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This is a marketing communication.

Royal London
**Global Sustainable
Credit Fund**
2023 Outcomes Report

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Introduction

The purpose of this report

- In recent years there has been growing societal awareness of the impact that economic activity has on people and the environment. At the same time there is increasing demand for asset managers to report on the environmental and social performance of investments and to evidence claims made about funds. The overriding principles of our approach to reporting outcomes are honesty, critical objectivity and disclosure. Our aim is to give a complete view of the outcomes generated by the companies we invest in – what happens to the environment and to people because of what they do and how they do it.

Updates to our data capturing approach

- We changed our approach from capturing outcomes data from the reporting year (1st Jan - 31st Dec) to capturing the latest available data. We did this to speed up reporting - enabling us to get reports to our clients earlier, while maintaining good coverage. But it means in some cases data is from different years e.g. 2023 and 2022 or earlier.

How to read this report

- In the interest of transparency, objectivity and authenticity, this report describes both positive and negative outcomes of our investee companies in 2023. We have done this relative to the fund's performance benchmark (where appropriate).
- When we refer to 'outcomes', we aim to measure the changes driven by both the operations and products & services of the companies in the fund. Outcomes are more immediate and easier to measure than impacts, which are often longer-term, multi-faceted and more complex to measure (see page 28 for further details).
- Our understanding of outcomes, impacts and data availability is constantly evolving. Today large gaps in the data exist combined with low coverage of certain metrics and a scarcity of data for product and services outcomes compared to operational environmental and social outcomes. As such, 23 of our 30 indicators are focused on operational outcomes and only seven assess product and services outcomes. We continue to develop our framework and aim to address data gaps in future reports.
- Further information on our approach, methodology and limitations are included in the appendix.

Our investment approach



Philosophy

We believe that owners and managers of capital can be a catalyst for positive social and environmental change. They can do this in two ways: by allocating capital to sustainable companies that are helping solve the world's social and environmental challenges, and through active engagement to encourage continual improvement. In our view, strong sustainable credentials are often a good leading indicator of future financial performance with respect to growth and profitability and that sustainable investing focuses on an exploitable market inefficiency.



Objective & Investment Focus

The fund's investment objective is to outperform the Bloomberg Barclays Global Aggregate Corporate Total Return Index Hedged USD (the "Benchmark") by 0.75% per annum over rolling three-year periods (gross of fees).

The fund will invest in bonds from companies that are deemed to make a positive contribution to society. Investments will adhere to Royal London Asset Management's sustainable investment policy.



Process

Our investment process focuses on companies that make a positive contribution towards a cleaner, healthier, safer and more inclusive society through the products and services the companies provide (i.e. what they do) and/or their standards of environmental and social management (i.e. how they operate). We evaluate these factors alongside our in-depth financial analysis and a detailed corporate governance assessment, as we believe that good governance is an enabler of good environmental and social performance.



Research Approach

We have a bottom-up research approach, ensuring all investments meet our sustainability requirements, while also offering attractive financial returns. An additional output of this research process is allocation of each company to a sustainable theme.

Our investment process

What companies do (their products and services)



Cleaner

- Reduce greenhouse gas (GHG) emissions, water and waste
- Build greener social and environmental infrastructure
- Protect natural capital and increase resilience to climate change
- Support the energy transition



Healthier

- Drive next generation medicine to improve health outcomes
- Access to affordable healthcare
- Improve hygiene and wellbeing
- Improve efficiency of scientific research through digitisation



Safer

- Safer and more effective transport
- Cyber security and online safety
- Better automation
- Safer and healthier workplaces



More inclusive

- Access to financial services for people and businesses
- Improving financial resilience for people and businesses
- Community funding
- Safe and affordable housing
- Access to digital technology and services

How they do it (their operations)



Good governance, corporate culture, diversity and inclusion



Leadership in ESG practices



Managing material ESG risks



Do no significant harm



Reputational risks and controversies



Climate change and GHG emissions management

Sustainable outcomes summary

This table summarises the outcomes performance of the fund against the benchmark (where appropriate) for the indicators available. Further detail on these indicators can be found in the Sustainable Outcomes Data section.

Cleaner	Global Sustainable Credit Fund	VS	Benchmark	
Absolute Emissions Scope 1 & 2 (tCO ₂ e)	1,256,562		5,837,617	→ 78.5% better
Carbon Intensity Scope 1 & 2 (tCO ₂ e / \$m revenue)	99.1		204.8	→ 51.6% better
Absolute Emissions Scope 3 (tCO ₂ e)	12,754,702		47,724,445	→ 73.3% better
Carbon Intensity Scope 3 (tCO ₂ e / \$m revenue)	527.7		696.1	→ 24.1% better
Royal London Asset Management Climate Transition Assessment	1.0% (of financed emissions) aligned and climate leaders 23.6% (of financed emissions) aligning towards a net zero pathway 0.1% (of financed emissions) not aligned			
SBTi* approved climate commitments	27.5%		27.7%	→ 0.2% worse
Implied Temperature Rise <1.5°C	41.1%		35.1%	→ 6.0% better
Implied Temperature Rise <2°C	61.4%		62.8%	→ 1.4% worse
Absolute waste generated (tonnes)	80,574		9,367,742	→ 99.1% better
Waste Generation (intensity: Tonnes / \$M EVIC**)	3.5		119.8	→ 97.1% better
Absolute water consumption (m ³)	2,339,266		61,849,311	→ 96.2% better
Water consumed (intensity: m ³ / \$M EVIC**)	63.2		2,437	→ 97.4% better
Biodiversity impact (% of the fund severely impacting biodiversity)	5.3%		9.3%	→ 4% better

* SBTi - Science Based Targets initiative.

** EVIC - Enterprise Value Including Cash.

For data sources, data coverage and additional information on the metrics listed on these summary pages, please see the Sustainable outcomes data section on pages 13 to 26.

Healthier

Global Sustainable Credit Fund

P&S*

Number of underserved patients reached through affordable and access to healthcare schemes

131,093,430

Safer

Global Sustainable Credit Fund

VS

Benchmark

Health & safety score

9.5/10

9.0/10



5.4% better

More inclusive

Global Sustainable Credit Fund

VS

Benchmark

Gender diversity (Board)

37.8%

35.0%



2.8% better

Gender diversity (Management)

33.2%

32.5%



0.7% better

Gender diversity (Employees)

42.7%

39.8%



2.9% better

CEO: Median employee salary ratio

191:1

245:1



22% better

P&S*

Number of MSME** businesses provided with financial services

1,200,000

P&S*

Number of people given access to financial services

9,800,000

P&S*

New affordable homes delivered

1,402

P&S*

Number of people given access to insurance

2,000,000

P&S*

Social Housing: Customer Satisfaction

80.5%

P&S*

Number of customers in financial hardship supported

75,450

Good governance

Global Sustainable Credit Fund

VS

Benchmark

Governance: employee representation

16.7%

11.6%



5.1% better

Governance: equal voting rights

91.0%

88.9%



2.1% better

Governance: Stakeholder constituency

33.3%

21.2%



12.1% better

Governance: Vote on pay

88.8%

88.2%



0.6% better

Governance: Data security score

9.4/10

8.8/10



6.8% better

* P&S indicates products & services, all other indicators are operations. These indicators are applicable to specific industries and companies. No benchmark comparison is available.

** MSMEs refers to Micro-, Small and Medium Enterprises.

For data sources, data coverage and additional information on the metrics listed on these summary pages, please see the Sustainable outcomes data section on pages 13 to 26.

Summary

Where our investee companies perform well:



In aggregate, the companies in our fund outperform the benchmark in **20 out of the 22** comparable operational sustainable outcome indicators. The indicators were chosen to represent the broadest range of sustainability outcomes where we could obtain relevant data.

Cleaner:



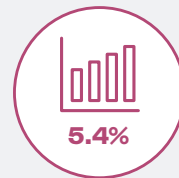
Companies in our fund emit less Greenhouse gas emissions (tCO₂e) than the benchmark and more of the fund by weight has an Implied Temperature Rise below 1.5°C.

They are also generating **99% less waste**, and using **96% less water** than companies in the benchmark.



Healthier:

Gilead Sciences, GSK, AstraZeneca, AbbVie, Takeda and UCB reached over 131 million people through affordable and access to healthcare schemes¹.



