



RI TRANSPARENCY REPORT 2018

Legal & General Investment Management (Holdings)

OO 01	Mandatory	Gateway/Peering	General
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OO 01.1 Select the services and funds you offer

Fund management

% of assets under management (AUM) in ranges

<10%

10-50%

>50%

Fund of funds, manager of managers, sub-advised products

Other, specify

OO 02	Mandatory	Peering	General
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OO 02.1 Select the location of your organisation's headquarters.

United Kingdom

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

1

2-5

6-10

>10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

1917

OO 02.4 Additional information. [Optional]

London, Chicago and Hong Kong

OO 03	Mandatory	Descriptive	General
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OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

Yes

No

OO 03.3 Additional information. [Optional]

We are answering for Legal & General Investment Management (Holdings), on behalf of the several wholly-owned subsidiary investment management companies.

OO 04	Mandatory	Gateway/Peering	General
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OO 04.1 Indicate the year end date for your reporting year.

31/12/2017

OO 04.2 Indicate your total AUM at the end of your reporting year, Exclude subsidiaries you have chosen not to report on and any advisory/execution only assets.

Total AUM

1,330,182,800,000 USD

1,330,182,800,000 USD

OO 04.5 Additional information. [Optional]

LGIM internal data as at 31 December 2017. These figures include assets managed by LGIMA, an SEC Registered Investment Advisor. Data includes derivative positions.

OO 05	Mandatory to Report, Voluntary to Disclose	Gateway	General
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OO 05.1 Provide an approximate percentage breakdown of your AUM at the end of your reporting year using the following asset classes:

	Internally managed (%)	Externally managed (%)
Listed equity	10-50%	0
Fixed income	>50%	0
Private equity	0	0
Property	<10%	0
Infrastructure	0	0

Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

OO 05.2 Indicate whether your organisation uses fiduciary managers.

Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.

No, we do not use fiduciary managers.

OO 06 Mandatory Descriptive General

OO 06.1 Select how you would like to disclose your asset class mix.

as percentage breakdown

as broad ranges

OO 06.3 Provide contextual information on your AUM asset class split. [Optional]

Legal & General Investment Management (LGIM) is one of Europe's largest institutional asset managers and a major global investor. LGIM manages US\$1.330 trillion in assets for nearly 3000 institutional clients and millions of retail clients.

We provide investment expertise across a full spectrum of asset classes including equities, fixed income, commercial property and cash. Our capabilities range from index-tracking and active strategies to liquidity management and liability-based risk management solutions. We are one of the world's leading providers of index fund management and a major investor in global fixed income markets. We are at the forefront of developments in liability-driven risk management solutions for defined benefit pension schemes and offer a large variety of strategies to help our clients manage their investment objectives. LGIM is also a leading provider of defined contribution solutions and we continue to innovate as the market evolves, building strong relationships with clients and their consultants.

At LGIM, we believe that well governed companies that manage all stakeholders, including the environment, are more likely to deliver sustainable long-term returns. We view the consideration of environmental, social and governance (ESG) issues as part of risk management, and therefore part of fiduciary duty. We recognise that companies are intrinsically linked to the economies (and societies) in which they operate and we therefore believe that investors have a responsibility to the market as a whole. Our ultimate goal is to protect and maximise the investment returns for the benefit of our clients' assets.

OO 07 Mandatory to Report, Voluntary to Disclose Gateway General

OO 07.1 Provide to the nearest 5% the percentage breakdown of your Fixed Income AUM at the end of your reporting year, using the following categories.

Private

OO 09 Mandatory to Report, Voluntary to Disclose Peering General

OO 09.1 Indicate the breakdown of your organisation's AUM by market.

Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
Total 100%	

OO 10 Mandatory Gateway General

OO 10.1 Select the active ownership activities your organisation implemented in the reporting year.

Listed equity – engagement

We engage with companies on ESG factors via our staff, collaborations or service providers.

We do not engage directly and do not require external managers to engage with companies on ESG factors.

Listed equity – voting

We cast our (proxy) votes directly or via dedicated voting providers

We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

Fixed income SSA – engagement
<input checked="" type="checkbox"/> We engage with companies on ESG factors via our staff, collaborations or service providers. <input type="checkbox"/> We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.
Fixed income Corporate (financial) – engagement
<input checked="" type="checkbox"/> We engage with companies on ESG factors via our staff, collaborations or service providers. <input type="checkbox"/> We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.
Fixed income Corporate (non-financial) – engagement
<input checked="" type="checkbox"/> We engage with companies on ESG factors via our staff, collaborations or service providers. <input type="checkbox"/> We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

OO 11	Mandatory	Gateway	General
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OO 11.1 Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

Listed equity
<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.
Fixed income - SSA
<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.
Fixed income - corporate (financial)
<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.
Fixed income - corporate (non-financial)
<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.
Property
<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.

OO 12	Mandatory	Gateway	General
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OO 12.1 Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.

Core modules
<input checked="" type="checkbox"/> Organisational Overview <input checked="" type="checkbox"/> Strategy and Governance
RI implementation directly or via service providers
Direct - Listed Equity incorporation
<input checked="" type="checkbox"/> Listed Equity incorporation
Direct - Listed Equity active ownership
<input checked="" type="checkbox"/> Engagements <input checked="" type="checkbox"/> (Proxy) voting
Direct - Fixed Income
<input checked="" type="checkbox"/> Fixed income - SSA <input checked="" type="checkbox"/> Fixed income - Corporate (financial) <input checked="" type="checkbox"/> Fixed income - Corporate (non-financial)
Direct - Other asset classes with dedicated modules
<input checked="" type="checkbox"/> Property
Closing module
<input checked="" type="checkbox"/> Closing module

OO LE 01	Mandatory to Report, Voluntary to Disclose	Gateway	General										
OO LE 01.1	Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies.												
98.4	<table border="1"> <tr> <td></td> <td>Passive</td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td></td> <td>Active - quantitative (quant)</td> </tr> <tr> <td>1.6</td> <td></td> </tr> <tr> <td></td> <td>Active - fundamental and active - other</td> </tr> </table>				Passive	0			Active - quantitative (quant)	1.6			Active - fundamental and active - other
	Passive												
0													
	Active - quantitative (quant)												
1.6													
	Active - fundamental and active - other												
OO LE 02	Mandatory to Report, Voluntary to Disclose	Gateway	General										
OO LE 02.1	For strategies that account for less than 10% of your internally managed listed equities, indicate if you would still like to report your activities.												
	All active strategies												
	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No												
OO FI 01	Mandatory to Report, Voluntary to Disclose	Gateway	General										
OO FI 01.1	Provide a breakdown of your internally managed fixed income securities by active and passive strategies												
Private													
OO FI 01.2	Additional information. [Optional]												
Private													
OO FI 03	Mandatory to Report, Voluntary to Disclose	Descriptive	General										
OO FI 03.1	Indicate the approximate (+/- 5%) breakdown of your SSA investments, by developed markets and emerging markets.												
Private													
OO FI 03.3	Additional information. [Optional]												
Private													
OO PR 01	Mandatory to Report, Voluntary to Disclose	Descriptive	General										
OO PR 01.1	Indicate the level of ownership you typically hold in your property investments.												
	<input checked="" type="checkbox"/> a majority stake (>50%) <input type="checkbox"/> a 50% stake <input type="checkbox"/> a significant minority stake (between 10-50%) <input type="checkbox"/> a limited minority stake (<10%) <input type="checkbox"/> a mix of ownership stakes <input type="checkbox"/> N/A, we manage properties, new constructions and/or refurbishments on behalf of our clients, but do not hold equity in property on their behalf												
OO PR 01.2	Provide a breakdown of your organisations allocation to Real Estate Investment Trusts (REITs) or similar												
	<input type="checkbox"/> >50% <input type="checkbox"/> 10 – 50% <input checked="" type="checkbox"/> <10% <input type="checkbox"/> 0%												
OO PR 01.3	Additional information. [Optional]												
	<p>Legal & General Investment Management (LGIM) is one of Europe's largest institutional asset managers and a major global investor. 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.</p> <p>LGP has a strong and long-term commitment to sustainability and responsible investment, adopting or investing in pioneering solutions. Sustainability is now arguably one of the most critical agents of change in real estate ownership. From a fund management perspective, the drivers of behaviour are primarily about protecting the medium to long term value of portfolios, whilst adding value, and acting in a socially responsible manner. We believe that through the integration of sustainable thinking and behaviour in everything we do, we will deliver enhanced returns to our investors.</p> <p>Our commitment to sustainability is driven by the recognition that the built environment has a very significant impact on UK society and its ecosystem, including contributing almost half of the UK's greenhouse gas emissions. It is our belief that sustainability already sits alongside location, tenant, building size and building quality as a key factor in real estate's value and performance and its importance will only increase over time.</p> <p>As one of the UK's largest landlords we are highly conscious of our responsibility to go over and above the industry norm of only 'greening' part of a property portfolio or specific funds, and instead aim to put environmental and social sustainability at the heart of our property investment decision making. The fact that we apply leading edge environmental and social governance brings numerous benefits, many of which are economic. Through consistently applying best practice sustainability criteria, across our entire portfolio, including our Environmental Management System (EMS), certified to ISO 14001 since 2005.</p> <p>Multi-award winning, LGP has won numerous awards over the last two years, including Property Fund Manager of the Year at the UK Property Awards,</p>												

OO PR 02	Mandatory to Report, Voluntary to Disclose	Gateway	General
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OO PR 02.1	Provide a breakdown of your organisation's property assets based on who manages the assets.
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Property assets managed by	Breakdown of your property assets (by number)
Managed directly by your organisation	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Managed via third-party property managers appointed by you	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Managed by other investors or their property managers	<input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> 0%
Managed by tenant(s) with operational control	<input checked="" type="radio"/> > 50% <input type="radio"/> 10-50% <input type="radio"/> < 10% <input type="radio"/> 0%
Total	100%

OO PR 02.2	Additional information. [Optional]
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The majority of our properties are managed by single tenants, on a 'Fully Repairing and Insuring' (FRI) lease. Hence the tenant has full operational, maintenance and repairing control over the property. From previous surveys we have calculated the total carbon footprint of all activities on our sites and established that 5% is within our operational control and 95% within the operational control of our tenants.

All sites where we have some operational control are managed by outsourced managing agents, whose contracts contain a number of sustainability KPI's with risks and rewards. They are then also required to set KPI's throughout their supply chain and report the performance of their suppliers in terms of sustainability, on a quarterly basis.

We have tendered our first contract for managing agents, which includes asking them to report quarterly on their social value, using the Social Value Portal (SVP) methodology, which we helped SVP develop via a joint research project with the British Council of Offices/

OO PR 03	Voluntary	Descriptive	General
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OO PR 03.1	Indicate up to three of your largest property types by AUM.
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Types	Main property types (by AUM)
Largest property type	<input type="radio"/> Industrial <input checked="" type="radio"/> Retail <input type="radio"/> Office <input type="radio"/> Residential <input type="radio"/> Leisure/Hotel <input type="radio"/> Mixed use <input type="radio"/> Other, specify
Second largest property type	<input type="radio"/> Industrial <input type="radio"/> Retail <input checked="" type="radio"/> Office <input type="radio"/> Residential <input type="radio"/> Leisure/Hotel <input type="radio"/> Mixed use <input type="radio"/> Other, specify

Third largest property type	<input checked="" type="radio"/> Industrial <input type="radio"/> Retail <input type="radio"/> Office <input type="radio"/> Residential <input type="radio"/> Leisure/Hotel <input type="radio"/> Mixed use <input type="radio"/> Other, specify
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00 PR 03.2

Additional information.

Legal & General Property (LGP) is a wholly-owned subsidiary of Legal & General Investment Management (LGIM) and one of the largest institutional property fund managers in the UK. The funds cover over 5,000 separate tenancies and approximately 4,000 buildings.

One of the most active UK investors in the UK property market, these funds include:

- Balanced Funds
- Specialist Pooled Funds
- Single Asset Vehicles

LGP's UK-focused fund management platform has built and retained a strong track record of out-performance across the sector. Owing to its size, diversity and penetration, it benefits from best in class banking and property industry contacts which, along with its wealth of in-house skill and expertise, have enabled it to continue to attract and secure high quality market opportunities. Taking a client-centric approach, the business places the highest priority upon integrity and transparency. Sector specialists cover each sphere of the market and are supported by LGP's market-leading research capability.

Approximately 55% of our portfolio is in multi-let assets, although the majority of these are industrial parks, leisure parks and retail parks, where LGP manages the asset and most of the property is let to a single tenant on a fully repairing and insuring (FRI) lease.

All our property acquisitions go through a vigorous environmental and sustainability due diligence process which ensures that irrespective if built on a green field or brownfield site, all risks with regard to land contamination are mitigated

SG 01.1 Indicate if you have an investment policy that covers your responsible investment approach.

✓ Yes

SG 01.2 Indicate the components/types and coverage of your policy.

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach	<input checked="" type="checkbox"/> Applicable policies cover all AUM <input type="checkbox"/> Applicable policies cover a majority of AUM <input type="checkbox"/> Applicable policies cover a minority of AUM
<input checked="" type="checkbox"/> Formalised guidelines on environmental factors	
<input checked="" type="checkbox"/> Formalised guidelines on social factors	
<input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors	
<input checked="" type="checkbox"/> Asset class-specific RI guidelines	
<input checked="" type="checkbox"/> Sector specific RI guidelines	
<input checked="" type="checkbox"/> Screening / exclusions policy	
<input checked="" type="checkbox"/> Engagement policy	
<input checked="" type="checkbox"/> (Proxy) voting policy	
<input type="checkbox"/> Other, specify (1)	
<input type="checkbox"/> Other, specify(2)	

SG 01.3 Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change and related issues

SG 01.3a CC Describe how your products or investment strategy might be affected by the transition to a lower-carbon economy.

Private

SG 01.3b CC Describe how climate-related risks and opportunities are factored into your investment strategies or products.

Private

- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4 Describe your organisation's investment principles and overall investment strategy, and how they consider ESG factors and real economy impact.

Our overall responsible investment strategy is based on:

- Engagement+voting
- Integration
- Product development

Our approach to each is determined primarily by the principal of financial materiality. In addition, we consider the values of clients in integration of ESG into segregated mandates and the development of new products.

We believe that well governed companies that manage all stakeholders, including the environment, are more likely to deliver sustainable long-term returns. We view the consideration of ESG issues as part of risk management, and therefore part of fiduciary duty.

We recognise that companies are intrinsically linked to the economies (and societies) in which they operate and therefore believe that investors have a responsibility to the market as a whole. This belief affects our engagement and voting activity and how we consider both bottom-up and top-down ESG factors.

Framing LGIM's responsible investment and corporate governance commitment is a five-year strategy, and annual goals. Below we outline the three overarching goals of this strategy:

1. Contributions to shifting to a low carbon economy
2. Contributions to making society more resilient with our financial solutions
3. Contributions to creating new investments for the future economy

Our 12-month strategy is reviewed annually, with progress meetings on a six-monthly basis.

SG 01.5 Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Our governance and responsible investment policies are based on well-established corporate governance principles, supplemented by the team's expertise and experience. Our Global Corporate Governance & Responsible Investment policy summarises the overall principles we expect companies to adhere to from an ESG perspective worldwide. The policy sets out our broad principles on board structure, shareholder rights, remuneration, sustainability including climate change, audit and risk management. These policies are continually evolving and reviewed regularly to reflect the changing corporate landscape and regional differences.

Our Global Corporate Governance & Responsible Investment policy is supplemented by region-specific expectations for major developed markets

(UK, North America, and Japan) which set out local contexts to the way companies should be governed.

Supplementing these policies we also have a separate climate change policy, and new separate policy documents providing more detail on LGIM's approach to engagement, voting and the integration of ESG.

The Global Corporate Governance & Responsible Investment policy and the additional supplementary policies are approved by the LGIM Board Corporate Governance Committee. Policies are reviewed annually and updated when required.

Our policies form the starting point for our engagement, voting, integration and product development strategies. This includes company engagement, as well as forming the basis for engaging with governments, regulators and stakeholders.

In applying the policies to current and future products, these may differ in application within the individual funds, reflecting the wide range of mandates, asset classes and strategies we offer and manage.

No

SG 02

Mandatory

Core Assessed

PRI 6

SG 02.1

Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

Policy setting out your overall approach

URL/Attachment

URL

http://documentlibrary.lgim.com/documentlibrary/library_55458.html

Attachment (will be made public)

Formalised guidelines on environmental factors

URL/Attachment

URL

http://documentlibrary.lgim.com/documentlibrary/library_55458.html

Attachment (will be made public)

Formalised guidelines on social factors

URL/Attachment

URL

http://documentlibrary.lgim.com/documentlibrary/library_55458.html

Attachment (will be made public)

Formalised guidelines on corporate governance factors

URL/Attachment

URL

http://documentlibrary.lgim.com/documentlibrary/library_55458.html

Attachment (will be made public)

Asset class-specific RI guidelines

URL/Attachment

URL

http://documentlibrary.lgim.com/documentlibrary/library_55458.html

Attachment (will be made public)

Sector specific RI guidelines

URL/Attachment

URL

http://documentlibrary.lgim.com/documentlibrary/library_55458.html

Attachment (will be made public)

Screening / exclusions policy

URL/Attachment

URL

http://documentlibrary.lgim.com/documentlibrary/library_55458.html

Attachment (will be made public)

Engagement policy

URL/Attachment

URL

http://documentlibrary.lgim.com/documentlibrary/library_55458.html

Attachment (will be made public)

(Proxy) voting policy

URL/Attachment
<input checked="" type="checkbox"/> URL http://documentlibrary.lgim.com/documentlibrary/library_55458.html
<input type="checkbox"/> Attachment (will be made public)

We do not publicly disclose our investment policy documents

SG 02.2 Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment
<input checked="" type="checkbox"/> URL http://documentlibrary.lgim.com/documentlibrary/library_55458.html
<input type="checkbox"/> Attachment

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment
<input checked="" type="checkbox"/> URL http://documentlibrary.lgim.com/documentlibrary/library_55458.html
<input type="checkbox"/> Attachment

Climate change and related issues

Private

We do not publicly disclose any investment policy components

SG 02.3 Indicate if your organisation's investment principles, and overall investment strategy is publicly available

Yes

http://documentlibrary.lgim.com/documentlibrary/library_55458.html

No

SG 02.4 Additional information [Optional].

Our governance and responsible investment policies are based on well-established corporate governance principles, supplemented by the team's expertise and experience. Our Global Corporate Governance & Responsible Investment policy summarises the overall principles we expect companies to adhere to from an ESG perspective worldwide. The policy sets out our broad principles on board structure, shareholder rights, remuneration, sustainability including climate change, audit and risk management. These policies are continually evolving and reviewed regularly to reflect the changing corporate landscape and regional differences.

Our Global Corporate Governance & Responsible Investment policy is supplemented by region-specific expectations for major developed markets (UK, North America, and Japan) which set out local contexts to the way companies should be governed.

Supplementing these policies we also have a separate climate change policy, and new separate policy documents providing more detail on LGIM's approach to engagement and voting and integrating ESG.

The Global Corporate Governance & Responsible Investment policy and the additional supplementary policies are approved by the LGIM Board Corporate Governance Committee. Policies are reviewed annually and updated when required.

Our policies for the starting point for our engagement, voting, integration and product development strategies. This includes company engagement, as well as forming the basis for engaging with governments, regulators and stakeholders.

In applying the policies to current and future products, these may differ in application within the individual funds, reflecting the wide range of mandates, asset classes and strategies we offer and manage.

SG 03 **Mandatory** **Core Assessed** **General**

SG 03.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

SG 03.2	Describe your policy on managing potential conflicts of interest in the investment process.
	There are a number of potential conflicts of interest inherent in the corporate governance activity at LGIM. The policy on conflicts of interest is available on our website. http://documentlibrary.lgim.com/documentlibrary/literature.html?cid=12616&lib=55458 https://www.legalandgeneral.com/_resources/pdfs/investments/conflicts-of-interest.pdf

No

SG 03.3 Additional information. [Optional]

Our policy outlines the procedures in place to prevent, identify, and report conflicts of interest between:

- LGIM and our clients
- One client and another

- Internally between teams at LGIM
- LGIM and L&G Group plc as the parent company

Such procedures include: annual reviews; reviews of new business activity; training and a culture of treating clients fairly which is embedded into business objectives and employees' personal objectives.

There are internal procedures established for: cross-trading; order priority; trade allocation; order management and execution; personal account dealing; gifts and benefits in kind.

There is also a specific conflicts of interest policy in place for the corporate governance team's activities. The Director of Corporate Governance reports directly to the CEO, and the activities of the Corporate Governance team are also monitored by two independent non-executive directors.

SG 04	Voluntary	Descriptive	General
SG 04.1	Indicate if your organisation has a process for identifying and managing incidents that occur within portfolio companies.		
	<i>Private</i>		
SG 04.2	Describe your process on managing incidents		
	<i>Private</i>		

SG 05	Mandatory	Gateway/Core Assessed	General
SG 05.1	Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.		
	<input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input checked="" type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad-hoc basis <input type="radio"/> It is not set/reviewed		

SG 05.2	Additional information. [Optional]		
	<p>Objectives are set annually and reviewed on a biannual basis. Additionally, process against the objectives are reviewed at least on a monthly basis.</p> <p>We have three overarching goals that frame LGIM's 5 year responsible investment and corporate governance commitment.</p> <ol style="list-style-type: none"> 1. Transitioning to a low carbon economy 2. Building a stronger society through financial solutions 3. Creating new investments for a future economy <p>We then break these goals down into more detailed objectives, which determine the ESG issues we will target over the coming 5 years. We select these issues based on how material we expect them to be for our investments and the market at large.</p> <p>As a result, of the long-term objectives, annual goals are determined.</p> <p>In 2017 we committed publicly: to integrate sustainable/long-term themes into our investment process; to formally invite external stakeholders to review and strengthen our Corporate Governance and Sustainability policies; to engage with 84 companies as part of the Climate Impact Pledge; to engage with governments and companies to promote disclosure on income ratios; to engage with US companies on gender diversity; to expand the Future Fund range to help clients to decarbonise their investments.</p> <p>Most of our long-term and short-term ESG objectives are publicly disclosed on the Legal & General Group website: https://www.legalandgeneralgroup.com/csr/our-focus-areas/transitioning-to-a-low-carbon-economy/</p>		

SG 06	Voluntary	Descriptive	General
SG 06.1	List the main responsible investment objectives that your organisation set for the reporting year.		
	<i>Private</i>		
SG 06.2	Additional information.		
	<i>Private</i>		

SG 07	Mandatory	Core Assessed	General																								
SG 07.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.																										
	<table border="1"> <thead> <tr> <th colspan="2">Roles present in your organisation</th> </tr> </thead> <tbody> <tr> <td><input checked="" type="checkbox"/></td> <td>Board members or trustees</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Oversight/accountability for responsible investment</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Implementation of responsible investment</td> </tr> <tr> <td><input type="checkbox"/></td> <td>No oversight/accountability or implementation responsibility for responsible investment</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Oversight/accountability for responsible investment</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Implementation of responsible investment</td> </tr> <tr> <td><input type="checkbox"/></td> <td>No oversight/accountability or implementation responsibility for responsible investment</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Other Chief-level staff or head of department, specify</td> </tr> <tr> <td></td> <td>Director of Corporate Governance</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Oversight/accountability for responsible investment</td> </tr> </tbody> </table>			Roles present in your organisation		<input checked="" type="checkbox"/>	Board members or trustees	<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment	<input checked="" type="checkbox"/>	Implementation of responsible investment	<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment	<input checked="" type="checkbox"/>	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee	<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment	<input checked="" type="checkbox"/>	Implementation of responsible investment	<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment	<input checked="" type="checkbox"/>	Other Chief-level staff or head of department, specify		Director of Corporate Governance	<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment
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	Director of Corporate Governance																										
<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment																										

- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- ESG portfolio manager
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (1)

Other description (1)

Future World Advisory Board

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment

- Other role, specify (2)

Other description (2)

Future World Oversight Group

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment

SG 07.2 For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

The dedicated corporate governance team has overall ownership and responsibility for engagement and voting activities on ESG issues for investments. The team engages closely with portfolio managers and investment analysts on material issues for investments and is more fully integrating this process.

Sacha Sadan, Director of Corporate Governance, has direct responsibility for Corporate Governance and Responsible Investment. He is on the board of LGIM and reports directly into LGIM's Chief Executive Officer (CEO), Mark Zinkula.. This structure, as well as the ability to engage with two independent non-executive directors on LGIM's board, ensures that strategy and goal setting is agreed and has oversight at the highest level.

LGIM also has a Corporate Governance Board, which has overall responsibility and oversight for the evolution and implementation of corporate governance policies. LGIM's CEO, CIO, Director of Corporate Governance, and Non-Executive Directors sit on this Board.

To co-ordinate our best practice globally, LGIM has set up dedicated cross-team and cross-region Innovation Groups for both factor-based investing and ESG, each of which reports directly to our Chief Investment Officer.

LGIM's Head of Sustainability & Responsible Investment Strategy is the Chair of the ESG Innovation Group and objectives of the group are incorporated into the annual appraisal process of its members.

Portfolio managers have responsibility to integrate ESG into their investment decisions. Senior portfolio managers have oversight responsibilities for how this is integrated in their team.

