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Royal London
**Sustainable
Leaders Trust**
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 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 a mix of 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 the operations and products and 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 and impacts, and data availability, is constantly evolving. Today large gaps in data exist combined with low coverage of certain metrics and a scarcity of readily available data for product and services outcomes compared to operational environmental and social outcomes. As such, 24 of our 29 indicators are focused on operational outcomes and only five aim to assess product and services outcomes. We will continue to develop our framework and will look 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

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 manager'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" or "benchmark") over a rolling 5-year period. For further information on the fund's index, please refer to the Prospectus. The fund is actively managed.



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	Sustainable Leaders Trust	vs	Benchmark (FTSE All Share Index)	
Absolute Emissions Scope 1 & 2 (tCO ₂ e)	745,614		10,504,129	→ 92.9% better
Carbon Intensity Scope 1 & 2 (tCO ₂ e / \$m revenue)	46.9		86.9	→ 46.0% better
Absolute Emissions Scope 3 (tCO ₂ e)	7,932,929		108,676,880	→ 92.7% better
Carbon Intensity Scope 3 (tCO ₂ e / \$m revenue)	335.2		942.5	→ 64.5% better
Renewable Energy Consumption (% of total energy consumption)	38.6%		36.4%	→ 2.2% better
RLAM Climate Transition Assessment	58.4% (of financed emissions) aligning towards a net zero pathway 0.3% (of financed emissions) not aligned			
SBTi* approved climate commitments	64.4%		44.7%	→ 19.4% better
Implied Temperature Rise <1.5°C	74.8%		52.4%	→ 22.4% better
Implied Temperature Rise <2°C	90.7%		70.3%	→ 20.4% better
Absolute waste generated (tonnes)	89,583		131,219,548	→ 99.9% better
Waste Generation (intensity: Tonnes / \$M EVIC**)	4.7		1,274	→ 99.6% better
Absolute water consumption (m ³)	2,798,617		65,203,384	→ 95.7% better
Water consumption (intensity: m ³ / \$M EVIC**)	72.2		1,203.0	→ 94.0% better
Biodiversity impact (% of the fund severely impacting biodiversity)	4.5%		23.6%	→ 19.1% better

* Data from 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

Sustainable Leaders Trust

P&S*

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

115,800,000

Safer

Sustainable Leaders Trust

VS

Benchmark (FTSE All Share Index)

Health & safety score

9.5/10

8.2/10



15.9% better

More inclusive

Sustainable Leaders Trust

VS

Benchmark (FTSE All Share Index)

Gender diversity (Board)

40.4%

42.1%



1.7% worse

Gender diversity (Management)

36.5%

35.0%



1.5% better

Gender diversity (Employees)

42.5%

39.9%



2.6% better

CEO: Median employee salary ratio

127:1

111:1



14.4% worse

P&S*

Number of MSME** businesses provided with financial services

27,000,000

P&S*

Estimated fraud prevented

\$40billion

P&S*

Number of additional affordable homes delivered

2,470

P&S*

Customer satisfaction rating

78%

Good governance

Sustainable Leaders Trust

VS

Benchmark (FTSE All Share Index)

Governance: employee representation

5.1%

0.7%



4.4% better

Governance: equal voting rights

93.6%

90.4%



3.2% better

Governance: Stakeholder constituency

80.6%

82.7%



2.1% worse

Governance: Vote on pay

100.0%

93.2%



6.8% better

Governance: Data security score

9.6/10

9.1/10



5.5% 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

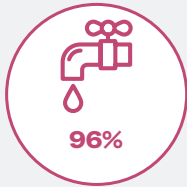
Where our investee companies perform well:



20/23

In aggregate, the companies in our fund outperform the benchmark in **20 out of the 23** 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 climate targets approved by the Science Based Targets initiative (SBTi) and more of the fund has an Implied Temperature Rise below 1.5°C.

They are also generating **100% less** waste, and using **96% less** water than companies in the benchmark.



Healthier:

Novo Nordisk, AstraZeneca and GSK reached over **115million¹** people through affordable healthcare schemes.



Safer:

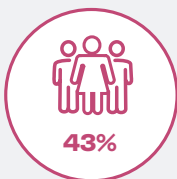
Companies in the fund score **16% better** on average on health and safety performance according to the scoring methodology of MSCI ESG Research.



Corporate governance:

The fund performs better than the benchmark on **four out of five** corporate governance measures.

More inclusive:



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



Visa's fraud prevention services helped to avoid an estimated **\$40billion** worth of fraud².

Visa supported an additional **27million** small and medium sized businesses with solutions, skills & education and partnerships².



Vistry Group completed over **2,400 additional affordable homes** in the year.

Where our investee companies need to make improvements:



Companies in our fund have slightly worse gender diversity at the board level.



Companies in our fund perform worse than the benchmark on CEO: Employee median salary ratio and stakeholder constituency provision.

1. Novo Nordisk Annual Report 2023, AstraZeneca Annual Report 2023 and GSK Annual Report 2023

2. Visa, ESG Report 2023

3. Vistry Group 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 cleaner society

Ashtead Group

Region

UK company -
Global reach

Industry sector

Industrial

Website

[Ashtead](#)

Ashtead is a provider of industrial rental equipment including hand tools, forklifts, skid steers and more, operating in the US, the UK and Canada.

What (products and services): Ashtead's rental model helps to reduce embodied carbon emissions by replacing owned assets with rental equipment, which can lead to a significant reduction in the number of units produced and the demand for raw materials. The company is also working with leading equipment manufacturers to deliver electric construction equipment, contributing to greener construction sites as a result.

How (operations): The company has taken significant steps to improve its rental fleet's share of alternative fuels. Ashtead recently started reporting scope 3 emissions, and has seen a 29% reduction in its scope 1 and 2 carbon intensity since its benchmark year (2018). The company's social disclosures are good, reporting 88% employee engagement in North America and 80% in the UK in 2023. Gender diversity is below average, in part reflecting the US construction industry, but is improving and we'd like to see this continue.

Products and services



Around **20%** of its rental fleet is made up of battery, electric and hybrid options.



Ashtead offers full time safety trainers for its customers in **145** markets in North America as well as having **31** accredited training centers in the UK.



Supports approximately **20** major responses to natural disasters or other emergency situations each year by providing equipment and supporting clean-up operations.

