



PUBLIC TRANSPARENCY REPORT

2023

Legal & General Investment Management (Holdings)

Generated 15-12-2023

About this report

PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors.

PRI signatories are required to report publicly on their responsible investment activities each year. In turn, they receive a number of outputs, including a public and private Transparency Report.

The public Transparency Reports, which are produced using signatories' reported information, provide accountability and support signatories to have internal discussions about their practices and to discuss these with their clients, beneficiaries, and other stakeholders.

This public Transparency Report is an export of the signatory's responses to the PRI Reporting Framework during the 2023 reporting period. It includes the signatory's responses to core indicators, as well as responses to plus indicators that the signatory has agreed to make public.

In response to signatory feedback, the PRI has not summarised signatories' responses – the information in this document is presented exactly as it was reported.

For each of the indicators in this document, all options selected by the signatory are presented, including links and qualitative responses. In some indicators, all applicable options are included for additional context.

Disclaimers

Responsible investment definitions

Within the PRI Reporting Framework Glossary, we provide definitions for key terms to guide reporting on responsible investment practices in the Reporting Framework. These definitions may differ from those used or proposed by other authorities and regulatory bodies due to evolving industry perspectives and changing legislative landscapes. Users of this report should be aware of these variations, as they may impact interpretations of the information provided.

Data accuracy

This document presents information reported directly by signatories in the 2023 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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SENIOR LEADERSHIP STATEMENT (SLS)

SENIOR LEADERSHIP STATEMENT

SENIOR LEADERSHIP STATEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1	CORE	N/A	N/A	PUBLIC	Senior Leadership Statement	GENERAL

Section 1. Our commitment

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment, and what major responsible investment commitment(s) have you made?

LGIM's approach to responsible investing is informed by our parent company, Legal & General Group's, vision of inclusive capitalism which seeks to share the benefits of economic growth among as many people as possible. LGIM's purpose is therefore to create a better future through responsible investing.

We are a 'universal owner'; we believe:

- Responsible investing is essential to improve long-term returns, unearth opportunities and mitigate risks by fostering sustainable markets and economies
- We have a responsibility to many stakeholders
- ESG factors are financially material, albeit not all to the same degree; the time horizons of ESG outcomes and investment returns are not always aligned
- Engagement with consequences is the best way to deliver long-term, systemic change on a global scale

We see responsible investing as the incorporation of ESG considerations into investment decisions.

Across both public and private assets, LGIM has established a fully integrated framework for responsible investing. This is based on the Investment stewardship with impact and collaborative, active research across asset classes. Together, these activities enable LGIM to conduct corporate engagement that drives positive change and to deliver ESG-integrated solutions to clients. We seek to bring about broad-based positive change by unifying our research and engagement efforts across asset classes.

The early identification of potential risks that threaten the sustainability of returns and capturing the investment opportunities that present better products, sustainable margins, improving societies and returns is central to our investment philosophy.

We integrate ESG across asset classes and management styles (active and index); we aim to benefit the widest set of stakeholders through an end-to-end integrated ESG process and an independent investment stewardship function. All of our investment professionals are empowered to enact positive change.

The LGIM Investment Stewardship team's purpose is to protect clients' assets through raising market ESG standards and best practice.

We are active proponents of the benefits of global stewardship codes in improving the quality of stewardship and ownership across the markets in which we invest.

Our global stewardship themes reflect systemic ESG issues affecting global markets and companies in which our clients are invested, and where we believe we can have an impact. Within our respective themes, we use our proprietary LGIM ESG scores to identify companies with which we plan to engage – this data-driven approach to company engagement helps us identify “leading laggards” on which to concentrate our direct engagement activities.

Our Global Research and Engagement Groups (“GREGs”) bring together LGIM’s sector expertise across both credit and equities, in addition to representatives from real assets and investment stewardship to identify the challenges and opportunities that will determine the resilience of sectors and the companies within them. The output from the GREGs strengthens and enhances LGIM’s engagement activities across investments and stewardship, to enable us to collectively set goals and targets at a company level with one voice, whilst supporting and guiding our investment decisions.

L&G Group and LGIM have made public commitments in support of the Paris Agreement.

L&G Group has pledged to align its business with the 1.5°C temperature goal of the Paris Agreement, with the commitments outlined in the latest Climate report (TCFD).

As part of our Net Zero Asset Manager Initiative (NZAMI) commitment, and in partnership with our clients, LGIM has set an interim net-zero aligned AUM target of 70% by 2030. For this first interim target LGIM has excluded Government securities and Derivative assets due to lack of clear industry methodologies to account for these asset classes.

The public report published by NZAMI outlines both this 70% figure and a 38% target figure for LGIM, which would be our target including derivatives and government securities. We have set this target using a top-down approach, whereby we forecast the proportion of clients by region and client type that we expect to have adopted net-zero strategies by 2030.

We have published a net-zero carbon roadmap for our real estate equity portfolio setting out our target, strategy, and timeline of milestones to be implemented in the short, medium, and longer term, in order to keep on track towards our net-zero destination. The roadmap is available on our website.

As a signatory to the Finance for Biodiversity Pledge, we have committed, by 2024, to collaboration and knowledge sharing; to engaging with companies; to assessing impact; to assessing target and to reporting publicly. LGIM is also a signatory of the COP26 Commitment on Eliminating Agricultural Commodity Driven Deforestation from Investment Portfolios.

Section 2. Annual overview

- Discuss your organisation’s progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- Reflect on your performance with respect to your organisation’s responsible investment objectives and targets during the reporting year. Details might include, for example, outlining your single most important achievement or describing your general progress on topics such as the following (where applicable):
 - refinement of ESG analysis and incorporation
 - stewardship activities with investees and/or with policymakers
 - collaborative engagements
 - attainment of responsible investment certifications and/or awards

During 2022, we significantly expanded LGIM’s Climate Impact Pledge. This is a targeted engagement campaign, begun in 2016, to address climate change, incorporating both quantitative assessment across a broad range of companies, and in-depth, qualitative assessment and engagement with a select group of ‘dial mover’ companies. It is an example of our stewardship activities with investees. As at the end of 2022, potential exclusions applied to over £157bn of LGIM assets. In 2022, successful engagement led us to reinstate one previously divested company (Japan Post Holdings), while we divested from two further companies (China Resources Cement and Invitation Homes) for failing to meet our expectations.

During 2022, we identified c.80 companies as subject to voting sanctions for not meeting our minimum climate change standards. The number of companies subject to voting sanctions fell by more than 35% vs 2021, highlighting improved practices and disclosures. Drawing on some 70 data points, leveraging LGIM's proprietary climate modelling and third-party data, our quantitative company assessments are focused on five pillars, aligned to the TCFD recommendations; these company assessments are expressed as scores, published on our dedicated website; this enables companies identify areas for improvement. By linking our votes to specific data points aligned with our principles-based approach, we aim to exert our influence more consistently and widely across markets.

Refinement of our analysis and integration is also evident in our Climate Impact Pledge. In 2022, we reviewed our net-zero guides, used for qualitative engagement with our 'dial mover' companies, strengthening our expectations of companies across 20 climate-critical sectors to reflect the latest climate science and industry standards. We set a minimum expectation across all sectors for disclosure of climate lobbying activities. We have placed more emphasis on disclosure of plans, actions and investments to support delivery of net-zero commitments, as well as linking executive remuneration with short- to medium-term emission reduction targets. We introduced 'just transition' considerations, and expectations emphasising the essential role of combating deforestation, biodiversity & nature loss in reaching net zero.

In October 2022, we launched the 7th cycle of the Pledge, significantly broadening its scope:

- We increased the 'climate-critical' sectors covered from 15 to 20
- We increased the companies covered by our quantitative assessment more than five-fold from c.1,000 to over 5,000
- We increased the number of 'dial mover' companies for direct engagement from c.60 to over 100

LGIM collaborates with over 50 collaborative initiatives across E, S and G, from our membership of the CA100+, to the Asian Corporate Governance Association and the ShareAction Healthy Markets Initiative.

For an example of stewardship with policymakers & collaborations, we have selected antimicrobial resistance.

As a global investor, LGIM can see the potential impact of AMR across numerous sectors, from healthcare and pharmaceuticals, to travel & leisure. In 2022 we continued our work on this important topic, including through collaboration as an Investor Partner of Investor Action on AMR. Following our initial engagement with water utility companies in 2021, we decided to take a proactive policy-focused approach. While international awareness of AMR is rising and commitments were made at G7 meetings in 2021, we believe the scale of action across both public and private sectors is insufficient.

In 2022 we wrote to 11 international organisations asking them to focus on four key areas for market-wide improvement: (i) expand & strengthen sector coverage to highlight AMR in the environment, specifically in water & waterways; ii) integrate AMR risks into sustainable finance, specifically regulation to improve disclosure across the investment chain; iii) build on existing work in line with WHO initiatives and establish a 'Global Multi-stakeholder Partnership Platform on AMR' that creates an independent accountability mechanism and a focal point to guide countries and stakeholders to tackle AMR risks; and iv) implement robust enforcement mechanisms in cases of significant inaction. In the run-up to COP27, in the letter we asked policymakers to consider the clear correlation between climate change, infectious diseases and AMR and to take a system-level approach, ensuring that policy designed to tackle climate change and AMR is implemented in an integrated and complementary way.

Industry awards received in 2022 include:

- The 'ESG' award - City AM Awards;
- The 'ESG Identity' award - SRI Awards
- The 'Most innovative sustainable ETF launch' award - Investment Week Sustainable Investment Awards
- ESG/SRI Provider of the Year' - Irish Pensions Awards
- 'Best Asia-Pacific ESG Equity ETF' -Mondo ETF Awards
- 'Investment House of the Year' -Risk.net's Risk Awards.

Section 3. Next steps

- What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

Our investment stewardship efforts will focus on our core 'super themes' of climate, nature, health, people, governance and digitisation. Having joined the UN PRI's 'Advance' programme, we will be publishing our human rights policy and commitments. In addition to implementing our expanded Climate Impact Pledge engagement programme, which now covers over 5,000 companies, we will continue to strive to meet our commitments to biodiversity and deforestation, as set out in our respective policies, and expanding our work across the breadth of Nature issues. We will continue to evolve the work of our GREGs to further enhance the integration of ESG within portfolios whilst seeking to improve how we evidence the insights and engagement from our Global Research & Engagement Groups ('GREGs') in our investment decision-making.

Working with clients as they evolve their specific ESG investment objectives, we will continue to provide them with investment solutions to meet these goals, from climate-aligned portfolios, to other thematic and ESG-orientated strategies. We shall also continue to evolve how we report, in order to enable our clients to assess how their investment strategies are meeting their specific responsible investment objectives.

We will continue to invest in our responsible investment specialists across all asset classes to both sustain and grow our global investment and stewardship capabilities. Our focus in building out our global resource will be targeted at strengthening our research capability with sector and technical experts within our GREGs, as well as adding specific stewardship expertise with subject matter specialisms in new and existing areas of focus.

Section 4. Endorsement

'The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment'.

Name

Michael Marks

Position

Head of Investment Stewardship and Responsible Investment Integration

Organisation's Name

Legal & General Investment Management (Holdings)

A

'This endorsement applies only to the Senior Leadership Statement and should not be considered an endorsement of the information reported by the above-mentioned organisation in the various modules of the Reporting Framework. The Senior Leadership Statement serves as a general overview of the above-mentioned organisation's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such. Further, it is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions'.

B

ORGANISATIONAL OVERVIEW (OO)

ORGANISATIONAL INFORMATION

REPORTING YEAR

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

What is the year-end date of the 12-month period you have chosen to report for PRI reporting purposes?

	Date	Month	Year
Year-end date of the 12-month period for PRI reporting purposes:	31	12	2022

SUBSIDIARY INFORMATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries?

- (A) Yes
- (B) No

ASSETS UNDER MANAGEMENT

ALL ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 3	N/A	PUBLIC	All asset classes	GENERAL

What are your total assets under management (AUM) at the end of the reporting year, as indicated in [OO 1]?

USD

(A) AUM of your organisation, including subsidiaries, and excluding the AUM subject to execution, advisory, custody, or research advisory only

US\$ 1,444,406,000,000.00

(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission, as indicated in [OO 2.2]

US\$ 0.00

(C) AUM subject to execution, advisory, custody, or research advisory only

US\$ 0.00

ASSET BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	OO 3	Multiple indicators	PUBLIC	Asset breakdown	GENERAL

Provide a percentage breakdown of your total AUM at the end of the reporting year as indicated in [OO 1].

	(1) Percentage of Internally managed AUM	(2) Percentage of Externally managed AUM
(A) Listed equity	>10-50%	0%
(B) Fixed income	>10-50%	0%
(C) Private equity	0%	0%
(D) Real estate	>0-10%	0%
(E) Infrastructure	>0-10%	0%
(F) Hedge funds	0%	0%
(G) Forestry	0%	0%
(H) Farmland	0%	0%
(I) Other	>10-50%	0%
(J) Off-balance sheet	0%	0%

(I) Other - (1) Percentage of Internally managed AUM - Specify:

Cash equivalents, Commodities, Multi-asset, Derivative overlay

ASSET BREAKDOWN: INTERNALLY MANAGED LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 LE	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed listed equity	GENERAL

Provide a further breakdown of your internally managed listed equity AUM.

(A) Passive equity	>75%
(B) Active – quantitative	0%

(C) Active – fundamental >0-10%

(D) Other strategies 0%

ASSET BREAKDOWN: INTERNALLY MANAGED FIXED INCOME

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 FI	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed fixed income	GENERAL

Provide a further breakdown of your internally managed fixed income AUM.

(A) Passive – SSA >10-50%

(B) Passive – corporate >10-50%

(C) Active – SSA >0-10%

(D) Active – corporate >10-50%

(E) Securitised 0%

(F) Private debt >0-10%

ASSET BREAKDOWN: INTERNALLY MANAGED REAL ESTATE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 RE	CORE	OO 5	N/A	PUBLIC	Asset breakdown: Internally managed real estate	GENERAL

Provide a further breakdown of your internally managed real estate AUM.

(A) Retail >10-50%

(B) Office >10-50%

(C) Industrial	>10-50%
(D) Residential	>10-50%
(E) Hotel	>0-10%
(F) Lodging, leisure and recreation	>0-10%
(G) Education	>0-10%
(H) Technology or science	>0-10%
(I) Healthcare	>0-10%
(J) Mixed use	>0-10%
(K) Other	>0-10%

(K) Other - Specify:

Parking and self-storage

ASSET BREAKDOWN: INTERNALLY MANAGED INFRASTRUCTURE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 INF	CORE	OO 5	N/A	PUBLIC	Asset breakdown: Internally managed infrastructure	GENERAL

Provide a further breakdown of your internally managed infrastructure AUM.

(A) Data infrastructure	0%
(B) Diversified	0%
(C) Energy and water resources	0%
(D) Environmental services	0%

(E) Network utilities	0%
(F) Power generation (excl. renewables)	0%
(G) Renewable power	>75%
(H) Social infrastructure	0%
(I) Transport	0%
(J) Other	0%

GEOGRAPHICAL BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

How much of your AUM in each asset class is invested in emerging markets and developing economies?

AUM in Emerging Markets and Developing Economies

(A) Listed equity	(2) >0 to 10%
(B) Fixed income – SSA	(2) >0 to 10%
(C) Fixed income – corporate	(2) >0 to 10%
(E) Fixed income – private debt	(1) 0%
(G) Real estate	(1) 0%
(H) Infrastructure	(1) 0%

STEWARDSHIP

STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship	GENERAL

Does your organisation conduct stewardship activities, excluding (proxy) voting, for any of your assets?

	(1) Listed equity - active	(2) Listed equity - passive	(3) Fixed income - active	(4) Fixed income - passive
(A) Yes, through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) We do not conduct stewardship	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	(6) Real estate	(7) Infrastructure	(11) Other
(A) Yes, through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(D) We do not conduct stewardship

STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship: (Proxy) voting	GENERAL

Does your organisation conduct (proxy) voting activities for any of your listed equity holdings?

	(1) Listed equity - active	(2) Listed equity - passive
(A) Yes, through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input type="checkbox"/>	<input type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>	<input type="checkbox"/>
(D) We do not conduct (proxy) voting	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9.1	CORE	OO 9	PGS 10.1, PGS 31	PUBLIC	Stewardship: (Proxy) voting	GENERAL

For each asset class, on what percentage of your listed equity holdings do you have the discretion to vote?

Percentage of your listed equity holdings over which you have the discretion to vote

(A) Listed equity – active	(12) 100%
(B) Listed equity - passive	(9) >70 to 80%

ESG INCORPORATION

INTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Internally managed assets	1

For each internally managed asset class, does your organisation incorporate ESG factors into your investment decisions?

	(1) Yes, we incorporate ESG factors into our investment decisions	(2) No, we do not incorporate ESG factors into our investment decisions
(A) Listed equity - passive	<input checked="" type="radio"/>	<input type="radio"/>
(C) Listed equity - active - fundamental	<input checked="" type="radio"/>	<input type="radio"/>
(E) Fixed income - SSA	<input checked="" type="radio"/>	<input type="radio"/>
(F) Fixed income - corporate	<input checked="" type="radio"/>	<input type="radio"/>
(H) Fixed income - private debt	<input checked="" type="radio"/>	<input type="radio"/>
(J) Real estate	<input checked="" type="radio"/>	<input type="radio"/>
(K) Infrastructure	<input checked="" type="radio"/>	<input type="radio"/>
(V) Other: Cash equivalents, Commodities, Multi-asset, Derivative overlay	<input checked="" type="radio"/>	<input type="radio"/>

ESG IN OTHER ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 15	CORE	OO 11, OO 12–14	N/A	PUBLIC	ESG in other asset classes	1

Describe how your organisation incorporates ESG factors into the following asset classes.

Internally managed
(C) Other

In our Multi Asset strategies we integrate ESG factors into our strategic and tactical asset allocation frameworks, to inform decision-making on all financially-material aspects. In addition, we assess how third-party managers embed ESG considerations at the firm and product level.

In our derivative overlay strategies, the primary incorporation of ESG is through engagement with counterparties.