Investment Analysts also have responsibility to integrate ESG into the investment analysis. Senior investment analysts have oversight responsibilities for how this is integrated in their team additionally, senior investment analysts work with the corporate governance team to input into the ESG tools and resources available to support the investment analysts.

Service providers and associations do implement some of the responsible investment strategy through formal collaboration. For example, as members of the UK Investor Forum we will often conduct collaborative engagement that is led by the Forum.

The Future World Advisory Board comprises LGIM's CEO, Head of Investments (CIO), head of Sustainability and two independent expert members, Nick Stern and Andreas Hoepner. They are responsible for overseeing and advising on climate change and corporate governance as part of the Future World Fund strategy.

The Future World Oversight Board reports into the Future World Advisory Board and comprises senior management of LGIM. It has responsibility for overseeing the implementation of the Future World strategy.

SG 07.3	Indicate the number of dedicated responsible investment staff your organisation has.
---------	--

11

SG 07.4	Additional information. [Optional]
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We have deliberately built a team with diverse experience and expertise across the spheres of ESG engagement, fund management, financial analysis, corporate governance, sustainability, public policy and regulation.

The ESG team is independent of the active equity and fixed income managers. However, the teams work in close collaboration, on ESG integration and the development of new products, company engagement meetings, policy work, government and regulatory consultations, and thematic topics.

The ESG team has responsibility for using LGIM's scale and influence to bring about positive change to create sustainable investor value. They are responsible for ensuring that companies integrate ESG factors into their culture and everyday thinking, and that markets and regulators create an environment in which sound management of ESG factors is valued and supported. The investment management team draw on the deliverables as a further source of information to inform their investment and asset allocation decisions.

The exchange of information takes place through formal weekly, bi-weekly, monthly and quarterly meetings and sharing of information on internal systems. Ad-hoc informal sharing takes place, while the teams also hold joint company meetings where appropriate.

SG 07 CC	Voluntary	Descriptive	General
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Private

SG 07.1 CC	Indicate the roles in your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for climate-related issues.
------------	---

Private

SG 07.1a CC	For the board level roles or for which you have climate-related issues oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.
-------------	--

Private

SG 07.1b CC	For the management-level roles which assess and manage climate-related issues, provide further information on the structure and process involved.
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Private

SG 08	Voluntary	Additional Assessed	General
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SG 08.1	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.
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Private

SG 08.3	Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.
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Private

SG 09	Mandatory	Core Assessed	PRI 4,5
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SG 09.1	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
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Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)
--

Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
--

We are an active member of the PRI.

Member of the Advisory Committee on Credit Ratings; involve in Tax engagements; member of Deforestation Advisory Committee and Working Group; member of Palm Oil Working Group; SDGs in Active Ownership, as well as joining a number of other collaborative engagements.

Asian Corporate Governance Association

Your organisation's role in the initiative during the reporting period (see definitions)
--

Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
--

LGIM is part of ACGA which plays a vital role to strengthen the corporate governance work in Asia as our assets increase in this area. ACGA is a very well respected organisation dedicated to working with investors, companies and regulators in the implementation of effective corporate governance practices throughout Asia.

LGIM regularly joins the member calls, and participates at conferences and research trips hosted by ACGA. Additionally, LGIM is a member of the Japan Working Group, advising ACGA of the strategy and next steps within the market.

- Australian Council of Superannuation Investors
- AFIC – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)
Advanced
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
Collective effort to increase disclosure in carbon emissions by companies. Advance user of CDP data and supporter of CDP research and events.

CDP Forests

Your organisation's role in the initiative during the reporting period (see definitions)
Moderate
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
Collective effort to increase disclosure in exposure to forestry. In 2017 a member of the team joined the panel at the launch of the Global Forests Report

CDP Water

Your organisation's role in the initiative during the reporting period (see definitions)
Moderate
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
Collective effort to increase disclosure in exposure to water use.

CFA Institute Centre for Financial Market Integrity

Your organisation's role in the initiative during the reporting period (see definitions)
Basic

- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)

Your organisation's role in the initiative during the reporting period (see definitions)
Moderate
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
In the USA, we use CII's network and conference opportunities to advance corporate governance progress and engage with policymakers and the public about corporate governance, shareholder rights and related investment issues. LGIM gave direct feedback to the CII on the Index Providers consultations on one share one vote which was then distributed to all members in order to assist in their consultation responses.

- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia
- EVCA – Responsible Investment Roundtable
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)

Your organisation's role in the initiative during the reporting period (see definitions)
Advanced
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
See property section for details on our involvement

Green Bond Principles

Your organisation's role in the initiative during the reporting period (see definitions)
Basic
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
We are involved in various initiatives in relation to green bonds, including being a signatory to the Paris Green Bond Statement and the

Institutional Investors Group on Climate Change (IIGCC)

Your organisation's role in the initiative during the reporting period (see definitions)
Advanced
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
LGIM's Head of Sustainability & Responsible Investment Strategy was elected to the Board of IIGCC. LGIM is a member of the Property, Policy and Risk workstreams, and actively participate and endorse IIGCC-led messages to the regulators in the UK and Europe.

- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)

Your organisation's role in the initiative during the reporting period (see definitions)	
Moderate	
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]	
We are an active member of ICGN and attend many of their conferences and engage with key thematic discussions	

- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact

Your organisation's role in the initiative during the reporting period (see definitions)	
Moderate	
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]	
<p>LGIM continue to source UNGC third party analysis in order to increase our ability to monitor and engage with companies in violation of UNGC Principles.</p> <p>As of October 2012, Legal & General became a UN Global Compact Signatory to recognise the increasing contribution and footprint of its overseas businesses. We also joined investor-led initiatives to encourage more companies to sign up to the UN Global Compact.</p>	

- Other collaborative organisation/initiative, specify
 - Other collaborative organisation/initiative, specify
- 30% Club

Your organisation's role in the initiative during the reporting year (see definitions)	
Advanced	
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]	
<p>The 30% Club is a group of Chairmen and CEOs of organisations committed to bringing more women onto UK corporate boards. Its members have declared their voluntary support for the 30% goal and are taking action to achieve it. In 2017, LGIM's Head of Corporate Governance North America was appointed to the Steering Committee.</p> <p>As a member of the 30% Club Investor Group, we actively engage with companies to encourage them to develop policies to improve diversity on boards. In 2017, LGIM's Head of Corporate Governance North America was appointed as Co-Chair of the Investor Group.</p>	

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 10	Mandatory	Core Assessed	PRI 4
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SG 10.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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Yes

SG 10.2	Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.
---------	--

- Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

Description
Trustee Education Seminars on ESG Stakeholder Roundtable sessions for clients and other stakeholders on ESG. Chairman breakfasts on diversity

Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently
<input type="radio"/> Biannually
<input type="radio"/> Annually
<input type="radio"/> Less frequently than annually
<input type="radio"/> Ad hoc
<input type="radio"/> Other

- Provided financial support for academic or industry research on responsible investment

Description
Co-sponsored by LGIM, work done by Carbon Tracker and PRI, the first report to rank 69 of the biggest oil and gas industry companies according to the extent of their exposure to the low-carbon transition. http://2degreeseperation.com/
Frequency of contribution
<input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input checked="" type="radio"/> Ad hoc <input type="radio"/> Other
<input type="checkbox"/> Provided input and/or collaborated with academia on RI related work <input checked="" type="checkbox"/> Encouraged better transparency and disclosure of responsible investment practices across the investment industry
Description
Responded to various consultations to encourage better ESG practices and transparency. Promoted enhanced industry disclosure at the industry initiatives and associations we participate. See answers to section SG11.4.
Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other
<input checked="" type="checkbox"/> Spoke publicly at events and conferences to promote responsible investment
Description
LGIM team members spoke at 28 public events in 2017. Subjects covered included: Taking Green Finance Global; the role of the SID; Stranded assets; Tax; Deforestation; low carbon indices; Adding value to equity investment
Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other
<input checked="" type="checkbox"/> Wrote and published in-house research papers on responsible investment
Description
A publication on Board-Investor dialogue which is available on our website: http://www.lgim.com/files/_document-library/capabilities/lgim-guide-to-board-investor-dialogue.pdf
Frequency of contribution
<input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input checked="" type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other
<input checked="" type="checkbox"/> Encouraged the adoption of the PRI
Description
LGIM regularly speaks at events advocating the principles of the PRI. LGIM reports its PRI outcomes to clients - to encourage them to use PRI.
Frequency of contribution
<input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input checked="" type="radio"/> Ad hoc <input type="radio"/> Other
<input checked="" type="checkbox"/> Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)

Description
TCFD, FSB.
Frequency of contribution
<input checked="" type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad hoc <input type="checkbox"/> Other
<input checked="" type="checkbox"/> Wrote and published articles on responsible investment in the media
Description
Contribution to the Missing 55 report on climate change shareholder resolutions published by Preventable Surprises. . Contribution to an article on voting against remuneration in the US for Proxy Insight. Co-wrote op-ed with other investors on climate policy in Alberta
Frequency of contribution
<input checked="" type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad hoc <input type="checkbox"/> Other
<input checked="" type="checkbox"/> A member of PRI advisory committees/ working groups, specify
Description
Deforestation advisory committee and working group, Cyber, Credit Ratings Agencies and SDGs and Active Ownership.
Frequency of contribution
<input checked="" type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad hoc <input type="checkbox"/> Other
<input checked="" type="checkbox"/> On the Board of, or officially advising, other RI organisations (e.g. local SIFs)
Description
LGIM's Head of Sustainability and Responsible Investment Strategy sits on the board of the IIGCC. Director of Corporate Governance sits on board of the Investor Forum.
Frequency of contribution
<input checked="" type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad hoc <input type="checkbox"/> Other
<input checked="" type="checkbox"/> Other, specify
specify description
UK Government's Green Finance Task Force.
Description
LGIM's CEO and Head of Sustainability & Responsible Investment Strategy sit on the UK Government's Green Finance Task Force.
Frequency of contribution
<input checked="" type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad hoc <input type="checkbox"/> Other

No

SG 10.3 Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]

We regularly carry out Trustee Education Seminars which include information on our ESG activity. We produce spotlight research papers. Members of the team have spoken at a number of conferences to promote responsible investment on topics such as ESG integration, green finance, the role of the SID, deforestation and stranded assets.

We are also creating videos and shorter communication tools to reach out to the end members of pension schemes and other investors.

<http://www.lgim.com/uk/en/insights/videos-and-webinars/>

<http://update.lgim.com/active-owner>

SG 11 Voluntary Additional Assessed PRI 4,5,6

SG 11.1 Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.

Private

SG 11.4 Provide a brief description of the main topics your organisation has engaged with public policy-makers or regulators on.

Private

SG 12 Mandatory Core Assessed PRI 4

SG 12.1 Indicate whether your organisation uses investment consultants.

- Yes, we use investment consultants
- No, we do not use investment consultants.

SG 13 Mandatory Descriptive PRI 1

SG 13.1 Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.

- We execute scenario analysis which includes factors representing the investment impacts of future environmental trends
- We execute scenario analysis which includes factors representing the investment impacts of future social trends
- We execute scenario analysis which includes factors representing the investment impacts of future governance trends
- We consider scenario analysis that includes factors representing the investment impacts of future climate-related risks and opportunities

Is this scenario analysis based on a 2°C or lower scenario?

- Yes
- No
- We execute other scenario analysis, specify
- We do not execute such scenario analysis and/or modelling

SG SG 13.1a CC Pleased describe the resilience of your organisation's strategy, considering different future climate scenarios.

Private

SG 13.2 Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 13.3 Additional information. [OPTIONAL]

Within our asset allocation we consider governance of markets alongside GDP and market capitalisation when determining how best to diversify our exposure. This is captured within the strategic asset allocations of the funds and therefore impacts all of the portfolios our Asset Allocation team manage to some degree. All else equal, this leads to lower exposure to Asia Pacific and Emerging Markets than would otherwise be the case. In addition, where ESG is a specific, material concern for a potential position then it is given the due consideration.

SG 14 Mandatory to Report, Voluntary to Disclose Additional Assessed PRI 1

SG 14.1 Describe the process used to identify short, medium and long-term risks and opportunities that could have a material impact on your organisation and its activities.

Private

SG 14.1 CC Describe the processes used to determine which climate-related short, medium and long-term risks and opportunities could have a material impact on your organisation and its activities.

Private

SG 14.2	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following you act on.
Private	
SG 14.4a CC	Please provide further details on these key metric(s) used to assess climate related risks and opportunities.
Private	
SG 14.4b CC	Please describe in further detail your key targets.
Private	
SG 14.5	If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.
Private	
SG 14.6	Additional information [Optional]
Private	
SG 14.7 CC	Describe your risk management processes for identifying, assessing, and managing climate-related risks.
Private	
SG 14.8 CC	Describe your processes for prioritising climate-related risks.
Private	
SG 14.9 CC	Do you conduct engagement activity with investee companies to encourage better disclosure and practices around climate-related risks?
Private	
SG 14.10 CC	Describe how you use data from climate-related disclosures.
Private	

SG 15	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
Private	

SG 18	Voluntary	Descriptive	General
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SG 18.1	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
<input checked="" type="radio"/> Yes	
SG 18.2	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
<p>Our approach to addressing market wide performance, due to our scale of index-holdings, allows for progressive and long term engagements that are focused on Beta rather than Alpha. We focus on standards, regulations and best practices in markets by engaging with key market makers and regulators as well as individual companies.</p> <p>In addition, we have committed to provide clients with investment solutions which align with our broader ESG strategies, such as the Future World Fund range. This is a new generation of fixed income and equity funds currently under development, which incorporate ESG, and in particular, climate considerations. In the past year, we've launched UCITs and retail versions of the Future World Equity fund.</p> <p>The Future world funds provide a way to showcase how climate change can be addressed by mainstream investors who are concerned about both short and long term impacts of climate change. Unlike many other climate related funds in the market where companies are labelled as green or not green, it focuses on the importance of the low carbon transition and tilted exposure away from carbon and into green revenue within each company and sector.</p> <p>We launched this range of funds not as a one off optional fund but as a flagship fund in our index range, that is good enough to be pension schemes' default funds - www.lgim.com/futurefund</p> <p>As part of our Climate Impact Pledge, we committed in 2017 to engage with 84 of the most systemically important global companies, specifically on their governance and management of climate-related risks.</p> <p>Companies that fail to embrace the transition to a low-carbon economy by demonstrating adequate strategy, governance and transparency through their public disclosures will be excluded from the Future World fund range, including index funds. Moreover, in all other LGIM funds that remain invested in those companies that have not met our criteria, we will vote against the election of the chair of the board until we see satisfactory change. Committing to vote against the chair because of a single issue such as climate change on a global basis sends a powerful message to companies that they should be raising their standards in this area.</p> <p>We think the approach of combining engagement with divestment and voting, across all funds including index, is innovative and also important in order to encourage further and urgent action on climate change.</p>	
<input type="radio"/> No	

SG 19	Mandatory	Core Assessed	PRI 6
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SG 19.1	Indicate whether your organisation proactively discloses asset class specific information. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.
Fixed income	
Do you disclose?	
<input type="radio"/> We do not disclose to either clients/beneficiaries or the public.	
<input type="radio"/> We disclose to clients/beneficiaries only.	
<input checked="" type="radio"/> We disclose to the public	
The information disclosed to clients/beneficiaries is the same	

- Yes
- No

Disclosure to public and URL	Disclosure to clients/beneficiaries				
<table border="1"> <thead> <tr> <th>Disclosure to public and URL</th> </tr> </thead> <tbody> <tr> <td> <input checked="" type="checkbox"/> Broad approach to RI incorporation <input type="checkbox"/> Detailed explanation of RI incorporation strategy used </td> </tr> </tbody> </table>	Disclosure to public and URL	<input checked="" type="checkbox"/> Broad approach to RI incorporation <input type="checkbox"/> Detailed explanation of RI incorporation strategy used	<table border="1"> <thead> <tr> <th>Disclosure to clients/beneficiaries</th> </tr> </thead> <tbody> <tr> <td> <input checked="" type="checkbox"/> Broad approach to RI incorporation <input type="checkbox"/> Detailed explanation of RI incorporation strategy used </td> </tr> </tbody> </table>	Disclosure to clients/beneficiaries	<input checked="" type="checkbox"/> Broad approach to RI incorporation <input type="checkbox"/> Detailed explanation of RI incorporation strategy used
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Disclosure to clients/beneficiaries					
<input checked="" type="checkbox"/> Broad approach to RI incorporation <input type="checkbox"/> Detailed explanation of RI incorporation strategy used					
Quarterly	Quarterly				
http://www.lgim.com/activeowner http://www.lgim.com/activeowner					

Listed equity - Engagement

Do you disclose?		
<input type="radio"/> We do not disclose to either clients/beneficiaries or the public. <input type="radio"/> We disclose to clients/beneficiaries only. <input checked="" type="radio"/> We disclose to the public		
<table border="1"> <thead> <tr> <th>The information disclosed to clients/beneficiaries is the same</th> </tr> </thead> <tbody> <tr> <td> <input type="radio"/> Yes <input checked="" type="radio"/> No </td> </tr> </tbody> </table>	The information disclosed to clients/beneficiaries is the same	<input type="radio"/> Yes <input checked="" type="radio"/> No
The information disclosed to clients/beneficiaries is the same		
<input type="radio"/> Yes <input checked="" type="radio"/> No		

Disclosure to public and URL	Disclosure to clients/beneficiaries				
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Annually	Quarterly or more frequently				
http://www.lgim.com/activeowner					

Listed equity - (Proxy) Voting

Do you disclose?		
<input type="radio"/> We do not disclose to either clients/beneficiaries or the public. <input type="radio"/> We disclose to clients/beneficiaries only. <input checked="" type="radio"/> We disclose to the public		
<table border="1"> <thead> <tr> <th>The information disclosed to clients/beneficiaries is the same</th> </tr> </thead> <tbody> <tr> <td> <input checked="" type="radio"/> Yes <input type="radio"/> No </td> </tr> </tbody> </table>	The information disclosed to clients/beneficiaries is the same	<input checked="" type="radio"/> Yes <input type="radio"/> No
The information disclosed to clients/beneficiaries is the same		
<input checked="" type="radio"/> Yes <input type="radio"/> No		

Disclosure to public and URL

Disclosure to public and URL	
<input checked="" type="checkbox"/> Explain all voting decisions <input type="checkbox"/> Explain some voting decisions <input type="checkbox"/> Only explain abstentions and votes against management <input type="checkbox"/> No explanations provided	
Quarterly	
http://documentlibrary.lgim.com/documentlibrary/library_55458.html?req=internal	

Listed equity - Incorporation

Do you disclose?	
<input type="checkbox"/> We do not proactively disclose it to the public and/or clients/beneficiaries <input type="checkbox"/> We disclose to clients/beneficiaries only. <input checked="" type="checkbox"/> We disclose it publicly	
The information disclosed to clients/beneficiaries is the same	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

Disclosure to public and URL			
Disclosure to public and URL		Disclosure to clients/beneficiaries	
<input checked="" type="checkbox"/> Broad approach to ESG incorporation <input type="checkbox"/> Detailed explanation of ESG incorporation strategy used		<input type="checkbox"/> Broad approach to ESG incorporation <input checked="" type="checkbox"/> Detailed explanation of ESG incorporation strategy used	
Annually		Quarterly or more frequently	
http://www.lgim.com/activeowner			

Property

Do you disclose?	
<input type="checkbox"/> We do not disclose to either clients/beneficiaries or the public. <input checked="" type="checkbox"/> We disclose to clients/beneficiaries only. <input type="checkbox"/> We disclose to the public	

Disclosure to clients/beneficiaries	
Disclosure to clients/beneficiaries	
<input type="checkbox"/> ESG information on how you select property investments <input checked="" type="checkbox"/> ESG information on how you monitor and manage property investments <input type="checkbox"/> Information on your property investments' ESG performance <input type="checkbox"/> Other	
Quarterly or more frequently	

LEI 01.1 Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies (+/- 5%)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied	99%
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- Screening and integration strategies

Percentage of active listed equity to which the strategy is applied	1%
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- Thematic and integration strategies
- Screening and thematic strategies
- All three strategies combined
- We do not apply incorporation strategies

LEI 01.2 Describe your organisation's approach to incorporation and the reasons for choosing the particular ESG incorporation strategy/strategies.

At LGIM, we believe that well governed companies that manage all stakeholders, including the environment, are more likely to deliver sustainable long-term returns. We view the consideration of environmental, social and governance (ESG) issues as part of risk management, and therefore part of fiduciary duty. We recognise that companies are intrinsically linked to the economies (and societies) in which they operate and we therefore believe that investors have a responsibility to the market as a whole. Our ultimate goal is to protect and maximise the investment returns for the benefit of our clients' assets

In general, the integration of ESG-related criteria in the assessment of companies is not intended to result in any negative or exclusion lists. Rather, the motivation to incorporate ESG is the protection and enhancement of investment returns. We believe that systematic inclusion of ESG issues by analysts and portfolio managers helps identify areas related to the performance of companies that might have financial impact in the short, medium and long term. Similarly, if laxity on ESG matters is embedded in an organisation's culture it also is more at risk of lagging its peers in the marketplace.

The Active Equity Team has a fundamental approach to investment that lends itself to integrating ESG into the decision making process.

This is done using the following approach:

Industry level research

Fundamental analysis requires our equity teams to anticipate the impact of underlying market trends related to ESG, and to monitor evolving policy and legislation that could influence investments. The team draws on the expertise of both our in-house ESG team which monitors ESG industry impacts across both equity and fixed income, as well as sell-side research.

Long-term thematic research

In 2017 LGIM set up three long-term thematic working groups that undertake top-down research and analysis of macro-economic issues, related to responsible investment and ESG. The groups are made up of credit, equity, multi-asset and ESG professionals and were set up by our CIO at the start of 2017. The groups focus on three key ESG-related macro-economic trends by way of demographics, technology and energy. We believe that analysing the connections between these themes provides valuable and often unique insights into how companies are adapting to the challenges of a changing world - and a changing climate. We combine our research efforts across asset classes, allowing us to access information and expertise that, we believe, are not always used efficiently by other market participants. Thematic research is increasingly embedded into active teams' investment processes.

Direct engagement

On-going dialogue with companies is a fundamental aspect of LGIM's responsible investment commitment. The active equity team and corporate governance team regularly, when appropriate, meet companies together. This provides an important platform to raise ESG-related questions, and to put the answers in the context of the wider investment thesis. When meetings take place separately, and where relevant and appropriate, notes are shared between ESG and investment teams

On-going communication with investment teams

As mentioned above, while the team is independent of all investment professionals, on-going communication is maintained with investment teams, in order to share knowledge and information.

There is a daily exchange of e-mails, research, discussions, and telephone calls between the Corporate Governance team and the investment teams including active equities on a range of company, market and regulatory issues including sharing research sources and recommending pertinent research to one another. In addition the Corporate Governance team has access to all investment notes published by the active equity and fixed income teams via the internal Bloomberg network. LGIM's ESG proprietary scores are made available to the investment teams via the internal Bloomberg network.

The corporate governance team also has formal bi-weekly meetings with the Active Equity and Active Fixed Income teams to share the information and knowledge that it has gained on specific companies. This is in addition to regular informal sharing of information.

The corporate governance team is structured so that the analysts have specialist ESG knowledge in specific sectors. This enables the analyst to have constructive conversations in-house with fund managers or with numerous companies in the same industry to discuss similar ESG topics. Our approach, which combines financial analysis and ESG, is continually evolving in line with best practice. We continue to formalise our processes and improve how we communicate and report our work to internal and external stakeholders.

LEI 01.3 If assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

- The active equity team is able to integrate consideration of ESG issues into fundamental analysis through exchange of information, use of the ESG scoring tool which is the starting point of our bottom-up ESG integration process, drawing an ESG qualitative assessment framework that has been developed over the last year. Through this fundamental analysis stock recommendations, and subsequently investment decisions, are made.
- In a world characterised by a changing climate, companies are increasingly exposed to regulatory, transitional and physical risks. Our Future World approach seeks to address these challenges, applying thematic investment analysis to capture the return opportunities and manage risks of a changing world while maintaining a responsible investment philosophy. Over the course of 2018 we will launch a number of FW funds which each have their own explicit ESG objective.
- From 2018, LGIM's Controversial Weapons policy will be applied across active fixed income and equity funds, certain index funds and client-specific portfolios. Upon client request, LGIM can screen for violators of the UN Global Compact.

- Active dialogue with companies allows LGIM to learn more about its strategy, finances, risks and opportunities. Through engagement, we may be able to influence outcomes to better protect and enhance clients' investments.

