




UNEP Finance Initiative
 Changing finance, financing change


United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

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 2013-14 reporting cycle. 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. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
⌛	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

PRI disclaimer

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Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Private							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Private	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
LEI 02	Description of ESG incorporation	✓	Private	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Private	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 06	Types of screening applied	🔒	n/a	✓						
LEI 07	Processes to ensure screening is based on robust analysis	🔒	n/a	✓						
LEI 08	Processes to ensure fund criteria are not breached	🔒	n/a	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Description of ESG integration	✓	Private	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Private	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 14	ESG issues in index construction	✓	Public	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	✓	Public		✓		✓			
LEA 08	Monitor / discuss service provider information	✓	Public		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Private		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 14	Examples of ESG engagements	✓	Public		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Public		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Public		✓					
LEA 20	Securities lending programme	✓	Public		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Private		✓					
LEA 24	Shareholder resolutions	✓	Private		✓					
LEA 25	Examples of (proxy) voting activities	✓	Public		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
FI 02	Breakdown of investments by credit quality	✓	Private							✓
FI 03	Description of ESG incorporation	✓	Private	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	✓	Private	✓						
FI 06	Types of screening applied	✓	Public	✓						
FI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
FI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
FI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
FI 10	Description of ESG integration	✓	Private	✓						
FI 11	Review of ESG issues while researching companies/sectors	✓	Public	✓						
FI 12	Processes to ensure integration is based on robust analysis	✓	Private	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	✓	Public	✓						
FI 14	ESG issues in index construction	✓	Private	✓						
FI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	
FI 19	Engagement with corporate issuers	✓	Private		✓					
FI 20	Engagement with government issuers	✓	Private		✓					

Direct - Property				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PR 01	Breakdown of investments by equity and debt	✓	Private							✓
PR 02	Breakdown of assets by management	✓	Public							✓
PR 03	Largest property types	✓	Private							✓
PR 04	Description of approach to RI	✓	Private	✓					✓	
PR 05	Responsible Property Investment (RPI) policy	✓	Public	✓					✓	
PR 06	Fund placement documents and RI	✓	Public	✓			✓		✓	
PR 07	Formal commitments to RI	✓	Private				✓			
PR 08	Incorporating ESG issues when selecting investments	✓	Public	✓						
PR 09	ESG advice and research when selecting investments	✓	Public	✓			✓			
PR 10	Examples of ESG issues in investment selection process	✓	Public	✓		✓				
PR 11	Types of ESG information considered in investment selection	✓	Public	✓		✓				
PR 12	ESG issues impact in selection process	✓	Public	✓						
PR 13	ESG issues in selection, appointment and monitoring of third-party property managers	✓	Public				✓			
PR 14	ESG issues in post-investment activities	✓	Public		✓					
PR 15	Proportion of assets with ESG targets that were set and monitored	✓	Public		✓	✓				
PR 16	Certification schemes, ratings and benchmarks	✓	Private		✓					
PR 17	Proportion of developments and refurbishments where ESG issues were considered	✓	Public		✓					
PR 18	Proportion of property occupiers that were engaged with	✓	Public		✓					
PR 19	Proportion of green leases or MOUs referencing ESG issues	✓	Private		✓					
PR 20	Proportion of assets engaged with on community issues	✓	Public		✓					
PR 21	ESG issues affected financial/ESG performance	✓	Public	✓	✓					
PR 22	Examples of ESG issues that affected your property investments	✓	Private	✓		✓				
PR 23	Disclosure of ESG information to public and clients/beneficiaries	✓	Public						✓	

Legal & General Investment Management Limited

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

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

☒ Fund management

% of assets under management (AUM) in ranges

☐ <10%

☐ 10-50%

☒ >50%

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

☐ Other, specify

☐ Execution and advisory only services

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

United Kingdom

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

☐ 1

☒ 2-5

☐ 6-10

☐ >10

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

FTE

900

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

☐ Yes

☒ No

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

31/12/2013

OO 04.2 | Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		450	000	000	000
Currency	GBP				
Assets in USD		700	874	165	499

OO 04.3 | Indicate the level of detail you would like to provide about your asset class mix.

- ☒ Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- ☐ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06	Mandatory	Descriptive	General
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OO 06.1 | To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- ☐ Publish our asset class mix as percentage breakdown
- ☒ Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	10-50%	0
Fixed income – corporate	10-50%	0
Fixed income – government	10-50%	0
Fixed income – other	<10%	0
Private debt	0	0
Private equity	<10%	0
Property	<10%	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0

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

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OO 09	Voluntary	Descriptive	General
OO 09.1	Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.		

Legal& General Investment Management (LGIM) is one of Europe's largest institutional asset managers and a major global investor. LGIM manages £450 billion in assets for more than 3,300 clients.

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

At LGIM, we believe that companies which demonstrate good corporate governance and have policies for a sustainable business model will deliver enhanced shareholder value. As a major equity investor in the UK and a significant shareholder of assets globally. We aim to use this position as a major long-term shareholder to help improve board practice and performance in our invested markets. We also have a fundamental interest in ensuring that shareholder value is not eroded by a company's failure to manage its impact on its natural and social environment.

Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
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OO 10.1	Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.
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- ☒ We incorporate ESG issues into investment decisions on our internally managed assets
- ☒ We engage with companies on ESG issues via our staff, collaborations or service providers
- ☒ We cast our (proxy) votes directly or via service providers
- ☐ None of the above

OO 11	Mandatory	Gateway	General
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OO 11.1	Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.
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- ☒ Fixed income – corporate
- ☒ Fixed income – government
- ☐ Fixed Income – other
- ☐ Private equity
- ☒ Property
- ☐ None of the above

OO 12	Mandatory	Gateway	General
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OO 12.1	The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.
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Core modules

- ☒ Organisational Overview
- ☒ Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

	Direct - Listed Equity incorporation
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- ☒ Listed Equity incorporation

	Direct - Listed Equity active ownership
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- ☒ Engagements
- ☒ (Proxy) voting

	Direct - Fixed Income
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- ☒ Fixed Income - Corporate
- ☒ Fixed Income - Government

	Direct - Other asset classes with dedicated modules
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☒ Property

Closing module

☒ Closing module

Note: Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

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Reported Information

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Overarching Approach

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
OA 01.1	Indicate if you have a responsible investment policy.		
<input checked="" type="radio"/> Yes <input type="radio"/> No			
OA 01.2	Indicate if you have other guidance documents or more specific policies related to responsible investment.		
<input checked="" type="radio"/> Yes <input type="radio"/> No			
OA 01.3	Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]		

LGIM believes that companies which demonstrate good corporate governance and have policies for a sustainable business model will deliver enhanced shareholder value.

Corporate Governance responsibilities are taken very seriously at LGIM. Our role, as a significant equity and bond holder, is to be a steward of our clients' assets and develop policies that protect and maximise their returns.

LGIM has adopted policies on a range of environmental, social and governance aspects that are fundamental to ensuring that the companies that we have invested our client's funds are managed well and aligned with the interests of its shareholders, clients, workforce and other business partners. These policies are reviewed annually and authorised by the Board of LGIM.

We promote diversity and forward-thinking in companies in order for them to identify and exploit new opportunities. Through our direct engagement activity as well as collaboratively with other Institutional Investors and industry bodies we strive to help improve the standards of governance in all regions that we operate.

OA 02	Mandatory	Core Assessed	PRI 6
OA 02.1	Indicate if your responsible investment policy is publicly available.		
<input checked="" type="radio"/> Yes			
OA 02.2	Provide a URL to your responsible investment policy.		

	URL
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http://www.lgim.com/library/capabilities/Corporate_Governance_Responsible_Investing_Policy_2012.pdf

☐ No

OA 02.3	Indicate if your other policies or guidance documents related to responsible investment are publicly available.
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☒ Yes

☒ Yes, all

☐ Yes, some

OA 02.4	List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.
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Policy or document name	URL
Policy for North America	http://www.lgim.com/library/capabilities/US_Corporate_Governance_Policy.pdf
Policy for UK	http://www.lgim.com/library/capabilities/UK_Corporate_Governance_Policy.pdf
Policy for Japan	http://www.lgim.com/library/capabilities/Corporate_Governance_Policy_Japan_Dec2013.pdf
Stewardship Code	http://www.lgim.com/library/property/Sustainable_Property_Investment_Policy.pdf
PRI	http://www.lgim.com/library/capabilities/UN_PRI.pdf
Property	http://www.lgim.com/library/property/2013_09_lgp_sustainability_review.pdf

☐ No

OA 03	Mandatory	Core Assessed	PRI 1,2
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OA 03.1	Indicate the components/types and coverage of your responsible investment policy and guidance documents.
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Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input checked="" type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 03.2

Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]

Our policies are based on well-established corporate governance principles, supplemented by the team's expertise and experience. Our General Policy summarises the overall principles we abide by in voting and engagement activities worldwide. The policy sets out our broad principles on board structure, shareholder rights, remuneration, sustainability, audit and risk management. These policies are continually evolving and reviewed regularly to reflect the changing corporate landscape and regional differences. Our general policy is supplemented by country-specific enhancements which outline precise examples of how our team exercises voting rights, while providing local contexts to the way companies are governed.

OA 04

Mandatory

Core Assessed

General

OA 04.1

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

☒ Yes

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

Knowledge is shared with fund managers to understand company fundamentals and daily morning meetings take place with the active equity managers in order to enhance ESG and financial dialogues with companies. The department receives and processes a great deal of "inside", or price sensitive information relating to a company's activity, such as management succession, financing, or M&A activity. However, the team is independent from the fund managers and operates within Chinese Walls.

The Director of Corporate Governance reports directly to LGIM's Chief Executive Officer (CEO). There is a Corporate Governance Board of five directors including two independent non-executive directors from outside the organisation. The Board meets regularly and is chaired by one of the independent directors. This structure ensures that potential conflicts of interest are appropriately managed.

Where do conflicts of interest potentially arise?

- A large number of our clients are trustees of pension schemes that are associated with the companies in which LGIM invests
- Legal& General Group plc - might try to influence LGIM's activities on Corporate Governance, rights issues, takeovers etc.
- The investment strategies for active equities and index funds are very different particularly in terms of the number of stocks held and the time scale for holding investments

LGIM owes each of its clients a duty of care and loyalty with respect to all services undertaken for clients, including proxy voting. LGIM places its clients' interests ahead of its own and must cast proxy votes in a manner consistent with the best interest of its clients.

LGIM practice:

- Take reasonable steps to avoid conflicts of interests
- Treat confidential material appropriately
- Train new front office staff in conflicts of interest
- If in doubt refer upwards to a Director, the CEO of LGIM, or NED's of LGIM(H)
- Have a register of conflicts which are reported to LGIM(H)
- L&G Group plc shares are held by Swiss Re for the benefit of LGIM pooled funds as they cannot be held directly. These shares are voted independently of LGIM
- For shares directly held by trusts and segregated funds - LGIM will seek clients' informed direction on voting
- LGIM's Compliance Monitoring Programme incorporates monitoring focused on conflicts of interests, including reviewing the register, the relevant controls associated with them, and their management and disclosure to clients.

