudent spread of risk.

5.2.2 Concentration restrictions

The Manager must not acquire for a Scheme:

- (a) transferable securities (other than debt securities) issued by a company which do not carry rights to vote at a general meeting of that company and represent more than 10% of the securities issued by that company, or
- (b) more than 10% of the debt securities (which are debentures, government and public securities and warrants which confer rights of investment in these) issued by a single body (subject to the exception applicable to Schemes replicating an index); or
- (c) more than 25% of the units in a collective investment scheme; or
- (d) in addition for the Royal London Corporate Bond Monthly Income Trust, Royal London Sustainable Corporate Bond Trust, Royal London Sustainable Diversified Trust, Royal London Sustainable Managed Growth Trust and Royal London Sustainable World Trust, more than

10% of the approved money market instruments issued by any single body;

but need not comply with the limits in (b), (c) and, where appropriate, (d) if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

5.2.3 Prohibition on acquiring significant influence in a company

The Manager may only acquire or cause to be acquired for a Scheme transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:

- (a) immediately before the acquisition, the aggregate of such securities held by the Scheme, taken together with any such securities already held for other schemes for which it is the manager, does not give the Manager power significantly to influence the conduct of business of that corporate body; or
- (b) the acquisition will not give the Manager such power. The power significantly to influence is assumed if the Manager can, because of the transferable securities held for all the schemes of which it is the Manager, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

5.2.4 Warrants

A warrant is an instrument giving entitlements to investments (a warrant or other instrument entitling the holder to subscribe for a share, debenture or government and public security) and any other transferable security (not being a nil paid or partly paid security) which is listed on an eligible securities market; and is akin to an investment which is an instrument giving entitlements to investments, in that it involves a down payment by the then holder and a right later to surrender the instrument and pay more money in return for a further transferable security.

In relation to the Royal London Corporate Bond Monthly Income Trust, the Manager does not intend to enter into warrants except for limited purposes which are consistent with the Scheme's investment objective and policy. Not more than 5% in value of the Scheme's property may consist of warrants.

5.2.5 Nil and partly paid securities

A transferable security or approved money market instrument on which any sum is unpaid is within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Manager at the time when payment is required without contravening COLL as it applies to the Scheme.

5.2.6 Stock lending

Stock lending covers techniques relating to transferable securities and approved money market instruments which are used for the purpose of EPM.

It permits the generation of additional income for the benefit of the Scheme and hence its investors, by entering into stock lending transactions for the account of the Scheme.

Stock lending involves a lender transferring securities to a borrower otherwise than by way of sale and the borrower transferring those securities, or securities of the same type and amount, back to the lender at a later date. In accordance with market practice, a separate transaction by way of transfer of assets is involved for the purposes of providing collateral to the “lender” to cover him against the risk that the future transfer back of the securities may not be satisfactorily completed.

A stock lending arrangement or repo contract may be entered into in respect of a Scheme when it is appropriate with a view to generating additional income with an acceptable degree of risk. The Trustee at the Manager’s request, may enter into a repo contract or a stock lending arrangement of a kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C) on certain terms specified in COLL. Subject to COLL, there is no limit on the value of the property of a Scheme which may be the subject of stock lending transactions.

Where a stock lending arrangement is entered into, the Scheme Property remains unchanged in terms of value. The securities transferred cease to be part of the Scheme Property but there is obtained in return an obligation on the part of the counterparty to transfer back equivalent securities. The Trustee will also receive collateral to set against the risk of default and transfer and that collateral is equally irrelevant to the value of the Scheme Property. COLL makes provision for treatment of collateral in that context. Where the scheme generates leverage through the re-investment of collateral, this should be taken into account in the calculation of the scheme’s global exposure.

The Manager should ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.

Where a reverse repurchase agreement is entered into in relation to a Scheme, the Manager should ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. For a repurchase agreement entered into in relation to a Scheme, the Manager should ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered. Fixed-term repurchase and reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Manager.

