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# Royal London Sustainable Leaders Trust

Quarterly Investment Report

31 December 2024

# Quarterly Report

## The fund as at 31 December 2024

The purpose of this report is to provide an update on the Royal London Sustainable Leaders Trust. The report has been produced by Royal London Asset Management. The report starts with a summary dashboard showing key information about the fund. A glossary is located at the end of the report covering the description of some of the more technical terms used within the report. All data is as at the report date unless otherwise stated.

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# The fund

## Fund performance objective and benchmark

The Fund's investment objective is to achieve capital growth over the medium term (3-5 years) by investing at least 80% in the shares of UK companies listed on the London Stock Exchange that are deemed to make a positive contribution to society. Investments in the Fund will adhere to the Investment Adviser's ethical and sustainable investment policy. The Fund's performance target is to outperform, after the deduction of charges, the FTSE All-Share Index (the "Index") over a rolling 5-year period. The Index is considered an appropriate benchmark for the Scheme's performance, as the Scheme's potential investments will predominantly be included in the Index. In addition to the benchmark for the Scheme's performance as noted above (the "Index"), the IA UK All Companies sector is considered an appropriate benchmark for performance comparison.

Benchmark: FTSE All-Share Index

## Fund value

	Total £m
31 December 2024	2,934.84

## Fund analytics

	Fund
Fund launch date	29 May 1990
Base currency	GBP
Number of holdings	40

# Performance and activity

## Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	(0.78)	(0.35)	(0.43)
1 Year	9.48	9.47	0.02
3 Years (p.a.)	3.11	5.82	(2.71)
5 Years (p.a.)	7.02	4.80	2.22
10 Years (p.a.)	9.81	6.16	3.65
Since inception (p.a.)	8.99	7.82	1.17

Past performance is not a guide to future performance. Please refer to the Glossary for the basis of calculation and impact of fees. Performance and since inception date based on C Acc GBP. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 29 May 1990.

## Performance commentary

The fund underperformed the FTSE All Share Index during the fourth quarter.

We continue to apply our tried and tested investment process focusing on finding the most attractive companies from a sustainability and financial standpoint as we believe these companies can offer high and more durable long-term growth as well as being more resilient.

During the quarter, the best performing sectors was financials while real estate and materials underperformed.

Financials are benefitting from the higher for longer outlook for interest rates as well as the de-regulatory agenda of the incoming US Administration. Real estate is on the opposite end negatively impacted by higher interest rates. Finally, shares of material companies underperformed with no signs of economic improvement from China.

Within the fund, Sage was a top performer. The small business software provider saw positive share price reaction to its results which highlighted a reacceleration of momentum.

The firm helps small businesses with financial software, such as payrolls and accounting, has completed its cloud transition and is seeing a ramp up in demand for its improved AI-related tools giving us confidence in the long-term outlook for the business.

Another positive contributor in the quarter was Standard Chartered. The Asia-focused lender saw a rise in share price, benefitting from the change in expectations of the pace of central bank interest rate cuts as well as the bank demonstrating continued strong execution.

London Stock Exchange operator LSEG also contributed positively to the fund's performance, as it continues to demonstrate solid execution of its strategy.

Our overseas names contributed positively to performance, including US semiconductor and infrastructure software firm Broadcom, as well as tech giant Microsoft.

# Performance and activity

## Performance commentary (continued)

Both companies reported strong growth benefitting from investments into artificial intelligence – with Broadcom supplying chips and Microsoft advancing its AI tools.

Detracting from the fund in the quarter was our healthcare holdings, where we are overweight relative to the index. Weakness in the sector was driven by increased uncertainty around healthcare policy in the US following the results of the election as well as slightly weaker results than anticipated for some of our healthcare holdings.

Energy company SSE detracted during the quarter following a delay in certain projects, raising concerns about the company's execution plans.

Construction equipment rental firm Ashtead was a detractor during the period. The firm reported disappointing results during the quarter as it sees weakness in its end-market being exposed to commercial real estate.

