



Legal & General (Unit Trust Managers) Limited (UTM)

Sustainability Entity Report


Purpose

This is L&G Asset Management's first annual Sustainability Entity Report as required under the Sustainability Disclosure Requirements (SDR), setting out how Legal & General (Unit Trust Managers) Limited (UTM) takes sustainability risks and opportunities into account when administering investments on behalf of clients and consumers. This report is designed to describe UTM's approach as to how SDR in-scope assets are governed, how strategy is set and how sustainability risks and opportunities are identified, assessed and managed.

UTM is the manager for L&G Asset Management's UK fund range. It is a UK 'Supermanco', meaning that it is an Undertakings for the Collective Investment in Transferable Securities ("UCITS") manager and Alternative Investment Fund Manager ("AIFM"). It is responsible for the management of retail and institutional funds and the product manufacture of funds. UTM delegates investment management of its assets to investment management companies within L&G. The [TCFD entity report](#) forms part of UTM's overall sustainability entity report with respect to climate-related disclosures.

Compliance statement

The disclosures in this report comply with the SDR entity reporting requirements.

Signed: 

Sonja Laud, Global Chief Investment Officer

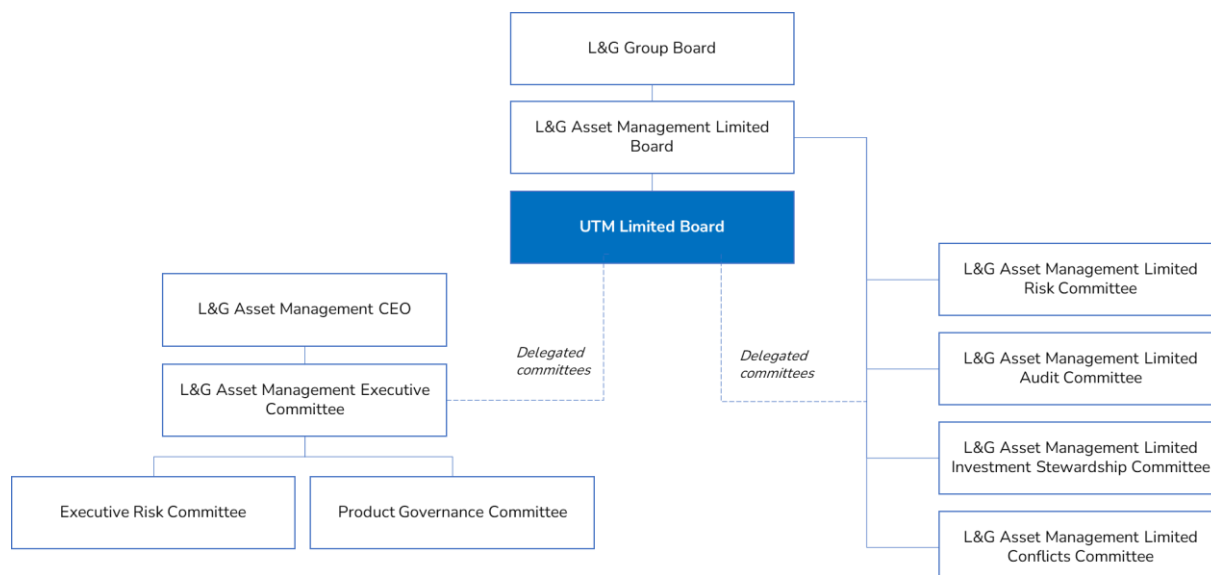
Reporting period

This report is prepared as of 31 December 2024 and covers the period from 1 January 2024 to the reporting date.

Delegations

L&G Asset Management Limited is the holding company for L&G Asset Management and is a wholly owned subsidiary of Legal & General Group Plc (L&G). It acts as the controller of the L&G Asset Management Limited companies, monitoring and overseeing the performance of L&G Asset Management. The L&G Asset Management Limited Board is responsible to its shareholder, L&G, for promoting the long-term success of L&G Asset Management and in particular, for outlining L&G Asset Management's strategic priorities, monitoring management's performance against those strategic aims, setting risk appetite, and ensuring that effective controls are in place and the division is adequately resourced.

As a direct subsidiary of L&G Asset Management Limited, UTM leverages and benefits from the wider governance structure of L&G Asset Management. Formal delegations are in place to support the framework and enable committees of L&G Asset Management to focus on matters on behalf of UTM. This includes matters relating to sustainability-related risks and opportunities and forums such as the L&G Asset Management Limited Risk Committee, the L&G Asset Management Limited Investment Stewardship Committee, the L&G Asset Management Executive Committee, Executive Risk Committee and the Product Governance Committee, all of which undertake duties on behalf of UTM Limited as illustrated in the abbreviated chart below.



All committees oversee climate-related risks and opportunities

Reference ESG 5.6.1

In addition to the requirements at ESG 5.4.5R, a manager must, in relation to the overall assets it manages within its sustainability in-scope business, set out the following information relating to:

Required disclosure

- The manager's approach to governance, with respect to managing sustainability risks and opportunities.
- Where relevant, briefly explain in its Sustainability Entity Report how the manager's strategy has influenced the decision-making and process by which it delegates functions, selects delegates, and relies on services, strategies or products offered or employed by third parties, including delegates.