Safer:

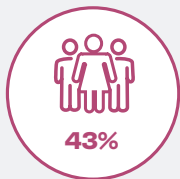
Companies in the fund score **5.4% better** on average on health and safety performance according to the scoring methodology of MSCI ESG Research.



Corporate governance:

The fund performs better than the benchmark on **all of the** corporate governance measures.

More inclusive:



Companies in our fund perform narrowly better than the benchmark for gender diversity across all employees, with **nearly 43% female** representation.



Housing associations in the fund delivered over 1,400 new affordable housing units².



Companies in the fund supported over 1,200,000 underserved and MSME businesses³.

Where our investee companies need to make improvements:



Slightly less of the fund by weight has SBTi approved climate targets and an Implied Temperature Rise under 2°C.

¹ AbbVie ESG Action Report 2023, AstraZeneca Annual Report 2023, Gilead Sciences ESG Impact Report 2023, GSK Annual Report 2023, Takeda Annual Integrated Report 2023 and UCB Integrated Annual Report 2023

² A2Dominion Annual Report 2022-23, Places for People Annual Report 2022-23

³ Banco Santander Annual Report 2023

For data sources, data coverage and additional information on the metrics listed on these summary pages, please see the Sustainable outcomes data section on pages 13 to 26.

A healthier society

Ecolab

Region

US company

Industry sector

Specialty chemicals

Website

[Ecolab](#)

Ecolab is a leader in hygiene, water and energy technologies and services.

What (products & services): Ecolab contributes to a healthier society through its products and services relating to hygiene, infection prevention and food servicing and processing. One of Ecolab's business segments is Healthcare & Life Sciences, which offers hand hygiene solutions alongside solutions to sanitise and safely manage care equipment as well as a range of detergents, cleaners, sanitisers, disinfectants and decontamination solutions for manufacturing pharmaceuticals, medical devices and more. In its industrial and Institutional segments, Ecolab provides similar hygiene and food safety services to the food industry.

How (operations): The company has been rated A- by the Carbon Disclosure Project on both the Water Security and Climate change programs. Its short-term climate targets are approved by the Science Based Targets initiative, and it is committed to net zero by 2050. Ecolab is also working to improve its performance on governance and diversity, with targets to increase female and ethnic minority representation at the management level by 2030. However, there is room for improvement in the company's board structure, as we would like to see the Chair and CEO roles separated.

Products and services



Helped clean 60 billion pairs of hands in 2023



8 million foodborne illnesses prevented



Helped conserve 226 billion gallons of water

These are company reported statistics from Ecolab, including from its Customer Impact Counter (<https://en-uk.ecolab.com/expertise-and-innovation/exponential-value-eroi/eroi-counter>), we are using these to support the sustainability case above. We do not consider them outcomes of our investments for the purpose of this report.

How Ecolab operates

	2022	2020
Total tCO ₂ emissions (Scope 1 + 2 + 3)*	7,475,735	8,115,997
Carbon intensity (tCO ₂ e Scope 1 + 2 + 3 / \$m revenue)*	527	688
Renewable Energy Consumption %**	Not disclosed	Not disclosed
Implied Temperature Rise*	1.5°C	Not available
SBTi approved commitments***	Yes	Yes
Biodiversity*	No controversies	Not available
Waste generated (tonnes)**	62,158	50,011
Waste intensity (tonnes / \$m EVIC)**	1.23	0.73 ¹
Water consumed (m ³)**	1,857,684	1,561,877
Water intensity (m ³ / \$m EVIC)**	36.8	22.6 ¹
Female board**	42%	39%
Female managers**	31%	26%
Female employees**	28%	27%
CEO:Median employee salary**	156:1	331:1
Health & safety*	10	Not available
Employee reps on board?*	No	Not available
Equal voting rights?*	Yes	Not available
Stakeholder constituency provision?*	No	Not available
Vote on executive pay?*	Yes	Not available
Data security score*	10	Not available

* Certain information ©2024 MSCI ESG Research LLC. Reproduced by permission. Data as at 29 December 2023.

** Data from Net Purpose (using latest available data as at 29 April 2023).

*** Data from SBTi - Science Based Targets initiative. Data as at 29 December 2023.

¹ 2020 intensity figures restated from our last outcomes report due to a change in calculation by our data provider

A more inclusive society




Prudential PLC	Region	Industry sector	Website
	UK Company	Financial Services	Prudential

Prudential is a leading provider of life and health insurance as well as pension and investment products.

What (products & services): Prudential provides life and health insurance to 19 million customers throughout Asia and Africa. We believe it contributes to a more inclusive society by supporting access to insurance and allowing individuals to build financial resilience. As an example, Prudential provides micro insurance that allows underserved communities, e.g. workers in the informal sector, to have access to life and health insurance.

How (operations): Financed emissions from its investment activities represent over 99% of Prudential’s total carbon footprint. We therefore welcome the company’s willingness to tackle its emissions, evidenced by its Net Zero by 2050 target and the transparency provided on how it plans to decarbonise in time. This includes engaging the top 65% of emitters to drive real-world emission reductions. The company also has a focus on advocating for a ‘Just Transition’, as demonstrated by engagements with both current investee companies as well as high emitters from which Prudential has divested.

Products and services

 <p>17.4m total life segment policies in force</p>	 <p>87% customer retention rate</p>	 <p>Top 3 position in 12 Asian life insurance markets</p>
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These are company reported statistics, including from Prudential Sustainability Report 2023, we are using these to support the sustainability case above. We do not consider them outcomes of our investment for the purpose of this report.

How Prudential operates

	2023	2021
Total tCO ₂ emissions (Scope 1 + 2 + 3)*	34,904	31,826
Carbon intensity (tCO ₂ e Scope 1 + 2 + 3 / \$m revenue)*	3.2 tonnes	1.2 tonnes
Renewable consumption %**	Not disclosed	Not disclosed
Implied temperature rise*	1.4°C	Not available
SBTi approved commitments***	No	No
Biodiversity*	No controversies	Not available
Waste generated (tonnes)**	379	222
Waste intensity (tonnes / \$m EVIC)**	0.01	0.00
Water consumed (m ³)**	Not disclosed	Not disclosed
Water intensity (m ³ / \$m EVIC)**	ND	ND
Female board**	45%	36%
Female managers**	35%	35%
Female employees**	57%	57%
CEO:Median employee salary**	Not disclosed	44:1
Health & safety*	10	Not available
Employee reps on board?*	No	Not available
Equal voting rights?*	Yes	Not available
Stakeholder constituency provision?*	Yes	Not available
Vote on exec pay?*	Yes	Not available
Data security score*	10	Not available

* Certain information ©2024 MSCI ESG Research LLC. Reproduced by permission. Data as at 29 December 2023. Emissions data was taken directly from Prudential Annual Reports 2023 and 2021.

** Data from Net Purpose (using latest available data as at 29 April 2024).

*** Data from STBi - Science Based Targets initiative. Data as at 29 December 2023.

Sustainable outcomes data: cleaner

Greenhouse gas emissions and climate change

The following indicators tell us how much Greenhouse gas emissions (tCO₂e) are emitted by companies in the fund, across Scope 1, 2 and 3, how operationally efficient our companies are in using the resources generating these emissions and how much of the electricity comes from renewable sources.

As we don't invest in fossil fuel extraction companies in our sustainable funds we expect emissions to be much lower than the benchmark. Additionally, while not every company needs to be an ESG leader for inclusion in our funds, we tend to exclude the worst performers further contributing to relative performance vs the benchmark.

Absolute emissions (Scope 1&2)

Global Sustainable Credit Fund

1,256,562
Tonnes CO₂e

Coverage: 97.6%

Benchmark

5,837,617
Tonnes CO₂e

Coverage: 97.5%

78.5% better

Source: MSCI ESG Research and Royal London Asset Management's research as at 29 December 2023

Carbon intensity (Scope 1&2)

Global Sustainable Credit Fund

99.1 Tonnes CO₂e
per \$m revenue

Coverage: 97.6%

Benchmark

204.8 Tonnes CO₂e
per \$m revenue

Coverage: 97.4%

51.6% better

Source: MSCI ESG Research and Royal London Asset Management's research as at 29 December 2023

Top performer	Absolute emissions (tCO ₂ e) / carbon intensity (tCO ₂ e/\$m revenue)
Finance for Residential Social Housing	0 / 0
Bottom performer	Absolute emissions (tCO ₂ e) / carbon intensity (tCO ₂ e/\$m revenue)
Coentreprise de Transport d'Electricite	24,400,000 / 159

Companies are sorted into top and bottom performers by their absolute emissions. These are not necessarily the top and bottom performing companies based on carbon intensity.

