**Embargoed until 0500 GMT on 3 February 2020**

# LGIM to vote against combined CEO and board chairs globally

* *LGIM updates global proxy voting policy as it steps up influence on companies to improve leadership structures*
* *LGIM will also vote against companies in Japan with no women represented at board level*

**Embargoed until 0500 GMT on Monday, 3 February 2020** – Legal & General Investment Management (LGIM) has today announced an escalation of its voting policy towards combined CEO and board chairs, with the decision to vote against combined roles at director elections globally.

The changes come as part of LGIM’s annual review of its global proxy voting policies, which this year also sees a host of changes to strengthen its position on strategic corporate governance, including auditor tenure and board level diversity. The global proxy voting policies, which are consistently applied across all assets with voting discretion, are regularly reviewed to reflect the evolving understanding of corporate governance, market and client expectations.

**Sacha Sadan, Director of Investment Stewardship at LGIM,** commented, “The separation of combined CEO and board chair roles provides a better balance of authority and responsibility, that aligns with the best long-term interests of companies and investors. We’ve also seen a worrying trend of companies splitting the roles after a scandal, then recombining over time. We hope that by escalating this policy, we are sending a very clear message that we will not support a combined role going forward.”

The policy will have particular impact in the United States, France and Spain where combined roles are still common. Despite positive momentum in the United States, 47% of S&P 500 boards still have combined CEO and board chair roles, while in Spain 48% of the top 100 companies have combined roles, and 53% of CAC 40 companies in France.

**Moving the needle on diversity in Japan**

This year’s changes will also see LGIM vote against all TOPIX 100 companies in Japan which do not have at least one woman representative on their board. In 2019, the percentage of women board members at TOPIX 100 companies rose above ten percent for the first time, but it remains significantly lower than in other developed markets, such as the UK and United States, where 30% of FTSE 350 and 27% of S&P 500 board members are women.

LGIM has long been an advocate for board diversity, in the belief that better diversity brings economic as well as cultural benefits, and in recent years has been consistently strengthening its position on the issue globally. LGIM first implemented a voting policy on board diversity in the UK in 2015 by voting against largest 100 UK companies with all male boards, and has extended this approach where in 2019 it voted against the UK’s largest 350 companies with less than 25% women on the board, and by voting against all male boards globally. From this year it will also vote against the largest 100 companies in the S&P 500 and S&P TSX, where there are currently less than 25% women on boards.

**Sacha Sadan** continued, “Well-functioning, independent boards are key to long-term investment performance. As stewards of our clients’ capital, we want to ensure we are holding companies to high standards, and that we speak with one voice in encouraging markets to align with global best practices.”

**Further information:**

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# Notes to editors

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 £1.1 trillion ($1,4trn)1.  We work with a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

Throughout the past 40 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.

1LGIM internal data as at 30 June 2019. These figures include assets managed by LGIMA, an SEC Registered Investment Advisor. Data includes derivative positions