



LEA 02	Discretionary	Gateway
<p>Reason for Interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in & company related ESG issues <input checked="" type="checkbox"/> To enhance corporate practice or identify the need to enhance corporate practice <input type="checkbox"/> To engage investor ESG objectives <input type="checkbox"/> Other specify <input type="checkbox"/> We do not engage via internal staff <input type="checkbox"/> To support investment decisionmaking in & company related ESG issues <input type="checkbox"/> To enhance corporate practice or identify the need to enhance corporate practice <input type="checkbox"/> Other specify 	<p>Type of engagement</p> <p>Individual/ internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p>Reason for Interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in & company related ESG issues <input checked="" type="checkbox"/> To enhance corporate practice or identify the need to enhance corporate practice <input type="checkbox"/> To engage investor ESG objectives <input type="checkbox"/> Other specify <input type="checkbox"/> We do not engage via internal staff <input type="checkbox"/> To support investment decisionmaking in & company related ESG issues <input type="checkbox"/> To enhance corporate practice or identify the need to enhance corporate practice <input type="checkbox"/> Other specify

RI TRANSPARENCY REPORT

2020

Legal & General Investment Management (Holdings)

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the reporting period specified above. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information.

PRI disclaimer

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OO 01.1	Select the services and funds you offer		
	Select the services and funds you offer	% of asset under management (AUM) in ranges	
	Fund management	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%	
	Fund of funds, manager of managers, sub-advised products	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%	
	Other	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%	
	Total 100%		

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).		
	<input type="radio"/> 1 <input checked="" type="radio"/> 2-5 <input type="radio"/> 6-10 <input type="radio"/> >10		
OO 02.3	Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).		
	2182		
OO 02.4	Additional information. [Optional]		
	London, Chicago, Hong Kong and Tokyo.		

OO 03.1	Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.		
	<input type="radio"/> Yes <input checked="" type="radio"/> 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 04.1	Indicate the year end date for your reporting year.		
	31/12/2019		
OO 04.2	Indicate your total AUM at the end of your reporting year.		
	Total AUM 1,500,800,400,700 USD 1500800400700 USD		
OO 04.4	Indicate the assets which are subject to an execution and/or advisory approach. Provide this figure based on the end of your reporting year		
	<input checked="" type="checkbox"/> Not applicable as we do not have any assets under execution and/or advisory approach		
OO 04.5	Additional information. [Optional]		
	LGIM internal data as at 31 December 2019. The AUM disclosed aggregates the assets managed by LGIM in the UK, LGIMA in the US and LGIM Asia in Hong Kong. The AUM includes the value of securities and derivatives positions.		

OO 05.1 Provide an approximate percentage breakdown of your AUM at the end of your reporting year using the following asset classes and investment strategies:

	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
Fund of hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Money market instruments	0	0
Other (1), specify	0	0
Other (2), specify	0	0

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

- as percentage breakdown
- as broad ranges

OO 06.3 Indicate whether your organisation has any off-balance sheet assets [Optional].

- Yes
- No

OO 06.5 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 06.6 Provide contextual information on your AUM asset class split. [Optional]

LGIM is one of Europe's largest institutional asset managers and a major global investor. LGIM manages over US\$1.5 trillion in assets for nearly 3,000 institutional clients and millions of retail clients.

We provide investment expertise across equities, fixed income, and commercial property. 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.

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.

Internally managed	70	SSA
	10	Corporate (financial)
	20	Corporate (non-financial)
	0	Securitised

OO 09	Mandatory	Peering	General
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OO 09.1 Indicate the breakdown of your organisation's AUM by market.

90	Developed Markets
10	Emerging Markets
0	Frontier Markets
0	Other Markets

OO 10	Mandatory	Gateway	General
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OO 10.1 Select the active ownership activities your organisation implemented in the reporting year.

Listed equity – 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.
Listed equity – voting	
<input checked="" type="checkbox"/>	We cast our (proxy) votes directly or via dedicated voting providers
<input type="checkbox"/>	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 SSA bond issuers 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 SSA bond issuers 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
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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	Passive
0	Active - quantitative (quant)
2	Active - fundamental and active - other

OO LE 02	Mandatory to Report, Voluntary to Disclose	Gateway	General
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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
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OO FI 01.1 Provide a breakdown of your internally managed fixed income securities by active and passive strategies

SSA	Passive	21.7
	Active - quantitative (quant)	0
	Active - fundamental and active - other	78.3
Corporate (financial)	Passive	18.8
	Active - quantitative (quant)	0
	Active - fundamental and active - other	81.2
Corporate (non-financial)	Passive	10
	Active - quantitative (quant)	0
	Active - fundamental and active - other	90

OO FI 03	Mandatory	Descriptive	General
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OO FI 03.1 Indicate the approximate (+/- 5%) breakdown of your SSA investments, by developed markets and emerging markets.

SSA	Developed markets	96
	Emerging markets	4

OO FI 03.2 Indicate the approximate (+/- 5%) breakdown of your corporate and securitised investments by investment grade or high-yield securities.

Type	Investment grade (+/- 5%)	High-yield (+/- 5%)	Total internally managed
Corporate (financial)	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	<input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> 0%	100%

OO PR 01	Mandatory to Report, Voluntary to Disclose	Descriptive	General
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OO PR 01.1 Indicate the level of ownership you typically hold in your property investments.

- a majority stake (50% and above)
- a significant minority stake (10 and above, and under 50%)
- a limited minority stake (<10%)
- a mix of ownership stakes
- 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

- >50%
- 10 – 50%
- <10%
- 0%

OO PR 01.3 Additional information. [Optional]

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.

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.

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.

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.

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, Property Manager of the Year at the UK Pensions Awards and Best UK Property Fund at the Money Observer Fund Awards.

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.

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]

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 Key Performance Indicators (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	Mandatory to Report, Voluntary to Disclose	Descriptive	General
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OO PR 03.1 Indicate up to three of your largest property types by AUM.

Types	Main property types (by AUM)
Largest property type	<input checked="" type="checkbox"/> Industrial <input type="checkbox"/> Retail <input type="checkbox"/> Office <input type="checkbox"/> Residential <input type="checkbox"/> Leisure/Hotel <input type="checkbox"/> Mixed use <input type="checkbox"/> 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 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

OO PR 03.2 Additional information.

LGP is a wholly-owned subsidiary of 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 outperformance 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 90% of the carbon emissions of our property portfolio is in the operational control of our tenants. The majority of these are on industrial parks, leisure parks, office 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 greenfield or brownfield site, all risks with regard to land contamination are mitigated.

OO Checks

Checks

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

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"/> 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"/> Fiduciary (or equivalent) duties <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 type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<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

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
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4 Describe your organisation’s investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

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 our 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.

Our overall responsible investment strategy is based on:

- Engagement & voting
- Integration
- Product development

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]

Engagement and voting

Ongoing dialogue with companies is a fundamental aspect of LGIM’s responsible investment commitment. Engagement will be triggered in a variety of ways such as a voting issue, general knowledge of the company, or a media report. We incorporate our ESG assessments into ongoing dialogue with companies, in order to push for real change and long-term sustainable value creation. Due to the size of our holdings and our good relationship with companies, our engagements tend to be at a high level with board directors. While our Investment Stewardship team holds many meetings, additionally the investment teams at LGIM regularly meet companies. Often these are joint meetings between the two teams. Information obtained from these meetings assists us in monitoring ESG risks at that one company, but also to identify potential risks that may impact a particular sector or part of the market. 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.

Furthermore, LGIM regularly engages with a wide range of market participants to address ESG issues and raise standards. We support the development of regulatory/policy tools that enable the implementation of ESG principles, and recently appointed an ESG Public Policy Analyst to focus on policy work with governments, supranationals and regulatory bodies. Finally, our team also regularly engages with other institutional investors. This process is formalised through our participation in bodies such as the Investment Association, a structure at which LGIM discusses investment stewardship policy and pushes for collective engagement alongside a number of UK investment managers, and the Investor Forum (of which LGIM is a founding member), which facilitates collaborative engagement with other members and ensures investors speak with one powerful voice.

As an active and engaged investor, we take very seriously our responsibility to exercise the voting rights of our clients’ assets. We direct the vote of a significant proportion of a company’s shares by exercising the shareholder rights of almost all our clients. This improves the effectiveness of voting in supporting our engagement activities and bringing about change in the market as a whole. We are wholly committed to using this power to encourage companies to improve their management of ESG issues, and we continue to dedicate significant resources to our stewardship obligations. The priority of the voting policies is to cover key issues which are essential for the protection of companies, shareholders and stakeholders; these include board structure and composition, remuneration and protection of shareholder rights. These policies are regularly

reviewed to ensure that our engagement activities are reflected and feedback from external stakeholders is integrated. In addition, we remain cognisant of the evolving regulatory and corporate landscape, best practice and emerging issues. We aim to minimise abstentions unless it is technically impossible to vote. We disclose our votes for the major markets on our website. The reports are published in a timely manner, at the end of each month and can be used by clients for their external reporting requirements.

Integration

It is a clearly held view across LGIM that the only way to genuinely achieve full ESG integration is for every investment professional to be considered an ESG expert. Being able to demonstrate ESG integration is fast becoming a hygiene factor rather than an additional capability. In 2019, CIO Sonja Laud, established the Global Research and Engagement Platform to bring together the best sector expertise across LGIM to identify the challenges and opportunities that will determine the resiliency of sectors and the companies within them. The pricing mechanism in markets is not discounting all ESG-related risks fairly, particularly those stemming from climate change, as investors lack the information necessary to do so. The output from the platform strengthens and streamlines the firm’s engagement activities across investments and stewardship, to enable us to collectively set goals and targets at a company level with one voice, whilst supporting and guiding our investment decisions across the capital structure.

LGIM has always been at the forefront of investment stewardship; and we have had thematic research groups for a number of years which have been exploring ESG issues as they relate to energy, technology and demographics, for example. This platform represents both a continuation and a significant step-up of those efforts, in terms of resources devoted to it.

We believe that by bringing together the best sector expertise from across LGIM’s active investment and stewardship teams we can proactively identify the challenges and opportunities which will determine the resiliency of sectors and the companies within them. This is why we have established the Global Research and Engagement Platform which consists of six groups: Industrials, Healthcare, Financial, Technology Media Telecoms (TMT), Consumer, and Energy/Utilities.

The output from the platform strengthens and streamlines our engagement activities across investments and stewardship, to enable us to collectively set goals and targets at a company level with one voice, whilst supporting and guiding our investment decisions across the capital structure.

Product Development

At LGIM, our investment approach is always driven by our clients’ preferences and objectives, and we manage a variety of funds which reflect specific client requests. On climate specifically, we have worked with one of the UK’s largest pension schemes to develop a climate-tilted fund as the default for their defined contribution scheme, launched in 2016. More recently, in response to significant member demand in the retail space, we have worked with a platform provider on the development of a fossil-free fund we hope to make available in 2020/21.

No

SG 01 CC	Mandatory to Report, Voluntary to Disclose	Descriptive	General
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SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation’s investment time horizon.
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Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.
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LGIM and our parent company have identified the risks and opportunities associated with climate change and have committed to addressing them. As described in our climate change policy:

Climate change, and its direct and indirect impact, poses a significant macro-economic risk for long-term investors. Yet due to the unpredictable and inconsistent nature of weather patterns, it is difficult to assess the exact level of their impact. The magnitude and likelihood of risks and the scope and scale for solutions are also highly dependent on the policy support for mitigating excess emission levels and adapting to more extreme and changing weather patterns. Meeting the target of the Paris Agreement will also require a significant upscaling of investment in areas such as low-carbon energy, infrastructure and energy efficiency, which we believe present substantial investment opportunities.

Our approach to climate change encompasses a number of different avenues, including:

- Working with policy makers - To support policy efforts to meet emission reduction targets, to encourage capital deployment at scale, in order to finance the transition towards a low-carbon economy and to accelerate investments in climate change adaptation.
- Developing our capacity to assess climate-related risks and opportunities - To integrate climate risks and low-carbon opportunities in the investment management of relevant portfolios by seeking key indicators and acting upon financially material data and information.
- Engaging with the companies in which we invest - To ensure investee companies’ strategies are aligned with global climate goals, to seek assurance that boards consist of individuals who can drive businesses to succeed through the energy transition, and to ensure companies are disclosing appropriate levels of risks and opportunities presented by the implications of climate change.
- Reporting to clients - To communicate actions taken on their behalf, and assist clients in considering the implications for their own portfolios.
- Providing investment solutions that are in line with low-carbon opportunities - To work with clients to provide products that are aligned with their investment beliefs and that capture the multitude of investment opportunities that are arising in order to build a low-carbon economy.

As a global diversified investor, we aim to take a comprehensive look at the implications of climate change for our clients’ assets. They range from the overall governance of risks and opportunities down to the level of metrics, targets and product development.

Additionally, we are developing analytical tools to enable us to assess and quantify transitional and physical climate risk exposure of listed equity and debt portfolios. We aim to complete the next stage of this project in 2020/21.

No

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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Yes

Describe the associated timescales linked to these risks and opportunities.

The risks and opportunities associated with climate change will manifest themselves differently depending on asset class, sectors and countries. Broadly, shorter term implications, such as implication of high carbon price or energy cost are often already priced into the market. Also, in a well-diversified portfolio, the net impact of both negative and positive may not be significant for the overall return.

Over the medium term, the government policies and regulations that help or hinder the low carbon transition can create significant risks and opportunities – this would be a 1-5 year timeframe. In the same period, technological advances and consumer demand for alternative products could materially alter market dynamics such as electrification of transport, plastics, etc. For example, LGIM has publicly warned that planning for ever-growing oil demand may hurt the oil industry’s profits sooner than expected, as the costs of clean tech fall and the costs of emitting carbon rise. <https://www.bloomberg.com/news/articles/2019-02-12/oil-s-twilight-here-s-one-investor-view-on-how-it-plays-out>

Over the medium to longer term, we expect physical as well as transitional risks to become much more pronounced, both from one-off shocks like wide scale floods and droughts, as well as gradual but impactful like migration pressures and productivity of key crops.

Most importantly, the scale of the impact from climate change can only be mitigated if we act on it today. This is why in our engagement with investee companies and policy makers, we emphasis on the urgency of immediate action, without which, we close on the window to stabilise the temperature rise.

We fully recognise our duty to inform and guide our clients and produce regular thought pieces and educational materials on this issue.

No

SG 01.8 CC Indicate whether the organisation publicly supports the TCFD?

Yes

No

SG 01.9 CC Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

It is our responsibility to provide the right framework to address climate risks and opportunities in every part of our business, and to provide the tools to support clients.

Engagement and voting

As a firm we speak with one voice across our holdings, with our voting aligned to engagement and ESG metrics. For the past three years, climate change has been one of the top three themes discussed in our meetings with companies. LGIM engages both individually and collectively (with other investors) with many of the largest global companies on their management of climate change issues. Our Climate Impact Pledge goes further and holds companies to account for inaction to address this challenge.

Integration into investment processes

ESG considerations are fundamental to how we evaluate investment opportunities and seek to protect and enhance the long-term value of our clients' assets. Close collaboration between the investment and Investment Stewardship teams, with full support from senior leadership, has led to deepening ESG integration into the investment process. Aided by rapid advances in data and analytics, we can apply a quantitative lens to ESG investing across different assets and investment strategies, which is supplemented with qualitative fundamental analysis.

Client education

A key way we can have an impact is by helping clients, the owners and ultimate beneficiaries of the assets we manage, to take action on climate change. In 2016, we held our first climate change seminar, with the aim of educating clients on the financial impact of climate change, and the tools available to manage associated risks. In 2018, we co-wrote and sponsored an investor guide to climate change, published by the IIGCC. In 2019, we published our first TCFD-aligned report, the results of our first macroeconomic modelling of climate change pathways, in addition to thought leadership pieces, blogs and podcasts on our website that address relevant and topical aspects of climate change.

Our client relationship personnel and other key individuals are being trained on the financially material implications of climate change in order to assist clients' questions.

Public policy

We place great emphasis on the need for urgent and meaningful regulatory action. We have done this by engaging collaboratively with other investors and civil society through our membership of the IIGCC, Aldersgate Group as well as directly with policy makers in the UK and EU as example. We place emphasis on using our scale to drive meaningful policy action.

Product development

We have launched numerous products (index, active equity, bonds, and multi-asset), which incorporate climate metrics and help our clients reduce the carbon intensity of their investments.

Importantly, we have put in place a process to ensure the governance of climate-related risks and opportunities is embedded into all products LGIM manages.

Governance

LGIM's board – as well as the board of our parent company – is regularly informed of climate change issues via numerous governance structures. In addition, LGIM's Director of Investment Stewardship reports directly to our CEO. More details are in LGIM and L&G's separate publicly available TCFD reports.

No

SG 1.10 CC Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

LGIM published our first TCFD for 2018, which was published together with the parent company in annual financial filings in 2019.