These are company reported statistics from Ashtead, including from its 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 Ashtead operates

	2023	2021
Total tCO ₂ e emissions (Scope 1 + 2)*	377,613	318,970
Carbon intensity (tCO ₂ e Scope 1 + 2/ \$m revenue)*	37	46
Renewable consumption %**	1.4%	Not disclosed
Implied Temperature Rise*	1.6°C	Not available
SBTi approved commitments***	No	No
Biodiversity*	No significant incidents	Not available
Waste generated (tonnes)**	Not disclosed	Not disclosed
Waste intensity (tonnes / \$m EVIC)**	Not disclosed	Not disclosed
Water used (m ³)**	Not disclosed	Not disclosed
Water intensity (m ³ / \$m EVIC)**	Not disclosed	Not disclosed
Female board**	44%	38%
Female managers**	24%	17%
Female employees**	12%	11%
CEO:Median employee salary**	115:1	115:1
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 executive pay?*	Yes	Not available
Data security score*	10	Not available

* Certain information ©2023 MSCI ESG Research LLC. Reproduced by permission. Data as at 4 April 2024. Where 2023 data was not available, data from 2022 and 2020 was used to provide a 2 year comparison.

** Data from Net Purpose.

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

A safer society

Diploma	Region	Industry sector	Website
	UK Company - Global reach	Industrial	Diploma

Diploma is a distributor of industrial components and medical equipment.

What (products and services): Diploma’s products include seals, control components and consumables for life sciences. Seals are an essential but simple element that support the safe operation of machinery, while control components enable individuals to quickly adjust larger mechanical systems. The company’s offerings have applications in diagnostics, technology, telecoms, energy, and electric vehicles (EVs), serving a diverse range of customers including healthcare equipment manufacturers, hospitals, laboratories, and various industries.

How (operations): The company is at the start of its ESG journey but is making progress and began reporting sustainability KPIs in 2021. The company’s governance structure generally reflects best practices, although improvements could be made on diversity and inclusion. The board composition includes a majority of independent directors, and remuneration policies align with UK standards. It employs over 3,000 employees globally, with high colleague engagement (80%).

Products and services

 <p>17% of Diploma’s revenue is derived from its Life Sciences business which supplies equipment and instruments for surgery, diagnosis of disease and critical care support.</p>	 <p>Diploma’s controls business (44% of revenue) provides products to industries such as the renewable energy, food and beverage and medical industries.</p>	 <p>Diploma sells Distributed Antenna Systems (“DAS”) which are the dedicated communication systems of first responders and are often an integral part of many fire evacuation systems.</p>
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These are company reported statistics from Diploma’s Annual Report 2023 and the Windy City Wire website. 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 Diploma operates

	2023	2021
Total tCO ₂ e emissions (Scope 1 + 2 + 3)*	10,615	318,970
Carbon intensity (tCO ₂ e Scope 1 + 2 + 3 / \$m revenue)*	9.4	6.2
Renewable consumption %**	Not disclosed	Not disclosed
Implied temperature rise*	1.5°C	Not available
SBTi approved commitments***	Committed	Not available
Biodiversity*	No significant incidents	Not available
Waste generated (tonnes)**	3,720	Not disclosed
Waste intensity (tonnes / \$m EVIC)**	0.66	Not disclosed
Water used (m ³)**	Not disclosed	Not disclosed
Water intensity (m ³ / \$m EVIC)**	Not disclosed	Not disclosed
Female board**	38%	43%
Female managers**	23%	24%
Female employees**	31%	32%
CEO:Median employee salary**	126:1	Not disclosed
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

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** Data from Net Purpose.

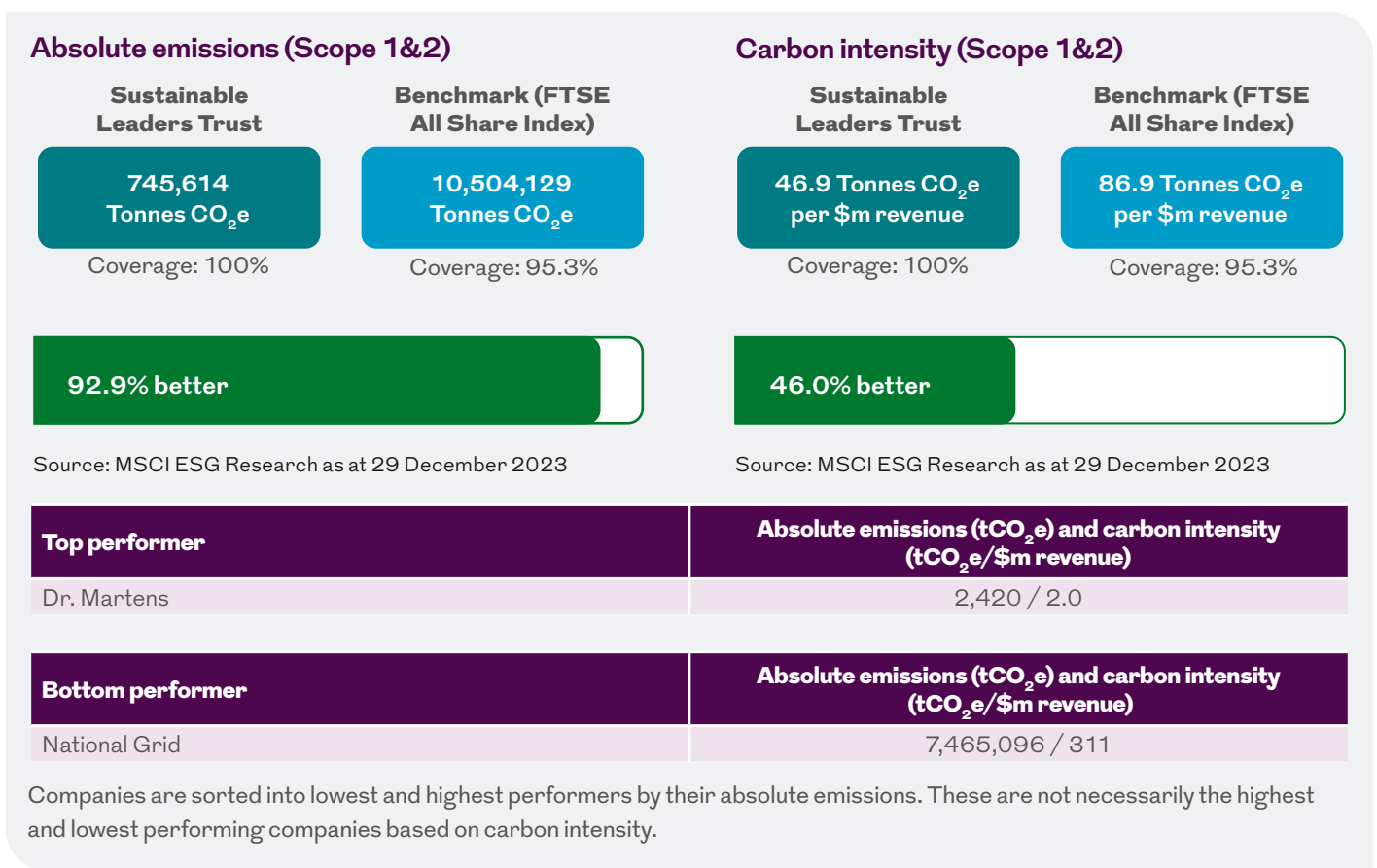
*** Data from STBi - Science Based Targets initiative as at 29 December 2023.