# Performance and activity

## Top 10 holdings

	Weighting (%)
LONDON STOCK EXCHANGE GROUP PLC	6.05
COMPASS GROUP PLC	5.70
RELX PLC	5.56
ASTRAZENECA PLC	5.29
STANDARD CHARTERED PLC	5.18
EXPERIAN PLC	4.80
SAGE GROUP PLC	4.80
HSBC HOLDINGS PLC	4.08
SCHNEIDER ELECTRIC	3.81
SSE PLC	3.55
<b>Total</b>	<b>48.83</b>

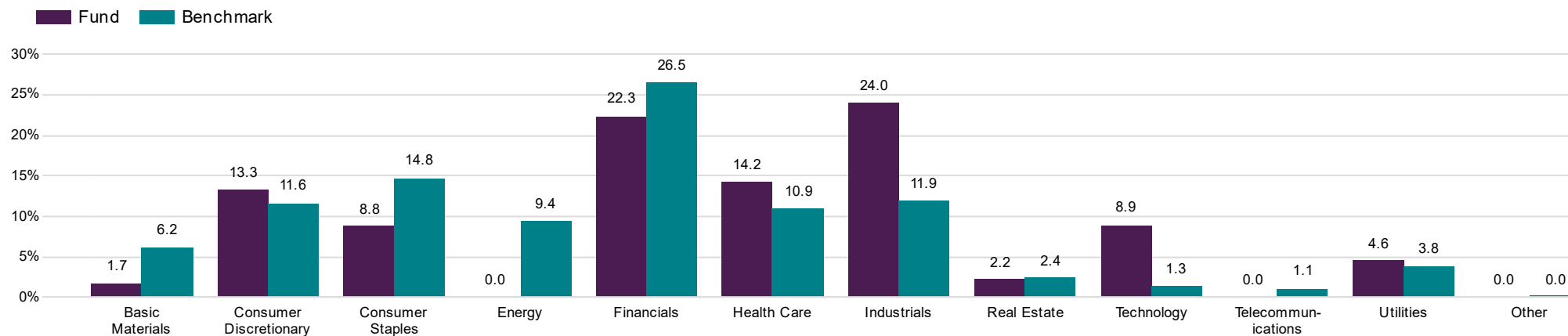
## Fund activity

Our sustainable strategies are orientated to those companies that have a net benefit to society and create value for investors through their products and services and the way they manage environmental, social and governance (ESG) issues. Areas such as healthcare and technology remain at the core of the equity portfolios, complemented by engineering, utilities, selected financial services, and companies that lead their industries in ESG performance. This means that we do not invest in some sectors, such as oil & gas, extractive industries, or tobacco. We believe that the exposure to those sectors which offer a positive contribution to society is consistent with outperformance over the medium term.

We did not add any new names in the quarter or exit from any positions. We remain happy with balance and structure of the portfolio.

# Fund breakdown

## Sector weights



# Characteristics and climate

## ESG characteristics rationale

The Fund focuses on the sustainability of the products and services of the companies it invests in, as well as their standards of environmental, social, governance ("ESG") management, alongside financial analysis. The investment approach is fundamentally based on positive screening; identifying companies that are making a positive contribution towards a cleaner, healthier, safer and more inclusive society, through assessing both what a company does and how it does it, and through active engagement to encourage continual improvement. The fund will not invest in companies that undertake business activities deemed to be detrimental to society. Further details of the Funds Sustainable Investment process can be found in the ethical and sustainable investment policy at [www.royallondon.com/existing-customers/your-products/manage-your-isa-or-unit-trust/rlum-isa-overview/](http://www.royallondon.com/existing-customers/your-products/manage-your-isa-or-unit-trust/rlum-isa-overview/)

## ESG characteristics

Royal London Asset Management has a controversial weapons exclusion across all investments. Our full policy can be found on our website:

[www.rlam.com/globalassets/media/literature/policies/controversial-weapons-policy.pdf](http://www.rlam.com/globalassets/media/literature/policies/controversial-weapons-policy.pdf)

	Yes	No
ESG integration	✓	
Promotes environmental or social characteristics	✓	
Sustainable fund objective	✓	
Additional exclusions	✓	

## Additional exclusions

Exclusion criteria that make sure a fund does not invest into a specific service or product. Royal London Asset Management has a controversial weapons exclusion across all investments.