We currently do not publish TCFD disclosures

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
<input checked="" type="checkbox"/> URL http://documentlibrary.lgim.com/documentlibrary/library_55458.html
<input checked="" type="checkbox"/> Attachment (will be made public) lgim-global-corporate-governance-and-responsible-investment-principles.pdf
<input checked="" type="checkbox"/> Formalised guidelines on environmental factors
URL/Attachment
<input checked="" type="checkbox"/> URL http://documentlibrary.lgim.com/documentlibrary/library_55458.html
<input checked="" type="checkbox"/> Attachment (will be made public) lgim-climate-change-policy-2019.pdf lgim-global-corporate-governance-and-responsible-investment-principles.pdf
<input checked="" type="checkbox"/> Formalised guidelines on social factors
URL/Attachment
<input checked="" type="checkbox"/> URL http://documentlibrary.lgim.com/documentlibrary/library_55458.html
<input checked="" type="checkbox"/> Attachment (will be made public) lgim-global-corporate-governance-and-responsible-investment-principles.pdf
<input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors
URL/Attachment
<input checked="" type="checkbox"/> URL http://documentlibrary.lgim.com/documentlibrary/library_55458.html
<input checked="" type="checkbox"/> Attachment (will be made public) lgim-global-corporate-governance-and-responsible-investment-principles.pdf lgims-principles-on-executive-remuneration-2019.pdf
<input checked="" type="checkbox"/> Fiduciary (or equivalent) duties
URL/Attachment
<input checked="" type="checkbox"/> URL https://www.investmenteurope.net/investmenteurope/opinion/3710729/fiduciary-duty-obstacle-esg-integration-lgim
<input checked="" type="checkbox"/> Attachment (will be made public) Client_Solutions_five_step_esg_checklist_trustees_Mar_19_UMBRELLA.pdf
<input checked="" type="checkbox"/> Asset class-specific RI guidelines
URL/Attachment
<input checked="" type="checkbox"/> URL http://documentlibrary.lgim.com/documentlibrary/library_55458.html
<input checked="" type="checkbox"/> Attachment (will be made public) lgim-real-assets-investing-in-a-sustainable-society.pdf
<input checked="" type="checkbox"/> Sector specific RI guidelines
URL/Attachment
<input checked="" type="checkbox"/> URL https://www.lgim.com/web_resources/lgim-thought-leadership/Files/Climate-impact-pledge-2019-Tackling-the-climate-emergency.pdf
<input type="checkbox"/> Attachment (will be made public)
<input checked="" type="checkbox"/> Screening / exclusions policy
URL/Attachment
<input checked="" type="checkbox"/> URL https://www.lgim.com/uk/en/capabilities/corporate-governance/assessing-companies-esg/
<input checked="" type="checkbox"/> Attachment (will be made public) lgimh-controversial-weapons-policy.pdf
<input checked="" type="checkbox"/> Engagement policy
URL/Attachment
<input checked="" type="checkbox"/> URL http://documentlibrary.lgim.com/documentlibrary/library_55458.html

- Attachment (will be made public)
lgim-engagement-policy.pdf

- (Proxy) voting policy

URL/Attachment

- URL
http://documentlibrary.lgim.com/documentlibrary/library_55458.html
- Attachment (will be made public)
how-lgim-uses-proxy-voting-services.pdf

- 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

- URL
http://documentlibrary.lgim.com/documentlibrary/library_55458.html
- Attachment
lgim-approach-to-corporate-governance-and-responsible-investment.pdf

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

URL/Attachment

- URL
http://documentlibrary.lgim.com/documentlibrary/library_55458.html
- Attachment
lgim-approach-to-corporate-governance-and-responsible-investment.pdf

- Time horizon of your investment

URL/Attachment

- URL
<https://www.lgim.com/uk/en/insights/our-thinking/long-term-thinking/>
- Attachment

- Governance structure of organisational ESG responsibilities

URL/Attachment

- URL
http://documentlibrary.lgim.com/documentlibrary/library_55458.html
- Attachment
lgim-approach-to-corporate-governance-and-responsible-investment.pdf

- ESG incorporation approaches

URL/Attachment

- URL
<http://update.lgim.com/futureworldfund>
- Attachment

- Active ownership approaches

URL/Attachment

- URL
http://documentlibrary.lgim.com/documentlibrary/library_55458.html
- Attachment
corporate-governance-2019-full.pdf

- Reporting

URL/Attachment

- URL
http://documentlibrary.lgim.com/documentlibrary/library_55458.html
- Attachment
corporate-governance-2019-full.pdf

Climate change

URL/Attachment

URL

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

Attachment

[lgim-climate-change-policy-2019.pdf](#)

Understanding and incorporating client / beneficiary sustainability preferences

URL/Attachment

URL

<https://www.lgim.com/uk/ad/capabilities/>

Attachment

[lgim-climate-change-policy-2019.pdf](#)

We do not publicly disclose any investment policy components

SG 02.3 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 and 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 and 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 separate policy documents providing more detail on LGIM's approach to engagement and voting and integrating ESG.

The Global Corporate Governance and Responsible Investment policy and the additional supplementary policies are approved by the LGIM Board Investment Stewardship 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.

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>

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 Investment Stewardship team's activities. The Director of Investment Stewardship reports directly to the CEO, and the activities of the Investment Stewardship team are also monitored by three independent non-executive directors.

No

SG 04 Voluntary Descriptive General

Private

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.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not set/reviewed

SG 05.2	Additional information. [Optional]
<p>Objectives are set annually and reviewed on a biannual basis. Additionally, progress against the objectives is reviewed regularly.</p> <p>We have three overarching goals that frame LGIM's five-year responsible investment and investment stewardship 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 five years. We select these issues based on how material we expect them to be for our investments and the market at large. As a result of these long-term objectives, annual goals are determined.</p> <p>In 2019, we continued the implementation of commitments we had made the previous years, which included:</p> <ul style="list-style-type: none"> • Integrating sustainable/long-term themes into our investment process, by launching our ESG Scores and ESG view. • Formally inviting external stakeholders to review and strengthen our investment stewardship and sustainability policies, by hosting two roundtable event to gather feedback from clients and other key stakeholders. • Engaging with the largest companies on climate change as part of the Climate Impact Pledge. • Engaging with US and Japanese companies on gender diversity. • Engaging with US companies on culture. • Engaging with laggards on social and governance metrics globally. • Engaging on the issue of transparency based on key metrics globally. • To expand the Future World Fund range to help clients to decarbonise their investments, by launching new funds. <p>Most of our long-term and short-term ESG objectives are publicly disclosed on the Legal & General Group website: https://www.legalandgeneralgroup.com/investors/results-reports-and-presentations/?categoryId=2182&year=0</p>	

SG 06	Voluntary	Descriptive	General
Private			

SG 07	Mandatory	Core Assessed	General
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SG 07.1	Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.
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Roles

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Internal Roles (triggers other options)

Select from the below internal roles

- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
 - Director of Investment Stewardship
 - 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
- 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
- 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 Investment Group |
- Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
 - Other role, specify (2)
- External managers or service providers

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

The dedicated Investment Stewardship 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 Investment Stewardship, has direct responsibility for Investment Stewardship and Responsible Investment. He is on the board of LGIM and reports directly into LGIM's Chief Executive Officer (CEO), Michelle Scrimgeour. This structure, as well as the ability to engage with three independent non-executive directors on LGIM's board, ensures that strategy and goal setting is agreed and has oversight at the highest level.

LGIM's Investment Stewardship Committee has overall responsibility and oversight of the evolution and implementation of corporate governance and responsible investment policies. These policies apply to all asset classes and investment strategies. Our Chief Executive Officer, Chief Investment Officer and Director of Investment Stewardship all serve on this committee, in addition to independent non-executive directors. The Investment Stewardship team reports to the committee regularly. The Investment Stewardship committee meets quarterly, while the Director of Investment Stewardship reports to the LGIM Board every six months.

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 Investment Stewardship team to input into the ESG tools and resources available to support the investment analysts.

During 2019, the Future World funds expanded investment offerings. To ensure that the Future World fund range remains responsive to the latest developments and to create consistent principles, the Future World Investment Group was set up, led by the Chief Investment Officer, with representatives from all investment desks.

Also in 2019, we took a number of important steps with regard to ESG integration, not least the establishment of a Global Research and Engagement Framework. This brings together representatives from our investment and stewardship teams, to unify our engagement efforts and determine the exposure of sectors and companies to ESG risks and opportunities.

The output from the platform strengthens and streamlines the firm's engagement activities enabling us to collectively set goals and targets at a company level with one voice, whilst supporting and guiding our investment decisions across the capital structure.

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

16

SG 07.4 Additional information. [Optional]

We have deliberately built an Investment Stewardship team with diverse experience and expertise across the spheres of ESG engagement, fund management, financial analysis, corporate governance, sustainability, public policy and regulation.

The 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 Investment Stewardship 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 regular formal and informal meetings, joint engagements and sharing of information on internal systems.

SG 07 CC	Mandatory to Report, Voluntary to Disclose	Descriptive	General
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SG 07.5 CC Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

- | | Board members or trustees |
|--|--|
| | <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues |
| | Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee |
| | <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues |
| | Other Chief-level staff or heads of departments |

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investor relations

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other role, specify (1)

- Future World Investment Group
- Oversight/accountability for climate-related issues
 - Assessment and management of climate-related issues
 - No responsibility for climate-related issues

SG 07.6 CC For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

LGIM's Investment Stewardship Committee has overall responsibility and oversight of the evolution and implementation of investment stewardship and responsible investment policies, including those related to climate change. These policies apply to all asset classes and investment strategies. Our Chief Executive Officer, Chief Investment Officer and Director of Investment Stewardship all serve on this committee, in addition to independent non-executive directors. The Investment Stewardship team reports to the committee regularly. The Investment Stewardship committee meets quarterly, while the Director of Investment Stewardship reports to the LGIM Board every six months.

At the highest level, overall responsibility for climate change risks, insofar as they are material to investments, lies with LGIM's CEO, who has oversight of relevant risks as reported through a series of risk and investment committees.

SG 07.7 CC For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

LGIM's ESG score is used in our engagements and for creating ESG-aligned index-tracking funds. Oversight for the rules-based incorporation of ESG data into index methodologies was provided by the Investment Stewardship Committee and the Index Solutions Committee.

Our ESG View is used to assist in the process of stock or bond selection by highlighting key ESG issues which are overlaid onto the fundamental assessment carried by the analysts. These metrics have been designed with direct input by sector analysts and is continuously being improved through regular meetings between active investment teams, equities and fixed income, and the Investment Stewardship team.

We have also developed our own house view about the issues which are likely to prove decisive in shaping global markets over the decades to come. Building on previous work on board diversity, corporate tax, living wage, and climate change, we established the Global Research and Engagement Platform which consists of six groups: Industrials, Healthcare, Financial, Technology Media Telecoms (TMT), Consumer, and Energy/Utilities. The output from the platform strengthens and streamlines our engagement activities across investments and stewardship, to enable us to collectively set goals and targets at a company level with one voice, whilst supporting and guiding our investment decisions across the capital structure.

At the core of our ESG capabilities is our Future World range. In 2016, we launched the first fund in this range, which aimed to achieve positive outcomes for the dual purpose of protecting long-term investment returns and taking climate change risks into account. Since 2016, the Future World funds have expanded into investment offerings in every asset class (equity, bonds, real assets and multi-assets) and strategy (active and index tracking funds). Climate change is the most prominent theme that is incorporated in the range, both from a risk perspective and in terms of investing in low-carbon solutions. To ensure that the Future World fund range remains responsive to the latest developments and to create consistent principles, the Future World Investment Group has been set up, led by the CIO with representatives from all investment desks. In addition, the Responsible Investment Group assesses strategic sustainable investment related proposals and sets direction for responsible investment activities across the firm.

SG 08	Voluntary	Additional Assessed	General
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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.

- 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]	
<p>We are an active member of the PRI.</p> <p>Member of the Working Group on Credit Ratings and ESG integration; involved 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 PRI-coordinated collaborative engagements such as Climate Action 100+ and contributing a case-study to a PRI report on lobbying in 2018. We have been keen to learn from and share knowledge with PRI when we can – for example, when it comes to active ownership in indexes and thematic work.</p>	
<input checked="" type="checkbox"/> Asian Corporate Governance Association	
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 is part of ACGA which plays a vital role to strengthen the corporate governance work in Asia as our assets continue to increase in this region. ACGA is a very well-respected organisation dedicated to working with investors, companies and regulators in the promotion and implementation of effective corporate governance practices throughout Asia.</p> <p>LGIM 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 for the Japan market. LGIM also regularly provides feedback to ACGA on the detail of their regulatory submissions and key policies. This is important to ensure that investors speak with a united voice on critical governance topics in the region.</p>	
<input type="checkbox"/> Australian Council of Superannuation Investors	
<input type="checkbox"/> AVCA: Sustainability Committee	
<input type="checkbox"/> France Invest – La Commission ESG	
<input type="checkbox"/> BVCA – Responsible Investment Advisory Board	
<input checked="" type="checkbox"/> 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]	
<p>Collective effort to increase companies' climate-related disclosure.</p> <p>LGIM continues to be an advanced user of CDP data and supporter of CDP research and events.</p>	
<input checked="" type="checkbox"/> CDP Forests	
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]	
<p>LGIM is an advanced user of the forest questionnaire, integrating this data in its engagements with global food companies.</p>	
<input checked="" type="checkbox"/> 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]	
<p>Collective effort to improve disclosure related to companies' exposure to water risks and how these are managed.</p>	
<input type="checkbox"/> CFA Institute Centre for Financial Market Integrity	
<input checked="" type="checkbox"/> Climate Action 100+	
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]	
<p>LGIM co-leads engagement with one of the targeted oil and gas majors</p>	
<input type="checkbox"/> Code for Responsible Investment in SA (CRISA)	
<input checked="" type="checkbox"/> Council of Institutional Investors (CII)	
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]	
<p>In the United States, 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.</p> <p>LGIM has contributed to CII's member letters and given direct feedback to the CII on a host of topics, including the Index Providers consultations on one share one vote which was distributed to all members in order to assist in their consultation responses. Additionally, LGIM has co-signed various</p>	

comment letters that CII coordinates for its members.

- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia
- Invest Europe 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]

LGIM is a signatory of the Paris Green Bonds Statement, committing to support the development of green bonds as part of climate finance solutions.

- HKVCA: ESG Committee

- 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 previously a member of the Board of IIGCC. LGIM is also a member of the Paris-aligned portfolios working group. We actively input to and endorse IICGG-led messages to 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 on 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 Financial Action in the 21st Century
- 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)

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]

LGIM participated in the joint project from UNEP FI and the PRI on corporate tax, culminating in the launch of a report entitled Engagement Guidance On Corporate Tax Responsibility.

- United Nations Global Compact

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 continues to source UNGC third party analysis in order to increase our ability to monitor and engage with companies in violation of UNGC Principles.

We exclude severe and continuous violators from our ETFs and Future World range.

As of October 2012, Legal & General Group plc 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.

Other collaborative organisation/initiative, specify

Sustainability Accounting Standards Board

Your organisation's role in the initiative during the reporting year (see definitions)
Moderate
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
Two members of LGIMA (our US team) sit on the Investment Advisory Group (IAG) of SASB and actively participate. They spoke at annual symposium, are co-chairs of a working group, and we integrate SASB requests into our corporate engagements.

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]
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. Since 2017, LGIM's Senior Global ESG & Diversity Manager has been a member of the Steering Committee.
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. Since 2017, LGIM's Senior Global ESG & Diversity Manager has also been the Co-Chair of the Investor Group.

Other collaborative organisation/initiative, specify

Aldersgate Group

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]
L&G/LGIM use this forum to engage with UK and EU policy-makers – e.g. they were instrumental in securing the net zero legislation in the UK.

Other collaborative organisation/initiative, specify

Investment Association

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]
The IA provides a structure for LGIM to discuss corporate governance policy and push for collective engagement alongside a number of UK investment managers. LGIM is involved within the organisation at board level; LGIM's CEO sits on the board of directors, while members of LGIM's Investment Stewardship team sit on the IA's corporate governance and remuneration committees, as well as the Sustainability and Responsible Investment Committee.

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.

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
We published numerous guides throughout the year, examples of which include: the role of ESG information for pension fund trustees; climate change disclosure; understanding corporate culture; the proxy voting chain; effective employee engagement; the role of the non-executive director; managing shareholder activism; and board effectiveness reviews. We invited Non-Executive Directors (NEDs) to a breakfast event in London and for the first time this year in Chicago to provide an update on LGIM's view on evolving ESG best practices and our related principles. We explained our stance on ESG issues and how NEDs can tackle these in their companies. We also held a stakeholder event, conducted numerous client education sessions, and attended seminars/conferences for actuaries, consultants and other stakeholders.

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
We are a research funding partner on asset-owner led initiative which assesses companies' preparedness for the transition to a low carbon economy.
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

- Provided input and/or collaborated with academia on RI related work

Description
We joined the IICGG Paris-aligned portfolio working group, which is a combination of academics, external consultants and other investors. The output of this will be a report for asset owners on how to align portfolios with the Paris Agreement.
Frequency of contribution
<input type="radio"/> Quarterly or more frequently <input checked="" type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

- Encouraged better transparency and disclosure of responsible investment practices across the investment industry

Description
Responded to various consultations including from the DWP and FCA to encourage better ESG practices and transparency. We responded to the consultation on the new UK Stewardship Code and provided input on the transposition of the Shareholder Rights Directive II. Promoted enhanced industry disclosure at the industry initiatives and associations we participate in.
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

- Spoke publicly at events and conferences to promote responsible investment

Description
In 2019 LGIM team members spoke at 45 public events including the PRI Conference. Subjects covered included ESG integration, engagement, climate change and 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

- Wrote and published in-house research papers on responsible investment

Description
We published several papers during the year, which covered areas such as the effective employee engagement, the role of the non-executive director, and a guide to climate governance. The papers are available on our website: http://www.lgim.com/uk/en/capabilities/corporate-governance/influencing-the-debate/ LGIM has also launched a blog platform which provides an opportunity to share latest thinking and insights on ESG topics from our investment stewardship and investment teams, which can be found at: https://futureworldblog.lgim.com/ In 2019, we produced numerous thought leadership pieces, including a paper on responsible investment and low-carbon fund options for local government pension schemes, as well as a research paper on the links between ESG factors and diversification, which can be found at: http://www.lgim.com/uk/en/insights/our-thinking/long-term-thinking/ Finally, as part of LGIM's podcast series LGIMTalks, members of the Investment Stewardship Team addressed pressing topics and trends they have experienced from engagement meetings and within the industry. In one of these podcasts, Investment Stewardship Director Sacha Sadan addressed the importance of a strong audit committee, especially in light of a series of recent audit failures in the UK over the past year. Other podcasts included a webinar with world-renowned

climate economist Lord Nicholas Stern and other experts, as well as an ESG checklist for pension trustees.