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 energy 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.



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Absolute emissions (Scope 3)*

Sustainable Leaders Trust

7,932,929
Tonnes CO₂e

Coverage: 100%

Benchmark (FTSE All Share Index)

108,676,880
Tonnes CO₂e

Coverage: 95.2%

92.7% better

Source: MSCI ESG Research as at 29 December 2023

Carbon intensity (Scope 3)*

Sustainable Leaders Trust

335.2 Tonnes CO₂e
per \$m revenue

Coverage: 100%

Benchmark (FTSE All Share Index)

942.5 Tonnes CO₂e
per \$m revenue

Coverage: 95.2%

64.5% better

Source: MSCI ESG Research as at 29 December 2023

Top performer

Unite Group

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

107,808 / 368

Bottom performer

HSBC Holdings

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

40,674,789 / 463

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

Renewable energy consumption

Sustainable Leaders Trust

38.6%

Coverage: 49.7%

Benchmark (FTSE All Share Index)

36.4%

Coverage: 54.3%

2.2% better

Source: Net Purpose as at 16 April 2024.

Top performers

Novo Nordisk

Microsoft

Visa

% Renewable energy used

100%

97%

86%

Bottom performers

Ferguson

Ashtead Group

Bunzl

% Renewable energy used

0.2%

1.4%

3.3%

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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 categorisation 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. For the purposes of this report, we’ve performed additional assessments to cover the top emitters in this fund. 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 researched resulting in some N/A results.

Sustainable Leaders Trust

11 companies aligning to a net zero pathway

Coverage: 58.4%
(of financed emissions)

1 company not aligned

Coverage: 0.3%
(of financed emissions)

Aligning to a net zero pathway

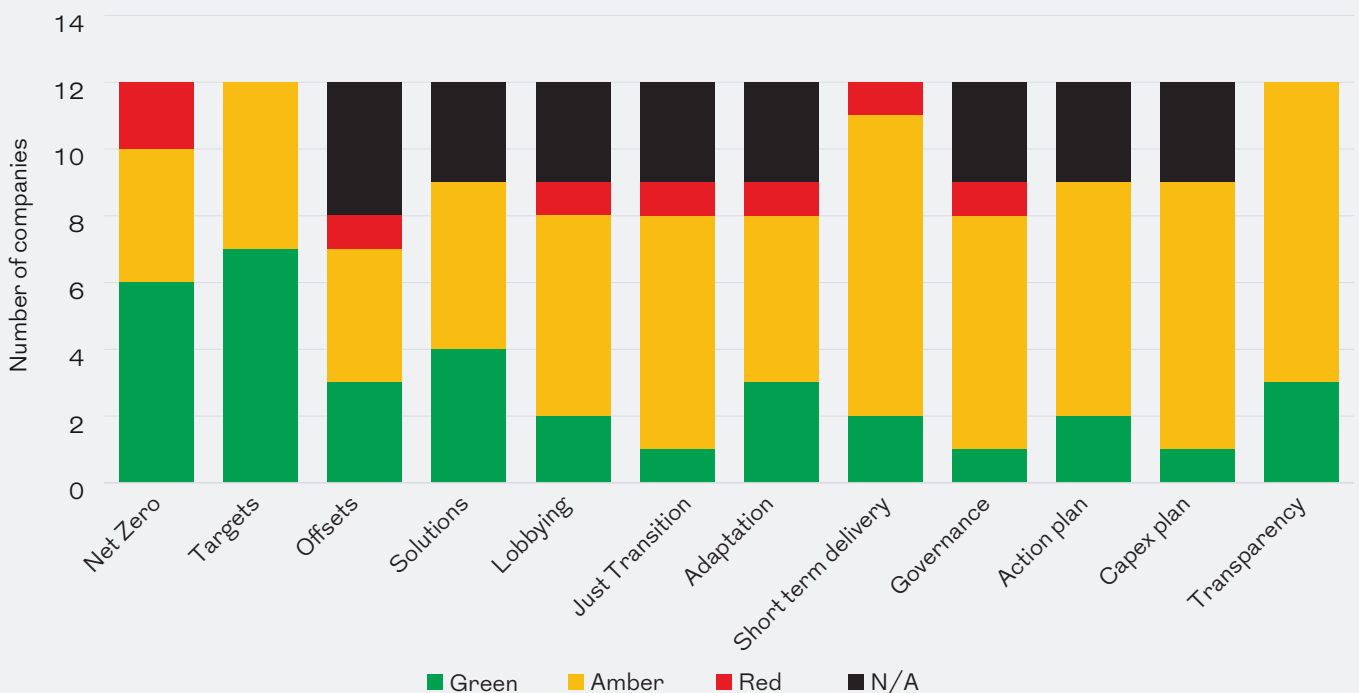
SSE, National Grid, Croda International, Rentokil Initial, Texas Instruments, Tesco, ConvaTec Group, GSK, Prudential, HSBC Holdings, Visa

Not aligned

Microsoft

We’ve assessed the climate transition plans of companies covering 58.7% 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 Microsoft not aligned as it stands.

