

Statement on Legal & General’s adherence to the Investor Stewardship Group Framework’s stewardship principles

November 2019

Legal & General Investment Management (LGIM) is one of the largest international investors globally with \$1.4 trillion assets under management (AUM), as of 30 June 2019.

We manage assets for a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors. LGIM is headquartered in the UK and has substantial investments across the world, including \$202 billion AUM in Legal & General Investment Management America (LGIMA).

We are active proponents of the benefits of stewardship codes. We believe these improve the quality of stewardship and ownership across the markets in which we invest and endorse and adhere to the Investor Stewardship Group Framework’s principles for the US market.

How LGIM adheres to the Investor Stewardship Group’s US Stewardship Principles

Principles	Highlights
Principle A. Institutional investors are accountable to those whose money they invest.	<ul style="list-style-type: none"> Clearly communicating our commitments to responsible investing on behalf of our clients is one of the key objectives that drives our stewardship activities.
Principle B. Institutional investors should demonstrate how they evaluate the corporate governance factors of the companies they invest in.	<ul style="list-style-type: none"> LGIM’s approach to proxy voting and engagement activities is set out in our global proxy voting and engagement guidelines and annual Active Ownership report, as well as our Stewardship Policy document. Proprietary scoring help prioritise specific company engagements on a broad range of financial and environmental, social and governance metrics. Annual review of strategy and prioritisation of thematic focus for engagements. An integrated approach across investment teams.
Principle C: Institutional investors should disclose, in general terms, how they manage potential conflicts of interest that may arise in their proxy voting and engagement activities.	<ul style="list-style-type: none"> Comprehensive, standalone Conflicts of Interest Policy to help manage any conflicts that may arise from LGIM’s proxy voting and engagement activities. https://www.lgim.com/files/_document-library/capabilities/conflicts-of-interest.pdf

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<p>Principle D. Institutional investors are responsible for proxy voting decisions and should monitor the relevant activities and policies of third parties that advise them on those decisions.</p>	<ul style="list-style-type: none"> • Votes cast in accordance with LGIM's global proxy voting principles and five market specific guidelines, which are reviewed and updated annually. • LGIM retains a proxy voting advisor service and utilises their services in three ways: <ol style="list-style-type: none"> 1) As LGIM's proxy voting agent, providing LGIM with vote execution and administration services; 2) For applying LGIM's Custom Vote Policies across regions; and 3) As providers of research and analysis relating to general corporate governance issues and specific proxy items • Annual due diligence of proxy advisory services providers. • More detail can be found in our Proxy Voting Services document which can be found on our website: https://www.lgim.com/uk/en/capabilities/corporate-governance/stewardship-and-integration/
<p>Principle E: Institutional investors should address and attempt to resolve differences with companies in a constructive and pragmatic manner.</p>	<ul style="list-style-type: none"> • Engagement strategy establishes a process for engagement activities and for escalating stewardship activities • Multi-channel communications with company management and boards. • Engagement database captures corporate interactions, identifies issues for follow-up and measures successes. • Public disclosure of all voting decisions, including rationale for votes against management. Disclosure made every month on our website: https://documentlibrary.lgim.com/documentlibrary/library_55458.html
<p>Principle F: Institutional investors should work together, where appropriate, to encourage the adoption and implementation of the corporate governance and stewardship principles.</p>	<ul style="list-style-type: none"> • Well established framework for collaborating and engaging with like-minded investors • Active member of global and regional investor bodies and networks.

Contact us

For further information on anything you have read in this report or to provide feedback, please contact us at corporategovernance@lgim.com. Please visit our website www.lgim.com/corporategovernance where you will also find more information including frequently asked questions.



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