Please see the 'Delegations' section above, which highlights how L&G Asset Management's Board/committees are structured and how they oversee sustainability-related risks and opportunities.

UTM Limited is a direct subsidiary of L&G - Asset Management Limited and, as such, the governance arrangements of UTM Limited sit within the wider governance framework of the L&G Asset Management division.

L&G Asset Management has a robust corporate governance framework in place that brings authority and accountability, enables effective decision-making, and allows oversight of the implementation of L&G Asset Management's strategic objectives and sustainability related risks and opportunities.

For examples of how we manage oversight of sustainability-related risks and opportunities specifically, please see references below:

[L&G Asset Management – Active Ownership Report 2024:](#)

(page 14) *Rigorous governance and resourcing* – This section details L&G Asset Management's approach to governance, integrating and overseeing responsible investment activity across formal governance committees at the executive and board level.

[L&G Asset Management – Sustainability Policy](#)

(pages 2-3) – *Integration of sustainability risks and opportunities* – This section explains how L&G Asset Management has adopted a sustainability focus which we believe can lead to opportunities for

	<p>material financial benefits, in addition to sustainability risk mitigation. It explains how we are committed to embedding sustainability considerations across asset classes and management styles because we believe that incorporating financially material sustainability criteria, where relevant to our clients, can create long-term value and drive positive change. Our integrated responsible investment framework outlines how we aim to create value through aligning relevant strategies towards clear, consistent, and demonstrable sustainability objectives. We update this framework in line with our investment capabilities, client expectations and market and regulatory developments.</p> <p>(page 6) – This section explains how we conduct due diligence on index providers and the index methodologies that we use in index strategies with sustainability characteristics and seek to offer more choice to investors.</p> <p>(page 10) <i>Organisation and governance structure</i> – This section talks to how the governance structure of L&G Asset Management fully integrates and oversees responsible investment activity at the highest levels.</p> <p>In line with our Group strategy ‘Investing for the long term. Our futures depend on it.’ L&G has rigorous and detailed procurement and vendor management policies which are applied to manage and mitigate risks related to ESG issues. This is combined with a L&G Group level target of 80% of our suppliers, by spend, having a science-based carbon reduction target by the end of 2026.</p>
<p>Required disclosure</p> <p>c) The actual and potential impacts of any material sustainability-related risks and opportunities on the manager’s businesses, strategy and financial planning.</p>	<p>L&G Asset Management – Sustainability Policy</p> <p>(pages 3-4) <i>Identification of sustainability risks and opportunities</i> – This section summarises how the impacts of sustainability related risks and opportunities influence L&G Asset Management’s business, strategy and financial planning. For example, through guiding investment stewardship activities and asset allocation decisions.</p> <p>(pages 4-11) <i>Integration of sustainability risks and opportunities</i> – This section outlines how L&G Asset Management integrates ESG considerations across asset classes and investment strategies to manage long-term sustainability risks and opportunities, aiming to create systemic change and deliver value for clients through active ownership, innovation, and strategic engagement.</p> <p>L&G – Climate and Nature Report 2024</p> <p>(page 11) <i>Climate and nature-related opportunities and risks</i> – This section highlights L&G’s material climate- and nature-related opportunities and risks that have been identified over the short, medium and long term.</p> <p>(pages 15 – 17) <i>Our strategy</i> – This section describes the Asset Management strategy, shaped by the identified risks and opportunities.</p> <p>At L&G Asset Management, we develop firmwide policies in response to sustainability concerns targeting a number of areas including climate change and deforestation. These policies can be found on our</p>

	<p>website. In addition to firm-wide policies, L&G also seeks to address sustainability risks and opportunities through active ownership activities, Global Research and Engagement Groups (GREGs) and ESG or sustainability strategies in L&G funds and segregated mandates.</p>
<p>Required disclosure</p> <p>d) How the manager identifies, assesses and manages sustainability-related risks.</p>	<p>L&G Asset Management – Active Ownership Report 2024: (pages 7-16) <i>Responsible Investment</i> – This section outlines the three key stages of L&G Asset Management’s overall responsible investment process: research, engagement and outcomes. It outlines the responsible investment framework, a structured approach in which strategies are aligned towards clear, consistent, and demonstrable sustainability objectives that aim to drive long-term value creation and address real-world needs.</p> <p>L&G Asset Management – Sustainability Policy (pages 3-4) <i>Identification of sustainability risks and opportunities</i> – This section outlines the process for identifying and assessing sustainability-related risks. Analysis of macroeconomic drivers is combined with sector-level and issuer-level analysis to determine whether and how companies and assets are positioned in respect of the sustainability risks that are most relevant to them. L&G Asset Management’s internal processes for identifying and prioritising sustainability risks and opportunities are supported by Global Research and Engagement Groups (GREGs). (page 4-10) – <i>Integration of sustainability risks and opportunities</i> – This section details how sustainability risks are integrated into investment processes, strategies and solutions.</p>
<p>Required disclosure</p> <p>e) The metrics and targets used by the manager to assess and manage relevant material sustainability-related risks.</p>	<p>Sustainability-related targets and metrics have not been set and reported on at the UTM entity level. UTM is instead subject to the targets and metrics set and reported on at the Asset Management and Group level. These metrics and targets will be applied across the relevant products managed and services provided by UTM as applicable. For this reason, the UTM SDR entity report should be read in conjunction with the L&G – Climate and Nature Report 2024, which includes aggregated L&G Group metrics, including Asset Management, that are relevant to UTM and the assets it administers.</p> <p>L&G Asset Management – Sustainability Policy (pages 4-7) <i>Integration of sustainability risks and opportunities</i> – This section outlines how L&G Asset Management assesses and manages material sustainability-related risks using a combination of proprietary tools and structured engagement. These include the L&G ESG Score, which evaluates companies across environmental, social, governance, and transparency metrics, and Active ESG View, which integrates quantitative and qualitative data to assess financial materiality of ESG factors at both company and portfolio levels. Targets and metrics are embedded into investment processes through research, engagement, and escalation, with stewardship activities and voting policies aligned to sustainability objectives and country-specific expectations.</p>