Sustainable Leaders Trust ratings for each of the 12 net zero indicators



Source: Royal London Asset Management as at 29 December 2023

Science Based Targets initiative and Implied Temperature Rise

To support our company level qualitative analysis, at fund level, we have 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

Sustainable Leaders Trust

64.4%

Coverage: 100%

Benchmark (FTSE All Share Index)

44.7%

Coverage: 100%

19.4% better

Source: SBTi - Science Based Targets initiative as at 29 December 2023

Top performers

26 companies have approved targets including AstraZeneca, London Stock Exchange Group and Compass Group

Bottom performers

14 companies don't have approved targets including Standard Chartered, RELX & HSBC Holdings

Implied Temperature Rise <1.5°C

Sustainable Leaders Trust

74.8%

Coverage: 100%

Benchmark (FTSE All Share Index)

52.4%

Coverage: 95.1%

2.4% better

Source: MSCI ESG Research as at 4 April 2024

Top performers

15 companies

Implied Temperature Rise

1.3°C

Implied Temperature Rise <2°C

Sustainable Leaders Trust

90.7%

Coverage: 100%

Benchmark (FTSE All Share Index)

70.3%

Coverage: 95.1%

20.4% better

Source: MSCI ESG Research as at 4 April 2024

Bottom performers

6 companies have an ITR above 2°C

For both metrics, companies in our fund perform better than the benchmark, with more of the fund by weight having approved targets contributing to ITR below 1.5°C and 2°C respectively. 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 \(TCFD\) Entity Report](#).

Waste

The following indicators tell us how much waste is generated in absolute terms and the amount of waste produced per \$m Enterprise Value (EVIC) of companies in the fund.

Absolute waste generated

**Sustainable
Leaders Trust**

89,583 tonnes

Coverage: 71.7%

**Benchmark (FTSE
All Share Index)**

131,219,548 tonnes

Coverage: 66.1%

99.9% better

Source: Net Purpose as at 16 May 2024

Top performers	Tonnes waste
Sage Group	354
Prudential	379
Experian	870

Bottom performers	Tonnes waste
DS Smith	1,438,424
Unilever	748,128
Severn Trent	397,266

Waste generation (intensity)

**Sustainable
Leaders Trust**

4.69 tonnes/\$M EVIC

Coverage: 71.7%

**Benchmark (FTSE
All Share Index)**

**1,274 tonnes/
\$M EVIC**

Coverage: 66.1%

99.6% better

Source: Net Purpose as at 16 May 2024

Top performers	Tonnes waste / \$m value (EVIC)
Visa	0.01
Standard Chartered	0.01
Prudential	0.01

Bottom performers	Tonnes waste / \$m value (EVIC)
DS Smith	176.3
Severn Trent	21.4
Victrex	18.2

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 and how much water is consumed per \$m EVIC of companies in the fund.

Absolute water consumption

**Sustainable
Leaders Trust**

2,798,617 m³

Coverage: 67.0%

**Benchmark (FTSE
All Share Index)**

65,203,384 m³

Coverage: 69.4%

95.7% better

Source: Net Purpose as at 16 May 2024

Top performers	Water consumed (m ³)
National Grid	0
Experian	40,119
Sage Group	57,000

Bottom performers	Water consumed (m ³)
DS Smith	1,438,424
Unilever	748,128
Severn Trent	397,266

Water consumed (intensity)

**Sustainable
Leaders Trust**

72.2
per \$million EVIC

Coverage: 67.0%

**Benchmark (FTSE
All Share Index)**

1,203.0
per \$million EVIC

Coverage: 69.4%

94.0% better

Source: Net Purpose as at 16 May 2024

Top performers	Water consumed (m ³) / \$m value (EVIC)
National Grid	0.0
Standard Chartered	0.01
Prudential	0.01

Bottom performers	Water consumed (m ³) / \$m value (EVIC)
DS Smith	176.3
Severn Trent	21.4
Victrex	18.2

As we don't invest in fossil fuel extraction and mining companies, which are intense consumers of water, we expect water consumption 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.

These consumption based key performance indicators (KPIs) are different to what 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 have operations in or near biodiversity sensitive areas where its activities could either potentially negatively affect local biodiversity, it has no impact assessment, or it is involved in severe or very severe biodiversity related controversies.

Biodiversity impact (% of the fund severely impacting biodiversity)

Sustainable Leaders Trust

4.5%
(2 companies)

Coverage: 100%

Benchmark (FTSE All Share Index)

23.6%
(18 companies)

Coverage: 93.5%

19.1% better

Source: MSCI ESG Research as at 4 April 2024

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 44 (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

Sustainable Leaders Trust

115,800,000

Coverage: n/a

Benchmark (FTSE All Share Index)

n/a

Coverage: n/a

The companies who have reported relevant figures in our fund are Novo Nordisk, AstraZeneca and GSK.

Novo Nordisk reached 2.4m people through the Access to Insulin Commitment and an estimated further 2.6m in developing countries outside of the Insulin Commitment⁴, while AstraZeneca reached 21.8m through access to healthcare programmes⁵. GSK reached 89m people with its products, through access initiatives such as voluntary licensing and donations⁶.

4 Novo Nordisk Annual Report 2023

5 AstraZeneca Annual Report 2023

6 GSK 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 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.

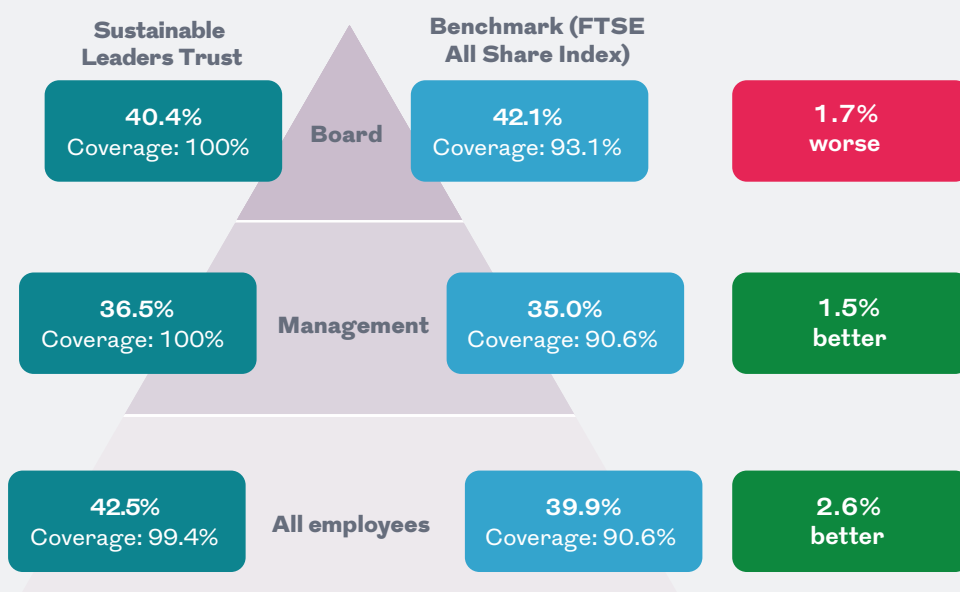
Sustainable outcomes data: more inclusive

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 as at 16 May 2024

Board

Top performers	%
Severn Trent	56%
Novo Nordisk	50%
Croda International	50%

Bottom performers	%
Sage Group	22%
Thermo Fisher Scientific	25%
Agilent Technologies	30%

Management

Top performers	%
Unilever	54%
GSK	50%
Greggs	50%

Bottom performers	%
Ferguson	23%
Texas Instruments	23%
Diploma	23%

All employees

Top performers	%
Greggs	67%
Convatec Group	62%
Lloyds Banking Group	57%

Bottom performers	%
Ashtead Group	12%
Victrex	22%
DS Smith	23%

Financial inclusion

Visa have a commitment to digitally enable 50m micro and small businesses by 2023 with solutions, skills & education, and partnerships. By 2023, it had supported around 67m, exceeding its goal. This was an increase of 27m from 2022.