LEI 02	Voluntary	Additional Assessed	PRI 1
LEI 02.1 Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.			
<input checked="" type="checkbox"/> Raw ESG company data <ul style="list-style-type: none"> <input checked="" type="checkbox"/> ESG research provider <input checked="" type="checkbox"/> Sell-side <input checked="" type="checkbox"/> In-house – specialised ESG analyst or team <input type="checkbox"/> In-house – analyst or portfolio manager <input checked="" type="checkbox"/> Company-related analysis or ratings <ul style="list-style-type: none"> <input checked="" type="checkbox"/> ESG research provider <input checked="" type="checkbox"/> Sell-side <input checked="" type="checkbox"/> In-house – specialised ESG analyst or team <input checked="" type="checkbox"/> In-house – analyst or portfolio manager <input checked="" type="checkbox"/> Sector-related analysis or ratings <ul style="list-style-type: none"> <input checked="" type="checkbox"/> ESG research provider <input checked="" type="checkbox"/> Sell-side <input checked="" type="checkbox"/> In-house – specialised ESG analyst or team <input checked="" type="checkbox"/> In-house – analyst or portfolio manager <input checked="" type="checkbox"/> Country-related analysis or ratings <ul style="list-style-type: none"> <input type="checkbox"/> ESG research provider <input checked="" type="checkbox"/> Sell-side <input checked="" type="checkbox"/> In-house – specialised ESG analyst or team <input checked="" type="checkbox"/> In-house – analyst or portfolio manager <input checked="" type="checkbox"/> Screened stock list <ul style="list-style-type: none"> <input checked="" type="checkbox"/> ESG research provider <input type="checkbox"/> Sell-side <input checked="" type="checkbox"/> In-house – specialised ESG analyst or team <input checked="" type="checkbox"/> In-house – analyst or portfolio manager <input checked="" type="checkbox"/> ESG issue-specific analysis or ratings <ul style="list-style-type: none"> <input checked="" type="checkbox"/> ESG research provider <input checked="" type="checkbox"/> Sell-side <input checked="" type="checkbox"/> In-house – specialised ESG analyst or team <input checked="" type="checkbox"/> In-house – analyst or portfolio manager <input type="checkbox"/> Other, specify			
LEI 02.2 Provide a brief description of the ESG information used, highlighting any different sources of information across your ESG incorporation strategies.			
<p>LGIM undertakes its own internal ESG research. This is supplemented by ESG information from third parties</p> <ul style="list-style-type: none"> • Raw ESG data: LGIM's proprietary tool enables us to score company performance against a range of ESG indicators across seventeen sectors. The indicators and weightings selected vary by sectors, according to materiality and draws on ESG data from: Bloomberg, Sustainalytics, Reprisk, ISS, Maplecroft, MSCI, and our own historical voting. The Climate Impact Pledge is our proprietary scoring framework, assessing companies on climate governance and contribution to the low-carbon transition. It draws on carbon emissions intensity, green revenue generation and other data points from Bloomberg, Sustainalytics, CDP and company reports. • Company-level ESG analysis: ESG team will do their own research, and may refer to ESG research providers to clarify details of interest. This in-house ESG analysis is shared with active equity analysts who go on to conduct further research. Sell-side analysis can serve as background information and news monitoring; used directly by active equity analysts and the ESG team. • Research from our long-term Thematic Working Groups is increasingly embedded into active teams' investment process. • ESG information is gathered from active engagement and face-to-face meetings with issuers. ESG team & investment teams often meet companies/issuers together. 			
LEI 02.3 Indicate if you incentivise brokers to provide ESG research.			
<input checked="" type="checkbox"/> Yes			
LEI 02.4 Describe how you incentivise brokers.			
<p>Following the introduction of the MiFID II regime, LGIM pays for all sell-side research from their own P&L, including ESG oriented research. As part of these regulations we carefully assess and pay appropriately for all useful, relevant and helpful research.</p>			

We can no longer accept any research which we do not rate.

We additionally incentivise brokers to provide ESG research in the following ways:

- we complete some of the major broker evaluation surveys, such as Extel, as well as individual broker surveys
- we provide informal feedback to brokers on their research and suggest areas that may be of particular value to do more in-depth studies

No

LEI 03	Voluntary	Additional Assessed	PRI 1
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LEI 03.1 Indicate if your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.

Engagement

- We have a systematic process to ensure the information is made available.
- We occasionally make this information available.
- We do not make this information available.

(Proxy) voting

- We have a systematic process to ensure the information is made available.
- We occasionally make this information available.
- We do not make this information available.

LEI 03.2 Additional information. [Optional]

Engagement with companies is a fundamental aspect of LGIM's responsible investment commitment and a key way by which we seek to manage ESG risks and opportunities. Where discussion is not sensitive, joint engagement meetings with the corporate governance and active equity teams are frequently held with companies.

We have developed sector-specific qualitative questions for corporate governance, active equity and active fixed income analysts to consider as part of their fundamental analysis. These questions may also be put to companies.

Relevant and non-sensitive information derived from ESG engagement is shared with investment teams, via joint active equity and corporate governance bi-weekly meetings. Equity analysts and fund managers communicate with Corporate Governance informally on a regular basis, via an internal Bloomberg portal, dedicated to ESG but shared alongside all other equity/credit research, and email.

Voting decisions are shared with equity fund managers when appropriate and not-sensitive, through bi-weekly joint Corporate Governance/Active Equity team meetings.

The Corporate Governance team is uniquely positioned as an independent team, driving voting and engagement in the interests of all clients and managing potential conflicts. Parallel, equity teams may move forward relevant engagement topics as per their direct dialogue with management, and feed back to Corporate Governance.

LEI 04	Mandatory	Descriptive	PRI 1
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LEI 04.1 Indicate and describe the type of screening you apply to your internally managed active listed equities.

Negative/exclusionary screening

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description

In 2018 LGIM has put in place a Controversial Weapons Policy, under which Legal & General Investment Management (Holdings) Limited ('LGIM(H)') and its subsidiaries will now exclude from its investments those companies involved in the manufacture and production of cluster munitions, antipersonnel landmines, and biological and chemical weapons. This policy will be applied to all active equity and fixed income funds.

Positive/best-in-class screening

Norms-based screening

- UN Global Compact Principles
- The UN Guiding Principles on Business and Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify

Description

Where requested by clients, we are able to screen companies for violation of UN Global Compact principles. We are also in the process of looking into a broader exclusion policy on UN Global Compact, as part of LGIM's Future World strategy.

LEI 04.2 Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

Controversial weapons exclusions

- Through the implementation of this Controversial Weapons Policy, Legal & General Investment Management (Holdings) Limited ('LGIM(H)') and its subsidiaries will now exclude from its investments companies involved in the manufacture and production of cluster munitions, antipersonnel landmines, and biological and chemical weapons
- The screening criteria have been developed in-house by our Corporate Governance and Responsible Investment team.
- We contract a third-party data provider to provide the research and data on company-specific involvement.
- The screening criteria of our policy are reviewed on an annual basis, while the exclusion list is reviewed on a semi-annual basis
- We will publish any changes to our policy on our website
- The policy applies to active fixed income and equity funds – not index funds - and therefore we do not individually notify clients of changes made.

Further details of the policy can be found here: http://documentlibrary.lgim.com/documentlibrary/library_55458.html

UN Global compact exclusions

Where requested by clients, we are able to screen companies for violation of UN Global Compact principles. LGIM sources third-party information and analysis on companies that are in violation of UN Global Compact Principles. We are also in the process of looking into a broader exclusion policy on UN Global Compact, as part of LGIM's Future World strategy

LEI 05	Mandatory	Core Assessed	PRI 1
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LEI 05.1	Indicate which processes your organisation uses to ensure screening is based on robust analysis.
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- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies.
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Review and evaluation of external research providers
- Other, specify
- None of the above

LEI 05.2	Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your ESG screening strategy.
-----------------	--

- <10%
- 10-50%
- 51-90%
- >90%

LEI 05.3	Indicate how frequently third party ESG ratings are updated for screening purposes.
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- Quarterly or more frequently
- Bi-annually
- Annually
- Less frequently than annually

LEI 05.4	Indicate how frequently you review internal research that builds your ESG screens.
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- Quarterly or more frequently
- Bi-annually
- Annually
- Less frequently than annually

LEI 05.5	Additional information. [Optional]
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Note that in addition to screening, the active equity team aims to work with management teams and encourage and support change. We believe this is a much more effective way to build an ESG mind-set. Our aim is that ESG and mainstream investing merge and in the mid-term, all investing is executed with this mind-set.

Dialogue with companies is a fundamental aspect of our stewardship commitment. We focus on material issues that are pertinent to the specific company and engagement strategies are regularly reviewed to ensure we are effective in achieving the desired outcomes.

These engagement may lead to further action and disclosures by companies which can be in a variety of forms to improve ESG performance. For example, engagement might have led to the prevention of a poor remuneration policy being put to a shareholder vote or better reporting on climate strategy.

These outcomes are then recorded on a bespoke data management system (Salesforce) to ensure that there is a clear audit trail of the successful engagement process. Therefore, the determinants of the outcomes are specific to the company and dependent on the ESG issues facing the company.

LEI 06	Voluntary	Additional Assessed	PRI 1
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LEI 06.1	Indicate which processes your organisation uses to ensure fund criteria are not breached
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Private

LEI 06.2	If breaches of fund screening criteria are identified - describe the process followed to correct those breaches.
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Private

LEI 06.3	Additional information.[Optional]
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Private

LEI 08.1 Indicate which ESG factors you systematically research as part of your investment analysis and the proportion of actively managed listed equity portfolios that is impacted by this analysis.

ESG issues	Proportion impacted by analysis										
Environmental	<table border="1"> <tr> <th colspan="2">Environmental</th> </tr> <tr> <td><input type="radio"/></td> <td><10%</td> </tr> <tr> <td><input type="radio"/></td> <td>10-50%</td> </tr> <tr> <td><input type="radio"/></td> <td>51-90%</td> </tr> <tr> <td><input checked="" type="radio"/></td> <td>>90%</td> </tr> </table>	Environmental		<input type="radio"/>	<10%	<input type="radio"/>	10-50%	<input type="radio"/>	51-90%	<input checked="" type="radio"/>	>90%
	Environmental										
<input type="radio"/>	<10%										
<input type="radio"/>	10-50%										
<input type="radio"/>	51-90%										
<input checked="" type="radio"/>	>90%										
Social	<table border="1"> <tr> <th colspan="2">Social</th> </tr> <tr> <td><input type="radio"/></td> <td><10%</td> </tr> <tr> <td><input type="radio"/></td> <td>10-50%</td> </tr> <tr> <td><input type="radio"/></td> <td>51-90%</td> </tr> <tr> <td><input checked="" type="radio"/></td> <td>>90%</td> </tr> </table>	Social		<input type="radio"/>	<10%	<input type="radio"/>	10-50%	<input type="radio"/>	51-90%	<input checked="" type="radio"/>	>90%
	Social										
<input type="radio"/>	<10%										
<input type="radio"/>	10-50%										
<input type="radio"/>	51-90%										
<input checked="" type="radio"/>	>90%										
Corporate Governance	<table border="1"> <tr> <th colspan="2">Corporate Governance</th> </tr> <tr> <td><input type="radio"/></td> <td><10%</td> </tr> <tr> <td><input type="radio"/></td> <td>10-50%</td> </tr> <tr> <td><input type="radio"/></td> <td>51-90%</td> </tr> <tr> <td><input checked="" type="radio"/></td> <td>>90%</td> </tr> </table>	Corporate Governance		<input type="radio"/>	<10%	<input type="radio"/>	10-50%	<input type="radio"/>	51-90%	<input checked="" type="radio"/>	>90%
	Corporate Governance										
<input type="radio"/>	<10%										
<input type="radio"/>	10-50%										
<input type="radio"/>	51-90%										
<input checked="" type="radio"/>	>90%										

LEI 08.2 Additional information. [Optional]

E,S&G factors are all systematically researched as part of fundamental investment analysis. ESG criteria forms part of the evaluation of equity investment risks&opportunities. The relevance and impact of each will vary depending on company, industry sector and geographical footprint, as well as the type of instrument and intended holding period. As such, integration of ESG criteria in the investment process is based on consolidated views of the relevance of these criteria at country, sector and issuer level, with judgement of its implications left to the portfolio manager.

LGIM's ESG proprietary scoring tool is used as a starting point to assess ESG risks across the investment universe. To objectively assess ESG performance relative to sector peers, it incorporates external data and analysis from six different sources. Each ESG category is broken down into relevant subcategories, each weighted according to potential to impact company performance. The overall score for a company's ESG performance is an aggregation of the weighted scores for each subcategory

The score supplements fundamental analysis, analysts use the score as a flagging mechanism to highlight areas of ESG risk and performance that may need further investigation. The score is available on the equity analysts and PMs' Bloomberg platform.

LEI 09.1 Indicate which processes your organisation uses to ensure ESG integration is based on a robust analysis.

Private

LEI 09.5 Describe how ESG information is held and used by your portfolio managers.

Private

LEI 09.6 Additional information.[Optional]

Private

LEI 10.1 Indicate which aspects of investment analysis you integrate material ESG information into.

Private

LEI 10.5 Additional information.

Private

LEI 11.1 Indicate if you manage passive listed equity funds that incorporate ESG issues in the index construction methodology.

Yes

LEI 11.2 Indicate the percentage of your total passive listed equity funds for which ESG issues are incorporated in the index construction methodology.

(% of total passive listed equity funds)

- <10%
- 10-50%
- 51-90%
- >90%

LEI 11.3 Specify index/fund name, provide a brief description of ESG methodology and indicate which of the following ESG incorporation strategies you apply.

Index/fund 1

Index/fund name and brief description of ESG methodology	ESG incorporation strategy
<p>Legal & General Ethical Trust</p> <p>The objective of this fund is to provide growth by investing in a portfolio of companies whose business meets a range of ethical and environmental guidelines.</p> <p>The fund will invest almost entirely in shares of all such companies in the FTSE 350 Index. The Index consists of shares of the 350 largest companies listed on the UK stock market.</p> <p>The amount of shares held from each company will be in proportion to the company's size. However, no one company can make up more than one tenth of the fund's value.</p>	<input checked="" type="checkbox"/> Screening <input type="checkbox"/> Thematic <input type="checkbox"/> Integration of ESG issues <input type="checkbox"/> Other

Index/fund 2

Index/fund name and brief description of ESG methodology	ESG incorporation strategy
<p>MSCI World Low Carbon Target Index Fund</p> <p>This Fund is invested wholly or predominantly in ordinary shares that are constituents of the MSCI World Low Carbon Index (in GBP). The objective of the Fund is to hold a portfolio of securities designed to match the return of the index within a specified tolerance.</p> <p>The index is customised to give increased weight to those companies of the MSCI World index with low carbon emissions (relative to sales) and those with lower potential carbon emissions (per dollar of market capitalization), as determined by MSCI ESG Research Inc. based on MSCI ESG CarbonMetrics data.</p>	<input checked="" type="checkbox"/> Screening <input checked="" type="checkbox"/> Thematic <input type="checkbox"/> Integration of ESG issues <input type="checkbox"/> Other

Index/fund 3

Index/fund name and brief description of ESG methodology	ESG incorporation strategy
<p>Future World Fund</p> <p>This Fund is invested wholly or predominantly in ordinary shares that are constituents of the FTSE All-World Global Equity Index.</p> <p>The objective of the Fund is to invest systematically in a globally diversified portfolio of quoted company shares; the Fund will aim to invest in companies which exhibit characteristics that have historically led to higher returns or lower risk than the market as a whole, and companies which are less carbon-intensive or earn green revenues.</p> <p>LGIM has made a commitment to address climate change by engaging directly with the largest companies in the world who hold the key to meeting the 2 degree climate change target. The companies will be assessed by LGIM for robustness of their strategies, governance and transparency. This is known as LGIM's Climate Impact Pledge. Within this Fund's investment policy, companies that fail to meet LGIM's minimum standards in low carbon transition and corporate governance standards may be excluded.</p> <p>The Fund will exclude shares issued by manufacturers of controversial weapons (as defined by the index provider). In 2018, we intend to launch a number of FWFs which will invest across a broad range of strategies and asset classes with a global reach.</p>	<input checked="" type="checkbox"/> Screening <input checked="" type="checkbox"/> Thematic <input checked="" type="checkbox"/> Integration of ESG issues <input type="checkbox"/> Other

Index/fund 4

Index/fund name and brief description of ESG methodology	ESG incorporation strategy
<p>World Developed (ex Tobacco) Equity Index Fund</p> <p>This Fund is invested wholly or predominantly in ordinary shares of the constituents of the FTSE Developed (ex Tobacco) Index.</p> <p>This is a customised index, comprising the FTSE Developed Index excluding companies classified as 'Tobacco' under the industry classification benchmark classifications. The objective of the Fund is to hold a portfolio of securities designed to match the return of the index within a specified tolerance.</p>	<input checked="" type="checkbox"/> Screening <input checked="" type="checkbox"/> Thematic <input type="checkbox"/> Integration of ESG issues <input type="checkbox"/> Other

Index/fund 5

Index/fund name and brief description of ESG methodology	ESG incorporation strategy
<p>Ethical UK Equity Index Fund</p> <p>This Fund is invested wholly or predominantly in ordinary shares that are constituents of the FTSE 4 Good UK Equity Index. The objective of the Fund is to hold a portfolio of securities designed to match the return of the index within a specified tolerance.</p>	<input checked="" type="checkbox"/> Screening <input checked="" type="checkbox"/> Thematic <input type="checkbox"/> Integration of ESG issues <input type="checkbox"/> Other

No

LEI 11.4 Additional information. [Optional]

We would like to also mention the following two funds:

- Ethical Global Equity Index Fund: This Fund is invested wholly or predominately in ordinary shares that are constituents of the FTSE4Good Global Index. The objective of the Fund is to hold a portfolio of securities designed to match the return of the index within a specified tolerance
- FTSE All-Share (ex Tobacco) Equity Index Fund: This Fund is invested wholly or predominantly in ordinary shares of the constituents of the FTSE All-Share (ex Tobacco) Equity Index. This is a customised index, comprising the FTSE All-Share Index excluding companies classified as 'Tobacco' under the industry classification benchmark classifications. The objective of the Fund is to hold a portfolio of securities designed to match the return of the index within a specified tolerance.

Additionally on a segregated basis we have negotiated numerous customised client benchmarks with an ESG filter.

LEI 12	Voluntary	Descriptive	PRI 1
LEI 12.1	Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.		
<i>Private</i>			
LEI 12.2	Additional information.[Optional]		
<i>Private</i>			
LEI 13	Voluntary	Additional Assessed	PRI 1
LEI 13.1	Indicate whether your organisation measures how your approach to responsible investment in Listed Equity has affected your portfolio's financial and/or ESG performance.		
<i>Private</i>			
LEI 13.2	Describe how you are able to determine these outcomes.		
<i>Private</i>			
LEI 14	Voluntary	Descriptive	PRI 1
LEI 14.1	Provide examples of ESG issues that affected your investment view and/or performance during the reporting year.		
<i>Private</i>			
LEI 14.2	Additional information.[Optional]		
<i>Private</i>			

LEA 01.1 Indicate whether your organisation has a formal engagement policy.

Yes

LEA 01.2 Attach or provide a URL to your engagement policy.

Attachment provided:

Files: [link](#), [link](#), [link](#), [link](#)

URL provided:

LEA 01.3 Indicate what your engagement policy covers:

- Conflicts of interest
- Insider information
- Alignment with national stewardship code requirements
- Due diligence and monitoring process
- Prioritisation of engagements
- Transparency of engagement activities
- Environmental factors
- Social factors
- Governance factors
- Other, describe
Stock lending, LGIM's approach to engagement (inc. prioritisation of engagements)
- None of the above

LEA 01.4 Provide a brief overview of your organization's approach to engagement

On-going dialogue with companies is a fundamental component of LGIM's commitment to responsible investment. Our commitment to addressing ESG issues is set at the top of the organisation and permeates throughout.

Our engagement activity is conducted in-house using two complementary and interrelated approaches. Firstly, thematic engagement and secondly, company specific engagements. The majority of this work is proactive and planned over time; however there is also the need for reactive company engagements, e.g. following an M&A announcement.

Engagement with companies initially takes place directly with companies. Conversations involve high-level strategic discussions and we therefore expect engagement to take place with the board members.

Progress on engagement activity is peer reviewed at weekly team meetings and monthly individual meetings with the Director of Corporate Governance or Head of Sustainability and Responsible Investment Strategy. This process ensures engagement is progressing as expected or requires escalation. Where escalation is required, voting action is taken and publicly disclosed. We may also engage collaboratively with other investors.

Finally, we may use public pressure by voicing our concerns in the media, attend a shareholder meeting, participate in the development of shareholder proposals or support of shareholder proposals publicly in advance of a shareholder meeting.

No

LEA 01.6 Additional information [optional]

Proactive and reactive engagement

Our engagement activity is conducted using two complementary and interrelated approaches. Firstly, thematic engagement and secondly, company specific engagements. The majority of this work is proactive and planned over time; however there is also the need for reactive company engagements, e.g. following an M&A announcement.

The scale of our global asset exposure means we have a responsibility, and opportunity, to address long-term issues, evolving regulatory hurdles and shifting societal demands that will impact the value of our clients' assets. Future risks are just as important as recent mistakes. This forms a key component on our engagement work and includes engaging with regulators and policy makers as well as individual companies.

Prioritising and identifying engagements

Client objectives sit at the heart of our engagement decision-making. When planning engagements we consider ESG issues that could affect the value of our clients' assets, both directly and indirectly in the short to long term. Priorities for engagement are chosen mainly from the overall assets' exposure, in terms of country, sector and companies. The companies where we have the biggest holdings pose the greatest risks and opportunities to market performance. At the same time, where we hold large stakes we have a stronger influence. Focusing on larger companies can have cascading impacts on other companies within the country and sector by setting standards and best practices. Additionally, we look to engage with ESG laggards, to protect the standards to which we see most companies abide.

Sitting behind this method of selection is a longer-term strategic planning process for engagements. We set a long term strategy amongst the team when we review our progress towards and approach to delivering on our mission and strategy, and plan and prioritise engagements accordingly.

Company engagements may also be triggered in other ways, such as voting issues, flags from LGIM's proprietary ESG scoring tool, or a media report. Illustrated below are the types of possible causes behind an engagement effort.

Engagement topics

In 2017 we have been engaging on the following topics executive pay, gender diversity, climate change; cyber security; transparency and short-termism. However engagement is not limited to purely ESG items, but covers governance in its broadest sense looking at all material issues including regulation, listing rules, mergers and acquisitions, corporate strategy, and capital and financial management.

We are globally recognised for being a long-term, constructive, collaborative and informed investor; therefore companies from around the world actively seek out our opinion. We provide examples and case studies of our individual and collective engagements in our quarterly ESG Impact Reports and in our Annual Reports. Note that our 2017 Annual Report will be published in April 2017.

Engagement at board level

As a long-term shareholder, we aim to be trusted advisors to the management and boards of the companies in which our clients invest. We expect engagement

conversations to involve high-level strategic discussions on matters that affect companies' long-term financial returns. We therefore expect engagement to take place with the chair or independent lead non-executive director.

In addition, to encourage mutually beneficial engagement, we have published a thought piece, available on our website, to encourage dialogue between board directors and their investors. The thought piece explains why engagement is beneficial and sets out LGIM's expectations on successful engagement with companies on a global scale.

Setting an engagement strategy

When deciding an engagement strategy we will consider our ability to influence to effect change and the approach required. Note that we have recently reviewed our engagement strategy to reflect the evolution of our asset base. We take into account the following non-exhaustive list of factors when deciding whether to engage with a company:

- link with theme or policy
- company market cap and LGIM's holdings in the company
- controlling shareholder
- access to a company's management
- score on our proprietary ESG tool
- previous interactions with a company
- general company insight
- the appropriateness of engaging individually or collaboratively with other investors or industry associations, public policy actors, sector specialists and regulators
- the need for further in-depth research to be undertaken or commissioned
- the timeframe and expected milestones of an engagement
- the ability to effect change

Clear objectives are set at the start of an engagement and reviewed throughout the engagement process. The topics of our focus are incorporated into the usual dialogue relating to items included in the annual or special meetings of shareholders, meetings, shareholder proposals.

LEA 02	Mandatory	Gateway	PRI 1,2,3
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LEA 02.1 Indicate the method of engagement, giving reasons for the interaction.

Type of engagement	Reason for interaction
Individual/Internal staff engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> Other, specify Provision of advice in respect to M&A transactions, strategic issues, appointment of directors. Market wide engagement with governments and regulators. <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> Other, specify Board changes, poor performance and M&A transactions. Market wide engagement with governments and regulators. <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> Other, specify M&A, protecting shareholders' interest, Board changes. <input type="checkbox"/> We do not engage via service providers

LEA 02.2 Additional information. [Optional]

Please note that, the 'Service Provider engagements' are not commercial relationships where they are mandated to engage with companies on our behalf (ESG overlay or consultancy type of arrangements).

Instead, they refer specifically to cases where we use associations such as the, Investor Forum (which LGIM was a founding member), Investment Association, PRI and ACGA to develop standards and push for regulatory, market reforms and/or collaborative engagements on specific company issues. Alongside other signatories, we believe that this approach maximises the utilisation of our internal resources to engage. Furthermore, by being part of supportive networks, we hope to encourage greater investor involvement on initiatives.

LEA 03	Mandatory	Core Assessed	PRI 2
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LEA 03.1 Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

Yes

LEA 03.2 Describe the criteria used to identify and prioritise engagement activities carried out by internal staff.

- Geography / market of the companies
- Materiality of ESG factors
- Systemic risks to global portfolios
- Exposure (holdings)
- In response to ESG impacts that have already occurred.
- As a response to divestment pressure

- Consultation with clients/beneficiaries
- Consultation with other stakeholders (i.e. NGOs, trade unions etc.)
- As a follow-up from a voting decision
- Client request
- Other, describe

other description
Flags from LGIM's proprietary ESG tool, media report, link with theme or policy.

