

# Royal London Ethical Bond Fund

Sustainability Disclosure Requirements (SDR) Consumer Facing Document



This disclosure applies to the Royal London Ethical Bond Fund (the Fund) and the Investment Manager is Royal London Asset Management Limited.

Fund legal entity identifier:  
213800YR4L7GR9RC2291

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Sustainable investment labels help investors find products that have a specific sustainability goal.

**This Fund does not have a UK sustainable investment label** as it does not meet the FCA's SDR regulations qualifying criteria.

The Fund does not qualify as a non-labelled fund that considers sustainability characteristics.

Please refer to our [Glossary](#) for definitions of investment terms.

This is an actively managed fund aiming to achieve a total return over the a period of 3-5 years, by investing predominantly in sterling-denominated corporate bonds, which meet predetermined ethical criteria.

The performance target is to outperform the Markit iBoxx Sterling Non-Gilt Total Return All Maturities GBP Index after fund charges over rolling 5-year periods. This index is considered a suitable benchmark for this Fund type, as many of the Fund's company holdings will be included in the index.

## Sustainability approach

The Investment Manager identifies bonds to invest in, through:

1. Applying an ethical screening criteria to the companies or other issuers of the bonds
2. Assessing the remaining bond issuers for any environmental, social and/or governance (ESG) risks, which could have an impact on an issuer's financial performance, reputation, and ability to operate.
3. The Investment Manager is supported by the Responsible Investment team to ensure bonds held continue to meet the investment criteria for this Fund.

## 1. Exclusions through ethical screening criteria

The Investment Manager applies nine exclusions to determine the eligibility of the company issuing the bond. Six relate to revenues from specific sectors and the remaining three are concerned with practices or behaviours of the company that would be deemed unethical.

### Sector based exclusions

The Investment Manager will not invest in a company that is issuing a bond that derives 10% or more of its revenue from the following sectors that we have deemed unethical. In the opinion of the Investment Manager, revenues of 10% or more constitutes a material part of a businesses' revenue.



**Alcohol** – Production and sale of alcoholic products.



**Armaments** – Production, components and delivery platforms of products or support systems of conventional weapons, biological or chemical weapons, nuclear weapons and blinding laser, incendiary or non-detectable fragments weapons.



**Fossil fuels** – Oil and gas extraction, production and refining. Metallurgical coal revenue that a company derives from the mining of metallurgical coal (including coking coal) and its sale to external parties. Any involvement in thermal coal.



**Gambling** – Gambling operations, including online or mobile gambling, and supporting activities.



**Pornography** – Production, distribution or retail of adult entertainment products or services.



**Tobacco** – Production, distribution or retail of tobacco products, as a licensor of brand names for tobacco products, or as a supplier for tobacco products.

### Behaviour or Practice-based exclusions

The Investment Manager will also use in-house expertise to provide in-depth analysis to identify and exclude companies with inadequate policies or systems in the following areas:



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



**Environment** – companies with a high environmental impact and no evidence of appropriate environmental management systems. The level of environmental impact is determined by reviewing specific data such as the MSCI's environmental pillar score and the MSCI's carbon emissions score.



**Human rights** – Companies with no evidence of policies or systems to manage human rights risks, such as controversial sourcing and supply chain labour standards, with particular focus on companies in strategic sectors operating in countries of concern.

## 2. Assessment of ESG risk

The issuers which meet the ethical screening criteria are then assessed by the Investment Manager's Credit Research team, with support from the Responsible Investment team. The teams work collaboratively to identify and evaluate material ESG risks. This includes material risks to a company's financial performance, reputation and ability to operate, stemming from ESG issues. Examples might be business risks that result from climate change or emissions; customer, employee or community relations; or company management practices.

We believe effective ESG risk management is becoming more important for Investment Managers to assess a company's ability to reduce their exposure to companies at risk of financial losses, reputational damage, and legal liability.

The assessment of these risks is based on the investment objective and approach with the ultimate investment decisions sitting with the Investment Manager. Please refer to the Prospectus for details.

## 3. Ongoing monitoring, stewardship and engagement

The Investment Manager is supported by the Responsible Investment team to ensure bonds held continue to meet the investment criteria for this Fund.

### Monitoring

#### The Investment Manager will monitor:

- the issuers in the Fund through our portfolio management system, which prevents investment in bonds which do not meet the ethical screening criteria. This functionality also identifies and appropriately notifies the Investment Manager where an existing bond held by the Fund moves from a position of compliance with the ethical screen to non-compliance.
- the ethical screening criteria on an annual basis to ensure it remains relevant and appropriate to the investment objective.
- instances of non-compliance and may escalate the issue and/or choose to disinvest.

## Sustainability metric

The Investment Manager will develop and provide relevant metrics for this Fund.

### Firm-wide stewardship and company engagement

As responsible investors who strive to be good stewards of our clients' capital, the Investment Manager actively promotes strong-governance and forward-thinking practices to add value and meaning to investment decisions.

As a firm we do this through regularly engaging with companies we invest in. We believe that we can have a positive effect on corporate behaviour and practices over time.

The Investment Manager is a signatory to the Financial Reporting Council's (FRC) UK Stewardship Code 2020 (Code). This is a voluntary Code, that sets high standards for Investment Managers focusing on year on year improvements of responsible investment and stewardship practices through annual disclosure.

## Further details

For more information on the fund or the risks of investing, please refer to the Prospectus or Key Investor Information Document (KIID), available via the relevant Fund Information page on [www.rlam.com/uk](http://www.rlam.com/uk). The annual SDR Fund report will be available for this fund from 2 December 2025.

You can also find our annual Royal London Climate (TCFD) Report and Royal London Asset Management Stewardship and Responsible report [here](#).

## Important information

Issued as at 2 December 2024 by Royal London Asset Management Limited, 80 Fenchurch Street, London EC3M 4BY. Authorised and regulated by the Financial Conduct Authority, firm reference number 141665. A subsidiary of The Royal London Mutual Insurance Society Limited.

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