

Bitesize video for members – Legal & General

Responsible investing for pensions

~How a pension can challenge companies to behave more responsibly~

Did you know that by making monthly contributions into your pension plan, you could play a part in encouraging companies to improve their effect on the environment and society?

This is done through an investment process known as active ownership. Our investment management business Legal & General Investment Management (referred to as LGIM) applies active ownership across all the funds managed by Legal & General and LGIM.

<Disclaimer text on screen, not as voiceover: External fund managers may take a different approach to active ownership.>

If you haven't chosen your own funds, your money will be automatically invested in the default investment option for your work's pension plan, chosen by your employer.

Here's an example of how it works across the standard default investment options offered by Legal & General.

<Disclaimer text on screen, not as voiceover: The standard default investment options used as an example are Target Date Funds, Multi-Asset Fund, Future World Multi-Asset Fund, and L&G Drawdown Lifestyle Profile. Your employer or the trustees of your pension scheme may have chosen a different default option.>

With the aim of helping pension savings grow, LGIM will invest a part of the standard default investment options in companies, either through purchasing shares or lending money to companies by buying their bonds. Through purchasing shares, LGIM becomes a shareholder in the companies it invests in and can influence positive change.

A key way to do this is to consider how companies manage environmental, social and governance (known as ESG) risks and opportunities. This includes issues such as climate change, fair work conditions, executive pay, supply chain management and impact on local communities.

This is important because poor management of ESG factors may have a negative impact not only on the performance and longevity of a company – and therefore potentially your pension value – but on wider society, the planet and the economy.

LGIM assesses how companies handle ESG risks and opportunities and how transparent they are in reporting them. Importantly, as a shareholder LGIM can engage and cast shareholder votes on important issues, challenging companies to do better. For example, LGIM can challenge a company over its environmental policies, the level of its greenhouse gas emissions, the diversity of its board of directors, or its record on workers' rights.

So, your pension is working behind the scenes striving for positive change.

More information on responsible investing and active ownership can be found on the Legal & General Workplace ESG Hub. You can also check the investment options available to you by logging into your online account.

<End disclaimer slide/ text on screen/not as voiceover>

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.

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A copy of the updated video can be found at the following link: [LGIM ESG - May 2024 on Vimeo](#)