The team's activity is also verified annually based on the standards in AAF 01/06.

☐ No

Objectives and strategies

OA 05

Mandatory

Gateway/Core Assessed

General

OA 05.1

Indicate if your organisation sets objectives for its responsible investment activities.

☒ Yes

OA 05.2

Indicate how frequently your organisation sets or revises objectives for responsible investment.

☒ At least once per year

☐ Less than once per year

OA 05.3

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

☐ Quarterly

☒ Biannually

☐ Annually

☐ Every two years or less

☐ It is not reviewed

☐ No

Governance and human resources

OA 07

Voluntary

Descriptive

General

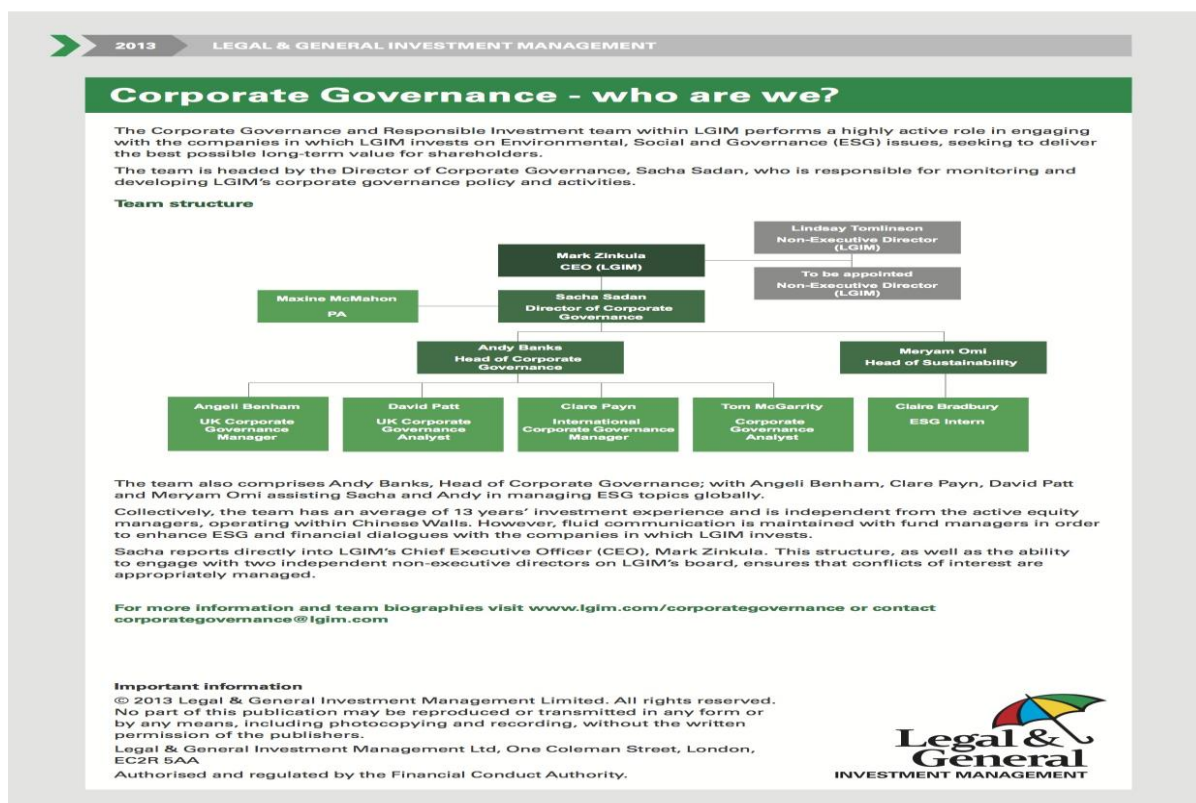
OA 07.1

Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.

LGIM's Corporate Governance and Responsible Investment team is headed by the Director of Corporate Governance, Sacha Sadan. The Team of eight professionals, with an average of 15 years of investment experience, comprises Andy Banks, Head of Corporate Governance, Meryam Omi, Head of Sustainability, and Angeli Benham, Clare Payn, David Patt and Tom McGarrity, managing ESG topics globally.

Sacha reports directly into LGIM's Chief Executive Officer (CEO). There is a Corporate Governance Board of five directors including two independent non-executive directors. The Board meets regularly and is chaired by one of the independent directors. This structure ensures that potential conflicts of interest are appropriately managed.

☒ I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)



To upload the image click the Save button below

OA 08

Mandatory

Gateway/Core Assessed

General

OA 08.1

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- ☒ Board members or trustees
 - ☒ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), 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 Corporate Governance**
 - ☒ 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
- ☐ External managers or service providers
- ☐ Other role, specify
- ☐ Other role, specify

OA 08.2

Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

Number

8

Promoting responsible investment

OA 10

Mandatory

Core Assessed

PRI 4,5

OA 10.1

Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

☒ Yes

OA 10.2

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.

Select all that apply

☒ Asian Corporate Governance Association

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

- ☐ Basic
☐ Moderate
☒ Advanced

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

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

- ☐ Association for Sustainable & Responsible Investment in Asia
☐ Australian Council of Superannuation Investors
☒ CDP Climate Change

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

- ☒ Basic
☐ Moderate
☐ Advanced

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

Collective effort to increase disclosure in carbon emissions by companies.

☒ CDP Forests

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

- ☒ Basic
☐ Moderate
☐ Advanced

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

Collective effort to increase disclosure in exposure to forestry.

☒ CDP Water

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

- ☒ Basic
☐ Moderate
☐ Advanced

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

Collective effort to increase disclosure in exposure to water use.

☒ CFA Institute Centre for Financial Market Integrity

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

- ☒ Basic
☐ Moderate
☐ Advanced

☒ Council of Institutional Investors (CII)

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

- ☐ Basic
☒ Moderate
☐ Advanced

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

In the USA, we use CII's network and conference opportunities to advance corporate governance progress and engage with policymakers and the public about corporate governance, shareholder rights and related investment issues.

☐ Eumedion

☒ Extractive Industries Transparency Initiative (EITI)

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

☐ Basic

☒ Moderate

☐ Advanced

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

We are a member of this initiative to push governments to become EITI signatories. In addition, we join investor-led initiatives, such as what we did during 2013, when we wrote to the SEC and the Canadian exchanges to introduce requirements for better tax disclosure in extractive industries.

☐ Global Investors Governance Network (GIGN)

☒ Global Real Estate Sustainability Benchmark (GRESB)

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

☐ Basic

☐ Moderate

☒ 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

☒ Institutional Investors Group on Climate Change (IIGCC)

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

- ☐ Basic
☐ Moderate
☒ Advanced

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

LGIM is a member of the Property, Policy and Risk workstreams, and actively participate and endorse IIGCC-led message to the regulators in the UK and Europe. We attended the UN climate change conference in Poland to discuss climate policies with their regulators in 2013.

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

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

- ☐ Basic
☒ Moderate
☐ Advanced

- ☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)
☐ Investor Network on Climate Risk (INCR)/CERES
☐ Local Authority Pension Fund Forum
☒ Principles for Responsible Investment

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

- ☐ Basic
☐ Moderate
☒ Advanced

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

We are an active member of the PRI and also part of the 'Fixed Income workstream' and leading the project on 'linking ESG and Pay'.

- ☒ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

UKSIF

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

- ☐ Basic
☐ Moderate
☒ Advanced

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

LGIM joined the Leadership Committee of UK SIF to participate in the association's work around UK public policy developments.

- ☐ Shareholder Association for Research and Education (Share)
☐ United Nations Environmental Program Finance Initiative (UNEP FI)
☒ United Nations Global Compact

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

- ☐ Basic
☒ Moderate
☐ Advanced

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

As of October 2012, Legal& General became a UN Global Compact Signatory to recognise the increasing contribution and footprint of its overseas businesses. We also joined Investor-led initiatives to encourage more companies to sign up to the UN Global Compact.

- ☒ Other collaborative organisation/initiative, specify
 Association of British Insurers

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

- ☐ Basic
☐ Moderate
☒ Advanced

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

LGIM is a member of its Investment Committee and Remuneration Committee, and heavily involved in policy developments and company engagements arranged by the ABI.

☒ Other collaborative organisation/initiative, specify

30% Club

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

- ☐ Basic
☐ Moderate
☒ 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 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.

As a member of the 30% Club Investor Group, we actively engage with other investors to encourage companies to develop policies to improve diversity on boards.

☐ Other collaborative organisation/initiative, specify

☐ Other collaborative organisation/initiative, specify

☐ No

OA 11	Mandatory	Core Assessed	PRI 4
-------	-----------	---------------	-------

OA 11.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

☒ Yes

OA 11.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- ☒ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- ☒ Provided financial support for academic or industry research on responsible investment
- ☒ Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- ☒ Spoke publicly at events and conferences to promote responsible investment
- ☒ Wrote and published in-house research papers on responsible investment
- ☒ Encouraged the adoption of the PRI
- ☐ Other, specify

☐ No

OA 11.3

Additional information. [Optional]

We regularly carry out Trustee Education Seminars which include information on our ESG activity. We produce spot light research papers. Members of the team have spoken at a number of conferences to promote responsible investment on topics such as independence, diversity and executive pay.

OA 12

Voluntary

Additional Assessed

PRI
4,5,6

OA 12.1

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

☒ Yes

- ☒ Yes, individually
- ☒ Yes, in collaboration with others

OA 12.2

Select the methods you have used.

- ☒ Endorsed written submissions to governments, regulators or standard-setters developed by others
- ☒ Drafted your own written submissions to governments, regulators or standard-setters
- ☒ Participated in face-to-face meetings with government members or officials to discuss policy
- ☐ Other, specify

OA 12.3

Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.

☒ Yes, publicly available

provide URL

[http://www.lgim.com/library/capabilities/Corporate Governance Annual Report 2012.pdf](http://www.lgim.com/library/capabilities/Corporate_Governance_Annual_Report_2012.pdf)

☐ No

☐ No

OA 12.4

Additional information.

Please refer to the 'voicing our views' of the Annual Report for engagements with regulators on various topics.

Our Annual Report for 2013 will be updated in early April on this site:
www.lgim.com/corporategovernance

Legal & General Investment Management Limited

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

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Overview

LEI 01

Mandatory to Report Voluntary to Disclose

Gateway/Peering

PRI 1

LEI 01.1

Provide a breakdown of your internally managed listed equities by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your internally managed listed equities, indicate if you would still like to report your activities.

Strategies

☒ Passive

% of internally managed listed equities

☐ <10%

☐ 10-50%

☒ >50%

☐ Active – quantitative (quant)

☒ Active – fundamental and other active strategies

% of internally managed listed equities

☒ <10%

Report on your strategies that represent <10% of listed equities

☒ Yes

☐ No

☐ 10-50%

☐ >50%

ESG incorporation in actively managed listed equities

Implementation processes

LEI 03

Mandatory

Gateway/Core Assessed

PRI 1

LEI 03.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.