5.2.7 Power to underwrite or accept placings

The exposure of a Scheme to agreements and understandings which are underwriting or sub underwriting agreements, or contemplate the securities will or may be issued or subscribed for or acquired for the account of the Scheme, must, on any day be covered (as explained above in relation to derivative transactions) and such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in COLL.

5.2.8 Guarantees and indemnities

The Trustee (on account of the Scheme) must not provide any guarantee or indemnity in respect of the obligation of any person. None of the property of the Scheme may be used to discharge any obligation arising under any guarantee, or indemnity with respect to the obligation of any person.

This is subject to exceptions in the case of any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL (summarised above) and indemnities given to

give to the person winding up a body corporate or other scheme in circumstances where those assets are becoming the first part of the Scheme Property by way of a unitisation.

5.2.9 Borrowing

The Trustee (on the instructions of the Manager) may borrow money for the use of a Scheme on terms that the borrowing is to be repayable out of the property of the Scheme from an Eligible Institution or an Approved Bank (e.g. a bank or building society). Borrowings may be arranged with the Trustee. The Manager must ensure that any such borrowings comply with COLL.

Borrowing must be on a temporary basis and not be persistent, and in any event must not exceed 3 months without the prior consent of the Trustee. The Trustee's consent may be given only on conditions which appear appropriate to the Trustee to ensure that the borrowing remains on a temporary basis.

The Manager must ensure that borrowing for a Scheme does not exceed 10% of the value of the property of the Scheme on any Business Day.

These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes, i.e. borrowing permitted to reduce or eliminate risk arising by reason of fluctuations in exchange rates.

5.2.10 Restrictions on lending

None of the money in the Scheme Property of a Scheme may be lent and, for the purposes of this prohibition, money is lent by a Scheme if it is paid to a person (the payee) on the basis that it should be repaid whether or not by the payee. (This restriction does not prevent the acquiring of a debenture, nor the placing of money on deposit or in a current account.)

The Scheme Property of the Scheme other than money must not be lent by way of deposit or otherwise, although stock lending transactions are not regarded as lending for this purpose. The Scheme Property must not be mortgaged. This rule does not however prevent the Trustee at the request of the Manager from lending, depositing, pledging or charging the Scheme Property for margin requirements where transactions in derivatives or forward transactions are used for the account of the Scheme in accordance with COLL.

5.2.11 Cash and near cash

At times it is appropriate for a Scheme not to be fully invested. However, the Manager may make deposits. A Scheme may hold cash and "near cash" where this may reasonably be regarded as necessary in order to enable:

- (i) redemption of Units; or
- (ii) efficient management of the Scheme in accordance with its investment objectives; or
- (iii) other purposes which may usefully be regarded as ancillary to the investment objectives of the Scheme.
- (iv) in addition for the Royal London Corporate Bond Monthly Income Trust, Royal London Sustainable Corporate Bond Trust, Royal London Sustainable Diversified Trust, Royal London Sustainable Managed Growth Trust and Royal London Sustainable World Trust, the pursuit of the Scheme's investment objectives.

During the initial offer period of a Scheme, the Scheme may consist of cash and near cash without limitation.

5.2.12 Immovable property

The Schemes shall not invest in immovable property.

5.2.13 Collateral management

The Manager has a collateral management policy which defines “eligible” types of collateral which the Schemes may receive to mitigate counterparty exposure (including any applicable haircuts). A haircut is a reduction to the market value of the collateral in order to allow for a cushion in case the market value of that collateral falls. Collateral will generally be of high quality and liquid e.g. cash and government securities. The policy will also include any additional restrictions deemed appropriate by the Manager. The Manager will accept the following permitted types of collateral: cash, government securities, certificates of deposit; bonds or commercial paper issued by “relevant institutions”.

Collateral will be subject to a haircut depending on the class of assets received. The haircut policy depends on the quality of assets received, their price volatility, together with the outcome of any stress tests performed under normal and exceptional liquidity conditions.