ESG STRATEGIES

LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 LE	CORE	OO 11	OO 17.1 LE, LE 12	PUBLIC	Listed equity	1

Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active listed equity?

Percentage out of total internally managed active listed equity

(A) Screening alone	0%
(B) Thematic alone	0%
(C) Integration alone	0%
(D) Screening and integration	>50-75%
(E) Thematic and integration	0%

(F) Screening and thematic	0%
(G) All three approaches combined	>10-50%
(H) None	0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17.1 LE	CORE	OO 17 LE	LE 9	PUBLIC	Listed equity	1

What type of screening does your organisation use for your internally managed active listed equity assets where a screening approach is applied?

Percentage coverage out of your total listed equity assets where a screening approach is applied

(A) Positive/best-in-class screening only	0%
(B) Negative screening only	>75%
(C) A combination of screening approaches	0%

FIXED INCOME

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 FI	CORE	OO 5.3 FI, OO 11	Multiple, see guidance	PUBLIC	Fixed income	1

Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active fixed income?

	(1) Fixed income - SSA	(2) Fixed income - corporate
(A) Screening alone	0%	0%
(B) Thematic alone	0%	0%
(C) Integration alone	0%	0%
(D) Screening and integration	>75%	>75%
(E) Thematic and integration	0%	0%
(F) Screening and thematic	0%	0%
(G) All three approaches combined	>0-10%	>0-10%
(H) None	0%	0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17.1 FI	CORE	OO 17 FI	N/A	PUBLIC	Fixed income	1

What type of screening does your organisation use for your internally managed active fixed income where a screening approach is applied?

	(1) Fixed income - SSA	(2) Fixed income - corporate
(A) Positive/best-in-class screening only	0%	0%
(B) Negative screening only	>75%	>75%
(C) A combination of screening approaches	0%	0%

ESG/SUSTAINABILITY FUNDS AND PRODUCTS

LABELLING AND MARKETING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	OO 11–14	OO 18.1	PUBLIC	Labelling and marketing	1

Do you explicitly market any of your products and/or funds as ESG and/or sustainable?

(A) Yes, we market products and/or funds as ESG and/or sustainable

Provide the percentage of AUM that your ESG and/or sustainability-marketed products or funds represent:

>10-50%

- (B) No, we do not offer products or funds explicitly marketed as ESG and/or sustainable
- (C) Not applicable; we do not offer products or funds

Additional information: (Voluntary)

The percentage figure represents the AUM in LGIM pooled products that that feature a deliberate and positive expression of ESG criteria in the fund documentation.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18.1	CORE	OO 18	OO 18.2	PUBLIC	Labelling and marketing	1

Do any of your ESG and/or sustainability-marketed products and/or funds hold formal ESG and/or RI certification(s) or label(s) awarded by a third party?

(A) Yes, our ESG and/or sustainability-marketed products and/or funds hold formal labels or certifications

Provide the percentage of AUM that your labelled and/or certified products and/or funds represent:

>0-10%

- (B) No, our ESG and/or sustainability-marketed products and/or funds do not hold formal labels or certifications

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18.2	CORE	OO 18.1	N/A	PUBLIC	Labelling and marketing	1

Which ESG/RI certifications or labels do you hold?

- (A) Commodity type label (e.g. BCI)
- (B) GRESB**
- (C) Austrian Ecolabel (UZ49)
- (D) B Corporation
- (E) BREEAM**
- (F) CBI Climate Bonds Standard
- (G) DDV-Nachhaltigkeitskodex-ESG-Strategie
- (H) DDV-Nachhaltigkeitskodex-ESG-Impact
- (I) EU Ecolabel
- (J) EU Green Bond Standard
- (K) Febelfin label (Belgium)**
- (L) Finansol
- (M) FNG-Siegel Ecolabel (Germany, Austria and Switzerland)**
- (N) Greenfin label (France)
- (O) Grüner Pfandbrief
- (P) ICMA Green Bond Principles
- (Q) ICMA Social Bonds Principles
- (R) ICMA Sustainability Bonds Principles
- (S) ICMA Sustainability-linked Bonds Principles
- (T) Kein Verstoß gegen Atomwaffensperrvertrag
- (U) Le label ISR (French government SRI label)
- (V) Luxflag Climate Finance
- (W) Luxflag Environment
- (X) Luxflag ESG
- (Y) Luxflag Green Bond
- (Z) Luxflag Microfinance
- (AA) Luxflag Sustainable Insurance Products
- (AB) National stewardship code
- (AC) Nordic Swan Ecolabel
- (AD) Other SRI label based on EUROSIF SRI Transparency Code (e.g. Novethic)
- (AE) People's Bank of China green bond guidelines
- (AF) RIAA (Australia)
- (AG) Towards Sustainability label (Belgium)**
- (AH) Other

PASSIVE INVESTMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 19	CORE	OO 5.3 FI, OO 11	LE 8, FI 10	PUBLIC	Passive investments	1

What percentage of your total internally managed passive listed equity and/or fixed income passive AUM utilise an ESG index or benchmark?

Percentage of AUM that utilise an ESG index or benchmark

(A) Listed equity - passive >10-50%

(B) Fixed income - passive >0-10%

THEMATIC BONDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 20	CORE	OO 17 FI	FI 15, FI 17	PUBLIC	Thematic bonds	1

What percentage of your total environmental and/or social thematic bonds are labelled by the issuers in accordance with industry-recognised standards?

Percentage of your total environmental and/or social thematic bonds labelled by the issuers

(A) Green or climate bonds 0%

(B) Social bonds 0%

(C) Sustainability bonds 0%

(D) Sustainability-linked bonds 0%

(E) SDG or SDG-linked bonds 0%

(F) Other >75%

(G) Bonds not labelled by the issuer 0%

(F) Other - Specify:

LGIM's approach to fixed income investing is agnostic of environmental and social labels and is focused on the material issues that affect the underlying issuer rather than bond labels assigned.

SUMMARY OF REPORTING REQUIREMENTS

SUMMARY OF REPORTING REQUIREMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 21	CORE	Multiple indicators	Multiple indicators	PUBLIC	Summary of reporting requirements	GENERAL

The following table shows which modules are mandatory or voluntary to report on in the separate PRI asset class modules. Where a module is voluntary, indicate if you wish to report on it.

Applicable modules	(1) Mandatory to report (pre-filled based on previous responses)	(2.1) Voluntary to report. Yes, I want to opt-in to reporting on the module	(2.2) Voluntary to report. No, I want to opt-out of reporting on the module
Policy, Governance and Strategy	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Confidence Building Measures	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(A) Listed equity – passive	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) Listed equity – active – fundamental	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(E) Fixed income – SSA	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(F) Fixed income – corporate	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(H) Fixed income – private debt	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(J) Real estate	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

OTHER ASSET BREAKDOWNS

REAL ESTATE: BUILDING TYPE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 24	CORE	OO 21	RE 1, RE 9 - 10	PUBLIC	Real estate: Building type	GENERAL

What is the building type of your physical real estate assets?

- (A) Standing investments
- (B) New construction
- (C) Major renovation

REAL ESTATE: OWNERSHIP LEVEL

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 25	CORE	OO 21	N/A	PUBLIC	Real estate: Ownership level	GENERAL

What is the percentage breakdown of your physical real estate assets by the level of ownership?

- (A) A majority stake (more than 50%)
 - Select from the list:
 - (1) >0 to 10%
 - (2) >10 to 50%
 - (3) >50 to 75%
 - (4) >75%
- (B) A significant minority stake (between 10–50%)
- (C) A limited minority stake (less than 10%)

REAL ESTATE: MANAGEMENT TYPE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 26	CORE	OO 21	RE 1, RE 6–8, RE 13	PUBLIC	Real estate: Management type	GENERAL

Who manages your physical real estate assets?

- (A) Direct management by our organisation
- (B) Third-party property managers that our organisation appoints
- (C) Other investors or their third-party property managers
- (D) Tenant(s) with operational control

SUBMISSION INFORMATION

REPORT DISCLOSURE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 32	CORE	OO 3, OO 31	N/A	PUBLIC	Report disclosure	GENERAL

How would you like to disclose the detailed percentage figures you reported throughout the Reporting Framework?

- (A) Publish as absolute numbers
- (B) Publish as ranges

POLICY, GOVERNANCE AND STRATEGY (PGS)

POLICY

RESPONSIBLE INVESTMENT POLICY ELEMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 1	CORE	OO 8, OO 9	Multiple indicators	PUBLIC	Responsible investment policy elements	1, 2

Which elements are covered in your formal responsible investment policy(ies)?

- (A) Overall approach to responsible investment
- (B) Guidelines on environmental factors
- (C) Guidelines on social factors
- (D) Guidelines on governance factors
- (E) Guidelines on sustainability outcomes
- (F) Guidelines tailored to the specific asset class(es) we hold
- (G) Guidelines on exclusions
- (H) Guidelines on managing conflicts of interest related to responsible investment
- (I) Stewardship: Guidelines on engagement with investees
- (J) Stewardship: Guidelines on overall political engagement
- (K) Stewardship: Guidelines on engagement with other key stakeholders
- (L) Stewardship: Guidelines on (proxy) voting
- (M) Other responsible investment elements not listed here

Specify:

Organisation and governance structure; Adherence to responsible investment conduct codes;

- (N) Our organisation does not have a formal responsible investment policy and/or our policy(ies) do not cover any responsible investment elements

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 2	CORE	PGS 1	Multiple, see guidance	PUBLIC	Responsible investment policy elements	1

Does your formal responsible investment policy(ies) include specific guidelines on systematic sustainability issues?

- (A) Specific guidelines on climate change (may be part of guidelines on environmental factors)
- (B) Specific guidelines on human rights (may be part of guidelines on social factors)
- (C) Specific guidelines on other systematic sustainability issues

Specify:

Our stewardship policies are thoroughly researched, set and fine-tuned every year. They incorporate specific market policies that allow for local nuances to align with best practices. Our policies range from minimum expectations, such as requiring financial expertise on the audit committee or having climate transition plans aligned with a 1.5°C global temperature increase, to clarifications around variable pay performance targets, links to stakeholder experiences and ESG measures, alongside existing voting stances to oppose combined chair/CEO roles and all-male boards globally. Under our Climate Impact Pledge, we set out sector-specific expectations and minimum standards which we expect companies to meet.

We include detailed expectations on corporate governance matters, across E, S and G factors. In addition to our global remuneration policy, we have regional remuneration policies for the UK and the US. All of our policies are publicly available on our website. We expect all companies in which we invest on a global scale to closely align with our principles, which set out the fundamentals of corporate governance. When developing our policies, we not only look at local market and regulatory expectations, but also broader global guidelines and principles such as those provided by the United Nations Global Compact, OECD guidelines and ILO conventions and recommendations. The extent to which we apply these policies takes into account the governance landscape of each market, allowing some leeway for those markets that are still developing their governance policies.

- (D) Our formal responsible investment policy(ies) does not include guidelines on systematic sustainability issues

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 3	CORE	PGS 1, PGS 2	N/A	PUBLIC	Responsible investment policy elements	6

Which elements of your formal responsible investment policy(ies) are publicly available?

(A) Overall approach to responsible investment

Add link:

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/sustainability-policy-lgimh.pdf

(B) Guidelines on environmental factors

Add link:

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-climate-change-policy.pdf

(C) Guidelines on social factors

Add link:

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-global-corporate-governance-and-responsible-investment-principles.pdf

(D) Guidelines on governance factors

Add link:

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-global-corporate-governance-and-responsible-investment-principles.pdf

(E) Guidelines on sustainability outcomes

Add link:

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/sustainability-policy-lgimh.pdf

(F) Specific guidelines on climate change (may be part of guidelines on environmental factors)

Add link:

<https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/#sector-guides>

(G) Specific guidelines on human rights (may be part of guidelines on social factors)

Add link:

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-global-corporate-governance-and-responsible-investment-principles.pdf

(H) Specific guidelines on other systematic sustainability issues

Add link:

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-global-corporate-governance-and-responsible-investment-principles.pdf

(I) Guidelines tailored to the specific asset class(es) we hold

Add link:

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/sustainability-policy-lgimh.pdf

(J) Guidelines on exclusions

Add link:

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/future-world-protection-list-public-methodology.pdf

(K) Guidelines on managing conflicts of interest related to responsible investment

Add link:

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/conflicts-of-interest.pdf

(L) Stewardship: Guidelines on engagement with investees

Add link:

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf

(M) Stewardship: Guidelines on overall political engagement

Add link:

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/sustainability-policy-lgimh.pdf

(N) Stewardship: Guidelines on engagement with other key stakeholders

Add link:

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/sustainability-policy-lgimh.pdf

(O) Stewardship: Guidelines on (proxy) voting

Add link:

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-global-corporate-governance-and-responsible-investment-principles.pdf

(P) Other responsible investment aspects not listed here

Add link:

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/active-ownership/active-ownership-report-2022.pdf

(Q) No elements of our formal responsible investment policy(ies) are publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 4	PLUS	PGS 1	N/A	PUBLIC	Responsible investment policy elements	1 – 6

Does your formal responsible investment policy(ies) identify a link between your responsible investment activities and your fiduciary duties or equivalent obligations?

(A) Yes

Elaborate:

LGIM believes the consideration of sustainability risks reflects a core part of our fiduciary role to act in the best interest of our clients. This starts with identifying key macroeconomic sustainability risks that could result from inaction in response to the world's environmental or societal challenges. We also believe opportunities arise from long-term sustainability-related structural changes that can be value-creating for investment portfolios. Our policies generally describe why these issues are relevant for our clients' portfolios. We combine an analysis of these macro drivers with sector level and issuer-level analysis to determine whether and how companies and assets are positioned in respect of the sustainability risks that are most relevant to them. LGIM's global stewardship themes are based on environmental, social and governance issues that direct most of our sustainability-oriented research and engagement. These encompass climate, nature, people, digitisation, health and governance. These themes represent high-level topics, under which further adverse impacts and areas of focus can arise, including human rights and modern slavery, biodiversity, deforestation and income inequality.

(B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 5	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

Which elements are covered in your organisation's policy(ies) or guidelines on stewardship?

- (A) Overall stewardship objectives
- (B) Prioritisation of specific ESG factors to be advanced via stewardship activities
- (C) Criteria used by our organisation to prioritise the investees, policy makers, key stakeholders, or other entities on which to focus our stewardship efforts
- (D) How different stewardship tools and activities are used across the organisation
- (E) Approach to escalation in stewardship
- (F) Approach to collaboration in stewardship
- (G) Conflicts of interest related to stewardship
- (H) How stewardship efforts and results are communicated across the organisation to feed into investment decision-making and vice versa
- (I) Other
- (J) None of the above elements is captured in our policy(ies) or guidelines on stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 6	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

Does your policy on (proxy) voting include voting principles and/or guidelines on specific ESG factors?

- (A) Yes, it includes voting principles and/or guidelines on specific environmental factors
- (B) Yes, it includes voting principles and/or guidelines on specific social factors
- (C) Yes, it includes voting principles and/or guidelines on specific governance factors
- (D) Our policy on (proxy) voting does not include voting principles or guidelines on specific ESG factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 7	CORE	OO 9	N/A	PUBLIC	Responsible investment policy elements	2

Does your organisation have a policy that states how (proxy) voting is addressed in your securities lending programme?

- (A) We have a publicly available policy to address (proxy) voting in our securities lending programme

Add link(s):

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/active-ownership/active-ownership-report-2022.pdf

- (B) We have a policy to address (proxy) voting in our securities lending programme, but it is not publicly available
- (C) We rely on the policy of our external service provider(s)
- (D) We do not have a policy to address (proxy) voting in our securities lending programme
- (E) Not applicable; we do not have a securities lending programme

RESPONSIBLE INVESTMENT POLICY COVERAGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 8	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy coverage	1

What percentage of your total AUM is covered by the below elements of your responsible investment policy(ies)?

Combined AUM coverage of all policy elements

(A) Overall approach to responsible investment
 (B) Guidelines on environmental factors (7) 100%
 (C) Guidelines on social factors
 (D) Guidelines on governance factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 9	CORE	PGS 2	N/A	PUBLIC	Responsible investment policy coverage	1

What proportion of your AUM is covered by your formal policies or guidelines on climate change, human rights, or other systematic sustainability issues?

AUM coverage

(A) Specific guidelines on climate change (1) for all of our AUM

(B) Specific guidelines on human rights (3) for a minority of our AUM

(C) Specific guidelines on other systematic sustainability issues (2) for a majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10	CORE	OO 8, OO 9, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

Per asset class, what percentage of your AUM is covered by your policy(ies) or guidelines on stewardship with investees?

(A) Listed equity

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

● (11) 100%

(B) Fixed income

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

● (11) 100%

(D) Real estate

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

● (11) 100%

(E) Infrastructure

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

● (11) 100%

(I) Other

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10.1	CORE	OO 9.1, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

What percentage of your listed equity holdings is covered by your guidelines on (proxy) voting?

(A) Actively managed listed equity

(1) Percentage of your listed equity holdings over which you have the discretion to vote

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

(11) 100%

(B) Passively managed listed equity

(1) Percentage of your listed equity holdings over which you have the discretion to vote

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%**
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

(2) If your AUM coverage is below 100%, explain why: (Voluntary)

Some of our index fund clients direct their own voting policies

GOVERNANCE

ROLES AND RESPONSIBILITIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11	CORE	N/A	Multiple indicators	PUBLIC	Roles and responsibilities	1

Which senior level body(ies) or role(s) in your organisation have formal oversight over and accountability for responsible investment?