ESG incorporation strategy (select all that apply)

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

Percentage of active listed equity to which the strategy is applied (estimate +/- 10%)	<div> <div></div> <div>%</div> </div>
	100

- ☐ Screening + Integration strategies
- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☐ No incorporation strategies applied

	Total actively managed listed equities
--	--

100%

LEI 03.2	Describe your primary reasons for choosing a particular ESG incorporation strategy.
----------	---

ESG is incorporated into the mainstream management of equity mandates.

(C) Implementation: Integration of ESG issues

LEI 11	Mandatory	Core Assessed	PRI 1
--------	-----------	---------------	-------

LEI 11.1	Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.
----------	---

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

ESG incorporation in passively managed listed equities

LEI 14	Mandatory to Report	Voluntary to Disclose	Descriptive	PRI 1
--------	---------------------	-----------------------	-------------	-------

LEI 14.1	Indicate if you manage passive listed equity funds that incorporate ESG issues in the index construction methodology.
-----------------	---

☒ Yes

LEI 14.2	Indicate the percentage of your total passive listed equity funds for which ESG issues are incorporated in the index construction methodology.
-----------------	--

	(% of total passive listed equity funds)
--	--

- ☒ <10%
☐ 10-50%
☐ 51-90%
☐ >90%

LEI 14.3	Specify index/fund name, provide a brief description of ESG methodology and indicate which of the following ESG incorporation strategies you apply.
-----------------	---

☒ Index/fund 1

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

☒ Index/fund 2

Index/fund name and brief description of ESG methodology	ESG incorporation strategy
<p>Legal& General (PMC)Ethical Global Equity Index Fund</p> <p>The fund aims to track the sterling total returns of the FTSE4Good Global Equity Index (including re-invested income, less withholding tax) to within +/- 0.5% per annum for two years in three.</p>	<p><input checked="" type="checkbox"/> Screening</p> <p><input type="checkbox"/> Thematic</p> <p><input type="checkbox"/> Integration of ESG issues</p> <p><input type="checkbox"/> Other</p>

☒ Index/fund 3

Index/fund name and brief description of ESG methodology	ESG incorporation strategy
<p>Legal& General (PMC) Ethical UK Equity Index Fund</p> <p>The fund aims to track the sterling total returns of the FTSE4Good UK Equity Index (including reinvested income, less withholding tax) to within +/- 0.5% per annum for two years in three.</p>	<p><input checked="" type="checkbox"/> Screening</p> <p><input type="checkbox"/> Thematic</p> <p><input type="checkbox"/> Integration of ESG issues</p> <p><input type="checkbox"/> Other</p>

☒ Index/fund 4

Index/fund name and brief description of ESG methodology	ESG incorporation strategy
<p>Global Environmental Enterprises fund</p> <p>An innovative fund aiming to provide long-term growth by investing in companies at the forefront of producing solutions to global energy and environmental issues.</p> <p>Invests in global companies producing products and providing services relating to energy efficiency; low carbon energy production; and water, waste and pollution control.</p>	<p><input type="checkbox"/> Screening</p> <p><input checked="" type="checkbox"/> Thematic</p> <p><input type="checkbox"/> Integration of ESG issues</p> <p><input type="checkbox"/> Other</p>

☒ Index/fund 5

Index/fund name and brief description of ESG methodology	ESG incorporation strategy
<p>UK Equity Carbon Optimised Index Fund</p> <p>The fund is designed for investors seeking index returns from a broad range of UK equities where exposure is tilted in favour of companies with lower carbon emissions.</p> <p>The fund aims to achieve returns close to the FTSE All-Share index while reducing exposure to financial risk from the transition to a low carbon economy and rising energy costs. The fund is sector neutral weighted compared to the FTSE All-Share but is expected to be around 20% less carbon intensive.</p>	<p><input checked="" type="checkbox"/> Screening</p> <p><input checked="" type="checkbox"/> Thematic</p> <p><input type="checkbox"/> Integration of ESG issues</p> <p><input type="checkbox"/> Other</p>

☐ No

LEI 14.4	Additional information. [Optional]
-----------------	------------------------------------

In addition, we have a member of ESG tilted segregated mandates.

Communication

LEI 18	Mandatory	Core Assessed	PRI 2,6
LEI 18.1	Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.		

☒ We disclose it publicly

Provide URL

<http://www.lgim.com/uk/en/capabilities/corporate-governance/>

Provide URL

http://www.lgim.com/library/capabilities/Corporate_Governance_Annual_Report_2012.pdf

LEI 18.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

☒ Yes

LEI 18.3

Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- ☐ Broad approach to ESG incorporation
- ☒ Detailed explanation of ESG incorporation strategy used

LEI 18.4

Indicate how frequently you typically report this information.

- ☐ Quarterly or more frequently
- ☒ Between quarterly and annually
- ☐ Less frequently than annually
- ☐ Other, specify
- ☐ No
- ☐ We disclose it to clients and/or beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries

Legal & General Investment Management Limited

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

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Engagement

Overview

LEA 01	Voluntary	Descriptive	PRI 2
LEA 01.1	Provide a brief overview of your organisation's approach to engagement.		

Ongoing dialogue with companies is a fundamental aspect of our responsible investment commitment. This is conducted by everyone in the Corporate Governance team. Where appropriate, we will also conduct engagement with equity and fixed income fund management teams) and/or collaboratively with other investors.

Engagement is essential for us in order to exercise our duty in the most effective way. It ensures we are acting in clients' best interests and are making informed decisions.

Our engagement covers the majority of listed companies across different regions and jurisdictions. Engagement is triggered in a variety of ways such as a voting issue, general knowledge of the company, or a media report. Therefore, it is both proactive and reactive.

We have also established a policy based on the escalation of engagement. If initial discussions fail to result in improvements or if concerns are not being addressed, we will usually escalate the issue, often resulting in a collaborative engagement initiative.

Collaborative engagement is a useful medium that allows sharing of information and an opportunity to align interests, especially when dealing with companies where investor communication is limited.

Such engagement on company specific issues may be informally carried out amongst like-minded investors, or more formally through networks such as the Association of British Insurers (ABI) or the PRI.

We engage with a variety of individuals within a company, depending on the type of engagement and objective of the meeting. This may include Chairman, Non-Executive Directors, Chairman of Committees, Company Secretary's, Investor Relations and individuals in specialised fields. Furthermore, the Corporate Governance team may attend meetings held by fund managers with executive management of companies e.g. CEO, CFO, COO etc. In addition, external engagement with sell-side analysts, government, regulators and other market associations may be held.

LEA 02	Mandatory	Gateway	PRI 1,2,3
LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.		

Type of engagement	Reason for interaction
Individual/Internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via service providers
LEA 02.2	Additional information. [Optional]

Please note that, the 'Service Provider engagements' are not commercial relationships where they are mandated to engage with companies on our behalf (ESG overlay or consultancy type of arrangements). Instead, they refer specifically to cases where we use associations such as the ABI and ACGA to develop standards and push for regulatory and market reforms. Company engagements may be arranged by them, but we would participate in them together with other signatory investors.

Process

Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2
---------------	------------------	----------------------	--------------

LEA
03.1

Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

☒ Yes

LEA
03.2

Describe how you identify and prioritise engagements.

Engagement is triggered in a variety of ways. Below are the types of sources that may trigger an engagement effort:

- Associations/ Forum
- Media
- Independent research
- Broker and advisors
- Fund managers
- Companies
- Team's own investment experience

LGIM has an established policy based on the escalation of engagement. If initial discussions fail to result in improvements or if concerns are not being addressed, we will usually escalate the issue, often resulting in a collaborative engagement initiative.

We monitor our investee companies over the long term, rather than presuming that changes are effectively implemented following its voting or engagement activities. Some issues may take a number of years to resolve, but as a long term investor, we strive to keep communicating with the company in question and that pressure is increased appropriately through an escalation procedure. To facilitate the dynamic engagement process, formal detailed records are captured and utilised for engagement in the future with the company or with peers in the sector if the issue is industry-wide.

As stated above, we use various sources to monitor changes in companies and uses independent research providers and the media, rather than relying solely on company disclosures. When written disclosure provided by a company is considered inadequate and requires further explanation, we will contact the company directly for further information and will provide constructive feedback.

☐ No

LEA 04

Mandatory

Core Assessed

PRI 2

LEA
04.1

Indicate if you define specific objectives for your engagement activities.

☒ Yes

- ☐ Yes, for all engagement activities
- ☒ Yes, for the majority of engagement activities
- ☐ Yes, for a minority of engagement activities

☐ No

LEA
04.2

Indicate if you monitor the actions that companies take following your engagements.

- ☒ Yes
- ☐ Yes, in all cases
- ☒ Yes, in the majority of cases
- ☐ Yes, in the minority of cases

LEA
04.3

Describe how you monitor and evaluate the progress of your engagement activities.

While we make best efforts to monitor and collect information on our engagements, the nature of our conversion do not allow for perfect completion points. We focus our effort on progress and meaningful changes, rather than be overly concerned with data collection process.

☐ No

LEA
04.4

Additional information. [Optional]

Issues in which engagement is initiated and monitored until change has occurred include voting and engaging on remuneration structures until they are in line with best practice, appointment of directors to improve the performance of the board or collaborative engagement targeted at improving disclosure and transparency.

Further examples can be found below in our Annual Report - "Communicating our views section"

<http://www.lgim.com/uk/en/capabilities/corporate-governance/>

Process for engagements conducted via collaborations

LEA 05

Mandatory

Core Assessed

PRI 2

LEA
05.1

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

☒ Yes

**LEA
05.2**

Describe how you identify and prioritise collaborative engagements.

We initiate a lot of informal collaborations as well as join formal networks to engage on topics of mutual interests. The trigger can be material concerns of a company, market wider topics, thematic research as well as regulatory and consumer-led change to the corporate environment.

When participating in collaborative engagement, due regard is placed on LGIM's internal conflicts of interest and insider dealing policies, as well as the guidance issued by the Takeover Panel and the Financial Conduct Authority.

We play a number of different roles in the collaborative engagement including being leaders and supporters of an engagement effort.

☐ No

**LEA
05.3**

Additional information.[Optional]

An example of our collaborative engagement on an industry wide issue is shown below:

Following the Kay Review, the ABI released a report on the role and value of public equity markets and the way they operate. As members of the ABI, we contributed to the study, offering our views on the IPO market, listing rules, capital raising and how they can be made more efficient. We also contributed to their report on improving Corporate Governance and Shareholder Engagement. The report highlighted how investors exercised their stewardship responsibilities by describing how they undertake their voting and engagement activities. It emphasised on the crucial role of Non-Executive Directors on how boards operate and are governed.

An example of LGIM leading an engagement effort is through the PRI on the link between 'ESG and Pay.' This investor project aims to analyse how sustainability targets can be effectively incorporated into executive pay.

As well as working collaboratively on industry issues, we engage with companies collectively. We participated in a number of multi investor meetings with various companies. Such meetings provide an excellent opportunity for us to learn about the companies and also share our views with other shareholders.

LEA 06**Mandatory****Core Assessed****PRI 2**

**LEA
06.1**

Indicate if the collaborative engagements in which you are involved have defined objectives.

