

*This is a response from Legal & General re the Global Witness report 'Indecent Exposure'.*

*Date: 9 October 2018*

At LGIM we take our stewardship responsibilities seriously and devote significant resource to ensure our clients' assets are protected and enhanced over time. We take an active approach to stewardship, using our scale as a global investment manager to influence company and market behaviours. In doing so, we strive to achieve positive societal impacts in the belief that it will create more sustainable long-term value.

If we believe changes are needed at a company, we will communicate this privately during our engagements or publicly, if necessary, by voting against the company at annual general meetings. In 2018, LGIM has voted against UK directors more than any other large asset manager.

However, it is index providers, not asset managers, who select the securities that form the indices tracked by index funds. This is true for the majority of LGIM's index fund range.

Nevertheless, LGIM has gone one step further by implementing a Controversial Weapons Policy, excluding from active fixed income and equity funds and certain index funds those companies involved in the manufacture and production of cluster munitions, antipersonnel landmines, and biological and chemical weapons.

Moreover, across our Future World fund range, where we have been involved with designing some of the underlying indices, we also exclude (or significantly reduce exposure to) controversial weapons manufacturers, companies solely involved in the extraction of coal and those that are perennial violators of the United Nations Global Compact Principles on human rights and labour standards. This ensures the exclusion process is rules-based and transparent.

Covering a broad range of asset classes and investment style, the Future World range is designed to meet growing appetite from investors who want to harness environmental, social and governance themes across asset classes.

More specifically on environmental issues, LGIM has also taken the unusual step of voting against company directors specifically due to their management of climate-related risks. LGIM has also supported more environmental shareholder proposals compared to other large asset managers.

Many thanks for your commitment to a transparent process.