

# Active Ownership 2024

Active ownership means striving to create sustainable value for our clients. This report details how we sought to do this within our Asset Management business in 2024.

Whilst L&G's Asset Management business, where relevant, has integrated financially material Environmental, Social, and Governance (ESG) considerations into its stewardship practices and investment decision-making, funds that do not include specific ESG goals within their objectives might not pursue responsible investing goals.



# 2024 in numbers

£424.6 billion<sup>1</sup>

The amount of assets we manage in responsible investment strategies

45%

The percentage of strategies launched with sustainability characteristics in line with our responsible investment product methodology

142,000

The number of resolutions worldwide on which we voted<sup>2</sup>

4,030

The number of shareholder-proposed resolutions we voted on globally

3,447

The number of companies our Investment and Stewardship teams engaged with<sup>3</sup>

6

The number of shareholder proposals that L&G's Asset Management business co-filed for the 2024 AGM season

1. As at 31 December 2024. AUM in responsible investment strategies represents only the AUM from funds or client mandates that feature a deliberate and positive expression of responsible investing characteristics, in the fund documentation for pooled fund structures or in a client's investment management agreement. This expression could be exclusions; ESG outcome focus; positive environmental and social impact; or a combination of these. The Asset Management responsible investing reporting criteria is reviewed in line with existing industry frameworks as well as significant regulatory developments relating to sustainable finance disclosure requirements, as deemed to be relevant to the markets in which L&G's Asset Management business operates, including but not limited to the EU Sustainable Financial Disclosure Regime (SFDR) and the UK Sustainability Disclosure Requirements, which was published on 28 November 2023.

2. Resolutions voted exclude do-not-vote instructions.

3. This comprised 3,617 engagements in the environmental category, 753 in social, 694 in governance and 303 in other areas.

**Note:** This document reports on L&G's Asset Management business's stewardship activities during 2024. Unless otherwise stated, all information, data and graphical depictions provided that are not referenced are based on L&G internal data as at 31 December 2024.

As one of the largest asset managers in the UK, with assets under management at £1,118 billion,<sup>1</sup> we recognise the importance of leveraging our scale and influence to create long-term value through responsible investing.

As a universal owner<sup>2</sup> on behalf of our clients, we take responsibility to seek to address key macro and systemic risks, with the aim of tackling market issues and accelerating progress against complex, global sustainability challenges.

Here are some of our key stewardship activities in 2024:

- 1. L&G's Asset Management business, as at 31 December 2024.
- 2. Universal owners hold such large, diversified portfolios that they represent a slice of the entire market or economy. Because their investments span multiple sectors and industries, they are exposed to an array of macro and systemic risks.
- 3. As at 31 December 2024. Percentages are calculated by looking at corporate equity and debt holdings only. Percentages are calculated on corporate equity and debt holdings, where GHG data can be sourced. Data is from ISS and uses data and reporting enrichment to map to issuers of corporate bonds.
- 4. Climate change; land/freshwater/ocean use change; natural resource use; pollution; and invasive alien species; as identified by Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) and aligned with the TNFD.
- 5. Internal engagement data; as at 14 November 2024.
- 6. Internal vote data, 2024

<sup>†</sup> 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 our portfolios. The above information does not constitute a recommendation to buy or sell any security.

## 1 | Climate

In 2024, our [Climate Impact Pledge](#) (CIP) covered 55% of total corporate securities by value, and 82% of total carbon emissions attributable to L&G's Asset Management business's corporate equity and debt holdings<sup>3</sup>

Under our CIP, 455 companies out of a universe of 5,000+ were identified by our quantitative assessment as subject to voting sanctions in 2024 due to not meeting our minimum standards

Of the 100+ 'dial movers', 37 companies were identified for voting sanctions. In total, 14 companies remained on our divestment list, and two more were added.

## 2 | Nature

In 2024, we published our [Nature Framework](#), which outlines our approach to aligning with the five direct drivers of nature change that have the largest global impact<sup>4</sup>: natural capital management<sup>5</sup>; deforestation; circular economy and water

We updated our [Deforestation Policy](#) and 119 companies were identified for vote sanctions in 2024, due to not meeting our minimum deforestation expectations

## 3 | People

In 2024, we co-filed shareholder resolutions at Walmart<sup>†</sup>, Target<sup>†</sup> and Kroger<sup>†</sup>, asking them to develop a policy on paying a living wage to their employees

We launched our human rights engagement campaign, contacting 400 companies in 43 countries. Our outreach has resulted in engagement with 20 companies so far<sup>5</sup>

In November 2024, we published our [Human Capital Management Policy](#), setting out our expectations of companies on how to manage their labour force

## 4 | Health

We continued to raise awareness among policymakers and government officials across the globe about the risks posed by antimicrobial resistance (AMR)