- ☒ Yes
 - ☒ Yes, for all collaborative engagement activities
 - ☐ Yes, for the majority of collaborative engagement activities
 - ☐ Yes, for a minority of collaborative engagement activities
- ☐ No

**LEA
06.2**

Indicate if you monitor the actions companies take following your collaborative engagements.

- ☒ Yes
 - ☐ Yes, in all cases
 - ☒ Yes, in the majority of cases
 - ☐ Yes, in the minority of cases

**LEA
06.3**

Describe how you monitor and evaluate the progress of your collaborative engagement activities.

In the vast majority of cases, the collaborative engagements results will be checked and monitored. However, there are cases, such as a disclosure requirements effort, where the results for each company can not be captured.

Depending on the objectives of the engagement and the result, the collective group will decide whether further action needs to be taken. For example, regarding engagements that seek industry changes, this may involve a formal collective letter being sent to regulators or setting guidance for the market (examples shown below).

Furthermore, in relation to company related issues, we monitor our investee companies over the long term, rather than presuming that changes are effectively implemented following its voting or engagement activities. Some issues may take a number of years to resolve, but as a long term investor, we strive to keep communicating with the company in question and that pressure is increased appropriately through an escalation procedure. Meetings may be held with different directors at the company during different times until the result has been achieved e.g. opposing a pay scheme and hold a meeting with the Chairman of the Remuneration Committee until objective is achieved.

- ☐ No

Examples of collective engagements in which we were involved are explained below:

Lock-up agreements

We collaborated on regulatory-related issues to improve market practice and shareholder rights. For example, during the year under review, there were a number of cases where investment banks waived share lock-up agreements. This included the Lloyds placing in St James's Place shares. We collaborated with other investors seeking better regulation and tightening of policy. This included sending a formal letter to the FCA regarding better disclosure and regulatory guidance on the terms and conditions of such agreements. We will continue to push this in the market.

Auditor Rotation

Over the past two years, we have collaborated with other European investors to improve the process of auditors undertaking due diligence on company accounts. There have been a number of concerns with the weaknesses in the application of accounting standards. Together with other investors, we pushed for reforms, such as improved transparency, mandatory rotation of auditors and limiting non-audit fees. We continued to engage with regulators and shareholders to push the agenda. We engaged with the Competition Commission in the UK and expressed our views prior to the release of their recommendations. We also met the European Commissioner, in Brussels to discuss auditor independence and regulation. Towards the end of the year, regulators in the UK and EU updated the market on their findings following consultation in 2012 and announced a number of measures they believed will tackle the issue. This included measures to strengthen accountability of the external auditor to the Audit Committee on the scope of audit work conducted, mandatory tendering and the prohibition of 'Big 4' only clauses in loan agreements and a potential limit on non-audit fees. We will continue to push for changes in our engagement with companies. This has already made an impact with a number of FTSE firms announcing their intentions to change auditors.

Process for engagements conducted with/on your behalf by service providers

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

☒ Yes

**LEA
07.2**

Indicate what role you play in engagements that your service provider conducts on your behalf.

- ☒ Specify the issues for the engagement
- ☒ Specify the objectives for the engagement
- ☒ Select the companies to be engaged with
- ☒ Participate directly in the engagements with your service provider
- ☐ Actively monitor and review the activities of the service provider
- ☐ Other, specify

☐ No

**LEA
07.3**

Additional information. [Optional]

As noted before, the 'Service Provider engagements' are not commercial relationships where they are mandated to engage with companies on our behalf (ESG overlay or consultancy type of arrangements). Instead, they refer specifically to cases where we use associations to develop standards and push for regulatory and market reforms. Company engagements may be arranged by them, but we would participate in them together with other signatory investors.

LEA 08

Mandatory

Core Assessed

PRI 2,6

**LEA
08.1**

Indicate whether you monitor and/or discuss the following information provided to you by your service provider

Please select all that apply

- ☒ The subject (or ESG issue(s)) of engagement
- ☒ The objectives of the engagement
- ☒ The rationale for engagement
- ☒ The frequency/intensity of interactions with companies
- ☒ Progress towards achieving engagement goals
- ☒ Outcomes that have been achieved from the engagement
- ☒ Next steps for engagement activity
- ☐ Other, specify
- ☐ None of the above

LEA
08.2

Additional information. [Optional]

We use various sources to monitor changes in companies and uses independent research providers and the media, rather than relying solely on company disclosures. When written disclosure provided by a company is considered inadequate and requires further explanation, we will contact the company directly for further information and will provide constructive feedback.

General processes for all three groups of engagers

LEA 09

Voluntary

Additional Assessed

PRI 1,2

LEA
09.1

Indicate if the insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.

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

LEA
09.2

Additional information.

We openly share gained insights with others investors, but it is not possible logistically to share all information with all participants in all cases.

In order to manage conflicts of interest within the firm, it is important to note that the Corporate Governance team is independent of active fund managers and operates within Chinese walls. That is why input for consideration in investment decisions is enacted occasionally.

However, systematic and ongoing communication is maintained with fund managers to understand the company fundamentals in order to enhance ESG and financial dialogues with the companies.

LEA 10	Mandatory	Gateway/Core Assessed	PRI 2
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LEA 10.1	Indicate if you track the number of companies you engage with.
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Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
Collaborative engagements	<input type="radio"/> Yes, we track the number of our engagements in full <input checked="" type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
Service provider engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

LEA 10.2	Additional information. [Optional]
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LGIM keeps an ESG diary with all the company meetings held. This diary records company level information such as name and sector, the type of engagement held (e.g. one-on-one meetings, conference calls or collective meetings) and a brief disclosure of the attendees, the issues discussed and any follow up notes for record.

The ESG diary excludes any emails, letters or quick telephone calls that may have occurred during the year.

The ESG diary is updated by everyone in the Corporate Governance Team that has had meetings with companies.

Outputs and outcomes

LEA 14	Voluntary	Descriptive	PRI 2
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LEA 14.1	Provide examples of the engagements that your organisation carried out during the reporting year.
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☒ Add Example 1

Topic or ESG issue	Corporate Governance – Board structure
Conducted by	<input type="checkbox"/> Individual / Internal <input checked="" type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	To understand the appointment process for the new Chairman
Scope and Process	We met a FTSE 100 Global Mining Company to discuss the appointment process of the new Chairman. Meetings were held individually and collectively with other investors.
Outcomes	We sought assurance that the process is independently led and free from conflicts of interest. In addition, expressed our views on the type of Chairman that would be suitable for the role.

☒ Add Example 2

Topic or ESG issue	Social – Suppliers in Bangladesh
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	Understand supplier policies of retail companies
Scope and Process	We met three UK listed retail companies to discuss the companies supplier-side policies following the Bangladesh factory disaster
Outcomes	We requested that the company explain the policies in place on how suppliers are managed. The Companies confirmed that their policy is to use single dedicated suppliers.

☒ Add Example 3

Topic or ESG issue	Corporate Governance - Pushed for tougher UK listing rules
Conducted by	<input type="checkbox"/> Individual / Internal <input checked="" type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	Seeking to change regulation regarding the governance of newly listed companies
Scope and Process	We met regulators collectively with other investors to discuss the listing process and advocated for better protection of minority shareholder
Outcomes	The regulator has tightened the corporate governance standards for companies seeking a listing in the UK market.

☒ Add Example 4

Topic or ESG issue	Corporate Governance – Remuneration
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	Seeking to change the remuneration structure in order to better align pay and performance
Scope and Process	Following a change in management and strategy of UK listed Support Services company, we met the Chairman of the Remuneration Committee to seek amendments to their pay structure.
Outcomes	The Company consulted with its shareholders and have amended the remuneration structure which is more aligned with the strategy and generation of cash.

☒ Add Example 5

Topic or ESG issue	Environment – Shale Gas
Conducted by	<input type="checkbox"/> Individual / Internal <input checked="" type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	Seeking to understand the best practice procedures in shale gas extraction
Scope and Process	We attended a collaborative engagement meeting with a UK listed energy company to understand their approach to best practice principles. We also attended an overseas trip to better understand the Environmental and Social impacts of shale gas extraction
Outcomes	The meetings have been informative and will help us promote best practice principles in this area amongst companies in the extractive industry.

☐ Add Example 6

☐ Add Example 7

☐ Add Example 8

☐ Add Example 9

☐ Add Example 10

LEA 14.2	Additional information.
-----------------	-------------------------

Engagement gives us the opportunity to learn about the company's strategy, operations, financial and external challenges and opportunities, all of which are essential for us to effectively exercise our duties to our clients.

Importantly, ongoing dialogue with companies' means that we can express our concerns before votes are cast, which allows an exchange of ideas between us and the company.

More details on our engagement activity can be found in our Corporate Governance Annual Report ("Communicating our views") which can be found on our website.

<http://www.lgim.com/uk/en/capabilities/corporate-governance/>

Communication

LEA 15	Mandatory	Core Assessed	PRI 2,6
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LEA 15.1	Indicate whether your organisation proactively discloses information on its engagements.
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- ☒ We disclose it publicly

	please provide URL
--	--------------------

http://www.lgim.com/library/capabilities/Corporate_Governance_Annual_Report_2012.pdf

LEA 15.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
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- ☒ Yes

LEA 15.3	Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.
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	Engagement information disclosed
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- ☒ Details of the selections, priorities and specific goals of engagement
- ☒ Number of engagements
- ☒ Breakdown of engagements by type/topic
- ☒ Breakdown of engagements by region
- ☐ An assessment of the current status of the engagement
- ☒ Outcomes that have been achieved from the engagement
- ☐ Other information

LEA 15.4	Indicate how frequently you typically report engagements information.
-----------------	---

- ☐ Disclosed continuously (prior and post engagements)
- ☐ Disclosed quarterly
- ☒ Disclosed annually
- ☐ Disclosed every two years or less
- ☐ Other, specify
- ☐ No
- ☐ We disclose it to clients and/or beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries.

A public report on our engagement activities is published annually. Additionally, our clients receive quarterly reports, which are specific to their investments.

Our annual report for 2013 will be available on this site in April 2014:

<http://www.lgim.com/uk/en/capabilities/corporate-governance/>

We believe that it is important to explain to our clients and the wider audience what activities we undertake.

We strive to increase awareness of the importance of corporate governance and responsible investment through clear and open communications

We also communicate our views through thought leadership pieces, press articles, policy updates, internal education programmes, trustee education and industry education. Further information can be found in our Corporate Governance Annual Report section "Telling you our views."

(Proxy) voting and shareholder resolutions

Overview

LEA 16	Voluntary	Descriptive	PRI 2
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**LEA
16.1**

Provide a brief overview of your organisation's approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable).

Corporate governance and responsible investment means exercising voting rights, engaging in dialogue with companies to promote best practice and continuing to monitor companies where it leads to protection and the enhancement of shareholder value.

We provide our clients with a valuable service in applying its knowledge and judgment to exercise clients' voting rights. We are able to strive for maximum influence at companies by pooling all its clients' assets, giving it a more powerful position.