- (A) Board members, trustees, or equivalent
- (B) Senior executive-level staff, or equivalent

Specify:

LGIM Investment Stewardship Committee: dedicated sub-committee of LGIM(H) board chaired by Independent NED; comprises all NEDs, CEO, CIO, & Head of Investment Stewardship & Responsible Investment Integration. Monitors & reviews LGIM(H)'s role as investor on corporate governance & investment stewardship matters; oversees consistent application of key policies as required to achieve LGIM's objectives & principles; has oversight of potential conflicts of interests & contentious governance issues

- (C) Investment committee, or equivalent

Specify:

Our governance structure continued to evolve in 2022; while the executive governance structure was largely maintained, the approach to overseeing ESG was developed. The Responsible Investment Oversight Committee was established as a sub-committee of the Investment Oversight Committee, to oversee delivery of our responsible investment portfolios' characteristics. We established a number of working & project groups to ensure we're meeting objectives and delivering value for clients & stakeholders

- (D) Head of department, or equivalent

Specify department:

Michael Marks: Head of Investment Stewardship & Responsible Investment Integration is an LGIM Ltd Board Member.
 Amelia Tan – Head of Responsible Investing Strategy for Investments
 Shuen Chan – Head of ESG, Real Assets
 Sonja Laud - Chief Investment Officer
 Bill Hughes - Head of Real Assets

- o (E) None of the above bodies and roles have oversight over and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.1	CORE	PGS 1, PGS 2, PGS 11	N/A	PUBLIC	Roles and responsibilities	1, 2

Does your organisation's senior level body(ies) or role(s) have formal oversight over and accountability for the elements covered in your responsible investment policy(ies)?

	(1) Board members, trustees, or equivalent	(2) Senior executive-level staff, investment committee, head of department, or equivalent
(A) Overall approach to responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Guidelines on environmental, social and/or governance factors	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Guidelines on sustainability outcomes	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Specific guidelines on climate change (may be part of guidelines on environmental factors)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Specific guidelines on human rights (may be part of guidelines on social factors)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Specific guidelines on other systematic sustainability issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(G) Guidelines tailored to the specific asset class(es) we hold	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(H) Guidelines on exclusions	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(I) Guidelines on managing conflicts of interest related to responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(J) Stewardship: Guidelines on engagement with investees	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(K) Stewardship: Guidelines on overall political engagement	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(L) Stewardship: Guidelines on engagement with other key stakeholders	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(M) Stewardship: Guidelines on (proxy) voting	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(N) This role has no formal oversight over and accountability for any of the above elements covered in our responsible investment policy(ies)	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.2	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1 – 6

Does your organisation have governance processes or structures to ensure that your overall political engagement is aligned with your commitment to the principles of PRI, including any political engagement conducted by third parties on your behalf?

● (A) Yes

Describe how you do this:

LGIM has firm-wide Sustainability Policy (providing an overview of its responsible investing approach) and Conflict of Interest Policy (providing an overview of the practical processes to identify, manage and mitigate potential conflicts of interest – these are essential in being able to engage on policy with a view to protecting clients’ assets and raising market standards). The ESG policy strategy identifies the key objectives and goals on ESG policy engagement, globally, and ensures that LGIM engages on sustainable finance in a coherent and harmonised way.

LGIM shares a responsibility as a long-term investor to ensure that global markets operate efficiently to protect the integrity of the market and address systemic risks, foster sustainable and resilient economic growth, and aim to protect the value of our clients’ assets.

Part of how LGIM acts on these responsibilities is by engaging in global policy dialogue, providing practical advice to policymakers and regulators on the key systemic issues. As a major long-term investor with global coverage, LGIM engages with policymakers at an early stage to help them identify and address emerging risks, helping them to take transformative steps to tackle systemic market issues and accelerate progress against complex global sustainability challenges. Our policy dialogue aims to produce real tangible change by designing, implementing and monitoring an effective and coherent policy, including a regulatory and legislative system that governs society, the environment and the economy. Policy and regulatory engagement is a non-linear, long-term initiative. This reflects the complex nature of policy and regulatory decision-making, the large numbers of cross-sector stakeholders, and the system’s capacity and willingness to change. Many engagements can evolve significantly over time, as the organisations, political leadership and agenda may change.

Please see below for details of the ESG governance structures:

- LGIM’s Investment Stewardship Committee has overall responsibility and oversight for the evolution and implementation of corporate governance and stewardship policies.

These policies apply to all asset classes and investment strategies. LGIM's Chief Executive Officer, Chief Investment Officer, Head of Investment Stewardship and Responsible Investment Integration and LGIM's independent non-executive directors all sit on this group.

- The Responsible Investment Group (RIG) is a sub-group of LGIM's Executive Committee and advises the LGIM Executive Committee in setting LGIM's global and cross-asset strategy, principles and positioning related to responsible investing. This includes decisions on oversight and development of LGIM's responsible investing fund range and the positioning of that range, as well as oversight of advisory groups and projects contributing to responsible investment at LGIM.
- LGIM has instituted the Responsible Investment Oversight Committee, a body to oversee the delivery of the responsible investing characteristics and commitments of all ESG portfolios.

- (B) No
- (C) Not applicable, our organisation does not conduct any form of political engagement directly or through any third parties

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 12	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1

In your organisation, which internal or external roles are responsible for implementing your approach to responsible investment?

(A) Internal role(s)

Specify:

Responsibility for implementing responsible investment spans a breadth and depth of roles, at all levels of the business. From board-level oversight and senior staff on the Investment Stewardship Committee and Responsible Investment Group, responsibility also sits with portfolio managers and analysts, and our investment stewardship team members.

- (B) External investment managers, service providers, or other external partners or suppliers
- (C) We do not have any internal or external roles with responsibility for implementing responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 13	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your board members, trustees, or equivalent?

(A) Yes, we use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent

Describe: (Voluntary)

L&G Executive Directors have a 30% of their bonus determined upon meeting strategic objectives of which climate measures make up part of the strategic objectives.:

2022 measures included:

- portfolio carbon emission intensity reduced in line with pathway to achieve 18.5% reduction by 2025 and 50% reduction by 2030, with end of 2022 reduction of at least 12% compared to 2019 base line (2022: actual reduction of 15%)
- science-based targets (SBTs) for our operations and key parts of our asset portfolio internally approved and submitted to the Science Based Targets initiative (SBTi) by December 2022 for their approval (2022: submitted to SBTi)
- operational footprint (occupied offices and business travel) on track to achieve net zero carbon emissions by 2030 and plan agreed for achieving operational footprint SBTs (2022: plans developed and footprint reduced in line with plan)

- (B) No, we do not use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 14	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your senior executive-level staff (or equivalent), and are these KPIs linked to compensation?

- (A) Yes, we use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

Indicate whether these responsible investment KPIs are linked to compensation

- (1) KPIs are linked to compensation
- (2) KPIs are not linked to compensation as these roles do not have variable compensation
- (3) KPIs are not linked to compensation even though these roles have variable compensation

Describe: (Voluntary)

LGIM's bonus pool is currently determined via a balanced scorecard of financial and non-financial objectives. Currently the non-financial measures include broad ESG measures which form part of a qualitative assessment. This could result in a downward adjustment to the bonus pool if deemed appropriate.

Currently LGIM does not have set ESG / Climate measures in a structured manner for individual bonus determination. However, individuals that have a key role in meeting ESG / Climate targets are likely to have part of their objectives linked to these targets. This is captured as part of the overall performance assessment.

From 2021 Awards onwards, the L&G PSP includes assessment of progress against long-term ESG objectives at the point of vesting. If such considerations mean that the formulaic outcome of the vesting is not considered to be justified, the Committee can amend the vesting downwards (but not increase the level of vesting).

- (B) No, we do not use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

EXTERNAL REPORTING AND DISCLOSURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 16	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

What elements are included in your regular reporting to clients and/or beneficiaries for the majority of your AUM?

- (A) Any changes in policies related to responsible investment
- (B) Any changes in governance or oversight related to responsible investment
- (C) Stewardship-related commitments
- (D) Progress towards stewardship-related commitments
- (E) Climate-related commitments
- (F) Progress towards climate-related commitments
- (G) Human rights-related commitments
- (H) Progress towards human rights-related commitments
- (I) Commitments to other systematic sustainability issues
- (J) Progress towards commitments on other systematic sustainability issues
- (K) We do not include any of these elements in our regular reporting to clients and/or beneficiaries for the majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 17	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose climate-related information in line with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations?

- (A) Yes, including all governance-related recommended disclosures
- (B) Yes, including all strategy-related recommended disclosures
- (C) Yes, including all risk management-related recommended disclosures
- (D) Yes, including all applicable metrics and targets-related recommended disclosures
- (E) None of the above

Add link(s):

<https://group.legalandgeneral.com/media/hf0ppmpl/climate-report-final-high-res.pdf>

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/active-ownership/active-ownership-report-2022.pdf

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 18	PLUS	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, to which international responsible investment standards, frameworks, or regulations did your organisation report?

(A) Disclosures against the European Union's Sustainable Finance Disclosure Regulation (SFDR)

Link to example of public disclosures

https://fundcentres.lgim.com/srp/lit/7zrw90/SFDR-Product-Summary_LG-ESG-USD-Corporate-Bond-UCITS-ETF_01-01-2023.pdf

(B) Disclosures against the European Union's Taxonomy

Link to example of public disclosures

https://fundcentres.lgim.com/srp/lit/NRZrbj/Supplement_LG-Europe-ESG-Exclusions-Paris-Aligned-UCITS-ETF_28-11-2022.pdf

(C) Disclosures against the CFA's ESG Disclosures Standard

(D) Disclosures against other international standards, frameworks or regulations

Specify:

UK Stewardship Code

Link to example of public disclosures

<https://www.lgim.com/landg-assets/lgim/capabilities/investment-stewardship/2021-uk-stewardship-code-summary.pdf>

(E) Disclosures against other international standards, frameworks or regulations

Specify:

Japan Stewardship Code

Link to example of public disclosures

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/japan-stewardship-code.pdf

(F) Disclosures against other international standards, frameworks or regulations

Specify:

Investor Stewardship Group Framework's stewardship principles

Link to example of public disclosures

https://www.lgim.com/landg-assets/lgim/_old-document-library/capabilities/m2389-statement-adherence.pdf

(G) Disclosures against other international standards, frameworks or regulations

Specify:

Malaysian Code for Institutional Investors

Link to example of public disclosures

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/malaysian-stewardship-code.pdf

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 19	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose its membership in and support for trade associations, think tanks or similar bodies that conduct any form of political engagement?

(A) Yes, we publicly disclosed our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement

Add link(s):

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/active-ownership/active-ownership-report-2022.pdf

- (B) No, we did not publicly disclose our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement
- (C) Not applicable, we were not members in or supporters of any trade associations, think tanks, or similar bodies that conduct any form of political engagement during the reporting year

STRATEGY

CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 20	CORE	N/A	N/A	PUBLIC	Capital allocation	1

Which elements do your organisation-level exclusions cover?

- (A) Exclusions based on our organisation's values or beliefs regarding particular sectors, products or services
- (B) Exclusions based on our organisation's values or beliefs regarding particular regions or countries
- (C) Exclusions based on minimum standards of business practice aligned with international norms such as the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, UN Security Council sanctions or the UN Global Compact
- (D) Exclusions based on our organisation's climate change commitments
- (E) Other elements
- (F) Not applicable; our organisation does not have any organisation-level exclusions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 21	CORE	N/A	N/A	PUBLIC	Capital allocation	1

How does your responsible investment approach influence your strategic asset allocation process?

(A) We incorporate ESG factors into our assessment of expected asset class risks and returns

Select from dropdown list:

- (1) for all of our AUM subject to strategic asset allocation**
- (2) for a majority of our AUM subject to strategic asset allocation
- (3) for a minority of our AUM subject to strategic asset allocation

(B) We incorporate climate change–related risks and opportunities into our assessment of expected asset class risks and returns

Select from dropdown list:

- (1) for all of our AUM subject to strategic asset allocation**
- (2) for a majority of our AUM subject to strategic asset allocation
- (3) for a minority of our AUM subject to strategic asset allocation

(C) We incorporate human rights–related risks and opportunities into our assessment of expected asset class risks and returns

(D) We incorporate risks and opportunities related to other systematic sustainability issues into our assessment of expected asset class risks and returns

(E) We do not incorporate ESG factors, climate change, human rights or other systematic sustainability issues into our assessment of expected asset class risks and returns

(F) Not applicable; we do not have a strategic asset allocation process

STEWARDSHIP: OVERALL STEWARDSHIP STRATEGY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 22	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

For the majority of AUM within each asset class, which of the following best describes your primary stewardship objective?

(A) Maximise our portfolio-level risk-adjusted returns. In doing so, we seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.

● ● ● ●

(B) Maximise our individual investments' risk-adjusted returns. In doing so, we do not seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.

○ ○ ○ ○

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 23	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How does your organisation, or the external service providers or external managers acting on your behalf, prioritise the investees or other entities on which to focus its stewardship efforts?

All stewardship activities are undertaken by LGIM – we do not outsource our stewardship activities.

The LGIM Investment Stewardship team's purpose is to protect clients' assets through raising market ESG standards and best practice. We believe that real change is achieved by being an engaged and active owner. Our stewardship activity is guided by our global stewardship themes. These themes reflect systemic ESG issues affecting the global markets and companies in which our clients are invested, and where we believe we can have an impact.

Within our respective themes, we use our LGIM ESG scores to identify companies with which we plan to engage – this data-driven approach to company engagement helps us identify “leading laggards” on which to concentrate our direct engagement activities. These companies are those that have been identified as influential in their sectors, where we believe that we can effect ESG improvements through engagement, and which will then have a knock-on, positive impact across the relevant sector. This supports our overall aim of improving ESG standards not just at individual companies, but across the global markets in which our clients are invested.

This means that our stewardship activity is undertaken with strategic outcomes in mind, aligning our thematic, company and public policy engagement, as well as our voting activity, in order to achieve these.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Which of the following best describes your organisation's default position, or the position of the external service providers or external managers acting on your behalf, concerning collaborative stewardship efforts?

- (A) We recognise the value of collective action, and as a result, we prioritise collaborative stewardship efforts wherever possible
- (B) We collaborate on a case-by-case basis
- (C) Other
- (D) We do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24.1	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Elaborate on your organisation's default position on collaborative stewardship, or the position of the external service providers or external investment managers acting on your behalf, including any other details on your overall approach to collaboration.

We believe in collaboration and regularly work with peers, industry groups, NGOs, academia and civil society. We look forward to continuing our engagement with the broad range of third parties we work alongside. By joining forces with collaborative organisations, we aim to broaden our reach, and strengthen our voice. LGIM is a member or supporter of multiple associations and initiatives working on ESG themes, joining our peers in organisations such as the Investment Association (IA), at which LGIM discusses corporate governance policy and pushes for collective engagement alongside other UK investment managers; and the Investor Forum (IF) of which LGIM is a founding member, which facilitates collaborative engagement with other members and ensures investors speak with one powerful voice. There are several other global organisations that we collaborate with to improve standards, including the UN PRI, ClimateAction100, Ceres, FAIRR, and the Access To Nutrition Initiative.

Additionally, we regularly collaborate with market participants when engaging on government policies and regulation. This includes through formal collaborations with organisations such as Aldersgate Group, as well as leveraging more traditional investor networks such as ICGN and the Investment Association. Finally, when one-to-one engagement does not yield results, LGIM may seek to escalate our engagement through collaborating with other institutional investors directly, or via investor networks. We have a number of escalation options at our disposal, from voting sanctions through to divestment from the securities of an unresponsive company in select funds. Examples of our collaborative engagements from 2022 can be found in our Active Ownership report.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 25	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Rank the channels that are most important for your organisation in achieving its stewardship objectives.

(A) Internal resources, e.g. stewardship team, investment team, ESG team, or staff

Select from the list:

- 1
- 4
- 5

(B) External investment managers, third-party operators and/or external property managers, if applicable

(C) External paid specialist stewardship services (e.g. engagement overlay services or, in private markets, sustainability consultants) excluding investment managers, real assets third-party operators, or external property managers

(D) Informal or unstructured collaborations with investors or other entities

Select from the list:

- 2
- 4
- 5

(E) Formal collaborative engagements, e.g. PRI-coordinated collaborative engagements, Climate Action 100+, or similar

Select from the list:

- 3
- 4
- 5

(F) We do not use any of these channels

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 27	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How are your organisation's stewardship activities linked to your investment decision making, and vice versa?

LGIM's stewardship activities and investment decision-making are conducted directly by our organisation, with a fully integrated framework for responsible investing, across both public and private assets, to strengthen long-term returns and raise market standards. This is based on stewardship with impact and collaborative, active research across asset classes. Together, these activities enable LGIM to conduct engagement that helps drive positive change and to deliver integrated solutions for clients. Our stewardship and investment teams work together, to incorporate ESG factors into our decisions and processes, from research and engagement to product development.

Our Global Research and Engagement Groups, structured around 9 sectors, bring together representatives from our investment and stewardship teams, in order to unify our engagement efforts and determine the exposure of sectors and companies to ESG risks and opportunities across credit, equity and real assets. There is a growing expectation for us as asset managers to quantify the societal or environmental consequences of our investment decisions; LGIM's Global Research and Engagement Groups, established in 2019, strengthen and streamline our ability to demonstrate this across the capital structure. The early identification of potential risks that threaten the sustainability of returns is central to our investment philosophy. The sector groups offer a forum to truly connect the top-down, macro view with the bottom-up corporate and sector fundamentals.

They offer an opportunity to debate relative value and of course build a more comprehensive picture of the financially material ESG factors impacting our investment universe.

Over the course of 2022, our Global Research and Engagement Groups continued to devote significant time and resource to tackling emerging ESG issues across a range of sectors from both sides of the capital structure. This internal collaboration enables us to connect top-down macro and thematic views with the bottom-up analysis of corporate and sector fundamentals, unearthing relative-value opportunities. Our active strategies can, therefore, target the cost of capital through credit, while voting with equity to effect positive change on behalf of our clients.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 28	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

If relevant, provide any further details on your organisation's overall stewardship strategy.

LGIM seeks to use our scale and influence to tackle a wide variety of ESG issues that we believe could impact the value of our clients' investments. Through active ownership, we strive to effect positive change in the companies and assets in which we invest. Our Investment Stewardship exercises voting rights on behalf of our clients, and LGIM engages with companies, policymakers and other stakeholders to deliver positive change on topics including net-zero emissions, ethnic and gender diversity, and corporate governance.

Our investment stewardship focuses on client outcomes and broader societal and environmental impacts in its engagements with companies and policymakers.