	<p>L&G – Climate and Nature Report 2024: (page 23) <i>Key metrics and targets summary</i> – This page outlines the key metrics and targets we use to measure our progress in decarbonising our business and meeting our climate commitments. (page 29) <i>Operational targets and commitments</i> – This page outlines L&G's strategic commitments and targets to support our long-term approach to managing climate and nature risks.</p>
<p>Required disclosure</p> <p>f) Explain, either in its sustainability entity report or in a cross-referenced public product-level sustainability report, where its approach to a particular investment strategy, asset class or product is materially different to its overall entity-level approach to governance, strategy, risk management or targets and metrics.</p>	<p>L&G Asset Management has developed and implemented our Responsible Investment (RI) framework to help ensure consistent ESG integration, defined sustainability criteria for fund classification, and standardised terminology to support sustainability objectives. The RI framework is applied consistently across most fund and asset class types.</p> <p>There are no notable instances where our approach to a particular investment strategy, asset class or product is materially different to L&G Asset Management's overall approach to governance, risk management or targets and metrics. A variation in approach would be identified through our governance structure, including the Responsible Investment Classification Group (RICG) which is responsible for reviewing and recommending fund classifications under regulatory frameworks such as SDR, as well as L&G Asset Management's internal responsible investment framework.</p>

Reference ESG 5.6.4

Where a manager uses either a sustainability label or one or more of the terms in ESG 4.3.2R(2) in accordance with ESG 4.3.2R(1) in relation to a sustainability product, it must, to the extent relevant to the particular product, include the following information in a clear and accessible way in a sustainability entity report:

<p>Required disclosure</p> <p>a) A description of the resources, governance and organisational arrangements the manager has in place, commensurate with the achievement of the product's sustainability objective and/or the manager's investment policy and strategy for the product.</p>	<p>L&G Asset Management – Active Ownership Report 2024: (pages 14-16) – <i>Responsible Investment</i> – This section outlines L&G Asset Management's robust governance and organisational framework to support its sustainability objectives, including dedicated Investment Stewardship and Responsible Investment teams, cross-functional Global Research and Engagement Groups (GREGs), and formal oversight through executive and board-level committees, all working to integrate ESG considerations across asset classes and investment strategies. It also highlights the broader implementation of sustainability across firm, including in compensation, team objectives and training.</p> <p>L&G Asset Management – Sustainability Policy (page 10) <i>Organisation and governance structure</i> – L&G Asset Management has a robust governance framework, including oversight by its Executive Committee and a dedicated board-level Investment Stewardship Committee chaired by an independent non-executive director, to ensure rigorous, accountable, and high-standard management of sustainability objectives and investment strategies.</p>
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<p>Required disclosure</p> <p>b) A description of the processes in place to ensure that there is a high standard of diligence in the selection of any data or other information used (including when third-party ESG data or ratings providers are used) to inform investment decisions for the sustainability product.</p>	<p><u>L&G Asset Management – Active Ownership Report 2024:</u> (page 87) <i>Working with third party service providers</i> – This section outlines L&G Group’s (covering L&G Asset Management) Global Outsourcing and Third-Party Management Framework, which sets out how to manage and oversee new, renewed, materially changed, and existing service providers. The L&G – Asset Management Limited Board has the ultimate responsibility for the selection of service providers and the management of risks associated with their use. This responsibility is delegated to the Operations Committee down to the Supplier Management Committee.</p> <p><u>L&G Asset Management – Sustainability Policy</u> (pages 4-11) <i>Integration of sustainability risks and opportunities</i> – This section outlines how L&G Asset Management applies rigorous due diligence to both proprietary and third-party ESG data, using tools such as the L&G ESG Score and Sovereign Risk ESG Score, which incorporate market-wide sustainability indicators across environmental, social, governance, and transparency metrics.</p>
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Key Risks

The value of an investment and any income taken from it is not guaranteed and can go down as well as up, and the investor may get back less than the original amount invested.

Important Information

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