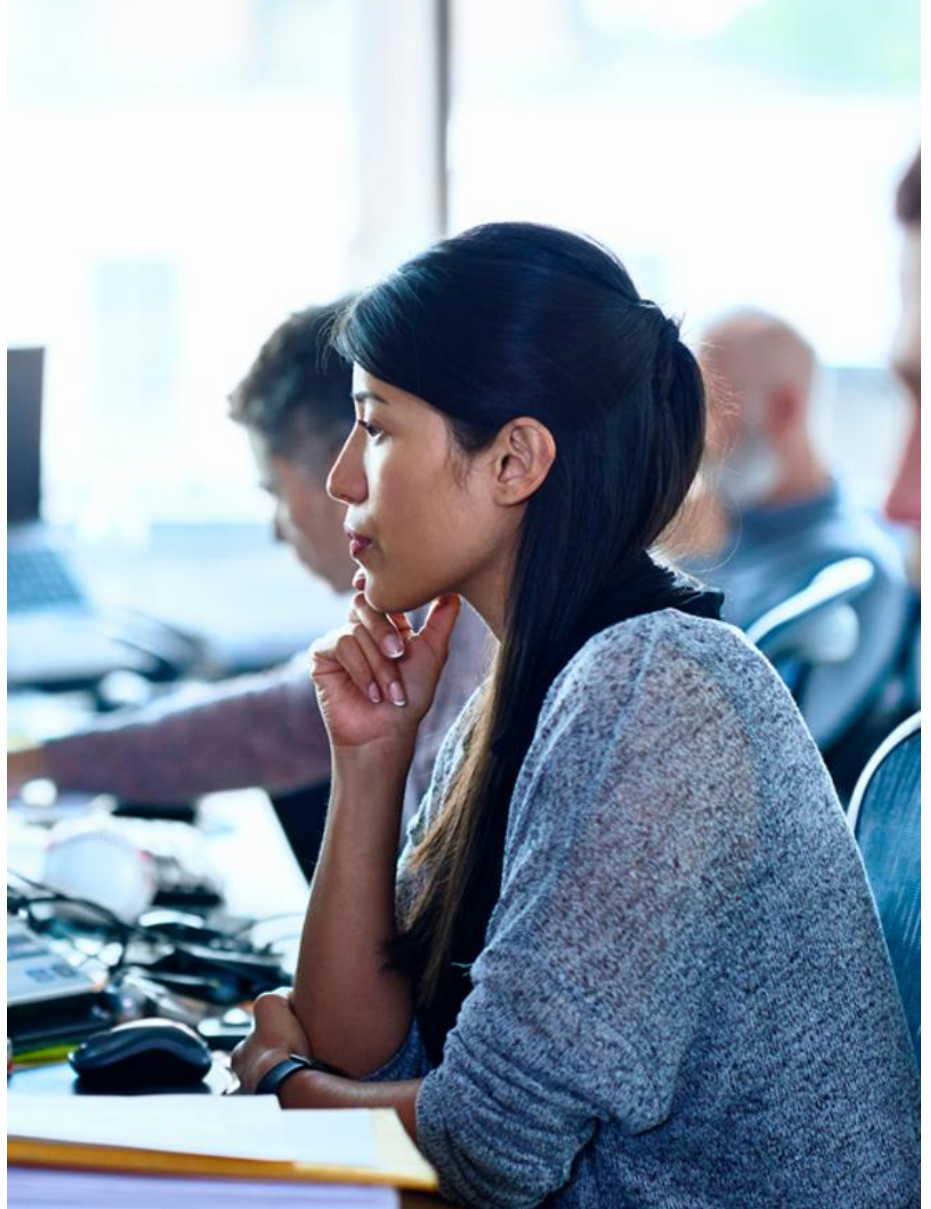


# 2023 UK Stewardship Code Summary



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## Introduction

The [2023 Active Ownership Report](#) (the Report) provides the fullest picture of our active ownership activities during 2023 in accordance with the 2020 UK Stewardship Code (Stewardship Code). For examples of our work during the year, we point the reader towards our **E, S and G sections** within the Report and our quarterly **ESG engagement reports** on the Report's [landing page](#). The table below provides a short summary and references to the sections within the Report that demonstrate, in particular, how LGIM applies the 12 Principles of the Stewardship Code.

LGIM submitted the Report to the Financial Reporting Council (FRC) in April 2024 for the FRC to review our disclosures on how we applied each of the Stewardship Code Principles in our investment stewardship activities during 2023. On 22 July 2024, the FRC published the [list](#) of confirmed signatories to the Stewardship Code, which continues to name **LGIM as a signatory to the 2020 UK Stewardship Code**.

