Swedish AP7 and LGIM establish partnership to launch innovative climate transition strategy

Engagement-led investment strategy aims to deliver on climate goals

London/Stockholm, 30 May 2023 – Legal & General Investment Management (LGIM), one of the world’s largest asset managers¹, and Swedish premium pension provider AP7, representing five million Swedish pension savers, confirm their partnership to establish an innovative climate transition strategy.

The active investment strategy will aim to drive real-world change as well as unlock long-term shareholder value by investing in, and then engaging with, specific companies that are ‘climate laggards’ in their sectors. The strategy will seek to identify those companies across climate-critical sectors that are currently not, but have the potential to become successfully aligned with the Paris goals. This contrasts with approaches that invest in those companies already aligned with Net Zero by 2050.

The strategy aims to play a part in ensuring that the market as a whole, not only climate leaders, rise to the net zero transition challenge as rapidly and efficiently as possible. The engagement with portfolio companies will be highly targeted with the equal objectives of accelerating the pace of the climate transition, and maximising long-term shareholder value. The strategy will follow a data-driven, fundamental and engagement-led investment approach seeking to support the climate transition to reach Net Zero by 2050, leveraging insights from LGIM’s Global Investment Research, tools and Investment Stewardship teams.

Nick Stansbury, Head of Climate Solutions at LGIM, commented, “Many ESG strategies in the marketplace own climate leaders via index products or screen out laggards. For this strategy however we are taking a very different approach: by leveraging LGIM’s leading stewardship expertise and engagement track record, combined with our proprietary LGIM Destination@Risk tool, which allows us to assess climate-related investment risks and potential opportunities, we believe we are well placed to deliver on our commitment to drive real world change and unlock returns for investors.”

Richard Gröttheim, CEO at AP7, continued, “We had a very thorough process to find the right partner to team up with. Finding LGIM was a meeting of minds. We look forward to developing this innovative solution together in the coming years.”

AP7’s decision to allocate to this new climate transition strategy marks a significant step in a strategic partnership with LGIM.

Volker Kurr, Head of Europe, Institutional for LGIM, summarised this as follows, “As LGIM continues to internationalise, the Nordics are a key market and a leading region in adopting innovative ESG investment solutions. We are delighted to have been awarded this mandate by AP7 whose fundamental investment beliefs on climate change are closely aligned with ours. This sets a precedent for how an engagement-led active strategy can complement a universal investor’s active ownership, and we look forward to joining them on this important journey. Through working together we consider we can demonstrate how long-term investors can become more active asset owners, drive change and aim to reach positive outcomes in the companies and markets in which we invest.”

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¹ Globally, we manage assets of £1.2 trillion or €1.35 trillion as at 31 December 2022 (source: LGIM internal data as at 31 December 2022). Reported AuM includes assets under management by LGIM in the UK, LGIMA in the US and LGIM Asia in Hong Kong. AuM includes the value of securities and derivatives positions.
Notes to editors

About Legal & General Investment Management

Legal & General Investment Management is one of Europe’s largest asset managers and a major global investor, with total assets under management of £1.2 trillion\(^1\). We work with a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

For more than 50 years, we have built our business through understanding what matters most to our clients and transforming this insight into valuable, accessible investment products and solutions. We provide investment expertise across the full spectrum of asset classes including fixed income, equities, commercial property, and cash. Our capabilities range from index-tracking and active strategies to liquidity management and liability-based risk management solutions.

About AP7

AP7 (Sjunde AP-Fonden) is the default alternative within the Swedish Premium Pension system with 5.5 million savers and SEK 1000 billion AUM in global equities and fixed income. With a diversified equity portfolio of more than 3,000 companies, AP7 has an ESG-strategy that focuses on active universal ownership and systemic risks. Read more at [www.ap7.se](http://www.ap7.se)

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