The voting decisions are based on a set of corporate governance principles as outlined in this document. It is a cyclical process where decisions are based on a variety of information: external research providers, company disclosure and internal views on company performance. The final decisions are made by the Corporate Governance Team based on what is deemed to be best for long term shareholder value. Highly contentious issues will be discussed with the CEO, the non-executive directors of LGIM, and the Corporate Governance Committee before votes are submitted. Where we intend to oppose a resolution, the companies are notified to allow for further discussion. The process is illustrated below:

- (1) Voting issues are raised by the Corporate Governance team, independent research providers or internal fund management teams
- (2) Corporate Governance team meets weekly to discuss the issues
- (3) Some companies are contacted to discuss our concerns
- (4) Voting decisions are taken and the voting instruction is cast
- (5) Companies notified of our decision

It is important to note, however, that voting decisions are not formulaic and the team uses many different resources when evaluating issues including its 13 years' investment experience. In addition, communication with companies is essential to thoroughly understand any issues, and decisions are made on a case by case basis taking into account the specific circumstances.

Process**LEA 17****Mandatory****Descriptive****PRI 2****LEA
17.1**

Indicate how you typically make your (proxy) voting decisions and what this approach is based on.

Approach

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

Based primarily on

- ☒ our own voting policy
- ☐ our clients requests or policy
- ☐ other, explain
- ☐ We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.
- ☐ We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- ☐ We hire service provider(s) which make voting decisions on our behalf.

LEA 17.2	Additional information.[Optional]
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Our voting policies are based on well-established corporate governance principles, supplemented by the team's expertise and experience. Our General Policy summarises the overall principles we abide by in voting and engagement activities worldwide. The policy sets out our broad principles on board structure, shareholder rights, remuneration, sustainability, audit and risk management.

Our policies are continually evolving and reviewed regularly to reflect the changing corporate landscape and regional differences. Our general policy is supplemented by country-specific enhancements which outline precise examples of how our team exercises voting rights, while providing local contexts to the way companies are governed.

During 2013 we updated our general, UK and US Corporate Governance& Responsible Investment policies. In addition, we published new country specific policies in Japan and France.

Our regional voting policies, as well as our general corporate governance and responsible investment policy are available publicly on our website:

[http://www.lgim.com/uk/en/capabilities/corporate-governance/policies for voting policies](http://www.lgim.com/uk/en/capabilities/corporate-governance/policies%20for%20voting%20policies) for Japan and France in respective languages

LEA 19	Voluntary	Descriptive	PRI 2
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LEA 19.1	To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.
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- ☒ Obtain confirmation that votes have been lodged:
 - ☒ for a majority of votes
 - ☐ for a minority of votes
- ☐ Participate in projects to improve the voting trail and/or to obtain vote confirmation
- ☐ None of the above

LEA 19.2	Provide additional information on your organisation's vote confirmation efforts.
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We cast our vote on the proxyexchange voting platform.

LEA 20	Voluntary	Additional Assessed	PRI 2
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LEA 20.1	Indicate if your organisation has a securities lending programme.
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☒ Yes

LEA 20.2	Indicate how voting is addressed in securities lending programme.
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Please select one of the following

- ☐ We recall most securities for voting on all ballot items
- ☐ We recall some securities for voting on some ballot items on a systematic basis in line with specified criteria
- ☒ We occasionally recall some securities for voting on some ballot items on an ad-hoc basis
- ☐ We empower our securities lending agent to decide when to recall securities for voting purposes
- ☐ We do not recall our shares for voting purposes
- ☐ Other (please specify)
- ☐ No

LEA 20.3	Additional information. [Optional]
-------------	------------------------------------

We acknowledge that securities lending is not free of risk. However, the index nature of holdings in an index fund makes them suitable for securities lending. In addition, securities lending can help long-term asset owners make their assets work harder for them and can be a credible source of excess return. Therefore, we believe that if the risk and conflicts of interests involved can be mitigated and controlled effectively this activity is beneficial to our clients. All revenue from securities lending (net of administrative charges) goes back to the funds.

In terms of preserving voting rights, we maintain our right of recall in contracts with all counterparties so that we can exercise voting rights on behalf of clients. This ensures stock availability in the great majority of cases although there always remains a small risk that stock on loan may not be returned in time for voting.

We impose limits on the proportion of the fund and individual securities which may be on loan at any point in time. There is also a cap on the exposure to each counterparty at fund level.

Our securities lending activities are currently restricted to equities only. In this area, we currently lend in most developed equity markets as well as in a selected number of emerging equity markets. We do not engage in securities lending in UK equities.

LEA 21	Mandatory	Core Assessed	PRI 2
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LEA 21.1	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
-------------	---

- ☐ Yes, in most cases
- ☒ Sometimes, in the following cases:
- ☒ votes in selected markets
 - ☒ votes on certain issues (all markets)
 - ☒ votes for significant shareholdings (all markets)
 - ☐ other, explain
- ☐ No
- ☐ Not applicable as we and/or our service providers do not abstain or vote against management recommendations

Examples of how we notify companies of our voting instructions are highlighted below.

Due to the size of our shareholding in the UK market and dynamic relationship with companies we believe it is important to inform them in advance of our adverse voting intentions. This is done through a formal letter or email to the Company Secretary. In the letter or email, we outline the resolution in which we are opposing and the rationale for our voting decision.

In Japan, due to the nature of the voting season being condensed in June, we are unable to provide companies an advance notification of our voting intentions. However, before the end of the year, we send letters to all companies, where we voted against, to highlight the main issues raised and expectation of changes in the future. This letter is written in both Japanese and English in order for it to be absorbed by the Japanese market more easily. We also provide updates on our voting policy and contact information. This letter is sent to all Japanese companies listed in the FTSE Japan Index, where we have raised concerns.

In addition, during engagement with companies, we may provide direct feedback on how we intend to vote if the issue is contentious enough for us to highlight.

Outputs and outcomes

LEA 22

Mandatory

Core Assessed

PRI 2

LEA
22.1

For listed equities where you and/or your service provider has 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%)

%

98

Specify the basis on which this percentage is calculated

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

**LEA
22.2**

If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional]

LGIM votes in all major developed markets and the main emerging markets, covering c.98% of the FTSE All-World Index constituents by market capitalisation.

In France and Germany, not all shares can be voted on, due to them being engaged in stock lending programme (France) and dividend enhancement (Germany). LGIM still votes a portion (c.5%) of the shares in these companies that we do not lend out.

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

LGIM does not vote in some markets for reasons such as share blocking, meaning that that if we vote on our shares, our fund managers cannot trade them.

☐ We do not track or collect this information

**LEA
22.3**

Additional information. [Optional]

We will vote at Annual General Meetings (AGMs) and Extraordinary General Meetings (EGMs). Voting enables shareholders to hold company management to account for the successes and failures of their businesses.

Clients benefit from our team's knowledge and judgment when exercising these voting rights.

Pooling clients' assets means that we have a more powerful voice to use for the benefit of all investors.

LEA 25	Voluntary	Descriptive	PRI 2
LEA 25.1	Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.		

☒ Add Example 1

Topic or ESG issue	G - Remuneration
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	We had concerns with a one-off discretionary award without sufficient justification at a UK listed mining company.
Scope and Process	We engaged with the company in advance of the meeting with the proposals and how it links with the strategy. We felt that there was no justification for this award and that there needed to be improvements in order for it to be better aligned with long term shareholders. We, therefore, voted against it.
Outcomes	At the AGM, 39% of shareholders opposed this item. The Company has further engaged with investors and will be reflecting our views in the remuneration structure.

☒ Add Example 2

Topic or ESG issue	ESG - Remuneration
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	We had concerns with the structure of a bonus scheme at a large UK listed company and how environmental and social targets were incorporated in to remuneration
Scope and Process	We engaged with the company extensively during the year and they are aware of our concerns. Due to the lack of change we decided to oppose the remuneration report. Before the AGM, we informed the company of how we were voting and the rationale via email. The Company noted our instructions.
Outcomes	The Company reviewed its whole remuneration structure and has made changes in line with a new strategy at the company. We continue to engage on this issue.

☒ Add Example 3

Topic or ESG issue	G - Director-related
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	We had concerns regarding the composition of Board committees of a UK listed Financial Services Company
Scope and Process	During the year we met the Board Chairman to discuss governance issues and expressed our concerns with non-independent Non-Executive Directors sitting on independent Committees. There was no change and therefore we opposed the re-election of two Non-Executive Directors at the AGM.
Outcomes	The Company was notified of our voting intentions in advance of the AGM. One director received approximately a 38.6% vote cast against his re-election whilst the other director received 43.4%. We will continue to engage with the Company until these directors attend Committee meetings by invitation only.

☒ Add Example 4

Topic or ESG issue	G - Audit
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	We had concerns with the level of non-audit fees paid to auditors
Scope and Process	We voted against the authorisation for the Audit Committee to fix the remuneration of audit fees. The Company was notified of our voting intentions in advance of the AGM.
Outcomes	Approximately 18.6% opposed this item and 29.2% abstained. We will continue to have concerns with the high level of non-audit fees and engage with the company until we see a decrease in the amount paid.

☒ Add Example 5

Topic or ESG issue	G – Board structure
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	To address the issue of joint Chairman/CEO and Risk Committee
Scope and Process	We voted in favour of a shareholder proposal to split the roles of Chairman/CEO role and opposed the re-election of Risk Committee members due to poor oversight and insufficient qualifications.
Outcomes	The Company made some significant board changes after the AGM and we will continue to engage with them to understand their governance structure going forward.

- ☐ Add Example 6
- ☐ Add Example 7
- ☐ Add Example 8
- ☐ Add Example 9
- ☐ Add Example 10

LEA 25.2	Additional information.
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More details on our voting activity can be found in our Corporate Governance Annual Report ("Acting on our views") which can be found on our website.

<http://www.lgim.com/uk/en/capabilities/corporate-governance/>

Communication

LEA 26	Mandatory	Core Assessed	PRI 2,6
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LEA 26.1	Indicate if your organisation proactively discloses information on your voting activities.
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- ☒ We disclose it publicly

provide URL

http://documentlibrary.legalandgeneral.com/litlibrary/lglibrary_131301.html?req=internal

**LEA
26.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

☐ Yes

☒ No

**LEA
26.3**

Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Reporting to the public	Reporting to clients/beneficiaries
<p>Indicate how much of your voting record you disclose</p> <p><input type="radio"/> All voting decisions</p> <p><input checked="" type="radio"/> Some voting decisions</p> <p><input type="radio"/> Only abstentions and opposing vote decisions</p> <p><input type="radio"/> Summary of votes only</p>	<p>Indicate how much of your voting record you disclose</p> <p><input type="radio"/> All voting decisions</p> <p><input checked="" type="radio"/> Some voting decisions</p> <p><input type="radio"/> Only abstentions and opposing vote decisions</p> <p><input type="radio"/> Summary of votes only</p>
<p>Indicate what level of explanation you provide</p> <p><input type="radio"/> Explain all voting decisions</p> <p><input type="radio"/> Explain some voting decisions</p> <p><input type="radio"/> Only explain abstentions and votes against management</p> <p><input checked="" type="radio"/> No explanations provided</p>	<p>Indicate what level of explanation you provide</p> <p><input type="radio"/> Explain all voting decisions</p> <p><input type="radio"/> Explain some voting decisions</p> <p><input checked="" type="radio"/> Only explain abstentions and votes against management</p> <p><input type="radio"/> No explanations provided</p>

**LEA
26.4**

Indicate how frequently you typically report voting information.