Number of MSME businesses provided with financial services

27,000,000

Coverage: n/a

Source: Visa, ESG Report 2023

Financial wellbeing

Fraud prevention can help to avoid financial loss and emotional stress for consumers, and minimise financial impact on businesses. However on its own this indicator doesn't necessarily tell us how much Visa are contributing to the solution. We would like to see more on how much fraud was committed and how many people fell victim, to understand the context for this statistic. For example, Visa monitor fraud rates but haven't disclosed them publicly.

Estimated fraud prevented

US \$40billion

Coverage: n/a

Source: Visa, ESG 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 118:1⁶, and in the US it was 399:1 in 2021⁷.

CEO: Median employee ratio

**Sustainable
Leaders Trust**

127:1

Coverage: 96.7%

**Benchmark (FTSE
All Share Index)**

111:1

Coverage: 86.2%

14.4% worse

Source: Net Purpose as at 16 May 2024

Top performers	CEO: Median employee ratio
Victrex	15:1
Segro	23:1
Dr. Martens	27:1

Bottom performers	CEO: Median employee ratio
Thermo Fisher Scientific	363:1
Texas Instruments	323:1
Compass Group	303:1

Affordable housing

Vistry Group delivered an additional 2,470 affordable homes above policy requirements in 2023. With a customer satisfaction rating of 78% quality appears good but could be improved.

Number of additional affordable homes delivered

2,470

Coverage: n/a

Source: Vistry Group Annual Report 2023

Customer satisfaction rating

78%

Coverage: n/a

Source: Vistry Group Annual Report 2023

⁶ High Pay Centre, Analysis of UK CEO Pay in 2022, dated August 2023

⁷ 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)

**Sustainable
Leaders Trust**

4/5

**Benchmark (FTSE
All Share Index)**

1/5

Source: MSCI ESG Research as at 4 April 2024

Governance: employee representation

**Sustainable
Leaders Trust**

5.1%

Coverage: 100%

**Benchmark (FTSE
All Share Index)**

0.7%

Coverage: 93.2%

4.4% better

Source: MSCI ESG Research as at 4 April 2024

Top performers

3 companies have employee reps on the board

Bottom performers

37 companies don't have employee reps on the board

Governance: equal voting rights

**Sustainable
Leaders Trust**

93.6%

Coverage: 100%

**Benchmark (FTSE
All Share Index)**

90.4%

Coverage: 93.3%

3.2% better

Source: MSCI ESG Research as at 4 April 2024

Top performers

38 companies have equal voting rights

Bottom performers

2 companies don't have equal voting rights

Governance: stakeholder constituency

Sustainable Leaders Trust

80.6%

Coverage: 100%

Benchmark (FTSE All Share Index)

82.7%

Coverage: 93.2%

2.1% worse

Source: MSCI ESG Research as at 4 April 2024

Top performers

31 companies have stakeholder constituency provision in their governing documents

Bottom performers

9 companies don't have stakeholder constituency provision in their governing documents

Governance: vote on pay

Sustainable Leaders Trust

100.0%

Coverage: 100%

Benchmark (FTSE All Share Index)

93.2%

Coverage: 93.3%

6.8% better

Source: MSCI ESG Research as at 4 April 2024

Top performers

All companies in the fund have a vote on executive pay

Governance: data security score

Sustainable Leaders Trust

9.6/10

Coverage: 100%

Benchmark (FTSE All Share Index)

9.1/10

Coverage: 93.4%

5.5% better

Source: MSCI ESG Research as at 4 April 2024

Top performers

38 companies are scored 10/10 for data security

Bottom performers

2 companies score 3/10

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 aims 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
Greenhouse Gas: 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>
Greenhouse Gas: 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> $\text{Carbon intensity} = \sum \frac{\text{current value of investment}}{\text{current portfolio value}} \times \frac{\text{company emissions}}{\text{company \$m revenue}}$
Renewable energy consumption	<p>Outcomes performance represents the average amount of renewable energy consumed in operations as a percentage of the total energy consumed.</p> <p>Reported as a weighted average sum of holdings with available data.</p>
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 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.</p> <p>Reported as a weighted average sum of the holdings with available data.</p>
Water consumption (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.</p> <p>Reported as a weighted average sum of the holdings with available data.</p>
Operations in and Impacts on biodiversity areas	<p>This is an SFDR indicator so we have reported as per SFDR requirements.</p> <p>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 the holdings with available data.
Absolute water consumption	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 the 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.