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

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

Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)

Description
During the year the Investment Stewardship Team responded to numerous consultations by non-governmental organisations that included: • Consultation on Sustainable Development Goals framework for reporting • Consultation on the FRC UK Stewardship Code • Consultation on auditing standards in UK • Consultation on ESG reporting guide and related listing roles in Hong Kong • Consultation voting rights for listed companies in Spain and Belgium • Proposed amendments to the German Corporate Governance Code • FTSE Russell minimum free float

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

Wrote and published articles on responsible investment in the media

Description
We regularly publish op-eds (e.g. by LGIM CEO in Financial Times https://www.ft.com/content/210a6c79-2be4-47f0-a99c-aa4b821d0330), blogs (https://futureworldblog.lgim.com/categories/themes/greta-grip-on-the-frontline-of-the-climate-strikes/), thought pieces (http://www.lgim.com/web_resources/lgim-thought-leadership/Files/Client_Solutions_five_step_esg_checklist_trustees_Mar_19_UMBRELLA.pdf), podcasts (https://player.fm/series/lgim-talks/ep-53-how-to-increase-board-effectiveness-with-sacha-sadan-director-of-corporate-governance), guides for companies (https://www.lgim.com/files/_document-library/capabilities/a-guide-to-effective-employee-engagement.pdf) and advertorials (https://www.financialinvestigator.nl/nl/library/download/urn:uuid:f932bf29-e05c-4067-8a1f-3c73447b4899/ronde+tafel+klimaatverandering+en+energietransitie++fi7+2019.pdf) on ESG issues, both in the UK and internationally (https://asia.nikkei.com/Spotlight/Cover-Story/After-fending-off-eco-warriors-Asia-Inc-finds-ESG-investors-hard-to-ignore). In 2019, responsible investment-related activities at LGIM were the subject of circa 300 pieces of media coverage across nationals, wires, broadcast and trade publications.

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

A member of PRI advisory committees/ working groups, specify

Description
Member of the Working Group on Credit Ratings and ESG integration; involved 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 and contributing a case-study to PRI report on lobbying in 2018.

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	
Until recently, LGIM's Head of Sustainability and Responsible Investment Strategy sat on the board of the IIGCC. LGIM's Director of Investment Stewardship sits on board of the Investor Forum. Our Head of US Stewardship and Sustainable Investments from our US affiliate, LGIMA, is on the Investor Advisory Group of the Sustainability Accounting Standards Board (SASB).	
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	
Input into government policy-making and regulation	
Description	
Examples include: North America: • Providing input into SEC proposed amendments to proxy advisor regulation, human capital disclosures, voting thresholds Europe, input into: • FCA's building a regulatory framework for effective stewardship • FCA's consultation on proposals to improve shareholder engagement • FCA's Climate Change and Green Finance strategy • European Union's Sustainable Finance Action Plan (EU Taxonomy, Climate Change Benchmarks, EU Ecolabel, Sustainability Disclosures) Asia: • Provided input on the Amendment Bill of the Foreign Exchange and Foreign Trade Act	
Frequency of contribution	
<input type="checkbox"/>	Quarterly or more frequently
<input type="checkbox"/>	Biannually
<input type="checkbox"/>	Annually
<input type="checkbox"/>	Less frequently than annually
<input checked="" type="checkbox"/>	Ad hoc
<input type="checkbox"/>	Other
<input type="checkbox"/>	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]

In 2019, our Investment Stewardship team's work was featured in circa 300 articles by media outlets including the Financial Times, Bloomberg, Reuters, Nikkei, the BBC, The Guardian, The Times, The Telegraph and The New York Times.

SG 11	Voluntary	Additional Assessed	PRI 4,5,6
Private			

SG 12	Mandatory	Core Assessed	PRI 4
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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
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SG 13.1 Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities

Describe
We are developing several ways in which we can apply climate scenarios to our investment process meaningfully.

No, our organisation does not currently carry out scenario analysis and/or modelling

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. In addition, where ESG is a specific, material concern for a potential position then it is given due consideration.

SG 13 CC Mandatory to Report, Voluntary to Disclose Descriptive General

SG 13.4 CC Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

Initial assessment

Describe

In 2018, LGIM entered into a strategic partnership with Baringa Partners, a leading global management consultancy, to construct a bespoke model that we could use to analyse scenarios depicting how the energy system is likely to evolve over the next 35 years and what the implications are for long-term investors. Using a recognised methodology, Baringa developed a framework that models the energy system by making choices in the lowest-cost way.

In 2019 we developed 'Destination', a dynamic tool that we can use to analyse the energy transition. We built a dataset, using around 100 different public and proprietary sources, of around two million variables and assumptions. These address issues such as how much an electric car is likely to cost in China and India relative to a petrol-powered car in the future, and how fuel-efficient those two technology options are likely to be.

Using Baringa, we have footprinted L&G's balance sheet which was published in their TCFD report 2019. We intend to further develop this model for LGIM during 2020 and 2021.

- Incorporation into investment analysis
- Inform active ownership
- Other

SG 13.5 CC Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

specify

Investment analysts.

SG 13.6 CC Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

Yes

Describe

Our climate change policy describes our approach to climate impacts:

Climate change, and its direct and indirect impact, poses a significant macro-economic risk for long-term investors. Yet due to the unpredictable and inconsistent nature of weather patterns, it is difficult to assess the exact level of their impact. The magnitude and likelihood of risks and the scope and scale for solutions are also highly dependent on the policy support for mitigating excess emission levels and adapting to more extreme and changing weather patterns. Meeting the target of the Paris Agreement will also require a significant upscaling of investment in areas such as low-carbon energy, infrastructure and energy efficiency, which we believe present substantial investment opportunities.

Our approach to climate change encompasses a number of different avenues, including:

- **Working with policy makers** - To support policy efforts to meet emission reduction targets, to encourage capital deployment at scale, in order to finance the transition towards a low-carbon economy, and to accelerate investments in climate change adaptation.
- **Developing our capacity to assess climate-related risks and opportunities** - To integrate climate risks and low-carbon opportunities in the investment management of relevant portfolios by seeking key indicators and acting upon financially material data and information.
- **Engaging with the companies in which we invest** - To ensure investee companies' strategies are aligned with global climate goals, to seek assurance that boards consist of individuals who can drive businesses to succeed through the energy transition, and to ensure companies are disclosing appropriate levels of risks and opportunities presented by the implications of climate change.
- **Reporting to clients** - To communicate actions taken on their behalf, and assist clients in considering the implications for their own portfolios.

- **Providing investment solutions that are in line with low-carbon opportunities** - To work with clients to provide products that are aligned with their investment beliefs and that capture the multitude of investment opportunities that are arising in order to build a low-carbon economy.

No

SG 13.7 CC Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

SG 13.8 CC Indicate the climate scenarios your organisation uses.

Provider	Scenario used	
IEA		
IEA		
IEA	<input checked="" type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input checked="" type="checkbox"/> New Policy Scenario (NPS)	
IEA		
IRENA		
Greenpeace		
Institute for Sustainable Development		
Bloomberg	<input checked="" type="checkbox"/> BNEF reference scenario	
IPCC	<input checked="" type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input checked="" type="checkbox"/> RPC 6	
IPCC		
IPCC	<input checked="" type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	Other (1) please specify: LGIM proprietary scenarios.
Other		
Other		

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

SG 14.1 Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)
Regulatory pressure

- Other, specify(2)

other description (2)
Growing client demand for responsible investment

None of the above

SG 14.2 Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.	
Total AUM	5,900,900,700 GBP
	7622739676 USD

Specify the framework or taxonomy used.
 This AUM figure includes assets invested in LGIM's Future World funds.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description
Supported clients in their integration of ESG and climate considerations.

None of the above

SG 14.3 Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify

other description
Capitalise exposure to green revenues.

None of the above

SG 14.4 If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

- Trucost data emissions - absolute and intensity
- CDP disclosures
- Bloomberg emissions data
- FTSE/HSBC Green Revenue
- TCFD

SG 14.5 Additional information [Optional]

Please see our 2018 TCFD report for emissions performance of six representative equity and corporate debt indices, as well as our UK and US sovereign debt holdings and real assets portfolio.

http://www.lgim.com/files/_document-library/capabilities/lgim_tcf_report.pdf

Note that an updated 2019 TCFD report will be published in 2020.

SG 14 CC	Voluntary		General	
SG 14.6 CC Provide further details on the key metric(s) used to assess climate-related risks and opportunities.				
Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology

Climate-related targets	Minority of assets	Company engagement.	Various (e.g. t CO2 reductions, or \$ investments in cleantech, % renewable electricity capacity etc.)	Various methodologies, but we are supportive of the science-based targets initiative.
Weighted average carbon intensity	Majority of assets	Demonstrating to clients the GHG emissions intensity of their investments	Tonnes of CO2/£1 million revenues.	Current value of investment divided by current portfolio value, multiplied by the company's scope 1 and 2 GHG emissions divided by issuer's \$m revenue. The first term in the product is the security weight in the index or benchmark; the second term is the carbon emission intensity for each constituent.
Carbon footprint (scope 1 and 2)	Majority of assets	Regular carbon data feed, to be used for engagement and ad-hoc client reporting as appropriate.	Tons of CO2e	In line with GHG recommendations.
Portfolio carbon footprint	Majority of assets	Data points can be derived from our existing regular carbon data feed, to be used for engagement and ad-hoc client reporting as appropriate.	Tons of CO2e	In line with TCFD recommendations.
Total carbon emissions	Majority of assets	Data points can be derived from our existing regular carbon data feed, to be used for engagement and ad-hoc client reporting as appropriate.	Tons of CO2e	In line with TCFD recommendations.
Carbon intensity	Majority of assets	Data points can be derived from our existing regular carbon data feed, to be used for engagement and ad-hoc client reporting as appropriate.	Tons of CO2e/\$m revenues.	In line with TCFD recommendations.
Exposure to carbon-related assets	Majority of assets	Demonstrating to clients the exposure of their investments to carbon reserves.	Weighted average carbon reserves intensity (tonnes of reserves/US\$m market capitalisation)	Reserves intensity for each company is calculated as the sum of carbon reserves intensity from coal and carbon reserves intensity from O&G. Intensity is calculated using the following formula: carbon reserves intensity (Coal+OilGas in tonnes/USD mn = [Carbon reserves (Coal+OilGas) in m tonnes x 1,00,000 / [market cap USD / 1,000,000] NB: few companies have coal and oil & gas reserves. The majority of companies are either not reported or have zero/not relevant reserves data.
Other emissions metrics	Minority of assets	Green revenues. Demonstrating to clients the exposure to green revenues of their investments	Percentage of revenues.	A weighted average green revenues percentage is calculated as a proportion of issuer revenues. Revenue data is provided by HSBC.

SG 14.7 CC Describe in further detail the key targets.

Target type	Baseline year	Target year	Description	Attachments
Absolute target	Not applicable	Net zero emissions across real estate portfolio by 2050.		
Intensity target	Ongoing	The Future World funds aim to allocate funds to less emissions-intensive companies, relative to a broad market comparator.		

Intensity target	Ongoing	The Future World funds aim to reduce clients' exposure to fossil fuel reserves, relative to a broad market comparator.		
Intensity target	Ongoing	The Future World funds aim to increase weights for companies generating a larger percentage of green revenues.		
Absolute target	2020	2030	Legal & General is looking beyond current legislation and practices, seeking to align its real asset portfolio with a science-based carbon performance target.	

SG 14.8 CC Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

Processes for climate-related risks are integrated into overall risk management

Please describe

Climate-related risks can be identified at company, sector, country level or the entire market. To systematically assess them, we utilise a multi-layered process:

- ESG engagement - for market wide issues that require companies to significantly shift strategies
- Long-term themes - to debate and form views on energy transitions and implications for asset allocation
- ESG scores - apply consistent standards of carbon metrics to identify sectors and companies more likely to be at risk
- ESG views - assist the integration of climate issues to the active fund management process and help pick companies which are better positioned than their peers
- Country-level risks - important for both sovereign bond investments and to assess investments' exposures to countries with heightened risks

The climate and ESG information we collect is stored in LGIM's central data repository, and can be incorporated into various internal reports such as risk and portfolio monitoring, and external reports in summary/illustrative form, such as fund fact sheets and client reports.

Information regards Engagement, ESG Score, ESG view and country ESG score

For the Climate Impact Pledge (CIP), the companies targeted are scored on over 100 indicators, based on their articulation of risk and opportunities, the level of transparency, the robustness of their governance, the strength of their strategies in pursuing new opportunities, the record of controversial incidents and how they lobby governments on climate regulations.

CIP was established in 2016. In 2019, we supplemented it through the establishment of a Global Research and Engagement Framework. This brings together representatives from our investment and Investment Stewardship teams to unify our engagement efforts and determine the exposure of sectors and companies to ESG risks and opportunities.

Climate change has been one of the first research themes for the Framework

LGIM has an ESG Score for all main investable companies, comprising 28 individual indicators, of which three are directly linked to climate change. These three indicators constitute a third of the overall weighting of the ESG Score, reflecting the heightened level of risks to the market. The three indicators are carbon emissions (greenhouse gas emissions from scope 1 and 2), carbon reserves (reserves of oil, gas and coal), and the percentage of the 'green' revenue contribution from low-carbon and environmental solutions, such as renewables and electric vehicles.

The ESG View is an in-house tool which provides an indicative score capturing a company's ESG risk exposure. The tool assesses over 4000 companies on 400 ESG indicators, chosen based on financial materiality in each of 70 separate sectors. Companies are scored and compared against peers on environmental metrics including carbon emissions intensity, stranded asset risks, strength of environmental policies, water risks and green revenues, helping flag to analysts the companies which are particularly exposed to climate risks, and conversely those that could be well-positioned to benefit from opportunities.

Our ESG Country Score draws on over 200 data points assessing the quality of over 200 sovereigns across both developed and emerging markets, incorporating metrics such as climate change adoption, emissions, waste and natural hazards.

Processes for climate-related risks are not integrated into overall risk management

SG 14.9 CC Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

Yes

Please describe

Our engagements with companies help identify those best positioned to manage climate-related risks, and those falling behind. Climate change has been a consistent priority for us during engagements and in 2017, 2018, and 2019 was one of our top three most frequently discussed engagement topics. As part of climate change-related engagements, we strongly encourage portfolio companies to report in line with the TCFD recommendations - not just to disclose but to be transparent about risks and opportunities, so that we can make adequate investment decisions.

LGIM's Climate Impact Pledge (CIP) is our flagship engagement programme aimed at addressing climate change and helping companies transition to a low-carbon economy.

Under our CIP, we have committed to engage with the world's largest companies in six sectors key to the low-carbon transition: oil and gas, mining, electric utilities, autos, food retail and financials. We engage on behalf of all our clients' assets, across asset classes and investment strategies.

The companies targeted are scored on over 170 indicators based on their articulation of risk and opportunities, the level of transparency, the robustness of their governance, the strength of their strategies in pursuing new opportunities, the record of controversial incidents and how they lobby the governments on climate regulations. All companies are contacted directly to discuss areas of improvement with constructive feedback based on their current disclosures. The aim of engagement is to help companies in key industries embrace and succeed in the transition to a low-carbon world, which in turn protects our clients' asset from transition and physical risks. The leaders in each sector are celebrated in our "name and fame" programme, to highlight how it is possible to create climate solutions in every industry.

Some of our requests come with a 12-month limit for compliance to be articulated publicly, as they reflect what we consider to be a minimum threshold for companies of such significance. Failure to meet this timeline will lead to voting against the chair of the board across the entire equity holdings held by LGIM and divestment in our Future World fund range. To find our second result from the engagement, go to:

<https://www.lgim.com/be/en/insights/our-thinking/market-insights/climate-impact-pledge-tackling-the-climate-emergency.html>

Our assessment criteria are fully compatible with the TCFD framework and we added a category of "TCFD disclosure" for the 2019 assessment.

Our engagements go beyond LGIM-led initiatives. We often collaborate with other investors - through networks like the PRI - and we are a part of the Climate Action 100+ initiative, which gathers over \$39 trillion of assets under management to push collectively for climate action from investee companies and policy-makers. We also publicly called for governments (UK, EU, Hong Kong) to transpose TCFD disclosures into regulation, and have called on the global standard setters at IOSCO to similarly recognise the materiality of climate disclosures (which they have now done: <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD619.pdf>)

Through public materials aimed at asset owners – as well as private trustee education sessions – we have also encouraged pension fund clients to report in line with the TCFD.

- No, we do not undertake active ownership activities.
- No, we do not undertake active ownership activities to encourage TCFD adoption.

SG 15	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1
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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.

- Yes

SG 18.2 Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

As described earlier, we are also developing innovative approach to measuring and modelling climate risk. LGIM's ambition is to offer its clients end-to-end climate solutions, to measure and manage carbon exposure; identify and mitigate underlying climate risks; and seek temperature alignment. For the past year, we have worked closely with our parent company to apply this methodology to their balance sheet assets. Throughout 2020 and 2021 we will continue to work to be able to offer the analysis across different client portfolios and asset classes.

