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LGIM reveals top ESG issues that matter to members

- “Pay” is most voted on issue by DC scheme members, relating to all levels of remuneration
- “Climate” and other environmental issues also dominate the top ten issues, by member votes
- DC members are highly engaged on social and governance issues, with resolutions including “rights” and “lobbying” coming in third and fourth by number of votes

Analysis by Legal and General Investment Management (LGIM) has revealed the top ten ESG issues that matter the most to its DC members, in terms of resolutions most-frequently voted on by individual scheme members.

This analysis takes data from LGIM’s partnership with Tumelo, which allows 4,400 members across 8 pension schemes to learn, evaluate and express their opinions on pending shareholder proposals. Between the launch of this partnership in September 2020 and mid-2021, over 13,000 such votes have been cast by individual members of DC pension schemes administered by LGIM.

“Pay” is the most voted-on issue from such shareholder resolutions put to scheme members by the system. In total this attracted 3,120 advisory votes from individuals, across 46 different resolutions mentioning the word. These mentions ranged from resolutions approving board remuneration to the context of supply chains or staff wages.

“Climate” held a strong second place in terms of the total number of DC member votes and did so while only appearing in resolutions put to members 14 separate times during the period, whilst “Paris Agreement” was also prominent – voted on by 460 individuals, on the basis of just two separate resolutions available for member votes.

Within the environmental realm, members are also keen to engage on the often more visible pollution of “plastic”, “packaging” and broader “pollution” – beyond carbon emissions more specifically. These three other issues also appeared in relatively few shareholder resolutions – but were popular engagement topics with individual DC pension members when they were given the chance to cast their advisory votes.

Table: Top ten keywords voted on by LGIM DC scheme members

Rank by total number of member votes	Word (appearing at any point in resolutions)	Total number of votes by DC pension scheme members on resolutions including word	Number of separate resolutions available as polls to members, which mention word
1	Pay	3,120	46
2	Climate	1,275	14
3	Rights	1,027	18
4	Lobbying	847	8
5	Plastic	837	4
6	Packaging	644	2
7	Paris Agreement)	460	2
8	Diversity	370	7
9	Racial	332	3

10	Pollution	307	2
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The data also demonstrates that DC pension scheme members are highly engaged on social and governance issues. Resolutions referencing “rights” (usually referring to human and social rights but also animal rights) and “lobbying” were in strong third and fourth places by number of votes.

Diversity is also a clear priority for members. Moreover, while only three relevant resolutions used the word “racial”, this aspect of the ongoing diversity conversation gained more than enough advisory to reach the top ten keywords in its own right.

Stuart Murphy, Co-Head of DC at Legal & General Investment Management comments on the findings: “This technology and exciting partnership with Tumelo is already making an important difference. Pension Schemes and fund managers managing relationships with corporate boards are increasingly going to be able to consider and even reference this polling of scheme members.

“Equally, and perhaps more importantly for the long term of the pensions system, this has opened up a new way for individuals to feel truly consulted about the detailed ways their retirement funds will shape corporate activity and society at large. At a time when DC pensions need more voluntary contributions, more understanding and in general more interest from members – we’re excited about the future as we roll this out further.”

Georgia Stewart, CEO of Tumelo commented: “Working closely with LGIM, we have proven members care passionately about ESG issues and that these issues can be used as successful engagement topics to improve members’ connections to their long-term savings.”

- ENDS -

Notes to editors

Methodology

This table of top issues ranks the single words most frequently appearing in shareholder resolutions, according to how many votes the associated full question gained, when posed to DC pension scheme members in schemes administered by LGIM and taking part in the latest LGIM-Tumelo trial. Keywords exclude proper nouns (including specific company names) and common words.

Once DC pensions scheme members have shared their opinions as to how to they would vote on key issues, they are able to see how their views compare against many of their peers and their own fund managers, as well as see the outcome of the votes.

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 £1.33 trillion (€1.55 trillion; CHF1.70 trillion, \$1.8 trillion; JPY204 trillion)¹. We work with a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

Throughout the past 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.

¹LGIM internal data as at 30 June 2021. These figures include assets managed by LGIMA, an SEC Registered Investment Advisor. Data includes derivative positions.

About Tumelo

Tumelo is an impact-focused financial technology firm. Tumelo's mission is to enable retail investors and pension members to benefit from a more sustainable investment system. Through strategic partnerships Tumelo enables leading investment and pension providers to provide their customers with transparency over the companies they own and a shareholder voice on issues they care about, such as gender equality or climate change.

Tumelo's white-label software delivered via APIs and/or a user dashboard easily integrates with existing investment platforms and significantly improves customer engagement, acquisition and retention for providers.

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