

Active ownership

Global engagement to deliver positive change

Active ownership means working to create sustainable value for our clients. Our annual report details how we achieved this in 2019.

In 2019, we:



Engaged with
493
companies



Voted on
50,900
resolutions*



Opposed the election of more than
4,000
company directors globally
in 2019*



Participated in about

30

engagements with regulators and policy-makers, to
improve market standards around the world

Took sanctions
against **11**



companies named as
laggards under our
Climate Impact Pledge

Voted **against**
management at **71%**



of companies, primarily due to concerns
around the suitability of directors or auditors,
pay or other elements of company strategy

"From climate change to executive pay,
we continue to take decisive action with
companies and regulators on the issues that
matter to our clients and society at large"

Sacha Sadan

Director of Investment Stewardship

* These votes represent instructions for our main FTSE pooled index funds.

"Legal & General" also seen as "we" throughout this document includes Legal & General Investment Management ("LGIM"), an FCA authorized advisor and Legal & General Investment Management America ("LGIMA"), an SEC registered investment advisor. LGIMA leverages the long-established business model and resources of its affiliate, LGIM, to support various efforts through a participating affiliate agreement. LGIM developed the proprietary, rules-based approach and methodology to scoring companies from an environment, social and governance ("ESG") perspective described herein that LGIMA has adopted. The foregoing is provided for informational purposes only.

Our objective is...

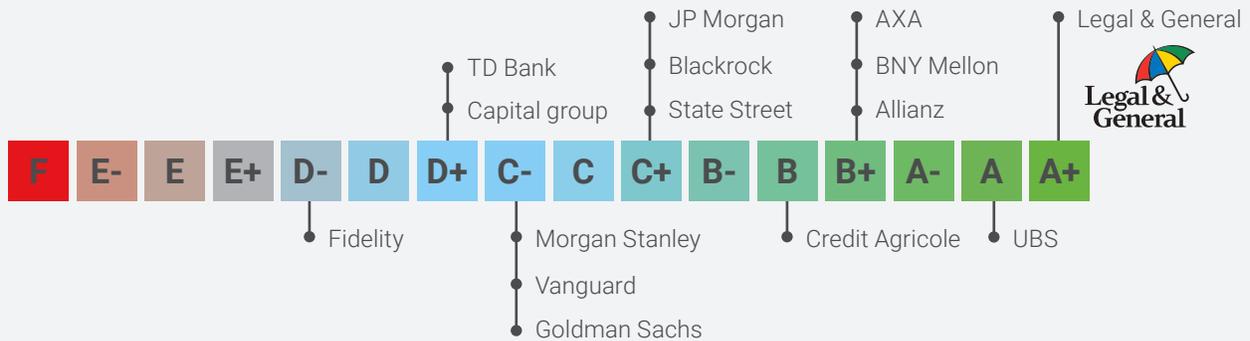
... to effect positive change in the companies and assets in which we invest, and for society as a whole. Last year, we focused on:

Climate change

- We supported more shareholder resolutions on climate change than any of the world’s 20 largest asset managers¹
- We published our second annual ranking of climate leaders and laggards, naming 11 companies that have failed to demonstrate sufficient action, including ExxonMobil
- Contributed to successful legal efforts to suspend the construction of a risky, polluting coal plant in Poland

Scoring of investor-company engagement and resolutions on climate

Overall climate engagement score for the 15 largest asset manager groups by independent NGO InfluenceMap, which scores companies on climate policy.



Source: InfluenceMap. Ranking based on AUM as of 2018.



Example: BP

We filed our first shareholder resolution in 2019, in coordination with other major shareholders, calling on energy giant BP to explain how its strategy is consistent with the Paris Agreement on climate change.

The proposal was passed with overwhelming approval from shareholders. BP has subsequently announced industry-leading carbon targets.