No

LEA 03.3	Additional information. [Optional]
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Client objectives sit at the heart of our engagement decision-making. When planning engagements we consider ESG issues that could affect the value of our clients' assets, both directly and indirectly in the short to long term.

When deciding an engagement strategy we will consider our ability to influence to effect change and the approach required. Note that we have recently reviewed our engagement strategy to reflect the evolution of our asset base. We take into account the following non-exhaustive list of factors when deciding whether to engage with a company:

- link with theme or policy
- Identified as one of the 84 globally 'most systemically important' companies included in LGIM's Climate Impact Pledge
- company market cap and LGIM's holdings in the company
- controlling shareholder
- access to a company's management
- score on our proprietary ESG tool
- previous interactions with a company
- general company insight
- the appropriateness of engaging individually or collaboratively with other investors or industry associations, public policy actors, sector specialists and regulators
- the need for further in-depth research to be undertaken or commissioned
- the timeframe and expected milestones of an engagement
- the ability to effect change
- voting issues
- media report

Sitting behind this method of selection is a longer-term strategic planning process for engagements. We set a long term strategy amongst the team when we review our progress towards and approach to delivering on our mission and strategy, and plan and prioritise engagements accordingly.

In 2017 we have been engaging on the following topics executive pay, gender diversity, climate change, cyber security, transparency and short-termism. However engagement is not limited to purely ESG items, but covers governance in its broadest sense looking at all material issues including regulation, listing rules, mergers and acquisitions, corporate strategy, and capital and financial management.

LEA 04	Mandatory	Core Assessed	PRI 2
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LEA 04.1	Indicate if you define specific objectives for your engagement activities.
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- Yes
 - Yes, for all engagement activities
 - Yes, for the majority of engagement activities
 - Yes, for a minority of engagement activities
- We do not define specific objectives for engagement activities carried out by internal staff.

LEA 04.2	Indicate if you monitor the actions that companies take during and following your engagements activities carried out by internal staff.
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- Yes
 - Yes, in all cases
 - Yes, in the majority of cases
 - Yes, in the minority of cases
- We do not monitor the actions that companies take following engagement activities carried out by internal staff.

LEA 04.3	Indicate if you do any of the following to monitor and evaluate the progress of your engagement activities carried out by internal staff.
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- Define timelines for your objectives
- Tracking and/or monitoring progress against defined objectives
- Tracking and or monitoring progress of actions taken when original objectives are not met
- Revisit and, if necessary, revise objectives on continuous basis
- Other, please specify
- We do not monitor and evaluate progress of engagement activities carried out by internal staff

LEA 04.4	Additional information. [Optional]
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As mentioned in question 01.4, our engagement activity is a combination of proactive and planned engagement and more reactive engagement.

The corporate governance team sets long-term strategic engagement targets which we use to plan and prioritise engagement and define engagement strategic objectives. Note that we have recently reviewed our long-term targets, taking into account LGIM's five year strategy set out in 2017.

For 2017, we publicly disclosed the following annual objectives in relation to the five year strategic plan:

- Engage with 84 companies as part of Climate Impact Pledge.

- Engage with governments and companies to promote more disclosure on pay ratios
- Engage with US companies on gender diversity
- Formally invite external stakeholders to roundtables to strengthen our Corporate Governance and Sustainability policies

Clear and specific objectives are set at the start of each engagement and reviewed throughout the engagement process. Note that some of these objectives are disclosed publicly in advance of the engagement activity, for example under LGIM's Climate Impact Pledge.

Tracking engagement activities

LGIM uses Salesforce, a bespoke data management system, to support the team's engagement work. This system is used for our reporting purposes and to allow management to oversee the progress of engagement activities.

Monitoring progress and identification of need for escalation

The corporate governance team regularly monitors companies against the objectives set at the start of the engagement process to identify change. Actions taken by companies are monitored through direct communications by companies, media reports, regular exchange of information with investment teams, analysis of resolutions prior to a shareholder meeting. Another efficient way for LGIM to monitor companies objectively is to use LGIM's ESG proprietary tool which collects external data and analysis from 6 different external third party sources and assesses and scores companies based on this data.

Internal Risk Management System – auditing of engagement

There is a clear audit trail of the engagement process, which enables us to report and communicate effectively on our activity both internally to the Corporate Governance Committee or investment teams and externally to our clients.

LGIM has its own internal Risk Management System (RMS) to provide effective oversight of key processes. This includes LGIM's voting and engagement activities and related client reporting. If an item is not confirmed as completed on RMS, the issue is escalated to line managers and senior directors within the organisation.

Example of how we have monitored and evaluated progress in a particular engagement:

During 2015 and 2016, we have engaged privately with a company on their succession plans at the board and executive level. The company's chairman, who LGIM supported, had been in the role since 2010. Additionally the company's Chief Executive Officer (CEO) who had been in this role since 2011 indicated his wish to step down in due course.

LGIM engaged proactively with the company during 18 months. All meetings and information discussed at these meetings was saved in our data management platform.

We worked in collaboration with and regularly updated our investment teams throughout the process.

The company later announced the current chairman would be departing in 2017 and confirmed the name of the successor. The company also confirmed the succession plan for the CEO position. This engagement was saved as a 'success' on our platform

LEA 05	Mandatory	Core Assessed	PRI 2
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LEA 05.1 Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements

Yes

LEA 05.2 Describe the criteria used to identify and prioritise collaborative engagements.

- Potential to learn from other investors
- Ability to add value to the collaboration
- Geography / market of the companies targeted by the collaboration
- Materiality of ESG factors addressed by the collaboration
- Systemic risks to global portfolios addressed by the collaboration
- Exposure (holdings) to companies targeted by the collaboration
- In reaction to ESG impacts addressed by the collaboration that have already occurred.
- As a response to divestment pressure
- As a follow-up from a voting decision
- Consultation with clients/beneficiaries
- Consultation with other stakeholders (i.e. NGOs, trade unions etc.)
- Other, describe

No

LEA 05.3 Additional information [Optional]

Pooling of assets with other investors can provide benefits resulting from the large size and scale of the group. We believe the most efficient and effective way of achieving mutual goals on voting and engagement is to speak with one voice. LGIM also uses its voting rights in relation to our collaborative initiatives, as we do for our direct and private engagements.

Collaboration with other investors is done by the team both formally and informally. A formal collaboration can be initiated through organisations (more details in section LEA 07), and rather more informal collaboration process can take place through the teams' extensive network of investors and other stakeholders where a common issue is raised.

LGIM utilises collaboration in three different ways to achieve its goals:

Firstly, collaboration is used as an additional tool in LGIMs escalation process to effect change in companies where we have not seen progress through other means. It allows us to raise our concerns about specific companies, topics and approaches with other investors. Raising such issues as a collective voice and demonstrating concern from a significant proportion of the shareholder base is effective for driving change.

Secondly, other investors and associations approach LGIM to request we lend our weight and scale, as a large global asset manager, by joining initiatives and coalitions on companies. These are assessed against the team's strategic priorities, engagement themes and materiality. Such forums allow us to share resources efficiently and the corresponding collaboration enables us to monitor and influence a broad range of topics, issues and companies globally. We contribute to the dialogue and aim to change corporate behaviour by applying collective pressure.

Finally, collaboration allows LGIM to bring about change in the market as a whole on thematic issues. Working with other like-minded global investors is important and essential for us to achieve our desired outcomes at a macro level.

Example: LGIM's leading role on a collaborative engagement initiative on board independence in Japan.

We believe that board independence is an essential element of a well-functioning board. It ensures directors have an independent and trusted judgment and that board discussions remain diverse to ultimately help on building sustainable, long-term performance.

In 2014, we launched a collective engagement initiative with other institutional investors to push companies to have at least one third of their board consisting of independent board members.

Focused and consequential collaborative engagement has proven successful. Many companies introduced outside directors to bring them in line, or even exceed this target. However, believe that institutional investors still need to play their role and further encourage improvement of board independence levels of Japanese companies.

We have therefore launched a collaborative engagement initiative with two other UK investors and one US institutional investors which consists in of coordinating our engagement activity to push for more independence on Japanese boards, including the coordinated use of our voting power for more impact.

We collectively wrote a letter in English and Japanese to the Presidents, Chairman and independent Directors of 32 companies. This initiative was publicised in the Nikkei Asian Review. LGIM also met with eight Japanese companies together with other investors in April to keep momentum going with direct engagement with Japanese boards.

Challenges still remain in the region as many companies need to improve the composition of their boards in terms of independence but also in terms of skills and experience. The role of investors, and in particular at local level, is crucial in changing the dynamic. We will continue our individual and collective engagement activity with Japanese companies going forward.

LEA 06	Mandatory	Core Assessed	PRI 2
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LEA 06.1	Indicate if you define specific objectives for your engagement activities carried out collaboratively.
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- Yes
 - Yes, for all engagement activities
 - Yes, for the majority of engagement activities
 - Yes, for a minority of engagement activities
- We do not define specific objectives for engagement activities carried out collaboratively.

LEA 06.2	Indicate if you monitor the actions companies take during and following your collaborative engagements.
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- Yes
 - Yes, in all cases
 - Yes, in the majority of cases
 - Yes, in the minority of cases
- We do not monitor the actions that companies take following engagement activities carried out collaboratively

LEA 06.3	Indicate if you do any of the following to monitor and evaluate the progress of your collaborative engagement activities.
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- Define timelines for your objectives
- Tracking and/or monitoring progress against defined objectives
- Tracking and or monitoring progress of actions taken when original objectives are not met
- Revisit and, if necessary, revise objectives on continuous basis
- Other, please specify
- We do not monitor and evaluate progress of engagement activities carried out by internal staff

LEA 06.4	Additional information. [Optional]
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Collaborative engagement may be initiated for a variety of reasons described above In question LEA 5.3. The corporate governance team makes sure clear and specific objectives are set at the start of each collaborative engagement and reviewed throughout the engagement process.

We actively participate and contribute to collaborative engagement activities whether we lead them or join them. As mentioned above, LGIM uses a data management system throughout the engagement process with companies which the corporate governance team updates every time key new information on engagement is received. This includes a 'success' functionality which enables us to flag successful engagements. By playing an active role in collaborative engagements we often receive updates directly from companies. Where this is not the case, we keep updated on progress of any collaborative engagement activity through contact with other members. For more details on how we record and keep track of our engagement meetings please refer to question LEA 10.2.

Progress on engagement activity is peer reviewed at weekly team meetings and monthly individual meetings with the Director of Corporate Governance or Head of Sustainability and Responsible Investment Strategy. The regular review process ensures engagement is progressing as expected or requires escalation. This is also a way for the team to share lessons learned from engagement. Where an engagement is unsuccessful, the team assesses the reasons and develops a new approach to engagement.

As mentioned in our answer to LEA 04.4 information gained from collaborative engagement is shared with investment teams as long as it is not sensitive, as per the process detailed in our answer.

Example of how we have monitored and evaluated progress in a particular collaborative engagement:

We have consistently engaged with the company since 2012, raising a variety of issues including strategy, climate change reporting, board structure – including climate change expertise, governance and remuneration. However, we identified a lack of progress as the engagement meetings with the company were not leading to changes. This was observed through regular analysis of the company ESG data (including company communication, ESG proprietary tool and third party data) in preparation of various engagement projects, both thematic and reactive.

We have most recently escalated our engagement on climate change and governance issues by collaborating with a small group of investors and asset owners. We set out our engagement objectives with the group. In light of international commitments under the COP21 Paris Agreement, investors need assurance that the business models of companies they invest in are robust and viable over the long term.

As part of this collaboration we discussed the various climate change shareholder proposals on the agenda for AGM in 2016, including the resolutions to acknowledge the imperative for a 2 degree limit and to report on the impacts on the business of a 2 degree scenario being met. We met in person and explained that we had publically committed to voting in favour of both proposals as we did not feel that the company's current disclosures were sufficient. We also

pressed the point that the language the company has used in relation to this issue has been overly negative, suggesting that the company is not in support of policies which are aligned to the global goals and ambitions.

We recorded two successes in our Salesforce platform at the beginning of 2017. Firstly that the company announced in January 2017 that it appointed a scientist to its board in response to concerns on climate change, which is something we pushed for years and also as part of our collaborative engagement. Secondly, that the company added to its website in December 2016 its commitment to the 2 degree scenario.

Similarly to 2016, in 2017 we pre-disclosed our voting intention on the 2 degree scenario resolution as we considered the resolution at such a high profile company to be very influential and were keen to illustrate its importance and our commitment to this critical issue. We engaged with the company ahead of the 2017 AGM explaining our expectations on this resolution as well as other governance concerns such as the lack of access to company board members and specific environmental expertise on the board. All our discussions with the company and various emails from the company or our group of investors were recorded in our data management system Salesforce.

In 2016 38% and in 2017 62% of shareholders supported the proposal requesting a report on impacts of a 2 degree scenario. The passing of the resolution in 2017 was significant as the first time this resolution has gained majority support. We engaged with the company after the AGM explaining the detail of the report we expect to see and that their current reporting does not go far enough. The company subsequently issued a regulatory filing explaining that it would introduce enhancements to its reporting, including analysis of the impact of policies designed to limit the increase in global temperatures to 2 degrees. They followed with a report publication. This has now been recorded in our data management system Salesforce as a successful engagement. We will monitor implementation of these changes and shall give our feedback to the company.

LEA 07	Mandatory	Core Assessed	PRI 2,4
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LEA 07.1	Indicate if you play a role in the engagement process that your service provider conducts on your behalf.
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Yes

LEA 07.2	Indicate the role(s) you play in engagements that your service provider conducts on your behalf.
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- Discuss the topic (or ESG issue(s)) of engagement
- Discuss the rationale for engagement
- Discuss the objectives of the engagement
- Select the companies to be engaged with
- Discuss the frequency/intensity of interactions with companies
- Discuss next steps for engagement activity
- Participate directly in certain engagements with your service provider
- Other, specify
- We play no role in engagements that our service provider conducts.

No

LEA 07.3	Additional information. [Optional]
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Collective work is an extremely effective method of engagement, but one that requires enormous amounts of resources and organisation. In order to facilitate this process, we are members of industry-wide associations and networks.

As noted in 02.2, the 'Service Provider engagements' are not commercial relationships where they are mandated to engage with companies on our behalf (ESG overlay or consultancy type of arrangements). Instead, they refer specifically to cases where we use associations to develop standards and push for regulatory and market reforms.

Our membership to various investor associations, including Board positions, working groups and committees enable us to influence the strategic direction of collaborative engagements and inputting our views on strategy and content of the engagements.

Our participation at board level or committee level allows us to monitor and oversee the activity of service providers. For service providers where we do not hold a board or committee level position, we monitor and oversee their activities through direct communications from them, regular and active participation to conferences, and regular contact with their representatives.

Example of joint engagement with a service provider: Cobham plc

In April 2016, the company sought a £500m rights issue to reduce debt otherwise risked breaching its banking covenants. In addition, the company decided to still preserve its dividend payment even though it was raising capital to address financial stress.

This surprised the market (demonstrated by a 19% fall in the share price) and was widely criticised by investors. Trust and confidence in the board to manage financial risk was also severely damaged. We raised our concerns with regards to the company's history of capital allocation, the deterioration in working capital management and free cash flow generation and the size of issuance including fees payable.

LGIM held a meeting directly with the company following the announcement. We had material concerns with the decision-making of the board and escalated our concerns to the UK Investor Forum. The Forum conducted in-depth discussions with several key shareholders in Cobham and agreed a collective engagement strategy that was communicated to the board in June 2016.

Investors involved in the engagement believed that in addition to the rights issue that was required to repair the company's balance sheet, a succession plan was needed to hold the board accountable for past failures. Furthermore, the company needed to strengthen and refresh the skills and knowledge of the board in order to better prepare the business for future challenges.

The Forum was able to strengthen the voice of leading shareholders, and engaged with the board through the year. They reported to LGIM regularly throughout the process.

Many of the issues identified in the engagement strategy and shared with the Chairman in June came into sharp focus and were addressed with the profit warning that accompanied the trading statement in November.

By the end of 2016, the company had replaced its Chairman, CEO and CFO and the collective engagement was closed as investors await a new strategy and approach from the new team. LGIM felt this was a positive outcome and as a long term investor we continue to actively monitor the company.

LEA 08	Mandatory	Core Assessed	PRI 2,6
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LEA 08.1	Do you monitor and review the outcomes of the engagement activities undertaken by your service providers on your behalf?
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- Yes, periodically
- Yes, ad hoc basis
- We do not monitor or review them

LEA 08.2 Additional information. [Optional]

As a long-term investor, we remain involved in the engagement activities of our service providers from the start to the end of any engagement activity we are involved in. We are therefore able to monitor progress of the engagement activity undertaken by our service providers on our behalf directly through direct participation to company meetings organised by our providers, and/or regular contact with our service providers.

LEA 09 Voluntary Additional Assessed **PRI 1,2**

LEA 09.1 Indicate if insights gained from your engagements are shared with your internal or external investment managers.

Type of engagement	Insights shared
Individual/Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Service provider engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 09.2 Additional information. [Optional]

Any information that is market sensitive is withheld and our structure ensures that conflicts of interest between corporate governance and fund management teams are managed. More information on our conflicts of interest policy is shown below:

<http://www.lgim.com/library/capabilities/Conflicts-of-Interest.pdf>

Sharing information with internal investment managers

LGIM's corporate governance and investment teams regularly exchange information and specific company insights regularly in the following ways:

- **Weekly:** Corporate Governance team member joins the Active Fixed Income morning meeting and feeds back relevant engagement insights to the team. CG team member also emails the investment teams with any relevant insights from the weekly Corporate Governance team meeting, in which current engagements are discussed.
- **Bi-weekly:** Cross-team meeting held between active equities, active fixed income and corporate governance.
- **Monthly:** Updates from LGIM's thematic working groups (energy, technology, demographics) shared at the weekly and bi-weekly meeting. Monthly index and corporate governance joint meeting.
- **Ad-hoc:** Company and sector specific relevant information is shared on an ad-hoc basis between investment teams and Corporate Governance teams, via an internal sharing portal on Bloomberg, or by email.

We share all key outcomes of our engagement meetings with our investment teams using the various processes described above.

Note that we are willing to share any meeting information with our investment teams as long as it is not market sensitive information.

Sharing information with external investment managers

We regularly collaborate with external investment managers on an ad-hoc basis where we think exchange of information would be mutually beneficial. Information shared with external investment managers is left at the discretion of members of the corporate governance team, without disclosing any market sensitive information.

Use of information shared by the corporate governance team

The corporate governance teams works actively with all investment teams at LGIM. Investment decision-makers adopt a different approach to the use of information gained by the corporate governance team in engagement meetings and depending on the asset class of their investments.

Active Equities:

Investment decisions are made on company fundamentals, growth momentum and valuations relative to comparable companies. While portfolio managers are ultimately responsible for decisions made regarding the portfolios, they draw on information and insights from other teams, including the LGIM-in-house macro team, the corporate governance team and the Global Trading Team.

Fixed income:

While the fund manager of the portfolio is ultimately responsible for all investment decisions made, including ESG factors, the fund manager makes his or her decisions by taking into consideration the views of the credit analysts and the wider fixed income team. The integration of ESG factors is done during fundamental analysis.

Index funds:

In the case of the Future World Fund, ESG factors helped construct the underlying index (carbon reserves and green revenues), to which the Climate Impact Pledge was added as a company engagement (and divestment) overlay.

The corporate governance team are working actively with the index investment teams on new solutions to further integrate ESG into index products

LEA 10 Mandatory Gateway **PRI 2**

LEA 10.1 Indicate if you track the number of your engagement activities.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track

Collaborative engagements	<input checked="" type="checkbox"/> Yes, we track the number of our engagements in full <input type="checkbox"/> Yes, we partially track the number of our engagements <input type="checkbox"/> We do not track and cannot estimate our engagements
Service provider engagements	<input type="checkbox"/> Yes, we track the number of our engagements in full <input checked="" type="checkbox"/> Yes, we partially track the number of our engagements <input type="checkbox"/> We do not track and cannot estimate our engagements

LEA 10.2	Additional information. [OPTIONAL]
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The corporate governance team keeps track of and monitors all individual and collaborative engagements with companies using Salesforce, a bespoke data management system.

The team logs all company interaction into our data management system. This includes company emails, meeting information such as date, time, attendees, themes discussed and any other issue or information they have on the company. The team also attaches meeting notes which help us monitor any commitment made by the company during a meeting. This helps us in holding management accountable in the case where a commitment does not result in action. In addition the system includes a 'success' functionality which enables us to flag successful engagements and their outcomes.

In the case of collaborative engagement with service providers, we follow the same process. However, as we may not necessarily participate directly to all company meetings depending on the engagement strategy in place, we are kept informed of the progress of the engagement by representatives of the service provider acting on our behalf.

Our data management system is updated with company information every time a member of the corporate governance team has a company meeting or receives company information they would like to keep a track of. The system is used dynamically by the team which means that it function is tailored to and evolves with the needs of the team in terms of processes and business activities.

We use all data collected to report to our clients quarterly on progress of our engagements in our ESG quarterly reports and annually to the public in our annual report. Data collected is tailored to our reporting needs and helps us measure the number of engagements per company, theme, region, and sector.

There is a clear audit trail of the engagement process. LGIM has its own internal Risk Management System (RMS) to provide effective oversight of key processes. This includes LGIM's voting and engagement activities and related client reporting. If an item is not confirmed as completed on RMS, the issue is escalated to line managers and senior directors within the organisation. Note that LGIM has obtained an independent assurance opinion on our stewardship and voting processes, in line with the AAF01/06 framework.

LEA 11	Mandatory to Report, Voluntary to Disclose	Core Assessed	PRI 2
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LEA 11.1	Indicate the amount of your listed equities portfolio with which your organisation engaged during the reporting year.
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Private

LEA 11.2	Indicate the proportion of engagements that involved multiple, substantive and detailed discussions or interactions with a company during the reporting year relating to ESG issue.
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Private

LEA 11.3	Indicate the percentage of your collaborative engagements for which you were a leading organisation during the reporting year.
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Private

LEA 11.4	Indicate the percentage of your service provider engagements that you had some involvement in during the reporting year.
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Private

LEA 11.5	Additional information. [Optional]
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Private

LEA 12	Voluntary	Additional Assessed	PRI 2
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LEA 12.1	Indicate which of the following your engagement involved.
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Private

LEA 12.2	Additional information. [Optional]
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Private

LEA 13	Voluntary	Descriptive	PRI 2
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LEA 13.1	Indicate whether you track the number of cases during the reporting year in which a company changed its practices, or made a formal commitment to do so, following your organisation's and/or your service provider's engagement activities.
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Private

LEA 13.3	Additional information [Optional].
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Private

LEA 14	Voluntary	Additional Assessed	PRI 2
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LEA 14.1	Provide examples of the engagements that your organisation or your service provider carried out during the reporting year.
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Private

LEA 14.2	Additional information. [Optional]
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Private

LEA 15	Mandatory	Core Assessed	PRI 1,2,3
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LEA 15.1	Indicate whether your organisation has a formal voting policy.
-----------------	---

Yes

LEA 15.2	Indicate what your voting policy covers:						
	<input checked="" type="checkbox"/> Conflicts of interest <input type="checkbox"/> Share blocking <input checked="" type="checkbox"/> Securities lending process <input checked="" type="checkbox"/> Prioritisation of voting activities <input checked="" type="checkbox"/> Decision making processes <input checked="" type="checkbox"/> Environmental factors <input checked="" type="checkbox"/> Social factors <input checked="" type="checkbox"/> Governance factors <input type="checkbox"/> Filing/co-filing resolutions <input type="checkbox"/> Extraordinary meetings <input type="checkbox"/> Regional voting practices <input type="checkbox"/> Transparency of proxy voting activities <input checked="" type="checkbox"/> Company dialogue pre/post vote <input checked="" type="checkbox"/> Other, describe						
	<table border="1"> <tr> <td></td> <td>other description</td> </tr> <tr> <td><input type="checkbox"/></td> <td>LGIM's ESG philosophy, areas of focus, engagement strategy, stewardship, collaboration.</td> </tr> <tr> <td><input type="checkbox"/></td> <td>None of the above</td> </tr> </table>		other description	<input type="checkbox"/>	LGIM's ESG philosophy, areas of focus, engagement strategy, stewardship, collaboration.	<input type="checkbox"/>	None of the above
	other description						
<input type="checkbox"/>	LGIM's ESG philosophy, areas of focus, engagement strategy, stewardship, collaboration.						
<input type="checkbox"/>	None of the above						

LEA 15.3	Attach or provide a URL to your voting policy. [Optional]
	http://documentlibrary.lgim.com/documentlibrary/library_55458.html

LEA 15.4	Provide a brief overview of your organization's approach to (proxy) voting.
	<p>Voting decisions are taken in-house by the independent corporate governance team. Our structure and conflicts of interest policy ensures that, where the corporate governance and active equity team do not agree on voting issues, these can be escalated at board level.</p> <p>Decisions are primarily based on LGIM's policies which set out our position and expectations on key governance topics, based on regulation, best practice and clients' beliefs. They are available on our website. We also take into account previous engagement with the company, present circumstances, third-party research, collaboration with global investors.</p> <p>All voting decisions are made by LGIM. The instructions are sent to appropriate custodians through the ISS voting platform. All our votes are saved on the platform. This allows us to keep all our voting history, and use the information when reporting to stakeholders on our voting activity.</p> <p>We report on our voting activity regularly, including publicly within a month of the shareholder meeting.</p> <p>We operate a stock-lending programme in selective overseas equity markets under strict conditions. We do not currently engage in stock lending in the UK. More information is available in the policy section of our website.</p>
	<input type="radio"/> No

LEA 16	Mandatory	Descriptive	PRI 2
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LEA 16.1	Indicate how you typically make your (proxy) voting decisions.																						
	<table border="1"> <tr> <td></td> <td>Approach</td> </tr> <tr> <td><input type="radio"/></td> <td>We use our own research or voting team and make voting decisions without the use of service providers.</td> </tr> <tr> <td><input checked="" type="radio"/></td> <td>We hire service provider(s) that make voting recommendations or provide research that we use to inform our voting decisions.</td> </tr> <tr> <td></td> <td> <table border="1"> <tr> <td></td> <td>Based on</td> </tr> <tr> <td><input type="radio"/></td> <td>the service provider voting policy signed off by us</td> </tr> <tr> <td><input checked="" type="radio"/></td> <td>our own voting policy</td> </tr> <tr> <td><input type="radio"/></td> <td>our clients' requests or policy</td> </tr> <tr> <td><input type="radio"/></td> <td>other, explain</td> </tr> </table> </td> </tr> <tr> <td><input type="radio"/></td> <td>We hire service provider(s) that make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.</td> </tr> <tr> <td><input type="radio"/></td> <td>We hire service provider(s) that make voting decisions on our behalf.</td> </tr> </table>		Approach	<input type="radio"/>	We use our own research or voting team and make voting decisions without the use of service providers.	<input checked="" type="radio"/>	We hire service provider(s) that make voting recommendations or provide research that we use to inform our voting decisions.		<table border="1"> <tr> <td></td> <td>Based on</td> </tr> <tr> <td><input type="radio"/></td> <td>the service provider voting policy signed off by us</td> </tr> <tr> <td><input checked="" type="radio"/></td> <td>our own voting policy</td> </tr> <tr> <td><input type="radio"/></td> <td>our clients' requests or policy</td> </tr> <tr> <td><input type="radio"/></td> <td>other, explain</td> </tr> </table>		Based on	<input type="radio"/>	the service provider voting policy signed off by us	<input checked="" type="radio"/>	our own voting policy	<input type="radio"/>	our clients' requests or policy	<input type="radio"/>	other, explain	<input type="radio"/>	We hire service provider(s) that make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.	<input type="radio"/>	We hire service provider(s) that make voting decisions on our behalf.
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<input type="radio"/>	We hire service provider(s) that make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.																						
<input type="radio"/>	We hire service provider(s) that make voting decisions on our behalf.																						