Adult entertainment	✓	High environmental impact	✓
Alcohol	✓	Human rights issues	✓
Animal welfare	✓	Nuclear power	✓
Armaments	✓	Nuclear weapons	✓
Fossil fuels	✓	Tobacco	✓
Gambling	✓		

## Climate metrics

	Fund	Benchmark	Difference (%)
Financed emissions (tCO2e)	35,913	n/a	n/a
Financed emissions coverage	97.54%	n/a	n/a
Carbon footprint (tCO2e/\$M invested)	9.82	57.31	(82.86)
Carbon footprint coverage	97.54%	93.83%	3.95
Weighted average carbon intensity (tCO2e/\$M sales)	31.06	86.65	(64.15)
Weighted average carbon intensity coverage	94.57%	92.70%	2.02

All climate metrics presented above are for Scope 1-2 emissions. Unless specified in the objective, the data is for information only and should not be taken to mean they are being managed to/controlled.

## Implied temperature rise

	Fund (%)	Benchmark (%)	Difference (%)
Implied temperature rise (ITR) coverage	97.54	93.81	3.98
% of portfolio below 2°C ITR	68.58	64.40	6.51
% of portfolio below 1.5°C ITR	29.84	32.39	(7.87)

## SBTi net - zero

	Fund (%)	Benchmark (%)	Difference (%)
SBTi Net-Zero committed	43.07	39.55	8.91
SBTi Near-Term committed	2.63	3.18	(17.35)
SBTi Near-Term targets set	67.32	50.76	32.62



# Fund Engagement

## Engagement definition

Engagement is active dialogue with investee companies (or other entities). There are two types: engagement for information, which is dialogue as part of investment research or ongoing monitoring, without specific objectives for change, and engagement for change, which is purposeful dialogue to influence positive change, with defined objectives and demonstrable outcomes.

## Engagements

Engagement activity	Fund 3 months	Fund 12 months
Number of entities engaged	26	37
Number of engagements	36	110

This is an estimate. Some engagements at the issuer level may not have been attributed to the specific bond held in the fund, resulting in a lower number of engagement activities.

## Total engagements by theme and topic



Biodiversity	4	Technology, Innovation & Society	6
Climate	8	Technology & Society	6
Climate - Transition Risk	8	Other	2
Environment	1		
Governance	12		
Remuneration	9		
Corporate Governance	3		
Health	9		
Mental Health	7		
Health - Community	2		
Social & Financial Inclusion	3		
Social & Financial Inclusion	2		
Just transition	1		

## Engagement focus

Firm-wide engagement activity is centred around six themes which we have identified in consultation with our clients. These are: climate change; nature and biodiversity; health; governance and corporate culture; social and financial inclusion; innovation, technology and society. Portfolio level engagements are not thematic and are focussed on issues specific to managing the portfolio and meeting the investment objective.

Engagement data represents all engagements undertaken at both firm and portfolio level across Royal London Asset Management, and may not be limited to those undertaken solely for the purpose of managing the fund.

The numbers of engagements and themes/topics discussed may differ where a single engagement covers multiple themes/topics.

# Fund Engagement

## Engagement outcomes

### Croda International Plc - Environment

#### Purpose:

The meeting with Croda, a UK speciality chemicals company, focused on discussing its strategies for addressing air pollution, animal testing, raw material extraction, and biodiversity. This discussion was in response to a stewardship letter sent by the Sustainable Equities team following an air pollution incident.

#### Outcome:

The meeting increased our confidence that the air pollution incident at Croda's Atlas Point site was contained, with no similar risks at other locations. It also clarified the challenges associated with bio-based raw materials and highlighted the interconnection between sustainability and business decisions at Croda. Additionally, Croda has enhanced community engagement around its sites. During the meeting, we urged Croda to publish more detailed emissions data. Next steps include obtaining further information about the steam-assisted flare installation at the site which had the ethylene oxide leak.

### Experian Plc - Ethical AI & social and financial inclusion

#### Purpose:

The primary purpose of the meeting was to engage with Experian, a global data and analytics company, on various aspects of its business operations, particularly focusing on sustainability, the impact of Artificial Intelligence (AI), and the ethical management of data.

#### Outcome:

The meeting provided us an initial understanding of Experian's strategies and progress in sustainability, AI governance, and ethical data management, reinforcing its commitment to responsible business practices and positive social impact. Experian is assessing AI's impact on its 2030 emissions reduction target and progressing towards cloud migration. Experian engages suppliers to set climate targets. Experian has robust AI governance, ensuring fairness and transparency, and promotes financial inclusiveness through products like Experian Lift (a credit scoring model that uses additional data sources to provide a more comprehensive view of a consumer's creditworthiness, helping lenders make better-informed decisions) and Boost (free service that helps consumers improve their credit scores instantly by adding positive payment history from bills to their credit reports).