- No

SG 19	Mandatory	Core Assessed	PRI 2, 6
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SG 19.1 Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

Listed equity - Incorporation

Do you disclose?

- We do not proactively disclose it to the public and/or clients/beneficiaries
- We disclose to clients/beneficiaries only.
- We disclose it publicly

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL	Disclosure to clients/beneficiaries
<p>Disclosure to public and URL</p> <ul style="list-style-type: none"> <input type="radio"/> Broad approach to ESG incorporation <input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used 	<p>Disclosure to clients/beneficiaries</p> <ul style="list-style-type: none"> <input type="radio"/> Broad approach to ESG incorporation <input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used
Annually	Quarterly or more frequently
http://www.lgim.com/activeowner	

Listed equity - Engagement

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- 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

Disclosure to public and URL	Disclosure to clients/beneficiaries
<input checked="" type="checkbox"/> Details on the overall engagement strategy <input checked="" type="checkbox"/> Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals <input checked="" type="checkbox"/> Number of engagements undertaken <input checked="" type="checkbox"/> Breakdown of engagements by type/topic <input checked="" type="checkbox"/> Breakdown of engagements by region <input type="checkbox"/> An assessment of the current status of the progress achieved and outcomes against defined objectives <input checked="" type="checkbox"/> Examples of engagement cases <input checked="" type="checkbox"/> Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.) <input type="checkbox"/> Details on whether the provided information has been externally assured <input checked="" type="checkbox"/> Outcomes that have been achieved from the engagement <input type="checkbox"/> Other information	<input checked="" type="checkbox"/> Details on the overall engagement strategy <input checked="" type="checkbox"/> Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals <input checked="" type="checkbox"/> Number of engagements undertaken <input checked="" type="checkbox"/> Breakdown of engagements by type/topic <input checked="" type="checkbox"/> Breakdown of engagements by region <input type="checkbox"/> An assessment of the current status of the progress achieved and outcomes against defined objectives <input checked="" type="checkbox"/> Examples of engagement cases <input checked="" type="checkbox"/> Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.) <input type="checkbox"/> Details on whether the provided information has been externally assured <input checked="" type="checkbox"/> Outcomes that have been achieved from the engagement <input type="checkbox"/> Other information
Annually	Quarterly or more frequently
http://www.lgim.com/activeowner	

Listed equity – (Proxy) Voting

Do you disclose?

We do not disclose to either clients/beneficiaries or the public.
 We disclose to clients/beneficiaries only.
 We disclose to the public

The information disclosed to clients/beneficiaries is the same

Yes
 No

Disclosure to public and URL
<p>Disclosure to public and URL</p> <input checked="" type="radio"/> Disclose all voting decisions <input type="radio"/> Disclose some voting decisions <input type="radio"/> Only disclose abstentions and votes against management
Quarterly or more frequently
http://documentlibrary.lgim.com/documentlibrary/library_55458.html?req=internal

Fixed income

Do you disclose?

We do not disclose to either clients/beneficiaries or the public.
 We disclose to clients/beneficiaries only.
 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
<p>Disclosure to public and URL</p> <input type="radio"/> Broad approach to RI incorporation <input checked="" type="radio"/> Detailed explanation of RI incorporation strategy used	<p>Disclosure to clients/beneficiaries</p> <input type="radio"/> Broad approach to RI incorporation <input checked="" type="radio"/> Detailed explanation of RI incorporation strategy used
Quarterly	Quarterly

http://www.lgim.com/activeowner
http://www.lgim.com/activeowner

Property

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

Disclosure to clients/beneficiaries

Disclosure to clients/beneficiaries

- ESG information on how you select property investments
- ESG information on how you monitor and manage property investments
- Information on your property investments' ESG performance
- Other

Quarterly or more frequently

SG Checks

Checks

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

LEI 01.1

Indicate which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities; and the breakdown of your actively managed listed equities by strategy or combination of strategies.

- 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)
- Screening and integration strategies

Percentage of active listed equity to which the strategy is applied – you may estimate +/- 5% 99%

- Thematic and integration strategies
- Screening and thematic strategies
- All three strategies combined

Percentage of active listed equity to which the strategy is applied – you may estimate +/- 5% 1%

- We do not apply incorporation strategies

LEI 01.3

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

LGIM uses a combination of ESG incorporation strategies, emphasising integration.

Integration

The active equity team can integrate considerations of ESG issues into fundamental analysis through information exchange, LGIM's proprietary ESG scoring tool, and the Active ESG View [described in 2.4].

Thematic

Our Global Research and Engagement Platform consists of six committees and brings together sector expertise from across LGIM's active investment and stewardship teams so that we can proactively identify the challenges and opportunities which will determine the resiliency of sectors and companies within them. Utilising cross-asset knowledge will help us to identify key macro, micro and thematic risks and opportunities.

Our thematic approach enables us to formulate views on key trends shaping our future world. We look for disruptors, innovators and best-in-class companies which we believe to be either drivers of future industry dynamics and climate commitments, or well-positioned to benefit from industry change.

Screening

Although the integration of ESG-related criteria in the assessment of companies at LGIM is not intended to result in any negative or exclusion lists, we do consider that screening is an approach that can complement integration and thematic investing.

LEI 02.1

Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

- Raw ESG company data
- ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – analyst or portfolio manager
- Company-related analysis or ratings
- ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – analyst or portfolio manager
- Sector-related analysis or ratings
- ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – analyst or portfolio manager
- Country-related analysis or ratings
- ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – analyst or portfolio manager
- Screened stock list
- ESG research provider
 - Sell-side

- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- ESG issue-specific analysis or ratings
 - ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – analyst or portfolio manager
- Other, specify
 - ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – analyst or portfolio manager

LEI 02.2 Indicate whether you incentivise brokers to provide ESG research.

Yes

LEI 02.3 Describe how you incentivise brokers.

Following the introduction of the MiFID II regime, LGIM pays for all sell-side research from their own P&L, including ESG oriented research. ESG oriented research forms a key part of our broker research review and contracting decisions. As part of these regulations we carefully assess and pay appropriately for all useful, relevant and helpful research. We can no longer accept any research which we do not rate. We additionally 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 02.4 Additional information. [Optional]

LGIM undertakes internal ESG research, supplemented by third-party information.

LGIM Active ESG View for ESG integration into core active funds, LGIM draws on outputs of this proprietary tool. Quantitative input into the tool utilises the following external data providers: Sustainalytics, Refinitiv, HSBC, Trucost, and also Bloomberg, Reprisk, Maplecroft, MSCI and ISS, reported company data and proprietary LGIM analysis. The tool utilises over 400 data points, with over 70 sub-sectors individually weighted for ESG materiality.

Qualitative inputs into the tool capture ESG insights from LGIM's company analysis and engagements, leveraging research teams' knowledge and corporate access.

LGIM ESG Score used in construction of index funds and as an engagement tool; data is also used in active integration. 28 ESG data points employed are sourced from Trucost, HSBC, Thomson Reuters and Sustainalytics.

Future World Protection List uses data from Trucost and Sustainalytics, and is developed using LGIM in-house methodologies.

Climate Impact Pledge - our proprietary scoring framework, assesses companies on their climate governance and contribution to the low-carbon transition. Draws on carbon emissions intensity, green revenue generation and data points from Bloomberg, Sustainalytics, CDP, MSCI, Reprisk, HSBC, InfluenceMap and company reports.

We also draw on relevant sell-side, academic and NGO research.

LEI 03	Voluntary	Additional Assessed	PRI 1
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Private

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

Since 2018 LGIM put in place a Controversial Weapons Policy, under which Legal & General Investment Management (Holdings) Limited (LGIM(H)) and its subsidiaries will exclude from its investments those companies involved in the manufacture and production of cluster munitions, antipersonnel landmines, and biological and chemical weapons. This policy is applied to all active equity and fixed income funds, and also a component of our Future World Protection List (FWPL).

Another component of our FWPL involves the screening out of pure-play coal companies, i.e. those companies deriving 100% of their revenue from coal operations. This is because we believe that coal, as the most emissions-intensive fossil fuel, is increasingly at risk of assets being stranded due to the transition to a low carbon economy. The FWPL applies to the Future World fund range.

- Positive/best-in-class screening
 - Product
 - Activity
 - Sector

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

Description
<p>Since 2018 we have used our Active ESG View tool, which seeks to identify and represent the ESG risks and opportunities within companies. It's an essential component of the overall active research process. It takes the inputs that form the LGIM ESG Score as a starting point for assessing ESG quality, and then goes a step further by incorporating additional quantitative and qualitative inputs. It involves teams leveraging their sector expertise, knowledge of company dynamics and corporate access. This leads to a status being created for each company ranging from "very strong" to "very weak".</p> <p>We also take into account the data compiled by MSCI, which shows year-on-year improvement across a number of ESF factors that are most relevant to its end market vertical and industry. The ranking system will then compare how the company scores relative to global peers.</p> <p>For our Future World fund range, which goes further in terms of integrating ESG issues into asset allocation – we would only incorporate a company with a weak ESG status if we expect to see improvements in the future. This ensures that the funds only include companies which meet minimum ESG standards.</p>

- 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
<p>For the funds in our Future World range, we have an initial exclusion policy in defining the investable universe which, inter alia, excludes companies which have been listed as severe violators of the Global Compact Principles consistently for over three years. Other companies with less severe violations become candidates for direct engagement. This may result in limited exclusions, with divestment used as a last course of action to keep pressure on companies to uphold global minimum standards.</p> <p>Additionally, in client-specific and segregated mandates, LGIM can administer exclusion lists provided by clients.</p>

LEI 04.2	Describe how you notify clients and/or beneficiaries when changes are made to your screening criteria.
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In relation to our Controversial Weapons Policy:

- 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.
- The constituents of the exclusion list are reviewed every six months and the underlying policy is reviewed on an annual basis. Further details of the policy can be found here: http://documentlibrary.lgim.com/documentlibrary/library_55458.htm

In relation to our Future World Protection List (FWPL) which is applied in our Future World funds (and may be adopted by any client on their segregated mandate):

- Companies are included in the list if they fail to meet minimum standards of globally accepted business practices. The FWPL methodology was developed internally and includes companies which meet any of the below criteria:
 - - Involvement in the manufacture and production of controversial weapons
 - - Perennial violators of the United Nations Global Compact
 - - Pure coal miners – companies solely involved in the extraction of thermal coal
- The exclusion list is updated on a 6-monthly basis and our policy is publicly available on our website.
- Where appropriate, we have written companies on the FWPL to inform them of their inclusion, and in particular the voting consequences which apply to all our equity holdings, and the divestment consequences which apply to Future World funds.
- We make the list publicly available

In relation to our Climate Impact Pledge:

- Companies that fail to meet our minimum standards of climate governance, as set out via our Climate Impact Pledge, will be divested from the Future World fund range (which includes active funds), and we will vote against the Chair of the board on behalf of all our equity holdings
- We publicly communicate the names of these companies on our website, and in various reports.

LEI 05	Mandatory	Core Assessed	PRI 1
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LEI 05.1	Indicate which processes your organisation uses to ensure ESG 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.
- Trading platforms blocking / restricting flagged securities on the black list.
- A committee, body or similar with representatives independent of the individuals who conduct company research reviews some or all screening decisions.
- A periodic review of internal research 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.

- 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.

- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

LEI 05.5 Additional information. [Optional]

The following are examples of our procedures and methodologies which we have in place to ensure the robustness of our research employed for our ESG screening:

- In developing our ESG screens we selected the service providers based on the robustness and breadth of their analysis and data
- We also assess the level of the service providers' engagement with companies, to ensure that companies are encouraged to review their research and analysis
- We have in place review periods for key third-party providers and we regularly meet new and alternative providers in order to ensure we are making the right selection
- The methodologies for applying screens were developed internally by the Investment Stewardship team. The methodologies were subject to rigorous internal review and consultation before being finalised and applied.
- Our Controversial Weapons Policy and Future World Protection List (FWPL) methodology outline the frequency with which our screening criteria and methodologies are reviewed
- We have set up automated processes to apply screening criteria in a consistent and rigorous way. The outputs of the automated updates are then reviewed in a validation process by our Investment Stewardship and relevant investment teams
- We have in place internal rigorous governance processes for the application of screening criteria:
 - The FWPL has its own governance and methodology document and process. It is ultimately governed under our index design governance methodology.
 - The Controversial Weapons Policy is subject to the governance processes of the Controversial Weapons Committee. In terms of implementation, is subject to the same governance as the FWPL.

Note that alongside 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 mindset. We firmly believe that today's environmental and societal challenges present opportunities for companies to focus on positive purpose as well as delivering profit and shareholder returns.

LEI 06 Voluntary Additional Assessed PRI 1

LEI 06.1 Indicate which processes your organisation uses to ensure fund criteria are not breached.

- Systematic checks are performed to ensure that stocks meet the fund's screening criteria
- Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria
- Audits of fund holdings are undertaken regularly by internal audit function
- Periodic auditing/checking of the organisations RI funds by external party
- Other; specify
- None of the above

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

We have governance processes in place to ensure the appropriate and effective dissemination of exclusion lists. The FWPL is governed under our index design governance methodology and the Controversial Weapons Policy is subject to the governance processes of the Controversial Weapons Committee.

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.

Further, should post-trade monitoring identify a breach then compliance will contact portfolio managers and Investment Stewardship so that necessary action is taken.

LEI 07 Mandatory Descriptive PRI 1

LEI 07.1 Indicate the type of sustainability thematic funds or mandates your organisation manages.

- Environmentally themed funds
- Socially themed funds

LEI 07.2 Describe your organisation's processes relating to sustainability themed funds. [Optional]

Thematic funds

The Future World Global Equity Focus Fund is an actively managed, bottom-up focused, concentrated global portfolio of high-conviction holdings

Managed by Shaunak Mazumder, the fund aims to achieve attractive long-term returns, by investing in sustainable growth companies which we consider to be mispriced. As part of our approach, we combine bottom-up stock selection with a thematic lens, while fully integrating ESG assessment and active engagement with our holding companies. We look for companies that are sustainable but misunderstood because they are going through a period of change. Often ideas are triggered through company meetings or long term thematic research. We look for a structural change in an industry or value chain. The trigger can also be very stock specific, e.g. a healthcare company developing a new drug.

By investing in a select list of global stocks, we focus on long-term sustainability and the shape of future returns. These businesses will be well positioned towards global trends that are creating opportunities to help shape a better world. The fund aims to not only generate long term capital growth, but also positive outcomes through our focused active engagement. This is a long journey, but it is one where we believe that we can be successful.

All funds (including Thematic)

It is a clearly held view across LGIM that the only way to genuinely achieve full ESG integration is for every investment professional to be considered an ESG expert. In 2019, CIO Sonja Laud, established the Global Research and Engagement Platform to bring together the best sector expertise across LGIM. We believe that by bringing together the best sector expertise from across LGIM's active investment and stewardship teams through a formal structure and platform we can proactively identify the challenges and opportunities which will determine the resiliency of sectors and the companies within them.

The output from the platform supports and guides our investment decisions across the capital structure whilst strengthening the firm's engagement activities across investments and stewardship, to enable us to speak with one voice.

Six sector committees support the activities: Industrials, Healthcare, Financial, Technology Media Telecoms (TMT), Consumer, and Energy/Utilities. These sector committees are managed by an overarching steering group which is responsible for:

1. Establishing themes and priorities for sector research and engagement
2. Developing the infrastructure to support research and engagement sharing
3. Instituting a framework for engagement

Our Responsible Investment Group assesses strategic sustainable investment related proposals and sets direction for responsible investment activities across the firm.

LEI 08 Mandatory Core Assessed PRI 1

LEI 08.1 Indicate the proportion of actively managed listed equity portfolios where E, S and G factors are systematically researched as part of your investment analysis.

ESG issues	Proportion impacted by analysis	
Environmental	Environmental	
	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%	
Social	Social	
	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%	
Corporate Governance	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]

ESG factors are systematically researched as part of our investment analysis, made possible by quantitative and qualitative processes set up by our Investment Stewardship and investment teams working together. LGIM undertakes its own internal ESG research, supplemented by third party ESG information.

Active ESG View: For integration of ESG into core active funds, LGIM draws on the outputs of our proprietary Active ESG View tool. The quantitative input into this utilises the following external data providers: Sustainalytics, Refinitiv, HSBC, Trucost, and data from Bloomberg, Reprisk, Maplecroft, MSCI and ISS, reported company data and proprietary LGIM analysis.

Our qualitative inputs into the tool capture ESG insights from LGIM's company analysis and engagements – either on an individual data point or an overall risk factor – leveraging the extensive knowledge of our research teams and industry-leading corporate access.

LGIM ESG Score: Used in the construction of index funds and as an engagement tool; the data may also be used in active integration. Data is sourced from Trucost, HSBC, Refinitiv and Sustainalytics.

Global Research and Engagement Platform: The Platform will bring together sector expertise across LGIM to identify the challenges and opportunities that will determine the resiliency of sectors and companies within them.