This spans consideration of systemic risks and macro developments through to company specific issues.

Our stewardship activity is guided by our global stewardship themes. These themes reflect systemic ESG issues affecting the global markets and companies in which our clients are invested, and where we believe we can have an impact. The goals for engagement within our global stewardship themes can range from increasing disclosure on key sustainability-related information, to setting universal requirements such as near-term net zero targets, to seeking specific outcomes such as reducing business activities in controversial weapons.

Our voting policies range from minimum expectations such as requiring financial expertise on the audit committee, to clarifications around variable pay performance targets, links to stakeholder experience and ESG measures, and voting to oppose combined chair/CEO roles and all-male boards. Our Corporate Governance and Responsible Investment policies (global and regional) set out our expectations of investee companies and outline our approach to voting and engagement. Our policies on climate change and biodiversity provide more detail on LGIM's approach and commitments to tackling these issues, and how this will affect our expectations of companies. All of our policies are fully compliant with Shareholder Rights Directive II and are available online.

Votes are cast according to our instructions guided by LGIM custom policies and effected through an electronic voting platform. We do not automatically follow recommendations of proxy advisers and have put in place a 'custom' voting policy with specific voting instructions. These instructions apply to all markets globally, with minimum best practice standards that we believe all companies should observe.

Our Global Research and Engagement Groups ('GREGs') bring together the best sector expertise across LGIM to identify the challenges and opportunities that will determine the resilience of sectors and the companies within them.

The output from the GREGs strengthens and streamlines LGIM's engagement activities across investments and stewardship, to enable us to collectively set goals and targets at a company level with one voice, whilst supporting and guiding our investment decisions across the capital structure. LGIM has long been at the forefront of investment stewardship, the GREGs represent both a continuation and a significant step-up of our integration efforts between stewardship and investments, not only in terms of formalising our integration, but also regarding resources.

There are nine individual GREGs: Energy, Healthcare, Industrials, Consumer, Utilities, Financials, TMT, Basic materials and Real estate. The individual GREGs are responsible for identifying the themes which are likely to have the greatest impact on their sector in both the short and long term. Where we identify the need for progress on particular ESG issues, we use engagement as a tool to influence positive change. The GREGs bring together experts from across our entire fundamental research teams across both credit and equities, in addition to representatives from real assets and investment stewardship; they are responsible for assessing the impact at a company level and collectively undertaking engagement.

We believe a joined-up approach is more effective in raising the company and market ESG standards. However, we also use our insights through our research and engagement to identify where the market may be mispricing risks and opportunities. This can help to drive capital allocation for our investment teams and create more desirable financial outcomes for our clients.

STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 29	CORE	OO 9, PGS 1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

When you use external service providers to give recommendations, how do you ensure those recommendations are consistent with your organisation's (proxy) voting policy?

- (A) Before voting is executed, we review external service providers' voting recommendations for controversial and high-profile votes**
 - Select from the below list:
 - (1) in all cases**
 - (2) in a majority of cases
 - (3) in a minority of cases
- (B) Before voting is executed, we review external service providers' voting recommendations where the application of our voting policy is unclear**
 - Select from the below list:
 - (1) in all cases**
 - (2) in a majority of cases
 - (3) in a minority of cases
 - (D) We do not review external service providers' voting recommendations
 - (E) Not applicable; we do not use external service providers to give voting recommendations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 30	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

How is voting addressed in your securities lending programme?

- (A) We recall all securities for voting on all ballot items
- (B) When a vote is deemed important according to pre-established criteria (e.g. high stake in the company), we recall all our securities for voting

Provide details on these criteria:

Where there are no legal or practical impediments, we aim to vote with every share we hold. There is currently no stock lending undertaken by LGIM in the UK market, so all shares are available for voting. For other markets, our stock-lending policies differ, with limits on the number of shares lent per fund and per stock. Nonetheless we have always retained a number of shares in each voteable stock to be able to note our approval, or dissent, through a vote via the shareholder meeting. Moreover, we retain the right of immediate recall of our shares, should we deem this necessary or expedient. In practice, we do not typically recall lent stock for voting on routine company meetings. However, if there were a material vote – for example, a potential takeover of a company that we owned at a price that we did not believe was in the best interests of shareholders, we would recall any stock that was out on loan in order to vote with 100% of our clients' holding.

- (C) Other
- (D) We do not recall our securities for voting purposes
- (E) Not applicable; we do not have a securities lending programme

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 31	CORE	OO 9.1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

For the majority of votes cast over which you have discretion to vote, which of the following best describes your decision making approach regarding shareholder resolutions (or that of your external service provider(s) if decision making is delegated to them)?

- (A) We vote in favour of resolutions expected to advance progress on our stewardship priorities, including affirming a company's good practice or prior commitment
- (B) We vote in favour of resolutions expected to advance progress on our stewardship priorities, but only if the investee company has not already publicly committed to the action(s) requested in the proposal
- (C) We vote in favour of shareholder resolutions only as an escalation measure
- (D) We vote in favour of the investee company management's recommendations by default
- (E) Not applicable; we do not vote on shareholder resolutions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 32	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

During the reporting year, how did your organisation, or your external service provider(s), pre-declare voting intentions prior to voting in annual general meetings (AGMs) or extraordinary general meetings (EGMs)?

(A) We pre-declared our voting intentions publicly through the PRI's vote declaration system on the Resolution Database

(B) We pre-declared our voting intentions publicly by other means, e.g. through our website

Add link(s) to public disclosure:

<https://www.lgimblog.com/categories/esg-and-long-term-themes/lgims-voting-intentions-for-2022/>

(C) We privately communicated our voting decision to investee companies prior to the AGM/EGM

(D) We did not privately or publicly communicate our voting intentions prior to the AGM/EGM

(E) Not applicable; we did not cast any (proxy) votes during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33	CORE	OO 9	PGS 33.1	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, do you publicly disclose your (proxy) voting decisions or those made on your behalf by your external service provider(s), company by company and in a central source?

(A) Yes, for all (proxy) votes

Add link(s):

<https://vds.issgovernance.com/vds/#/MjU2NQ==/>

(B) Yes, for the majority of (proxy) votes

(C) Yes, for a minority of (proxy) votes

(D) No, we do not publicly report our (proxy) voting decisions company-by-company and in a central source

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33.1	CORE	PGS 33	N/A	PUBLIC	Stewardship: (Proxy) voting	2

In the majority of cases, how soon after an investee's annual general meeting (AGM) or extraordinary general meeting (EGM) do you publish your voting decisions?

- (A) Within one month of the AGM/EGM
- (B) Within three months of the AGM/EGM
- (C) Within six months of the AGM/EGM
- (D) Within one year of the AGM/EGM
- (E) More than one year after the AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 34	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, did your organisation, and/or the external service provider(s) acting on your behalf, communicate the rationale for your voting decisions during the reporting year?

	(1) In cases where we abstained or voted against management recommendations	(2) In cases where we voted against an ESG-related shareholder resolution
(A) Yes, we publicly disclosed the rationale	(1) for all votes	(1) for all votes
(B) Yes, we privately communicated the rationale to the company	(3) for a minority of votes	(3) for a minority of votes
(C) We did not publicly or privately communicate the rationale, or we did not track this information	<input type="radio"/>	<input type="radio"/>
(D) Not applicable; we did not abstain or vote against management recommendations or ESG-related shareholder resolutions during the reporting year	<input type="radio"/>	<input type="radio"/>

(A) Yes, we publicly disclosed the rationale - Add link(s):

<https://vds.issgovernance.com/vds/#/MjU2NQ==/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 35	PLUS	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

How does your organisation ensure vote confirmation, i.e. that your votes have been cast and counted correctly?

LGIM's custom voting policy is implemented in an automated fashion through an electronic voting platform called 'ProxyExchange' which is managed by ISS.

We undertake quarterly performance management reviews with ISS in which we discuss issues such as timeliness, the quality of their research and the application of our voting policy. During these meetings, we receive delivery statistics and discuss changes to team resources. We deliberate on specific instances where our expectations have not been met and review possible solutions to avoid future repetition.

We escalate issues to senior individuals at ISS where necessary. Once a year, we undertake a detailed due diligence meeting with ISS members across the research team, custom voting team, client managers and data teams. We also have regular meetings with ISS to discuss the implementation and evolution of our policies, as part of a review process to ensure that our decisions remain aligned to market best practices and evolving regulations. Any material changes to LGIM's custom voting policy require team agreement and are subject to challenge from LGIM's independent non-executive directors on the Investment Stewardship Committee. We regularly monitor the votes cast on our behalf to ensure they are executed fully and consistently in accordance with our policies.

In response to increased client demand for regular vote reporting, we have set up additional quality checks on short notice vote instructions and rejected votes.

Every member of the Investment Stewardship team has a responsibility to manually check a sample of votes cast each month to provide a quality control that votes have been executed as intended.

STEWARDSHIP: ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 36	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Escalation	2

For your listed equity holdings, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?

(1) Listed equity

- | | |
|---|-------------------------------------|
| (A) Joining or broadening an existing collaborative engagement or creating a new one | <input checked="" type="checkbox"/> |
| (B) Filing, co-filing, and/or submitting a shareholder resolution or proposal | <input checked="" type="checkbox"/> |
| (C) Publicly engaging the entity, e.g. signing an open letter | <input checked="" type="checkbox"/> |
| (D) Voting against the re-election of one or more board directors | <input checked="" type="checkbox"/> |
| (E) Voting against the chair of the board of directors, or equivalent, e.g. lead independent director | <input checked="" type="checkbox"/> |
| (F) Divesting | <input checked="" type="checkbox"/> |
| (G) Litigation | <input type="checkbox"/> |
| (H) Other | <input checked="" type="checkbox"/> |
| (I) In the past three years, we did not use any of the above escalation measures for our listed equity holdings | <input type="radio"/> |

(H) Other - (1) Listed equity - Specify:

Pre-declaring our voting intentions on select resolutions.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 37	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship: Escalation	2

For your corporate fixed income assets, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?

- (A) Joining or broadening an existing collaborative engagement or creating a new one
- (B) Publicly engaging the entity, e.g. signing an open letter
- (C) Not investing
- (D) Reducing exposure to the investee entity
- (E) Divesting
- (F) Litigation
- (G) Other
- (H) In the past three years, we did not use any of the above escalation measures for our corporate fixed income assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 38	PLUS	OO 8, OO 5.3 FI	N/A	PUBLIC	Stewardship: Escalation	2

Describe your approach to escalation for your internally managed SSA and/or private debt fixed income assets.

(A) SSA - Approach to escalation

We have a formal process in place for regularly identifying and incorporating ESG incidents into our investment decisions on sovereign, supranational and agency ('SSA') debt, monitoring long-term ESG trends across these assets. We engage at the pre-issuance, pre-investment, refinancing and (as applicable) default stages, including during the holding period.

Whenever possible, our engagement approach with sovereign issuers on ESG engagement is done via talking to issuers when they come to markets, or during NDRs/investor updates. The engagement focus areas will depend on which considerations are important for that specific issuer.

Additionally, we engage with non-issuer stakeholders (originators and primary dealers; credit rating agencies; business associations; media; and NGOs, think tanks and academics).

This enables us to express our views on the issues of concern for a particular credit.

At a country level, the quantitative assessment of our sovereign universe is supplemented by qualitative factors often used in ESG considerations. Our decision to incorporate these factors into the sovereign investment process is because we believe it enhances credit selection. credit quality and bond performance in a material way.

(B) Private debt - Approach to escalation

LGIM's private credit investments cover infrastructure, real estate, corporate and alternative debt. LGIM seeks to drive better ESG disclosure and transparency as part of its due diligence process on borrowers, by identifying ESG issues that are most material to the assets. ESG issues flagged during the due diligence process are discussed with the borrower and where appropriate, transaction structures may be amended to address ESG-related issues. Where material risks are identified, we may also ask the borrower to report to us on ESG metrics throughout the asset's lifecycle. An update on these risks will form part of the regular dialogue we have with borrowers on the risks and challenges.

Our ESG due diligence findings are summarised in the Private Credit Investment Committee memorandum. Decisions taken at Investment Committee on ESG matters will be recorded. Where conditional approval has been granted, the Investment and ESG teams will engage with the borrower to ensure that conditions or outstanding actions and/or documentation have been completed or attained and reviewed prior to drawdown. Any longer term ESG considerations that are deemed material over the life of the financing will be recorded and incorporated as part of the post-investment monitoring and reporting process. Ongoing monitoring after a transaction has been completed is an essential part of all our investments.

STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39	CORE	OO 8, OO 9	PGS 39.1, PGS 39.2	PUBLIC	Stewardship: Engagement with policy makers	2

Did your organisation, or the external investment managers or service providers acting on your behalf, engage with policy makers as part of your responsible investment approach during the reporting year?

- (A) Yes, we engaged with policy makers directly
- (B) Yes, we engaged with policy makers through the leadership of or active participation in working groups or collaborative initiatives, including via the PRI
- (C) Yes, we were members of, supported, or were in another way affiliated with third party organisations, including trade associations and non-profit organisations, that engage with policy makers, excluding the PRI
 - (D) We did not engage with policy makers directly or indirectly during the reporting year beyond our membership in the PRI

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.1	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, what methods did you, or the external investment managers or service providers acting on your behalf, use to engage with policy makers as part of your responsible investment approach?

- (A) We participated in 'sign-on' letters
- (B) We responded to policy consultations
- (C) We provided technical input via government- or regulator-backed working groups

Describe:

As an example, we would mention our Transition Plan Taskforce ('TPT') activity. Created in 2022 by HM Treasury, the TPT is focused on creating a 'gold standard' for private-sector climate transition plans. The TPT is also working to integrate nature into its expectations of good practice transition plans. LGIM's CEO, Michelle Scrimgeour, sits on the Steering Committee of the TPT. LGIM is also actively involved in the TPT delivery groups. A highlight from COP27 was the announcement by the TPT of the publication of its disclosure framework and implementation guidance. TPT's work enables consistent and comparable reporting of transition plans, building on the UK government's leadership on climate disclosure.

(D) We engaged policy makers on our own initiative

Describe:

As a major long-term investor with global coverage, LGIM engages with policymakers at an early stage to help them identify and address emerging risks, so they can take transformative steps to tackle systemic market issues and accelerate progress against complex global sustainability challenges. Our policy dialogue aims to produce real tangible change by designing, implementing and monitoring an effective and coherent policy, including a regulatory and legislative system that governs society, the environment and the economy.

As an example of engaging with policymakers on our own initiative, LGIM engaged with the US SEC on the proposed rule on Pay Versus Performance. The rule would require the amendment of executive pay disclosures to show compensation actually paid by a company related to its financial performance. We were encouraged to see the proposals and, in our feedback, we outlined four recommendations of how the rule could be strengthened. These were especially focused on payments i) being fair, balanced, and understandable, ii) promoting long-term decision making, iii) being accompanied by a full explanation, and iv) being in equity while employed and thereafter.

(E) Other methods

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.2	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, did your organisation publicly disclose details of your engagement with policy makers conducted as part of your responsible investment approach, including through external investment managers or service providers?

(A) We publicly disclosed all our policy positions

(B) We publicly disclosed details of our engagements with policy makers

Add link(s):

- https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/active-ownership/active-ownership-report-2022.pdf
- https://www.lgim.com/landg-assets/lgim/_document-library/responsible-investing/q2-2022-esg-impact_uk.pdf
- https://www.lgim.com/landg-assets/lgim/_document-library/responsible-investing/q3-2022-esg-impact.pdf
- https://www.lgim.com/landg-assets/lgim/_document-library/esg/q4-2022-esg-impact-report---final.pdf

(C) No, we did not publicly disclose details of our engagement with policy makers conducted as part of our responsible investment approach during the reporting year

STEWARDSHIP: EXAMPLES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 40	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Examples	2

Provide examples of stewardship activities that you conducted individually or collaboratively during the reporting year that contributed to desired changes in the investees, policy makers or other entities with which you interacted.

(A) Example 1:

Title of stewardship activity:

Collaborative engagement with the Access to Nutrition Initiative; a corporate engagement, co-led by LGIM.

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

For the second year we continued our collaborative engagement under the auspices of the Access to Nutrition Initiative (ATNI), with the listed companies within their index.

Together with another investment manager, we co-led the engagement with Grupo Bimbo under the auspices of ATNI.

Mexican multinational Grupo Bimbo is one of the 25 largest food and beverage companies globally. It produces and sells bakery products and operates in the Americas and Europe. Within the latest iteration of the ATNI Index, Grupo Bimbo scored 4.2/10 ranking 9th out of 25 organisations.

ATNI notes that Grupo Bimbo does not report against an independently developed and governed nutrient profiling model (NPM), such as the Health Star Rating (HSR) or NutriScore, but rather uses its own internal NPM. We believe employing an NPM which is independently developed and governed, and government endorsed, enables investors to more easily compare similar companies' product portfolios. Following written communications with the company and follow-up meetings, the company stated that it will benchmark its own nutrient profiling system against the Health Star Rating NPM which is also the NPM employed by ATNI. Grupo Bimbo further disclosed that it will be reporting the percentage of its sales which are attributable to healthy products as defined by HSR.

The company also indicated that it will undertake a third-party audit of the nutrition aspects reported in its annual report. In our most recent meeting in September 2022, the company had set targets for products which will improve regional micronutrient deficiencies. Grupo Bimbo will, for every region in which it operates, identify specific micronutrients, develop a regional specific strategy (e.g. product reformulation) and set a price point which will enable 'accessibility and affordability' for the targeted population. Grupo Bimbo also specified that it will increase its public disclosure around its responsible marketing practices. We look forward to continuing to engage with and monitor Grupo Bimbo's progress in the area of nutrition.

(B) Example 2:

Title of stewardship activity:

Corporate engagement: Glencore

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

As one of the world's largest diversified mining companies, with strong exposure to metals needed to decarbonise the global economy, we believe Glencore has a key role to play in the energy transition. Nevertheless, the company's exposure to thermal coal is material and, given the need to rapidly phase out coal to meet the company's own 1.5°C target, we have expressed our concerns about the lack of time-bound commitments to reduce or exit this business line entirely during our six engagements with the company since 2020. We welcomed the company's commitment to prioritise investments in metals that support the energy transition and to strengthen its interim emissions reduction targets. But our concerns regarding its thermal coal exposure and future plans led us to vote against the company's climate transition plan at its 2022 AGM.

