

Active ownership: 2022

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 2022.

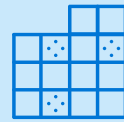


Many of the underlying issues that dominated the headlines last year go to the very heart of our work as a leading responsible investor. It is only by understanding the problem that we can reach the right solution.

Michelle Scrimgeour
CEO, Legal & General Investment Management

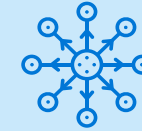


2022 in numbers



£332.2bn¹

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



19

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



171,000²

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



902

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

Note: This document reports on LGIM's stewardship activities during 2022. Unless otherwise stated, all information, data and graphical depictions provided that are not referenced are based on LGIM internal data as at 31 December 2022.

Key risk: 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.

1. LGIM, as at 31 December 2022. 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

2. Across all assets under management.



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:

1. Policy advocacy and collaboration

- LGIM's global policy dialogue is aimed at helping to create an appropriate regulatory backdrop by removing policy and structural barriers to reform on ESG issues
- Nature was a core area of focus in our policy work during 2022, covering agriculture, water, biodiversity and deforestation

2. Environment

- Under our Climate Impact Pledge (CIP), ~80 companies were subject to potential voting sanctions for not meeting our minimum standards
- In October 2022, we expanded the CIP from covering c. 1,000 companies in 15 sectors to now cover 5,000+ companies across 20 climate-critical sectors
- In September 2022, we published LGIM's deforestation policy and launched an engagement campaign, writing to 300 companies from a set of deforestation-critical sectors explaining our expectations and potential consequences if these were not met

3. Diversity

- The 2022 AGM season was the first in which we voted against specific companies due to a lack of board-level ethnic diversity
- We voted against 69 companies in the FTSE 100 and S&P 500 for having all-male executive committees³
- In 2022, we expanded our diversity engagement to Brazil, India, China and South Africa

3. LGIM internal vote data, 2022





4. People and health

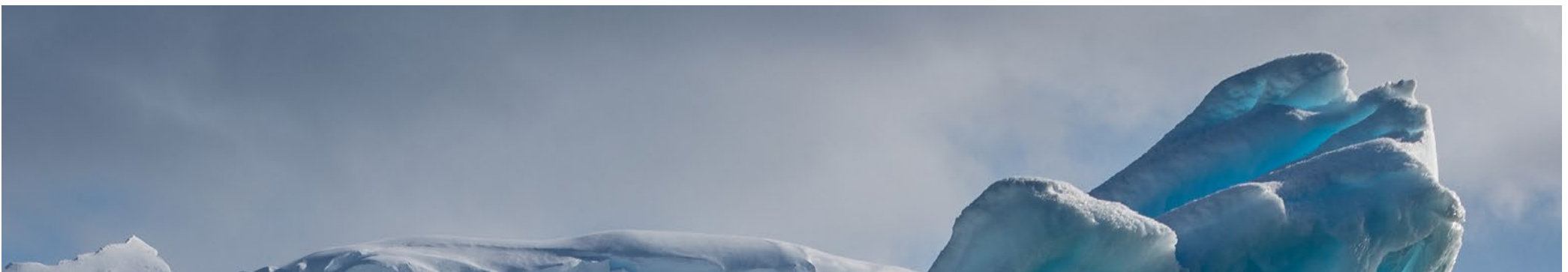
- We used our votes to push for progress on antimicrobial resistance by supporting three shareholder proposals on this issue
- In 2022, we gave companies an ultimatum to disclose their living wage strategy by 2025
- We placed just over 100 votes on social and people-related matters, including labour rights, inequality and discrimination

5. Investor rights

- In 2022, we reinforced our commitment to 'one share, one vote'
- We took a holistic approach to ESG themes, understanding that there is a governance angle to a company's management of many ESG-related issues

6. Directors' pay

- We provide clear expectations to the market and review company pay structures against transparent policy red lines
- During 2022, we continued to focus on stakeholder experience and the fair treatment of employees in a high-inflation environment