LEA 16.2	Provide an overview of how you ensure your voting policy is adhered to, giving details of your approach when exceptions to the policy are made (if applicable).
	<p>To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a minimum standards custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice. For all other issues not covered by our minimum standards, we defer to the decisions to our voting information provider.</p> <p>In addition, we have also set specific custom voting policies at market level for markets which we adopt a stricter stance on. All our custom voting policies are developed in accordance with our publicly disclosed position on ESG in our Principles document and country specific policies.</p> <p>Note that we retain the ability in all markets to over-ride the decisions taken by the service provider. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows us to apply our own voting judgement. For example, it is our policy to oppose the election or re-election of the Board Chair of a FTSE 100 company if they are less than 25% women on the board. We overrode our own policy at eEasyJet's 2017 AGM in relation to gender diversity on the Board. The company had previously exceeded our 25% target of female representation on the board, however this changed when a non-executive director stepped down from the board four months before the AGM; we therefore took the circumstances into account and decided to support the re-election of the Board Chair.</p>

In addition, LGIM has strict monitoring controls to ensure our votes fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.

We hold quarterly diligence meetings with our voting service provider. Representatives from a range of departments attend these meetings, including the client relationship manager, research manager and custom voting manager. The meetings have a standing agenda, which includes setting out our expectations, an analysis of any issues we have experienced when voting during the previous quarter, and a review of the effectiveness of the monitoring process and voting statistics. The meetings will also review any action points arising from the previous quarterly meeting.

Additionally, on an annual basis the Director of Corporate Governance must certify on LGIM's internal risk management system that our voting service provider have the capacity and competency to analyse proxy issues and make impartial recommendations.

Our voting process is internally audited and additionally, LGIM obtains a biannual independent assurance of its stewardship and voting processes, in-line with the AAF01/06 framework.

LEA 16.3	Additional information.[Optional]
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As mentioned in question LEA 15.4, all voting and engagement decisions are made by LGIM and we do not outsource any part of strategic decisions. Our overriding policy is that our voting decisions are based on an independent house view. We cast proxy votes in a manner consistent with the best interests of all our clients. Our use of service provider recommendations is purely to augment our own research and proprietary ESG tools. Note that we use other third-party research to inform our vote decisions such as broker research and ESG reports. Final decision is made by the corporate governance team.

The corporate governance team operates independently from the investment teams, allowing us to take a long-term view in the interests of all clients. We believe we will achieve our mutual goals most efficiently and effectively by having one strong voice, that represents the interests of all our end clients' assets.

Each member of the team is allocated a specific sector and/or region so that the voting is undertaken by the same individuals who engage with the company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and engagement is fully integrated into the vote decision process and that we send consistent messaging to companies. Contentious voting issues are overseen at a weekly team meeting, chaired by the Director of Corporate Governance. This provides an opportunity to discuss contentious, non-standard resolutions and potential conflicts.

The corporate governance team works in coordination with investment and client teams. Where different views arise, our conflicts of interests policy may be activated so we can operate independently from portfolio managers. Where necessary, matters arising from this meeting can be escalated to the LGIM CEO and, under the Conflicts of Interest policy (<http://www.lgim.com/library/capabilities/Conflicts-of-Interest.pdf>), to LGIM's non-executive directors. It is important to note that it is extremely rare for the active portfolio managers to disagree with the decisions of the corporate governance team. In over 20 years of experience, it has only occurred in a handful of cases.

LEA 18	Voluntary	Descriptive	PRI 2
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LEA 18.1	Describe your involvement in any projects to improve the voting trail and/or to obtain vote confirmation .
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Private

LEA 18.2	Additional information. [OPTIONAL]
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Private

LEA 19	Voluntary	Additional Assessed	PRI 2
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LEA 19.1	Indicate if your organisation has a securities lending programme.
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Yes

LEA 19.3	Indicate how voting is addressed in your securities lending programme.
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- We recall all securities for voting on all ballot items
- We systematically recall some securities to vote on their ballot items
- We recall some securities to vote on their ballot items on an ad hoc basis
- We empower our securities lending agent to decide when to recall securities for voting purposes
- We do not recall our shares for voting purposes.
- Others

No

LEA 20	Mandatory	Core Assessed	PRI 2
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LEA 20.1	Indicate whether you or the service providers acting on your behalf raise any concerns with companies ahead of voting
----------	---

- Yes, in most cases
- Sometimes, in the following cases:
 - Votes for selected markets
 - Votes relating to certain ESG issues
 - Votes for significant shareholdings
 - Votes for companies we are engaging with
 - On request by clients
 - Other
- Neither we nor our service provider raise concerns with companies ahead of voting

LEA 20.2	Indicate whether you and/or the service provider(s) acting on your behalf, communicate the rationale to companies, when , you abstain or vote against management recommendations.
----------	---

- Yes, in most cases
- Sometimes, in the following cases.
- We do not communicate the rationale to companies

Not applicable because we and/or our service providers do not abstain or vote against management recommendations

LEA 20.3 Additional information. [Optional]

We communicate our votes in advance of shareholder meetings in the following cases only:

- Escalation of engagement

Where engagement does not produce satisfactory results, we escalate our position and may decide to make our voting decision public prior to the shareholder meeting. We find this is an efficient way for us to draw public attention to our concerns.

- As part of a specific engagement programme

LGIM's Climate Impact Pledge is a public engagement programme on climate change. After one year of engagement, if companies fail to meet LGIM's minimum expectations, for all funds LGIM manages where we are unable to contractually divest, we will vote against the chair of the board of the same companies. We are aiming to make the list of companies public. This will involve disclosing our vote intention for some, if not all of them, prior to their shareholder meeting.

After shareholder meetings, we publicly disclose all our votes for the major markets on our website in our monthly voting reports. These reports also now include our vote rationales for all our votes against management. This allows companies and other stakeholders to be informed of our voting decisions and the reasons for our votes against.

These reports are available at: http://documentlibrary.lgim.com/documentlibrary/library_55458.html

LEA 21 Mandatory Core Assessed PRI 2

LEA 21.1 For listed equities where you and/or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

We do track or collect this information

Votes cast (to the nearest 1%)
97%

Specify the basis on which this percentage is calculated

- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted

LEA 21.2 Explain your reason(s) for not voting certain holdings

- Shares were blocked
- Notice, ballots or materials not received in time
- Missed deadline
- Geographical restrictions (non-home market)
- Cost
- Conflicts of interest
- Holdings deemed too small
- Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)
- On request by clients
- Other

We do not track or collect this information

LEA 21.3 Additional information. [Optional]

At LGIM, we vote in all major developed markets and the main emerging markets, covering c.97% of the FTSE All-World Index constituents by market capitalisation.

However, there are certain circumstances which cause us not to vote all of our holdings. This includes:

- stock lending (in the countries where we lend stock between 5 - 15% of shares held back will be voted unless we recall the stock). We do not lend stock in the UK.
- Non-voting shares held
- Restrictions on voting by foreign nationals
- Changes to power of attorney requirements.

In the US and Canada in proxy contests (which are rare and different to the normal filing of shareholder resolutions), shareholders have a choice between two proxy cards - one proposed by the management of the company and one proposed by a shareholder. Therefore, whichever one we choose not to vote on, a "Do Not Vote" is instructed. This is an active decision, since we would have chosen to vote (support) the other proxy card.

We also aim to minimise abstentions to make proper use of our voting powers. We have not abstained in any market in over 6 years, unless it was technically not possible to vote. In fact those rare cases only amount to 0.15% of total votes (73 out of 46,446) in 2017 and 0.09% of votes in 2016.

LEA 22 Mandatory Additional Assessed PRI 2

LEA 22.1 Indicate if you track the voting instructions that you and/or your service provider on your behalf have issued.

Yes, we track this information

LEA 22.2 Of the voting instructions that you and/or third parties on your behalf issued, indicate the proportion of ballot items that were:

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	86.97%

Against (opposing) management recommendations	12.89%
Abstentions	0.14%

LEA 22.3	Describe the actions you take in relation to voting against management recommendations.
----------	---

A decision to vote against management may be the consequence of unsuccessful engagement as part of our escalation strategy described in question LEA 01.4. However, given the scale of our holdings, we do not have the capacity to engage with all the companies we hold. We therefore may cast votes against management where companies do not align with our voting policies which take into account market best practice and our clients' expectations. Voting forms a key part of the corporate governance team's monitoring process. All our votes are recorded and are easily accessible by the team, including the rationale. Before a voting decision is made the team can consult LGIM's past votes which helps us in monitoring change. LGIM's proprietary ESG tool incorporates voting decisions. This helps us in flagging the laggards for which we have already undertaken action, and for which we would consider escalating further our engagement. Communicating our votes to companies As explained in question LEA 20.3 we communicate our votes to companies in advance of shareholder meetings in the following cases only: • Escalation of engagement Where engagement does not produce satisfactory results, we escalate our position and may decide to make our voting decision public prior to the shareholder meeting. We find this is an efficient way for us to draw public attention to our concerns. • As part of a specific engagement programme LGIM's Climate Impact Pledge is a public engagement programme on climate change. After one year of engagement, if companies fail to meet LGIM's minimum expectations, for all funds LGIM manages where we are unable to contractually divest, we will vote against the chair of the board of the same companies. We are aiming to make the list of companies public. This will involve disclosing our vote intention for some, if not all of them, prior to their shareholder meeting. After shareholder meetings, we publicly disclose all our votes for the major markets on our website in our monthly voting reports. These reports also now include our vote rationales for all our votes against management. This allows companies to be informed of our voting decisions and the reasons for our votes against. These reports are available at: http://documentlibrary.lgim.com/documentlibrary/library_55458.html Communicating our votes internally Final voting decisions on index assets are always made by the corporate governance team in coordination with and independently from investment and client teams. As explained in question LEA 04.4 and 9.2, LGIM's corporate governance and investment teams regularly exchange information and specific company insights regularly including votes when of interest for the investment teams. Note that, as mentioned above, voting decisions are incorporated into our proprietary ESG tool and that this tool is available to share amongst all investment professionals within LGIM by having direct access to them on an LGIM-wide, custom Bloomberg sharing platform.

No, we do not track this information

LEA 23	Voluntary	Descriptive	PRI 2
LEA 23.1	Indicate if your organisation directly or via a service provider filed or co-filed any ESG shareholder resolutions during the reporting year.		
<i>Private</i>			
LEA 23.6	Describe whether your organisation reviews ESG shareholder resolutions filed by other investors.		
<i>Private</i>			
LEA 23.7	Additional information. [Optional]		
<i>Private</i>			

LEA 24	Voluntary	Descriptive	PRI 2
LEA 24.1	Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.		
<i>Private</i>			
LEA 24.2	Additional information. [Optional]		
<i>Private</i>			

FI 01.1 Indicate 1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and 2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.

SSA	0	Screening alone
	0	Thematic alone
	100	Integration alone
	0	Screening + integration strategies
	0	Thematic + integration strategies
	0	Screening + thematic strategies
	0	All three strategies combined
	0	No incorporation strategies applied
Corporate (financial)	0	Screening alone
	0	Thematic alone
	100	Integration alone
	0	Screening + integration strategies
	0	Thematic + integration strategies
	0	Screening + thematic strategies
	0	All three strategies combined
	0	No incorporation strategies applied
Corporate (non-financial)	0	Screening alone
	0	Thematic alone
	99	Integration alone
	0	Screening + integration strategies
	0	Thematic + integration strategies
	0	Screening + thematic strategies
	1	All three strategies combined
	0	No incorporation strategies applied

FI 01.2 Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

LGIM prioritises an integration strategy because we believe that systematic inclusion of ESG issues by credit analysts and portfolio managers helps identify areas related to the performance of companies that might have financial impact in the short, medium and long term.

ESG factors are embedded into our evaluation of investment opportunities across asset classes and investment styles, to identify unrewarded risk and to protect and enhance the long-term value of all our clients' investments.

The two complementary main pillars of LGIM's responsible investment integration strategy are:

- a) integrated ESG analysis across fixed income within mainstream funds; and
- b) active engagement.

In addition, we have committed to provide clients with investment solutions aligned with our broader ESG strategies, such as the Future World Fund range. This is a new generation of fixed income (and equity) index funds currently under development, which incorporate ESG, and in particular, climate considerations.

Our Controversial Weapons Policy, which screens out companies involved in the production of weapons prohibited under international treaties applies to all our active fixed income funds and Future World credit funds. We are in the process of exploring options to screen companies based on violations of the UN Global Compact.

FI 01.3 Additional information [Optional].

Integration

Integration into the fixed income strategies is both bottom up; through LGIM's proprietary scoring tool, dialogue between ESG specialists and the fixed income teams, and top down; through CIO led initiatives to develop the integration agenda and 'deep dives' into specific thematic issues.

Active Engagement

Active dialogue with companies allows LGIM to learn more about the company's strategy, finances, risks and opportunities. By engaging with companies, we may be able to influence outcomes to better protect and enhance our clients investments.

Additionally, active engagement with governments and government representatives is an important part of understanding key risks and opportunities, and to encourage greater transparency and processes.

Active engagement activities are shared across the ESG and fixed income desks with open invites, except in cases where sensitive information is discussed. This allows this relevant information to be integrated into the investment processes.

Our Corporate Governance team might also on occasion engage specifically on behalf of our fixed income team, on specific sector issues.

Integration: Sovereign Specific

- Integration of ESG into SSA is done at a top-down and bottom up level.
- At the top-down level, allocation to regions and countries is based on the evaluation of economic, governance and socio-political risks by our in-house economists, credit strategists, credit analysts and portfolio managers. Country-specific ESG criteria captures the performance of previous and current governments and address the transparency, fairness and consistency of the political, legal and administrative framework. Major political parties' prevailing attitudes with respect to ESG issues, including corruption and the respect for private investors' property rights, are taken into account. We monitor the role that technology is playing in adjusting political and societal processes, and its subsequent impact to the governance environment. Exposure and resilience of the economy to environmental phenomenon, e.g. El Nino/La Nina are considered.
- For bottom-up, our analysts covering investment grade sovereign related and sub-sovereign issuers conduct a desktop review of the governance framework applicable to the issuer, its compliance historically with these frameworks and the political risks inherent in the governance framework. The analysts also review the S&E disclosure of the issuer, including a consideration of its social/environmental mandate where applicable, since many government related entities have specific mandates to invest in local development. This assessment is largely qualitative, informed by the economic and political backdrop in the relevant country/countries, and perceived willingness and ability of the issuer to adhere to its stated policies
- **Examples of how these considerations pass through into the Investment Grade team decision-making process:** our assessment of Temasek, where the closer relationship between the entity and government has prompted us to re-evaluate the governance assessment and view it as less of an arm's length entity; and NWB - where we are trying to understand the environmental impact of its lending policies and those of its customers, the domestic water boards, in order to determine how critical its function is to the economy and therefore how long dated we want our exposure to be.
- The Emerging Market sovereign team also draws on a proprietary ESG-linked scoring tool in assessment of country-credit risk. The tool incorporates assessment of multiple ESG-related factors, e.g. country education levels, internet access, corruption indices, income inequality.
- **Examples of how ESG considerations pass through into the emerging markets investment team decision-making process:** **1)** a structural underweight position in **Mozambique** that defaulted on its debt in 2016 and has still failed to reach an agreement with investors, **2)** a cautious positioning re: **Turkish credit**, given political and geopolitical concerns, **3)** a return to an overweight position in **South African** external bonds as it became clear positive government change was upcoming (this included pre-empting ratings stabilisation action), and **4)** tactical increase in exposure to **Angolan** sovereign debt in anticipation of government reforms to tackle corruption and economic disparities

In addition, our ESG thematic working groups provide the opportunity to link ESG themes to corporate and sovereign credit analysis. Analysts and PMs from across asset classes and investment strategies sit on the working groups, and outputs are shared across the business through our Thought Leadership webpages and internal updates.

Screening

Within segregated mandates, screens are agreed with clients and implemented accordingly.

Within LGIM's Future World Fund the following positive and negative screening takes place: screening out controversial weapons; excluding pure play coal miners; reducing exposure to carbon reserves and carbon emissions; increasing exposure to green revenues. We are in the process of expanding the range of funds under the Future World umbrella.

LGIM's Controversial Weapons Policy excludes companies involved in the production of weapons prohibited under international treaties and applies to all active fixed income funds. This policy is being rolled out to all active equity and fixed income funds over the course of 2018, and will be applied to all funds under the Future World umbrella.

Where requested by clients, we are able to screen companies for violation of UN Global Compact principles. In addition, we are exploring options for exclusions in Future World Fund range based on UN Global Compact violators

Thematic funds

LGIM manages a Buy and Maintain fixed income mandate with a combined thematic tilt with an ESG overlay. The fund is underweight companies with a high contribution to carbon intensity and has divested from certain sectors, including coal. Prior to investment into the fund, the portfolio manager requests an ESG analysis to be conducted by an internal ESG specialist. The analysis will be incorporated by the portfolio manager in their analysis. Auditable records are maintained of the ESG analysis, correspondence between the ESG team and portfolio manager, and the final investment decision.

The Future World multi-factor equity fund was launched in November 2016 – more detail on this can be found in the equity integration module. However, we want to highlight that over the course of the next 12 months we intend to launch a number of Future World funds which will invest across a broad range of

strategies and asset classes, including fixed income, with a global reach. They will each have their own explicit ESG objective.

FI 02	Mandatory to Report, Voluntary to Disclose	Core Assessed	PRI 1
FI 02.1	Indicate which ESG factors you systematically research as part of your analysis on issuers.		
Private			
FI 02.2	Indicate what format your ESG information comes in and where you typically source it		
Private			
FI 02.3	Provide a brief description of the ESG information used, highlighting any differences in sources of information across your ESG incorporation strategies.		
Private			
FI 02.4	Additional information. [Optional]		
Private			

FI 03	Mandatory	Additional Assessed	PRI 1
FI 03.1	Indicate how you ensure that your ESG research process is robust:		
<input type="checkbox"/> Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies <input checked="" type="checkbox"/> Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate <input type="checkbox"/> Internal audits of ESG research are undertaken in a systematic way <input type="checkbox"/> ESG analysis is benchmarked for quality against other providers <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above			
FI 03.2	Describe how your ESG information or analysis is shared among your investment team.		
<input checked="" type="checkbox"/> ESG information is held within a centralised database and is accessible to all investment staff <input checked="" type="checkbox"/> ESG information is a standard item on all individual issuer summaries, 'tear sheets', 'dashboards' or similar documents <input type="checkbox"/> Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings <input checked="" type="checkbox"/> Records capture how ESG information and research was incorporated into investment decisions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above			
FI 03.3	Additional information. [Optional]		
<p>At bottom-up level of ESG analysis, collaboration between investment teams and Corporate Governance team (CG), combined with use of quantitative ESG scoring tool ensure risks are considered, in context of overall issuer credit profile. Top-down, the FW Oversight, ESG Thematic and Long-term thematic working Groups deliver a consolidated and robust approach to consideration of sector ESG risks and opportunities.</p> <p>Systems for information-sharing</p> <ul style="list-style-type: none"> Internal database to share detail behind scores and ESG research High Yield: ESG information standard on issuer summaries. Investment Grade: where ESG considered material, standard in investment summaries <p>ESG information & analysis shared both formally and informally</p> <p>Informal</p> <ul style="list-style-type: none"> Daily communication between CG team and investment teams on range of company, market and regulatory issues. CG team has access to all investment notes published by AE and FI teams, and investment teams have access to LGIM's proprietary ESG scores via Bloomberg. Investment teams and CG teams can seek input from each other on specific ESG or company/sector concerns. <p>Formal</p> <ul style="list-style-type: none"> AE, FI and CG team share details of forthcoming meetings weekly. Bi-weekly meetings with CG, AE and FI to share information from analysis and engagement activities Monthly meetings with CG and index teams to share information on recent market developments 			

FI 04	Mandatory	Gateway	PRI 1								
FI 04.1	Indicate the type of screening you conduct.										
<table border="1" style="width: 100%;"> <tr> <td style="width: 70%;"></td> <td style="text-align: center;">Corporate (non-financial)</td> </tr> <tr> <td>Negative/exclusionary screening</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> <tr> <td>Positive/best-in-class screening</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Norms-based screening</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>					Corporate (non-financial)	Negative/exclusionary screening	<input checked="" type="checkbox"/>	Positive/best-in-class screening	<input type="checkbox"/>	Norms-based screening	<input type="checkbox"/>
	Corporate (non-financial)										
Negative/exclusionary screening	<input checked="" type="checkbox"/>										
Positive/best-in-class screening	<input type="checkbox"/>										
Norms-based screening	<input type="checkbox"/>										
FI 04.2	Describe your approach to screening for internally managed active fixed income										
<ul style="list-style-type: none"> Our Controversial Weapons Policy applies to all active fixed income funds. The policy screens out companies involved in manufacture and production of cluster munitions, antipersonnel landmines, biological and chemical weapons. It was adopted on the grounds of principle and in recognition of our support for international conventions and treaties that deem use of such weapons unacceptable. In many jurisdictions these international legal instruments prohibit the production, stockpiling, transfer and use of certain controversial weapons. Through implementation of this policy, we commit to supporting clients to comply with national and international regulation and to avoid where possible investments in companies producing weapons that contravene a key principle of international humanitarian law. The screening criteria have been developed in-house by our Corporate Governance and Responsible Investment team. 											