The company maintains transparency with customers and complies with General Data Protection Regulation (GDPR), conducting thorough due diligence on financial products to ensure consumer protection. Experian quantifies the positive social impact of its healthcare products, aligning with sustainability goals and integrating ESG strategies into operations. We will review Experian's approach to sustainable and ethical AI, benchmarking it against other companies as part of our broader engagement programme.

# Fund Engagement

## Engagement outcomes

### Lloyds Banking Group Plc - Just transition

#### Purpose:

We met with Lloyds Banking Group, UK-based financial services group, as part of our collaborative engagement with banks on just transition, aiming for the bank to integrate this issue throughout its climate transition plan and demonstrate implementation at product, sector, and regional levels.

#### Outcome:

Lloyds Banking Group continues to view just transition as integral to the company's purpose and growth strategy. The positive call highlighted several innovative projects, supporting its alignment with just transition principles. Lloyds found our investor expectations helpful but noted that a sector lens might miss interdependencies, advocating for a system-based approach instead. The company provided examples of just transition integration across various systems, such as sustainable farming, greening the built environment, low carbon transport, and energy transition.

Lloyds has launched several innovative products aligned with just transition, including a £500mn social housing retrofit product. Lloyds have developed a roadmap with the Green Finance Institute and NatWest for property-linked finance for retrofit projects. The bank's regional approach to lending addresses challenges in across the UK, with initiatives like working with local authorities to tackle local issues, expected to create jobs and reduce regional inequalities. Combined with balance sheet lending for regional projects, Lloyds' approach appears relatively advanced.

### Rentokil Initial Plc - Mental health & climate

#### Purpose:

We met with Rentokil Initial, a UK business services group that provides pest control, hygiene, and facilities management services, to discuss its corporate mental health performance and various sustainability initiatives, aiming to understand its challenges and progress in these areas.

#### Outcome:

The discussion with Rentokil Initial was positive. The company is open to increasing disclosure on its mental health initiatives, highlighting the success of its resilience training in the UK and the 'RUOK' programme outside in the Asia Pacific region. Rentokil Initial publishes 'Speak up' scores and tracks complaints, and may explore further disclosure to better understand its workforce. The company is focused on improving reporting under the Corporate Sustainability Reporting Directive (CSRD), concentrating on impactful areas while running business programmes, and enhancing customer and employee retention.

The company faces challenges with including Scope 3 emissions in its net zero targets, particularly due to travel by its global workforce. However, environmental efforts, such as adopting low emission vehicles, have been well received and positively impacted company culture. We will continue to monitor the company's disclosures and engagement on these topics, providing feedback and support as needed.

# Fund Engagement

## Engagement outcomes

### Severn Trent Plc - Biodiversity & community health

#### Purpose:

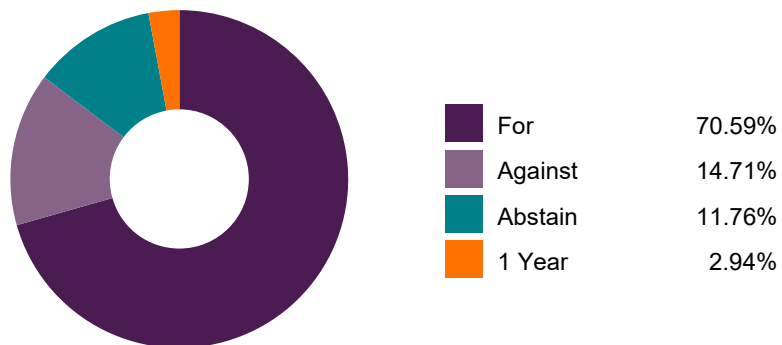
The meeting aimed to discuss Severn Trent's, a water company, performance based on its 2025-2030 business plans, focusing on areas needing improvement in its environmental and biodiversity strategy, including Sites of Scientific Interest (SSSIs), biodiversity management, and antimicrobial resistance (AMR).