Where cash collateral, is received, if it is reinvested, it will be diversified in accordance with the requirements of COLL.

Where a Scheme re-invests cash collateral in one or more permitted types of investment, there is a risk that the investment will earn less than the interest that is due to the counterparty in respect of that cash and that it will return less than the amount of cash that was invested.

5.2.14 Breaches of the investment and borrowing powers and limits

Generally the Manager must, at its own expense, take action to rectify a breach of the investment and borrowing powers and limits as soon as it becomes aware of it. However:

- 5.2.14.1 if the reason for the breach is beyond the control of the Manager and the Trustee, the Manager must take the steps necessary to rectify a breach as soon as it is reasonably practicable having regard to the interests of Unitholders, and, in any event, within six months or, if it is a transaction in derivatives or a forward transaction, five Business Days; and
- 5.2.14.2 if the exercise of rights conferred by an investment held by a Scheme would involve a breach, the Scheme may still exercise those rights if:
 - (i) the prior written consent of the Trustee is obtained; and
 - (ii) the Manager then takes the steps necessary to rectify the breach as soon as is reasonably practicable having regard to the interests of Unitholders and, in any event, within six months or, if it is a transaction in derivatives or a forward transaction, five Business Days.

Immediately upon the Trustee becoming aware of any breach of any of the investment and borrowing powers and limits, it must ensure that the Manager takes such appropriate action.

APPENDIX C

Past Performance of the Schemes

The following table shows the performance of all Schemes for the five-year period to 31 December 2024.

For Schemes with more than one Unit Class, a representative Unit Class has been used. Please consult the Product Summary for the relevant Unit Class for more detail.

For Schemes with a target benchmark or comparator benchmark, the performance data of the relevant benchmark is also shown below the relevant Scheme's performance information.

The figures show performance after the ongoing charges and the portfolio transaction costs have been paid. Entry and exit charges are excluded from calculations of past performance.

Please note that past performance is not a guide to future performance and when you sell your investment you may get back less than you originally invested, regardless of how well the Scheme performs.

	Percentage Growth (%)				
	1 Jan 2020 to 31 Dec 2020	1 Jan 2021 to 31 Dec 2021	1 Jan 2022 to 31 Dec 2022	1 Jan 2023 to 31 Dec 2023	1 Jan 2024 to 31 Dec 2024
Royal London Corporate Bond Monthly Income Trust (Class A Income)	6.84	-1.03	-16.29	9.56	4.39
<i>iBoxx Sterling Non-Gilts - All Maturities</i>	7.80	-3.09	-17.72	8.60	1.71
<i>IA Sterling Corporate Bond Sector</i>	7.87	-1.95	-16.36	9.26	2.60
Royal London European Growth Trust (Class A Income)	9.45	19.52	-8.94	13.68	-0.14
<i>FTSE World Europe ex-UK Net Total Return GBP Index</i>	8.62	17.40	-6.98	15.68	3.03
Royal London Sustainable Corporate Bond Trust (Class C Accumulation)(1)	8.13	-1.19	-17.29	9.69	3.61
<i>Markit iBoxx Sterling Non-Gilts All Maturity Total Return GBP Index</i>	7.80	-3.09	-17.72	8.60	1.71
Royal London Sustainable Diversified Trust (Class A Income)	12.74	11.39	-16.78	12.80	6.36
<i>IA Mixed Investments 20-60% Shares sector</i>	3.49	6.31	-9.67	6.86	6.18
Royal London Sustainable Leaders Trust (Class A Income)	2.51	21.62	-11.19	10.02	8.39
<i>FTSE All-Share Index</i>	-9.82	18.32	0.34	7.92	9.47
Royal London Sustainable Managed Growth Trust (Class C Accumulation)	10.56	4.69	-17.43	11.57	5.16
<i>IA Mixed 0-35% Shares sector</i>	3.98	2.57	-10.22	6.06	4.36
Royal London Sustainable World Trust (Class A Income)**	19.35	17.08	-17.37	14.64	11.03