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Absolute emissions (Scope 3)*

Global Sustainable Credit Fund

12,754,702
Tonnes CO₂e

Coverage: 87.3%

Benchmark

47,724,445
Tonnes CO₂e

Coverage: 95.4%

73.3% better

Source: MSCI ESG Research as at 29 December 2023

Carbon intensity (Scope 3)*

Global Sustainable Credit Fund

527.7 Tonnes CO₂e
per \$m revenue

Coverage: 87.3%

Benchmark

696.1 Tonnes CO₂e
per \$m revenue

Coverage: 95.4%

24.2% better

Source: MSCI ESG Research as at 29 December 2023

Top performer

Akelius Residential Property

Absolute emissions (tCO₂e) / carbon intensity (tCO₂e/\$m revenue)

108,340 / 449

Bottom performer

Amazon

Absolute emissions (tCO₂e) / carbon intensity (tCO₂e/\$m revenue)

142,845,875 / 278

Companies are sorted into top and bottom performers by their absolute emissions. These are not necessarily the top and bottom performing companies based on carbon intensity.

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* All Scope 3 data is sourced from and estimated by MSCI ESG Research.

Royal London Asset Management climate transition assessment

To assess the credibility of climate transition plans Royal London Asset Management developed a set of 12 net zero indicators, across three overarching expectations: setting emissions reductions targets aligned with the Paris Agreement, bringing others to net zero and demonstrating action now. Each of these indicators are assessed using a ‘red/amber/green’ rating based on proprietary criteria which factors in sector-specific considerations. We use our indicators to build a normalised methodology in line with the Net Zero Investment Framework (NZIF) categories: namely, aligned to a net zero pathway: aligning towards a net zero pathway; not aligned. We research companies based on these indicators and share the expectations with companies we invest in as part of our net zero engagement activity (the “Indicators Research”).

This indicators research is primarily focused on issuers responsible for 70% of our total financed emissions across Royal London Asset Management. The sustainable funds don’t invest in companies extracting fossil fuels and therefore not as many of the fund’s holdings are covered by the indicators research, so coverage of financed emissions is low. We’ve also included the results of adhoc research done on other companies at various times. These are lower impact companies for whom climate is a lower materiality topic, so sometimes not all indicators are research resulting in some N/A results.

Global Sustainable Credit Fund

1 company aligned and climate leaders

22 companies aligning towards a net zero pathway

2 companies not aligned

Coverage: 24.6% (of financed emissions)

Aligned and climate leaders

Orsted

Aligning to a net zero pathway

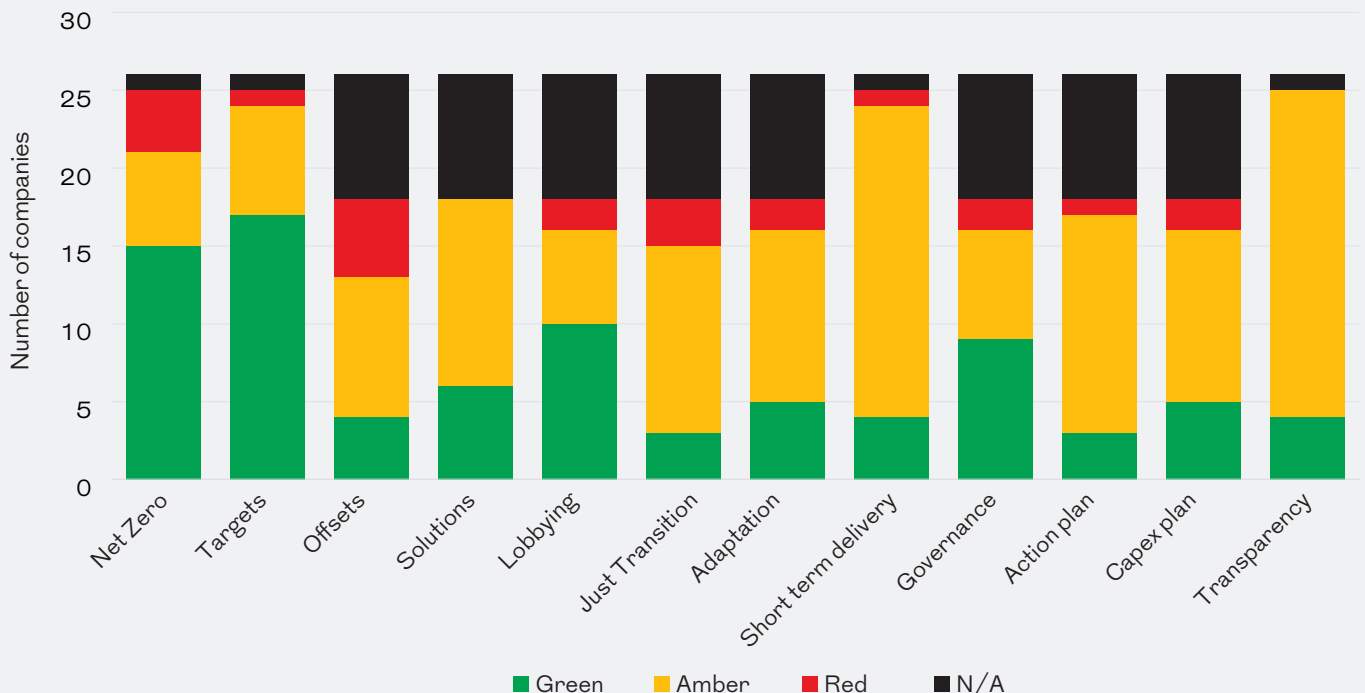
22 companies including E.ON, HSBC Holdings and Credit Agricole

Not aligned

Amazon and Investec

We’ve assessed the climate transition plans of the highest emitters in the fund, covering 30.6% of absolute emissions (all Scopes) and 24.6% of the fund’s financed emissions. The majority of companies responsible for the most emissions in the fund are currently aligning to a net zero pathway with two companies not aligned as it stands.

Global Sustainable Credit Fund ratings per indicator



Science Based Targets initiative and Implied Temperature Rise

To support our company level qualitative analysis, at fund level, we assessed how many companies have Science Based Targets initiative (SBTi) approved climate commitments and their Implied Temperature Rise (ITR). We use ITR to track the percentage of our investment portfolio that is operating in alignment with limiting temperature rises to 1.5°C and 2°C. A company's ITR in degrees Celsius (°C) is calculated by considering the targets that the company has set to reaching net zero and the likelihood that these targets will be achieved, given their implemented strategy.