#### Outcome:

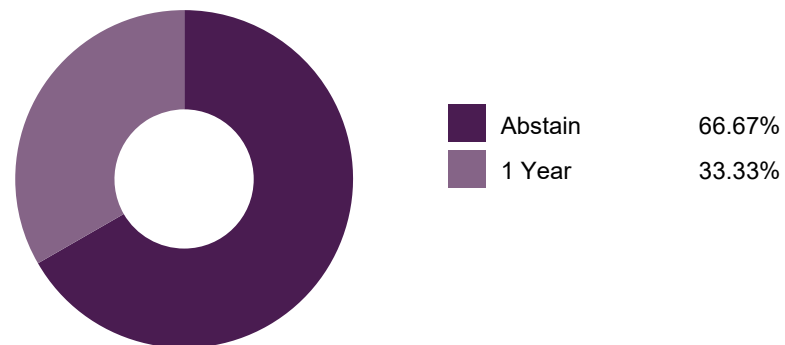
The meeting was productive, reassuring us about the company's management of SSSIs and biodiversity. Severn Trent launched its SSSI strategy in 2022, managing 500 hectares and overseeing 720 SSSIs, with a goal of 100% favourable condition by 2030. The company conducts annual assessments, reports to senior management, and has expanded its Biodiversity and Ecology team. The company has collaborated with over 60 organisations and is involved in AMR projects, exploring alternative treatments and working with academics.

# Fund Voting

## Total proxy voting activity



## Executive remuneration voting activity



## Notable votes

### Ferguson Enterprises Inc.

Advisory Vote on Executive Compensation - against: We have concerns with the material increase in long-term incentive opportunity for both the CEO and CFO, which takes the total variable incentive opportunity towards the top end of the immediate peer group, in conjunction with a reduction in the performance-based element, though we note in mitigation this remains higher than for most of those same peers. We would also prefer to see disclosure of LTIP targets and more quantitative disclosure for the ESG goals under the STIP.  
 Elect Alan J. Murray - abstain: The nominee is Chair of the Nomination Committee and we have concerns that a Senior Independent Director or equivalent has not been appointed.

### Microsoft Corporation

Advisory Vote on Executive Compensation - abstain: We retain some concerns with the short performance period of long-term incentive awards.  
 Shareholder Proposal Regarding Report on Siting in Countries of Significant Human Rights Concern - abstain: While we appreciate and back the aims of the proponent in this instance, we believe that the company already provides extensive disclosure and board level oversight of this issue, monitoring and engaging with the countries in which it operates and locates data centres.  
 Shareholder Proposal Regarding Report on Risks of AI Data Sourcing - for: Although we recognise the company's existing and planned disclosures, we believe that support for this proposal could be warranted as a means to encourage the company to ensure that its forthcoming disclosures are robust, and provide a solid context for shareholders to allow them to assess the potential risks to the company from its use of external data in the development of its AI technology.

# Market commentary

## Market overview

Markets were volatile during the fourth quarter – with the US elections and the potential for central bank rate cuts the main causes of uncertainty. Alongside political events, attention remained on the Federal Reserve, European Central Bank and Bank of England and the path of interest rates going forward. However, with inflation remaining higher than central banks would like, expectations for rate cuts in 2025 were revised down.

At its final meeting of 2024, and as expected, the Bank of England kept rates on hold at 4.75%. Meanwhile, according to the minutes, “a gradual approach to removing monetary policy restraint remains appropriate.” Meanwhile economic data have remained November CPI inflation rose to 2.6% year on year as expected on ‘base effects’. Pay growth was stronger than expected. October GDP shrank month-on-month after falling in September, with this contraction (and subdued business surveys since) raising the risk of a mild GDP contraction in the fourth quarter.

Away from economic data, the new Labour government presented its first budget. This was less obviously a budget for growth than one for public services repair with a substantial proposed increase in day-to-day fiscal spending and net investment. Public spending was increased at the cost of a big increase in taxes. Since the Budget, business optimism has dropped, and firms are indicating a mix of responses to the rise in National Insurance contributions including hiring less and raising prices.

This backdrop pushed government bond yields higher, leading to negative returns for most investment grade credit markets, while global equities ended a strong 2024 with another positive quarter, with US stocks leading the way. In the fourth quarter, the UK equity market fell 0.4% (FTSE All-Share index), giving back some of the gains made earlier in the year. In overall terms, UK equities outperformed the Europe ex UK index but were behind the World index which was driven by the outperformance of US equities particularly large technology stocks.