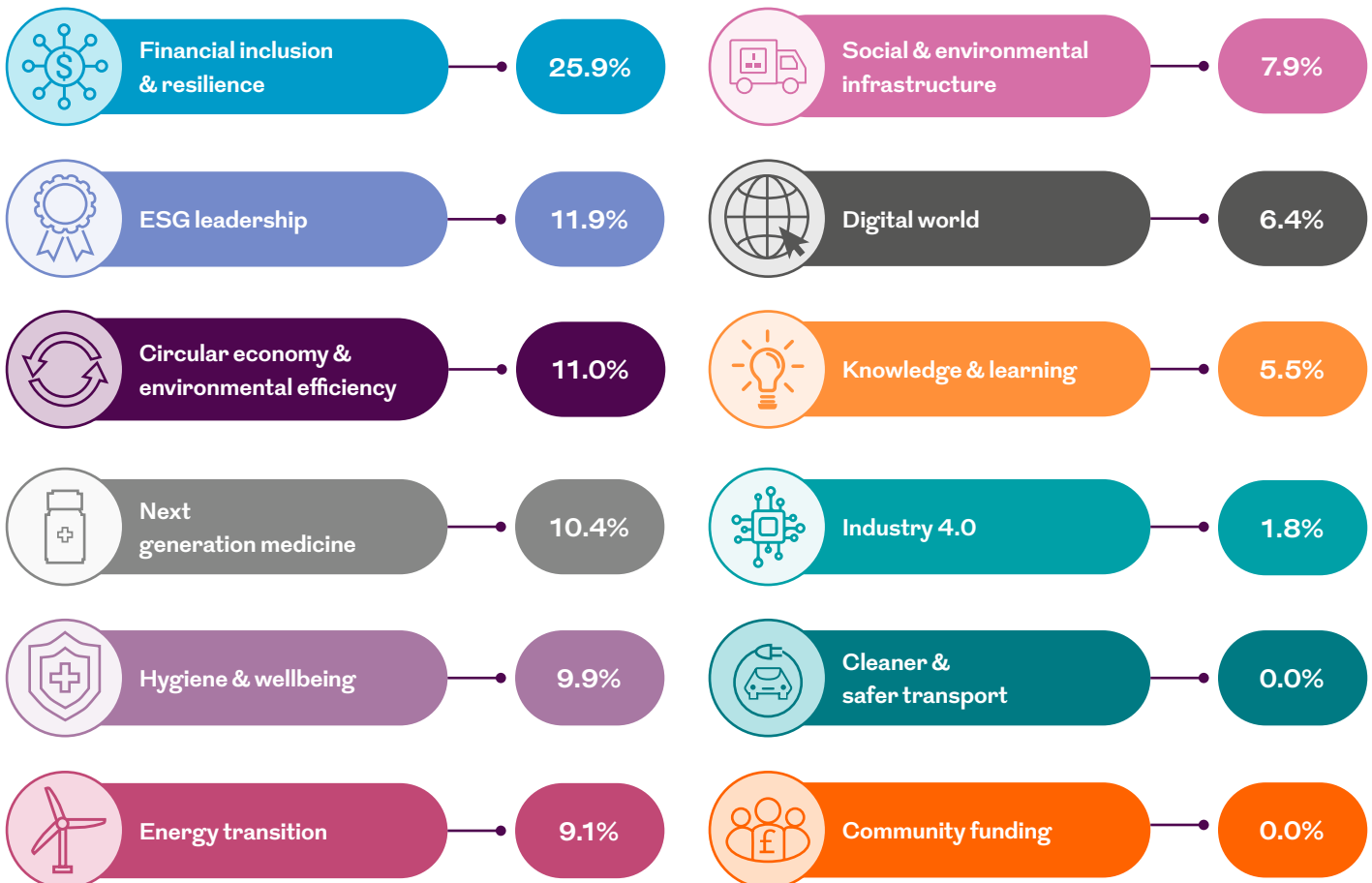
Term / outcome	Notes
Employee health and safety score	Reported as a weighted average sum of the holdings with available data. This indicator reports the MSCI ESG Research score for employee health and safety, which measures the severity of controversies relating to employee health and safety. Factors 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 the holdings with available data.
Gender diversity at manager level	Reported as a weighted average sum of the holdings with available data.
Gender diversity across all employees	Reported as a weighted average sum of the holdings with available data. This simply takes an average across all levels, so includes manager and board levels highlighted above.
Financial resilience: estimated value of prevented fraud (Visa)	This indicator shows the total value of prevented fraud through the company's core security products. As it is specific to the industry and company reporting a benchmark comparison is not possible.
CEO: Median Employee Ratio	This measure compares the overall compensation of the CEO to that of the typical employee.
Number of MSME businesses provided with financial services (Visa)	The number of micro-, small, and medium-sized enterprises (MSMEs) reached through Visa's programs and solutions to enable MSMEs to drive efficiency and sales through acceptance of digital payments, building online businesses and incentivising neighbourhood support. As this number was manually sourced, we have not been able to provide an equivalent comparison for the benchmark.
Number of additional affordable homes delivered (Vistry Group)	Total number of additional affordable homes completed in the year beyond policy requirements. As this metric is specific to the industry and company reporting a benchmark comparison is not possible.
Customer Satisfaction Rating (Vistry Group)	Vistry tracks customer satisfaction using the HBF 9-month survey. The rating indicates the percentage of customers that state they would recommend the company. As this metric is specific to the industry and company reporting a benchmark comparison is not possible.

Guidance note: rationale for governance indicators








Indicator	Rationale
% of fund invested in companies with employee representation on board	Companies with employee representation on board should consider employee impacts such as wellbeing and pay in decision making with a higher priority than those without.
% of 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.
% of 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.
% of 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 the 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. Total weight may not equal 100% due to rounding.








Fund holdings disclosure







Fund holding	% fund	Description and positive contribution to society	Royal London Asset Management sustainable theme
Astrazeneca	5.9%	Global pharmaceutical company with a diverse portfolio and pipeline of drugs focused on oncology, cardiovascular, renal & metabolism, respiratory & immunology and rare diseases. Its scientific research and treatments contribute to a healthier society.	 Next Generation Medicine
RELX	5.5%	RELX is a global provider of information and analytics for professional and business customers across the scientific, medical, legal and business sectors. It helps customers make informed decisions at their highest ability. Combined with excellence in governance and compliance, RELX is approved on the basis of their unique contributions to society, including universal and sustainable access to information.	 Knowledge & Learning
London Stock Exchange Group	5.5%	Leading provider of financial markets infrastructure and data, enabling public and private organisations to raise capital for economic development, allowing investors to make informed decisions and to channel capital into sustainable investments and by doing so support economic stability and sustainable growth, contributing to a more inclusive society.	 Financial Inclusion & Resilience
Compass Group	5.2%	ESG leader in the contract catering space, it surpasses peers on most metrics, with a strong net zero target, robust food sourcing policies, food production safety and waste targets comparable with much larger supermarket organisations. It displays best in class governance, with diversity improving year on year.	 ESG Leadership
Sage Group	4.9%	A British multinational supplier of enterprise resource planning software in over 24 countries, Sage is operating mainly in the start up to medium size business community. Its products enable new companies to reduce incorporation costs and empower businesses to efficiently and reliably run their accounting, payroll and HR processes.	 Digital World
SSE	4.8%	Electric utility in the UK and Ireland which operates its energy network and generation portfolios. It provides clear net benefits through its renewable energy portfolio and wind pipeline, along with the access to essential energy provided especially to under-connected communities in North Scotland.	 Energy Transition
Standard Chartered	4.2%	An Asian and Emerging market focussed bank with particularly strong practices related to promoting environmental sustainability alongside driving financial inclusion in markets which are under banked.	 Financial Inclusion & Resilience