## Stewardship Code Principles

Stewardship Code Principles	Sections within the Report	Most relevant pages within the Report
<p><b>Principle 1 – Signatories’ purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society</b></p> <p>LGIM’s purpose is to create a better future through responsible investing. We demonstrate our responsible investment beliefs across asset classes and fund management styles.</p> <p>We see responsible investing as the incorporation of ESG considerations into investment decisions, alongside constructive engagement with companies, regulators and policymakers, to generate sustainable outcomes.</p> <p>Through our ‘engagement with consequences’, we seek to effect real-world change in line with L&amp;G Group’s vision of sharing the benefits of economic growth as broadly as possible.</p>	<p>Foreword   Responsible investment   Awards</p>	<p>3, 8-16, 109</p>
<p><b>Principle 2 – Signatories’ governance, resources and incentives support stewardship</b></p> <p>Responsible investment activity needs to be fully integrated and overseen across LGIM’s formal governance committees.</p> <p>The Investment Stewardship team votes with ‘one voice’ across all investments where we have discretion, because it operates independently from – but in collaboration with – our portfolio managers. The Head of Investment Stewardship reports directly to LGIM’s CEO.</p> <p>Our Investment Stewardship team comprises 26 professionals with an average of 12.5 years’ experience in areas including responsible investment, investment stewardship, accounting and audit, impact investment, and public policy. This makes the team well positioned to keep abreast of the latest policy, regulatory and industry developments globally.</p> <p>For more information, see the <a href="#">Investment Stewardship</a> area on our website.</p>	<p>Responsible investment (inc. GREGs)   Voting and reporting   Third-party service providers   Conflicts of interest</p>	<p>10, 17-19, 91, 97, 100</p>
<p><b>Principle 3 – Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first</b></p> <p>In our approach to responsible investing in general, and to voting and engagement in particular, we aim to act in a manner consistent with the best interests of all clients.</p> <p>To mitigate potential internal conflicts, the Investment Stewardship team does not share management reporting lines with any of the LGIM investment desks, including the active equity or active fixed income teams.</p> <p>We have a Conflicts of Interest Policy, which is available on our <a href="#">website</a>.</p>	<p>Conflicts of interest</p>	<p>100-101</p>

<p><b>Principle 4 – Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system</b></p> <p>As a long-term investor, we have a responsibility to ensure that global markets operate efficiently to address systemic risks, foster sustainable and resilient economic growth, and aim to safeguard the value of our clients’ assets.</p> <p>LGIM’s global policy dialogue aims to create a regulatory, policy and legislative environment that raises market standards on key sustainability topics.</p> <p>Our 2023 policy dialogue involved over 230 meetings with more than a hundred organisations and working groups, across markets including the UK, the US, Japan and Europe.</p> <p>In particular, we focused on Nature and Health in our policy work during 2023.</p>	<p>Foreword   Responsible investment   How we engage   Policy advocacy and collaboration   Third-party service providers</p> <p>Climate   Nature   Health</p> <p>ESG case studies</p>	<p>3, 9-11, 20-27, 31, 34-38, 40-54, 64-70, 99</p>
<p><b>Principle 5 – Signatories review their policies, assure their processes and assess the effectiveness of their activities</b></p> <p>LGIM’s <a href="#">Global Corporate Governance &amp; Responsible Investment Policy</a> sets out our expectations of investee companies and outlines our approach to voting and engagement.</p> <p>Our voting decisions are guided by policies that are researched and fine-tuned every year. They incorporate specific market policies that allow for local nuances to align with best practice.</p> <p>All our policies are available on our <a href="#">website</a>.</p>	<p>Stakeholder engagement   Voting and reporting   Policies and processes   Awards</p>	<p>32, 88-95, 109</p>
<p><b>Principle 6 – Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them</b></p> <p>Transparency of our voting activity is critical for investee companies, clients and other interested parties to be able to hold us to account. As such, we provide historical vote decisions and rationales for all votes against management on our <a href="#">vote disclosure website</a>. This website includes historic voting data from 1 January 2017 onwards.</p> <p>In addition to our annual Active Ownership Report, we publish quarterly ESG engagement reports setting out our stewardship activities and outcomes for that quarter. The latest ESG engagement reports can be found on our <a href="#">website</a>.</p> <p>To ensure that our voting decisions are aligned with the wishes of our clients, we undertake regular consultations with asset owners. These provide our clients with assurance and knowledge, and allow us to obtain direct feedback on their experiences and expectations.</p> <p>For a breakdown of AUM by asset class and region and LGIM’s client types, see pages 92 and 96 of the Report.</p>	<p>Responsible investment   Stakeholder engagement   Voting and reporting   Policies and processes</p> <p>AUM and client breakdown</p>	<p>8-15, 32, 88-92, 95-96</p>
<p><b>Principle 7 – Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities</b></p> <p>We believe asset managers play a central role in ensuring the responsible allocation of capital, from tackling the climate crisis to addressing inequality.</p> <p>We believe ESG factors can be financially material. We have therefore established an integrated approach across both public and private assets, based on investment stewardship and collaborative research undertaken by our active investment teams.</p> <p>The Responsible Investment section of the Report demonstrates how we integrate ESG topics into our investment and stewardship activities. For more information on our approach, please read our <a href="#">Sustainability Policy</a>.</p>	<p>Foreword   Responsible investment (inc. GREGs)   How we engage   Policies and processes   Third-party service providers</p> <p>Climate   Nature</p> <p>ESG case studies</p>	<p>3, 8-16, 20-21, 34-54, 64-65, 94-95, 99</p>