2022 Investment Stewardship team engagement



1,224
number of
engagements



361
Meetings/calls



863
Written

Most frequently discussed topic

Climate change



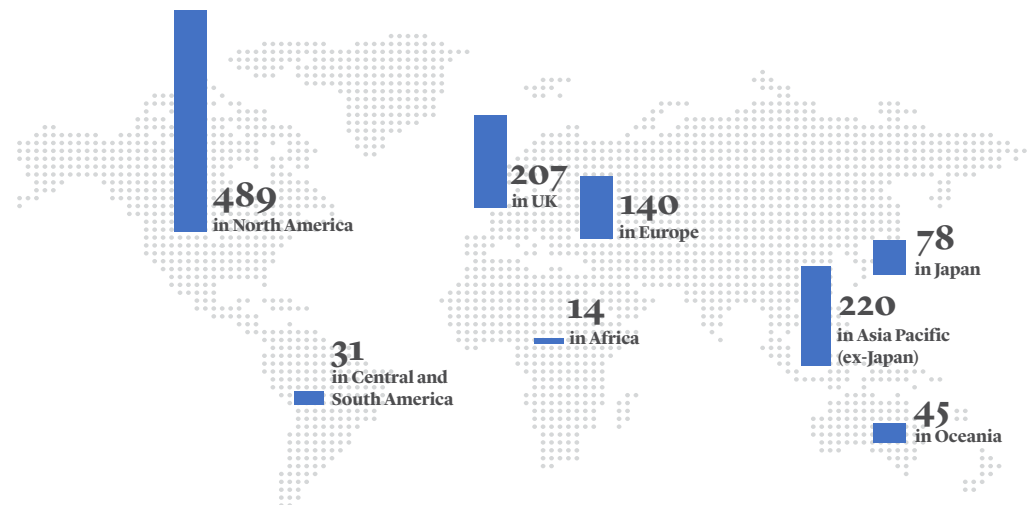


Breaking down the engagement numbers

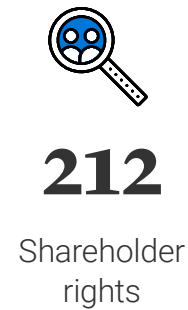
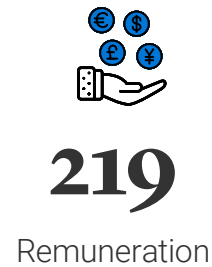
Breakdown of engagement by themes*



Regional breakdown of engagements



Top five engagement topics*



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

Awards

Achieving industry and peer approval

We always aim to produce industry-leading work, but we are not complacent about our achievements. External validation and oversight keep us on our toes and propels us forward to keep improving.



In 2022, we won the following industry awards for our efforts in responsible investing:

- The 'ESG' award at the City AM Awards
- The 'ESG Identity' award at the SRI Awards
- The 'Most innovative sustainable ETF launch' award at the Investment Week Sustainable Investment Awards
- 'ESG/SRI Provider of the Year' at the Irish Pensions Awards
- 'Best Asia-Pacific ESG Equity ETF' at the Mondo ETF Awards
- 'Investment House of the Year' at the Risk.net's Risk Awards

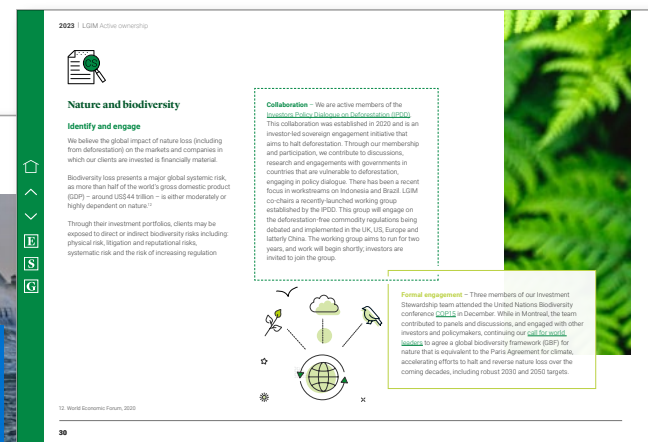
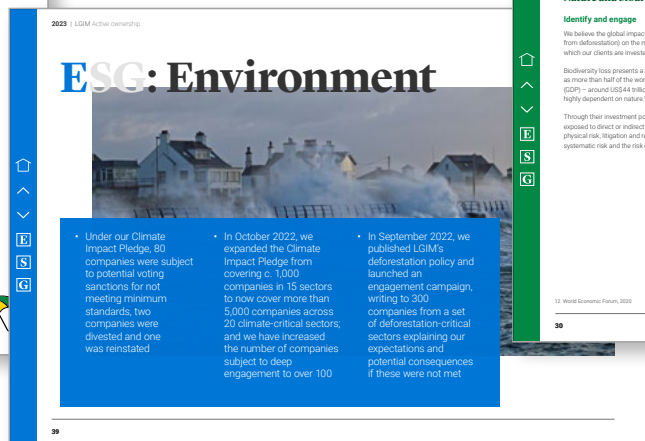
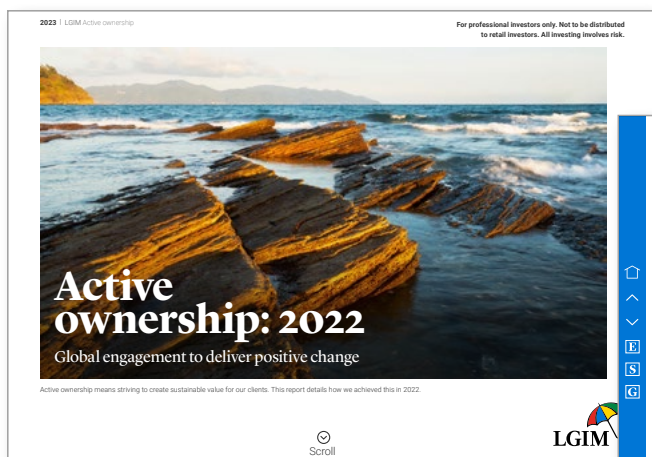


Awards should not be considered a recommendation. Past performance is not a guide to the future. The value of an investment and any income taken from it is not guaranteed and can go down as well as up; you may not get back the amount you originally invested.

The full report

To read more about LGIM’s active ownership in 2022, 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

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.



Contact us

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



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