

# Active Ownership

Global engagement to deliver positive change

Active ownership means striving to create sustainable value for our clients. Our annual report details how we achieved this in 2021.

“The desire to improve ESG outcomes is deeply held across our entire business, regardless of function: our very purpose at LGIM is to create a better future through responsible investing.”

Michelle Scrimgeour  
CEO, Legal & General Investment Management



## 2021 in numbers



70%

The amount of AUM we aim to be **aligned to net zero** by 2030



571

The number of **companies** with which our Investment Stewardship team **engaged**



£290bn<sup>1</sup>

The amount of **assets** we manage in responsible investment strategies



28

The number of **new** responsible **investment strategies** we launched



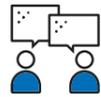
180,200<sup>2</sup>

The number of **resolutions** **worldwide** on which we voted

Note: This document reports on LGIM's stewardship activities during 2021. Unless otherwise stated, all information, data and graphical depictions provided that are not referenced are based on LGIM internal data as at 31 December 2021.

# Our objective is...

...to effect positive change in the companies and assets in which we invest, and for society as a whole. Last year, we focused on:



## Policy advocacy and collaboration

- In 2021, we engaged with policymakers around the world on more than 30 topics covering markets in the UK, Europe, Australia, Japan and the US
- We continued to work with peers, industry groups, NGOs, academia and civil society to drive change through collaboration