Reporting to the public	Reporting to clients/beneficiaries
<p><input type="radio"/> Continuously (primarily before meetings)</p> <p><input type="radio"/> Continuously (soon after votes are cast)</p> <p><input checked="" type="radio"/> Quarterly or more frequently</p> <p><input type="radio"/> Between quarterly and annually</p> <p><input type="radio"/> Less frequently than annually</p> <p><input type="radio"/> Other, specify</p>	<p><input type="radio"/> Continuously (primarily before meetings)</p> <p><input type="radio"/> Continuously (soon after votes are cast)</p> <p><input checked="" type="radio"/> Quarterly or more frequently</p> <p><input type="radio"/> Between quarterly and annually</p> <p><input type="radio"/> Less frequently than annually</p> <p><input type="radio"/> Other, specify</p>

**LEA
26.5**

Describe any other differences in the information being disclosed. [Optional]

The voting activities disclosed on our website are for UK companies.

Given the scale and breadth of our voting universe, we believe it is more meaningful to disclose the rationale of our voting activities at an aggregate level. However, we also provide comprehensive disclosure on a summary of our voting instructions broken down by topic and region in table formats to clients.

- ☐ We disclose it to clients/beneficiaries only
- ☐ We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

**LEA
26.6**

Additional information. [Optional]

We intend to publish our international voting activity on our public website in the near future.

Legal & General Investment Management Limited

Reported Information

Public version

Direct - Fixed Income

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

FI 01

Mandatory to Report Voluntary to Disclose

Gateway/Peering

PRI 1

FI 01.1

Provide a breakdown of your internally managed fixed income investments by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your fixed income investments, indicate if you would still like to report your activities.

Fixed income – corporate

Strategies

☒ Passive

Percentage of internally managed fixed income - corporate

- ☐ <10%
- ☒ 10-50%
- ☐ >50%

☐ Active – quantitative (quant)

☒ Active - fundamental and other active strategies

Percentage of internally managed fixed income - corporate

- ☐ <10%
- ☐ 10-50%
- ☒ >50%

Fixed income – government

Strategies

☒ Passive

Percentage of internally managed fixed income - government

- ☐ <10%
- ☐ 10-50%
- ☒ >50%

☐ Active – quantitative (quant)

☒ Active - fundamental and other active strategies

Percentage of internally managed fixed income - government

- ☐ <10%
- ☒ 10-50%
- ☐ >50%

ESG incorporation in actively managed fixed income

Fixed Income - Corporate

Implementation processes

FI 04	Mandatory	Gateway/Core Assessed	PRI 1
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FI 04.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.

ESG incorporation strategy (select all that apply)

- ☐ 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 + Integration strategies

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)



- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☐ No incorporation strategies applied

Total actively managed fixed income - corporate

100%

FI 04.2

Describe your primary reasons for choosing a particular incorporation strategy.

LGIM formalised our ESG risk assessment of companies by developing our proprietary scoring tool. The ultimate reason to integrate ESG analysis into fixed income investments is to protect and enhance investment returns. This is based on the view that organisations which excel with respect to their ESG credentials will also be more likely to demonstrate superior operating and financial performance. Conversely if laxity on ESG matters is embedded in an organisation's culture it is also more at risk of lagging its peers in the marketplace.

If clients' have a requirement to exclude particular companies or sectors, our fund management systems are able to accommodate these restrictions for segregated mandates, which would be detailed in the IMA.

FI 04.3

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

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.

However, should clients wish to exclude any particular company or sectors, we are capable of combining such a screening process alongside our integration of ESG considerations as part of the fundamental analysis process.

(A) Implementation: Screening

FI 06**Mandatory****Descriptive****PRI 1****FI 06.1**

Indicate and describe the type of screening you apply to your internally managed active corporate fixed income investments.

Type of screening

☒ Negative/exclusionary screening

Screened by

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

	Description
--	-------------

Clients with segregated mandates with specific requirements to exclude certain products, activities, sectors and/or countries.

- ☐ Positive/best-in-class screening
- ☐ Norms-based screening

FI 06.2	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
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If there is a requirement for a client to exclude particular products, activities, sectors or countries, our fund management systems are able to accommodate these restrictions for segregated mandates, which would be detailed in the IMA. We have a number of such mandates.

FI 06.3	Additional information. [Optional]
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Bloomberg Asset& Investment Manager (AIM) is a portfolio management application used by the Active Fixed Income (AFI) team. AIM provides support for a wide variety of asset types supplemented by Bloomberg's real-time market data.

The fund managers manage complex funds that contain a wide variety of instrument types and the AIM system helps to eliminate spreadsheet risk, provides fund managers with real time market data, offers a pre-trade compliance functionality and supports a wider variety of instrument types.

FI 07	Mandatory	Core Assessed	PRI 1
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FI 07.1	Indicate which processes your organisation uses to ensure that screening in corporate fixed income is based on robust analysis.
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- ☐ Comprehensive research is undertaken or sourced to determine issuers' ESG performance
- ☐ Issuers 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 issuers to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☐ Information on ESG issues and/or ratings is updated regularly to ensure that portfolio holdings comply with fund policies
- ☐ A committee or body with representatives independent of the individuals who conduct ESG research reviews some or all screening decisions
- ☐ A periodic review of the quality of the research undertaken or provided is carried out
- ☒ Other, specify

List as given by clients

☐ None of the above

FI 07.2 Additional information. [Optional]

Currently, we do not apply our own criteria to screen ESG factors. They are given directly by our clients.

(C) Implementation: Integration of ESG factors

FI 11	Mandatory	Core Assessed	PRI 1
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FI 11.1 Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

FI 11.2 Additional information. [Optional]

As per the investment process described in FI 03.1

Fixed income - Government

FI 13	Mandatory	Core Assessed	PRI 1
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FI 13.1

Indicate if you incorporate ESG issues in investment analysis and decision making for your government fixed income investments.

☒ Yes

FI 13.2

Indicate for what percentage of your government fixed income investments you incorporate ESG issues in investment analysis and decision making.

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

FI 13.3

Indicate if in active strategies, E, S and G issues are reviewed while researching government issuers.

ESG issues	Coverage/extent of review on these issues
Environmental	<input type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

FI 13.4

Describe your approach to incorporating ESG issues in government fixed income investments. [Optional]

As described in FI 03.1

☐ No

Communication

FI 18**Mandatory****Core Assessed****PRI 2,6**

FI 18.1

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.

- ☐ We disclose it publicly
- ☒ We disclose it to clients/beneficiaries only

FI 18.3

Indicate the information your organisation proactively discloses to clients/beneficiaries regarding your approach to ESG incorporation.

- ☐ Broad approach to ESG incorporation
- ☒ Detailed explanation of ESG incorporation strategy used

FI 18.4

Indicate how frequently you typically report this information.

- ☐ Quarterly or more frequently
 - ☒ Between quarterly and annually
 - ☐ Less frequently than annually
 - ☐ Other, specify
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries

Legal & General Investment Management Limited

Reported Information

Public version

Direct - Property

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

PR 02

Mandatory to Report Voluntary to Disclose

Gateway/Peering

General

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 checked="" type="radio"/> >50% <input 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%
Total	100%

PR 02.2

Additional information. [Optional]

As a minimum we also expect all our Managing agents to use the Better Building Partnership (BBP) Managing Agents Sustainability Toolkit. For our managing agents we have also developed key criteria as part of their brief as detailed below:

- Support the delivery of the LGP sustainability policy and objectives, and maintain an ISO14001 for all managed properties. Achieve targets, and manage initiatives to improve and demonstrate improvement in sustainability areas across the portfolio. Support the setting of annual property sustainability action plans, instigate agreed actions and report quarterly on performance against plan. Ensure all sustainability information is loaded onto Track record or other databases as directed by the client.
- At meter, property and Fund level, manage (collate, verify, target and normalise) energy, water consumption and waste management data, providing client web based access to all such data and regular reports at each level on a quarterly basis, and by exception to client and site staff.
- Prepare a no cost, low cost and capital investment plan linked to Planned Prevention Maintenance (PPM) plans, for each property to improve environmental performance over a 3 year, rolling period (i.e.: one third of all properties each year). Manage the property supply chain, in order to minimise environmental impacts, training all staff as appropriate to carry out their duties and providing contract incentives were appropriate.
- Undertake tenant liaison on a regular basis as considered appropriate by the client, in order to promote and enhance sustainability credentials and implement green lease clauses.

Each agent is set a series of KPI's, which are monitored on a monthly basis by LGP's Sustainability Manager using a Red, Amber Green (RAG) report. Their performance in operating our ISO 14001 system is also monitored by a third party consultant and a Red Amber Green (RAG) summary report produced.

PR 05**Mandatory****Core Assessed****PRI 1-6****PR 05.1**

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

☒ Yes
PR 05.2

Provide a URL if your RPI policy is publicly available. [Optional]

<http://www.lgim.com/uk/en/property/about-us/sustainability>
☐ No

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, IPD's EcoPAS analysis, JLL's Upstream, Better Buildings Partnerships Real Estate Environment benchmarking (REEB).
- Asset Sustainability Plan (ASP) for all assets covering a long term strategic view
- Quarterly Sustainability Reports - for each asset and per fund, showing performance against targets.
- Annual sustainability action plans and targets.
- Tenant Liaison procedures for sharing data and progressing annual action plans.

Fundraising of property funds

PR 06

Mandatory

Core Assessed

PRI
1,4,6

PR 06.1

Indicate if your fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

☒ Yes

PR 06.2

Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:

- ☒ Policy and commitment to responsible investment
 - ☒ Always
 - ☐ In a majority of cases
 - ☐ In a minority of cases
- ☒ Approach to ESG issues in pre-investment processes
 - ☒ Always
 - ☐ In a majority of cases
 - ☐ In a minority of cases
- ☒ Approach to ESG issues in post-investment processes
 - ☒ Always
 - ☐ In a majority of cases
 - ☐ In a minority of cases

Sustainability is at the heart of everything LGP does, feeding into the building blocks of all real estate investment activities across the platform. LGP employs a Sustainable Property Investment Policy as well as actively engaging with the property industry to promote the sustainability agenda, taking further support from Legal& General Group and LGIM on the highest levels of Corporate Governance and are signatories to the United Nations Principles of Responsible Investment (UN PRI). From an investment perspective, LGP recognises the need to protect the medium to long term value of our property portfolios on behalf of our investors, as well as acting in a socially responsible manner. We look at ways to minimise sustainability risks in acquisition, management and added value initiatives, involving stakeholders at every level from employees and tenants, through to community members and service providers. LGP has already seen the benefits of taking a proactive approach to sustainability considerations:

- Enhanced rental growth through lower costs for occupiers created by introducing energy efficiency measures;
- Reduced costs associated with purchasing, disposal, insurance premiums and regulatory requirements relating to sustainability and resource use;
- Reduced depreciation through the creation of 'future proof' assets which are defensive in the light of forthcoming legislative changes and the increased prioritisation of sustainability factors amongst tenants and investors.