SBTi approved climate commitments

Global Sustainable Credit Fund

27.5%

Coverage: 100%

Benchmark

27.7%

Coverage: 100%

0.2% worse

Source: The Science Based Targets initiative as at 29 December 2023

Top performers

45 issuers have approved targets

Bottom performers

124 issuers do not have approved targets yet

Implied Temperature Rise <1.5°C

Global Sustainable Credit Fund

41.1%

Coverage: 92.1%

Benchmark

35.1%

Coverage: 96.1%

6.0% better

Source: MSCI ESG Research as at 29 December 2023

Top performers

44 companies

Implied Temperature Rise

1.3°C

Implied Temperature Rise <2°C

Global Sustainable Credit Fund

61.4%

Coverage: 92.1%

Benchmark

62.8%

Coverage: 96.1%

1.4% worse

Source: MSCI ESG Research as at 29 December 2023

Bottom performers

34 companies

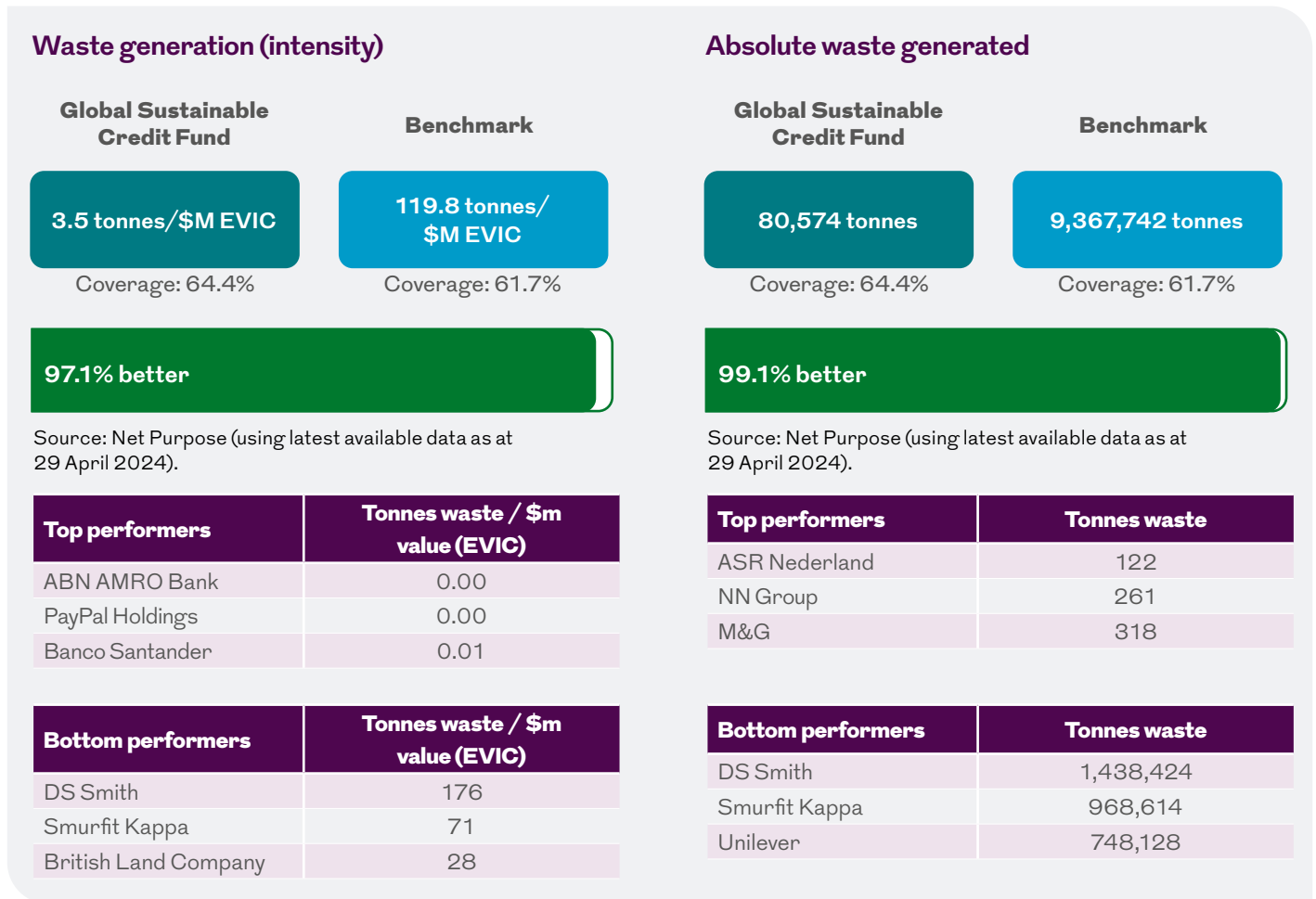
Implied Temperature Rise

>2°C

Both of these metrics - SBTi and ITR - make assumptions that embed uncertainties in their results. For more information on some of the limitations of these metrics please see our [Taskforce on Climate Related Financial Disclosures \(TCFD\) Report](#).

Waste

The following indicators tell us how much waste is generated in absolute terms by companies in the fund, and how much waste is generated per \$m Enterprise Value Including Cash (EVIC).



As we don't invest in fossil fuel extraction and mining companies, which are intense producers of waste, we expect the volume of waste generated to be lower than the benchmark. Additionally, while not every company needs to be an ESG leader for inclusion in our funds, we tend to exclude the worst performers further contributing to relative performance vs the benchmark.

Water

These indicators tell us how much water is used in absolute terms by companies in the fund and how much is used per \$m Enterprise Value Including Cash (EVIC) of companies in the fund.

Water consumed (intensity)

Global Sustainable Credit Fund

63.2
m³ per \$million EVIC

Coverage: 58.1%

Benchmark

2,437
m³ per \$million EVIC

Coverage: 63.5%

97.4% better

Source: Net Purpose (using latest available data as at 29 April 2024).

Top performers	Water consumed (m ³) / \$m value (EVIC)
National Grid	0.00
Investec	0.04
Prologis	0.05

Bottom performers	Water consumed (m ³) / \$m value (EVIC)
Deutsche Wohnen	2,256
DS Smith	1,813
Smurfit Kappa	1,107

Absolute water consumed (m³)

Global Sustainable Credit Fund

2,339,266m³

Coverage: 58.1%

Benchmark

61,849,311m³*

Coverage: 63.5%

96.2% better

Source: Net Purpose (using latest available data as at 29 April 2024).

Top performers	Water consumed (m ³)
National Grid	0
Investec	712
ERG SpA	1,276

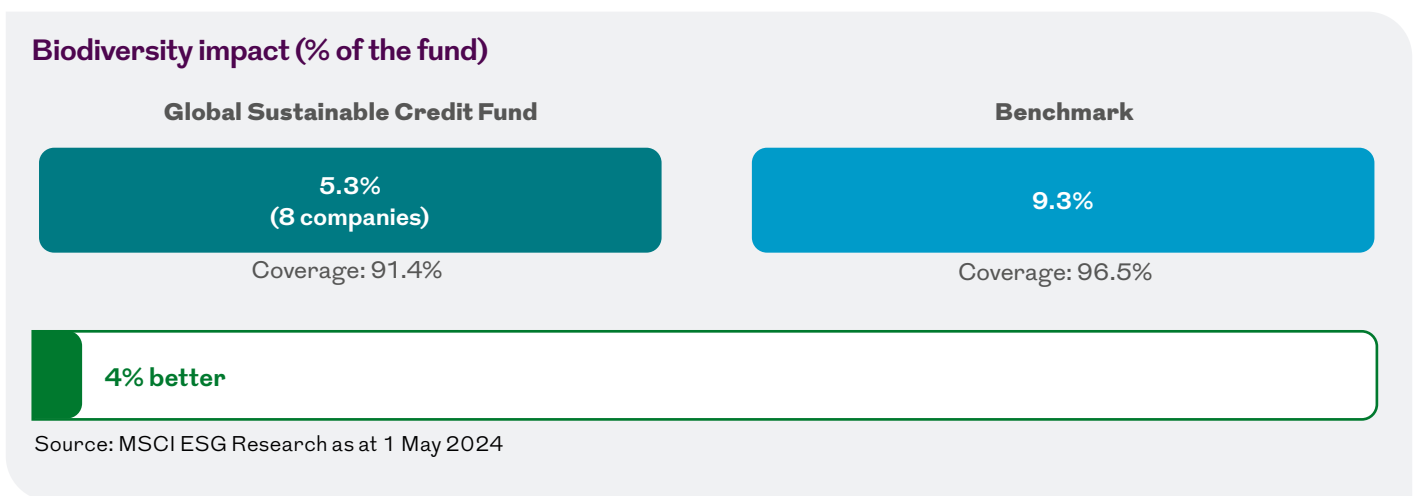
Bottom performers	Water consumed (m ³)
Deutsche Wohnen	42,200,000
Lonza Group	32,102,000
Unilever	28,370,147

The consumption based key performance indicators (KPIs) are different to the ones we have reported previously in outcomes reports. We have updated our methodology to improve consistency and comparability between companies, accounting only for reported water consumption. This means that this figure is not directly comparable against previous year's outcomes reports.

Biodiversity

This* indicator tells us how many companies in the fund either have operations located in or near biodiversity sensitive areas, are assessed to potentially negatively affect local biodiversity, and have no impact assessment; or are involved in controversies with severe impact on local biodiversity.

8 companies in the fund have been flagged as having actual or potential severe negative biodiversity impacts.



Our data provider, MSCI ESG Research, has updated its methodology for this metric since the last report. Therefore, this year's data is not directly comparable to last year.

*Note: Currently, there are still large data gaps, with low coverage for some metrics including biodiversity. Therefore, here we have provided the Sustainable Finance Disclosure Regulation (SFDR) Principal Adverse Sustainability Indicator (PAI) figures for biodiversity - #7. Activities negatively affecting biodiversity-sensitive areas. Differences of exposure and coverage between the Biodiversity indicator above and the data in the Principal Adverse Impacts Statement on page 40 (the 'Statement') are explained by the following: 1. This report is using the MSCI's enhanced methodology for SFDR PAI 7 which became effective on March 22, 2024. The enhancements included a widening of the PAI 7 screen to better identify companies with activities negatively affecting biodiversity-sensitive areas. 2. The above indicator is a point in time exposure (29 April 2024) and coverage while the Statement is taking a 12-month (1 January 2023 to 29 December 2023) average for both.