LEI 09	Mandatory	Core Assessed	PRI 1		
LEI 09.1	Indicate which processes your organisation uses to ensure ESG integration is based on robust analysis.				
	<input checked="" type="checkbox"/> Comprehensive ESG research is undertaken or sourced to determine companies' activities and products <input checked="" type="checkbox"/> Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies <input checked="" type="checkbox"/> Third-party ESG ratings are updated regularly <input checked="" type="checkbox"/> A periodic review of the internal research is carried out <input checked="" type="checkbox"/> Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team <input checked="" type="checkbox"/> ESG risk profile of a portfolio against benchmark <input checked="" type="checkbox"/> Analysis of the impact of ESG factors on investment risk and return performance <input type="checkbox"/> Other; specify <input type="checkbox"/> None of the above				
LEI 09.2	Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your integration strategy.				
	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%				
LEI 09.3	Indicate how frequently third party ESG ratings that inform your ESG integration strategy are updated.				
	<input type="radio"/> Quarterly or more frequently <input checked="" type="radio"/> Bi-Annually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually				
LEI 09.4	Indicate how frequently you review internal research that builds your ESG integration strategy.				
	<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Bi-Annually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually				
LEI 09.5	Describe how ESG information is held and used by your portfolio managers.				
	<input checked="" type="checkbox"/> ESG information is held within centralised databases or tools, and it is accessible by all relevant staff <input type="checkbox"/> ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff <input type="checkbox"/> Systematic records are kept that capture how ESG information and research were incorporated into investment decisions <input checked="" type="checkbox"/> Other; specify <p style="margin-left: 20px;">Analysis of disclosure and reporting and engagement with sustainability team as part of the research function.</p> <input type="checkbox"/> None of the above				
LEI 09.6	Additional information. [Optional]				
	<p>In order to ensure our research process is robust we have in place a bottom-up and top-down approach. The bottom-up level of ESG analysis provides for collaboration between investment teams and the Investment Stewardship team, and is combined with use of quantitative ESG scoring tools to ensure risks are considered in the context of overall equity analysis.</p> <p>The ESG View tool is updated on an ongoing basis based on updated data coming in from the research providers. We are moving towards a weekly screening which will be validated according to analysts' reviews of their own coverage list within investment universe.</p> <p>The ESG Score is updated biannually and undergoes an internal validation process.</p> <p>Overall, our Responsible Investment Group assesses strategic sustainable investment related proposals and sets direction for responsible investment activities across the firm.</p>				
LEI 10	Mandatory to Report, Voluntary to Disclose	Core Assessed	PRI 1		
Private					
LEI 11	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1		
LEI 11.1	Indicate if you manage passive listed equity funds that incorporate ESG factors in the index construction methodology.				
	<input checked="" type="radio"/> Yes <input type="radio"/> No				
LEI 11.2	Indicate the percentage of your total passive listed equity funds for which ESG factors are incorporated in the index construction methodology.				
	<table border="1"> <thead> <tr> <th>ESG incorporation in index construction methodology (% of total passive listed equity funds)</th> </tr> </thead> <tbody> <tr> <td><input checked="" type="radio"/> <10%</td> </tr> </tbody> </table>			ESG incorporation in index construction methodology (% of total passive listed equity funds)	<input checked="" type="radio"/> <10%
ESG incorporation in index construction methodology (% of total passive listed equity funds)					
<input checked="" type="radio"/> <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>Future World Climate Change Equity Factors 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; and aims 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>The fund also incorporates a climate 'tilt' to address the investment risks associated with climate change, and seeks to raise the standards of companies that are critical to the transition to a low-carbon economy.</p> <p>The fund will exclude shares issued by manufacturers of controversial weapons (as defined by the index provider).</p>	<input checked="" type="checkbox"/> Screening <input checked="" type="checkbox"/> Thematic <input checked="" type="checkbox"/> Integration of ESG factors <input type="checkbox"/> Other

Index/fund 2

Index/fund name and brief description of ESG methodology	ESG incorporation strategy
<p>Future World Multi-Asset Fund</p> <p>This is a multi-asset fund that targets investment growth through a diversified range of asset classes while reflecting environmental, social and governance perspectives. By incorporating a 'tilt', the fund aims to reduce exposure to companies associated with poor ESG practices and to provide greater exposure to those that are better positioned from an ESG perspective. This is implemented through LGIM-designed indices.</p>	<input checked="" type="checkbox"/> Screening <input checked="" type="checkbox"/> Thematic <input checked="" type="checkbox"/> Integration of ESG factors <input type="checkbox"/> Other

Index/fund 3

Index/fund name and brief description of ESG methodology	ESG incorporation strategy
<p>Future World Gender in Leadership Fund</p> <p>This fund is an UK equities fund that incorporates a gender 'tilt' and allocates more to companies that have achieved higher levels of gender diversity. LGIM will score and rank (based on our own proprietary research) companies according to four gender diversity measures: women on the board of directors, women executives, women in management, and women in the workforce.</p>	<input checked="" type="checkbox"/> Screening <input checked="" type="checkbox"/> Thematic <input type="checkbox"/> Integration of ESG factors <input type="checkbox"/> Other

Index/fund 4

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 capitalisation), 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 factors <input type="checkbox"/> Other

Index/fund 5

Index/fund name and brief description of ESG methodology	ESG incorporation strategy

Ethical UK Equity Index Fund

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.

- Screening
- Thematic
- Integration of ESG factors
- Other

LEI 11.4 Additional information. [Optional]

We would also like to mention the following funds: Legal & General Ethical Trust: 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. 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. 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. 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. World Developed (ex-Tobacco) Equity Index Fund: This fund is invested wholly or predominantly in ordinary shares of the constituents of the FTSE Developed (ex-Tobacco) Index. 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. L&G Europe Equity (Responsible Exclusions) UCITS ETF: The index aims to track the performance of a basket of companies taking into account environmental, social and corporate governance factors. The asset allocation has a focus on companies with high sustainability factors scores, incentivising them to improve their sustainability ratings as determined by the Foxberry Sustainability Committee. Additionally, on a segregated basis we have negotiated numerous customised client benchmarks with an ESG filter.

LEI 12	Voluntary	Descriptive	PRI 1
Private			
LEI 13	Voluntary	Descriptive	PRI 1
Private			
LEI Checks			Checks

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

LEA 01.1 Indicate whether your organisation has an active ownership policy (includes engagement and/or voting).

Yes

LEA 01.2 Attach or provide a URL to your active ownership policy.

Attachment provided:

lgim-global-corporate-governance-and-responsible-investment-principles.pdf

URL provided:

LEA 01.3 Indicate what your active engagement policy covers:

General approach to Active Ownership

- Conflicts of interest
- Alignment with national stewardship code requirements
- Assets/funds covered by active ownership policy
- Expectations and objectives
- Engagement approach

Engagement

- ESG issues
- Prioritisation of engagement
- Methods of engagement
- Transparency of engagement activities
- Due diligence and monitoring process
- Insider information
- Escalation strategies
- Service Provider specific criteria
- Other, (specify)

(Proxy) voting approach

Voting

- ESG issues
- Prioritisation and scope of voting activities
- Methods of voting
- Transparency of voting activities
- Regional voting practice approaches
- Filing or co-filing resolutions
- Company dialogue pre/post-vote
- Decision-making processes
- Securities lending processes
- Other, (specify)

Other

None of the above

No

LEA 01.4 Do you outsource any of your active ownership activities to service providers?

Yes

LEA 01.5 Where active ownership activities are conducted by service providers, indicate whether your active ownership policy covers any of the following:

- Outline of service provider's role in implementing your organisation's active ownership policy
- Description of considerations included in service provider selection and agreements
- Identification of key ESG frameworks which service providers must follow
- Outline of information sharing requirements of service providers
- Description of service provider monitoring processes
- Other, (specify)

'Service Provider engagements' are not commercial relationships which involve engagement on our behalf, instead refers to e.g. Investor Forum, PRI and ACGA for collaborative engagements

None of the above

No

LEA 01.6 Additional information [optional]

Active ownership forms a key part of how we embed ESG into our business – due to our size we believe we have a particular responsibility in our stewardship activities. This is reflected in the following activity:

- Company engagement
- Using our voting rights globally, with one voice across all our active and index funds
- Addressing systemic risks and opportunities
- Seeking to influence regulators and policymakers
- Collaborating with other investors and stakeholders

For over twenty years, we have been committed to using our scale and influence to encourage companies to improve their management of ESG issues, and we continue to dedicate significant resources to our stewardship obligations. We integrate our thoughts and the consideration of ESG risks and investment opportunities into our communication and engagement with individual companies, sectors and markets.

Prioritising and identifying engagements

Client objectives sit at the heart of our engagement decision-making and the process we adopt for identifying engagement opportunities is first and foremost proactive and planned. This is complemented by reactive engagements when required.

We seek to follow a six-step approach to our engagement activities:

1. Identify the most material issues. Following identification of the long-term themes, and building on the long-term strategy, we narrow and focus on the material and specific ESG issue and theme we are able to address. To do this, we may undertake internal research, use ESG data and information and work with other teams internally.

2. Identify and set long-term goals. We identify what a long-term success would look like in advance of the engagement commencing. This is normally an ambitious goal, as the issues we seek to address are material with multiple connections, we are aware that many of these long-term ambitions may take many years to occur.

3. Formulate the engagement strategy. In assessing our engagement strategy, we consider the suitability of addressing the area of concern across our company engagement activity, voting policies and market-wide work with governments, regulators and policy-makers.

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. We focus our efforts on larger companies that can have cascading impacts on other companies within the country and sector by helping to establish best practices.

Additionally, we look to engage with ESG laggards, to protect the standards to which we see most companies abide.

We set clear timeframes for the engagement activity and consider in advance any escalation which may be required if key requests are not met. We preferably set a measurable outcome, either at market or company level.

4. Track progress. The engagement activity is recorded in a dedicated data management system (customised Salesforce) to support the Investment Stewardship team's work. Company and thematic interactions and engagements are logged in the system.

Therefore, it not only provides a clear audit trail of the engagement process, but it also allows us to record successes in effecting positive change. This could be a success that has taken years to achieve but is a change we have been consistently pushing for or it could be something that is agreed in a meeting.

The tracking of our engagement successes assists in the evaluation of our stewardship approach and performance. Our regular reporting to clients is used as a mechanism to communicate some of these successes.

5. Regular review. The progress, impact and success of the engagement is reviewed on a regular basis. This allows us to escalate issues that have not been addressed by the engagement and to amend the engagement strategy if required.

6. Transparent reporting. Consistent and regular reporting to clients on our engagement outcomes is key to our stewardship responsibilities. We report to our clients in a number of different formats, detailing case studies of our engagement progress.

As we cast our votes on companies, issues may arise which may be company specific (e.g. M&As, board changes, share issuance) or market specific (e.g. media reports, changes in corporate governance code). At this time, we would take a decision to carry out reactive engagements.

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.

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. (http://www.lgim.com/files/_document-library/capabilities/lgim-guide-to-board-investor-dialogue.pdf). We have also published numerous other thought pieces that are available on our website on governance and engagement related topics.

Engagement topics

In 2019 our stewardship work has focused on the following topics: health, income inequality, climate change, privacy, data security and transparency. However, engagement activities are 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 2019 Annual Report will be published in April 2020.

LEA 02 Mandatory Core Assessed PRI 1,2,3

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 it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <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 it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <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 it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via service providers

LEA 02.2 Indicate whether your organisation plays a role in the engagement process that your service provider conducts.

Yes

LEA 02.3 Indicate the role(s) you play in engagements that your service provider conducts on your behalf.

- We discuss the topic of the engagement (or ESG issue(s)) of engagement
- We discuss the rationale for the engagement
- We discuss the objectives of the engagement
- We select the companies to be engaged with
- We discuss the frequency/intensity of interactions with companies
- We discuss the next steps for engagement activity
- We participate directly in certain engagements with our service provider
- Other; specify
- We play no role in engagements that our service provider conducts.

No

LEA 02.4 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 (of 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.

Collaborating and facilitating collaboration with like-minded investors and stakeholders is fundamental to an effective engagement process. It allows us to raise and share ESG concerns about specific companies, topics and approaches with other investors and obtain additional ESG information through joining collaborative initiatives. These forums allow us to share resources, and leveraging external stakeholders enables us to monitor and influence a broad range of ESG topics, issues and companies globally. Furthermore, by being part of supportive networks, we hope to encourage greater investor involvement on ESG-related initiatives.

Collective work is an extremely effective method of engagement, but one that requires a large amount of resources and organisation. In order to facilitate this process, we are members of industry-wide associations and networks.

Our membership of 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 at conferences, and regular contact with their representatives.

The Investor Forum is one of the main entities we use for service provider engagements. The Investor Forum discloses information on six successful engagements in its 2019 annual review. LGIM participated in all collective engagements with the Investor Forum in the past year.

The PRI and IIGCC are two other important forums. We are a member of the PRI Working Group on Credit Ratings and ESG integration, and the Investor Initiative for Sustainable Forests. We also signed up to statements organised by the PRI around investor expectations on climate change for the airlines & aerospace industry, and agricultural supply chains in the Amazon, following the summer's forest fires.

LGIM's Head of Sustainability & Responsible Investment Strategy was previously a member of the Board of IIGCC and we remain an active member of several work streams, including the Paris-aligned Investments working group. We actively input to and endorse IIGCC-led messages to regulators in the UK and Europe.

LEA 03 **Mandatory** **Core Assessed** **PRI 2**

LEA 03.1 Indicate whether your organisation has a formal process for identifying and prioritising engagements.

Yes

LEA 03.2 Indicate the criteria used to identify and prioritise engagements for each type of engagement.

Type of engagement	Criteria used to identify/prioritise engagements
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Individual / Internal staff engagements	<div style="background-color: #0070C0; color: white; padding: 2px;">Individual / Internal staff engagements</div> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Geography/market of the companies <input checked="" type="checkbox"/> Materiality of the ESG factors <input checked="" type="checkbox"/> Exposure (size of holdings) <input checked="" type="checkbox"/> Responses to ESG impacts that have already occurred <input type="checkbox"/> Responses to divestment pressure <input checked="" type="checkbox"/> Consultation with clients/beneficiaries <input checked="" type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) <input checked="" type="checkbox"/> Follow-up from a voting decision <input type="checkbox"/> Client request <input checked="" type="checkbox"/> Breaches of international norms <input checked="" type="checkbox"/> Other; (specify) <div style="background-color: #0070C0; color: white; padding: 2px; margin-top: 5px;">specify</div> <p style="font-size: small; margin-top: 5px;">LGIM's ESG scoring tools, media reports, links with themes or policy, ongoing dialogue with fund managers and analysts, outputs from Global Sector Research Framework.</p> <ul style="list-style-type: none"> <input type="checkbox"/> We do not outline engagement criteria for our individual engagements
Collaborative engagements	<div style="background-color: #0070C0; color: white; padding: 2px;">Collaborative engagements</div> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Potential to enhance knowledge of ESG issues through other investors <input checked="" type="checkbox"/> Ability to have greater impact on ESG issues <input checked="" type="checkbox"/> Ability to add value to the collaboration <input checked="" type="checkbox"/> Geography/market of the companies targeted by the collaboration <input checked="" type="checkbox"/> Materiality of the ESG factors addressed by the collaboration <input checked="" type="checkbox"/> Exposure (size of holdings) to companies targeted by the collaboration <input checked="" type="checkbox"/> Responses to ESG impacts addressed by the collaboration that have already occurred <input type="checkbox"/> Responses to divestment pressure <input checked="" type="checkbox"/> Follow-up from a voting decision <input checked="" type="checkbox"/> Alleviate the resource burden of engagement <input checked="" type="checkbox"/> Consultation with clients/beneficiaries <input checked="" type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) <input checked="" type="checkbox"/> Other; (specify) <div style="background-color: #0070C0; color: white; padding: 2px; margin-top: 5px;">specify</div> <p style="font-size: small; margin-top: 5px;">LGIM's ESG scoring tools, media reports, links with themes or policy, ongoing dialogue with fund managers and analysts, outputs from Global Sector Research Framework.</p> <ul style="list-style-type: none"> <input type="checkbox"/> We do not outline engagement criteria for our collaborative engagement providers
Service-provider engagements	<div style="background-color: #0070C0; color: white; padding: 2px;">Service-provider engagements</div> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Geography/market of the companies <input checked="" type="checkbox"/> Materiality of the ESG factors <input checked="" type="checkbox"/> Exposure (size of holdings) <input checked="" type="checkbox"/> Responses to ESG impacts that have already occurred <input type="checkbox"/> Responses to divestment pressure <input checked="" type="checkbox"/> Consultation with clients/beneficiaries <input checked="" type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) <input checked="" type="checkbox"/> Follow-up from a voting decision <input type="checkbox"/> Client request <input checked="" type="checkbox"/> Breaches of international norms <input checked="" type="checkbox"/> Other; (specify) <div style="background-color: #0070C0; color: white; padding: 2px; margin-top: 5px;">specify</div> <p style="font-size: small; margin-top: 5px;">LGIM's ESG scoring tools, media reports, links with themes or policy, ongoing dialogue with fund managers and analysts, outputs from Global Sector Research Framework.</p> <ul style="list-style-type: none"> <input type="checkbox"/> We do not outline engagement criteria for our service providers

No

LEA 03.3 Additional information. [Optional]

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.

There are broadly three types of ESG information that can trigger opportunities for engagement that we carry out at LGIM.

1. Long-term themes

In 2017 we updated our five-year plan to determine our key focus areas, namely health, income inequality, low carbon solutions, privacy/data security and transparency.

2. We complement the long-term themes with **bottom-up company and country-specific information and data on ESG factors**. We obtain a large ESG raw data set from a wide range of data and analysis providers. We typically buy raw data from such providers, as opposed to off-the-shelf ESG scores/rating, as we believe our knowledge and expertise of investing and engaging with companies are best placed to identify material and relevant ESG factors. Company-level ESG risks and performance are objectively scored and ranked by the propriety assessment tools built in-house using such data, the ESG Score and ESG View (see LEI module for more information). These tools are also used to flag sectors or companies for engagement.