	Percentage Growth (%)				
	1 Jan 2020 to 31 Dec 2020	1 Jan 2021 to 31 Dec 2021	1 Jan 2022 to 31 Dec 2022	1 Jan 2023 to 31 Dec 2023	1 Jan 2024 to 31 Dec 2024
<i>IA Mixed Investments 40-85% Shares sector</i>	5.50	11.22	-10.18	8.10	8.88
Royal London UK Growth Trust (Class A Income)	-5.38	22.83	-11.12	8.87	8.55
<i>FTSE All-Share Index</i>	-9.82	18.32	0.34	7.92	9.47
Royal London UK Equity Tracker Trust (Class A Accumulation) (1)	-10.68	16.24	1.15	7.78	9.93
<i>FTSE4Good UK GBP Index</i>	-11.30	17.38	0.87	8.34	10.28
Royal London UK Income with Growth Trust (Class A Income)	-6.19	12.60	0.27	4.97	7.63
<i>FTSE All-Share Index</i>	-9.82	18.32	0.34	7.92	9.47
Royal London US Equity Trust (Class A Income) (1)	14.80	31.78	-10.92	24.45	25.70
<i>MSCI USA £ Net Total Return Index</i>	17.00	27.62	-9.75	19.36	26.81

- (1) Please note: the Royal London Sustainable Managed Income Trust changed its name to Royal London Sustainable Corporate Bond Trust on 27 March 2024, the Royal London UK FTSE4good Tracker Trust changed its name to Royal London UK Equity Tracker Trust on 2 December 2024 and the Royal London US Growth Trust changed its name to Royal London US Equity Trust on 31 July 2025.

APPENDIX D

Delegates appointed by the Trustee

Country	Sub-Custodian
Argentina	Citibank Argentina S.A.
Australia	HSBC Bank Australia Limited
Austria	HSBC Continental Europe S.A., Germany
Bahrain	HSBC Bank Middle East Ltd, Bahrain
Bangladesh	The Hongkong and Shanghai Banking Corporation Limited, Bangladesh
Belgium	BNP Paribas, Belgium S.A.
Belgium	Euroclear Bank S.A./N.V.
Benin	Societe Generale Côte d'Ivoire
Botswana	Standard Chartered Bank Botswana Ltd
Brazil	BNP Paribas Brasil S.A
Bulgaria	UniCredit Bulbank AD
Burkina Faso	Societe Generale Côte d'Ivoire
Canada	Royal Bank of Canada
Chile	Banco Santander Chile
China	HSBC Bank (China) Company Ltd
Colombia	Santander CACEIS Services Colombia S.A. Sociedad Fiduciara
Costa Rica	Banco Nacional De Costa Rica
Croatia	Privredna Banka, Zagreb d.d
Cyprus	BNP Paribas S.A Athens Branch
Czech Republic	Ceskoslovenska Obchodni Banka, AS
Denmark	Skandinaviska Enskilda Banken AB, (publ) Copenhagen Branch
Egypt	HSBC Bank Egypt SAE
Estonia	AS SEB Pank
Finland	Skandinaviska Enskilda Banken AB, (publ), Helsinki Branch
France	CACEIS Bank France
Germany	HSBC Continental Europe S.A., Germany
Ghana	Stanbic Bank Ghana Ltd