1. Source: ShareAction – Voting Matters (2019).

For illustrative purposes only. Reference to a particular security is on a historic basis and does not mean that the security is currently held or will be held within an portfolio. The above information does not constitute a recommendation to buy or sell any security.

Income inequality

- We **opposed 35% of pay** packages globally:
- We have pushed investee companies to adopt a Living Wage for their staff
- In the US, we **opposed 352** “say on pay” votes and supported a further 32 shareholder proposals to encourage stronger compensation practices

Diversity

- In 2019 we worked to **improve gender diversity** at 19 Japanese companies
- 51 of the 72 US companies we targeted for engagement over the past three years have now **appointed at least one woman** to their board
- We did **not support the election** of over 190 directors at companies globally due to concerns over board diversity

Our top five engagement topics with companies:



Climate change



Remuneration



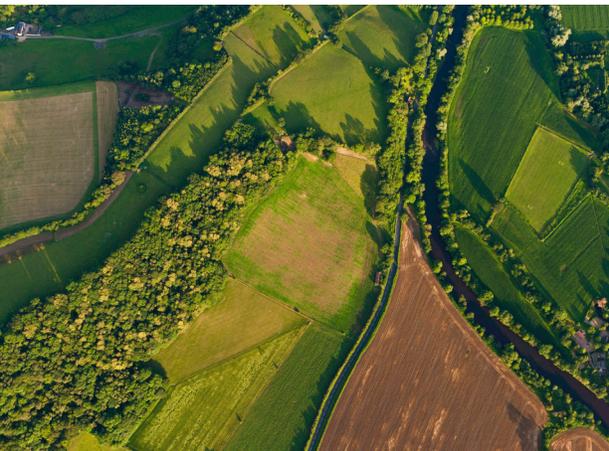
Diversity



Board composition



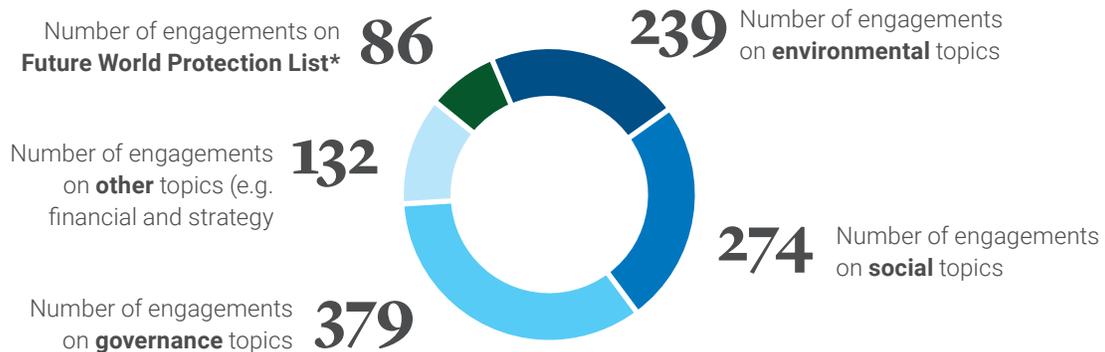
Strategy



ESG integration

- We established a global research and engagement platform, bringing together the best sector expertise across its investment management business
- We continued to develop our proprietary ESG scoring, taking action on poor-scoring companies

ESG engagements breakdown 2019



*Future World Protection List refers to minimum globally accepted standards on sustainability and human rights.



We also devoted time and resource on the following areas:

- **Lobbying** – encouraging transparency on efforts to sway policy
- **Governance** – supporting companies for long-term success
- **Mergers and acquisitions** – protecting investors’ interests amid deal-making
- **Activism** – seeking progress through engagement with all parties
- **Culture** – intervening when our standards are not met
- **Investor rights** – fighting for ‘one share, one vote’
- **Education for trustees** – helping clients take informed decisions
- **Education for non-executive directors** – hosting events and publishing guides on best practices for companies

Contact us

For further information about LGIMA, find us at www.lgima.com

Important Information

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