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# LGIM joins forces with National Trust to launch fossil fuels exclusions strategy

* *LGIM has collaborated with The National Trust to provide an innovative solution to help charities institutions and investors meet fossil fuel divestment commitments*
* *It will seek to exclude any companies with a carbon reserve intensity above 0%*

**27 July 2023 -** Legal & General Investment Management (LGIM) today announces the launch of the Legal & General Future World ESG Developed Fossil Fuel Exclusions Index Fund (‘the Fund’), developed in collaboration with The National Trust, the largest conservation charity in Europe.

The Fund – designed to help investors meet their ex-fossil fuel commitments - will launch with significant initial seed funding. The Fund will be open to UK investors including charities and endowments, platforms and wealth managers[[1]](#footnote-2).

The launch responds to growing demand for ex-fossil fuel solutions, with over 1,500 public commitments to fossil fuel divestment from institutions in 2021, globally.[[2]](#footnote-3) The strategy aims to provide an efficient, low-cost solution to enable investors to seek to reduce their exposure to fossil fuel companies and those particularly with high carbon emissions and reserves, facilitating the transition towards net zero whilst targeting long-term, sustainable returns.

The Legal & General Future World ESG Developed Fossil Fuel Exclusions Index Fund seeks to offer investors UK and global equities exposure while incorporating environmental, social and governance (ESG) tilts to LGIM-designed indices. The tilting mechanism aims to reduce exposure to companies associated with poor ESG practices and provides greater exposure to those that are better positioned from an ESG perspective. This approach combines LGIM’s positive engagement with an explicit fossil fuel exclusion for investors where fossil fuels are a red line.

The LGIM-designed ESG indices require companies to meet certain minimum global criteria to be included within index construction. The Fund adopts a strict exclusion policy relating to direct investments that are deemed incompatible with ESG criteria for this strategy. In practice, it seeks to exclude any companies with a carbon reserve intensity above 0%, which includes fossil fuel companies in the energy, mining and utilities sectors.

The Fund also incorporates LGIM’s Climate Impact Pledge, focused on speeding up the progress companies are making in addressing climate change and transitioning to a low-carbon economy. In 2022, LGIM identified over 5000 companies in 20 climate-critical sectors and ranked them against criteria such as their commitment to the net zero transition, board composition, strategy and transparency.

**Mark Johnson, Head of Institutional Clients at LGIM commented:** *“We believe the transition away from fossil fuels towards a low-carbon economy is a key priority for investors. We are seeing demand from charities and universities to divest from fossil fuels, as they respond to expectations from increasingly sustainability conscious donors and students. This partnership reaffirms LGIM’s purpose to use our scale and expertise across indexing and investment stewardship to provide innovative, cost-effective**portfolio solutions for charities and institutions. We are dedicated to helping enable charities and institutions generate financial returns, whilst investing in line with their respective missions.”*

**Dabinder Hutchinson, Director of Finance at the** **National Trust added:** *“As Europe’s largest conservation charity, the National Trust exists to protect nature, beauty and history for everyone, forever. Our environmental values are important in everything we do, including managing our investment portfolio – something that is crucial to ensuring we are able to generate vital funds to fulfil our charitable purpose. We are delighted that we have been able to collaborate with LGIM to co-create this new strategy with our required fossil fuel exclusions, and LGIM’s wider engagement programme with companies, to enable the development of more climate friendly investment portfolios to support the climate transition and our race against climate change.”*

**- ENDS -**

**Key Risk Warnings**

The value of investments and the income from them can go down as well as up and you may not get back the amount invested. Past performance is not a guide to future performance. The details contained here are for information purposes only and do not constitute investment advice or a recommendation or offer to buy or sell any security. The information above is provided on a general basis and does not take into account any individual investor’s circumstances. Any views expressed are those of LGIM as at the date of publication. Not for distribution to any person resident in any jurisdiction where such distribution would be contrary to local law or regulation. Please refer to the fund offering documents which can be found at [Future World ESG Developed Fossil Fuel Exclusions Index - LGIM Fund Centre](https://fundcentres.lgim.com/en/uk/institutional/fund-centre/Unit-Trust/Future-World-ESG-Developed-Fossil-Fuel-Exclusions-Index-Fund/#Literature). This financial promotion is issued by Legal & General Investment Management Ltd. Registered in England and Wales No. 02091894. Registered office: One Coleman Street, London EC2R 5AA. Authorised and regulated by the Financial Conduct Authority.

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**About Legal & General Investment Management (LGIM)**

LGIM is one of Europe’s largest asset managers and a major global investor, with total assets under management of £1.2 trillion[[3]](#footnote-4) ($1.4tn, €1.4tn, CHF 1.4tn). 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 The National Trust**

The National Trust is a conservation charity founded in 1895 by three people: Octavia Hill, Sir Robert Hunter and Hardwicke Rawnsley, who saw the importance of the nation's heritage and open spaces and wanted to preserve them for everyone to enjoy. Today, across England, Wales and Northern Ireland, we continue to look after places so people and nature can thrive.

Entirely independent of Government, the National Trust cares for more than 250,000 hectares of countryside, 780 miles of coastline and 500 historic properties, gardens and nature reserves.

1. At initial launch, the fund will only be open to professional investors via LGIM. It will not be available to Retail Investors until a later date. [↑](#footnote-ref-2)
2. Global Divestment Commitments Database 2021 [↑](#footnote-ref-3)
3. LGIM internal data as at 31 December 2022. These figures include assets managed by LGIMA, an SEC Registered Investment Advisor. Data includes derivative positions. [↑](#footnote-ref-4)