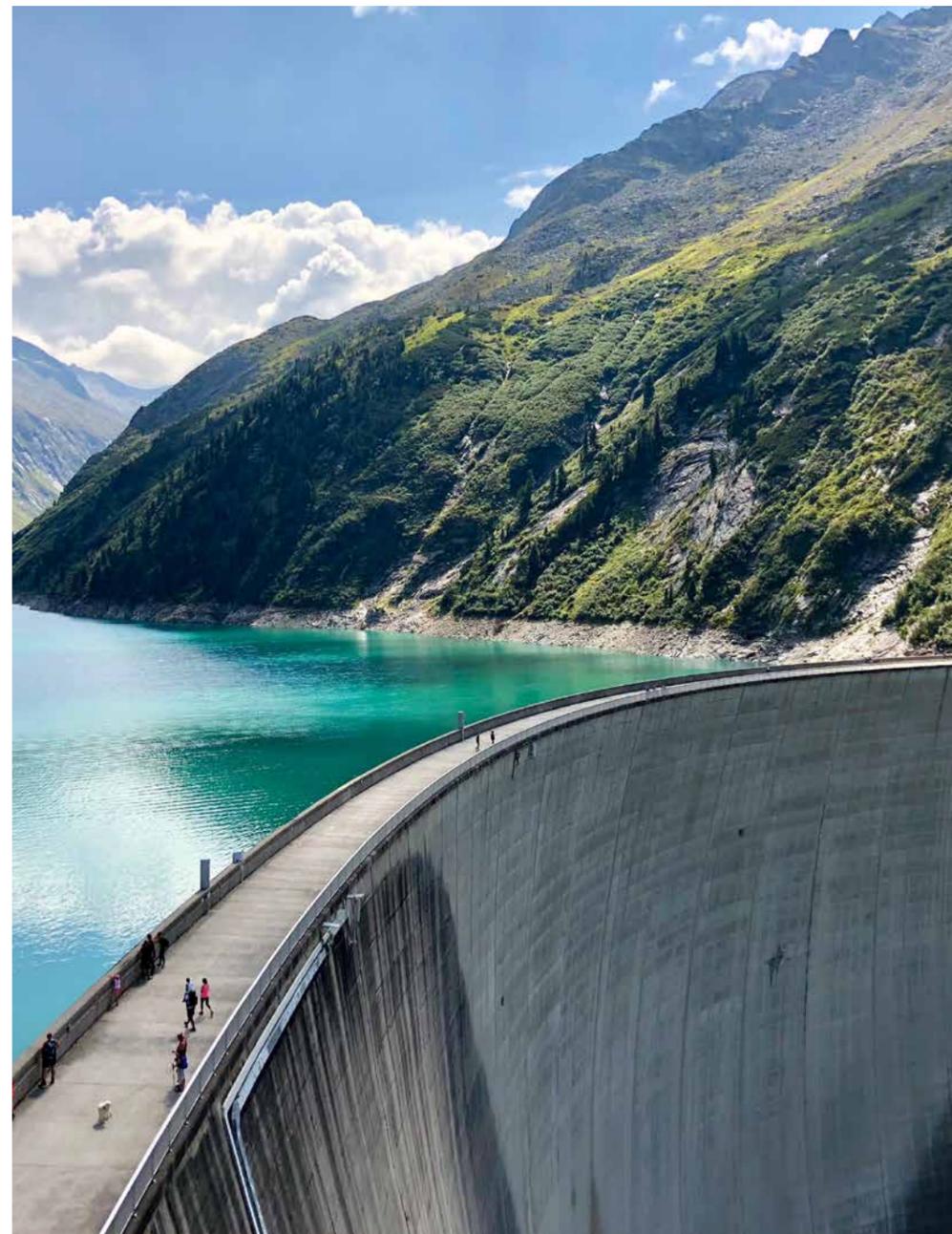
## Taking action on diversity

- In 2021 we opposed the election of 370 directors globally due to concerns about board diversity.<sup>3</sup>
- We also undertook a second round of engagement with the largest UK and US companies to drive greater ethnic diversity on their boards; 2022 will be the first year in which we vote against companies for lacking ethnic diversity on their boards.



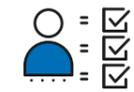
## Environment and climate

- In 2021, we continued to hold directors to account for their management of climate risk, and took action against over 100 companies under our Climate Impact Pledge
- In 2021, we published our [biodiversity policy](#). This commits us to addressing biodiversity loss by working with policymakers, and developing our capacity to assess biodiversity risks and opportunities



## Fair pay

- We provide clear expectations to the market and review company pay structures against transparent policy red lines
- During 2021, we continued to focus on stakeholder experience and maintained our scrutiny of those companies that have received support from government or shareholders



## Advocating for good governance

- We engaged with more than 100 companies that we deem transparency laggards in 2021; if they don't improve we will vote against the chair of the board
- We continue to push for the separation of the CEO and board chair, and since 2020 we have voted against all attempts to combine the roles



## Healthcare and human rights

- We undertook a range of actions to tackle antimicrobial resistance, which we believe could be the next big threat to global health
- LGIM supported 100% of shareholder proposals to address human rights issues in 2021



## Championing investor rights

- In 2021, we co-filed a number of shareholder resolutions to push for governance improvements and succeeded in obtaining important disclosures for investors
- We are an advocate of the principle of 'one share one vote' and continue to engage with regulators to protect shareholder rights

# Other 2021 highlights

## Active engagement: the numbers

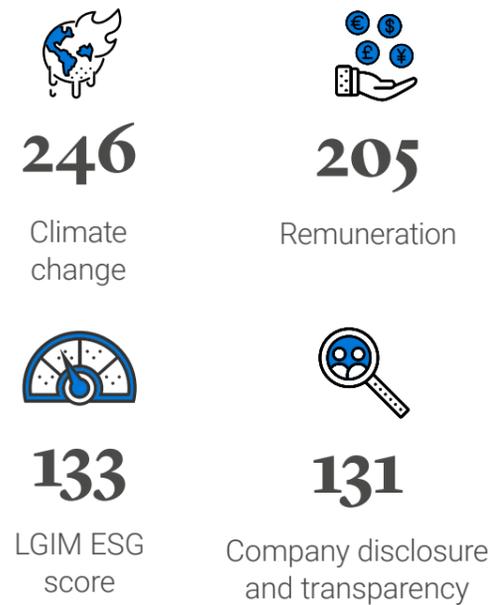
In 2021, the Investment Stewardship team held:



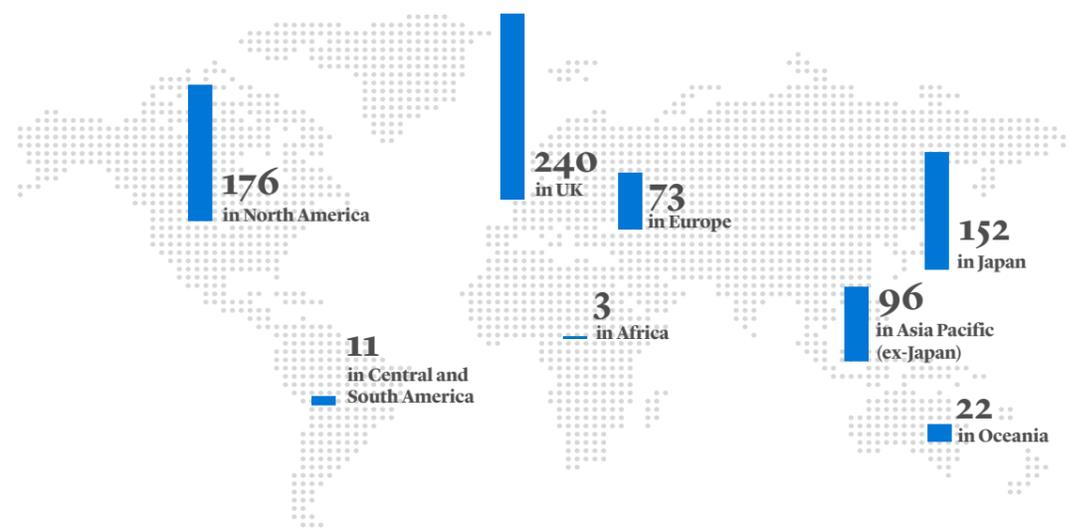
## Breakdown of engagement by themes\*



## Top four engagement topics\*



## Regional breakdown of engagements



\*Note: an engagement can cover more than a single topic



### Voting and reporting

- In 2021, LGIM cast over 180,200 votes at over 15,400 meetings.
- In 2021, LGIM began pre-declaring voting intentions in a centralised, transparent and easily accessible format



### Achieving industry and peer approval

In 2021, LGIM won the 'best in class' award at the 2021 ICGN Global Stewardship Awards for our Investment Stewardship team's stewardship policies, practices, and reporting, and was awarded the 'Best Multi-Asset Group/Fund for ESG' in 2021 by Professional Adviser.

The Financial Reporting Council also recognised us as a successful signatory to the UK Stewardship Code for our high standards of stewardship. LGIM also won 'Investment House of the Year' at the Risk Awards in relation to our Destination@Risk climate model.<sup>4</sup>



### The full report

To read more about LGIM's active ownership in 2021, including many more examples of where we have helped to deliver positive change, please see the full version of this report by visiting our website: [www.lgim.com/activeowner](http://www.lgim.com/activeowner)

You can also read regular updates from the Investment Stewardship team on the LGIM blog and hear interviews with them on LGIM Talks, our podcast channel.

<sup>4</sup>Past performance is not a guide to the future

<sup>1</sup>LGIM, as at 31 December 2021. AUM in responsible investment strategies represents only the AUM from funds or client mandates that feature a deliberate and positive expression of ESG criteria, in the fund documentation for pooled fund structures or in a client's Investment Management Agreement

<sup>2</sup>Across all our assets under management

<sup>3</sup>Voting instructions for our main FTSE pooled index funds.

<sup>4</sup>Past performance is not a guide to the future

## Contact us

For further information about LGIM, please visit [lgim.com](https://lgim.com) or contact your usual LGIM representative



### Key risks

The value of an investment and any income taken from it is not guaranteed and can go down as well as up, you may not get back the amount you originally invested. Past performance is not a guide to the future.

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