<p><b>Principle 8 – Signatories monitor and hold to account managers and/or service providers</b></p> <p>We use the voting information services of ISS and receive research reports on UK companies from IVIS, the research team of the UK Investment Association, as well as voting research from proxy adviser Glass Lewis. We use this analysis to augment our own research and proprietary ESG assessment tools, as well as data from providers including Refinitiv, Sustainalytics and Bloomberg.</p> <p>We regularly review the quality and timeliness of services offered by our data providers to ensure that the quality of the data on which we base our voting decisions remains high and offers value for money.</p> <p>For further information on how we use proxy advisory services, see our <a href="#">policy</a>.</p>	<p>Third-party service providers</p>	<p>97-99</p>
<p><b>Principle 9 – Signatories engage with issuers to maintain or enhance the value of assets</b></p> <p>The Investment Stewardship team held 364 meetings or calls and 2,136 written engagements in 2023. These meetings are normally attended by the sector lead and may include portfolio managers and active research analysts across asset classes. Depending on the topic, a thematic expert may also be present, for example, on remuneration, health and people matters, or climate change.</p> <p>The team engaged most frequently on climate change; for a breakdown of topics discussed and companies most frequently engaged with, see pages 85-87 of the Report.</p> <p>For more detail on how the team prioritises engagement across asset classes, please see our <a href="#">Engagement Policy</a>.</p>	<p>Responsible investment   How we engage   Policy advocacy and collaboration   Active engagement</p> <p>ESG case studies</p>	<p>9-11, 20-29, 84-87</p>
<p><b>Principle 10 – Signatories, where necessary, participate in collaborative engagement to influence issuers</b></p> <p>We regularly work with peers, industry groups, NGOs, academia and civil society to drive change through collaboration. LGIM is a member or supporter of multiple associations and initiatives working on ESG themes, a list of which is included on page 31, and examples of our work are provided in a number of case studies.</p>	<p>Policy advocacy and collaboration</p> <p>ESG case studies</p>	<p>23-31, 40-41, 44-46, 53, 59-61, 67-70</p>
<p><b>Principle 11 – Signatories, where necessary, escalate stewardship activities to influence issuers</b></p> <p>We engage with investee companies on ESG issues, and work with policymakers, regulators, industry peers and our stakeholders as we seek to raise overall market standards.</p> <p>We may vote against company management as part of our voting policy and will escalate our vote to address directors’ accountability for governance failures by opposing their re-election in cases where our concerns are severe or repeatedly ignored. In certain funds, we will divest from companies that fail to meet our minimum standards.</p> <p>We demonstrate our escalation steps through engagement programmes such as the <a href="#">Climate Impact Pledge</a>, or campaigns on deforestation or ethnic diversity, as well as through voting escalations applied on governance issues such as combined Chair/CEO roles or one-share-one-vote concerns in the US.</p> <p>We also showcase various stewardship activities in individual case studies.</p>	<p>Responsible investment   How we engage</p> <p>ESG case studies</p>	<p>9-12, 20-21, 34-38, 40-46, 50-53, 56-62, 64-70, 75-79, 81-82</p>
<p><b>Principle 12 – Signatories actively exercise their rights and responsibilities</b></p> <p>The majority of our clients’ shares are held in pooled funds. As such, LGIM votes with one voice on all shares for which it has the authority to do so. Where there are no legal or practical impediments, we vote on clients’ investments across all developed and emerging markets globally.</p> <p>We use ISS’s ProxyExchange voting platform to vote electronically to ensure, in markets where we have unimpeded voting rights, that no votes remain unexercised. We aim to keep abstentions to a minimum.</p> <p>We have specific custom voting policies at global and individual market levels, although we retain the ability to override any vote decisions that are based on our policy. Our voting stance differed from ISS recommendations in around 13.1% of votes cast last year.</p> <p>In 2023, LGIM cast almost 149,000 votes at over 15,580 meetings. For 2023 voting statistics, see pages 102-108 of the Report.</p>	<p>Responsible investment   How we engage   Active engagement   Voting and reporting   Policies and processes</p> <p>Voting statistics   ESG case studies</p>	<p>9-12, 20-21, 84-95, 102-108</p>

# Important information

## 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.

## Important information

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