Additionally, in line with LGIM's 'engagement with consequences' approach, we identified the company as a 'leading laggard' as part of our Climate Impact Pledge programme, and applied voting sanctions against the chair at the same AGM.

In 2022, we pledged to increase pressure on companies that fail to put suitably ambitious and credible transition plans to a shareholder vote, by filing shareholder resolutions. In light of our ongoing concerns at Glencore, we are putting our commitment into effect by co-filing a shareholder resolution at Glencore's 2023 AGM, requesting that the company disclose how its thermal coal production is aligned with the Paris Agreement objective of limiting the increase in global temperature to 1.5°C.

(C) Example 3:

Title of stewardship activity:

Private credit engagement: Saffron Weald Housing Association

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

We believe effective engagement in private debt markets is one of the key levers to enacting real change. Across our Real Assets division's private credit investments, engagement with borrowers pre- and post-investment is being used to improve disclosure and drive more positive outcomes across our assets. We have also worked with borrowers to incorporate ESG into deal structures, including the development of sustainability-linked loan structures and the incorporation of ESG reporting covenants. In 2022, LGIM funded a sustainability-linked deal in the corporate debt space with Saxon Weald, a housing association, based in West Sussex, providing affordable rented and shared ownership homes for individuals and families, as well as properties exclusively for the over 55s.

The proceeds of our investment will be used to finance new homes, designed to be energy efficient – with Saxon Weald targeting EPC A ratings on all new builds.

Proactive engagement with Saxon Weald enabled us to create an innovative sustainability-linked structure, which will deliver potential cost savings provided it meets ambitious energy efficiency targets. These targets are faster and further than otherwise required in the sector and aim to better support the communities in which Saxon Weald operates, and more widely, play a role in the South East's energy transition. We will continue to engage with the borrower on this topic and review the association's progress against key milestones.

(D) Example 4:

Title of stewardship activity:

Collaborative corporate engagement: Toyota

- (1) Led by
- (1) Internally led
 - (2) External service provider led
 - (3) Led by an external investment manager, real assets third-party operator and/or external property manager
- (2) Primary focus of stewardship activity
- (1) Environmental factors
 - (2) Social factors
 - (3) Governance factors
- (3) Asset class(es)
- (1) Listed equity
 - (2) Fixed income
 - (3) Private equity
 - (4) Real estate
 - (5) Infrastructure
 - (6) Hedge funds
 - (7) Forestry
 - (8) Farmland
 - (9) Other
- (4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

As a member of the ACGA Japan Working Group, LGIM engages with Japanese companies such as Toyota Motor Corporation, to improve their corporate governance and sustainability practices.

At Toyota, we have identified key issues around: 1. Capital allocation decisions (cross-shareholdings and insufficient investments in zero-emissions vehicles and related infrastructure); and 2. Board independence, diversity and effectiveness.

We originally started our engagement with Toyota in September 2021, alongside fellow shareholders. Our second meeting was held in early 2022 to discuss climate change, board composition and capital allocation.

Throughout these meetings with Toyota's investor relations team and chief sustainability officer, we expressed our concerns around the company's cross shareholdings, the lack of supervisory function at the board level given the low level of independence, and the company's climate transition strategy and related public policy engagements.

Given the company's size and influence at Japan's largest business federation and in industry associations, and since Toyota's first inclusion in our Climate Impact Pledge engagement in 2017, we have questioned the company's lobbying stance and its alignment with a 1.5°C world (this is also one of our red lines under sector guides for the auto sector in the Climate Impact Pledge). We were delighted to see improved transparency from the company in its climate public policy published in December 2021. While we consider corporate transparency a good first step, we hope that this will enable us to have more in-depth conversations on its views on climate and how the company plans to shift its strategy.

In September 2022, we spoke with one of the outside directors on the board and were able to have a candid conversation about how outside directors can add value to the board and the quality of board discussions. Given a recent controversy at one of Toyota's group companies, we will continue to engage with the company on corporate governance issues and push for better practices both in terms of corporate governance and climate strategy.

(E) Example 5:
Title of stewardship activity:

Real estate: The Dolphin Centre, Poole

- (1) Led by
- (1) Internally led
 - (2) External service provider led
 - (3) Led by an external investment manager, real assets third-party operator and/or external property manager
- (2) Primary focus of stewardship activity
- (1) Environmental factors
 - (2) Social factors
 - (3) Governance factors

- (3) Asset class(es)
- (1) Listed equity
 - (2) Fixed income
 - (3) Private equity
 - (4) **Real estate**
 - (5) Infrastructure
 - (6) Hedge funds
 - (7) Forestry
 - (8) Farmland
 - (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

We believe that real estate owners and investors have an important role to play in delivering meaningful societal impact. As such, in 2022, we explored how we could create a robust framework to capture the intentional, additional, and attributable economic, social and environmental benefits across our assets and the communities that they serve. Using Poole-based shopping centre, the Dolphin Centre, as one of our pilots, we focused on five key areas: 1. Understanding the local needs of the place in which the asset is located 2. Engaging with the local community and local representatives 3. Ensuring the plan is aligned with our commercial objectives 4.

Catalysing change through partnerships and collaboration 5. Monitoring and measuring the impact, both commercially, and socially. The Dolphin project was part of the wider LGIM Real Assets retail strategy that involved reimagining the shopping centre into a mixed-use community hub, offering products and services aimed at delivering positive, and more inclusive, environmental and social outcomes for the local community. Initially, a community partnership was established with key community stakeholders to understand local needs, notably an ageing population and a lack of suitable employment opportunities. Smaller sub-projects were then designed to cover a range of aims, including providing access to affordable spaces for local businesses.

The Dolphin Centre also welcomed the country's first 'Think Big Clinic', with the NHS University Hospitals Dorset. Not only aimed at tackling patient waiting times, the centre will cover dermatology, orthopaedics, ophthalmology and breast screening. By setting up a breast screening unit in the middle of Poole, the Trust will be able to offer women from all over the county the opportunity to have mammograms, which were delayed by COVID-19, in a purpose-built unit. This has not only diversified the asset offering for the community, but has delivered significant place-based social impact.

CLIMATE CHANGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41	CORE	N/A	PGS 41.1	PUBLIC	Climate change	General

Has your organisation identified climate-related risks and opportunities affecting your investments?

(A) Yes, within our standard planning horizon

Specify the risks and opportunities identified and your relevant standard planning horizon:

Under our TCFD approach, short- and medium-term planning horizons are set out as three years and 10 years respectively. A summary of the climate-related risks and opportunities relevant for LGIM are as follows:

Opportunities:

- Investing in the technology and infrastructure needed to transition away from carbon emissions, such as renewable energy sources, low-carbon properties, low-carbon heating, electrification of transport and nature-based solutions
- Attract and retain clients by supporting their needs to decarbonise their investment portfolios, for example through net zero-aligned investment products and funds, and provision of data and analytical tools
- Manage funds that provide clients with access to financing opportunities in transition technologies and infrastructure
- Engage with companies and governments to encourage a fast and orderly 'just transition', which also enhances trust in our brand
- Enhance returns from investing in homes and commercial properties by enabling them to operate with net zero carbon emissions
- Increase our market differentiation through reduced embodied carbon in construction
- Protect our long-term returns by developing real assets with high levels of climate resilience

Risks:

- Investments in sectors or companies which are adversely exposed to a transitioning economy lose value or are downgraded
- Disruptive technology may affect the value of our investments
- Increased frequency or severity of extreme weather events may impact on the value of physical assets or the value of companies with high exposures to these risks
- Loss of market share should investment solutions be perceived as not meeting rapidly evolving client needs
- A breach of evolving legislative or regulatory requirements may expose us to litigation or regulatory sanction and damage our brand
- Reputational risk from not meeting our own commitments, or if activities across the group are not aligned
- High delivery costs of low-carbon solutions for residential and commercial properties may impact viability
- High delivery costs due to changing weather patterns disrupting our supply chain, leading to increased costs and material shortages
- Property values fall due to increased risk of extreme weather impacts, higher insurance costs or poor energy efficiency
- We are inherently exposed to the risk that key personnel may leave the group, with an adverse effect on performance

Our L&G Group TCFD report can be accessed at the following link, with climate-related risks and opportunities highlighted on page 8: <https://group.legalandgeneral.com/media/hf0ppmpl/climate-report-final-high-res.pdf>.

(B) Yes, beyond our standard planning horizon

Specify the risks and opportunities identified and your relevant standard planning horizon:

As well as the short and medium-term planning horizons identified above, our approach under TCFD includes a long-term horizon up to 2050. This strives to challenge and shape the very nature of our business as well as the overall strategy.

- o (C) No, we have not identified climate-related risks and/or opportunities affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41.1	CORE	PGS 41	N/A	PUBLIC	Climate change	General

Does your organisation integrate climate-related risks and opportunities affecting your investments in its overall investment strategy, financial planning and (if relevant) products?

● (A) Yes, our overall investment strategy, financial planning and (if relevant) products integrate climate-related risks and opportunities

Describe how climate-related risks and opportunities have affected or are expected to affect your investment strategy, financial planning and (if relevant) products:

As part of our commitment to the Net Zero Asset Managers Initiative we have considered how to integrate climate-related risks and opportunities into our investment strategies, methodologies and products. As part of this, we have developed an internal framework with criteria set out for net zero products which is based on the three key frameworks recommended by the NZAMI. This can be accessed at the following link: <https://www.lgim.com/landg-assets/lgim/insights/our-thinking/reaching-net-zero-lgims-approach.pdf>

We have developed LGIM Destination@Risk as a proprietary toolkit to assess climate-related risk for our investments. It allows us to explore a range of possible climate futures and examine their company, sector and portfolio-level financial implications as well as our investments' alignment with net-zero outcomes. Please see the following link for further details: https://www.lgim.com/landg-assets/lgim/_document-library/responsible-investing/lgim-destination-at-risk-flyer.pdf.

Examples of how climate-related risks and opportunities are considered across our asset classes are detailed in the following link: https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/cro-reaching-for-net-zero-asset-classed-flyer.pdf.

○ (B) No, our organisation has not yet integrated climate-related risks and opportunities into its investment strategy, financial planning and (if relevant) products

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 42	PLUS	N/A	N/A	PUBLIC	Climate change	General

Which sectors are covered by your organisation's strategy addressing high-emitting sectors?

(A) Coal

Describe your strategy:

Our approach to high-emitting sectors is consistent with our approach under TCFD. This defines a carbon intensive sector/high emitting sector as a BICS sector that has an emissions intensity greater than or equal to one standard deviation from the mean. This currently includes Basic Materials, Utilities and Energy.

(B) Gas

Describe your strategy:

Our approach to high-emitting sectors is consistent with our approach under TCFD. This defines a carbon intensive sector/high emitting sector as a BICS sector that has an emissions intensity greater than or equal to one standard deviation from the mean. This currently includes Basic Materials, Utilities and Energy.

Within LGIM's Climate Impact Pledge, we focus on climate-critical sectors, which are responsible for the most global greenhouse gas emissions from listed companies and/or vital to climate transition at scale, as well as the most carbon-intensive sectors in LGIM portfolios. We are encouraging companies within the 20 climate-critical sectors we have identified, to tackle climate change and transition to a low-carbon economy.

(C) Oil

Describe your strategy:

Our approach to high-emitting sectors is consistent with our approach under TCFD. This defines a carbon intensive sector/high emitting sector as a BICS sector that has an emissions intensity greater than or equal to one standard deviation from the mean. This currently includes Basic Materials, Utilities and Energy.

Within LGIM's Climate Impact Pledge, we focus on climate-critical sectors, which are responsible for the most global greenhouse gas emissions from listed companies and/or vital to climate transition at scale, as well as the most carbon-intensive sectors in LGIM portfolios. We are encouraging companies within the 20 climate-critical sectors we have identified, to tackle climate change and transition to a low-carbon economy.

(D) Utilities

Describe your strategy:

Our approach to high-emitting sectors is consistent with our approach under TCFD. This defines a carbon intensive sector/high emitting sector as a BICS sector that has an emissions intensity greater than or equal to one standard deviation from the mean. This currently includes Basic Materials, Utilities and Energy.

Within LGIM's Climate Impact Pledge, we focus on climate-critical sectors, which are responsible for the most global greenhouse gas emissions from listed companies and/or vital to climate transition at scale, as well as the most carbon-intensive sectors in LGIM portfolios. We are encouraging companies within the 20 climate-critical sectors we have identified, to tackle climate change and transition to a low-carbon economy.

(E) Cement

Describe your strategy:

Our approach to high-emitting sectors is consistent with our approach under TCFD. This defines a carbon intensive sector/high emitting sector as a BICS sector that has an emissions intensity greater than or equal to one standard deviation from the mean. This currently includes Basic Materials, Utilities and Energy.

Within LGIM's Climate Impact Pledge, we focus on climate-critical sectors, which are responsible for the most global greenhouse gas emissions from listed companies and/or vital to climate transition at scale, as well as the most carbon-intensive sectors in LGIM portfolios. We are encouraging companies within the 20 climate-critical sectors we have identified, to tackle climate change and transition to a low-carbon economy.

(F) Steel

Describe your strategy:

Our approach to high-emitting sectors is consistent with our approach under TCFD. This defines a carbon intensive sector/high emitting sector as a BICS sector that has an emissions intensity greater than or equal to one standard deviation from the mean. This currently includes Basic Materials, Utilities and Energy.

Within LGIM's Climate Impact Pledge, we focus on climate-critical sectors, which are responsible for the most global greenhouse gas emissions from listed companies and/or vital to climate transition at scale, as well as the most carbon-intensive sectors in LGIM portfolios. We are encouraging companies within the 20 climate-critical sectors we have identified, to tackle climate change and transition to a low-carbon economy.

(G) Aviation

Describe your strategy:

Within LGIM's Climate Impact Pledge, we focus on climate-critical sectors, which are responsible for the most global greenhouse gas emissions from listed companies and/or vital to climate transition at scale, as well as the most carbon-intensive sectors in LGIM portfolios. We are encouraging companies within the 20 climate-critical sectors we have identified, to tackle climate change and transition to a low-carbon economy.

(H) Heavy duty road

Describe your strategy:

Within LGIM's Climate Impact Pledge, we focus on climate-critical sectors, which are responsible for the most global greenhouse gas emissions from listed companies and/or vital to climate transition at scale, as well as the most carbon-intensive sectors in LGIM portfolios. We are encouraging companies within the 20 climate-critical sectors we have identified, to tackle climate change and transition to a low-carbon economy.

(I) Light duty road

Describe your strategy:

Within LGIM's Climate Impact Pledge, we focus on climate-critical sectors, which are responsible for the most global greenhouse gas emissions from listed companies and/or vital to climate transition at scale, as well as the most carbon-intensive sectors in LGIM portfolios. We are encouraging companies within the 20 climate-critical sectors we have identified, to tackle climate change and transition to a low-carbon economy.

(J) Shipping

Describe your strategy:

Within LGIM's Climate Impact Pledge, we focus on climate-critical sectors, which are responsible for the most global greenhouse gas emissions from listed companies and/or vital to climate transition at scale, as well as the most carbon-intensive sectors in LGIM portfolios. We are encouraging companies within the 20 climate-critical sectors we have identified, to tackle climate change and transition to a low-carbon economy.

(K) Aluminium

Describe your strategy

Our approach to high-emitting sectors is consistent with our approach under TCFD. This defines a carbon intensive sector/high emitting sector as a BICS sector that has an emissions intensity greater than or equal to one standard deviation from the mean. This currently includes Basic Materials, Utilities and Energy.

Within LGIM's Climate Impact Pledge, we focus on climate-critical sectors, which are responsible for the most global greenhouse gas emissions from listed companies and/or vital to climate transition at scale, as well as the most carbon-intensive sectors in LGIM portfolios. We are encouraging companies within the 20 climate-critical sectors we have identified, to tackle climate change and transition to a low-carbon economy.

(L) Agriculture, forestry, fishery

(M) Chemicals

Describe your strategy:

Our approach to high-emitting sectors is consistent with our approach under TCFD. This defines a carbon intensive sector/high emitting sector as a BICS sector that has an emissions intensity greater than or equal to one standard deviation from the mean. This currently includes Basic Materials, Utilities and Energy.

Within LGIM's Climate Impact Pledge, we focus on climate-critical sectors, which are responsible for the most global greenhouse gas emissions from listed companies and/or vital to climate transition at scale, as well as the most carbon-intensive sectors in LGIM portfolios. We are encouraging companies within the 20 climate-critical sectors we have identified, to tackle climate change and transition to a low-carbon economy.

(N) Construction and buildings

Describe your strategy:

Within LGIM's Climate Impact Pledge, we focus on climate-critical sectors, which are responsible for the most global greenhouse gas emissions from listed companies and/or vital to climate transition at scale, as well as the most carbon-intensive sectors in LGIM portfolios. We are encouraging companies within the 20 climate-critical sectors we have identified, to tackle climate change and transition to a low-carbon economy.

(O) Textile and leather

Describe your strategy:

Within LGIM's Climate Impact Pledge, we focus on climate-critical sectors, which are responsible for the most global greenhouse gas emissions from listed companies and/or vital to climate transition at scale, as well as the most carbon-intensive sectors in LGIM portfolios. We are encouraging companies within the 20 climate-critical sectors we have identified, to tackle climate change and transition to a low-carbon economy.

(P) Water

Describe your strategy:

Our approach to high-emitting sectors is consistent with our approach under TCFD. This defines a carbon intensive sector/high emitting sector as a BICS sector that has an emissions intensity greater than or equal to one standard deviation from the mean. This currently includes Basic Materials, Utilities and Energy.

(Q) Other

Specify:

Describe your strategy:

Forestry and Paper Pulp, Food, Glass, Logistics, Banks, Insurance, Mining, Tech & Telecoms - within LGIM's Climate Impact Pledge, we focus on climate-critical sectors, which are responsible for the most global greenhouse gas emissions from listed companies and/or vital to climate transition at scale, as well as the most carbon-intensive sectors in LGIM portfolios. We are encouraging companies within the 20 climate-critical sectors we have identified, to tackle climate change and transition to a low-carbon economy.