Country	Sub-Custodian
Greece	HSBC Continental Europe, Greece
Hong Kong	The Hongkong & Shanghai Banking Corporation Limited, Hong Kong
Hungary	Unicredit Bank Hungary Zrt
Iceland	Landsbankinn h.f.
India	The Hongkong and Shanghai Banking Corporation Limited, India
Indonesia	PT Bank HSBC, Indonesia
Ireland	HSBC Bank Plc, UK
Israel	Bank Leumi Le-Israel BM
Italy	BNP Paribas S.A.
Ivory Coast	Societe Generale Côte d'Ivoire
Japan	The Hongkong and Shanghai Banking Corporation Limited, Japan
Jordan	Bank of Jordan
Kenya	Stanbic Bank Kenya Ltd
Kuwait	HSBC Bank Middle East Ltd, Kuwait Branch
Latvia	AS SEB Banka
Lithuania	AB SEB Bankas
Luxembourg	Clearstream Banking SA
Malaysia	HSBC Bank Malaysia Berhad
Mali	Societe Generale Côte d'Ivoire
Mauritius	The Hongkong and Shanghai Banking Corporation Limited, Mauritius
Mexico	Banco S3 Caceis Mexico, S.A., Institución de Banca Múltiple
Morocco	Citibank Maghreb S.A.
Netherlands	BNP Paribas S.A.
New Zealand	The Hongkong and Shanghai Banking Corporation Limited, New Zealand
Niger	Societe Generale Côte d'Ivoire
Nigeria	Stanbic IBTC Bank
Norway	Skandinaviska Enskilda Banken AB, (publ) Oslofilialen
Oman	HSBC Bank Middle East Ltd. Oman Branch
Pakistan	Citibank NA

Country	Sub-Custodian
Palestine	Bank of Jordan Plc Palestine Branch
Peru	Citibank del Peru
Philippines	The Hongkong and Shanghai Banking Corporation Limited, Philippines
Poland	Bank Polska Kasa Opieki S.A.
Portugal	BNP Paribas S.A.
Qatar	HSBC Bank Middle East Ltd, Qatar Branch
Romania	Citibank Europe plc, Dublin Romania Branch
Russia	AO Citibank Russia
Saudi Arabia	HSBC Saudi Arabia Limited
Serbia	UniCredit Bank Srbija A.D.
Senegal	Societe Generale Côte d'Ivoire
Singapore	The Hongkong and Shanghai Banking Corporation Limited, Singapore
Slovak Republic	Ceskoslovenska Obchodna Banka AS,
Slovenia	Unicredit Banka Slovenia DD
South Africa	Standard Bank of South Africa
South Korea	The Hongkong and Shanghai Banking Corporation Limited, Korea
Spain	BNP Paribas S.A.
Sri Lanka	The Hongkong and Shanghai Banking Corporation Limited, Sri Lanka
Sweden	Skandinaviska Enskilda Banken AB, (publ)
Switzerland	Credit Suisse, Switzerland Ltd
Taiwan	HSBC Bank (Taiwan) Limited
Tanzania	Standard Chartered Bank (Mauritius) Ltd, Tanzania
Thailand	The Hongkong and Shanghai Banking Corporation Limited, Thailand
Togo	Societe Generale Côte d'Ivoire
Tunisia	Union Internationale de Banques Tunisia
Turkey	Turk Ekonomi Bankasi A.S.
Uganda	Stanbic Bank Uganda Limited
United Arab Emirates	HSBC Bank Middle East Ltd, UAE
United Kingdom	HSBC Bank Plc

Country	Sub-Custodian
United States	HSBC Bank USA, N.A.
Vietnam	HSBC Bank (Vietnam) Ltd
Zambia	Stanbic Bank Zambia Ltd – Lusaka
Zimbabwe	Standard Bank of South Africa Limited

*Argentina is currently a restricted market and given the recent repatriation issues, no longer considered to be an eligible market under COLL 5.2.10 R.

Investors should note that this list of sub-custodians is updated only at each Prospectus review.

An up-to-date list of sub-custodians is maintained by the Manager and is available on request.

The Trustee has also delegated proxy voting to Institutional Shareholder Services Europe S.A. (ISS).

APPENDIX E

Risk Factors

The risk factors set out below apply to all of the Schemes unless stated otherwise.