Priorities for engagement candidates 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 our clients' performance. Focusing on larger companies can have cascading impacts on other companies within the same sector.

In 2018, we developed a proprietary engagement tool, which overlays our overall assets with our proprietary ESG scores. This allows us to more easily identify sectors, regions and companies with comparatively worse ESG performance where our clients have the largest holdings, in order to further assist in prioritising areas of engagement. In 2019, this tool was leveraged in an engagement targeting companies with the largest market cap, and comparatively low S and G scores, to encourage them to improve their practices and disclosures on metrics such as gender diversity, supply chain policies etc.

In 2019, the Global Research and Engagement Platform was established by our CIO, which brings together the best sector expertise across LGIM to identify the challenges and opportunities that will determine the resiliency of sectors and the companies within them. The output from the platform strengthens and streamlines the firm's engagement activities across investments and stewardship, to enable us to collectively set goals and targets at a company level with one voice, whilst supporting and guiding our investment decisions across the capital structure. We believe that by bringing together the best sector expertise from across LGIM's active investment and stewardship teams we can proactively identify the challenges and opportunities which will determine the resiliency of sectors and the companies within them. The platform consists of six groups: Industrials, Healthcare, Financial, Technology Media Telecoms (TMT), Consumer, and Energy/Utilities.

3. Reaction to market changes and voting activities.

As we cast our votes on companies, issues may arise which may be company specific (e.g. M&As, board changes, share issuance) or market specific (e.g. media reports, changes in corporate governance code). At this time, we would take a decision to carry out reactive engagements.

Lastly, we have committed to regularly invite stakeholders to comment on our policies, and to share their views on areas of priority.

In 2019 we implemented a series of changes based on feedback gathered at such stakeholder roundtables held in the previous twelve months. Attendees have shared with us their views and advise on a range of topics, including diversity, remuneration, climate change and over-boarding.

Recent updates to our policies, outlined in our reviewed Global Corporate Governance and Responsible Investment Principles, include the following:

- Encouraging companies, where material for the business, to set Science-based GHG emissions reduction targets (so-called SBTs)
- We now require that recommendations arising from the external audit are overseen by the board and the audit committee and should be reported to investors where considered material by the Board and/or the Audit Partner
- We also asked companies to ensure that their whistleblower policies safeguard the identity of any whistleblower, and we asked companies to report how the risks associated with bribery and other illegal behaviour are being monitored and addressed
- We announced that we would be voting against all combined positions of Chair/CEO on a global level (excluding Japan)
- We also indicated that for the US we would be increasing our expectations on the level of diversity at the 100 largest companies in the S&P500 and S&P/TSX and that these companies should not comprise less than 25% women on the board
- In the UK we stated that we would expect companies align executive directors' pensions to those of their employees from 2020

In November 2019, LGIM again invited a broad group of stakeholders to a roundtable, including clients, civil society, academia, the private sector and fellow investors. The discussion centred on how investors can make the most effective contribution on a range of topics, including income inequality, audit reform and global health challenges.

The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead.

ESG Engagement Forum

In 2019, a new working group was set up in the Investment Stewardship team to oversee engagement activities across ESG themes, and to support prioritisation and decision-making on new engagement opportunities. This group is consistent of team members with several years' experience engaging on E, S and G related topics such as diversity, board composition, climate change, environmental issues etc. with the main objective of ensuring that the team's time and resources are spent on issues that are the most material to our clients and which contribute to our 5-year strategy.

LEA 04	Mandatory	Core Assessed	PRI 2
LEA 04.1 Indicate whether you define specific objectives for your organisation's engagement activities.			
Individual / Internal staff engagements	<input checked="" type="radio"/> All engagement activities <input type="radio"/> Majority of engagement activities <input type="radio"/> Minority of engagement activities <input type="radio"/> We do not define specific objectives for engagement activities carried out by internal staff		
Collaborative engagements	<input checked="" type="radio"/> All engagement activities <input type="radio"/> Majority of engagement activities <input type="radio"/> Minority of engagement activities <input type="radio"/> We do not define specific objectives for engagement activities carried out through collaboration		

Service-provider engagements	<input checked="" type="checkbox"/> All engagement activities <input type="checkbox"/> Majority of engagement activities <input type="checkbox"/> Minority of engagement activities <input type="checkbox"/> We do not define specific objectives for engagement activities carried out by our service providers
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LEA 04.2 Additional information. [Optional]

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.

Similarly, when it comes to collaborative engagement, whether we lead them or join them, we seek to ensure clear and specific objectives have been set at the start of each collaborative engagement and are reviewed throughout the engagement process.

In 2017 we updated our five-year plan to determine our key focus areas, and we assess this annually to plan and prioritise engagements, and define strategic engagement objectives.

For 2019, we set the following annual objectives in relation to the five-year strategic plan:

- Engage with over 80 companies as part of Climate Impact Pledge to encourage and accelerate the transition to a low-carbon economy for the long-term benefit of all companies and their investors
- Engage with UK, US and Japanese companies on gender diversity
- Engage with portfolio companies to encourage responses to the Workforce Disclosure Initiative
- Engaged with a group of 13 of the largest US technology firms on culture. We sent a letter to the CEOs of each company requesting a conversation with the appropriate executive who could speak about how the company measures its culture, and conducted a structured conversation with the company on multiple dimensions of culture: metrics, board involvement, relation to strategy, processes and remuneration
- Following the development of our proprietary ESG score, we launched our first engagement campaign to push some of the world's biggest companies to improve their social and governance practices and verify the quality of the data third party providers hold on them. Under this campaign, we focused our current engagement efforts on the biggest companies we are invested in through our equity and fixed income offerings, which also have the lowest LGIM social and/or governance score(s). This resulted in a target list of 98 companies across many regions, where we sent a letter to the board chair of each company, outlining our analysis of their disclosures and scores. Many companies have already contacted us to better understand how to improve.
- At the end of 2019, and continuing into 2020, the Investment Stewardship team began an assessment process to review the progress mid-way through our 5-year plan, to analyse and refine our strategic approach to these themes to ensure it remains as effective as possible

LEA 05 Mandatory Core Assessed PRI 2

LEA 05.1 Indicate whether you monitor and/or review engagement outcomes.

Individual / Internal staff engagements	<input checked="" type="checkbox"/> Yes, in all cases <input type="checkbox"/> Yes, in a majority of cases <input type="checkbox"/> Yes, in a minority of cases <input type="checkbox"/> We do not monitor, or review engagement outcomes when the engagement is carried out by our internal staff.
Collaborative engagements	<input checked="" type="checkbox"/> Yes, in all cases <input type="checkbox"/> Yes, in a majority of cases <input type="checkbox"/> Yes, in a minority of cases <input type="checkbox"/> We do not monitor, or review engagement outcomes when the engagement is carried out through collaboration.
Service-provider engagements	<input type="checkbox"/> Yes, in all cases <input checked="" type="checkbox"/> Yes, in a majority of cases <input type="checkbox"/> Yes, in a minority of cases <input type="checkbox"/> We do not monitor, or review engagement outcomes when the engagement is carried out by our service providers.

LEA 05.2 Indicate whether you do any of the following to monitor and/or review the progress of engagement activities.

Individual / Internal staff engagements	<input checked="" type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input type="checkbox"/> Other; specify
Collaborative engagements	<input checked="" type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input type="checkbox"/> Other; specify

Service-provider engagements	<input checked="" type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input type="checkbox"/> Other; specify
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LEA 05.3 Additional information. [Optional]

Our engagement activity through service providers are not commercial relationships where they are mandated to engage with companies on our behalf. Instead, they refer specifically to cases where we use associations such as the Investor Forum (of 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. We only track, monitor and review an association's engagement activities when we are participants in that particular action. The monitoring and review processes follow the same process as our internally led and collaborative engagements.

Below we outline how we monitor and review our various engagement activities to ensure progress:

Tracking engagement activities

We have developed our own dedicated data management system (customised Salesforce) to support the Investment Stewardship team's work. Company and thematic interactions and engagements are logged in the system. The Salesforce system is used for our reporting purposes and allows management to oversee the progress of engagement activities.

It provides a clear audit trail of the engagement process, and allows us to record successes in effecting positive change. This could be a success that has taken years to achieve but is a change we have been consistently pushing for or it could be something that is agreed in a meeting.

The ESG View (please see LEI and FI modules) provides investment teams the opportunity to incorporate the outcome of engagement meetings within the overall ESG assessment. Where an ESG assessment is changed due to this reason, this cannot be carried out without documenting the rationale.

Monitoring progress and identification of need for escalation

The Investment Stewardship 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 our proprietary and quantitative ESG assessment tools, the ESG scores and the ESG View (more information on these tools can be found in the LEI module).

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 Investment Stewardship 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.

On a weekly basis, senior members of the Investment Stewardship team confirm on LGIM's internal RMS that votes have been cast correctly on the voting platform and record any issues experienced. This is then reviewed by the Director of Investment Stewardship who confirms the votes have been cast correctly on a monthly basis.

To assist the team, daily alert systems are in place on the Voting Platform (provided by ISS) to inform the team of resolutions which have failed to be executed in accordance with our instruction.

On a monthly basis, the Director of Investment Stewardship confirms on RMS that all ESG policies remain applicable and have been applied appropriately. Additionally, he is required to confirm the LGIM's Corporate Governance Conflicts of Interest Policy has been complied with.

Senior members of the Investment Stewardship team also confirm on RMS on a monthly basis that our public client reporting obligations have been met through the publication of the voting data on LGIM's website.

Annually, as part of our formal RMS processes the Director of Investment Stewardship confirms that a formal review of LGIM's proxy provider has been conducted and that they have the capacity and competency to analyse proxy issues and make impartial recommendations.

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

Name: BP plc. Market cap: £94bn. Sector: oil & gas. ESG Score: 38 (▲8) [1]

What's the issue?

For carbon-intensive companies such as BP plc, the shift to a low-carbon economy has profound implications.

What did LGIM do?

LGIM and other major shareholders have put forward a shareholder proposal calling on oil major BP to explain how its strategy is consistent with the Paris Agreement on climate change.

What was the outcome?

LGIM has worked with the board of BP to secure their support for the motion. At the company's annual general meeting, the proposal was passed with overwhelming approval from shareholders. We have since met BP repeatedly – including the chair and the incoming CEO – to advise on implementing the resolution. At the time of this report, the company has announced industry-leading targets: net zero emissions from its operations, net zero carbon from the oil & gas it digs out of the ground, and -50% reduction in the carbon intensity of all products it sells.

Note:

[1] LGIM's ESG scores capture minimum standards on environmental, social and governance metrics – as well as companies' overall levels of transparency. Scores shown as at end of Q3 2019 (compared to end of Q3 2018). LGIM's scores for over 2000 listed companies, as well as a guide to our methodology can be found at: <https://www.lgim.com/uk/en/capabilities/corporate-governance/assessing-companies-esg/>

LEA 06 Mandatory Additional Assessed PRI 2,4

LEA 06.1 Indicate whether your organisation has an escalation strategy when engagements are unsuccessful.

✓ Yes

LEA 06.2 Indicate the escalation strategies used at your organisation following unsuccessful engagements.

- Collaborating with other investors
 - Issuing a public statement
 - Filing/submitting a shareholder resolution
 - Voting against the re-election of the relevant directors
 - Voting against the board of directors or the annual financial report
 - Submitting nominations for election to the board
 - Seeking legal remedy / litigation
 - Reducing exposure (size of holdings)
 - Divestment
 - Other; specify
- No

LEA 06.3 Additional information. [Optional]

To effectively tackle ESG issues that impact the value of our clients' assets, LGIM applies a multi-layered escalation strategy. Where the initial engagement does not lead to an appropriate outcome, we may choose to adopt a stronger stance by using escalation tools at our disposal.

We monitor investee companies over the long term rather than presuming changes are effectively implemented following our voting and engagement activities. Progress on engagement activity is regularly reviewed by the team using LGIM's proprietary scoring tools, along with company meetings, disclosures and announcements, other investors, forums, our investment teams and the media.

Escalation may take many forms such as:

- Meeting the company
- Collaborative engagement
- Capital allocation
- Engaging the regulator
- Public pressure

Where our engagement has failed to bring out the intended results and we consider this a material ESG issue which might impact our clients' long-term financial outcomes, we vote against the company. In special circumstances, we may decide to make our voting decision public prior to the shareholder meeting, as we find this can be an effective way to draw attention to our concerns.

Collaboration is an additional tool in LGIM's 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 an issue as a collective voice and demonstrating concern from a significant proportion of the shareholder base is effective for driving change.

In certain funds, or where mandated by clients, adjustments to capital allocation can be made in order to incentivise companies to improve and to reduce exposure of our clients to companies' ESG risks. We have developed our own internal ESG scoring tool which applies to our future world index funds to apply tilts.

We may also use public pressure by voicing our concerns in the media, attending a shareholder meeting, collaborating with other shareholders in the development of shareholder proposals or publicly supporting shareholder proposals in advance of a shareholder meeting.

Finally, we engage with policy makers and regulators as part of our escalation process. This may be ahead of time as we need to ensure that they are creating an environment in which ESG is valued and supported, or in reaction to specific issues that arise.

LEA 07	Voluntary	Additional Assessed	PRI 1,2
Private			

LEA 08	Mandatory	Gateway	PRI 2
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LEA 08.1 Indicate whether you track the number of your engagement activities.

Type of engagement	Tracking engagements
Individual/Internal staff 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
Collaborative engagements	<input checked="" type="checkbox"/> Yes, we track the number of collaborative engagements in full <input type="checkbox"/> Yes, we partially track the number of our collaborative engagements <input type="checkbox"/> We do not track
Service-provider engagements	<input type="checkbox"/> Yes, we track the number of service-provider engagements in full <input checked="" type="checkbox"/> Yes, we partially track the number of our service-provider engagements <input type="checkbox"/> We do not track

LEA 08.2 Additional information. [Optional]

The Investment Stewardship team keeps track of and monitors all individual and collaborative engagements with companies using Salesforce, a bespoke data management system.

We share any meeting information with our investment teams, with the exception of market sensitive information, and we share all key outcomes with our investment teams.

The team logs all company interaction into our data management system (Salesforce). 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.

Therefore, it not only provides a clear audit trail of the engagement process, but it also allows us to record successes in effecting positive change. This could be a success that has taken years to achieve but is a change we have been consistently pushing for or it could be something that is agreed in a meeting.

The tracking of our engagement successes assists in the evaluation of our stewardship approach and performance.

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 Investment Stewardship 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 09	Mandatory to Report, Voluntary to Disclose	Core Assessed	PRI 2
Private			
LEA 10	Voluntary	Additional Assessed	PRI 2
Private			
LEA 11	Voluntary	Descriptive	PRI 2
Private			
LEA 12	Mandatory	Descriptive	PRI 2

LEA 12.1 Indicate how you typically make your (proxy) voting decisions.

Approach

We use our own research or voting team and make voting decisions without the use of service providers.

We hire service providers who make voting recommendations and/or provide research that we use to guide our voting decisions.

Based on

The service-provider voting policy we sign off on

Our own voting policy

Our clients' requests or policies

Other (explain)

We hire service providers who make voting decisions on our behalf, except in some pre-defined scenarios where we review and make voting decisions.

We hire service providers who make voting decisions on our behalf.

LEA 12.2 Provide an overview of how you ensure that your agreed-upon voting policy is adhered to, giving details of your approach when exceptions to the policy are made.

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. In 2019, we updated our Global Principles document which sets out minimum standards for governance across all companies globally.

For all other issues not covered by our minimum standards, we defer to the decisions to our voting information provider.

In addition, we have also set specific custom voting policies at market level for markets in which we adopt a stricter stance. All our custom voting policies are developed in accordance with our publicly disclosed position on ESG in our Principles document and country specific policies. These can be found here: http://documentlibrary.lgim.com/documentlibrary/library_55458.html

All our custom voting policies are developed in accordance with our publicly disclosed position on ESG in our Principles document and country specific policies.

We retain the ability in all markets to override any vote decisions, which are based on our custom voting policy, 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. An example of this is provided below:

According to our voting policies we would generally support the resolution to (re-)elect the board chair if s/he is independent upon appointment and there are no governance or gender diversity concerns. Similarly, we would generally support the annual remuneration report resolution when the remuneration structure adheres to our executive remuneration guidelines and executive directors have been awarded bonuses and long-term incentive awards for which they have met the various targets set.

However, in the instance of Vodafone, following a year where their share price had fallen significantly, we were disappointed at the lack of communication from the company and the board to explain their decision to lower the dividend. In addition, we were disappointed that the remuneration committee had awarded executive bonuses close to target levels and granted regular maximum awards under the company's long-term incentive plan (LTIP) without applying any discretion to take account of the fall in value of the shares or the reduced dividend policy. We wanted to signal the scale of our concerns by overriding our policy and voting against the board chair as we consider the chair to be ultimately responsible for the company's corporate governance practice. We opposed the approval of the remuneration report because the remuneration committee had not applied its discretion regarding bonus payments and LTIP awards. Although the two executive directors voluntarily requested that their long-term incentive award be reduced but this should have been a decision taken by the remuneration committee, not by the individual directors.

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 Investment Stewardship 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.

We believe public transparency of our votes is critical for our clients and interested parties to hold us to account. Therefore we publicly disclose our votes for the major markets on our website. The reports are published in a timely manner, at the end of each month and can be used by clients for their external reporting requirements. The voting disclosures can be found by selecting 'Voting Report' on the following page:
http://documentlibrary.lgim.com/litlibrary/lglibrary_463150.html?req=internal

LGIM can also set up tailored automated voting reports in excel format for our clients with specific parameters (e.g. company name, meeting date, meeting type, vote instruction, resolution details). Once set up, the bespoke reports will be automatically generated and emailed directly on the date requested.