- (R) We do not have a strategy addressing high-emitting sectors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 43	CORE	N/A	N/A	PUBLIC	Climate change	General

Has your organisation assessed the resilience of its investment strategy in different climate scenarios, including one in which the average temperature rise is held to below 2 degrees Celsius (preferably to 1.5 degrees Celsius) above pre-industrial levels?

- (A) Yes, using the Inevitable Policy Response Forecast Policy Scenario (FPS) or Required Policy Scenario (RPS)
- (B) Yes, using the One Earth Climate Model scenario
- (C) Yes, using the International Energy Agency (IEA) Net Zero scenario

(D) Yes, using other scenarios

Specify:

LGIM has developed a number of pathways in house using our LGIM Destination@Risk toolkit. This includes three separate scenarios where temperature is held below 2 degrees Celsius and our L&G Group climate reporting in line with TCFD is consistent with this approach. The scenarios include insights with a number of the scenarios above and further detail can be found on pages 17-21 of our L&G Climate report at the following link: <https://group.legalandgeneral.com/media/hf0ppmpl/climate-report-final-high-res.pdf>

- (E) No, we have not assessed the resilience of our investment strategy in different climate scenarios, including one that holds temperature rise to below 2 degrees

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 44	CORE	N/A	N/A	PUBLIC	Climate change	General

Does your organisation have a process to identify, assess, and manage the climate-related risks (potentially) affecting your investments?

(A) Yes, we have a process to identify and assess climate-related risks

(1) Describe your process

Scenario analysis helps us to understand the strategic implications of possible climate pathways, including the key features of transition to a net zero economy. We use scenarios to explore the role our organisation can play, alongside policy and corporate action, in mitigating climate risk and supporting opportunity. We develop our own bottom-up scenarios of how the energy and land systems may evolve to 2050. The Paris Agreement sets out its goal as limiting global warming by 2100 to well-below 2°C, ideally 1.5°C above pre-industrial temperatures. In trying to model plausible pathways to these outcomes, we must try to capture change across the energy and land systems and make difficult trade-offs between minimising short-term policy impact and limiting the long-term physical risks from climate change.

Our LGIM Destination@Risk toolkit translates these scenarios into company, sector and portfolio-level implications.

We use two main metrics: one is climate risk, which describes the potential risk from various climate scenarios to asset valuations, and the other is temperature alignment, which assesses whether companies are contributing to the changes we require to reach global climate commitments, or whether they put them at risk.

Having taken part in the Bank of England's Biennial Exploratory Scenario on climate change exercise through 2021 and 2022, testing the resilience of the current business models of the largest banks, insurers and the financial system to climate-related risks, the results of the exercise have been published here: bit.ly/Resultsofthe2021ClimateBiennialExploratoryScenario

Real Assets

LGIM has also conducted an initial qualitative review of the different climate transition-related risk drivers that, if unmitigated, could impact the real estate sector.

This analysis was aligned with the scenario analysis indicated above. In 2022, LGIM undertook a forward-looking physical climate modelling exercise to understand the risk exposure that our real estate equity portfolio currently faces across all climate hazards, and how this is likely to change in the future. This was conducted under two different climate warming scenarios, the Intergovernmental Panel on Climate Change (IPCC) RCP 2.6 and RCP 8.5 scenarios. The purpose of completing this analysis was to better understand the level of risk exposure present across LGIM today and in the future, and to highlight assets deemed the most at risk. Our approach also quantifies the relative financial impact of physical climate risk perils, enabling us to deepen our understanding of how climate may impact our portfolio and develop a more robust investment strategy going forward.

(2) Describe how this process is integrated into your overall risk management

We have integrated climate risk management into our existing risk and governance framework and have carried out a detailed assessment of how we could expect climate risk to emerge across our business model. From the investments that we hold:

Credit: climate change may impact on credit risk both through movements in credit spreads (due to a similar process as those driving changes in the equity valuation described below) and through credit rating transitions as a result of changes in either actual or anticipated default rates.

Market: climate change may impact on equity and property risk through asset values being exposed to a (potentially sudden) repricing to reflect transition risks to a low or carbon-neutral economy, or due to more frequent and severe weather events and longer-term shifts in climate impacting on asset values.

These may be through actual experience or a change in anticipated future experience. Climate change may also present enhanced asset returns, such as increased equity valuation for a firm enabling the transition to a low-carbon economy. Climate change may impact on other market risk exposures through movements in macroeconomic factors such as interest, inflation and foreign exchange rates.

Client funds: all investment objectives and risks associated with these portfolios are borne by the end investors.

These risks will include the financial risks from climate change. While the ultimate decision to choose a specific mandate or portfolio lies with our clients, one of the key ways in which we can have a positive impact is by helping clients, the owners and ultimate beneficiaries, take action on climate change. We seek to achieve this through disclosing climate metrics and an assessment of the implications of climate change on our clients' assets. This analysis helps our clients better understand the climate risks that may be held in their portfolio.

Real Assets: We are implementing policies and processes to identify transition and physical climate-related risks across all our real estate equity portfolios throughout the asset lifecycle.

Examples include net zero audits, which are required for all new acquisitions and are used to understand required measures to achieve net zero and to assess feasibility, costs and timeframe for completion of these measures. Flood risk has also always been embedded in our investment strategy and is a key component of our standard due diligence process of all property acquisitions.

(B) Yes, we have a process to manage climate-related risks

(1) Describe your process

Equity and Fixed Income

Subject to our clients' different mandates we have varying degrees of discretion to mitigate climate risks in portfolios, for example in an index fund, LGIM's stewardship engagement activity is the primary management tool, whereas in active investment strategies we have other levers that can be applied.

We have incorporated climate considerations and LGIM Destination@Risk climate modelling within our research analysis tool, LGIM Active ESG View such that portfolio managers can pro-actively assess individual security and portfolio level climate risk exposures in determination of portfolio trading and construction decisions.

Real Assets

To manage transition risks, we aim to buy assets which have undergone stringent sustainability assessments, including identifying BREEAM and EPC ratings and completing individual Asset Sustainability Plans (ASPs), which draws together improvement opportunities for implementation as well as a consideration of other sustainability factors.

Net zero audits are also a requirement at acquisition and are in the process of being rolled out across targeted standing assets too. These are used to identify the measures required to achieve net zero alongside feasibility, costs and timelines, with outputs of these also built into ASPs. This helps to identify alignment with our interim 2030 SBT-aligned targets. On physical climate risk, our work with XDI helps to identify any at-risk assets to enable suitable adaptation strategies to be developed.

(2) Describe how this process is integrated into your overall risk management

- We deploy a range of management actions to meet our risk management objectives, including:
1. established framework for climate commitments
 2. exclusions and high carbon escalation
 3. review our existing tolerance framework to incorporate climate considerations
 4. active engagement.

These actions seek to manage our exposure to climate-related risks associated with our investments and operations and the risks that we do not achieve our climate-related goals and targets.

Real Assets

Our approach is embedded within our investment process at the Investment Committee level. We also use our specialist ESG data platform, provided by Deepki, to monitor our progress against our net zero by 2050 commitment and our 2030 SBTi aligned interim targets. The platform contains key climate risk metrics and Asset Sustainability Plans (ASPs) and, using this platform, Deepki provide our quarterly analysis at asset and fund level and provide our annual reporting data.

- (C) No, we do not have any processes to identify, assess, or manage the climate-related risks affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 45	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, which of the following climate risk metrics or variables affecting your investments did your organisation use and disclose?

(A) Exposure to physical risk

(1) Indicate whether this metric or variable was used and disclosed, including the methodology

- (1) Metric or variable used

- (2) Metric or variable used and disclosed**

- (3) Metric or variable used and disclosed, including methodology

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

<https://group.legalandgeneral.com/media/hf0ppmpl/climate-report-final-high-res.pdf>

(B) Exposure to transition risk

(1) Indicate whether this metric or variable was used and disclosed, including the methodology

- (1) Metric or variable used

- (2) Metric or variable used and disclosed**

- (3) Metric or variable used and disclosed, including methodology

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

<https://group.legalandgeneral.com/media/hf0ppmpl/climate-report-final-high-res.pdf>

(C) Internal carbon price

(D) Total carbon emissions

(E) Weighted average carbon intensity

(1) Indicate whether this metric or variable was used and disclosed, including the methodology

- (1) Metric or variable used

- (2) Metric or variable used and disclosed

- (3) Metric or variable used and disclosed, including methodology**

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

<https://group.legalandgeneral.com/media/hf0ppmpl/climate-report-final-high-res.pdf>

(F) Avoided emissions

(G) Implied Temperature Rise (ITR)

(1) Indicate whether this metric or variable was used and disclosed, including the methodology

- (1) Metric or variable used
- (2) Metric or variable used and disclosed

(3) Metric or variable used and disclosed, including methodology

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

<https://group.legalandgeneral.com/media/hf0ppmpl/climate-report-final-high-res.pdf>

(H) Non-ITR measure of portfolio alignment with UNFCCC Paris Agreement goals

(I) Proportion of assets or other business activities aligned with climate-related opportunities

(J) Other metrics or variables

(K) Our organisation did not use or disclose any climate risk metrics or variables affecting our investments during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 46	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, did your organisation disclose its Scope 1, Scope 2, and/or Scope 3 greenhouse gas emissions?

(A) Scope 1 emissions

(1) Indicate whether this metric was disclosed, including the methodology

- (1) Metric disclosed

(2) Metric and methodology disclosed

(2) Provide links to the disclosed metric and methodology, as applicable

<https://group.legalandgeneral.com/media/hf0ppmpl/climate-report-final-high-res.pdf>

https://group.legalandgeneral.com/media/avxdiisu/l-g_scope_1-and-2_carbon_emissions_basis_of_reporting_final-v2.pdf

(B) Scope 2 emissions

(1) Indicate whether this metric was disclosed, including the methodology

- (1) Metric disclosed

(2) Metric and methodology disclosed

(2) Provide links to the disclosed metric and methodology, as applicable

<https://group.legalandgeneral.com/media/hf0ppmpl/climate-report-final-high-res.pdf>

https://group.legalandgeneral.com/media/avxdiisu/l-g_scope_1-and-2_carbon_emissions_basis_of_reporting_final-v2.pdf

(C) Scope 3 emissions (including financed emissions)

(1) Indicate whether this metric was disclosed, including the methodology

- (1) Metric disclosed

(2) Metric and methodology disclosed

(2) Provide links to the disclosed metric and methodology, as applicable

<https://group.legalandgeneral.com/media/hf0ppmpl/climate-report-final-high-res.pdf>

https://group.legalandgeneral.com/media/piun1qai/l-g_scope_3_carbon_emissions_basis_of_reporting_final-v2.pdf

- (D) Our organisation did not disclose its Scope 1, Scope 2, or Scope 3 greenhouse gas emissions during the reporting year

SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47	CORE	N/A	Multiple indicators	PUBLIC	Sustainability outcomes	1, 2

Has your organisation identified the intended and unintended sustainability outcomes connected to its investment activities?

- (A) Yes, we have identified one or more specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet identified the sustainability outcomes connected to any of our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.1	CORE	PGS 47	N/A	PUBLIC	Sustainability outcomes	1, 2

Which widely recognised frameworks has your organisation used to identify the intended and unintended sustainability outcomes connected to its investment activities?

- (A) The UN Sustainable Development Goals (SDGs) and targets
- (B) The UNFCCC Paris Agreement
- (C) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (D) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (E) The EU Taxonomy
- (F) Other relevant taxonomies
- (G) The International Bill of Human Rights
- (H) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (I) The Convention on Biological Diversity
- (J) Other international framework(s)
- (K) Other regional framework(s)
- (L) Other sectoral/issue-specific framework(s)
- (M) Our organisation did not use any widely recognised frameworks to identify the intended and unintended sustainability outcomes connected to its investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.2	CORE	PGS 47	PGS 48	PUBLIC	Sustainability outcomes	1, 2

What are the primary methods that your organisation has used to determine the most important intended and unintended sustainability outcomes connected to its investment activities?

- (A) Identify sustainability outcomes that are closely linked to our core investment activities
- (B) Consult with key clients and/or beneficiaries to align with their priorities
- (C) Assess which actual or potential negative outcomes for people are most severe based on their scale, scope, and irremediable character
- (D) Identify sustainability outcomes that are closely linked to systematic sustainability issues
- (E) Analyse the input from different stakeholders (e.g. affected communities, civil society, trade unions or similar)
- (F) Understand the geographical relevance of specific sustainability outcome objectives
- (G) Other method
- (H) We have not yet determined the most important sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48	CORE	PGS 47.2	PGS 48.1, SO 1	PUBLIC	Sustainability outcomes	1, 2

Has your organisation taken action on any specific sustainability outcomes connected to its investment activities, including to prevent and mitigate actual and potential negative outcomes?

- (A) Yes, we have taken action on some of the specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet taken action on any specific sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48.1	PLUS	PGS 48	N/A	PUBLIC	Sustainability outcomes	1, 2

Why has your organisation taken action on specific sustainability outcomes connected to its investment activities?

- (A) We believe that taking action on sustainability outcomes is relevant to our financial risks and returns over both short- and long-term horizons
- (B) We believe that taking action on sustainability outcomes, although not yet relevant to our financial risks and returns, will become so over a long-time horizon
- (C) We have been requested to do so by our clients and/or beneficiaries

- (D) We want to prepare for and respond to legal and regulatory developments that are increasingly addressing sustainability outcomes
- (E) We want to protect our reputation, particularly in the event of negative sustainability outcomes connected to investments
- (F) We want to enhance our social licence-to-operate (i.e. the trust of beneficiaries, clients, and other stakeholders)
- (G) We believe that taking action on sustainability outcomes in parallel to financial return goals has merit in its own right
- (H) Other

HUMAN RIGHTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49	PLUS	PGS 47	PGS 49.1	PUBLIC	Human rights	1, 2

During the reporting year, what steps did your organisation take to identify and take action on the actual and potentially negative outcomes for people connected to your investment activities?

- (A) We assessed the human rights context of our potential and/or existing investments and projected how this could connect our organisation to negative human rights outcomes

Explain how these activities were conducted:

Our controversial weapons exclusions apply to companies involved in the production of cluster munitions, antipersonnel landmines, and biological and chemical weapons. Screening will be carried out and exclusions applied where there is evidence of non-compliance with recognised international treaties, specified in our Controversial Weapons Policy, which is publicly available on our website.

Under our Future World Protection List, applied to fund as applicable by mandate, companies which have been in violation of the UNGC for 36 continuous months will be excluded.

More broadly, under our Climate Impact Pledge, we emphasise the importance for companies of integrating social implications for delivering a transition to net zero. For sectors where the transition could have direct social implications, we expect companies' decarbonisation strategies to incorporate a 'just transition' perspective.

- (B) We assessed whether individuals at risk or already affected might be at heightened risk of harm
- (C) We consulted with individuals and groups who were at risk or already affected, their representatives and/or other relevant stakeholders such as human rights experts
- (D) We took other steps to assess and manage the actual and potentially negative outcomes for people connected to our investment activities
 - (E) We did not identify and take action on the actual and potentially negative outcomes for people connected to any of our investment activities during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49.1	PLUS	PGS 49	N/A	PUBLIC	Human rights	1, 2

During the reporting year, which stakeholder groups did your organisation include when identifying and taking action on the actual and potentially negative outcomes for people connected to your investment activities?

- (A) Workers

Sector(s) for which each stakeholder group was included

- (1) Energy
- (2) Materials
- (3) Industrials
- (4) Consumer discretionary
- (5) Consumer staples
- (6) Healthcare
- (7) Finance
- (8) Information technology
- (9) Communication services
- (10) Utilities
- (11) Real estate

(B) Communities

Sector(s) for which each stakeholder group was included

- (1) Energy
- (2) Materials
- (3) Industrials
- (4) Consumer discretionary
- (5) Consumer staples
- (6) Healthcare
- (7) Finance
- (8) Information technology
- (9) Communication services
- (10) Utilities
- (11) Real estate

(C) Customers and end-users

(D) Other stakeholder groups

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49.2	PLUS	PGS 47	N/A	PUBLIC	Human rights	1, 2

During the reporting year, what information sources did your organisation use to identify the actual and potentially negative outcomes for people connected to its investment activities?

(A) Corporate disclosures

Provide further detail on how your organisation used these information sources:

We pay close attention to corporate disclosures, particularly around AGM season, and to the shareholder resolutions being proposed, which may in some cases be an indication of problems at a company. In the 2023 AGM season, we have published our stance regarding racial equity audits (which are becoming an increasingly frequent request via shareholder proposals at US companies). We believe there is a clear business case for racial equity audits, which can help companies mitigate the risks of discriminatory practices and realise the opportunities of a more diverse workforce and customer base, and we regularly support shareholder proposals that are in line with this belief.

Corporate disclosures are also a key element incorporated into LGIM's fundamental investment research and portfolio management functions.

(B) Media reports

Provide further detail on how your organisation used these information sources:

As part of our regular stewardship and investment research and monitoring, we do take account of media reports from reputable sources.

(C) Reports and other information from NGOs and human rights institutions

Provide further detail on how your organisation used these information sources:

As part of our regular stewardship and investment research and monitoring, we do take account such reports, relating to financially material ESG issues.

(D) Country reports, for example, by multilateral institutions, e.g. OECD, World Bank

Provide further detail on how your organisation used these information sources:

As part of our regular stewardship and investment research and monitoring, we do take account such reports, relating to financially material ESG issues.

(E) Data provider scores or benchmarks

Provide further detail on how your organisation used these information sources:

We track companies' adherence to our minimum ESG standards via our LGIM ESG Score, which can indicate whether there are potential red flags around social and human rights issues. Our LGIM ESG Score is a proprietary scoring mechanism, which uses data from reputable third-party providers to assess around 17,000 companies on a range of significant E, S and G factors.