## Outlook

Markets have moved significantly over the last 12 months, pricing in peak interest rates, yet history has taught us the macroeconomic environment can change quickly. We are not macroeconomic forecasters and refrain from predicting the direction of interest rates or inflation, but evidence is accumulating that we might be at peak interest rates. However, the path to lower interest rates remains in flux.

Each year has its own story, and this one has been no different. 2021 was a year of ebullience; 2022 a year for surviving; 2023 a year of shaking off recession fears; and 2024 a year for AI. For investors, each year is an opportunity to increase our skills through experience and knowledge building.

One reason for optimism in 2025 is the high level of innovation we are currently seeing in the global economy. This can be best summarised with the concept of atoms, bytes and genes. In theory everything in existence is one of these. Atoms represent the physical world, bytes the digital, and genes the natural world. In our opinion, if we can understand trends in these three areas, we should be able to understand everything.

The physical world is undergoing a once in a generation investment boom, led by reshoring (as overseas manufacturing is moved back home for geopolitical reasons), decarbonisation and the need to build out data centres to support the increased use of artificial intelligence. The digital world is also seeing an unusual level of growth as cloud computing combined with generative AI becomes more pervasive. Not to be left behind, in the natural world new treatments are being created for diseases such as Alzheimer’s and obesity. Any one of atoms, bytes and genes could be enough to drive economic growth but all three together are a powerful tailwind that could exist for many years to come.

UK equities continue to perform steadily, delivering high single digit returns year-to-date. Contrary to the general negative consensus, we continue to see many world class businesses in the UK market that we believe will reward shareholders over the long-term. We believe the UK markets offers similar risk-adjusted returns than global equities due to their lower risk characteristic and lower valuation.

## Further Information

Please click on the links below for further information:



### Find out more

In an uncertain geopolitical and economic environment, we recognise the importance of keeping our clients updated on our current investment thinking.

Articles, videos, podcasts and webinars giving the latest views of our investment experts can be found in the Our Views section of [www.rlam.com](http://www.rlam.com), including regular updates from our Fixed Income, Global Equity, Sustainable and Multi Asset teams.

# Disclaimers

## Important information

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The Trust is an authorised unit trust scheme. The Manager is RLUM Limited, authorised and regulated by the Financial Conduct Authority, with firm reference number 144032.

For more information on the Trust or the risks of investing, please refer to the Prospectus or Key Investor Information Document (KIID), available via the relevant Fund Information page on [www.rlam.com](http://www.rlam.com).

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FTSE makes no claim, prediction, warranty or representation either as to the results to be obtained from the Fund or the suitability of the Index for the purpose to which it is being put by Royal London Asset Management.



# Risks and Warnings

## Investment risk

The value of investments and any income from them may go down as well as up and is not guaranteed. Investors may not get back the amount invested.

## Concentration risk

The price of Funds that invest in a reduced number of holdings, sectors, or geographical areas may be more heavily affected by events that influence the stockmarket and therefore more volatile.

## EPM techniques risk

The Fund may engage in EPM techniques including holdings of derivative instruments. Whilst intended to reduce risk, the use of these instruments may expose the Fund to increased price volatility.

## Exchange rate risk

Changes in currency exchange rates may affect the value of your investment.

## Counterparty risk

The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Fund to financial loss.

## Responsible investment risk

The Fund can only invest in holdings that demonstrate compliance with certain sustainable indicators or ESG characteristics. This reduces the number securities in which the Fund can invest and there may as a result be occasions where it forgoes more strongly performing investment opportunities, potentially underperforming non-sustainable funds.

# Performance to 31 December 2024

## Cumulative (%)

## Annualised (%)

	3 Month	6 Month	1 Year	3 Years	5 Years	3 Years (p.a.)	5 Years (p.a.)
<b>Fund (gross)</b>	(0.78)	2.57	9.48	9.64	40.47	3.11	7.02
<b>Fund (net)</b>	(0.97)	2.19	8.67	7.21	35.32	2.35	6.23

## Year on year performance (%)

	31/12/2023 - 31/12/2024	31/12/2022 - 31/12/2023	31/12/2021 - 31/12/2022	31/12/2020 - 31/12/2021	31/12/2019 - 31/12/2020
<b>Fund (gross)</b>	9.48	11.36	(10.08)	23.14	4.04
<b>Fund (net)</b>	8.67	10.54	(10.75)	22.23	3.27

Past performance is not a guide to future performance. The impact of fees or other charges including tax, where applicable, can be material on the performance of your investment.