Fund holding	% fund	Description and positive contribution to society	Royal London Asset Management sustainable theme
Experian	4.2%	Global credit bureau, providing data and analytical tools that are used to manage credit risk, prevent fraud and improve lending decisions to consumers and businesses. Improved credit scoring, underwriting assessments and identity management improve access to financial services, contributing to a more inclusive society.	 Financial Inclusion & Resilience
HSBC Holdings	3.7%	HSBC Holdings is a financial services company providing a variety of financial services, including retail and corporate banking, capital markets, private and investment banking with its global network enabling its clients to access global markets and conduct cross-border transactions efficiently.	 Financial Inclusion & Resilience
Schneider Electric	3.3%	Global leader in energy management and automation solutions for homes, buildings, data centres and industries. Digitalising and electrifying buildings and industrial processes helps to reduce energy consumption and improve production efficiency contributing to a cleaner society.	 Energy Transition
Prudential	3.3%	The company allows individuals to build financial resilience through the provision of life insurance, annuities and funds. Its life and health insurance segment supports individuals in derisking the health services related financial impacts, with notable exposure in Asia.	 Financial Inclusion & Resilience
Rentokil Initial	3.3%	Global leader in pest control and hygiene services protecting people from the dangers of pest-borne disease and supporting clean and hygienic spaces. Its products and services help prevent and control the transmission of diseases, enhancing lives and well-being, contributing to a healthier society.	 Hygiene & Wellbeing
Ferguson	3.2%	Largest North American distributor of building related products such as HVAC and waterworks, focuses on selling products which help preserve existing building sites, lower embodied carbon, reduce construction waste and improve the energy efficiency and environmental performance of existing commercial and residential properties.	 Circular Economy & Environmental Efficiency
Unilever	3.0%	One of the largest staples companies, manufacturing and distributing household and personal care products in 190 countries globally. The business has strong targets on climate, good diversity within its wider workforce and is a leader compared to peers on water reduction, packaging and palm oil sourcing policies. Both its investor and consumer facing disclosures are strong, delivering incremental progress each year.	 ESG Leadership

Fund holding	% fund	Description and positive contribution to society	Royal London Asset Management sustainable theme
Greggs	2.6%	One of Britain's most famous FTG retailers, Greggs ranks ahead of peers on sustainable good practice, climate targets and operations and the promotion of a healthy diet. Its animal welfare practices stand out - its welfare approach is integral to the business strategy and includes eight core standards which all suppliers need to meet such as limits on animal transportation, no tethering of cows, sow stalls for pigs or close confinement of other animals, stunning all animals before slaughter and no exposure to growth inducing hormones. Governance is high quality and Greggs has some of the strongest and most consistent female board representation within FTSE 100.	 ESG Leadership
Convatec Group	2.3%	The company focuses on therapies for the management of chronic conditions, including products used for advanced chronic and acute wound care, ostomy care, continence and critical care and infusion devices used in the treatment of diabetes and other conditions. As a provider of equipment for the relief of acute medical conditions, Convatec facilitates a healthier society.	 Hygiene & Wellbeing
Croda International	2.3%	A global consumer and life science specialty chemical provider, it showcases ESG leadership in its sector through high operational standards. It is the third major chemical company to set, implement and monitor Science Based Targets for 1.5 degrees alignment, it is rolling out decarbonisation roadmaps across all of its manufacturing sites and it is scaling out biotechnology to substitute c75% of its petrochemicals with renewable feedstock.	 Hygiene & Wellbeing
Ashtead Group	2.1%	A provider of rental equipment to the US construction industry and beyond, making good progress on electrifying their fleet and encouraging more efficient use of resources.	 Circular Economy & Environmental Efficiency
Lloyds Banking Group	2.1%	The company generates societal benefits thanks to its leading position as a provider of UK mortgages and SME financing.	 Financial Inclusion & Resilience
Bunzl	2.1%	The core business model of Bunzl is the efficient delivery of non-consumable goods to a range of industries such as food service, safety, hotels, cleaning and hygiene, healthcare and retail. This allows for the more efficient use of resources both in the supply chain and by the corporates using their goods. This has significant environmental benefits, therefore Bunzl is approved on the basis of its contribution to environmental efficiency.	 Circular Economy & Environmental Efficiency

Fund holding	% fund	Description and positive contribution to society	Royal London Asset Management sustainable theme
Haleon	2.0%	A global leading consumer health company. Haleon provides easy access to safe and affordable consumer health products across categories including oral care, pain relief, respiratory issues and digestive discomfort.	 Hygiene & Wellbeing
Segro	2.0%	A UK REIT and a leading owner, manager and developer of modern warehouses and light industrial property, Segro is an ESG leader in the industry. The company has strong policies aimed at capitalising on green building opportunities, including energy and water conservation, waste management programs along with the use of sustainable materials in the construction of its properties. The company has over 40% of its properties certified to a green building standard, which is higher than its peers.	 Social and Environmental Infrastructure
Visa	2.0%	World's largest payments processing company, enabling consumers, businesses, financial institutions and governments to make and receive payments electronically. Electronic payments enable merchants and consumers to transact in an easier, safer, more convenient and more transparent way compared to using cash thereby contributing to a safer and more inclusive society.	 Financial Inclusion & Resilience
Texas Instruments	1.8%	Global semiconductor company focused on the design, manufacture and sale of analog and embedded semiconductors. Its products enable customers to create differentiated applications for automotive, personal electronics, communications and enterprise equipment to enhance performance and reduce energy consumption, contributing to a cleaner, safer, and more inclusive society.	 Industry 4.0
Vistry Group	1.8%	The company designs, builds and sells a range of housing options for private customers and registered social landlords. It is contributing to the social infrastructure by providing housing especially in the mid-market segment, where there is a significant shortage.	 Social and Environmental Infrastructure
The Unite Group	1.8%	Leading UK student accommodation developer, its investment case relies on providing safe and affordable student accommodation to address undersupply in the UK market. Additionally, Unite aims to reduce the building's embodied carbon by 48% against the Royal Institute of British Architects' benchmark by focusing on site selection, design optimisation and cutting construction site impact.	 Social and Environmental Infrastructure
Thermo Fisher Scientific	1.7%	Leading provider of analytical instruments, equipment, consumables, software, and services, to pharma/biotech companies, hospitals, clinical labs, universities and government agencies. Its solutions accelerate life sciences research, solve complex analytical challenges, improve patient diagnostics and therapies and make society healthier.	 Next Generation Medicine