(F) Human rights violation alerts

Provide further detail on how your organisation used these information sources:

The LGIM Future World Protection List excludes companies which have been violators of the UNGC for a continuous period of 36 months. To monitor this trigger, we use third-party data from a reputable provider.

(G) Sell-side research

Provide further detail on how your organisation used these information sources:

As part of our regular stewardship and investment research and monitoring, we do take account such reports.

(H) Investor networks or other investors

Provide further detail on how your organisation used these information sources:

LGIM is a member of several fora in which we are able to discuss industry-wide issues with our peers and to raise awareness of trends and potential problems. One such example is the Investor Forum. Additionally, we are also members of a number of peer-group collaborations: one example is Investor Action on AMR, through which we aim, alongside our industry peers, to raise awareness and galvanise global policy action on this crucial issue which, if left unmitigated, has the potential for devastating social, economic and financial damage around the world.

(I) Information provided directly by affected stakeholders or their representatives

(J) Social media analysis

(K) Other

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 50	PLUS	PGS 47	N/A	PUBLIC	Human rights	1, 2

During the reporting year, did your organisation, directly or through influence over investees, enable access to remedy for people affected by negative human rights outcomes connected to your investment activities?

(A) Yes, we enabled access to remedy directly for people affected by negative human rights outcomes we caused or contributed to through our investment activities

(B) Yes, we used our influence to ensure that our investees provided access to remedies for people affected by negative human rights outcomes we were linked to through our investment activities

Describe:

Through our engagement programme with the Platform for Living Wage Financials we assess a number of listed global companies. This assessment includes their policies and procedures for providing access to remedy for supply chain workers that have suffered as a result of breaches of their human rights. The companies are scored based on their disclosures on policy and application on access to remedy; we then conduct engagements with these companies to try to encourage them to improve their practices.

- (C) No, we did not enable access to remedy directly, or through the use of influence over investees, for people affected by negative human rights outcomes connected to our investment activities during the reporting year

LISTED EQUITY (LE)

OVERALL APPROACH

MATERIALITY ANALYSIS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1	CORE	OO 21	N/A	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify and incorporate material ESG factors across your listed equity strategies?

	(1) Passive equity	(3) Active - fundamental
(A) Yes, our investment process incorporates material governance factors	(1) for all of our AUM	(1) for all of our AUM
(B) Yes, our investment process incorporates material environmental and social factors	(1) for all of our AUM	(1) for all of our AUM
(C) Yes, our investment process incorporates material ESG factors beyond our organisation's average investment holding period	(1) for all of our AUM	(1) for all of our AUM
(D) No, we do not have a formal process. Our investment professionals identify material ESG factors at their discretion	○	○

(E) No, we do not have a formal or informal process to identify and incorporate material ESG factors

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○

MONITORING ESG TRENDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 2	CORE	OO 21	N/A	PUBLIC	Monitoring ESG trends	1

Does your organisation have a formal process for monitoring and reviewing the implications of changing ESG trends across your listed equity strategies?

(1) Passive equity

(3) Active - fundamental

(A) Yes, we have a formal process that includes scenario analyses

(1) for all of our AUM

(1) for all of our AUM

(B) Yes, we have a formal process, but it does not include scenario analyses

(C) We do not have a formal process for our listed equity strategies; our investment professionals monitor how ESG trends vary over time at their discretion

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○

(D) We do not monitor and review the implications of changing ESG trends on our listed equity strategies

○

○

PRE-INVESTMENT

ESG INCORPORATION IN RESEARCH

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 3	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

How does your financial analysis and equity valuation or security rating process incorporate material ESG risks?

(2) Active - fundamental

(A) We incorporate material governance-related risks into our financial analysis and equity valuation or security rating process

(1) in all cases

(B) We incorporate material environmental and social risks into our financial analysis and equity valuation or security rating process

(1) in all cases

(C) We incorporate material environmental and social risks related to companies' supply chains into our financial analysis and equity valuation or security rating process

(1) in all cases

(D) We do not incorporate material ESG risks into our financial analysis, equity valuation or security rating processes

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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

What information do you incorporate when you assess the ESG performance of companies in your financial analysis, benchmark selection and/or portfolio construction process?

	(1) Passive equity	(3) Active - fundamental
(A) We incorporate qualitative and/or quantitative information on current performance across a range of material ESG factors	(1) in all cases	(1) in all cases
(B) We incorporate qualitative and/or quantitative information on historical performance across a range of material ESG factors	(1) in all cases	(1) in all cases
(C) We incorporate qualitative and/or quantitative information on material ESG factors that may impact or influence future corporate revenues and/or profitability	(1) in all cases	(1) in all cases
(D) We incorporate qualitative and/or quantitative information enabling current, historical and/or future performance comparison within a selected peer group across a range of material ESG factors	(1) in all cases	(1) in all cases

(E) We do not incorporate qualitative or quantitative information on material ESG factors when assessing the ESG performance of companies in our financial analysis, equity investment or portfolio construction process

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ESG INCORPORATION IN PORTFOLIO CONSTRUCTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 5	PLUS	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

Provide an example of how you incorporated ESG factors into your equity selection and research process during the reporting year.

Our Global Research and Engagement Groups (GREGs), which comprises Investment and Stewardship teams, start with identifying key macroeconomic sustainability risks that could result from inaction in response to the world's environmental or societal challenges. We also believe opportunities arise from long-term sustainability-related structural changes that can be value-creating for investment portfolios. We combine an analysis of these macro drivers with sector-level and issuer-level analysis to determine whether and how companies and assets are positioned in respect of the sustainability risks that are most relevant to them.

To support this process, LGIM have a proprietary research tool Active ESG View to inform portfolio managers on issuer ESG information combining our proprietary GREGs analysis with multiple external research inputs. The Active ESG View brings together granular quantitative and qualitative inputs such as the materiality of sustainability risks and opportunities in sectors, company ESG data, engagement criteria and proprietary forward-looking company analysis.

The proprietary materiality matrix to identify financially material topics for a given industry helps us to structure our research and provides a framework to prioritise engagement activity and measure outcomes. This field of work is guided by the Sustainability Accounting Standards Board (SASB) and entails analysing ESG factors that are likely to have an impact on financial or operating performance.

The sources and tools we use to identify and monitor material ESG risks and opportunities include:

- Regular company engagement - In 2022, LGIM's Investment Stewardship team held 1,224 engagements with 902 companies.

The investment teams at LGIM regularly engage with companies. Often these are joint engagements between the investment and investment stewardship teams. Information obtained assists us in monitoring ESG risks.

- LGIM Destination@Risk - We have developed LGIM Destination@Risk as a proprietary toolkit to assess climate-related risk for our investments. It allows us to explore a range of possible climate futures and examine their company, sector and portfolio-level financial implications as well as our investments' alignment with net-zero outcomes.
- Regular meetings with regulators, governments and policymakers - LGIM regularly meets with regulators, governments and policymakers to understand their agendas and the future ESG issues that may arise and impact on our investment activities and portfolios. We are currently involved in several policy advocacy projects, including researching and engaging with the European Commission regarding agricultural risk in the EU Taxonomy, in addition to responding and participating in various groups feeding into the FCA Discussion Paper on Sustainability Disclosures.
- Collaborative engagement - Regular collaboration with other shareholders and external corporate governance groups or networks allows us to assess the issues raised by others, as well as sharing any concerns we may have on specific topics or issues.
- External news, media, reports, sell-side research - External sources are reviewed and monitored to identify ESG risks of our investment approach or portfolios.
- Voting - Voting forms an important part of our process in relation to corporate governance.

Voting outcomes from annual and special general meetings are also feed into the Active ESG View tool and key engagement strategies including the Climate Impact Pledge.

A fund-specific example of incorporation of ESG factors into equity selection can be seen in the L&G Future World Global Equity Focus Fund, which is an Article 9 SFDR fund with an objective for all holdings to positively align to at least one UN SDG. One of the Fund's holdings is in Schneider Electric SE. With over 70% of company revenues are derived from energy efficiency, smart grids, products with market-leading green performance and services supporting circularity, Schneider Electric SE is capitalising on a material opportunity by enabling the climate transition and aligning clearly to SDG 7 (Affordable and Clean Energy).

In terms of its own business practices, the company also has a target for 90% of its own energy to come from renewable sources and 150 zero-carbon sites by 2025. This is part of its longer-term pledge of net zero emissions across all operations by 2030 and its entire value chain by 2050. These practices and commitments align clearly to SDG 13 (Climate Action).

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6	CORE	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

How do material ESG factors contribute to your stock selection, portfolio construction and/or benchmark selection process?

	(1) Passive equity	(3) Active - fundamental
(A) Material ESG factors contribute to the selection of individual assets and/or sector weightings within our portfolio construction and/or benchmark selection process	(2) for a majority of our AUM	(1) for all of our AUM
(B) Material ESG factors contribute to the portfolio weighting of individual assets within our portfolio construction and/or benchmark selection process	(2) for a majority of our AUM	(1) for all of our AUM
(C) Material ESG factors contribute to the country or region weighting of assets within our portfolio construction and/or benchmark selection process	(2) for a majority of our AUM	(1) for all of our AUM
(D) Other ways material ESG factors contribute to your portfolio construction and/or benchmark selection process		
(E) Our stock selection, portfolio construction or benchmark selection process does not include the incorporation of material ESG factors	o	o

PASSIVE INVESTMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 7	PLUS	OO 21	N/A	PUBLIC	Passive investments	1

Provide an example of how material ESG factors influenced weightings and tilts in the design of your passively managed funds.

LGIM have developed a rules-based methodology by which to score companies against ESG metrics. The LGIM ESG Score aligns with how we engage with, and vote on, the companies in which we invest. In addition, the LGIM ESG score is designed to provide alignment between the way that capital is allocated within a strategy and the broader engagement programme. To facilitate this process, we publish the scores and explain the metrics on which they are based. In addition, the ESG score is used by our index teams in the creation of ESG aligned index-products.

When determining indicators to be used in the LGIM ESG Score, market-wide ESG issues that affect long-term returns were assessed. Once material risks and opportunities were identified, potential data points were assessed to see if they are available, quantifiable and reliable.

- Are companies in the investable universe reporting this information?
- Is the information in a numerical format to be included in the scores?
- Is the data reported regularly to allow for comparison amongst all the relevant companies?

The result of this analysis of over 17,000 companies led to the choice of 34 ESG data points, as at July 2023, which are used in creating the LGIM ESG score.

Our scores focus on the market-wide standards we expect all companies to meet, irrespective of sector. LGIM's ESG Scores are publicly available on our website to further reinforce these standards and make clear to investors and corporates our framework for assessment and means for improvements.

We are committed to regularly reviewing and refining our ESG scores. An important feature of the LGIM ESG score is its ability to evolve over time to ensure best practice for investors given the changing market landscape with respect to robust ESG data availability, regulatory change, and investor sentiment.

This is evident in the recent evolutions of the LGIM ESG score through the additions of the following indicators in 2022: temperature alignment and biodiversity programmes. In 2023 the score was also updated with a number of new metrics including : water management programme, deforestation programme, value chain emissions intensity and lobbying activities.

This proprietary scoring framework is the foundation of our Future World Index funds range. The range makes use of a tilting approach to further improve the ESG credentials, giving greater weight to companies that have higher ESG scores and less weight to those with lower scores.

The scores enable us to incentivise companies to improve their ESG profile through a transparent methodology. Please see the LGIM ESG Score website for further details. <https://eur03.safelinks.protection.outlook.com/?url=https%3A%2F%2Fesgscores.lgim.com%2F&data=05%7C01%7CRussell.Ramagge%40lgim.com%7C9e844be4ef244d5bad2008db7e2304a3%7Cd246baabcc004ed2bc4ef8a46cbc590d%7C0%7C0%7C638242461081560719%7CUnknown%7CTWfpbGZsb3d8eyJWljoimC4wLjAwMDAiLCJQIjoiv2luMzliLCJBTiI6IklhaWwiLCJXVCi6Mn0%3D%7C3000%7C%7C%7C&sdata=pleJ1bmq964TvkMh%2BZImKpBLzn29QqmcbNzSHT1xz2Y%3D&reserved=0>

<https://eur03.safelinks.protection.outlook.com/?url=https%3A%2F%2Fesgscores.lgim.com%2F&data=05%7C01%7CRussell.Ramagge%40lgim.com%7C9e844be4ef244d5bad2008db7e2304a3%7Cd246baabcc004ed2bc4ef8a46cbc590d%7C0%7C0%7C638242461081560719%7CUnknown%7CTWfpbGZsb3d8eyJWljoimC4wLjAwMDAiLCJQIjoiv2luMzliLCJBTiI6IklhaWwiLCJXVCi6Mn0%3D%7C3000%7C%7C%7C&sdata=pleJ1bmq964TvkMh%2BZImKpBLzn29QqmcbNzSHT1xz2Y%3D&reserved=0>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 8	PLUS	OO 19, OO 21	N/A	PUBLIC	Passive investments	1

How does your organisation select the ESG index(es) or benchmark(s) for your passive listed equity assets?

- (A) We commission customised indexes

Explain:

In recent years LGIM's index equity business has embraced product innovation having established a dedicated Index Solutions team to support index design and aid clients in achieving their changing investment objectives through new innovative index solutions. LGIM now manages over €60 bn (as at 30th June 2022) in LGIM designed index AUM across over 60 index strategies.

Our product innovation and leadership in stewardship has also allowed us to champion ESG integration with our clients, not only through active engagement, and appropriate voting but also investment strategy with LGIM now managing over €200bn (as at 30th June 2022) in ESG integrated index equity strategies.

We take great pleasure in working with clients to better understand their specific ESG requirements and objectives and designing bespoke ESG indices to reflect these using carbon reduction targets, ESG metric improvements, decarbonisation goals, and external benchmark guidelines e.g. Paris-Aligned and Climate Transition Benchmarks.

With regards to index creation, we have established relationships with all the main index providers of choice such as MSCI, FTSE and Solactive, enabling us to have the ability to offer a best in class solution across providers. Furthermore, under this approach we also can integrate our proprietary ESG scoring framework as well as our flagship climate engagement programme the LGIM Climate Impact Pledge and other innovative features including SDG misalignment/ metric improvement.

(B) We compare the methodology amongst the index providers available

Explain:

LGIM identifies the most appropriate ESG-themed benchmark and provider following market research as part of its product development process. Clients investing in segregated mandates may instruct LGIM to benchmark their mandate against a specific benchmark which they have selected. This may culminate in the same benchmark administrator as per other products, but is not the only factor in the selection process.

An example of some of the technical considerations assessed are the ease of accessing the data, speed to market, operational resilience and flexibility. In addition we consider the cost and quality of the data sets being delivered/used in index construction and the quality of the support teams from the index providers. Factors that are more or less important will depend on the intended use of each benchmark, but will always have the target client's own objectives at the heart of the assessment.

(C) We compare the costs of different options available in the market

Explain:

LGIM has an internal team responsible for centrally managing the administration, relationships and contract negotiation with index providers. Comparing the cost profiles of various index options is always part of the consideration during the product development process.

(D) Other

POST-INVESTMENT

ESG RISK MANAGEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 9	CORE	OO 17.1 LE, OO 21	N/A	PUBLIC	ESG risk management	1

What compliance processes do you have in place to ensure that your listed equity assets subject to negative exclusionary screens meet the screening criteria?

- (A) We have internal compliance procedures that ensure all funds or portfolios that are subject to negative exclusionary screening have pre-trade checks
- (B) We have an external committee that oversees the screening implementation process for all funds or portfolios that are subject to negative exclusionary screening
- (C) We have an independent internal committee that oversees the screening implementation process for all funds or portfolios that are subject to negative exclusionary screening**
- (D) We do not have compliance processes in place to ensure that we meet our stated negative exclusionary screens

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 10	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

For the majority of your listed equity assets, do you have a formal process to identify and incorporate material ESG risks and ESG incidents into your risk management process?

(2) Active - fundamental

(A) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for individual listed equity holdings

(B) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for other listed equity holdings exposed to similar risks and/or incidents

(C) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for our stewardship activities

(D) Yes, our formal process includes ad hoc reviews of quantitative and/or qualitative information on severe ESG incidents

(E) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process; our investment professionals identify and incorporate material ESG risks and ESG incidents at their discretion

(F) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process

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PERFORMANCE MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 11	PLUS	OO 21	N/A	PUBLIC	Performance monitoring	1

Provide an example of how the incorporation of ESG factors in your listed equity valuation or portfolio construction affected the realised returns of those assets.

Spectris PLC:

We consider Capital Goods companies to be key enablers of both the Energy transition and the move towards a Circular Economy, which we believe to be key factors that will drive improved environmental outcomes, higher financial returns and share price performance. With increased focus on climate change action, specifically pathways towards achieving science-based targets and recognition of the EU Taxonomy, we look at the sector to pioneer 'green' transformation. Covering a broad range of global end markets and diverse customer applications, we see meaningful growth opportunities within Capital Goods for names that are most exposed to several key secular and sustainability trends.

The sector has had a strong YTD performance, benefitting from elevated order books and the flow through to organic revenue growth that has resulted in broad-based earnings beats during the first quarter.

This has fundamentally been supported by industry growth/replacement capex, and early signs of the buildout of funding for US/European infrastructure projects (Inflation Reduction Act and EU Fit for 55). Whilst green enablement of decarbonisation-related activity and the expansion of renewables infrastructure provides commercial gain as it helps customers deliver on Scope 1 to 3 emission reduction targets. We see long-term investment in these areas as the main positive for top line growth rates for the sector, which will underpin valuations for those business models most levered to green capex themes. For some companies, margin expansion is also targeted, comprising a mixture of better operating leverage, pricing dynamics and business model improvements.

M&A is also likely to feature heavily as businesses that have low gearing invest in enabling technologies - aligned to green transition - by consolidating fragmented markets and scale for growth. Whilst we express caution in the near term and remain acutely aware of the cyclical risks during H2 as the top down environment brings challenges to those names most vulnerable to a deteriorating outlook, we do see value in longer term opportunities.

In the case of Spectris, this is a provider of high-tech instrumentation measurement and sensor equipment with its capabilities augmented by a market leading software solution.