- We contract a third-party data provider to provide the research and data on company-specific involvement.
- The screening criteria of our policy are reviewed on an annual basis, while the exclusion list is reviewed on a semi-annual basis
- We will publish any changes to our policy on our website

FI 04.3	Additional information. [Optional]
<p>The policy applies to active fixed income and equity funds, certain index funds and client specific portfolios. Please see our full Controversial Weapons Policy for more information.</p> <p>http://documentlibrary.lgim.com/documentlibrary/literature.html?cid=64550&lib=55458</p>	

FI 05	Mandatory	Descriptive	PRI 1
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FI 05.1	Indicate why you conduct negative screening.
Corporate (non-fin)	
<input checked="" type="checkbox"/> For legal reasons <input checked="" type="checkbox"/> For non-legal reasons	

FI 05.2	Describe your approach to ESG-based negative screening of issuers from your investable universe.
<p>LGIM applies a negative screen, excluding companies involved in the manufacture and sale of cluster munitions, antipersonnel landmines, and biological and chemical weapons from all our active equity and fixed income funds.</p> <p>The decision to exclude these companies was taken due to three principal reasons:</p> <ul style="list-style-type: none"> • Firstly, we want to help our clients meet their regulatory obligations; in certain jurisdictions it is illegal to invest in the debt and equity of these companies. • Secondly, in many more jurisdictions it is illegal to use these weapons; therefore as a responsible investor we do not want to be financing them. • Thirdly, the market for such weapons is very limited and involvement in it brings reputational risk. We therefore believe it makes business and investment sense for companies to reconsider their involvement. <p>Our exclusion list was developed with a third-party service provider. Public, private and state-owned companies are excluded on the following basis:</p> <ul style="list-style-type: none"> • The company is involved in the core weapons system, or components/services of the core weapons system, considered tailor-made and essential for lethal use • The company is involved in the production, maintenance/service, or R&D of the core weapons system <p>Please see our Controversial Weapons policy for more information: http://documentlibrary.lgim.com/documentlibrary/literature.html?cid=64550&lib=55458</p>	

FI 06	Voluntary	Additional Assessed	PRI 1
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FI 06.1	Provide examples of how ESG factors are included in your screening criteria.
Private	
FI 06.2	Additional information.
Private	

FI 07	Mandatory	Core Assessed	PRI 1
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FI 07.1	Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.				
<table border="1"> <thead> <tr> <th>Type of screening</th> <th>Checks</th> </tr> </thead> <tbody> <tr> <td>Negative/exclusionary screening?</td> <td> <input type="checkbox"/> Checks are performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> We ensure that data used for the screening criteria is updated at least every 2 years. <input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input type="checkbox"/> Audits of fund holdings are undertaken regularly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above </td> </tr> </tbody> </table>		Type of screening	Checks	Negative/exclusionary screening?	<input type="checkbox"/> Checks are performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> We ensure that data used for the screening criteria is updated at least every 2 years. <input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input type="checkbox"/> Audits of fund holdings are undertaken regularly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above
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FI 07.2	Additional information. [Optional]
<ul style="list-style-type: none"> • Fund screening criteria are coded into our portfolio monitoring systems. • Additionally fund managers are sent an email with updated screening criteria upon review of the list and they are required to respond to indicate that they have acknowledged receipt and reviewed the list • Should post-trade monitoring identify a breach then compliance will contact PMs and Corporate Governance so that necessary action is taken 	

FI 08	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1
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FI 08.1	Indicate what proportion of your thematic investments are:
Private	
FI 08.2	Describe your organisation's approach to thematic fixed income investing
Private	
FI 08.3	Additional information [OPTIONAL]
Private	

FI 09	Mandatory	Core Assessed	PRI 1
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FI 09.1	Indicate whether you encourage transparency and disclosure relating to the issuance of themed bonds as per the Green Bonds Principles, Social Bond Principles, or Sustainability Bond Guidelines..
<input type="checkbox"/> We require that themed bond proceeds are only allocated to environmentally or socially beneficial projects	

- We require the issuer (or 3rd party assurer) to demonstrate a process which determines the eligibility of projects to which themed bond proceeds are allocated
- We require issuers to demonstrate a systematic and transparent process of disbursing themed bond proceeds to eligible projects until all funds are allocated
- We require issuers to report at least once per year on the projects to which proceeds have been allocated including a description of those projects
- Other, specify
- None of the above

FI 09.2	Describe the actions you take when issuers do not disburse bond proceeds as described in the offering documents.
N/A	

FI 09.3	Additional information. [Optional]
<p>The question in 9.2 is not relevant due to our response to question 9.1. However, even as a non-investor in green bonds we support the development of the green bond market.</p> <p>We continue to undertake substantial work with policy-makers, other investors and government agencies to encourage growth of the market. Sufficient size and liquidity is necessary for a large global asset manager such as LGIM. As part of this outreach we have been calling for additional transparency and moving forward we will be considering how we broach this with issuers. More generally, we believe that there needs to be an appropriate balance between having the perfect quality of green bonds, in terms of project funding, and building size in the market place to encourage scale.</p> <p>As part of our regular dialogue with the Bank of England, we participated in a meeting early in 2018, with part of the discussion providing us with an opportunity to exchange views on the green bond market.</p> <p>On a wider market level, LGIM's CEO Mark Zinkula, and Head of Sustainability and Responsible Investment Strategy, Meryam Omi, have been selected by the UK Government to be members of the newly created Green Finance Taskforce. The Taskforce is co-hosted by the Department for Business, Energy and Industrial Strategy (BEIS) and HM Treasury. It brings together experts from the financial and sustainability sectors and aims to accelerate the growth of green finance and help the UK Government deliver the investment required to meet the UK's carbon reduction targets. As part of our work with the Task Force, we have supported ideas relating to the promotion of green bonds issued by the UK government and cities and compulsory green revenue reporting for listed companies – which would help increase transparency in the green bonds space.</p>	

FI 10	Mandatory	Additional Assessed	PRI 1
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FI 10.1	Indicate how you assess the environmental or social impact of your thematic investments
<ul style="list-style-type: none"> <input checked="" type="checkbox"/> We require issuers to report at least once per year on specific environmental or social impacts resulting from our themed investments <input type="checkbox"/> We ensure independent audits are conducted on the environmental or social impact of our investments <input type="checkbox"/> We have a proprietary system to measure environmental and social impact <input checked="" type="checkbox"/> We measure the impact of our themed bond investments on specific ESG factors such as carbon emissions or human rights <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above 	

FI 10.2	Additional information. [Optional]
<p>We report regularly to the client on the rationale for investment decisions made as a result of ESG assessment.</p> <p>To illustrate our commitment to factor climate change risk into our investments, we launched the Future World Fund in November 2016. This is a global equity index fund that aims to achieve better risk-adjusted returns and to incorporate protections for a transition to a low-carbon economy. Over the course of the next 12 months we intend to launch a number of Future World funds which will invest across a broad range of strategies and asset classes with a global reach – including fixed income. They will each have their own explicit ESG objective.</p> <p>The divestment consequences of our Climate Impact Pledge (our commitment to engage with the most important global companies in the low-carbon transition) will be applied to the entire Future World Fund range, including fixed income, while the voting consequences will be applied to all of LGIM's equity holdings. As part of the Pledge, we require issuers to report at least once per year on specific environmental or social impacts.</p> <p>In addition, we publish a bi-annual report on the Future World Fund which analyses the progress of the funds and the actions taken by LGIM to improve corporate performance. Additionally, as laid out in our Sustainability Principles, we encourage portfolio companies to disclose and quantify the impact in financial terms of sustainability issues, in order to internalise the associated costs and benefits.</p>	

FI 11	Mandatory	Descriptive	PRI 1
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FI 11.1	Describe your approach to integrating ESG into traditional financial analysis.
<p>ESG criteria forms a part of the evaluation of credit investment opportunities. The impact of ESG will vary depending on the type of debt issuer, the industry sector and geographical footprint, as well as the type of instrument and the intended holding period. As such, the integration of ESG criteria in the investment process is based on consolidated views of the relevance of these criteria at country, sector and issuer level, with the judgement of its implications left to the portfolio manager.</p> <p>Details of the individual approaches are described below</p> <p>Corporate Governance Team and Credit Analysts and Managers</p> <ul style="list-style-type: none"> • To augment the top-down and bottom-up ESG incorporation, the in-house corporate governance team works closely with credit analysts and portfolio managers. • This internal collaboration, which is both through formal mechanisms or via informal discussions, between the teams depends on the investment mandates and may be at the point of portfolio construction, but more frequently it is when a particular issue is identified that is material to the portfolio management team. • Information on company meetings is shared, to allow the credit analysts to incorporate this into their views and there is an open invite to most issuer engagements. <p>ESG Proprietary Scoring tool</p> <ul style="list-style-type: none"> • LGIM's ESG proprietary scoring tool is used to assess ESG risks across the investment universe. It has been in place since 2013. To objectively assess ESG performance relative to peers in the same sector, we have incorporated external data and analysis from six different sources. Each of the environmental, social and governance categories are broken down into relevant subcategories. In turn, each of these subcategories are weighted according to their potential to impact company performance. The overall score for a company's ESG performance is an aggregation of the weighted scores for each subcategory. 	

- This score supplements the fundamental assessment of corporate issuers - analysts use the scoring tool as a flagging mechanism to highlight areas of ESG risk and performance that may need to be investigated further, either in company/issuer meetings or through qualitative research. Naturally, the impact of ESG risks is dependent on the type of corporate issuer, its balance sheet strength and corporate structure, its industry sector, its geographical footprint and the type of instrument and the intended holding period. Therefore, the integration of ESG criteria in the investment process is based on consolidated views of their relevance.
- The score is available on the credit analysts and portfolio managers' Bloomberg platforms.
- Qualitative research is carried out either by the credit analyst or, where more specialist knowledge is required, the ESG analyst/corporate governance team will work with the credit analyst. Analysts maintain a fundamental rating for each company, based on financial strength and industry outlook, influenced by the overall macro view. ESG risks and performance may influence this. ESG factors may also be incorporated into a company's cashflow forecast and considered when formulating a view on its overall risk profile.

ESG Thematic Working Group

- The ESG Thematic Group is part of new management process to assist the investment teams in considering ESG issues. The ESG Thematic Group is chaired by LGIM's Head of Sustainability & Responsible Investment Strategy, with oversight from the Chief Investment Officer and has representatives from the fixed income and ESG team, as well as other participants from across LGIM.
- The ESG Thematic Working Group has annual targets, including those related to further supporting integration into the investment process. The Group reports regularly to the LGIM CEO on its progress against those targets.
- Additionally, participants of the ESG Thematic Working Group have personal targets linked to the success and delivery of the group's goals, as part of their variable compensation.
- This formal process is driving an LGIM-wide focus on the integration of ESG across all functions of the business, including traditional financial analysis.

Thematic Working Groups

- LGIM has developed a process to identify and research long-term thematic issues that will shape our investments in the long-term.
- Three separate working groups have been set up internally during 2017 to understand longer-term insights that may impact LGIM's investments. The first themes reviewed are Technology, Energy and Demographics.
- The working groups draw on expertise across LGIM, including credit, equity, multi-asset, real asset and ESG professionals. The process is led by LGIM's CIO.
- As part of the working groups, bespoke research projects under sub-sectors and trends of each theme are being conducted by internal analysts and incorporated into the findings. The working groups use information from a range of sources including external ESG sources, sell-side specialists, service providers and NGO data sources in addition to primary research.
- The groups meet either weekly or bi-weekly and have produced a number of thought pieces over the course of 2017, outlining our views and the investment implications for our clients. These can be found at: www.lgim.com/thoughtleadership.

All our thematic work was presented at LGIM's inaugural institutional client conference, held in November 2017. The groups will continue their work over the coming years.

FI 11.2

Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in.

SSA

Integration of ESG into SSA is done at a top-down and bottom up level.

- **At the top down level**, this means allocation to regions and countries is based on the evaluation of economic, governance and socio-political risks by our in-house economists, credit strategists, credit analysts and portfolio managers. Country-specific ESG criteria captures the performance of previous and current governments and also address the transparency, fairness and consistency of the political, legal and administrative framework as a whole. Major political parties' prevailing attitudes with respect to ESG issues, including corruption and the respect for private investors' property rights, are also taken into account. As part of this assessment we monitor the role that technology is playing in adjusting political and societal processes, and its subsequent impact to the governance environment. Exposure and resilience of the economy to environmental phenomenon, such as El Nino/La Nina are also considered.
- **From the bottom up**, our analysts covering investment grade sovereign related and sub-sovereign issuers conduct a desktop review of the governance framework applicable to the issuer, its compliance historically with these frameworks and the political risks inherent in the governance framework. The analysts also review the Social and Environmental disclosure of the issuer, including a consideration of its social/environmental mandate where applicable, since many government related entities have specific mandates to invest in local development. This assessment is largely qualitative, and always informed by the economic and political backdrop in the relevant country or countries, and the perceived willingness and ability of the issuer to adhere to its stated policies
- **Examples of how these considerations pass through into the Investment Grade team decision-making process include:** our assessment of Temasek, where the closer relationship between the entity and government has prompted us to re-evaluate the governance assessment and view it as less of an arm's length entity; and NWB - where we are trying to understand the environmental impact of its lending policies and those of its customers, the domestic water boards, in order to determine how critical its function is to the economy and therefore how long dated we want our exposure to be.
- **The Emerging Market** sovereign team also draw on a proprietary ESG-linked scoring tool in assessment of country-credit risk. The tool incorporates assessment of multiple ESG-related factors, such as country education levels, access to internet, corruption indices, and income inequality.
- **Examples of how these considerations pass through into the emerging markets investment team decision-making process include:** 1) a structural underweight position in Mozambique that defaulted on its debt in 2016 and has still failed to reach an agreement with investors, 2) a cautious positioning re: Turkish credit, given the political and geopolitical concerns surrounding the country, 3) a return to an overweight position in South African external bonds as it became clear that a government change for the better was upcoming (this included pre-empting ratings stabilisation action), and 4) a tactical increase in exposure to Angolan sovereign debt in anticipation of government reforms to tackle corruption and economic disparities
- In addition, our ESG thematic working groups provide the opportunity to link ESG themes to both corporate and sovereign credit analysis. Analysts and PMs from across asset classes and investment strategies sit on the working groups, and outputs are shared across the business through our Thought Leadership webpages and internal updates.

Corporate (financial)

We have the same approach for integrating ESG into traditional financial analysis for corporate financials, as we do for corporate non-financials. However, governance has a particularly strong focus for financials, more so than environmental and social considerations.

Corporate (non-financial)

The ultimate responsibility for assessing the materiality of ESG on credit worthiness sits with the credit analyst. However input from other parties is also important. Please see a summary of our methodology, as well as further explanation in FI 11.

FI 11.3

Additional information [OPTIONAL]

In summary, quantitative elements, supplemented by direct company engagements and other external research sources, would ultimately lead to the analysts' recommendations allocated to each issuer. Overall, the integration of ESG-related criteria in the assessment of companies is not intended to result in any negative or exclusion lists. Rather, it aims to enhance our ability to discern between likely outperformers and underperformers within each sector.

FI 12.1	Indicate how ESG information is typically used as part of your investment process.
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	SSA	Corporate (financial)	Corporate (non-financial)
ESG analysis is integrated into fundamental analysis	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is integrated into security weighting decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is integrated into portfolio construction decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is a standard part of internal credit ratings or assessment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis for issuers is a standard agenda item at investment committee meetings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESG analysis is regularly featured in internal research notes or similar	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is a standard feature of ongoing portfolio monitoring	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ESG analysis features in all internal issuer summaries or similar documents	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 12.2	Additional information [OPTIONAL]
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For High Yield fixed income ESG analysis is featured in ALL internal issuer summaries.

Over the past year this has also increased in investment grade research issuer summaries, ESG features where material or relevant to the investment thesis. .

Company ESG scores systematically feed into research templates and recommendation monitors.

FI 13.1	Indicate the extent to which ESG issues are reviewed in your integration process.
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	Environment	Social	Governance												
SSA	<table border="1"> <tr><th>Environmental</th></tr> <tr><td><input checked="" type="radio"/> Systematically</td></tr> <tr><td><input type="radio"/> Occasionally</td></tr> <tr><td><input type="radio"/> Not at all</td></tr> </table>	Environmental	<input checked="" type="radio"/> Systematically	<input type="radio"/> Occasionally	<input type="radio"/> Not at all	<table border="1"> <tr><th>Social</th></tr> <tr><td><input checked="" type="radio"/> Systematically</td></tr> <tr><td><input type="radio"/> Occasionally</td></tr> <tr><td><input type="radio"/> Not at all</td></tr> </table>	Social	<input checked="" type="radio"/> Systematically	<input type="radio"/> Occasionally	<input type="radio"/> Not at all	<table border="1"> <tr><th>Governance</th></tr> <tr><td><input checked="" type="radio"/> Systematically</td></tr> <tr><td><input type="radio"/> Occasionally</td></tr> <tr><td><input type="radio"/> Not at all</td></tr> </table>	Governance	<input checked="" type="radio"/> Systematically	<input type="radio"/> Occasionally	<input type="radio"/> Not at all
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Corporate (financial)	<table border="1"> <tr><th>Environmental</th></tr> <tr><td><input checked="" type="radio"/> Systematically</td></tr> <tr><td><input type="radio"/> Occasionally</td></tr> <tr><td><input type="radio"/> Not at all</td></tr> </table>	Environmental	<input checked="" type="radio"/> Systematically	<input type="radio"/> Occasionally	<input type="radio"/> Not at all	<table border="1"> <tr><th>Social</th></tr> <tr><td><input checked="" type="radio"/> Systematically</td></tr> <tr><td><input type="radio"/> Occasionally</td></tr> <tr><td><input type="radio"/> Not at all</td></tr> </table>	Social	<input checked="" type="radio"/> Systematically	<input type="radio"/> Occasionally	<input type="radio"/> Not at all	<table border="1"> <tr><th>Governance</th></tr> <tr><td><input checked="" type="radio"/> Systematically</td></tr> <tr><td><input type="radio"/> Occasionally</td></tr> <tr><td><input type="radio"/> Not at all</td></tr> </table>	Governance	<input checked="" type="radio"/> Systematically	<input type="radio"/> Occasionally	<input type="radio"/> Not at all
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<input type="radio"/> Occasionally															
<input type="radio"/> Not at all															
Governance															
<input checked="" type="radio"/> Systematically															
<input type="radio"/> Occasionally															
<input type="radio"/> Not at all															

FI 13.2	Please provide more detail on how you review E, S and G factors in your integration process.
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SSA

As described in section 11, Integration of ESG into SSA is done at a top-down and bottom-up level.

At the top-down level, this means allocation to regions and countries is based on the evaluation of economic, governance and socio-political risks by our in-house economists, credit strategists, credit analysts and portfolio managers. Country-specific ESG criteria captures the performance of previous and current governments and also address the transparency, fairness and consistency of the political, legal and administrative framework as a whole. Major political parties' prevailing attitudes with respect to ESG issues, including corruption and the respect for private investors' property rights, are also taken into account. As part of this assessment we monitor the role that technology is playing in adjusting political and societal processes, and its subsequent impact to the governance environment. Exposure and resilience of the economy to environmental phenomenon, such as El Nino/La Nina are also considered.

From the bottom up, our analysts covering investment grade sovereign related and sub-sovereign issuers conduct a desktop review of the governance framework applicable to the issuer, its compliance historically with these frameworks and the political risks inherent in the governance framework. The analysts also review the Social and Environmental disclosure of the issuer, including a consideration of its social/environmental mandate where applicable, since many government related entities have specific mandates to invest in local development. This assessment is largely qualitative, and always informed by the economic and political backdrop in the relevant country or countries, and the perceived willingness and ability of the issuer to adhere to its stated policies

Examples of how these considerations pass through into the Investment Grade team decision-making process include: our assessment of Temasek, where the closer relationship between the entity and government has prompted us to re-evaluate the governance assessment and view it as less of an arm's length entity; and NWB - where we are trying to understand the environmental impact of its lending policies and those of its customers, the domestic water boards, in order to determine how critical its function is to the economy and therefore how long dated we want our exposure to be.

The emerging market sovereign team also draws upon his proprietary ESG-linked scoring tool in assessment of country-credit risk. The tool incorporates

assessment of multiple ESG-related factors, such as country education levels, access to internet, corruption indices, and income inequality.

Examples of how ESG considerations pass through into the emerging markets investment team decision-making process include: 1) a structural underweight position in Mozambique that defaulted on its debt in 2016 and has still failed to reach an agreement with investors, 2) a cautious positioning re Turkish credit, given the political and geopolitical concerns surrounding the country, 3) a return to an overweight position in South African external bonds as it became clear that a government change for the better was upcoming (this included pre-empting ratings stabilisation action), and 4) a tactical increase in exposure to Angolan sovereign debt in anticipation of government reforms to tackle corruption and economic disparities.

In addition, our ESG thematic working groups provide the opportunity to link ESG themes to both corporate and sovereign credit implications. Analysts and PM's from across asset classes and investment strategies sit on the working groups, and outputs are shared across the business through our Thought Leadership webpages and internal updates.

Corporate (financial)
<p>Please see section 11 above for full explanation of our analytical process. We assess each of environmental, social and governance factors through both our ESG scoring tool, and qualitative analysis.</p> <p>Systemic Quantitative Analysis</p> <ul style="list-style-type: none"> Systematic analysis occurs at the level of the LGIM's ESG proprietary scoring tool. Our scoring tool allows us to have a snapshot of ESG performance across our investable universe. (In this case, investable universe is defined as where information is available and can be shared with the investment teams (therefore public companies and large private companies)) Additionally, with regards to High Yield products, there is a systematically produced analysis of ESG issues for all products. High Yield fixed income investments are often private companies, therefore are either not available on Bloomberg (where LGIM's proprietary ESG score is shared), or there is a lack of public information on the companies' ESG impact. <p>Sector Relevance:</p> <ul style="list-style-type: none"> The tool has identified financially material ESG risks specific to each of the 17 different sectors. Each component of the ESG indicator is weighted according to the potential impact on company performance. This means E,S& G may be weighted differently across sectors, however the weighting takes place systematically. Credit analysts and ESG/corporate governance teams look at these scores before assessing or meeting with a company. Further, it triggers the process of qualitative analysis explained above. The relevance of the weighting of each ESG component on a sector basis are reviewed by the corporate governance and fixed income specialists to ensure the weightings remain relevant and the scores are weighted towards the most material factors for each sector. <p>Systematic qualitative analysis:</p> <ul style="list-style-type: none"> The ESG scores are used to monitor a company's performance within and between the corporate governance and investment teams. This monitoring is supplemented by information gained through company meetings and individual knowledge. We have specific processes in place for sharing this information in a time-relevant manner. When an issuer is being reviewed by the credit analyst, consideration will be given to their previous ESG risk profile, and depending on timing, a review of this profile will be carried out. The review may input into the fundamental analysis that takes place in monitoring/reviewing securities and portfolios. Again, environmental, social and governance factors will be assessed in accordance with how relevant each is to the sector in terms of material impact, and dependant on company qualitative performance. <p>LGIM Wide ESG Thematic Group and Thematic Working Groups</p> <ul style="list-style-type: none"> As mentioned above in section 11, the Thematic Working Groups are further reviewing the relevance of ESG and long-term thematic issues. The first issues to be reviewed include Energy, Demographics and Technology. The ESG Thematic Group has annual targets related to ESG KPIs and reports directly to LGIM's CEO. The group, comprising members from fixed income, equities, multi-asset, solutions and the Corporate Governance team, works to embed ESG throughout the organisation.

Corporate (non-financial)
<p>We take the same approach to corporate financials credit as to corporate non-financial.</p> <p>Systemic Quantitative Analysis</p> <ul style="list-style-type: none"> Systematic analysis occurs at the level of the LGIM's ESG proprietary scoring tool. Our scoring tool allows us to have a snapshot of ESG performance across our investable universe. (In this case, investable universe is defined as where information is available and can be shared with the investment teams (therefore public companies and large private companies)) Additionally, with regards to High Yield products, there is a systematically produced analysis of ESG issues for all products. High Yield fixed income investments are often private companies, therefore are either not available on Bloomberg (where LGIM's proprietary ESG score is shared), or there is a lack of public information on the companies' ESG impact. <p>Sector Relevance</p> <ul style="list-style-type: none"> The tool has identified financially material ESG risks specific to each of the 17 different sectors. Each component of the ESG indicator is weighted according to the potential impact on company performance. This means E, S & G may be weighted differently across sectors, however the weighting takes place systematically. Credit analysts and ESG/corporate governance teams look at these scores before assessing or meeting with a company. Further, it triggers the process of qualitative analysis explained above. The relevance of the weighting of each ESG component on a sector basis are reviewed by the corporate governance and fixed income specialists to ensure the weightings remain relevant and the scores are weighted towards the most material factors for each sector. <p>Systematic qualitative analysis</p> <ul style="list-style-type: none"> The ESG scores are used to monitor performance within and between the corporate governance and investment teams. This monitoring is supplemented by information gained through company meetings and individual knowledge. We have specific processes in place for sharing this information in a time-relevant manner. When an issuer is being reviewed by the credit analyst, consideration will be given to their previous ESG risk profile, and depending on timing, a review of this profile will be carried out. The review will input into the fundamental analysis that takes place in monitoring/reviewing securities and portfolios. Again, environmental, social and governance factors will be assessed in accordance with how relevant each is to the sector in terms of material impact, and dependant on company qualitative performance. <p>LGIM Wide ESG Thematic Group and Thematic Working Groups</p> <ul style="list-style-type: none"> As mentioned above in section 11, the Thematic Working Groups are further reviewing the relevance of ESG and long-term thematic issues. The first issues to be reviewed include Energy, Demographics and Technology. The ESG Thematic Group has annual targets related to ESG KPIs and reports directly to LGIM's CEO. The group, comprising members from fixed income, equities, multi-asset, solutions and the Corporate Governance team, works to embed ESG throughout the organisation.