Prior to acquisition all assets undergo a sustainability assessment, identifying risks and improvement plans. For all properties, we then develop an Asset Sustainability Plan which allows us to monitor and consistently improve its environmental and sustainable performance (see answer to question 8)

During our post investment process our Sustainability Strategy, details our processes for ongoing management processes. This covers the following aspects:

- Policies and Objectives at, Fund, Asset and Employee levels
- Target setting and Annual Asset Sustainability Plans (ASAPs)
- Monitoring and quarterly reporting at asset, fund and platform levels.
- Active management
- Capital works and Investment in properties
- Communication and annual reporting

Our active management covers the implementation of the ASAPs (covering energy , water, waste, carbon, transport and biodiversity areas) as well as other stakeholder engagement areas including:

- Tenant Engagement - where we seek to include green lease clauses in all new leases and undertake regular communication with tenants at asset and corporate levels to mutually improve sustainability.
- Community Engagement - where we aim to work with local communities and provide informative information on climate change and sustainability issues.
- Service Providers - we insist on enhanced sustainability requirements and KPI's with all our service providers, including requirements for the management of our second and third tier suppliers.
- Supply Chain and Sustainable Procurement - we set standards and monitor performance through our direct supply chain and our second and third tier suppliers across the management of existing buildings, new build and refurbishment activities.

☐ No

As one of the UK's largest landlords LGP is conscious of the built environment's impact on our ecosystem and wider society. We believe it is our responsibility to go over and above the industry norm of only 'greening' part of a property portfolio or individual funds and instead lead the industry by putting environmental and social sustainability at the very core of our property investment decision making. We engage with a broad range of industry bodies to provide thought leadership and resource, including

- The Better Buildings Partnership;
- British Property Federation;
- UK Green Building Council;
- The College of Estate Management;
- Green Property Alliance;
- GRESB technical committee and general working group;
- IPD's EcoPas technical committee and main working group.

Pre-investment (selection)

PR 08

Mandatory

Gateway

PRI 1

PR 08.1

Indicate if your organisation typically incorporates ESG issues when selecting property investments.

☒ Yes

LGP has sort to lead the industry in terms of sustainability issues in due diligence since 2006, by developing innovative new processes to assess all acquisitions against a set of stringent sustainability criteria. This cements the significant and active role such factors play in determining stock selection and shaping recommendations on future improvements. We actively engaged the wider industry on the issue, producing thought leadership papers and this has now lead to the first toolkit for acquisition surveyors being published by the Better Building Partnership. Our current specification for acquisition surveys, are still seen by our due diligence consultant, as one of the most stringent in the industry , typically including:

- Executive summary - Fiscal and legislative risks, Pro's and Con's, benchmarks, potential for added value.
- Recommendations - List of improvements with costs and savings, Future potential ratings
- Environmental - BREEAM / lead rating, tenants environmental impact (fitout and business)
- Energy - EPC rating against benchmark and likelihood of upgrade, Electricity usage metering, Gas usage metering, Lighting controls, Heating controls, Uninterruptible Power Supply, CRC impact to owning Fund and energy procurement route and consumption statistics, Previous Energy Audits
- Water usage -Water metering, Leak detection system, Water efficiency measures, Rainwater harvesting, Grey water harvesting
- Waste management - Waste Management Plan, Recycling, Segregation of waste
- Flood - Flood risk area, Flood control measures in place on site and locally
- Contamination - Risk rating, Contaminants, Ventilation and monitoring systems for contaminants
- Building materials - Design and thermal performance, Sustainable materials, Longevity of building
- Building equipment - Ozone depleting substances, Certificates of inspection of refrigerant containing equipment, planned preventative maintenance schedule, Insulation, Plant upgrade
- Renewable energy - Low and zero carbon (LZC) technologies installed on site, potential for installing LZC technologies (include ground conditions for GSHP and solar shading
- Occupier wellbeing -Neutral ventilation/local controls, Showers/changing facilities, Recreation space and facilities, Local amenities
- Transport - Proximity to public transport, Parking facilities, Cycle storage facilities, Cycle lanes, Footpaths, Green travel plans
- Property Management - Environmental Management Systems in place (landlord and tenants), Measurement and benchmarking, Environmental Manager, Memorandum of Understanding/Green Lease provision, Planned preventative maintenance schedule, Tenant participation in sustainability, Nuisance issues.

In terms EPC's we will ensure that any asset we purchase with an E, F or G rated EPC has the potential to be upgraded to a D rating over time, and to achieve a minimum of an E rating by April 2018. If a vendor will not provide the EPC software file for the EPC certificate produced, then we will produce our own EPC as part of our due diligence process on all properties over 1,000m2. We have found a number of EPC's on acquisitions, have not been accurate or reliable, and so we review EPCs on every acquisition. We will also undertake our own EPC on any property, once it has been bought, where we perceive a risk as to the reliability of the EPC or where the original software file for the EPC is not provided by the vendor.

☐ No

PR 09	Voluntary	Descriptive	PRI 1,4
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PR 09.1	Indicate whether your organisation typically uses ESG advice and research sourced internally and/or externally when incorporating ESG issues into the property investment selection process.
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- ☒ Internal staff
- ☒ Specify role
- Head of Technical Services
- ☒ Specify role
- Sustainability Manager/EPC assessor
- ☒ Specify role
- Legal Counsel
- ☒ External resources
- ☒ Environmental advisors
- ☒ Social advisors
- ☒ Corporate governance advisors
- ☒ Regulatory and/or legal advisors
- ☐ Other, specify type of advisors/roles
- ☐ No use of internal or external advice on ESG issues

PR 09.2	Additional information.
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LGP has a dedicated Sustainability Manager, who leads the integration of sustainability across our business activities, and a dedicated Head of Technical Services who ensures that sustainability processes are in place across all our acquisition, development and major refurbishment activities. Our research team ensure we are at the cutting edge of sustainable innovation and thinking. In addition our Head of Asset Management ensures sustainability is embedded in the management of our existing assets. We believe that sustainability policies and processes can only achieve results if they are integrated fully across the entire LGP platform and supply chain. For this reason we embed sustainability into each employee's role by including sustainability objectives as part of each employee's appraisal process. We also set sustainability KPI's for all first tier advisors and wider supply chain, along with methods of ongoing monitoring against each KPI.

We specifically use external advisors advice in the property investment selection process for

- Environmental surveys as part of our due diligence process,
- Support on assessing the social impacts of projects
- Specialist legal advice relating to governance issues

PR 10	Mandatory	Core Assessed	PRI 1,3
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PR 10.1	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.
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ESG issues

☒ Environmental

List up to three typical examples of environmental issues

Energy - EPC rating against benchmark and likelihood of upgrade, Electricity usage metering, Gas usage metering, Lighting controls, Heating controls, Uninterruptible Power Supply, CRC

Flood - Flood risk area, Flood control measures in place on site and locally

Contamination - Risk rating, Contaminants, Ventilation and monitoring systems for contaminants

☒ Social

List up to three typical examples of social issues

Current supply chain contracts with regard to sustainability issues, KPI's currently included and reporting regimes

Social impact of projects in wider masterplan or community investments and recent community engagement activities

Occupier wellbeing aspects of direct property investments such as natural ventilation, day lighting, local controls, bicycles storage, showers and locker facilities, recreational space, local amenities.

☒ Governance

List up to three typical examples of governance issues

The Legal and General Property Investment Committee, constituted by senior individuals across the platform, evaluates and considers all investment and divestment proposals put forward.

An advisory committee, containing investor representatives, is established to review the progress of the Fund, any potential conflicts of interest and certain other prescribed matters.

For each investment, a paper is put to the Investment Committee in a standard format which includes sections on sustainability and ethical risks and considerations.

PR 11	Voluntary	Additional Assessed	PRI 1,3
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PR 11.1

Indicate what type of ESG information your organisation typically considers during your property investment selection process.

- ☒ Raw data from the target property asset/company
- ☒ Appraisals/audits
- ☒ Benchmarks/ratings against similar property asset
- ☒ Country level data/benchmarks
- ☒ Data aligned with established property reporting standards, industry codes and certifications
- ☒ International initiatives, declarations or standards
- ☐ Data from engagements with stakeholders (e.g. tenants and local community surveys)
- ☒ Information from external advisers
- ☐ Other, specify
- ☐ We do not track this information

PR 12	Voluntary	Additional Assessed	PRI 1
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PR 12.1	Indicate if ESG issues impacted your property investment selection process during the reporting year.
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- ☒ 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
- ☐ We do not track this potential impact

PR 12.2	Additional information.
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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'RE 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 chipping' on some properties with poor Energy Performance Certificate (EPC) values and upcoming 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.

Selection, appointment and monitoring third-party property managers

PR 13

Mandatory

Core Assessed

PRI 4

PR 13.1

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

☒ Yes

PR 13.2

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
 - ☒ For all third party property managers
 - ☐ For a majority of property managers
 - ☐ For a minority of property managers
- ☒ Contractual requirements when appointing property managers includes ESG issues
 - ☒ For all third party property managers
 - ☐ For a majority of property managers
 - ☐ For a minority of property managers
- ☒ Monitoring of property managers covers ESG responsibilities and implementation
 - ☒ For all third party property managers
 - ☐ For a majority of property managers
 - ☐ For a minority of property managers

We recognise that one of the most effective ways we can help enhance sustainably across the property sector is through the leverage we have in our supply chain. In terms of our third party property managers specific criteria and KPI's are written into all key agent, consultant and advisor briefs and contracts. These are monitored on a regular basis, with monthly or quarterly formal reviews as is appropriate to the nature of the work. Information is collated by LGP's sustainability manager and performance reports developed, in order to help inform future appointments. Our agents are required to produce:

- Asset Sustainability Plans (ASPs) for every asset - covering energy, carbon, water, waste, biodiversity, transport, tenant liaison and community engagement. These should show every possible measure applicable to the asset and be co-ordinated with planned preventative maintenance plans over the next 10 years
- Annual Sustainability Action Plans (ASAP) - an annual action plan showing planned sustainability initiatives for the forthcoming service charge year. Quarterly reports are then produced against these to show progress
- Quarterly Sustainability Reports (QSRs) - which report at asset level and fund level on energy, carbon, water, waste, biodiversity, transport, tenant liaison and community engagement, showing performance against annual and long term targets.