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Sustainable outcomes data: healthier

Access to healthcare

This indicator tells us how many people were reached by healthcare companies through affordable healthcare schemes. These are schemes designed to support underserved and low income groups who might not have otherwise had access to medication.

Number of underserved patients reached through affordable and access to healthcare schemes

Global Sustainable Credit Fund

131,093,430

Coverage: n/a

Benchmark

n/a

Coverage: n/a

The companies who have reported relevant figures in our fund are AbbVie, AstraZeneca, UCB, Gilead Sciences, Takeda and GSK.

Healthcare companies in the fund reached over 131m patients through various access to healthcare programs. Gilead Sciences and GSK reached 20m¹ and 89m² patients respectively through partnerships and voluntary licensing programmes - where, as patent holders, Gilead and GSK authorise generic companies to produce medication in low- and lower-middle income countries. AstraZeneca reached 21.8m³ people through its Access to Healthcare programmes, while AbbVie supported over 218,000 patients in the United States through myAbbVie Assist, a programme to provide medicines to people in financial need with limited or no health insurance coverage⁴. 1,366 patients were newly enrolled in Takeda's affordability-based assistance programmes (PAPs)⁵, and 74,064 patients benefitted from UCB US Assistance programs⁶. Due to the complexities in sourcing this data we are unable to do so for the benchmark in a reliable way, hence no comparison is available.

1 Gilead Sciences ESG Impact Report 2023

2 GSK Annual Report 2023

3 AstraZeneca Annual Report 2023

4 AbbVie ESG Action Report 2023

5 Takeda Pharmaceutical Company Integrated Annual Report 2023

6 UCB Integrated Annual Report 2023

Sustainable outcomes data: safer

Labour practices and decent work

This indicator aims to demonstrate how well companies manage employee health & safety by measuring the severity of controversies related to the safety of a firm's employees.



This indicator measures the severity of controversies related to the safety of a firm's employees. Factors affecting this evaluation include, but are not limited to, a history of involvement in workplace safety-related legal cases, widespread or egregious fines for unsafe workplace practices, resistance to improved practices, and criticism by non-governmental organisations (NGOs) and/or other third-party observers.

Note: This indicator shows the MSCI ESG Research employee health & safety score where 0 is the worst available score and 10 is the best. Certain information ©2024 MSCI ESG Research LLC. Reproduced by permission.

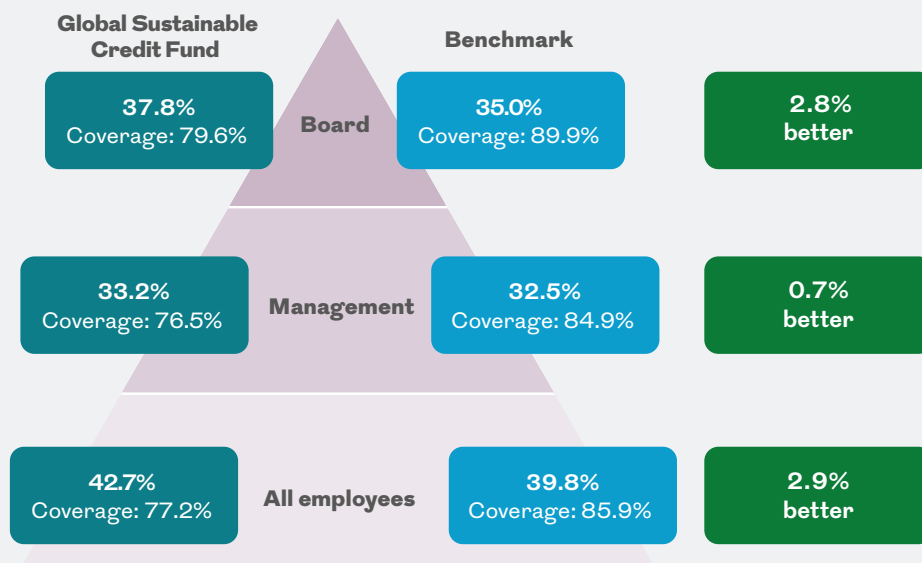
Sustainable outcomes data: more inclusive

Gender diversity

These indicators tell us what proportion of company employees are women, at levels throughout the organisations.

Royal London Asset Management is a member of the 30% Club – a group of investors aiming to ensure 30% female representation on boards – so we are pleased that the fund is on target overall.

Female representation in the workforce



Source: Net Purpose (using latest available data as at 29 April 2024).

Board

Top performers	%
Nationwide Building Society	58%
Canadian National Railway	55%
American Water Works Company	55%

Bottom performers	%
International Business Machines	17%
Akelius Residential Property	17%
AT&T	20%

Management

Top performers	%
American Water Works Company	67%
Unilever	54%
IQVIA Holdings	52%

Bottom performers	%
East Japan Railway Company	14%
Broadcom	14%
Waste Connections	17%

All employees

Top performers	%
Deutsche Wohnen	66%
IQVIA Holdings	61%
Nationwide Building Society	61%

Bottom performers	%
CSX Corporation	5%
Canadian National Railway	8%
Waste Connections	17%

Financial Inclusion

Number of MSME businesses provided with financial services

1,200,000

Banco Santander disbursed €1.17bn in micro-finance to 1.2m customers in the period.

Coverage: n/a

Source: Banco Santander Annual Report 2023

Number of additional people provided access to financial services

9,800,000

Banco Bilbao Vizcaya Argentaria & Banco Santander provided access to financial services to 9.8m customers collectively.

Coverage: n/a

Source: Banco Santander Annual Report 2023 & Banco Bilbao Vizcaya Argentaria Annual Report 2023

Financial Resilience

Number of additional people provided insurance

2,000,000

AXA Group's Inclusive protection program reached 2m new customers in 2023.

Coverage: n/a

Source: AXA Universal Registration Document 2023

Number of people in financial hardship supported

75,450

Westpac and National Australia Bank provided support to over 75k customers in financial hardship.

Coverage: n/a

Source: Westpac Annual Report 2023 and National Australia Bank Annual Report 2023

Affordable Housing

Number of new social housing units delivered & Customer satisfaction

Places for People and A2 Dominion delivered 925 and 477 new affordable homes respectively, with customer satisfaction ratings of 81% and 80%.

1,402

80.5%

Coverage: n/a

Source: Places for People Annual Report 2023, A2 Dominion Annual Report 2023

Pay inequality

CEO: Median employee salary ratio is used as a proxy for pay fairness and equality.

There is no widely accepted view of what a fair CEO:employee pay ratio is. Peter Drucker, management consultant, educator and author, considered founder of modern management, suggested a ratio of 20:1 in 1984, but since then average pay ratios in the UK and the US have increased considerably. The average pay ratio in FTSE 100 companies as of 2022 was 118:1⁹, and in the US it was 399:1 in 2021¹⁰.

CEO: Median employee ratio

Global Sustainable Credit Fund

191:1

Coverage: 59.9%

Benchmark

245:1

Coverage: 64.4%

22% better

Source: Net Purpose (using latest available data as at 29 April 2024).

Top performers	CEO: Median employee ratio
AXA	2:1
Berkshire Hathaway*	6:1
ASR Nederland	12:1

Bottom performers	CEO: Median employee ratio
Aptiv	1991:1
Amphenol	834
TE Connectivity	554:1

*We invest in Topaz Solar Farm, a subsidiary of Berkshire Hathaway that has inherited Berkshire Hathaway's data due to Net Purpose's hierarchy.

⁹ High Pay Centre, Analysis of UK CEO Pay in 2022, dated August 2023

¹⁰ Economic Policy Institute, CEO pay has skyrocketed 1,460% since 1978, dated October 2022

Sustainable outcomes data: governance

Governance indicators

We regard good governance as an enabler to delivering environmental and social outcomes and therefore typically would not include governance indicators in an Outcomes report. However, we believe the five indicators presented below are particularly closely aligned to outcomes.