FI 14	Voluntary	Descriptive	PRI 1
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FI 14.1	Describe your RI approach for passively managed fixed income assets.		
Private			
FI 15	Mandatory to Report, Voluntary to Disclose	Core Assessed	PRI 2
FI 15.1	Indicate the proportion of your fixed income assets on which you engage. Please exclude any engagements carried out solely in your capacity as a shareholder.		
Private			
FI 15.3	Additional information.[OPTIONAL]		
Private			
FI 16	Mandatory to Report, Voluntary to Disclose	Additional Assessed	PRI 1,2
FI 16.1	Indicate how you typically engage with issuers as a fixed income investor, or as both a fixed income and listed equity investor. (Please do not include engagements where you are both a bondholder and shareholder but engage as a listed equity investor only.)		
Private			
FI 16.2	Indicate how your organisation prioritises engagements with issuers		
Private			
FI 16.3	Indicate when your organisation conducts engagements with issuers.		
Private			
FI 16.4	Indicate how your organisation conducts engagements with issuers.		
Private			
	If 'other' has been selected, please give a description		
Private			
FI 16.5	Indicate what your organisation conducts engagements with issuers on.		
Private			
FI 16.6	Indicate how your organisation shares the outcomes of the engagements internally.		
Private			
FI 16.7	Additional information.[OPTIONAL]		
Private			
FI 17	Mandatory to Report, Voluntary to Disclose	Additional Assessed	PRI 1,2
FI 17.1	Indicate if your publicly available policy documents explicitly refer to fixed income engagement separately from engagements in relation to other asset classes.		
Private			
FI 17.3	Additional information [OPTIONAL]		
Private			
FI 18	Mandatory to Report, Voluntary to Disclose	Additional Assessed	General
FI 18.1	Indicate whether your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or ESG performance.		
Private			
FI 18.2	Describe how your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or ESG performance. [OPTIONAL]		
Private			
FI 18.3	Additional information.[OPTIONAL]		
Private			
FI 19	Voluntary	Descriptive	PRI 1,2
FI 19.1	Provide examples of how your incorporation of ESG analysis and/or your engagement of issuers has affected your fixed income investment outcomes during the reporting year.		
Private			
FI 19.2	Additional information.		
Private			

PR 01	Mandatory	Core Assessed	PRI 1-6
PR 01.1	Indicate if your organisation has a Responsible Property Investment (RPI) policy.		
<input checked="" type="checkbox"/> Yes			
PR 01.2	Provide a URL or attach the document		
<input type="checkbox"/> URL <input checked="" type="checkbox"/> Attach Document link			
<input type="radio"/> No			
PR 01.3	Provide a brief overview of your organisation's approach to responsible investment in property, and how you link responsible investment in property to your business strategy.		
<p>Legal & General Property (LGP) has a strong and long-term commitment to sustainability and responsible investment, adopting or investing in pioneering solutions, Sustainability is now arguably one of the most critical agents of change in real estate ownership. From a fund management perspective, the drivers of behaviour are primarily about protecting the medium to long term value of portfolios, whilst adding value, and acting in a socially responsible manner. We believe that through the integration of sustainable thinking and behaviour in everything we do, we will deliver enhanced returns to our investors.</p> <p>Our commitment to sustainability is driven by the recognition that the built environment has a very significant impact on UK society and its ecosystem, including contributing almost half of the UK's greenhouse gas emissions. It is our belief that sustainability already sites alongside location, tenant, building size and building quality as a key factor in real estate's value and performance and its importance will only increase over time.</p> <p>As one of the UK's largest landlords we are highly conscious of our responsibility to go over and above the industry norm of only 'greening' part of a property portfolio or specific funds, and instead aim to put environmental and social sustainability at the heart of all of our property investment decision making. The fact that we apply leading edge environmental and social governance brings numerous benefits, many of which are economic. Through consistently applying best practice sustainability criteria, across our entire portfolio, including our Environmental Management System (EMS), certified to ISO 14001 since 2005, we have experienced numerous benefits:</p> <ul style="list-style-type: none"> • Reduced investor costs – associated with purchasing, disposal, insurance premiums, regulation and plant replacement, by forward planning and adhering to our process to minimise climate change risk • Reduced depreciations – through the creation of asset s that are 'future proof' , particularly with regard to the increased prioritisation of sustainably factors amongst tenants, investors and legislation such as the Energy Act 2011 • Enhanced rental growth – through lower service charges, and minimising the effect of other costs to occupiers such as the Carbon Reduction Commitment (CRC). • Risk reduction –using our Asset Sustainability Plans (ASPs) allowing us to minimise risks and costs, by future proofing our assets against future legislation, obsolete equipment and 'outlawed' products. • Improved EPC's, - having undertaken EPC's on the whole portfolio in 2008 and subsequently seeking to improve them, now allow us to be a strong position with regard to the Energy Bill 2011 and the introduction of Minimum Energy Performance Standards (MEPS) • Tenant retention and attraction – tenant's preferences for sustainable buildings, managed in a sustainable manner are increasing due to higher profile corporate social responsibility (CSR) targets and the association with lower service charge and more efficient operation. Especially with green lease clauses that have been part of our standard lease for a number of years, being actively sought by some tenants and assisting in tenant retention. • Investor satisfaction – increasingly our existing and potential new investors are demanding, more detail and evidence of our environmental and social governance (CSG) and ethical approaches. • Added value– increased capital values with enhanced environmental credentials such as EPC's, BREEAM ratings and additional income from government backed schemes, such as feed in temps (FIT's) and renewable heat incentives (RHI). • Improved skill sets and knowledge – Thorough employee attraction, the training of our staff, and the ability to participate in industry initiatives involving benchmarking, innovation and sustainability measurement. • Reduced environmental footprint – through reduced consumption of energy, water and waste, alongside enhanced biodiversity. • Reduced operational costs for our assets – so ensuring lower service charges for our tenants and lower fund costs. <p>Our policy is to employ best practice techniques in all areas of sustainability in order to minimise environmental impacts, maximise social benefits and enhance asset value. Reducing environmental impacts allows us to deliver lower service charge for tenants and better returns for investors, avoiding unnecessary expenses arising from purchases, disposals or ever growing, sustainability legislation. Best practice tenant liaison on sustainability issues, also allows us to develop better relationships with tenants and understand their future needs, so leading to improved tenant retention and possibly attraction. A number of comprehensive initiatives have been put in place, to strengthen our portfolio, as follows:</p> <ul style="list-style-type: none"> • Energy Performance Certificates (EPC's) on all applicable assets. • 100% of service charge properties with ISO 14001 accreditation. • Adopting 'green' clauses into our standard lease since 2011. • BREEAM excellent on all new developments and where possible on major refurbishments. • Annual Reporting to GRESB, IPD's EcoPAS analysis, JLL's Upstream, Better Buildings Partnerships Real Estate Environment benchmarking (REEB). • Asset Sustainability Plan (ASP) for all assets covering a long term strategic view • Quarterly Sustainability Reports – for each asset and per fund, showing performance against targets. • Annual sustainability action plans and targets. • Tenant Liaison procedures for sharing data and progressing annual action plans. 			
PR 02	Mandatory	Core Assessed	PRI 1,4,6
PR 02.1	Indicate if your most recent fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.		
<input checked="" type="checkbox"/> Yes			
PR 02.2	Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:		
<input checked="" type="checkbox"/> Policy and commitment to responsible investment <input checked="" type="checkbox"/> Approach to ESG issues in pre-investment processes <input checked="" type="checkbox"/> Approach to ESG issues in post-investment processes			
PR 02.3	Describe how your organisation refers to responsible investment for property funds in fund placement documents (PPMs or similar). [Optional]		

- No
- Not applicable as our organisation does not fundraise

PR 03	Voluntary	Additional Assessed	PRI 4
PR 03.1	Indicate whether your organisation makes formal commitments in fund formation contracts, Limited Partnership Agreements (LPAs) or in side letters relating to responsible investment in property when requested by clients.		
	<input checked="" type="checkbox"/> We always make formal commitment to responsible investment in fund formation contracts, LPAs or side letters <input type="checkbox"/> In a majority of cases we make formal commitment to responsible investment in fund formation contracts, LPAs or side letters <input type="checkbox"/> In a minority of cases we make formal commitment to responsible investment in fund formation contracts, LPAs or side letters <input type="checkbox"/> We do not make formal commitment to responsible investment in fund formation contracts, LPAs or side letters <input type="checkbox"/> We do not make formal commitments to responsible investment in fund formation contracts, LPAs or side letters because our clients do not request us to do so		
PR 03.2	Additional information.		
	Given LPAs are legal agreements, they often don't include specifics on sustainability and are not really relevant here. However, fund formation docs (including PPMs) do include wording on sustainability.		

PR 04	Mandatory	Gateway/Core Assessed	PRI 1
PR 04.1	Indicate if your organisation typically incorporates ESG issues when selecting property investments.		
	<input checked="" type="checkbox"/> Yes		
PR 04.2	Provide a description of your organisation's approach to incorporating ESG issues in property investment selection.		
	<p>LGP has sort to lead the industry in terms of sustainability issues in due diligence since 2006, by developing innovative new processes to assess all acquisitions against a set of stringent sustainability criteria. This cements the significant and active role such factors play in determining stock selection and shaping recommendations on future improvements. We actively engaged the wider industry on the issue, producing thought leadership papers and this has now lead to the first toolkit for acquisition surveyors being published by the Better Building Partnership. Our current specification for acquisition surveys, are still seen by our due diligence consultant, as one of the most stringent in the industry , typically including:</p> <ul style="list-style-type: none"> • Executive summary - Fiscal and legislative risks, Pro's and Con's, benchmarks, potential for added value. • Recommendations - List of improvements with costs and savings, Future potential ratings • Environmental – BREEAM / lead rating, tenants environmental impact (fitout and business) • Energy - EPC rating against benchmark and likelihood of upgrade, Electricity usage metering, Gas usage metering, Lighting controls, Heating controls, Uninterruptible Power Supply, CRC impact to owning Fund and energy procurement route and consumption statistics, Previous Energy Audits • Water usage -Water metering, Leak detection system, Water efficiency measures, Rainwater harvesting, Grey water harvesting • Waste management - Waste Management Plan, Recycling, Segregation of waste • Flood - Flood risk area, Flood control measures in place on site and locally • Contamination - Risk rating, Contaminants, Ventilation and monitoring systems for contaminants • Building materials - Design and thermal performance, Sustainable materials, Longevity of building • Building equipment - Ozone depleting substances, Certificates of inspection of refrigerant containing equipment, planned preventative maintenance schedule, Insulation, Plant upgrade • Renewable energy – Low and zero carbon (LZC) technologies installed on site, potential for installing LZC technologies (include ground conditions for GSHP and solar shading • Occupier wellbeing -Neutral ventilation/local controls, Showers/changing facilities, Recreation space and facilities, Local amenities • Transport - Proximity to public transport, Parking facilities, Cycle storage facilities, Cycle lanes, Footpaths, Green travel plans • Property Management - Environmental Management Systems in place (landlord and tenants), Measurement and benchmarking, Environmental Manager, Memorandum of Understanding/Green Lease provision, Planned preventative maintenance schedule, Tenant participation in sustainability, Nuisance issues. <p>In terms EPC's we will ensure that any asset we purchase with an E, F or G rated EPC has the potential to be upgraded to a D rating over time, and to achieve a minimum of an E rating by April 2018. If a vendor will not provide the EPC software file for the EPC certificate produced, then we will produce our own EPC as part of our due diligence process on all properties over 1,000m2. We have found a number of EPC's on acquisitions, have not been accurate or reliable, and so we review EPCs on every acquisition. We will also undertake our own EPC on any property, once it has been bought, where we perceive a risk as to the reliability of the EPC or where the original software file for the EPC is not provided by the vendor.</p>		
PR 04.3	Indicate which E, S and/or G issues are typically considered by your organisation in the property investment selection process, and list up to three examples per issue.		
	<input checked="" type="checkbox"/> Environmental Energy efficiency Water supply Contamination		
	<input checked="" type="checkbox"/> Social Building safety and materials Health, Safety and wellbeing Socio-economic		
	<input checked="" type="checkbox"/> Governance Anti-bribery & corruption Regulatory Governance structure		
	<input type="radio"/> No		

PR 04.4	Additional information. [Optional]
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Property is and has always been a long term asset class, best suited to those who are willing to invest for the future and have access to the right skills to protect their investments from depreciating over the span of their ownership. When we acquire a property, we need to know that it represents value for a long period of time. In order to assess risk, we look at potential investments in the most holistic sense possible. This means taking a robust approach to sustainability risk management to ensure our portfolio is durable over the long term.

Not only do our criteria cover a number of different issues (as set out below), they also take an issue such as flood risk and examine it from more than one angle – for example, looking at local roads’ or power stations’ vulnerability to a flood.

This process also informs our on going plans to improve a given property’s sustainability, enabling us to mitigate against any risks we identify when we come to refurbish properties.

Each acquisition is carefully screened to understand any sustainability risks and how we would manage or reduce them during its active ownership. We use a system developed with JLL Upstream and ensure each due diligence covers the following headings as a minimum:

ENERGY

- EPC rating against benchmark and likelihood of upgrade
- Electricity usage metering
- Gas usage metering
- Lighting controls
- Heating controls
- Uninterruptible power supply
- CRC impact to owning fund and energy procurement route and consumption statistics
- Previous energy audits

WATER USAGE

- Water metering
- Leak detection systems
- Water efficiency measures
- Rainwater harvesting
- Grey water harvesting

WASTE MANAGEMENT

- Waste management plan
- Recycling
- Segregation of waste

FLOOD CONTROL

- Flood risk area
- Flood control measures

GROUND CONTAMINATION

- Risk rating
- Contaminants
- Ventilation and monitoring system for contaminants

BUILDING FABRIC

- BREEAM Rating (or LEED etc)
- Planned preventative maintenance schedule
- Design and thermal performance
- Sustainable materials
- Longevity of building

BUILDING EQUIPMENT

- Ozone depleting substances
- Certificates of inspection of refrigerant containing equipment
- Planned preventative maintenance schedule
- Insulation
- Plant upgrade

RENEWABLE ENERGY / SITE INITIATIVES

- Renewable energy sources

OCCUPIER WELFARE

- Neutral ventilation / local controls
- Showers / changing facilities
- Recreation space and facilities

TRANSPORT LINKS AND PARKING

- Proximity to public transport
- Parking facilities
- Cycle storage facilities
- Cycle lanes
- Footpaths
- Green travel plans

PR 05	Voluntary	Additional Assessed	PRI 1,3
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PR 05.1	Indicate what type of ESG information your organisation typically considers during your property investment selection process.
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- Raw data from the target property asset/company
- Appraisals/audits
- Benchmarks/ratings against similar property asset
- Country level data/benchmarks

- Data aligned with established property reporting standards, industry codes and certifications
- International initiatives, declarations or standards
- Data from engagements with stakeholders (e.g. tenants and local community surveys)
- Information from external advisers
- Other, specify
- We do not track this information

PR 05.2 Provide a brief description of how this ESG information was incorporated into your investment selection process.

Property is and has always been a long term asset class, best suited to those who are willing to invest for the future and have access to the right skills to protect their investments from depreciating over the span of their ownership. When we acquire a property, we need to know that it represents value for a long period of time. In order to assess risk, we look at potential investments in the most holistic sense possible. This means taking a robust approach to sustainability risk management to ensure our portfolio is durable over the long term.

Not only do our criteria cover a number of different issues (as set out below), they also take an issue such as flood risk and examine it from more than one angle – for example, looking at local roads’ or power stations’ vulnerability to a flood.

This process also informs our on going plans to improve a given property’s sustainability, enabling us to mitigate against any risks we identify when we come to refurbish properties.

Each acquisition is carefully screened to understand any sustainability risks and how we would manage or reduce them during its active ownership. We use a system developed with JLL Upstream and ensure each due diligence covers the following headings as a minimum:

- ENERGY
 - EPC rating against benchmark and likelihood of upgrade
 - Electricity usage metering
 - Gas usage metering
 - Lighting controls
 - Heating controls
 - Uninterruptible power supply
 - CRC impact to owning fund and energy procurement route and consumption statistics
 - Previous energy audits
- WATER USAGE
 - Water metering
 - Leak detection systems
 - Water efficiency measures
 - Rainwater harvesting
 - Grey water harvesting
- WASTE MANAGEMENT
 - Waste management plan
 - Recycling
 - Segregation of waste
- FLOOD CONTROL
 - Flood risk area
 - Flood control measures
- GROUND CONTAMINATION
 - Risk rating
 - Contaminants
 - Ventilation and monitoring system for contaminants
- BUILDING FABRIC
 - BREEAM Rating (or LEED etc)
 - Planned preventative maintenance schedule
 - Design and thermal performance
 - Sustainable materials
 - Longevity of building
- BUILDING EQUIPMENT
 - Ozone depleting substances
 - Certificates of inspection of refrigerant containing equipment
 - Planned preventative maintenance schedule
 - Insulation
 - Plant upgrade
- RENEWABLE ENERGY / SITE INITIATIVES
 - Renewable energy sources
- OCCUPIER WELFARE
 - Neutral ventilation / local controls
 - Showers / changing facilities
 - Recreation space and facilities
- TRANSPORT LINKS AND PARKING
 - Proximity to public transport
 - Parking facilities
 - Cycle storage facilities
 - Cycle lanes
 - Footpaths
 - Green travel plans

PR 06	Mandatory	Core Assessed	PRI 1
PR 06.1	Indicate if ESG issues impacted your property investment selection process during the reporting year.		
<input checked="" type="checkbox"/> ESG issues helped identify risks and/or opportunities for value creation <input checked="" type="checkbox"/> ESG issues led to the abandonment of potential investments <input checked="" type="checkbox"/> ESG issues impacted the investment in terms of price offered and/or paid <input type="checkbox"/> ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants <input type="checkbox"/> ESG issues were considered but did not have an impact on the investment selection process <input type="checkbox"/> Other, specify <input type="checkbox"/> Not applicable, our organisation did not select any investments in the reporting year <input type="checkbox"/> We do not track this potential impact			
PR 06.2	Indicate how ESG issues impacted your property investment deal structuring processes during the reporting year.		
<input checked="" type="checkbox"/> ESG issues impacted the investment in terms of price offered and/or paid <input type="checkbox"/> ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants <input type="checkbox"/> ESG issues were considered but did not have an impact on the deal structuring process <input type="checkbox"/> Other, specify <input type="checkbox"/> Not applicable, our organisation did not select any investments in the reporting year <input type="checkbox"/> We do not track this potential impact			

PR 07	Mandatory	Core Assessed	PRI 4								
PR 07.1	Indicate if your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party property managers.										
<input checked="" type="checkbox"/> Yes											
PR 07.2	Indicate how your organisation includes ESG issues in your selection, appointment and/or monitoring of third party property managers.										
<input checked="" type="checkbox"/> Selection process of property managers incorporated ESG issues											
<table border="1"> <tr> <td colspan="2">Types of actions</td> </tr> <tr> <td colspan="2"> <input checked="" type="checkbox"/> Request explanation of how ESG is effectively integrated, including inquiries about governance and processes <input type="checkbox"/> Request track records and examples of how the manager implements ESG in their asset and property management <input type="checkbox"/> Discuss property level out-performance opportunities through greater integration of ESG criteria <input type="checkbox"/> Request explanation of engaging stakeholders on ESG issues <input type="checkbox"/> Other, explain </td> </tr> <tr> <td colspan="2">Coverage</td> </tr> <tr> <td colspan="2"> <input checked="" type="radio"/> >75% to 100% <input type="radio"/> >50% to 75% <input type="radio"/> >25% to 50% <input type="radio"/> >0% to 25% </td> </tr> </table>				Types of actions		<input checked="" type="checkbox"/> Request explanation of how ESG is effectively integrated, including inquiries about governance and processes <input type="checkbox"/> Request track records and examples of how the manager implements ESG in their asset and property management <input type="checkbox"/> Discuss property level out-performance opportunities through greater integration of ESG criteria <input type="checkbox"/> Request explanation of engaging stakeholders on ESG issues <input type="checkbox"/> Other, explain		Coverage		<input checked="" type="radio"/> >75% to 100% <input type="radio"/> >50% to 75% <input type="radio"/> >25% to 50% <input type="radio"/> >0% to 25%	
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Coverage											
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<input checked="" type="checkbox"/> Contractual requirements when appointing property managers includes ESG issues											
<table border="1"> <tr> <td colspan="2">Types of actions</td> </tr> <tr> <td colspan="2"> <input checked="" type="checkbox"/> Include clear and detailed expectations for incorporating ESG <input type="checkbox"/> Require dedicated ESG procedures in all relevant asset and property management phases <input type="checkbox"/> Clear ESG reporting requirements <input type="checkbox"/> Clear ESG performance targets <input type="checkbox"/> Other, explain </td> </tr> <tr> <td colspan="2">Coverage</td> </tr> <tr> <td colspan="2"> <input checked="" type="radio"/> >75% to 100% <input type="radio"/> >50% to 75% <input type="radio"/> >25% to 50% <input type="radio"/> >0% to 25% </td> </tr> </table>				Types of actions		<input checked="" type="checkbox"/> Include clear and detailed expectations for incorporating ESG <input type="checkbox"/> Require dedicated ESG procedures in all relevant asset and property management phases <input type="checkbox"/> Clear ESG reporting requirements <input type="checkbox"/> Clear ESG performance targets <input type="checkbox"/> Other, explain		Coverage		<input checked="" type="radio"/> >75% to 100% <input type="radio"/> >50% to 75% <input type="radio"/> >25% to 50% <input type="radio"/> >0% to 25%	
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Coverage											
<input checked="" type="radio"/> >75% to 100% <input type="radio"/> >50% to 75% <input type="radio"/> >25% to 50% <input type="radio"/> >0% to 25%											
<input checked="" type="checkbox"/> Monitoring of property managers covers ESG responsibilities and implementation											
<table border="1"> <tr> <td colspan="2">Types of actions</td> </tr> <tr> <td colspan="2"> <input checked="" type="checkbox"/> Performance against quantitative and material environmental / resource targets over specified timeframe. <input type="checkbox"/> Performance against quantitative and material environmental / resource targets against relevant benchmarks <input type="checkbox"/> Performance against quantitative and qualitative targets to address social impacts of the portfolio/investment, <input type="checkbox"/> Other, explain </td> </tr> </table>				Types of actions		<input checked="" type="checkbox"/> Performance against quantitative and material environmental / resource targets over specified timeframe. <input type="checkbox"/> Performance against quantitative and material environmental / resource targets against relevant benchmarks <input type="checkbox"/> Performance against quantitative and qualitative targets to address social impacts of the portfolio/investment, <input type="checkbox"/> Other, explain					
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Coverage
<input checked="" type="radio"/> >75% to 100%
<input type="radio"/> >50% to 75%
<input type="radio"/> >25% to 50%
<input type="radio"/> >0% to 25%

No

PR 07.3 Provide a brief description of your organisations selection, appointment and monitoring of third party property managers and how they contribute to the management of ESG issues for your property investments.

All our property manager tenders require sustainability to be a significant element in the selection and appointment of property managers. Our screening process will initially ensure capability, resources and adequate systems. As part of our property managers services we require:

- Receive update reports from external property/ asset managers
- Regular meetings with external property /asset managers
- Checks performed by organisation employees
- Checks performance by external consultants.
- Check external suppliers/and or service providers' alignment with applicable professional standards
- Supplier survey

In specific terms each managing agent is required to undertake the following sustainability services as part of their managing agent agreement.

1. Support the delivery of the Adviser's Sustainability Agenda as set out in the LGP Sustainable Property Investment Strategy as amended from time to time, aspiring to sustainability best practice, minimise environmental risks and seek to continually reduce the environmental impacts in order to enhance the environmental credentials of Properties.

2. Prepare all relevant multi-let Properties for ISO14001 to achieve accreditation by the Advisor's consultant and load all necessary sustainability information onto the Advisor's document handling system (currently TrackRecord).

3. Before the beginning of the calendar year, propose annual energy consumption targets for each Property consistent with the following best practice in descending order:

-Voluntary Display Energy Certificate (VolDEC), if procured for the property.

-Real Estate Environmental Benchmark (REEB), if a suitable/qualifying office property.

-2% p.a. reduction in energy consumption compounded from the later of 2010 or the date of acquisition of the property.

Agree Property targets with the Advisor, document such targets within the QSR (see (vii) below), giving any reasons as to why best practice cannot be met if applicable and demonstrate effective management of initiatives to achieve the agreed targets.

If it transpires during a calendar year that a target becomes impossible to achieve for any reason, propose and agree a revised target with the Advisor and document within the QSR

4. Prepare, agree with the Advisor, maintain and load on to Track Record for each relevant Property an Asset Sustainability Plan (ASP) in an agreed format detailing every sustainability measure that could be applied to the Property to improve the sustainability performance over a 5 year period with budget costs, payback estimates and measures prioritised year by year to include travel plans, biodiversity plans, tenant liaison and community engagement plans, where appropriate and load onto TrackRecord.

5. Prepare, agree with the Advisor, maintain and load on to TrackRecord for each relevant Property an Annual Sustainability Action Plan (ASAP) in an agreed format detailing prioritised initiatives to improve the sustainability performance of each Property for the year in question. Such plans should be coordinated with annual fund strategy reports (where provided), planned maintenance plans and service charge budgets (where applicable) and should include provisions for the optimisation of all mechanical and electrical installations, together with capital cost proposals and payback estimates to upgrade Energy Performance Certificates (EPC's).

6. Utilise Advisor's preferred energy monitoring and targeting system (M&T system) to measure, monitor, verify and normalise electricity, gas, water, carbon and waste recycling data, in accordance with the Greenhouse Gas Protocol, at Property, Fund and Portfolio level providing Quarterly Sustainability Reports (QSR's) with RAG reports in a format to be agreed showing performance against agreed targets and benchmarks with exceptions analysed. Include QSR's within each quarterly Asset or Property Management report and load onto TrackRecord. Supply all source data on request.