We published our inaugural [Health Policy](#), setting out how we aim to use our influence to mitigate risks in obesity and undernutrition, pollution, pesticides and AMR

We seek to identify how asset managers can best use their influence as effective partners in the global battle against the rise of AMR

## 5 | Governance

In 2024, we voted against almost 260 US companies with dual-class share structures<sup>6</sup>

On executive pay, we apply flexibility when considering pay quantum and alternative structures, where these are aligned to long-term performance and stakeholder experience

## 6 | Digitisation

We published our initial expectations of companies on artificial intelligence (AI) in 2023 and have continued to engage with the four largest US tech firms that are building AI systems as products: Alphabet<sup>†</sup>, Apple<sup>†</sup>, Meta<sup>†</sup> and Microsoft<sup>†</sup>

# 2024 engagement numbers by our Investment and Investment Stewardship teams

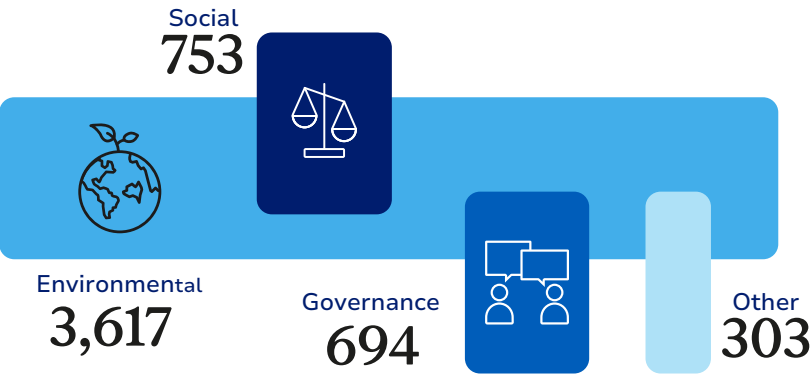




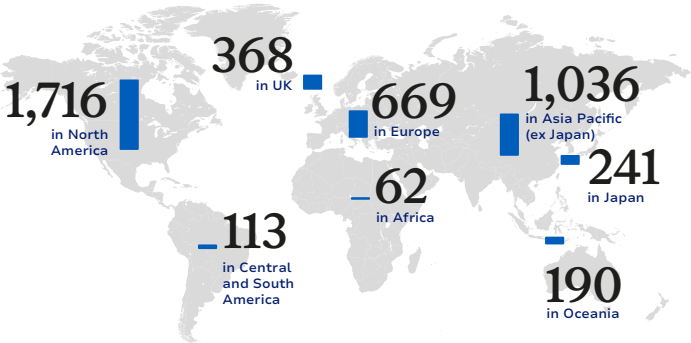
# Active engagement: the numbers

## Breaking down the engagement numbers

Breakdown of engagements by themes\*



Regional breakdown of engagements

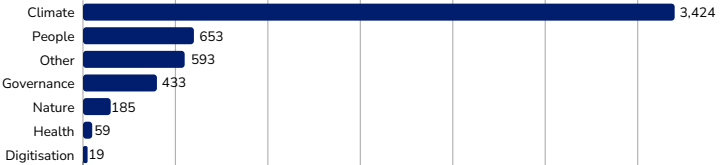


\*Note: an engagement can cover more than a single topic

Top five engagement topics

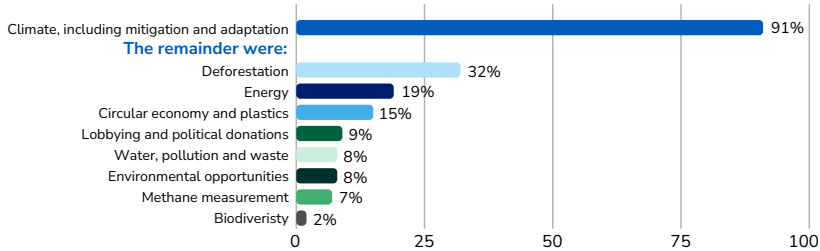


Breakdown of engagements by super themes

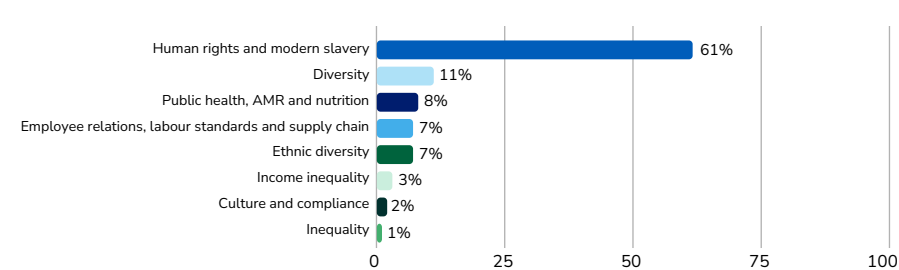


# Active engagement: the numbers (continued)

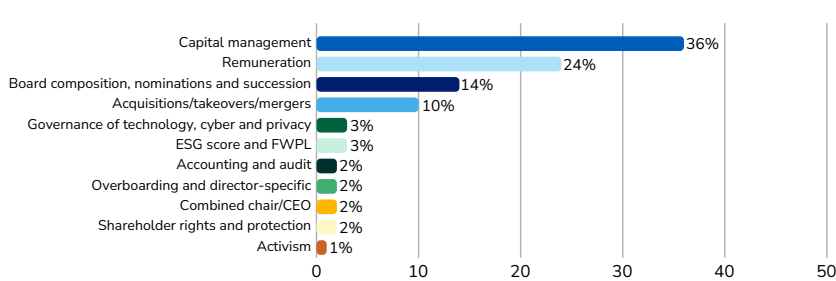
Breakdown of Environmental Engagements



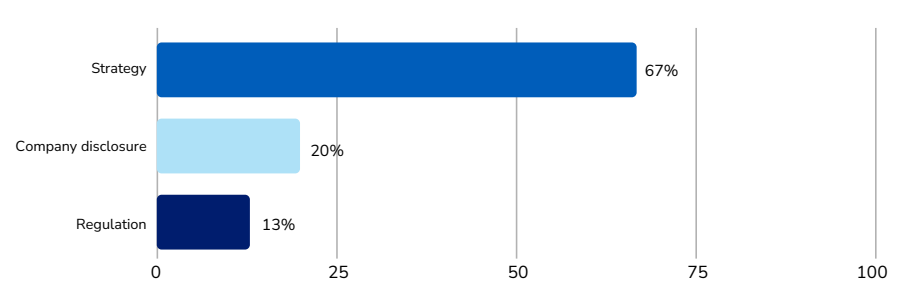
Breakdown of Social Engagements



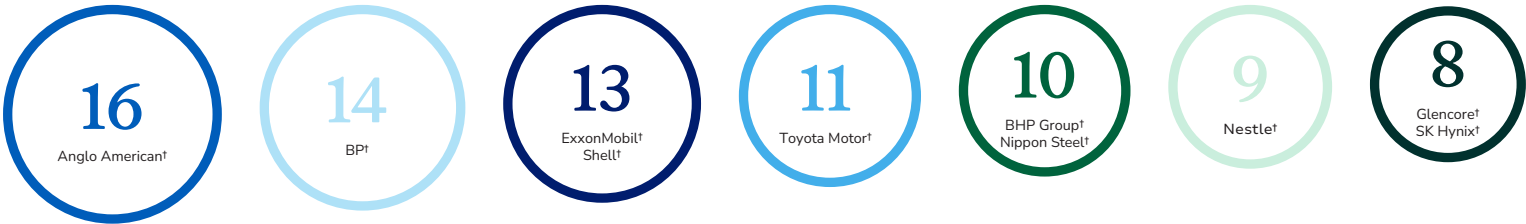
Breakdown of Governance Engagements



Breakdown of Other Engagements



Top 10 companies based on the number of engagements