As a minimum we also expect all our Managing agents to use the Better Building Partnership (BBP) Managing Agents Sustainability Toolkit. For our managing agents we have also developed key criteria as part of their brief as detailed below:

- Support the delivery of the LGP sustainability policy and objectives, and maintain an ISO14001 for all managed properties. Achieve targets, and manage initiatives to improve and demonstrate improvement in sustainability areas across the portfolio. Support the setting of annual property sustainability action plans, instigate agreed actions and report quarterly on performance against plan. Ensure all sustainability information is loaded onto Track record or other databases as directed by the client.
- At meter, property and Fund level, manage (collate, verify, target and normalise) energy, water consumption and waste management data, providing client web based access to all such data and regular reports at each level on a quarterly basis, and by exception to client and site staff.
- Prepare a no cost, low cost and capital investment plan linked to Planned Prevention Maintenance (PPM) plans, for each property to improve environmental performance over a 3 year, rolling period (i.e.: one third of all properties each year). Manage the property supply chain, in order to minimise environmental impacts, training all staff as appropriate to carry out their duties and providing contract incentives where appropriate.
- Undertake tenant liaison on a regular basis as considered appropriate by the client, in order to promote and enhance sustainability credentials and implement green lease clauses.

Each agent is set a series of KPI's, which are monitored on a monthly basis by LGP's Sustainability Manager using a Red, Amber Green (RAG) report. Their performance in operating our ISO 14001 system is also monitored by a third party consultant and a Red Amber Green (RAG) summary report produced.

PR 13.4

Describe how your third party property managers contribute to the management of ESG issues for your property investments. [Optional]

Third party property manager's 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), Quarterly Sustainability Reports (QSRs) and data for industry surveys. Manage associated 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 memoranda of understanding 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.

See answer to 13.3

☐ No

Post-investment (monitoring and active ownership)

Overview

PR 14

Mandatory

Gateway

PRI 2

PR 14.1

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

☒ Yes

PR 14.2

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

- ☒ We consider ESG issues in property monitoring and management
- ☒ We consider ESG issues in property developments and refurbishments
- ☒ We consider ESG issues in property occupier engagements
- ☒ We consider ESG issues in community engagements related to our properties
- ☐ We consider ESG issues in other post-investment activities, specify

PR 14.3

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

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

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

☐ No

Property monitoring and management

PR 15

Mandatory

Core Assessed

PRI 2,3

PR 15.1

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

(in terms of number of property assets)

PR 15.2

Indicate ESG issues for which your organisation, and/or property managers, typically sets and monitors targets (KPIs or similar) and provide examples per issue.

ESG issues

- ☒ Environmental

List up to three example targets per issue

Energy reduction targets
Water reduction targets
Waste diverted from landfill targets

- ☒ Social

List up to three example targets per issue

Tenant liaison practises
Community engagement activities
Tenant satisfaction surveys

- ☒ Governance

List up to three example targets per issue

Sustainable property investment committee chaired by LGP managing director and held quarterly to ensure our responsible property investment policy , objectives and targets are administered

Annual sustainability asset plans on every property and ISO 14001 accreditation on all properties

Sustainability Training for all property management staff

- ☐ We do not set and/or monitor against targets

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

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

Property developments and refurbishments

PR 17

Mandatory

Core Assessed

PRI 2

PR 17.1

Indicate the proportion of active property developments and refurbishments where ESG issues have been considered.

- ☒ >90% of active developments and refurbishments
- ☐ 51-90% of active developments and refurbishments
- ☐ 10-50% of active developments and refurbishments
- ☐ <10% of active developments and refurbishments
- ☐ N/A, no developments and refurbishments of property assets are active

(by number of active property developments and refurbishments)

PR 17.2

Indicate if the following ESG considerations are typically implemented and monitored in your property developments and refurbishments.

- ☒ Minimum environmental site selection requirements
- ☒ Minimum environmental site development requirements
- ☒ Sustainable construction materials
- ☒ Minimum water efficiency requirements
- ☒ Minimum energy efficiency requirements
- ☒ Energy generation from on-site renewable sources
- ☒ Waste management plans at sites
- ☒ Health and safety management systems at sites
- ☒ Construction contractors comply with sustainability guidelines
- ☐ Other, specify

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. To build on our understanding of the impact of these works we have also commissioned a pilot study by the New Economics Foundation to calculate the Social Return on Investment arising from our development activities

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, DEC's, BREEAM, LEED.
- Seek to agree sustainability targets and objectives from initial project conception, which are then continuously reviewed, updated and reported on throughout the project deliver process.
- Avoid over specification or complex design solutions and seek to achieve the optimum design response to anticipated end user requirements.
- Undertake BREEAM pre-assessments (or similar accredited assessment methodology) on all projects at feasibility stage and prepare recommendations for delivering sustainability improvements to the project.

For any new development or refurbishment process LGP has a set briefing process and contractor guidelines, which ensure a high quality of sustainability design and sustainability management during site works:

- Legal & General Property: Sustainability briefing guidelines for new build and refurbishment projects
- Legal & General Property: Sustainability guidelines for consultants and contractors

Furthermore, all improvements made to any of the properties in LGP's portfolio now require internal teams and external consultants to collectively plan for and demonstrate the optimal solution from a Sustainability perspective. All contractors are required to build sustainability into their proposals and supply chain processes.

Occupier engagement

PR 18

Mandatory

Core Assessed

PRI 2

PR 18.1

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
- ☒ 51-90% of occupiers
- ☐ 10-50% of occupiers
- ☐ <10% of occupiers

(in terms of number of occupiers)

PR 18.2

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
- ☐ Other, specify

PR 18.3	Additional information. [Optional]
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LGP believe that the only ways assets can become truly sustainable is if everybody involved in the ownership, management and occupation of an asset work together, in order to achieve common goals. As such our tenant liaison programme is multi-faceted and involves different communication channels depending on the nature of each tenant and the extent of their in-house teams/ professional advisors.

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.

Community engagement

PR 20	Voluntary	Additional Assessed	PRI 2
PR 20.1	Indicate in respect of what proportion of property assets your organisation, and/or your property managers, engaged with the community on ESG issues during the reporting year.		

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

(in terms of number of property assets)

PR 20.2	Indicate if the following areas and activities are typically part of your, and/or your property managers', community engagement.
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- ☐ ESG education programmes for the community
- ☒ ESG enhancement programmes for public spaces
- ☒ Research and networking activities focusing on ESG issues
- ☒ Employment creation in communities
- ☒ Supporting charities and community groups
- ☐ Other, specify

PR 20.3	Additional information.
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Social sustainability for our properties is equally important for our business. We need to ensure that our investments deliver long-term benefits for the communities that live near, or work in, our properties, so we are committed to engaging with them throughout our ownership of the asset. Community engagement occurs at both our multi-let and development sites, where helping the environment and our neighbours encourage a long-term beneficial relationship.

The legacy of our decisions is felt by the communities that live near and work in our properties for many years after our initial investment. By engaging with communities throughout the life of the investments, we believe we can strengthen local areas and build engagement with our properties, in turn increasing the long-term value of the built environment. We also recognise that encouraging our employees to engage with community projects can play a role in their on-going training and development. Community engagement is embedded and encouraged throughout our operations.

We include community engagement in our Annual Action Plans and repeat all activities via the Quarterly Sustainability Reports (QSR). Encouraging community engagement, not only allows for additional interaction with tenants and our ability to support the local area, but can also lead to enhanced footfall in retail and tenant attraction.

Outputs and outcomes

PR 21	Voluntary	Additional Assessed	PRI 1,2
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PR 21.1	Indicate whether your organisation measures how your approach to ESG issues in property investments has affected financial and/or ESG performance.
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	Financial performance
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- ☉ We measure how ESG issues affect financial performance

PR 21.2

Describe the measures your organisation uses to assess the impact of your approach to ESG issues on your property investments' financial performance.

Our funds take part in IPD's EcoPAS initiative of which we are founder members. This seeks to look at how sustainability issues relate to a fund's performance over a number of years and whether any significant trends can be identified by undertaking multi-function, time series analysis.

☐ We do not measure how ESG issues affect financial performance

ESG performance

☒ We measure changes in ESG performance

PR 21.3

Describe the measures your organisation uses to assess the impact of your activities on your property investments' ESG performance.

Annual sustainability asset plans for every property detailing the environmental and social action plan for the year, with quarterly reports on progress at an asset and fund level from our property managers.

Quarterly sustainability reports on every property covering energy , water , carbon , waste, transport, biodiversity, tenant liaison and community engagement and showing performance against set annual targets.

☐ We do not measure changes in ESG performance

Target Setting and measurement

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:

- 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 by our managing agents via web based monitoring and targeting (M&T) software.

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.

The QSR's also include a one page traffic light report (RAG) showing process in implementing the Annual Sustainability Action Plan (ASP) through its various stages.. Any measures with an amber or red status are highlighted by the managing agents to the LGP asset manager and corrective actions taken and monitored, in order to ensure the required outcome is achieved.

Communication

PR 23

Mandatory

Core Assessed

PRI 6

PR 23.1

Indicate if your organisation proactively discloses ESG information on your property investments.

☒ Disclose publicly

provide URL

http://www.lgim.com/library/property/2013_09_lgp_sustainability_review.pdf

provide URL

<http://www.lgim.com/uk/en/property/about-us/sustainability/>

PR 23.2

Indicate if your organisation uses property specific reporting standards to disclose information related to your property investments' ESG performance.

- ☒ Global Reporting Initiative (GRI) Construction & Real Estate Sector Supplement (CRESS)
- ☐ Other property reporting standards, specify
- ☐ No property specific reporting standards are used

PR 23.3

Indicate if the level of ESG information you provide to the public is the same as the level you provide to your clients/beneficiaries.

- ☐ Yes
- ☒ No

PR 23.4

Indicate the type of ESG information that your organisation proactively discloses to the public and/or your clients/beneficiaries.

Public

- ☒ 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, specify

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, specify

PR 23.5	Indicate your organisation's typical frequency of disclosing ESG information to the public and/or your clients/beneficiaries.
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Public	Clients/beneficiaries
<input type="radio"/> Quarterly or more frequently	<input checked="" type="radio"/> Quarterly or more frequently
<input type="radio"/> Semi annually	<input type="radio"/> Semi annually
<input checked="" type="radio"/> Annually	<input type="radio"/> Annually
<input type="radio"/> Every two years or less frequently	<input type="radio"/> Every two years or less frequently
<input type="radio"/> Ad-hoc, specify	<input type="radio"/> Ad-hoc, specify

PR 23.6	Describe the ESG information and how your organisation proactively discloses it to the public and/or clients/beneficiaries. [Optional]
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- Annual sustainability review, aligned to GRI CRESS-
http://www.lgim.com/library/property/2013_09_lgp_sustainability_review.pdf
- Quarterly fund reports to investors
- Quarterly sustainability reports on each asset - energy , water , waste, transport, biodiversity, tenant liaison and community engagement, are produced by our managing agents and sent to each asset manager, in order to be discussed in quarterly meetings between our managing agents and each fund
- We also share all quarterly sustainability reports (QSRs), covering energy, carbon, water , waste, biodiversity, transport, tenant liaison and community engagement, performance against annual targets, with our tenants. All our quarterly reports are loaded on our HSE system operated for us by SKM Enviro , to which our tenants are granted access to their specific assets.

- ☐ Disclose to clients/beneficiaries only
- ☐ No proactive disclosure to the public or to clients/beneficiaries