LEA 12.3 Additional information.[Optional]

The Investment Stewardship team is an independent team, with the aim of acting in the interests of all clients and managing potential conflicts. This means that both voting and engagement activity is driven by ESG professionals and their assessment of the requirements in these areas that will seek to achieve the best outcome for all our clients. The team reports directly to the CEO and the independent non-executive directors of LGIM.

The Investment Stewardship 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.

The Investment Stewardship team votes on behalf of all clients, except in a small number of segregated mandates. This allows us to use our scale to effectively influence company behaviour and send consistent messages to the market.

LGIM's Investment Stewardship Committee, which meets quarterly, has overall responsibility and oversight for the evolution and implementation of investment stewardship policies. These policies apply to all assets and investment strategies. LGIM's CEO, CIO, Director of Investment Stewardship, and independent non-executive directors sit on this Committee.

All voting and engagement decisions are made by LGIM and we do not outsource any part of strategic decisions. Our use of service provider recommendations is purely to augment our own research and proprietary ESG assessment tools. Note that we use other third-party research to inform our vote decisions such as broker research and ESG reports. The final decision is made by the Investment Stewardship team.

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 Investment Stewardship. This provides an opportunity to discuss contentious, non-standard resolutions and potential conflicts.

The Investment Stewardship 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.

LEA 14 Voluntary Additional Assessed PRI 2

LEA 14.1 Does your organisation have a securities lending programme?

Yes

LEA 14.3 Indicate how the issue of voting is addressed in your securities lending programme.

- We recall all securities for voting on all ballot items
 - We maintain some holdings, so that we can vote at any time
 - We systematically recall some securities so that we can vote on their ballot items (e.g., in line with specific criteria)
 - We recall some securities so that we can 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 securities for voting purposes
 - Other (specify)
- No

LEA 14.4 Additional information. [Optional]

For pooled funds, we operate a stock-lending programme in select markets under strict conditions on the credit rating of counterparties and the quality and extent of collateral. We have the ability and right of recall at any time in order to vote on important shareholder meetings.

In the countries where we lend stock between 5-15% of shares held back will be voted unless we recall the stock. In the case of a significant vote we have the capacity to recall all of our votes

The programme is administered by the relevant fund custodians. All stock lending revenue, less administration costs, is reinvested in the pooled fund for the exclusive benefit of unit holders.

There is currently no stock lending undertaken in the UK market, so all shares are available for voting.

LEA 15 Mandatory Descriptive PRI 2

LEA 15.1 Indicate the proportion of votes participated in within the reporting year in which where you or the service providers acting on your behalf raised concerns with companies ahead of voting.

- 100%
- 99-75%
- 74-50%

- 49-25%
- 24-1%
- Neither we nor our service provider(s) raise concerns with companies ahead of voting

LEA 15.2 Indicate the reasons for raising your concerns with these companies ahead of voting.

- Vote(s) concerned selected markets
- Vote(s) concerned selected sectors
- Vote(s) concerned certain ESG issues
- Vote(s) concerned companies exposed to controversy on specific ESG issues
- Vote(s) concerned significant shareholdings
- Client request
- Other

	Explain
	Sharing our voting intentions prior to the meeting taking place forms part of our escalation strategy when engagement is not producing satisfactory results.

LEA 15.3 Additional information. [Optional]

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 an engagement programme focused on companies' strategic management of climate risks and opportunities. 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. Where the company has responded to our attempts to engage, we will notify them in advance of our voting intentions.

LEA 16 Mandatory Core Assessed PRI 2

LEA 16.1 Indicate the proportion of votes where you, and/or the service provider(s) acting on your behalf, communicated the rationale to companies for abstaining or voting against management recommendations. Indicate this as a percentage out of all eligible votes.

- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- We do not communicate the rationale to companies
- Not applicable because we and/or our service providers did not abstain or vote against management recommendations

LEA 16.3 In cases where your organisation does communicate the rationale for abstaining or voting against management recommendations, indicate whether this rationale is made public.

- Yes
- No

LEA 16.4 Additional information. [Optional]

We disclose our voting records on our website. The reports are published at the end of each month and can be used by clients for their external reporting requirements. The voting disclosures can be found by selecting 'Voting Report' on the following page: https://documentlibrary.lgim.com/documentlibrary/library_55458.html

Additionally, for material votes that have received significant press attention, we produce summaries of LGIM's positions in a timely manner. Clients can therefore understand the issues involved and report to their end beneficiaries.

LEA 17 Mandatory Core Assessed PRI 2

LEA 17.1 For listed equities in which you 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%)
	99%

 - 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
- We do not track or collect this information

LEA 17.2 Explain your reason(s) for not voting on certain holdings

- Shares were blocked

- Notice, ballots or materials not received on 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)
- Client request
- Other (explain)

LEA 17.3 Additional information. [Optional]

We have voting policies in place for approximately 70 markets, and as a result, we vote 99% of the total value of our listed equity holdings. In 2019 we expanded the coverage of our voting policies to include 10 new markets.

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

- Stock lending (in the countries where we lend stock between 5-15% of shares will be held back and will be voted unless we recall the lent 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 so-called "Do Not Vote" is instructed. This is an active decision, since we would have chosen to vote (support) the other proxy card.

Since 2011, we have not abstained in the UK. In other markets, we seek to minimise abstentions unless it is technically impossible not to (e.g. in Denmark for certain resolutions only a FOR or ABSTAIN vote is possible to log).

LEA 18 Voluntary Additional Assessed PRI 2

LEA 18.1 Indicate whether you track the voting instructions that you or your service provider on your behalf have issued.

Yes, we track this information

LEA 18.2 Of the voting instructions that you and/or third parties on your behalf have issued, indicate the proportion of ballot items that were:

Voting instructions Breakdown as percentage of votes cast

For (supporting) management recommendations	82.9%
Against (opposing) management recommendations	16.6%
Abstentions	0.5%

No, we do not track this information

LEA 18.3 In cases where your organisation voted against management recommendations, indicate the percentage of companies which you have engaged.

4

LEA 18.4 Additional information. [Optional]

As an active and engaged investor, we take very seriously our responsibility to exercise the voting rights of our clients' assets. We direct the vote of a considerable proportion of a company's shares by exercising the shareholder rights of a significant number of our clients. This improves the effectiveness of voting as a means to support our engagement activities and bringing about change in the market as a whole.

A decision to vote against management may be the consequence of unsuccessful engagement as part of our escalation strategy. 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.

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 tools also incorporate 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

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 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 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 assets are always made by the Investment Stewardship team in coordination with and independently from investment and client teams. LGIM's investment stewardship and investment teams regularly exchange information and specific company insights regularly including votes when of interest for the investment teams. Voting decisions are incorporated into our proprietary ESG tools.

LEA 19	Mandatory	Core Assessed	PRI 2
LEA 19.1	Indicate whether your organisation has a formal escalation strategy following unsuccessful voting.		
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
LEA 19.2	Indicate the escalation strategies used at your organisation following abstentions and/or votes against management.		
<input checked="" type="checkbox"/> Contacting the company's board <input checked="" type="checkbox"/> Contacting the company's senior management <input checked="" type="checkbox"/> Issuing a public statement explaining the rationale <input checked="" type="checkbox"/> Initiating individual/collaborative engagement <input type="checkbox"/> Directing service providers to engage <input checked="" type="checkbox"/> Reducing exposure (holdings) / divestment <input checked="" type="checkbox"/> Other			
		Specify	
Where applicable different escalation strategies may be taken following votes against management, and we may attend the actual AGM.			
LEA 19.3	Additional information. [Optional]		
<p>LGIM's voting decisions can be found on our website via the following link: https://documentlibrary.lgim.com/documentlibrary/library_55458.html</p> <p>If the company is targeted under a specific engagement programme, e.g. the Climate Impact Pledge, LGIM will continue to engage with the company to communicate our expectations and actions required in future to avoid a vote against.</p>			
LEA 20	Voluntary	Descriptive	PRI 2
Private			
LEA 21	Voluntary	Descriptive	PRI 2
Private			
LEA Checks			Checks
<input checked="" type="checkbox"/> If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.			

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

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 across both public and private assets because we believe that systematic inclusion of ESG issues across investment teams helps identify areas related to the performance of companies that might have financial impact in the short, medium and long term. The early identification of potential risks that threaten the sustainability of returns and capturing the investment opportunities that present better products, sustainable margins, improving societies and returns is central to our investment philosophy. ESG factors are therefore 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.

ESG integration occurs through :

- Global Research and Engagement Platform
- Engagement with companies and raising market standards
- Explicit fund guidelines

Please see our response to 01.3 below for more information.

FI 01.3 Additional information [Optional].

[Continued from FI 01.2]

Through the creation of the Global Research and Engagement Platform, LGIM has established a fully integrated framework for responsible investing to strengthen long-term returns.

However, integration on its own is not enough. To understand financial materiality and assess companies holistically, engagement lies at the heart of our approach, raising market standards through Investment Stewardship and undertaking collaborative active research leading to impactful engagement across the investment platform driving positive change. 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.

Our approach is based on stewardship with impact and collaborative, active research across asset classes. Together, these activities enable LGIM to conduct corporate engagement that drives positive change and to deliver ESG-integrated solutions to clients. Active engagement is shared and recorded in internal tools and platforms to integrate relevant findings from engagements into the overall ESG assessment in a systematic and consistent way.

Integration and active engagement is combined with:

- Funds with explicit ESG guidelines - For clients who wish to go further in integrating ESG into their investment portfolios, we have a range of funds called the Future World Funds.
- Screening - LGIM applies its Controversial Weapons Policy, to all our active fixed income funds and Future World credit funds. Our Future World Protection List and Climate Impact Pledge are also applied to Future World Funds.

For our active global fixed income portfolios, ESG factors are considered as part of our credit analyst's fundamental assessment of the issuer. In practice, the data alone may not tell the full story, which is why we believe that incorporating a qualitative element is essential in order to fully unearth the investment opportunities whilst capturing the ESG risks embedded within each company. Our qualitative inputs capture ESG insights from LGIM's company analysis and engagements – either on an individual data point or an overall risk factor – leveraging the extensive knowledge of our various research teams and our industry-leading corporate access. This is fed into the Active ESG View tool.

The 'tool' forms an essential component of the overall active research process, bringing together granular quantitative and qualitative inputs in order to reflect a full picture of the ESG risks and opportunities embedded within each company. ESG risks vary across sectors and therefore the proprietary tool we have developed evaluates sector-specific ESG factors, spanning 64 specific sectors/sub-sectors.

In producing an Active ESG View we seek to provide an overview of how the company is managing potential, sector-specific ESG risks and opportunities, so that these can be considered alongside all other components of fundamental investment analysis.

A number of quantitative inputs include real time updates based on company newsflow and controversies, aiming to capture changes in ESG risk faster than most external data providers.

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 and its ultimate purpose is to support the process of bond selection.

Screening

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

Within our Future World range the Future World Protection list (FWPL) is applied. The FWPL has been specifically developed for this fund range, through which companies are incentivised to operate more sustainably - allowing clients to go further in integrating ESG factors into their investment strategy.

Across the LGIM-designed Future World funds, securities issued by such companies will not be held or exposure to them will be significantly reduced. The FWPL includes companies which meet any of the following criteria:

- Involvement in the manufacture and production of controversial weapons
- Perennial violators of the United Nations Global Compact, an initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies
- Pure coal miners - companies solely involved in the extraction of coal

More information on the FWPL methodology is available at: <http://update.lgim.com/futureworldfund>

In addition, companies that fail to meet our minimum standards of climate governance, as set out via our Climate Impact Pledge, will also be divested from the Future World fund range, which includes active funds.

LGIM's Controversial Weapons Policy (https://documentlibrary.lgim.com/documentlibrary/library_55458.html) excludes companies involved in the production of weapons prohibited under international treaties and applies to all active fixed income funds. This policy was rolled out to all active equity and fixed income funds and is also incorporated into the methodology of the FWPL, therefore being applied to all Future World funds.

Launch of new funds with explicit ESG guidelines

In October 2019, LGIM bolstered its line-up of credit funds for European investors with an offering that utilises a responsible exclusions list.

The L&G Euro Corporate Bond Fund (Responsible Exclusions) is aimed at European institutional and wholesale investors, and comes in response to strong demand from the former client segment. It invests across a broad range of predominately euro-denominated corporate bonds, while adopting a "responsible exclusions list", which is updated annually, to exclude bonds issued by companies involved in the production of controversial weapons, nuclear weapons or firearms and UNGC offenders. The fund also limits investment in bonds of companies deriving their revenues from the production of tobacco or coal, or that are United Nations Global Compact offenders.

FI 14	Mandatory to Report, Voluntary to Disclose	Core Assessed	PRI 2
	<i>Private</i>		
FI 15	Mandatory to Report, Voluntary to Disclose	Additional Assessed	PRI 1,2
	<i>Private</i>		
FI 16	Mandatory to Report, Voluntary to Disclose	Additional Assessed	PRI 1,2
	<i>Private</i>		
FI 17	Mandatory to Report, Voluntary to Disclose	Additional Assessed	General
	<i>Private</i>		
FI 18	Voluntary	Descriptive	PRI 1,2
	<i>Private</i>		

PR 01.1 Indicate if your organisation has a Responsible Property Investment (RPI) policy.

Yes

PR 01.2 Provide a URL or attach the document

URL

Attach Document

Sustainable Property Investment Policy_ 2018_New format v1.pdf

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. [Optional]

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.

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.

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:

- 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 assets that are 'future proof', particularly with regard to the increased prioritisation of sustainable 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.
- 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 Efficiency Standards (MEES)
- 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 (ESG) 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 tariffs (FIT's) and the renewable heat incentive (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.

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:

- 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, Better Buildings Partnerships Real Estate Environment Benchmarking (REEB), programme.
- 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.

• During 2019 we made a commitment to achieving net zero carbon for all of our real estate properties by 2050, as a signatory to the Better Building Partnership's Climate Change Commitment action plans and targets.

• During 2019 we launched a major programme to measure the Social Value of 20% of our assets. This builds upon the work that we have been doing with the Social Value Portal for the past four years.

We are active participants in a broad range of property industry bodies and initiatives. This helps us to shape industry approaches to new challenges and regulations, provides us with new shared insights into best practice and enables us to highlight our progress. These include the following.

- Better Building Partnership
- Real Estate Environmental Benchmarking programme (REEB)
- BBP Design for Performance Programme
- BBP Climate Change Commitment
- The British Property Federation (Sustainability Committee)
- British Council of Offices Sustainability Committee,
- INREV Sustainability Committee,

- Chartered Institute of Building Services Engineers Energy Performance Committee,
 - Central London Sustainability Managers Group
 - UK Green Building Council
 - British Property Federation (BPF) Sustainability Committee
- Our work with these groups helps to inform our strategy development.

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="radio"/> 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]		
<input type="radio"/> No <input type="radio"/> 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="radio"/> We always make formal commitment to responsible investment in fund formation contracts, LPAs or side letters <input type="radio"/> In a majority of cases we make formal commitment to responsible investment in fund formation contracts, LPAs or side letters <input type="radio"/> In a minority of cases we make formal commitment to responsible investment in fund formation contracts, LPAs or side letters <input type="radio"/> We do not make formal commitment to responsible investment in fund formation contracts, LPAs or side letters <input type="radio"/> 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.		
<p>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.</p>			

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="radio"/> Yes			
PR 04.2	Provide a description of your organisation's approach to incorporating ESG issues in property investment selection.		
<p>LGP has sought to be an industry leader 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 led 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> <p>Executive summary - Fiscal and legislative risks, Pro's and Con's, benchmarks, potential for added value.</p> <p>Recommendations - List of improvements with costs and savings, Future potential ratings</p> <p>Environmental - BREEAM / LEED rating, tenants environmental impact (fit-out and business)</p> <p>Energy - EPC rating against benchmark and likelihood of upgrade, Electricity usage metering, Gas usage metering, Lighting controls, Heating controls, Uninterruptible Power Supply, Fund and energy procurement route and consumption statistics, Previous Energy Audits</p> <p>Water usage -Water metering, Leak detection system, Water efficiency measures, Rainwater harvesting, Grey water harvesting</p> <p>Waste management - Waste Management Plan, Recycling, Segregation of waste</p> <p>Flood - Flood risk area, Flood control measures in place on site and locally</p> <p>Contamination - Risk rating, Contaminants, Ventilation and monitoring systems for contaminants</p> <p>Building materials - Design and thermal performance, Sustainable materials, Longevity of building</p> <p>Building equipment - Ozone depleting substances, Certificates of inspection of refrigerant containing equipment, planned preventative maintenance schedule, Insulation, Plant upgrade</p>			

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, Green Lease provision, Planned preventative maintenance schedule, Tenant participation in sustainability, Nuisance issues.

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. 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.

We are currently in the process of further enhancing our due diligence process, in line with our net zero carbon targets, through the introduction of a carbon risk and opportunities audit, to be completed as part of due diligence. This will be trialled and implemented during 2020.

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.