What you get back from your investment is not guaranteed. In particular:

- Investment growth could be lower than illustrated;
- Past performance is not a reliable indicator of future performance;
- The value of your investment may go down as well as up;
- We cannot guarantee any capital growth nor income from your investment into any of the Schemes.
- Should you need to cash in your investment at any time, you might get back less than you have invested. This could be as a result of poor investment performance or the effect of exchange rates on your investment.
- When we receive your investment we will send you a notice of your right to cancel. On receipt you will then have 30 days in which you can change your mind. If you have chosen to invest a monthly contribution into your trust(s) you will receive back any contributions you have paid to us. However if you have invested a lump sum and the unit price of your trust(s) has fallen, then you will not get back the full amount of your investment. Appropriate arrangements are in place for non-retail clients, as agreed with those clients.
- If you are saving regularly with a specific objective in mind, it is important to keep up your contributions. Even then there is no guarantee that the returns will be sufficient for your purpose.
- Tax laws may change. The tax information in this document is based on our current understanding.
- Investments made during a period of low inflation may not be worth as much should inflation rates rise, even if the realisable value does not change.
- There is a lack of certainty that environmental factors, such as the current tax regime will persist.
- There is a risk to your capital, including potential risk of erosion, should you decide to take withdrawals from your investment.
- Overseas investments are not held in Sterling. Therefore, exchange rate changes could reduce the value of your investment. (Royal London Corporate Bond Monthly Income Trust, Royal London European Growth Trust, Royal London Sustainable Corporate Bond Trust, Royal London Sustainable Diversified Trust, Royal London Sustainable Leaders Trust, Royal London Sustainable Managed Growth Trust, Royal London Sustainable World Trust and Royal London US Equity Trust only).
- Investments in the Scheme (either directly or indirectly through ISAs) may not be suitable for all investors. If you are in any doubt you should seek independent financial advice, although you will have to bear the costs of such advice.
- The value of the assets of a Trust may be affected by uncertainties such as international political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, and other developments in applicable laws and regulations.
- **As noted under the heading 'Proposed use of Derivatives' above, each scheme may use derivatives for the purposes of EPM (including hedging), and some may also use derivatives for the purposes of meeting the investment objectives. Derivatives have the potential either to increase or reduce existing market risk within a Scheme, introduce new types of market or credit risk to a Scheme, or introduce counterparty risk to a Scheme. Investment in**

derivatives may therefore, to some extent, alter the risk profile of a Scheme. However, for each Scheme, it is not intended that derivatives will form a major component of the Scheme's property and it is not expected to alter the risk profile of the Scheme.

Royal London Corporate Bond Monthly Income Trust

The overall return (i.e. capital and income) from an investment in the Royal London Corporate Bond Monthly Income Trust will fall or rise as a consequence of a number of factors, but in particular, the capital value is likely to fall when interest rates rise and vice versa. Additionally, although the majority (at least 80%) of the Scheme's investments will be in investment grade bonds (Standard & Poor's rating BBB minus, or equivalent or above), a limited proportion may be in bonds of a lower grade which are subject to a greater risk of default leading to loss of capital.

Royal London Sustainable Corporate Bond Trust

The overall return (i.e. capital and income) from an investment in the Royal London Sustainable Corporate Bond Trust will fall or rise as a consequence of a number of factors, but in particular, the capital value of the debt and debt-related securities are likely to fall when interest rates rise and vice versa. Additionally, a proportion of the Scheme's investments will be in high yielding, sub-investment grade bonds which are subject to a greater risk of default (and potential loss of capital) than investment grade bonds.

The investment mandate will result in certain industries being excluded as a result of the Scheme's Investment Strategy, in addition to including some issuing companies being based overseas. As a consequence, the portfolio could be more volatile than a similar fund that doesn't have sustainable (ethical) criteria.