Source: RLAM as at 31 December 2024. All figures are mid-price to mid-price for the Royal London Sustainable Leaders Trust C Acc GBP share class.

# Glossary

## Carbon footprint

Exposure to high emitters in the portfolio, expressed in tCO<sub>2</sub>e/\$M invested. Financed emissions are divided by the portfolio value, the same approach for listed companies and private issuers is applied in this metric.

## ESG Integration

The consideration of environmental, social and governance (ESG) risk as part of the investment process. ESG integration does not mean the fund is trying to achieve a particular positive ESG outcome. Please check prospectus documentation for details on specific fund-level objectives.

## Exclusions

Explicitly prohibits investing in a particular company, sector, business activity, country or region.

## Financed emissions

The emissions from activities in the real economy that are financed through lending and investment portfolios, expressed in tCO<sub>2</sub>e. Emissions are attributed to a portfolio based on the portion of the company's value the portfolio holds, and using different accounting values for public and private corporates. We provide financed emissions for scope 1 and 2 emissions.

## Fund restrictions definitions

**Adult Entertainment:** Companies which own or produce adult entertainment services, or engage in the distribution or sale of adult entertainment services.

**Alcohol:** Companies which have involvement in brewing, distillation or sale of alcoholic drinks.

**Animal Welfare:** Companies that conduct animal testing (other than for purposes of human or animal health and/or where it is required by law or regulation).

**Armaments:** Companies who manufacture armaments or nuclear weapons or associated products.

**Controversial Weapons:** Weapons which have an indiscriminate and disproportional impact on civilians or weapons that are illegal and prohibited by international conventions and treaties.

**Fossil Fuels:** Companies involved in the exploration, extraction or refining of oil, or gas, or coal, plus any activity relating to thermal coal.

**Gambling:** Companies who promote irresponsible gambling which includes betting shops, casinos or amusement arcades.

**High Environmental Impact:** Companies which have a high environmental impact, and which have 'no evidence' of appropriate environmental management systems.

**Human Rights Risks:** Companies with a strategic presence operating in countries of concern and which have 'no evidence' of policies or systems to manage human rights risks.

**Nuclear Power:** Companies who generate energy from Nuclear Power.

**Nuclear Weapons:** Companies that manufacture, nuclear; or are involved in the production of intended-use parts, whole weapons systems, or exclusive delivery platforms.

**Tobacco:** Companies which are growing, processing or selling tobacco products.

## Fund value

Total value of the fund as of the last business day of the calendar month. The fund value is as at close of business and on a mid-price basis.

## Implied temperature rise (ITR)

ITR aims to measure the global warming outcome from the emissions trajectory of a company, if the whole economy followed the same trajectory.

## Number of holdings

Total number of unique holdings of the Fund excluding cash, currency and derivatives.

## Performance

Performance is calculated using the daily end of day NAV per share produced by HSBC based on the mid price.

## Promotes environmental or social factors

An ESG Fund promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.

## Regional weights

Breakdown of holdings by country of risk relative to the benchmark index and grouped using RLAM's proprietary regional classification scheme.

## SBTi

The Science-Based Targets initiative is a consortium of organisations that set up the definition and promotion of science-based target setting.

# Glossary

## Sector weights

Breakdown of holdings by FTSE ICB (Industry Classification Benchmark) sector relative to the benchmark index.

## Sustainable fund objective

A product that has sustainable investment or a reduction in carbon emissions as its objective.

## Top 10 holdings

Top 10 assets held by market value, excluding derivatives and cash.

## Weighted Average Carbon Intensity (WACI)

Portfolio's exposure to carbon-intensive companies, expressed in tCO<sub>2</sub>e / \$M revenue. Scope 1 and scope 2 GHG emissions are divided by companies revenues, then multiplied based on portfolio weights (the current value of the investment relative to the current portfolio value). The WACI is calculated as a weighted average sum of the holdings with carbon intensity coverage.