Supply half hourly (HH) data exception reporting consumption profile graphs for each property with landlord or sub-metered energy and HH meter comparing consumption with an agreed target to the Property Manager and any Facilities Manager in order to optimise energy consumption and manage M&E contractors, or BMS sub-contractors. Provide on-line access to the M&T system to the Advisor on request

Supply accurate weekly reports to the Advisor as agreed with the Advisor detailing consumption across all energy and water meters across all properties to meet the Advisors corporate reporting requirements.

7. Enforce tenant's covenants with respect to green lease clauses and enhance the perception of assets to support improved investment performance.

Undertake tenant sustainability engagement on a regular basis and at least annually in accordance with Section 7 of the LGP Sustainable Property Investment Strategy March 2014, as amended from time to time and report to the Contracting Body quarterly.

8. When undertaking inspections, endeavour to take or otherwise procure tenant meter readings at least annually, except where access to tenant occupied premises cannot be obtained or is denied. Collate and supply this information in an agreed format.

9. Take sub-meter readings from tenants for multi-let offices and provide data in a format to be agreed with the Advisor.

PR 08 Mandatory Gateway PRI 2

PR 08.1 Indicate if your organisation, and/or property managers, considers ESG issues in post-investment activities relating to your property assets.

Yes

PR 08.2 Indicate whether your organisation, and/or property managers, considers ESG issues in the following post-investment activities relating to your property assets.

- We consider ESG issues in property monitoring and management
- We consider ESG issues in property developments and major renovations.
- We consider ESG issues in property occupier engagements
- We consider ESG issues in community engagements related to our properties

We consider ESG issues in other post-investment activities, specify

We ensure ESG targets and monitoring are placed in our managing agents supply chain and measures social value across our contracts

PR 08.3 Describe how your organisation, and/or property managers, considers ESG issues in post-investment activities related to your property assets.

Our policy is to employ best practice techniques in all areas of sustainability in order to minimise environmental impacts, maximise social benefits and enhance asset value. Reducing environmental impacts allows us to deliver lower service charge for tenants and better returns for investors, avoiding unnecessary expenses arising from purchases, disposals or ever growing, sustainability legislation. Best practice tenant liaison on sustainability issues, also allows us to develop better relationships with tenants and understand their future needs, so leading to improved tenant retention and possibly attraction. A number of comprehensive initiatives have already been put in place, to strengthen our portfolio, as follows:

- Energy Performance Certificates (EPC's) on all applicable assets
- 100% of service charge properties with ISO 14001 accreditation.
- Adopting 'green' clauses into our standard lease since 2011.
- BREEAM excellent on all new developments and where possible on major refurbishments.
- Annual Reporting to GRESB, and Better Buildings Partnerships Real Estate Environment benchmarking (REEB).
- Asset Sustainability Plan (ASP) for all assets covering a long term strategic view
- Quarterly Sustainability Reports – for each asset and per fund, showing performance against targets.
- Annual sustainability action plans (ASAPs) with quantitative targets and quarterly reporting for every asset.
- Tenant Liaison procedures for sharing data and progressing annual action plans.
- Social value studies, health and well being assessments and embedded carbon studies

No

PR 09 **Mandatory** **Core Assessed** **PRI 2,3**

PR 09.1 Indicate the proportion of property assets for which your organisation, and/or property managers, set and monitored ESG targets (KPIs or similar) during the reporting year.

- >90% of property assets
- 51-90% of property assets
- 10-50% of property assets
- <10% of property assets

PR 09.2 Indicate which ESG targets your organisation and/or property managers typically set and monitor

Environmental

Target/KPI	Progress Achieved
20% carbon emission's saving against baseline by 2020	2017 performance achieved 22% saving
20% water saving against baseline by 2020	2017 performance achieved 18% saving
90% of waste diverted from landfill	2017 performance showed 92% of waste was diverted from landfill

Social

Target/KPI	Progress Achieved
Ensure that every member of the property team has sustainability related objectives included in their formal Performance Objectives	All property related employees had ESG targets set as part of their appraisal process.
Ensure that all new employees in LGP undertake sustainability training and the existing employees receive regular updates on sustainability.	All new employees received an ESG induction and bi-monthly workshops were held to update existing employees
Seek to have a positive impact on the communities around our assets and seek ways to measure social value. Report progress quarterly to the L&G	National methodology established for measuring Social Value with British Council of Offices. L&G target set to measure Social Value of 20% of Real Assets

Governance

Target/KPI	Progress Achieved
Engage with investors, and investment agents to gather stakeholder feedback and promoted our belief that sustainability will enhance returns and minimise risk.	A full, independent stakeholder engagement exercise was carried out in 2017. A materiality assessment was undertaken in order to set the priorities for future targets.
Engage with as many occupiers as possible to gather stakeholder feedback and implement Asset Sustainability Action Plans (ASAPs) to improve the sustainability of our assets.	All occupiers were engaged with at least once during the year and all multi-let assets had an asset sustainability action plan, for which progress was
Continue to submit data to legal and general corporate sustainability benchmarking initiatives ie: FTSE 4Good, UNPRI, BITC etc and the Better Building Partnerships, Real Estate	All external surveys (UNPRI, Carbon Disclosure Project, GRESB, FTSE4good and BBP REEB) were completed in order to assess our performance and compare it with

We do not set and/or monitor against targets

PR 09.3 **Additional information. [Optional]**

Our Sustainable Property Investment Framework aligns our practice with the principles set out in our Responsible Property Investment Policy. It is regularly reviewed by our Sustainable Property Investment Committee and is applied to all occupied properties. Our framework not only supports our ISO 14001 system, but ensures that best practice is adopted in all areas of sustainable property management. The framework consists of seven key stages, supported by procedures, templates and technical information, using the UK Better Building Partnership toolkits and other industry best practise standards, wherever possible. The areas are summarised below:

- **Policies and objectives** - Maintaining corporate, LGP, and fund policies and objectives across all aspects of responsible property investment.
- **Annual Action Plans and Targets** - Setting sustainability targets at asset level, fund level and across LGP which align with our publically stated targets and established industry practise. Using our Asset Sustainability Plan (ASP) toolkit for every asset to ensure that a long term sustainability plan is established for each asset.
- **Monitoring**- Quantitative data monitoring (Carbon Emissions, Energy, Water and Waste) monitoring via an industry standard M&T system and qualitative data via reports from our managing agents network of building and property managers.
- **Active management** – Undertaking the actions detailed in our Annual Action Plans and fund level objectives. This includes maintaining ISO 14001 accreditation, energy audits, reduction measures, renewable energy installations, tenant liaison activities, biodiversity and transport plans, community engagement activities and supply chain management.
- **Capital works and Acquisitions** – Following our policies and Implementation processes associated with all capital works and acquisitions, standard planned maintenance works.
- **Training and External benchmarking** – This includes all reactive and industry participation, internal update training to the compulsory Sustainable Property Investment course, developed with the College of Estate Management, training of our key suppliers in our processes and various key technical training session. Participating in industry benchmarking initiatives such asGRESB, IPD EcoPAs, Upstream benchmarking, UPPRI and BBP benchmarking.
- **Reporting, communication and industry participation** – Disclosure of our performance via an annual report, and communication of our performance via industry case studies, journal articles and quarterly / annual fund reports to investors. Participating in industry activities to help further legislation, industry techniques and general understanding of responsible property investment.

PR 10	Voluntary	Descriptive	PRI 2
PR 10.1	Indicate whether your property assets are assessed against certification schemes, ratings and/or benchmarks		
Private			
PR 10.3	Indicate if your organisation uses property specific reporting standards to disclose information related to your property investments' ESG performance.		
Private			
PR 10.4	Additional information.		
Private			

PR 11	Mandatory	Core Assessed	PRI 2
PR 11.1	Indicate the proportion of active property developments and major renovations where ESG issues have been considered.		
<input checked="" type="checkbox"/> >90% of active developments and major renovations <input type="checkbox"/> 51-90% of active developments and major renovations <input type="checkbox"/> 10-50% of active developments and major renovations <input type="checkbox"/> <10% of active developments and major renovations <input type="checkbox"/> N/A, no developments and major renovations of property assets are active			
PR 11.2	Indicate if the following ESG considerations are typically implemented and monitored in your property developments and major renovations.		
<input checked="" type="checkbox"/> Environmental site selection requirements <input checked="" type="checkbox"/> Environmental site development requirements <input checked="" type="checkbox"/> Sustainable construction materials <input checked="" type="checkbox"/> Water efficiency requirements <input checked="" type="checkbox"/> Energy efficiency requirements <input checked="" type="checkbox"/> Energy generation from on-site renewable sources <input checked="" type="checkbox"/> Waste management plans at sites <input checked="" type="checkbox"/> Health and safety management systems at sites <input checked="" type="checkbox"/> Construction contractors comply with sustainability guidelines <input type="checkbox"/> Resilient building design and orientation <input type="checkbox"/> Other, specify			
PR 11.3	Additional information. [Optional]		
<p>We focus on delivering the dual priorities of maximising return to investors and the improvement in sustainability credentials. In 2006 we overhauled our investment process to assess all properties against a set of stringent sustainability criteria, cementing the role such factors play in determining stock selection and shaping recommendations on improvements. Each planned development or refurbishment project is undertaken with a view to achieving the best sustainability outcomes. We have set guidance to direct project delivery teams to consider more sustainable design, including the selection of materials, which can significantly improve the sustainable performance of assets.</p> <p>All of our contractors are required to build sustainability considerations into all proposals and our process stipulates that at all stages of the project the highest consideration will be given to sustainability, striving to:</p> <ul style="list-style-type: none"> • Improve the sustainability profile of any project over and above any statutory requirement, minimum using best practice • Achieve a minimum BREEAM Excellent on all new developments and major refurbishments • Agree sustainability objectives on initial conception and continuously review, update and report on throughout delivery <p>This approach ensures that environmental and social considerations are fully integrated, whilst appropriate material design and selection from the outset reduces the future costs associated with making a property more sustainable. To build on our understanding of the impact of these works we have also commissioned a pilot study by the New Economics Foundation to calculate the Social Return on Investment arising from our development activities</p> <p>When acting as a client, on behalf of any Fund, undertaking development activity, refurbishment or added value capital works is committed to a sustainable investment policy within the context of LGP's Sustainable Property Investment Policy and the Group Corporate Social Responsibility (CSR) policy and objectives. The property development process, in its many forms, presents a unique combination of requirements, aspirations and constraints which sustainability forms an integral part of, and which will, inevitably, result in unique design and construction responses. Throughout this process the objective is that full consideration be given to the sustainability profile and impact of such activities, and where economically viable in the context of a property investment institution, improvements beyond any statutory requirement will always aim to be delivered. Our standard brief states that all stages of the project delivery process consideration will be given to sustainability in the context of the following principles:</p>			

- Seek to improve the sustainability profile of any project over and above any statutory requirement, minimum best practice or acceptable standard through identifiable and marketable documentation or accreditation e.g. EPC's, DEC's, BREEAM, LEED.
 - Seek to agree sustainability targets and objectives from initial project conception, which are then continuously reviewed, updated and reported on throughout the project deliver process.
 - Avoid over specification or complex design solutions and seek to achieve the optimum design response to anticipated end user requirements.
 - Undertake BREEAM pre-assessments (or similar accredited assessment methodology) on all projects at feasibility stage and prepare recommendations for delivering sustainability improvements to the project.
- For any new development or refurbishment process LGP has a set briefing process and contractor guidelines, which ensure a high quality of sustainability design and sustainability management during site works:
- Legal & General Property: Sustainability briefing guidelines for new build and refurbishment projects
 - Legal & General Property: Sustainability guidelines for consultants and contractors
- Furthermore, all improvements made to any of the properties in LGP's portfolio now require internal teams and external consultants to collectively plan for and demonstrate the optimal solution from a Sustainability perspective. All contractors are required to build sustainability into their proposals and supply chain processes.

PR 12	Mandatory	Core Assessed	PRI 2
PR 12.1	Indicate the proportion of property occupiers your organisation, and/or your property managers, engaged with on ESG issues during the reporting year.		
	<input checked="" type="checkbox"/> >90% of occupiers <input type="checkbox"/> 50-90% of occupiers <input type="checkbox"/> 10-50% of occupiers <input type="checkbox"/> <10% of occupiers		
PR 12.2	Indicate if the following practises and areas are typically part of your, and/or your property managers', occupier engagements.		
	<input checked="" type="checkbox"/> Distribute a sustainability guide to occupiers <input checked="" type="checkbox"/> Organise occupier events focused on increasing sustainability awareness <input checked="" type="checkbox"/> Deliver training on energy and water efficiency <input checked="" type="checkbox"/> Deliver training on waste minimisation <input checked="" type="checkbox"/> Provide feedback on energy and water consumption and/or waste generation <input checked="" type="checkbox"/> Provide feedback on waste generation <input checked="" type="checkbox"/> Carry out occupier satisfaction surveys <input checked="" type="checkbox"/> Offer green leases <input type="checkbox"/> Other, specify		
PR 12.3	Additional information. [Optional]		
	<p>LGP believe that the only ways assets can become truly sustainable is if everybody involved in the ownership, management and occupation of an asset work together, in order to achieve common goals. As such our tenant liaison programme is multi-faceted and involves different communication channels depending on the nature of each tenant and the extent of their in-house teams/ professional advisors.</p> <p>For Multi-Let Properties we have found the following processes to be most effective:</p> <ul style="list-style-type: none"> • Regular meetings – to discuss sustainability actions and issues on which landlord and tenant can co-operate. Minutes are taken and actions recorded. • Data – sharing of Quarterly Sustainability Reports on every asset with all involved (occupants and suppliers). • Annual Sustainability Action Plans (ASAP) – agreed with tenants and progress reported quarterly. • Tenants Handbooks - Guidance for tenants available on our website and sent to every tenant periodically. • Tenant refurbishments and fit outs (Licenses to Alter) –Plans checked by our managing agents and feedback given <p>For FRI tenants discussions are held with tenants by our managing agents and LGP asset managers. Our aim is to share data and establish if as a landlord we can help commission energy/ sustainability audits or help fund any improvement measures, where capital is a barrier. All discussions and tenant comments are recorded on a handheld tool, which is then downloaded to a website.</p>		

PR 13	Voluntary	Additional Assessed	PRI 2
PR 13.1	Indicate the proportion of all leases signed during the reporting year that used green leases or the proportion of Memoranda of Understandings (MoUs) with reference to ESG issues.		
	<input checked="" type="checkbox"/> >90% of leases or MoUs <input type="checkbox"/> 50-90% of leases or MoUs <input type="checkbox"/> 10-50% of leases or MoUs <input type="checkbox"/> <10% of leases or MoUs <input type="checkbox"/> 0% of leases or MoUs <input type="checkbox"/> N/A, no leases or MoUs were signed during the reporting year		
PR 13.2	Additional information.		
	<p>In order to ensure our principles and requirements are embedded from the start of the leasing process we amended our standard lease format in 2011 to include 'green' clauses, that demonstrate our continued commitment to sustainability. Our legal panel are issued with a memorandum of green lease principles that must be considered in the drafting of all standard leases, including clauses relating to the use of environmental contractors and upholding Energy Performance Certificates (EPCs). With a sustainability strategy centred on maximising the efficiency and sustainability of our portfolio, we recognise the fundamental importance of working with tenants to take these changes to the next level. Conditions set out in our green lease clauses include the agreement by both parties to meet regularly to discuss such issues as sharing energy, water and waste data and introducing annual action plans.</p> <p>However despite that fact that we include our green leases clauses in ALL leases put to tenants legal advisors, the majority of tenants/ tenant's lawyers, delete them and refuse to sign them. This is particularly true in the retail sector where tenants lawyers have reported that they do not have the fees provided to even be able to consider them!</p>		

PR 14	Voluntary	Additional Assessed	PRI 2
PR 14.1	Indicate what proportion of property assets your organisation, and/or your property managers, engaged with the community on ESG issues during the reporting year.		
	<input type="radio"/> >90% of property assets <input checked="" type="radio"/> 50-90% of property assets <input type="radio"/> 10-50% of property assets <input type="radio"/> <10% of property assets		
PR 14.2	Indicate if the following areas and activities are typically part of your, and/or your property managers', community engagement.		
	<input checked="" type="checkbox"/> ESG education programmes for the community <input checked="" type="checkbox"/> ESG enhancement programmes for public spaces <input checked="" type="checkbox"/> Research and networking activities focusing on ESG issues <input checked="" type="checkbox"/> Employment creation in communities <input checked="" type="checkbox"/> Supporting charities and community groups <input type="checkbox"/> Other, specify		
PR 14.3	Additional information.		
	<p>Social sustainability for our properties is equally important for our business. We need to ensure that our investments deliver long-term benefits for the communities that live near, or work in, our properties, so we are committed to engaging with them throughout our ownership of the asset. Community engagement occurs at both our multi-let and development sites, where helping the environment and our neighbours encourage a long-term beneficial relationship.</p> <p>Community engagement is measured quarterly in our Quarterly Sustainability Reports (QSRs) on each asset and across each fund. All stakeholder feedback is assessed by our Project Green Committee chaired by LGP's managing director.</p> <p>LGP also has a board level commitment to monitor community engagement and has recently partnered with the British Council of Offices to develop a Social Value Assessment Methodology, which is also being adopted by Local Authorities for their planning requirements.</p> <p>The legacy of our decisions is felt by the communities that live near and work in our properties for many years after our initial investment. By engaging with communities throughout the life of the investments, we believe we can strengthen local areas and build engagement with our properties, in turn increasing the long-term value of the built environment. We also recognise that encouraging our employees to engage with community projects can play a role in their ongoing training and development. Community engagement is embedded and encouraged throughout our operations.</p> <p>We include community engagement in our Annual Action Plans and repeat all activities via the Quarterly Sustainability Reports (QSR). Encouraging community engagement, not only allows for additional interaction with tenants and our ability to support the local area, but can also lead to enhanced footfall in retail and tenant attraction.</p>		
PR 15	Voluntary	Additional Assessed	PRI 1,2
PR 15.1	Indicate whether your organisation measures how your approach to responsible investment in property investments has affected financial and/or ESG performance.		
	Private		
PR 15.3	Describe how you are able to determine these outcomes.		
	Private		
PR 16	Voluntary	Descriptive	PRI 1,3
PR 16.1	Provide examples of ESG issues that affected your property investments during the reporting year.		
	Private		
PR 16.2	Additional information. [Optional]		
	Private		

CM1 01.1	Mandatory	Core Assessed	General
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CM1 01.1	Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:		
	<input type="checkbox"/> Third party assurance over selected responses from this year's PRI Transparency Report <input checked="" type="checkbox"/> Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year <input type="checkbox"/> Third party assurance or audit of the implementation of RI processes (that have been reported to the PRI this year) <input checked="" type="checkbox"/> Internal audit conducted by internal auditors of the implementation of RI processes and/or RI data that have been reported to the PRI this year) <input type="checkbox"/> Internal verification of responses before submission to the PRI (e.g. by the CEO or the board) <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above		

CM1 01.2 & 01.8	Mandatory	Descriptive	Planned assurance of this year's PRI Transparency Report
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CM1 01.2	Do you plan to conduct third party assurance of this year's PRI Transparency report?		
	<input type="radio"/> Whole PRI Transparency Report will be assured <input checked="" type="radio"/> Selected data will be assured		

CM1 01.8b	Selected data will be assured		
	31/12/2018		
	What data will be assured		
	<input checked="" type="checkbox"/> Financial and organisational data <input checked="" type="checkbox"/> Data related to RI activities <input type="checkbox"/> RI policies <input checked="" type="checkbox"/> RI processes (e.g. engagement process) <input type="checkbox"/> ESG operational data of the portfolio <input type="checkbox"/> Other		
	Relevant modules		
	<input checked="" type="checkbox"/> Organisational Overview <div style="margin-left: 20px;"> <input type="checkbox"/> Corresponding Indicator number <input type="checkbox"/> Strategy and Governance <input type="checkbox"/> Direct - Listed Equity Incorporation <input checked="" type="checkbox"/> Direct - Listed Equity Active Ownership </div> <div style="margin-left: 20px;"> <input type="checkbox"/> Corresponding Indicator number <input type="checkbox"/> LEA 10, LEA 11 <input type="checkbox"/> Direct - Fixed Income <input type="checkbox"/> Direct - Property </div>		
	Who will conduct the assurance		
	Information also disclosed in Plc Annual Report and CSR Report is assured by independent third party. Internal assurance provided on rest of data.		
	Assurance standard to be used		
	<input type="checkbox"/> ISAE/ ASEA 3000 <input type="checkbox"/> ISAE 3402 <input type="checkbox"/> ISO standard <input checked="" type="checkbox"/> AAF01/06 <input type="checkbox"/> AA1000AS <input type="checkbox"/> IFC performance standards <input type="checkbox"/> ASAE 3410 Assurance Engagements on Greenhouse Gas Statements. <input type="checkbox"/> National standard <input type="checkbox"/> Other		
	Level of assurance sought		
	<input type="radio"/> Limited or equivalent <input checked="" type="radio"/> Reasonable or equivalent		

We do not plan to assure this year's PRI Transparency report

CM1 01.3 & 01.9	Mandatory	Descriptive	General
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CM1 01.3 We undertook third party assurance on last year's PRI Transparency Report

- Whole PRI Transparency Report was assured last year
- Selected data was assured in last year's PRI Transparency Report

CM1 01.9b Selected data was assured in last year's PRI Transparency Report

What data has been assured

- Financial and organisational data
- Data related to RI activities
- RI policies
- RI processes (e.g. engagement process)
- ESG operational data of the portfolio
- Other

Relevant modules

- Organisational Overview
 - Corresponding Indicator number**
please see previous question
- Strategy and Governance
- Direct - Listed Equity Incorporation
- Direct - Listed Equity Active Ownership
 - Corresponding Indicator number**
please see previous question
- Direct - Fixed Income
- Direct - Property

Who has conducted the assurance

Please see previous question

Assurance standard used

- ISAE/ ASEA 3000
- ISAE 3402
- ISO standard
- AAF01/06
- AA1000AS
- IFC performance standards
- ASAE 3410 Assurance Engagements on Greenhouse Gas Statements.
- National standard
- Other

Level of assurance sought

- Limited or equivalent
- Reasonable or equivalent

Link to auditors report

<https://www.legalandgeneralgroup.com/2016fastread/index.html>

We did not assure last year's PRI Transparency report, or we did not have such a report last year.

CM1 01.4, 10-12	Mandatory	Descriptive	General
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CM1 01.4 We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:

- We adhere to an RI certification or labelling scheme
- We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report
- ESG audit of holdings
- Other, specify
- None of the above

CM1 01.5	Mandatory	Descriptive	General
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CM1 01.5	Provide details related to the third party assurance over selected responses from this year's PRI Transparency Report and/or over data points from other sources that have subsequently been used in your PRI responses this year
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What data has been assured

- Financial and organisational data
- Data related to RI activities
- RI Policies
- RI Processes (e.g. engagement process)
- ESG operational data of the portfolio
- Other

Relevant modules

- Organisational Overview

Corresponding Indicator number
please see previous question

- Strategy and Governance
- Direct - Listed Equity Incorporation
- Direct - Listed Equity Active Ownership

Corresponding Indicator number
please see previous question

- Direct - Fixed Income
- Direct - Property

Who has conducted the assurance

please see previous question

Assurance standard used

- ISAE/ ASEA 3000
- ISAE 3402
- ISO standard
- AAF01/06
- AA1000AS
- IFC performance standards
- ASAE 3410 Assurance Engagements on Greenhouse Gas Statements.
- National standard
- Other

Level of assurance sought

- Limited or equivalent
- Reasonable or equivalent

Please provide:

<https://www.legalandgeneralgroup.com/2016fastread/index.html>
<https://www.legalandgeneralgroup.com/2016fastread/index.html>

CM1 01.6	Mandatory	Descriptive	General
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CM1 01.6	Provide details of the third party assurance of RI related processes, and/or details of the internal audit conducted by internal auditors of RI related processes (that have been reported to the PRI this year)
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What RI processes have been assured

- Data related to RI activities

Corresponding indicator number
please see previous question

- RI policies
- RI related governance

Corresponding indicator number
SG 03;

- Engagement processes
- Proxy voting process

	Corresponding indicator number
<input type="checkbox"/> Integration process in listed assets <input type="checkbox"/> Screening process in listed assets <input type="checkbox"/> Thematic process in listed assets <input type="checkbox"/> Investment selection process in non-listed assets <input type="checkbox"/> Third party property manager SAM process <input type="checkbox"/> Post-investment ESG activities for infrastructure and/or property assets <input type="checkbox"/> Other	please see previous question
	When was the process assurance completed(dd/mm/yy)
15/01/2018	
	Assurance standard used
<input type="checkbox"/> IIA's International Standards for the Professional Practice of Internal Auditing <input type="checkbox"/> ISAE 3402 <input type="checkbox"/> ISO standard <input checked="" type="checkbox"/> AAF 01/06 <input type="checkbox"/> SSE18 <input type="checkbox"/> AT 101 (excluding financial data) <input type="checkbox"/> Other	