Good governance indicators summary (see further detail below)

Global Sustainable
Credit Fund

5/5

Benchmark

0/5

Source: MSCI ESG Research as at 1 May 2024

Governance: employee representation

Global Sustainable
Credit Fund

16.7%

Coverage: 85.9%

Benchmark

11.6%

Coverage: 91.6%

5.1% better

Source: MSCI ESG Research as at 1 May 2024

Top performers

21 companies have employee reps on the board

Bottom performers

108 companies do not have employee reps on the board

Governance: equal voting rights

Global Sustainable
Credit Fund

91.0%

Coverage: 91.8%

Benchmark

88.9%

Coverage: 95.9%

2.1% better

Source: MSCI ESG Research as at 1 May 2024

Top performers

134 companies have equal voting rights

Bottom performers

3 companies do not have equal voting rights

Governance: stakeholder constituency

Global Sustainable Credit Fund

Benchmark

33.3%

21.2%

Coverage: 85.9%

Coverage: 91.6%

12.1% better

Source: MSCI ESG Research as at 1 May 2024

Top performers

52 companies have stakeholder constituency provisions in their governing documents

Bottom performers

77 companies do not have stakeholder constituency in their governing documents

Governance: vote on pay

Global Sustainable Credit Fund

Benchmark

88.8%

88.2%

Coverage: 91.8%

Coverage: 95.9%

0.6% better

Source: MSCI ESG Research as at 1 May 2024

Top performers

131 companies have a vote on executive pay

Bottom performers

6 companies do not have a vote on executive pay

Governance: data security score

Global Sustainable Credit Fund

Benchmark

9.4/10

8.8/10

Coverage: 92.1%

Coverage: 96.4%

6.8% better

Source: MSCI ESG Research as at 1 May 2024

Top performers

122 companies are scored 10/10 for data security

Bottom performers

1 company scores 1/10 while 2 companies score 3/10

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Appendix



Our approach to outcomes reporting

The overriding principles of our approach to reporting outcomes are honesty, critical objectivity and disclosure. Our aim is to give a complete view of the outcomes generated by the companies we invest in – what happens to the environment and to people because of what they do and how they do it.



Examples

Outputs

Number of treatments delivered
Number of people reached

Outcomes

Improved recovery time
Improved immunity

Impacts

Better long-term health
Extended life expectancy

To achieve this we have developed a process, following a thorough review of best market practices and available methodologies, which aspires to align with the Impact Management Project's (IMP) approach to measuring and reporting impacts, and we strive to account for all material outcomes – positive and negative, intended and unintended – from a double materiality perspective, accounting for what is important to all stakeholders.

We refer to outputs as the immediate results of what a company does e.g., number of customers reached, number of units produced/installed.

We are interested in the changes driven by these outputs, but impacts – the longer term and societal changes – are difficult to measure and we want to be conservative in our approach and claims. So we aim to report outcomes – the more immediate changes achieved. The example diagram for a healthcare company above helps to explain this.

Limitations and future improvements

Throughout the report we have attempted to give concise explanations of outcome definitions and methodologies whilst being transparent about data quality, availability, coverage and sources, taking a conservative approach wherever we were lacking confidence in the reliability of the data. However, we have a long-term approach to reporting outcomes and recognise there are limitations to this report. The report is the result of our first-generation framework and we'll continue to evolve our process and welcome feedback.

We are not able to report all outcomes that are material to all stakeholders in this first-generation report. This is due to the historic focus on ESG metrics, which are driven by financial materiality, combined with the limited scope of indicators and lack of readily available data, particularly for the outcomes of products and services generated by companies.

As our framework evolves, we hope you will see greater coverage and detail of the positive and negative outcomes generated.

As this is one of our first reports, we focused on making the process simple and therefore took a top down approach focused on a small number of generally

accepted high impact outcomes. This excludes outcomes of many holdings, so our second generation framework will aim to take a bottom up approach, mirroring our sustainable investment philosophy.



Guidance note: methodology

As a general guide we consider data coverage below 50% to be too low and will not report an indicator where this is the case as it is difficult to draw any conclusions. Exceptions are made where outcomes relate to specific industries (e.g. number of patients reached is specific to healthcare).

For intensity values, we normalise reported figures per \$million Enterprise Value (market cap + gross debt) including cash (EVIC) because this effectively tells us how efficient those companies are at generating the relevant outcome relative to how they are financed. We use EVIC as the allocation factor rather than market cap because it is becoming the standard and represents the total financing of each company. The only exception in this report is carbon intensity which uses revenue (\$m) to normalise as this is an externally defined, industry standard metric.

Indicators normalised against EVIC are calculated based on EVIC of the companies that have reported the relevant indicator only, not the total investment in the fund. Therefore, it does not mean that every \$m invested in the fund delivers those outcomes. The calculation is (for companies reporting a value):

$$\frac{\sum \text{reported value} / \text{company EVIC}}{\text{coverage}}$$

We use averages to enable comparison against the benchmark, weighted to give the most accurate representation of the fund's and benchmark's percentage holdings and therefore outcomes performance. Indicators using weighted averages are identified in the following pages. It means that if we have a bigger investment in company A than company B, then company A's outcomes performance counts for more towards the overall fund's outcomes performance.

When calculating metrics that are weighted averages, we have "grossed up" the coverage to 100%. This means that for the portion of the fund where data is not available, the holdings are removed from the aggregation and the remainder of the fund is reweighted to 100%. The portion of the fund that has no available data is assumed to mirror the behavior of the holdings with available data. In some cases this may underestimate outcomes performance, while in others it may overestimate it. This depends on what good outcomes performance looks like and the reasons companies have not disclosed. Grossing up is less reliable with lower coverage so we don't generally report indicators with lower than 50% coverage.

Due to the nature of outcomes and indicators, good outcomes performance can be high or low. We've indicated in text whether the performance of the fund is better or worse than the benchmark.

Guidance note: cleaner

Term / Outcome	Notes
Carbon: Absolute Emissions	<p>This indicator shows how much greenhouse gas (tCO₂e) is emitted, by each company, using the funds % holding in each of these companies to aggregate to the fund level. This is not a regulatory indicator and it doesn't follow methodology outlined by Taskforce for Climate-related Finance Disclosures (TCFD) or other recommendations. We have used it because it shows company's, and therefore the funds, "true" carbon emissions, presented as a weighted average to enable comparison against the benchmark. It is calculated as a weighted average sum of the holdings with carbon emission coverage.</p> $\text{Absolute emissions} = \sum \frac{\text{current value of investment}}{\text{current portfolio value}} \times \text{company emissions}$ <p>Given the lack of issuer data and inconsistencies in reporting, we selected to disclose our holdings' Scope 3 emissions as estimated by data providers following the GHG Protocol methodology.</p>
Carbon: Carbon intensity	<p>This indicator shows how much greenhouse gas (tCO₂e) is emitted by companies in the fund, on average, per \$m revenue. It is calculated as a weighted average sum of the holdings with carbon intensity coverage, following the TCFD recommendation.</p> $\text{Carbon intensity} = \sum \frac{\text{current value of investment}}{\text{current portfolio value}} \times \frac{\text{company emissions}}{\text{company \$m revenue}}$
Science-Based Targets initiative (STBi) approved climate commitments	<p>This indicator shows the number of companies in the fund with SBTi approved targets. Though we believe there are challenges with SBTi methodology we also believe external independent verification provides certain assurance over the quality of targets including how achievable they are.</p>
Waste generated (intensity)	<p>This tells us how much waste investee companies generate per \$m EVIC. Reported as a weighted average sum of holdings with available data.</p>
Water use (intensity)	<p>This metric tells us how much water companies consume per \$m EVIC. Our data provider, Net Purpose takes either company reported water consumption data or subtracts water discharged from water withdrawn. Reported as a weighted average sum of holdings with available data.</p>
Companies with activities negatively affecting biodiversity-sensitive areas	<p>This is an SFDR indicator so we have reported as per SFDR requirements. This indicator is taken from MSCI ESG Research and flags companies that either have operations located in or near biodiversity sensitive areas, are assessed to potentially negatively affect local biodiversity, and have no impact assessment; or are involved in controversies with severe impact on local biodiversity.</p>
Royal London Asset Management climate transition assessment	<p>To assess the credibility of climate transition plans, Royal London Asset Management developed a set of 12 indicators, across 3 overarching expectations: setting emissions reductions targets aligned with the Paris Agreement, bringing others to net zero and demonstrating action now. For more detail on the 12 indicators, please refer to Royal London Asset Management's Net Zero Stewardship Programme Report found here.</p>

Term / Outcome	Notes
Implied temperature rise (<1.5°C or <2°C)	<p>The percentage of instruments (by value) held in the portfolio that have implied temperature rises (ITR) below 2°C (or 1.5°C).</p> <p>ITR aims to measure the global warming outcome from the emissions trajectory of a company, if the whole economy followed the same trajectory. Each company is allocated a carbon budget based on sector emission reductions pathways that achieve the Paris Agreement goals. The projected cumulative company emissions based on the companies' most recent Scope 1, 2 and 3 emissions and the companies' targets are then assessed against the carbon budget. The percentage over- or undershoot from the allocated budget is then expressed in degrees centigrade (°C), using the Transient Climate Response (TCRE) factor. The TCRE is published by IPCC reports, it results from the linear relationship between cumulative emissions and global temperature increase.</p>
Absolute waste generated	This tells us how much waste investee companies generate (tonnes). Reported as a weighted average sum of holdings with available data.
Absolute water used	This simply tells us how much water companies consume (m ³). Our data provider, Net Purpose, takes either company reported water consumption data or subtracts water discharged from water withdrawn. Reported as a weighted average sum of holdings with available data.