Environmental

Energy efficiency

Environmental example 1, description

We review EPC rating against benchmark and likelihood of upgrade, Electricity usage metering, Gas usage metering, Lighting controls, Heating controls, Uninterruptible Power Supply, Fund and energy procurement route and consumption statistics, Previous Energy Audits

Water supply

Environmental example 2, description

We review water usage -metering, Leak detection system, Water efficiency measures, Rainwater harvesting, Grey water harvesting

Contamination

Environmental example 3, description

We consider contamination risk rating, Contaminants, Ventilation and monitoring systems for contaminants

Social

Building safety and materials

Health, Safety and wellbeing

Socio-economic

Governance

Anti-bribery & corruption

Governance example 1, description

Legal & General Anti-bribery and Corruption Policy and our Code of Ethics applies to the staff, executives, contractors or consultants in relation to all activities undertaken by, or on behalf of Legal & General Group and its wholly owned subsidiaries.

Regulatory

Governance example 2, description

L&G Group Environmental Policy commits all parts of the business to comply with all relevant environmental legislation. In addition L&G work closely with government to help to influence policy and regulations. How we work with government - We have a set of principles for engagement with government and policy makers. We believe people should know what we do and what we stand for. As part of our engagement and dialogue with government, we responded to many government and regulatory consultations, as well as shaping responses from trade and industry bodies.

Governance structure

Governance example 3, description

Legal and General's Corporate Social Responsibility (CSR) and Ethics Committee, manage the Group CSR and Ethics Policies and set annual targets across the company. The committee, which reports directly into the main Board, meets quarterly and monitors performance against targets. Our Group Head of CSR, monitor compliance, within our Group policies, objectives and targets. The Group Environment Committee, who also meet quarterly, govern the L&G group Environmental Policy which commits us to: 'i Ensuring compliance with all relevant environmental legislation 'i Managing direct environmental impacts associated with our operations and investment properties 'i Delivering continual improvement and participate in environmental initiatives 'i Working with our key stakeholders including shareholders, customers, employees, suppliers, intermediaries and local communities to influence and manage indirect environmental impacts.

No

PR 04.4 Additional information. [Optional]

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, energy procurement route and consumption statistics and 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
Private			

PR 06	Mandatory	Core Assessed	PRI 1
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PR 06.1 Indicate if ESG issues impacted your property investment selection process during the reporting year.

- ESG issues helped identify risks and/or opportunities for value creation
- ESG issues led to the abandonment of potential investments
- ESG issues impacted the investment in terms of price offered and/or paid
- ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ESG issues were considered but did not have an impact on the investment selection process
- Other, specify
- Not applicable, our organisation did not select any investments in the reporting year
- 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.

- ESG issues impacted the investment in terms of price offered and/or paid
- ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ESG issues were considered but did not have an impact on the deal structuring process
- Other, specify
- Not applicable, our organisation did not select any investments in the reporting year
- We do not track this potential impact

PR 06.3 Additional information.

WHY RISK MANAGEMENT MATTERS

Our investments are not short term. When we acquire or build a property, we need to know that it represents value for a long period of time. In order to do this, we look at potential investments in the most holistic sense possible. This means taking a robust approach to sustainability risk management and ensuring our portfolio is durable in the long term. This process also informs our plans to improve a given property's sustainability, enabling us to mitigate against any risks we identify in this process when we refurbish properties.

HOW WE ARE RESPONDING

We commissioned a third-party consultancy, Upstream Sustainability Services, to conduct a strategic review of the existing sustainability systems and procedures to include social and risk management as part of our sustainability strategy.

As a result of this review, we now have in place a process that covers risk criteria relating to environmental, social and economic sustainability of assets. We review all new assets against these criteria, and also use them to look at sustainability risks in our existing portfolio. Not only do the criteria cover a number of different issues, they also take an issue such as flood risk and examine it from more than one angle – in this example, looking at local roads' or power stations' vulnerability to a flood. The fact that we apply these criteria across our portfolio brings many benefits, many of which are economic. At a micro level, we save costs – for example, in an area prone to droughts, we avoid landscaping or over-use of turf to keep water bills low. However, across our portfolio, this property-by-property insight on an asset's sustainability risks enables our fund managers to better understand the overall risk profile and potential performance of the fund.

WHAT OUR STAKEHOLDERS SAY

Our stakeholders and clients increasingly expect us to integrate sustainability into our investment considerations and we believe that, in future years, sustainability will be a core element of an Investment Managers responsibility.

ASSET VALUE PROTECTION

We are already seeing evidence of price negotiations on properties with poor Energy Performance Certificate (EPC) values and legislation means that those

rated F or G may have considerable costs associated with the legislative need to upgrade.

TENANT ATTRACTION AND RENTAL INCOME

Many tenants, particularly those with strong, embedded CSR initiatives, are actively assessing the sustainability of the space they either intend to lease or are already leasing. This is where we see a range of opportunities to help improve the building's sustainability credentials.

PR 07	Mandatory	Core Assessed	PRI 4
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PR 07.1 Indicate if your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party property managers.

Yes

PR 07.2 Indicate how your organisation includes ESG issues in your selection, appointment and/or monitoring of third party property managers.

Selection process of property managers incorporated ESG issues

Types of actions

- Request explanation of how ESG is effectively integrated, including inquiries about governance and processes
- Request track records and examples of how the manager implements ESG in their asset and property management
- Discuss property level out-performance opportunities through greater integration of ESG criteria
- Request explanation of engaging stakeholders on ESG issues
- Other, explain

Coverage

- >75% to 100%
- >50% to 75%
- <50%

Contractual requirements when appointing property managers includes ESG issues

Types of actions

- Include clear and detailed expectations for incorporating ESG
- Require dedicated ESG procedures in all relevant asset and property management phases
- Clear ESG reporting requirements
- Clear ESG performance targets
- Other, explain

Coverage

- >75% to 100%
- >50% to 75%
- <50%

Monitoring of property managers covers ESG responsibilities and implementation

Types of actions

- Performance against quantitative and material environmental / resource targets over specified timeframe.
- Performance against quantitative and material environmental / resource targets against relevant benchmarks
- Performance against quantitative and qualitative targets to address social impacts of the portfolio/investment,
- Other, explain

Coverage

- >75% to 100%
- >50% to 75%
- <50%

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:

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

-CIBSE Best Practice Benchmarks (TM46)

-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, 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 Adviser 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 (M&T system) supplier, in order to enable the measurement, monitoring, verification and normalisation of 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. QSR's to be included within each quarterly Asset or Property Management report. Supply all source data on request to the Advisor or its dedicated agent.

Where relevant to supply energy and utility data for each property with landlord or sub-metered energy and HH meter to enable comparison of 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. To utilise on-line access to the M&T system to provide data and access performance reports.

Supply accurate reports to the Advisor as agreed with the Advisor detailing performance against 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 and social value engagement on a regular basis and at least annually in accordance with the LGP Sustainable Property Investment Strategy, 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.		
<input checked="" type="checkbox"/> We consider ESG issues in property monitoring and management <input checked="" type="checkbox"/> We consider ESG issues in property developments and major renovations. <input checked="" type="checkbox"/> We consider ESG issues in property occupier engagements <input checked="" type="checkbox"/> We consider ESG issues in community engagements related to our properties <input checked="" type="checkbox"/> We consider ESG issues in other post-investment activities, specify <p style="margin-left: 40px;">We ensure ESG targets and monitoring are placed in our managing agents supply chain and measures of social value are undertaken across each fund</p>			
PR 08.3	Describe how your organisation, and/or property managers, considers ESG issues in post-investment activities related to your property assets.		
<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 already 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, 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 wellbeing assessments and embodied carbon studies 			

Property Managers requirements

Contracts state that they must support the delivery of LGPs sustainability agenda as detailed in the LGP Sustainable Property Investment Policy. In particular they are requested to:

--Seek to minimise the exposure to environmental risks of the Properties and strive to improve year on year the environmental impacts e.g. ISO14001, with all sustainability information loaded onto the TrackRecord system.

Ensure LGP sustainability targets agreed annually, are achieved at fund level (energy, water waste, carbon emissions, transport, biodiversity, tenant liaison and community engagement) via the production of Asset Sustainability Action Plans (ASAPs), utilise Quarterly Sustainability Reports (QSRs) and data for industry surveys. Manage initiatives to improve sustainability across the portfolio.

-Provide training of all staff as necessary and monitor all suppliers with regard to sustainability by setting KPI's and providing bi-annual reports on performance against KPI's including suppliers annual carbon footprints.

--Support the fund in improving its EPC ratings, by managing specialist contractors and provide capital cost proposals to upgrade EPCs and other sustainability initiatives, and support LGP in innovative industry projects.

-Promote and implement green lease clauses and undertake regular meter readings for energy and water. Undertake tenant liaison on a regular basis, in order to promote a 'whole building' approach to sustainability with tenants and implement MOU /green lease clauses.

Targets

We set targets at platform, fund and asset level and publish our platform targets. In addition best practise targets are set at an asset level, on an annual basis relating to the following quantitative areas:

-Energy consumption – normalised (kWH/m2 of NLA) and degree day corrected for heating, on like for like properties.

-Water - normalised (m3/m2 of NLA) on like for like properties.

-Waste/ Recycling – percentage sent to landfill on all landlords waste.

-Carbon Emissions – normalised (CO2/m2 of NLA) on like for like properties.

Targets are set for energy and water against a Baseline, based on the percentage of time the property is owned, across our long-term, 10 year, target period (1st January 2010 to 31st December 2010). A Baseline is created using the first 12 months of reliable data available for any asset, since the 1st January 2010. When assets are under 40% occupied, their baseline is removed and savings not included in our performance against target figures until they are over 40% occupied again. When assets are sold between LGP funds the original baseline is retained.

In terms of other areas of sustainability we target our performance against our objectives as follows:

-We produce Transport and Green Travel plans – A list of essential and optional measures are provided in our ASPs and an annual travel plan is drawn up at each managed site. Progress is monitored via our Quarterly Sustainability Reports (QSR's). See section (5.5) below.

Biodiversity plans - A list of essential and optional measures are provided in our ASP's and an annual biodiversity enhancement plan is drawn up at each managed site. Progress is monitored via our QSR's.

Tenant Liaison and tenant satisfaction – we have a set tenant liaison process, data reports and minutes of meetings which are all documented on track record. Our agents are also asked to conduct an Annual tenant satisfaction survey and analyse the results.

Community Engagement – A Community Action Plan is set by the Site Building Manager and Property manager, based on a series of guidelines from LGP and knowledge of previous activities.

Targets are set on an individual asset basis and collated at Fund level in order to set fund targets. These become part of each fund's annual strategy and are reported against, to each funds investors, on a quarterly basis.

Quarterly Sustainability Reports (QSR's)

Asset specific, Quarterly Sustainability Reports (QSR's), which cover energy, water, waste, carbon emissions, tenant liaison, community engagement, biodiversity, transport and show performance against set targets, are produced at an asset and fund level basis. This have recently been upgraded to follow the Better Building Partnership, Green Building Toolkit guidance and are produced via web based monitoring and targeting (M&T) software. A sample QSR is shown in Appendix 4.

The QSR shows current performance Year-to-Date, against targets for all quantifiable data. It also details baselines and the previous years performance. In other areas it details recent changes to transport and biodiversity plans, along with recent multi-tenant liaisons and community engagement activities.

No

PR 09	Mandatory	Core Assessed	PRI 2,3
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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 savings against baseline by 2020	2019 performance achieved 21% saving
20% water saving against baseline by 2020	2019 performance achieved 11% saving
90% of waste diverted from landfill	2017 performance showed 91% of waste was diverted from landfill

Social

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

Governance

Target/KPI	Progress Achieved
<p>Engage with investors, and investment agents to gather stakeholder feedback and promoted our belief that sustainability will enhance returns and minimise risk.</p> <p>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.</p> <p>Continue to submit data to legal and general corporate sustainability benchmarking initiatives: FTSE 4Good, UNPRI, BITC and the Better Building Partnerships, Real Estate</p>	<p>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.</p> <p>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</p> <p>All external surveys (UNPRI, Carbon Disclosure Project, GRESB, FTSE4good and BBP REEB) were completed in order to assess our performance and compare it with</p>

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 publicly 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, training of our key suppliers in our processes and various key technical training session. Participating in industry benchmarking initiatives such as GRESB, Upstream benchmarking, UNPRI and BBP REEB 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
Private			

PR 11	Mandatory	Core Assessed	PRI 2
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PR 11.1 Indicate the proportion of active property developments and major renovations where ESG issues have been considered.

- >90% of active developments and major renovations
- 51-90% of active developments and major renovations
- 10-50% of active developments and major renovations
- <10% of active developments and major renovations
- 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.

- Environmental site selection requirements
- Environmental site development requirements
- Sustainable construction materials
- Water efficiency requirements
- Energy efficiency requirements
- Energy generation from on-site renewable sources
- Waste management plans at sites

- Health and safety management systems at sites
- Health and wellbeing of residents
- Construction contractors comply with sustainability guidelines
- Resilient building design and orientation
- Other, specify

PR 11.3 Additional information. [Optional]

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.

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:

- 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

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. Building upon work in Social Value and Impact, all of our new developments are required to include social value considerations in schemes, including the measurement of social value and opportunities to include social impact.

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:

- 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, 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.

As part of our net zero carbon aims we are in the process of developing a net zero briefing and guidance document for all new developments, for completion in H2 2020. We are also piloting net zero across new build projects.

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.

- >90% of occupiers
- 50-90% of occupiers
- 10-50% of occupiers
- <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.

- Distribute a sustainability guide to occupiers
- Organise occupier events focused on increasing sustainability awareness
- Deliver training on energy and water efficiency
- Deliver training on waste minimisation
- Provide feedback on energy and water consumption and/or waste generation
- Provide feedback on waste generation
- Carry out occupier satisfaction surveys
- Health and wellbeing of residents
- Offer green leases
- Other, specify

PR 12.3 Additional information. [Optional]

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 occupier liaison programme is multi-faceted and involves different communication channels depending on the nature of each occupier and the extent of their in-house teams/ professional advisors.

For Multi-Let Properties we have found the following processes to be most effective:

- 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

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.

Our commitment to achieving net zero carbon real estate by 2050 is a whole building commitment, so requires the involvement of our occupiers. We have committed to engage even more closely with our occupiers moving forwards, to enable us to meet this target. We have agreed to join the BBP occupiers forum, which will be working to develop new approaches in this area.

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 lease clauses in ALL leases put to tenants legal advisors, in the past a significant number of tenants/ tenant's lawyers, request for them to be deleted or 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> <p>This is an evolving area and we are aware that there is scope for some negotiation with occupiers, particularly in terms of rising interest in climate related risks and mitigation. We are therefore looking at how best to add in new green lease elements, which we will need to help us move forward with our net zero objectives.</p>		
PR 14	Voluntary	Additional Assessed	PRI 2
	Private		
PR 15	Voluntary	Additional Assessed	PRI 1,2
	Private		
PR 16	Voluntary	Descriptive	PRI 1,3
	Private		

CM1 01	Mandatory	Additional 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 correct implementation of RI processes (that have been reported to the PRI this year) <input checked="" type="checkbox"/> Internal audit of the correct implementation of RI processes and/or accuracy of 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 02	Mandatory	Descriptive	General
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CM1 02.1	We undertook third party assurance on last year's PRI Transparency Report
<input type="radio"/> Whole PRI Transparency Report was assured last year <input checked="" type="radio"/> Selected data was assured in last year's PRI Transparency Report <input type="radio"/> We did not assure last year's PRI Transparency report <input type="radio"/> None of the above, we were in our preparation year and did not report last year.	

CM1 02.2	Whole report was assured in last year's PRI Transparency Report
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Who has conducted the assurance	
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Please see previous question

Assurance standard used	
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- 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	
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- Limited or equivalent
- Reasonable or equivalent

Link to external assurance provider's report	
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<https://www.legalandgeneralgroup.com/investors/results-reports-and-presentations/?categoryId=2182&year=0>

CM1 02.2	Selected data was assured in last year's PRI Transparency Report
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What data has been assured	
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- 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	
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- Organisational Overview
- Strategy and Governance
- Direct - Listed Equity Incorporation
- Direct - Listed Equity Active Ownership
- Direct - Fixed Income
- Direct - Property

CM1 03	Mandatory	Descriptive	General
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CM1 03.1	We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:
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- 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

CM1 03.4

Describe the process of external/third party ESG audit of holdings, including which data has been assured.

We have internal and external audit controls for our ESG activities.

Other, specify

None of the above

CM1 04

Mandatory

Descriptive

General

CM1 04.1

Do you plan to conduct third party assurance of this year's PRI Transparency report?

Whole PRI Transparency Report will be assured

Selected data will be assured

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

CM1 05

Mandatory

Descriptive

General

CM1 05.1

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

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

Strategy and Governance

Direct - Listed Equity Incorporation

Direct - Listed Equity Active Ownership

Direct - Fixed Income

Direct - Property

Who has conducted the assurance

Internal and external auditor.

Assurance standard used

ISAE/ASEA 3000

ISAE 3402

ISO standard

AAF01/06

AA1000AS

IFC performance standards

ISAE/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/investors/results-reports-and-presentations/?categoryId=2182&year=0>

<https://www.legalandgeneralgroup.com/investors/results-reports-and-presentations/?categoryId=2182&year=0>

CM1 06

Mandatory

Descriptive

General

CM1 06.1

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)

What RI processes have been assured

- Data related to RI activities
- RI policies
- RI related governance
- Engagement processes
- Proxy voting process
- Integration process in listed assets
- Screening process in listed assets
- Thematic process in listed assets
- Investment selection process in non-listed assets
- Third party property manager SAM process
- Post-investment ESG activities for infrastructure and/or property assets
- Other

When was the process assurance completed(dd/ mm/yy)

30/04/2020

Assurance standard used

- IIA's International Standards for the Professional Practice of Internal Auditing
- ISAE 3402
- ISO standard
- AAF 01/06
- SSE18
- AT 101 (excluding financial data)
- Other