# Awards and recognition

## 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.

Recognition from third parties in 2024:

- Received a 5\* ranking from the UN PRI for five modules: Policy governance and strategy, Passive equity, Real estate, Fixed income (SSA) and Fixed income (corporate)<sup>7</sup>
- A+ stewardship score from InfluenceMap<sup>8</sup>
- A rating from ShareAction for our approach to responsible investment
- Recognised by ShareAction for our proactive voting, despite being predominantly an index manager<sup>9</sup>

We also won the following industry awards for our efforts in responsible investing:

- Pensions Age Awards (UK) - Sustainability Provider of the Year
- Professional Pensions (UK) - ESG Manager of the Year
- Pensions Expert (UK) - ESG Impact Manager of the Year
- ESG Identity Awards (Italy) - ESG Asset Management
- Hirschel & Kramer (EU) - Responsible Investment Brand Index
- IEX Golden Bull Awards (NL) - Responsible ETFs

Awards should not be considered a recommendation. Past performance is not a guide to the future.



7. [PRI](#), November 2024

8. [Influence Map](#), March 2025

9. ShareAction, [Voting Matters](#) 2024, February 2025



## Contact us:

For further information about the Asset Management business of L&G, please visit [am.landg.com](https://am.landg.com) or contact your usual L&G 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, and the investor may get back less than the original amount invested. Net-zero commitments and targets are not guaranteed to be met.**

## Important Information

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This document does not explain all of the risks involved in investing in the investment strategy and are not final. No decision to invest in the investment strategy should be made without first speaking to the Client Relationship Manager.

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