Guidance note: further detail on outcomes healthier; safer; more inclusive

Term / outcome	Notes
Access to healthcare	We used the number of underserved and low income patients reached as we are not confident in the reliability of the figures provided for total number of patients, and providing healthcare to people in greater need is generally associated with better outcomes. However, as this number was manually sourced we have not been able to provide an equivalent comparison for the benchmark.

Term / outcome	Notes
Employee health and safety score	Reported as a weighted average sum of holdings with available data. This indicator reports the MSCI ESG Research score for employee health and safety, which measures the severity of controversies relating to employee health and safety. Factors affecting the score can include historic involvement in legal cases, penalties and fines and criticism by third parties.

Term / outcome	Notes
Gender diversity on boards	This is an EU Sustainable Finance Disclosure Regulation (SFDR) indicator so we have reported as per SFDR requirements. Reported as a weighted average sum of holdings with available data.
Gender diversity at manager level	Reported as a weighted average sum of holdings with available data.
Gender diversity across all employees	Reported as a weighted average sum of holdings with available data. This simply takes an average across all levels, so includes manager and board levels highlighted above.
CEO: Median Employee Ratio	This measure compares the overall compensation of the CEO to that of the typical employee.
Financial Inclusion: Number of MSME businesses provided with financial services	The number of micro-, small, and medium-sized enterprises (MSMEs) provided with financial services by companies in the fund. As this number was manually sourced, we have not been able to provide an equivalent comparison for the benchmark.
Social Housing: Number of affordable homes built	Total number of affordable homes completed in the year. As this metric is specific to the industry, and company, reporting a benchmark comparison is not possible.
Social Housing: Customer Satisfaction Rating	Weighted average of customer satisfaction ratings of housing associations in the fund that are reporting this metric. As this metric is specific to the industry and company reporting a benchmark comparison is not possible.
Financial Inclusion: Number of people provided access to financial services	Total number of people provided first time access to financial services including bank accounts. As it is specific to the industry and company reporting a benchmark comparison is not possible.
Financial Resilience: vulnerable customers provided insurance	This indicator shows the total number of vulnerable individuals and businesses supported through AXA's Inclusive Protection programme. As it is specific to the industry and company reporting a benchmark comparison is not possible.
Financial Resilience: Customers in financial hardship supported	This indicator shows the total number of customers in Australia and New Zealand supported who were experiencing financial hardship e.g. through deferred or reduced repayments. As it is specific to the industry and company reporting a benchmark comparison is not possible.

Guidance note: rationale for governance indicators







Indicator	Rationale
% fund invested in companies with employee representation on board	Companies with employee representation on the board should consider employee impacts such as wellbeing and pay in decision making with a higher priority than those without.
% fund invested in companies with equal shareholder voting rights	Equal voting ensures that individual shareholders do not have a disproportionate amount of control or influence. Majority or large shareholders clearly retain more votes than minority shareholders, but equal rights help to balance consideration of shareholders' priorities.
% fund invested in companies with stakeholder constituency provision	Stakeholder constituency is where companies have provision written into their governing documents (such as articles of association) for a responsibility or duty to consider stakeholders wider than their shareholders, thus enabling environmental and social factors to be considered alongside shareholders' profit. These stakeholders can include customers, employees, suppliers, communities etc.
% fund invested in companies with a vote on executive pay	Votes on executive pay help to keep executive pay fair and in check, relative to pay for all employees.
Data security score	Reported as a weighted average sum of holdings with available data. This score measures severity of controversies relating to customers' data security, so gives an assessment of impact on customers of data breaches. Issues covered can include, legal but controversial uses of personal data, security breaches, regulatory action against the company, and changes to a company's policies or practices that erode customer privacy. Companies are scored out of 10, with 10 being the best score i.e. no severe breach.





Royal London Asset Management sustainable themes – an output of bottom-up research approach



For information purposes only. Source: Royal London Asset Management internal sustainable themes, as at 29 December 2023, excluding cash.

Top 10 fund holdings disclosure

Fund holding (instrument)	% fund	Description and positive contribution to society	Royal London Asset Management sustainable theme
Lloyds Banking Group plc 7.953% 15/11/2033	1.3%	Lloyds generates societal benefits thanks to its leading position as a provider of UK mortgages and SME financing.	 Community Funding
Xylem Inc 2.25% 30/01/2031	1.0%	Xylem, a leading global water technology company committed to developing innovative technology solutions to the world's water challenges, generates societal benefits from its products and services.	 Social & Environmental Infrastructure
Lloyds Banking Group plc 4.582% 10/12/2025	1.0%	Lloyds generates societal benefits thanks to its leading position as a provider of UK mortgages and SME financing.	 Community Funding
Republic Services Inc 2.30% 01/03/2030	1.0%	One of the largest waste management companies in the US. The company helps to create cleaner and safer neighbourhoods.	 Circular Economy & Environmental Efficiency
HSBC Holdings plc 7.39% 03/11/2028	0.9%	HSBC Holdings generates societal benefits thanks to its activities in trade finance and its global network, which enables clients to access global markets and conduct cross-border transactions efficiently. Also, through its presence in emerging markets, as an established foreign lender, it can not only improve access to international markets, but also bring efficiency improvements to the local banking sector, through training of the domestic workforce, better risk management practices and new financial products.	 Financial Inclusion & Resilience
NN Group 4.625% 13/01/2048	0.9%	NN Group is a financial services company that provides life insurance, non-life insurance and banking products and services. Its products help customers build resilience in financial planning and protect them from unexpected downside risks.	 Financial Inclusion & Resilience

Fund holding (instrument)	% fund	Description and positive contribution to society	Royal London Asset Management sustainable theme
Legal & General Group plc 5.25% 21/03/2047	0.9%	L&G generates societal benefits relating to financial inclusion and resilience. Its products and services include investment management, lifetime mortgages, pensions, annuities and life assurance, which help customers build resilience in their financial planning and protect them from unexpected downside risks.	 Financial Inclusion & Resilience
Ecolab Inc 2.125% 01/02/2032	0.9%	Ecolab is a provider of water, hygiene and infection prevention solutions. Its water management business is helping companies build resilience to a changing environment. Through its sanitisation products, it is promoting a healthier and safer world.	 Hygiene & Wellbeing
Prudential Financial Inc 5.375% 15/05/2024	0.9%	Prudential is a financial services company whose products and services include life insurance, mutual funds and pension and retirement related services. Its products help customers build resilience in financial planning and protect them from unexpected downside risks.	 Financial Inclusion & Resilience
Avista Corporation 4.35% 01/06/2048	0.8%	Avista Corp operates an electric generation, transmission, distribution and retailing network, along with a gas distribution and retailing network based primarily in Washington State. The company generates societal benefits through its heavy hydropower focus, as well as its energy distribution and transmission.	 Energy Transition

Portfolio characteristics and holdings are subject to change without notice. This does not constitute an investment recommendation.

For information purposes only. Source: Royal London Asset Management internal sustainable themes, as at 29 December 2023, excluding cash.

Principal Adverse Impacts Statement

Royal London Global Sustainable Credit Fund (213800ACBG2K7TJ6FW12) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated principal adverse sustainability impacts statement of Royal London Global Sustainable Credit Fund.

This principal adverse impacts statement covers the reference period from 1 January 2023 and 29 December 2023.