Fund holding	% fund	Description and positive contribution to society	Royal London Asset Management sustainable theme
Spirax-Sarco Engineering	1.7%	A thermal energy processes and fluid management company, its products provide several positives to society. The electric thermal business helps customers to decarbonise heat, the steam specialty business helps efficient use of energy once produced and some of the firm's combination products now being launched like its steam battery are particularly innovative. Meanwhile, its pumping systems have a clear role to play in enabling medical production and drug delivery.	 Circular Economy & Environmental Efficiency
Diploma	1.5%	A value added distributor of mission critical replacement parts to industrial customers, mainly in the US. The company's offerings have applications in diagnostics, technology, telecoms, energy, and electric vehicles (EVs), serving a diverse range of customers including healthcare equipment manufacturers, hospitals, laboratories, and various industries.	 Social and Environmental Infrastructure
Microsoft	1.5%	World leading software developer and provider of intelligent cloud-based solutions, operating systems, software applications, development tools, personal computing and other intelligent devices that are used in a wide range of industries. Software solutions provide access to data and cloud services that improve efficiency and productivity while addressing critical security requirements, contributing to a cleaner, healthier, safer and more inclusive society.	 Digital World
DS Smith	1.5%	A provider of corrugated packaging in Europe and plastic packaging across the world. The Company designs and manufactures tailored solutions for individual supply chain needs. The company drives the adoption of fibre-based components in their products and continue to replace plastic units with recyclable, corrugated alternatives, driving more circularity in packaging across industries.	 Circular Economy & Environmental Efficiency
Novo Nordisk	1.0%	Global leader in diabetes care providing a range of treatments to those suffering from the disease, contributing to a healthier society.	 Next Generation Medicine
National Grid	1.0%	FTSE 100 utility company which owns and operates the electricity transmission network in England and Wales, the gas transmission network in the UK and gas and electricity transmission networks in North Eastern US and Scotland. Clear contribution to society through its expansive energy transmission network in a safe and reliable manner, and through the growing capacity to accommodate renewable energy transmission.	 Energy Transition
GSK	1.0%	A global healthcare company, GSK is approved owing to their role in the creation of medicines to treat specific illnesses - respiratory diseases, HIV and other infectious diseases, oncology, rare diseases and other immuno-inflammation ailments.	 Next Generation Medicine

Fund holding	% fund	Description and positive contribution to society	Royal London Asset Management sustainable theme
NatWest Group	0.9%	NatWest Group is a UK banking and financial services company providing personal and business banking, consumer loans, asset and invoice finances, commercial and residential mortgages, credit cards, and financial planning services, as well as life, personal, and income protection insurance. Its main activities particularly in the areas of SME lending, climate and sustainable finance, as well as financial inclusion and literacy bring positive societal benefits.	 Financial Inclusion & Resilience
Agilent Technologies	0.8%	Global provider of tools, instruments and consumables for life sciences, diagnostics and applied chemical markets. Its innovative technology enables advances in life sciences while helping reduce GHG emissions, waste and water use in laboratories, contributing to a cleaner and healthier society.	 Next Generation Medicine
Severn Trent	0.8%	The company provides safe, clean drinking water to c5m households and businesses in the Midlands and Wales. This is contributing to the social infrastructure, as access to water enables healthy lives and productive businesses.	 Social and Environmental Infrastructure
Dr Martens	0.6%	Dr Martens is an iconic British maker of boots, shoes and sandals with a long heritage and increasingly international footprint. The company is doing a lot to improve its sustainability profile, especially in relation to the issues of materials sourcing, its supply chain and the circularity of its products.	 ESG Leadership
Tesco	0.5%	Tesco is the UK's largest supermarket chain, providing a broad range of groceries, food-to-go and non-perishable items. The group has been improving its sustainability disclosures in recent years and setting strong targets to better manage their footprint.	 ESG Leadership
Victrex	0.5%	Victrex is a specialty chemicals company with a 60-70% market share in PEEK (polyether ether ketone, a plastic with ultra-high performance characteristics such as a high melting point, high strength to weight ratio and resistance to harsh chemicals) resins and semi finished products. PEEK has a wide range of medical applications and replaces metal with a view to reduce weight and fuel costs. PEEK production also has a lesser environmental impact, therefore on a life-cycle basis, these products promote environmental efficiency.	 Circular Economy & Environmental Efficiency

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 Sustainable Leaders Trust (213800V4YI9JH2F1Q474) does not consider principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated principal adverse sustainability impacts statement of Royal London Sustainable Leaders Trust.

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

Adverse Sustainability Indicator	Metric	Explanation	Impact
Greenhouse gas (GHG) 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. 57,686.75 Coverage: 97.81%
		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. 17,330.56 Coverage: 97.81%
		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. 452,420.79 Coverage: 95.81%
		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). 527,438.1 Coverage: 97.81%
	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). 145.88 Coverage: 97.81%
	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). 440.19 Coverage: 95.98%
	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. 0.06% Coverage: 97.98%

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: 77.73%	
	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	0.19
		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	0.07
		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	1.00
		F - Construction		The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for Nace Code F	0.01
		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	0.03
		H - Transportation and Storage		The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for Nace Code H	0.00
		I - Accommodation and Food Service Activities		The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for Nace Code I	0.03
		J - Information and Communication		The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for Nace Code J	0.02
		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	0.43
		Coverage		The portfolio's total coverage of Energy Consumption Intensity.	Coverage: 93.5%

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: 97.98%
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). 0.02 Coverage: 0.16%
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). 0.1 Coverage: 20.33%
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: 97.98%
	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. 0.54% Coverage: 97.55%

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.	15.1 Coverage: 69.08%
	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.	20.33% Coverage: 97.98%
Human rights	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: 97.98%
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.	0.13% Coverage: 95.13%
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: 97.81%
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: 97.81%

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:

Our equity emissions data is provided by MSCI ESG Research and we use the latest available data at the time of calculation.

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

Additional metrics:

ITR, 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.

Waste, water, gender diversity, renewable energy 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 from company reports.

We take SBTi data directly from SBTi's public-access website.

This is a financial promotion and is not investment advice.

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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.

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.

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.

Disclaimers

This report covers The Royal London Sustainable Leaders Trust, domiciled in UK.

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 RLUM Limited 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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