Royal London Sustainable Corporate Bond Trust and the Royal London Sustainable Managed Growth Trust and (the "Debt Funds")

The Debt Funds invests 'in noninvestment grade bonds'. Debt securities carry a credit risk that the entity who issues a fixed income security cannot repay principal or pay interest when due. This risk is higher when the fixed income security has a low credit rating – these fixed income securities are known as 'non-investment grade bonds' or 'non-investment grade debt securities' and have the potential for greater losses. The market for debt securities which are rated below investment grade and/or have a lower credit rating generally is of lower liquidity and less active than for higher rated debt securities and a Scheme's ability to liquidate its holdings in response to changes in the economy or the financial markets may be further limited by factors such as adverse publicity and investor perception. The Debt Funds hold fixed income investments and may be affected by changes in interest rates. As interest rates rise, the value of fixed income investments tends to fall, and so will the value of these Schemes. In contrast, if interest rates fall the value of these investments and of these Schemes, may rise

Royal London Sustainable Diversified Trust

The investment mandate will result in certain industries being excluded as a result of the Scheme's Investment Strategy, in addition to including some companies based overseas. As a consequence, its portfolio could be more volatile. However, the Royal London Sustainable Diversified Trust will look to manage risk/volatility through active asset allocation.

Royal London Sustainable Leaders Trust

The investment strategy is concentrated upon specific stocks, including some companies based overseas, and as a consequence, its portfolio is not represented in many areas of industry and commerce. Therefore the price of Units cannot be expected to move in a manner similar to that of the broad UK stock market and could be more volatile.

Royal London Sustainable Managed Growth Trust

The investment mandate will result in certain industries being excluded as a result of the Scheme's Investment Strategy, in addition to including some companies based overseas. As a consequence, its portfolio could be more volatile. However, the Royal London Sustainable Managed Growth Trust will

look to manage risk/volatility through active asset allocation and will remain primarily invested in fixed interest securities.

Royal London Sustainable World Trust

As noted above, overseas investments are not held in Sterling, and therefore, exchange rate changes could reduce the value of your investment. Such regional diversification may increase the volatility of the Scheme.

The investment mandate will result in certain industries being excluded as a result of the Scheme's Investment Strategy. As a consequence, there may be increased risk due to reduced diversification opportunities.

Royal London UK Income with Growth Trust

The taking of charges from the Scheme's capital may erode capital and/or constrain capital growth.

APPENDIX F

Glossary of Investment Terms

Term	Description
asset-backed securities	investments that aim to reduce risk by using other underlying financial assets as collateral
bonds	<p>fixed-income investments issued as debt by companies and public bodies to raise finance. Investors in bonds generally receive a previously agreed, non-variable interest payment until the investment matures.</p> <p>Corporate bonds are those issued by companies to raise finance.</p> <p>Government bonds are those issued by governments.</p> <p>Investment and sub-investment grade bonds are bonds credit-rating agencies have rated as high quality and low quality, respectively. Lower-quality bonds tend to pay a higher income but come with a greater risk of default.</p> <p>Supranational bonds are those issued by international unions of countries, sometimes for the purpose of developing economic ties.</p> <p>Unrated bonds have no credit rating assigned.</p>
cash flow	the net amount of money coming in and out of a business. Positive cash flows indicate that a company's liquid assets are increasing – this means there is more cash to settle debts, reinvest and pay shareholders dividends (regular payments made by a company to its shareholders).
exchange-traded fund or ETF	a fund that is tradeable on an index in a similar way to individual shares. ETFs track other indices and provide a lower-cost method of diversifying a portfolio.
diversification	involves investing in multiple asset classes or sectors in order to manage risk or enhance performance.
floating rate notes	floating rate notes are fixed-income investment with a flexible interest rate linked to a benchmark rate, such as the federal funds rate.
hedging	reduces risk by protecting an investment with another related investment.
IA sectors	many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.
money market instruments	short-term, liquid investments issued by public institutions or companies.
over rolling X-year periods	means any period of X years, no matter which day you start on.
permanent interest-bearing shares	special shares issued by building societies that pay a fixed rate of interest.
preference shares	preference shares give an investor in a company a higher priority and greater protection than common stock.

securitisations	securitisation is the pooling of various types of contractual debt (e.g. residential mortgages, auto loans etc).
total return	a combination of capital growth and income. Capital growth is defined as the rise in an investment's value over time and income as the payment an investment generates, such as dividends or bond coupons.
transferable securities	securities that can be readily transferred between two investors.