Adverse Sustainability Indicator	Metric	Explanation	Impact
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	Sum of portfolio companies' Carbon Emissions - scope 1 (tCO ₂ e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash. 7608.99 Coverage: 70.18%
		Scope 2 GHG emissions	Sum of portfolio companies' Carbon Emissions - scope 2 (tCO ₂ e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash. 1793.21 Coverage: 70.18%
		Scope 3 GHG emissions	Sum of portfolio companies' scope 3 - Total Emission Estimated (tCO ₂ e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash. 34317.87 Coverage: 69.28%
		Total GHG emissions	The total annual scope 1, scope 2, and estimated scope 3 GHG emissions associated with the market value of the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash). 43720.07 Coverage: 70.18%
	2. Carbon footprint	Carbon footprint	The total annual scope 1, scope 2, and estimated scope 3 GHG emissions associated with 1 million EUR invested in the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash). 107.32 Coverage: 70.18%
	3. GHG intensity of investee companies	GHG intensity of investee companies	The portfolio's weighted average of its holding issuers' GHG Intensity (scope 1, scope 2 and estimated scope 3 GHG emissions/EUR million revenue). 700.68 Coverage: 85.32%
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	The percentage of the portfolio's market value exposed to issuers with fossil fuels related activities, including extraction, processing, storage and transportation of petroleum products, natural gas, and thermal and metallurgical coal. 0.09% Coverage: 84.95%

Adverse Sustainability Indicator	Metric	Explanation	Impact		
Greenhouse gas emissions (continued)	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage	The portfolio's weighted average of issuers' energy consumption and/or production from non-renewable sources as a percentage of total energy used and/or generated.	0.69% Coverage: 71.40%	
	6. Energy consumption intensity per high impact climate sector - NACE codes A-L	A - Agriculture, Forestry and Fishing		The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for Nace Code A	0.00
		B - Mining and Quarrying		The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for Nace Code B	0.00
		C - Manufacturing		The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for Nace Code C	0.12
		D - Electricity, Gas, Steam and Air Conditioning Supply		The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for Nace Code D	1.48
		E - Water Supply; Sewerage, Waste Management and Remediation Activities		The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for Nace Code E	0.81
		F - Construction		The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for Nace Code F	0.14
		G – Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles		The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for Nace Code G	0.08
		H - Transportation and Storage		The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for Nace Code H	1.44
		I - Accommodation and Food Service Activities		The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for Nace Code I	0.00
		J - Information and Communication		The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for Nace Code J	0.25
		K - Financial and Insurance Activities		The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for Nace Code K	0.01
		L - Real Estate Activities		The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for Nace Code L	0.41
	Coverage		The portfolio's total coverage of Energy Consumption Intensity.	Coverage: 60.66%	

Adverse Sustainability Indicator	Metric	Explanation	Impact
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	The percentage of the portfolio's market value exposed to issuers' that reported having operations in or near biodiversity sensitive areas and have been implicated in controversies with severe or very severe impacts on the environment. 0.00% Coverage: 84.95%
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	The total annual wastewater discharged (metric tons reported) into surface waters as a result of industrial or manufacturing activities associated with 1 million EUR invested in the portfolio . Companies' water emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash). 0.84 Coverage: 0.63%
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	The total annual hazardous waste (metric tons reported) associated with 1 million EUR invested in the portfolio. Companies' hazardous waste is apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash). 0.05 Coverage: 22.76%
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	The percentage of the portfolio's market value exposed to issuers with severe or very severe controversies related to the company's operations and/or products. 0.00% Coverage: 85.28%
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance / complaints handling mechanisms to address violations of the UNGC principles or the OECD Guidelines for Multinational Enterprises	The percentage of the portfolio's market value exposed to issuers that are not signatories in the UN Global Compact. 0.37% Coverage: 84.83%

Adverse Sustainability Indicator		Metric	Explanation	Impact
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	The portfolio holdings' weighted average of the difference between the average gross hourly earnings of male and female employees, as a percentage of male gross earnings.	20.46 Coverage: 28.85%
	13. Board gender diversity	Average ratio of female to male board members in investee companies	The portfolio holdings' weighted average of the ratio of female to male board members.	18.62% Coverage: 85.19%
	14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	The percentage of the portfolio's market value exposed to issuers with an industry tie to landmines, cluster munitions, chemical weapons or biological weapons. Note: Industry ties includes ownership, manufacturing and investments. Ties to landmines do not include related safety products.	0.00% Coverage: 92.63%
Emissions (additional)	15. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	The sum of companies' weights in the portfolio that have no carbon emissions reduction initiatives coverage. There is no re-weighting, nor removing of holdings with no data available for the calculation.	0.26% Coverage: 82.81%
Human rights (additional)	16. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis	The portfolio's weighted average sum of the holdings with human rights violations coverage. For the portion of the fund where human rights violation data is not available, the holdings are removed and remainder of the fund re-weighted to 100%. The portion not covered by human rights violations data values are assumed to behave as the holding with data available.	0.00% Coverage: 70.18%
Social and employee matters (additional)	17. Incidents of discrimination	Number of incidents of discrimination reported in investee companies expressed as a weighted average	The portfolio's weighted average of issuers' number of Severe and Very Severe controversy cases in last three years related to the company's involvement in: Employee discrimination and workforce diversity issues.	0.00 Coverage: 70.18%

Data sources and quality:

Financial data:

Portfolio data and benchmark data is from Royal London Asset Management data systems with values, with scope of equities and corporate bonds, at end of 2023.

Revenue data is from MSCI ESG Research's latest available information at the time of calculation.

EVIC data is from Net Purpose's latest available information at the time of calculation.

Emissions data:

For fixed income securities, we have developed our own emissions research process which provides carbon emissions data that is more granular and relevant to fixed income issuers. The emissions figures are calculated using a formula which uses our sourced data as a preference where data is available, supplementing with MSCI ESG Research data or estimates where they have not gathered data. Royal London Asset Management's data for emissions includes a combination of company disclosures through annual reporting, sustainability supplements, filings to the carbon disclosure project and primary research by our Responsible Investment and Credit teams. Where we lend to ring-fenced subsidiaries, we have tried to source carbon data and revenues specific to those subsidiaries.

All Scope 3 data is sourced from and estimated by MSCI ESG Research.

Additional metrics:

SBTi, biodiversity, health and safety, governance and principal adverse impact data are provided by MSCI ESG Research, using the latest available information at the time of calculation.

Renewable energy, waste, water, gender diversity and CEO: Median Employee Salary Ratio data are sourced from Net Purpose using the latest available information at the time of calculation.

Where available, we use Net Purpose products and services data, which we supplement with gathered data.

Data inheritance:

For metrics other than greenhouse gas emissions metrics, we have adopted the hierarchy of our data providers. This means that in some instances an issuer we hold in the fund may inherit data from a parent company, which may not be representative of the underlying issuer.

Past performance is not a guide to future performance. 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.

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.

Credit Risk: Should the issuer of a fixed income security become unable to make income or capital payments, or their rating is downgraded, the value of that investment will fall. Fixed income securities that have a lower credit rating can pay a higher level of income and have an increased risk of default.

Efficient Portfolio Management (EPM)

Techniques: 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.

Interest Rate Risk: Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital.

Liquidity Risk: In difficult market conditions the value of certain fund investments may be difficult to value and harder to sell, or sell at a fair price, resulting in unpredictable falls in the value of your holding.

Emerging Markets Risk: Investing in Emerging Markets may provide the potential for greater rewards but carries greater risk due to the possibility of high volatility, low liquidity, currency fluctuations, the adverse effect of social, political and economic instability, weak supervisory structures and accounting standards.

Responsible Investment Style 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.

Disclaimers

This report covers Royal London Asset Management's Global Sustainable Credit Fund, domiciled in Dublin, Ireland.

There are no regulations directly applicable to this report but it includes SFDR PAI data in the appendix, and it forms part of our range of sustainability and responsible investment reports including TCFD, Stewardship and Responsible Investment and SFDR.

This fund is managed by Royal London Asset Management in its capacity as appointed fund manager.

We've used different data sources including our own research. Due to the way a few of these sources account for cash in the fund they may calculate slightly different weights for each holding. Overall this has a negligible effect on the final numbers presented.

We've used data provided by 3rd parties. While every precaution has been taken to accurately assess data in this report, it is being provided to you on a best endeavours basis and Royal London Asset Management accepts no liability for any errors or omissions in connection to this data and its further use.

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