Through its two divisions, it has exposure to key areas of automation, electrification and visual simulation tools, providing customers across industrial manufacturing and life science applications with data and insight to enable them to work smarter and more efficiently. Adoption of its technology enables customers to improve processes at lower costs and with reduced carbon emission output, resonating with Spectris' corporate purpose to make the world cleaner, healthier and more productive. We expect its medium-term financial targets for 'through cycle' organic growth of 6-7% will be predominantly met by sustainability demand trends in industries such as automotive, aerospace, chemicals and healthcare.

While we have monitored the company for some time, we have had a positive LGIM analyst recommendation on Spectris for the past two years, having increased our conviction in the commercial value of its sustainability strategy, product offering and new growth framework which was outlined at its investor day in 2022.

We consider the company to be industry leading amongst Pan-European Capital Goods companies, which we do not believe is reflected in the current valuation. Owning Spectris on our UK Sustainable Funds has been a positive for realised returns, having seen the shares outperform the benchmark index by ~15% in H1 2023.

DISCLOSURE OF ESG SCREENS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 12	CORE	OO 17 LE, OO 21	N/A	PUBLIC	Disclosure of ESG screens	6

For all your listed equity assets subject to ESG screens, how do you ensure that clients understand ESG screens and their implications?

- (A) We share a list of ESG screens
- (B) We share any changes in ESG screens
- (C) We explain any implications of ESG screens, such as their deviation from a benchmark or impact on sector weightings
- (D) We do not share the above information for all our listed equity assets subject to ESG screens

FIXED INCOME (FI)

OVERALL APPROACH

MATERIALITY ANALYSIS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 1	CORE	OO 21	N/A	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify and incorporate material ESG factors across your fixed income assets?

	(1) SSA	(2) Corporate	(4) Private debt
(A) Yes, our investment process incorporates material governance factors	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(B) Yes, our investment process incorporates material environmental and social factors	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM

(C) Yes, our investment process incorporates material ESG factors depending on different investment time horizons	(1) for all of our AUM	(1) for all of our AUM	(2) for a majority of our AUM
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(D) No, we do not have a formal process; our investment professionals identify material ESG factors at their discretion	○	○	○
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(E) No, we do not have a formal or informal process to identify and incorporate material ESG factors	○	○	○
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MONITORING ESG TRENDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 2	CORE	OO 21	N/A	PUBLIC	Monitoring ESG trends	1

Does your organisation have a formal process for monitoring and reviewing the implications of changing ESG trends across your fixed income assets?

(1) SSA

(2) Corporate

(A) Yes, we have a formal process that includes scenario analyses	(1) for all of our AUM	(1) for all of our AUM
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(B) Yes, we have a formal process, but does it not include scenario analyses

(C) We do not have a formal process for our fixed income assets; our investment professionals monitor how ESG trends vary over time at their discretion	○	○
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(D) We do not monitor and review the implications of changing ESG trends on our fixed income assets

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PRE-INVESTMENT

ESG INCORPORATION IN RESEARCH

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 3	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

For the majority of your fixed income investments, does your organisation incorporate material ESG factors when assessing their credit quality?

	(1) SSA	(2) Corporate	(4) Private debt
(A) We incorporate material environmental and social factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) We incorporate material governance-related factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) We do not incorporate material ESG factors for the majority of our fixed income investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 4	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

Does your organisation have a framework that differentiates ESG risks by issuer country, region and/or sector?

	(1) SSA	(2) Corporate	(4) Private debt
(A) Yes, we have a framework that differentiates ESG risks by country and/or region (e.g. local governance and labour practices)	(1) for all of our AUM	(1) for all of our AUM	(2) for a majority of our AUM
(B) Yes, we have a framework that differentiates ESG risks by sector	(1) for all of our AUM	(1) for all of our AUM	(2) for a majority of our AUM
(C) No, we do not have a framework that differentiates ESG risks by issuer country, region and/or sector	○	○	○
(D) Not applicable; we are not able to differentiate ESG risks by issuer country, region and/or sector due to the limited universe of our issuers	○	○	○

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 5	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

How does your organisation incorporate material ESG factors when selecting private debt investments during the due diligence phase?

- (A) We use a qualitative ESG checklist**
 Select from dropdown list:
 - (1) in all cases
 - (2) in a majority of cases**
 - (3) in a minority of cases
- (B) We assess quantitative information on material ESG factors, such as energy consumption, carbon footprint and gender diversity**
 Select from dropdown list:
 - (1) in all cases
 - (2) in a majority of cases**
 - (3) in a minority of cases
- (C) We check whether the target company has its own responsible investment policy, sustainability policy or ESG policy**

Select from dropdown list:

- (1) in all cases
- (2) in a majority of cases
- (3) in a minority of cases

(D) We hire third-party consultants to do technical due diligence on specific material ESG factors where internal capabilities are not available

(E) We require the review and sign-off of our ESG due diligence process by our investment committee, or the equivalent function

Select from dropdown list:

- (1) in all cases
- (2) in a majority of cases
- (3) in a minority of cases

(F) We use industry-recognised responsible investment due diligence questionnaire (DDQ) templates

Select from dropdown list:

- (1) in all cases
- (2) in a majority of cases
- (3) in a minority of cases

(G) We use another method of incorporating material ESG factors when selecting private debt investments during the due diligence process

(H) We do not incorporate material ESG factors when selecting private debt investments during the due diligence phase

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 6	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

How do you incorporate significant changes in material ESG factors over time into your fixed income asset valuation process?

	(1) SSA	(2) Corporate	(3) Private debt
(A) We incorporate it into the forecast of financial metrics or other quantitative assessments	(1) for all of our AUM	(1) for all of our AUM	(2) for a majority of our AUM
(B) We make a qualitative assessment of how material ESG factors may evolve	(1) for all of our AUM	(1) for all of our AUM	(2) for a majority of our AUM
(C) We do not incorporate significant changes in material ESG factors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

ESG INCORPORATION IN PORTFOLIO CONSTRUCTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 8	CORE	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

How do material ESG factors contribute to your security selection, portfolio construction and/or benchmark selection process?

	(1) SSA	(2) Corporate
(A) Material ESG factors contribute to the selection of individual assets and/or sector weightings within our portfolio construction and/or benchmark selection process	(1) for all of our AUM	(1) for all of our AUM
(B) Material ESG factors contribute to determining the holding period of individual assets within our portfolio construction and/or benchmark selection process	(1) for all of our AUM	(1) for all of our AUM
(C) Material ESG factors contribute to the portfolio weighting of individual assets within our portfolio construction and/or benchmark selection process	(1) for all of our AUM	(1) for all of our AUM
(D) Material ESG factors contribute to the country or region weighting of assets within our portfolio construction and/or benchmark selection process	(1) for all of our AUM	(1) for all of our AUM
(E) Material ESG factors contribute to our portfolio construction and/or benchmark selection process in other ways		

(F) Our security selection, portfolio construction or benchmark selection process does not include the incorporation of material ESG factors

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PASSIVE INVESTMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 9	PLUS	OO 5.3 FI, OO 21	N/A	PUBLIC	Passive investments	1

Provide an example of how material ESG factors influenced weightings and tilts in the design of your passively managed funds.

LGIM have developed a rules-based methodology by which to score companies against ESG metrics. The LGIM ESG Score aligns with how we engage with, and vote on, the companies in which we invest. In addition, the LGIM ESG score is designed to provide alignment between the way that capital is allocated within a strategy and the broader engagement programme. To facilitate this process, we publish the scores and explain the metrics on which they are based. In addition, the ESG score is used by our index teams in the creation of ESG aligned index-products.

When determining indicators to be used in the LGIM ESG Score, market-wide ESG issues that affect long-term returns were assessed. Once material risks and opportunities were identified, potential data points were assessed to see if they are available, quantifiable and reliable.

- Are companies in the investable universe reporting this information?
- Is the information in a numerical format to be included in the scores?
- Is the data reported regularly to allow for comparison amongst all the relevant companies?

The result of this analysis of over 17,000 companies led to the choice of 34 ESG data points, as at July 2023, which are used in creating the LGIM ESG score.

Our scores focus on the market-wide standards we expect all companies to meet, irrespective of sector. LGIM's ESG Scores are publicly available on our website to further reinforce these standards and make clear to investors and corporates our framework for assessment and means for improvements.

We are committed to regularly reviewing and refining our ESG scores. An important feature of the LGIM ESG score is its ability to evolve over time to ensure best practice for investors given the changing market landscape with respect to robust ESG data availability, regulatory change, and investor sentiment.

This is evident in the recent evolutions of the LGIM ESG score through the additions of the following indicators in 2022: temperature alignment and biodiversity programmes. In 2023 the score was also updated with a number of new metrics including: water management programme, deforestation programme, value chain emissions intensity and lobbying activities.

This proprietary scoring framework is the foundation of our Future World Index funds range. The range makes use of a tilting approach to further improve the ESG credentials, giving greater weight to companies that have higher ESG scores and less weight to those with lower scores.

The scores enable us to incentivise companies to improve their ESG profile through a transparent methodology. Please see the LGIM ESG Score website for further details.

As the LGIM ESG Score is focused on company ESG profiles, LGIM has also developed the LGIM Sovereign Risk ESG Score to assess relevant metrics for sovereign issuing entities. This score incorporates environmental, social and governance considerations relevant to sovereigns alongside a geopolitical stability/risk metric. The LGIM Sovereign Risk ESG Score can be used in the same manner as described above to incorporate ESG considerations into indices by adjusting constituent weightings through scores.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 10	PLUS	OO 19, OO 21	N/A	PUBLIC	Passive investments	1

How does your organisation select the ESG index(es) or benchmark(s) for your passive fixed income assets?

(A) We commission customised indexes

Explain:

In recent years LGIM's index equity business has embraced product innovation having established a dedicated Index Solutions team to support index design and aid clients in achieving their changing investment objectives through new innovative index solutions. LGIM now manages over €60 bn (as at 30th June 2022) in LGIM designed index AUM across over 60 index strategies.

Our product innovation and leadership in stewardship has also allowed us to champion ESG integration with our clients, not only through active engagement, and appropriate voting but also investment strategy with LGIM now managing over €200bn (as at 30th June 2022) in ESG integrated index equity strategies.

We take great pleasure in working with clients to better understand their specific ESG requirements and objectives and designing bespoke ESG indices to reflect these using carbon reduction targets, ESG metric improvements, decarbonisation goals, and external benchmark guidelines e.g. Paris-Aligned and Climate Transition Benchmarks.

With regards to index creation, we have established relationships with all the main index providers of choice such as MSCI, FTSE and Solactive, enabling us to have the ability to offer a best in class solutions across providers. Furthermore, under this approach we also can integrate our proprietary ESG scoring framework as well as our flagship climate engagement programme the LGIM Climate Impact Pledge and other innovative features including SDG misalignment/ metric improvement.

(B) We compare the methodology amongst the index providers available

Explain:

LGIM identifies the most appropriate ESG-themed benchmark and provider following market research as part of its product development process. Clients investing in segregated mandates may instruct LGIM to benchmark their mandate against a specific benchmark which they have selected. This may culminate in the same benchmark administrator as per other products, but is not the only factor in the selection process.

An example of some of the technical considerations assessed are the ease of accessing the data, speed to market, operational resilience and flexibility. In addition we consider the cost and quality of the data sets being delivered/used in index construction and the quality of the support teams from the index providers. Factors that are more or less important will depend on the intended use of each benchmark, but will always have the target client's own objectives at the heart of the assessment.

(C) We compare the costs of different options available in the market

Explain:

LGIM has an internal team responsible for centrally managing the administration, relationships and contract negotiation with index providers. Comparing the cost profiles of various index options is always part of the consideration during the product development process.

(D) Other

POST-INVESTMENT

ESG RISK MANAGEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 11	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

How are material ESG factors incorporated into your portfolio risk management process?

	(1) SSA	(2) Corporate	(4) Private debt
(A) Investment committee members, or the equivalent function or group, can veto investment decisions based on ESG considerations	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(B) Companies, sectors, countries and/or currencies are monitored for changes in exposure to material ESG factors and any breaches of risk limits	(1) for all of our AUM	(1) for all of our AUM	(2) for a majority of our AUM
(C) Overall exposure to specific material ESG factors is measured for our portfolio construction, and sizing or hedging adjustments are made depending on the individual issuer or issue sensitivity to these factors	(1) for all of our AUM	(1) for all of our AUM	(2) for a majority of our AUM
(D) We use another method of incorporating material ESG factors into our portfolio's risk management process			

(E) We do not have a process to incorporate material ESG factors into our portfolio's risk management process

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 12	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

For the majority of your fixed income assets, do you have a formal process to identify and incorporate material ESG risks and ESG incidents into your risk management process?

(1) SSA

(2) Corporate

(4) Private debt

(A) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for individual fixed income holdings

(B) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents, and their implications for other fixed income holdings exposed to similar risks and/or incidents

(C) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents, and their implications for our stewardship activities

(D) Yes, our formal process includes ad hoc reviews of quantitative and/or qualitative information on severe ESG incidents

(E) We do not have a formal process to identify and incorporate ESG risks and ESG incidents; our investment professionals identify and incorporate ESG risks and ESG incidents at their discretion

(F) We do not have a formal process to identify and incorporate ESG risks and ESG incidents into our risk management process

PERFORMANCE MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 13	CORE	OO 21	N/A	PUBLIC	Performance monitoring	1

During the reporting year, how did your organisation incorporate material ESG factors when monitoring private debt investments?

(A) We used a qualitative ESG checklist

Select from dropdown list:

(1) in all cases

(2) in the majority of cases

(3) in the minority of cases

(B) We assessed quantitative information on material ESG factors, such as energy consumption, carbon footprint and gender diversity

Select from dropdown list:

(1) in all cases

(2) in the majority of cases

(3) in the minority of cases

(C) We hired third-party consultants to do technical assessment on specific material ESG factors where internal capabilities were not available

Select from dropdown list:

(1) in all cases

(2) in the majority of cases

(3) in the minority of cases

(D) We used industry body guidelines

Select from dropdown list:

- (1) in all cases
- (2) in the majority of cases
- (3) in the minority of cases

- (E) We used another method to incorporate material ESG factors into the monitoring of private debt investments
- (F) We did not incorporate material ESG factors when monitoring private debt investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 14	PLUS	OO 5.3 FI, OO 21	N/A	PUBLIC	Performance monitoring	1

Provide an example of how the incorporation of environmental and/or social factors in your fixed income valuation or portfolio construction affected the realised returns of those assets.

Thames water:

The UK water companies have attracted plenty of press attention and criticism in recent months. There has been an increased focus on their environmental performance, which the UK Environment Agency described in its report covering 2021 as “the worst we have seen for years”. Lobbying groups such as Surfers Against Sewage have also had an impact with high profile campaigns tracking and highlighting pollution incidents.

We have had a cautious view on the water sector relative to other UK regulated, in particular electricity networks. Increased political focus on pollution is combined with rising investment needs, meaning that we expect a tough regulatory settlement process during 2024, which is also probably an election year. However, we think the long-term investment need in the sector should provide some support for investors.

Within the sector, Thames Water is a historically poor performing and highly geared water company with ongoing efforts to improve performance. In addition, the company has been under pressure from inflation and the rising costs of energy, chemicals, labour and financing. At the same time, there have been growing consumer concerns over a lack of investment in infrastructure, with leakage, pollution and customer service being areas of focus.

All this comes at a time of high and rising investment needs for the company, while the cost of funding is also on the way up. Higher interest rates and investment costs can be passed through to water bills under current regulations, but political scrutiny could restrict tariff uplifts.

We have had a negative LGIM analyst recommendation view on Thames Water for some time, in part due to the ongoing environmental concerns of their activities. This which has led to an underweight positioning in LGIM’s active fixed income portfolios. Following the recent resignation of Thames Water’s CEO which appeared to have brought these issues to a head, Thames credit spreads were marked wider off the back of the initial headlines although they have partially retraced following headlines on potential nationalisation and equity support. This has led to a positive impact on portfolios’ realised returns given recent company performance relative to the sector and market.

THEMATIC BONDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 16	CORE	OO 17 FI, OO 21	N/A	PUBLIC	Thematic bonds	1

What pre-determined criteria does your organisation use to identify which non-labelled thematic bonds to invest in?

- (A) The bond's use of proceeds
- (B) The issuers' targets
- (C) The issuers' progress towards achieving their targets
- (D) The issuer profile and how it contributes to their targets
- (E) We do not use pre-determined criteria to identify which non-labelled thematic bonds to invest in
- (F) Not applicable; we do not invest in non-labelled thematic bonds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 17	CORE	Multiple, see guidance	N/A	PUBLIC	Thematic bonds	1, 2, 6

During the reporting year, what action did you take in the majority of cases when you felt that the proceeds of a thematic bond were not allocated appropriately or in accordance with the terms of the bond deal or prospectus?

- (A) We engaged with the issuer
- (B) We alerted thematic bond certification agencies
- (C) We sold the security
- (D) We blacklisted the issuer
- (E) Other action
- (F) We did not take any specific actions when the proceeds of a thematic bond were not allocated according to the terms of the bond deal during the reporting year
- (G) Not applicable; in the majority of cases, the proceeds of thematic bonds were allocated according to the terms of the bond deal during the reporting year

DISCLOSURE OF ESG SCREENS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 18	CORE	OO 17 FI, OO 21	N/A	PUBLIC	Disclosure of ESG screens	6

For all your fixed income assets subject to ESG screens, how do you ensure that clients understand ESG screens and their implications?

- (A) We share a list of ESG screens
- (B) We share any changes in ESG screens
- (C) We explain any implications of ESG screens, such as any deviation from a benchmark or impact on sector weightings
- (D) We do not share the above information for all our fixed income assets subject to ESG screens

REAL ESTATE (RE)

POLICY

INVESTMENT GUIDELINES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 1	CORE	OO 21, OO 24, OO 26	N/A	PUBLIC	Investment guidelines	1 to 6

What real estate-specific ESG guidelines are currently covered in your organisation's responsible investment policy(ies)?

- (A) Guidelines on our ESG approach to real estate depending on use (e.g. retail and education) and geography
- (B) Guidelines on our ESG approach to new construction
- (C) Guidelines on our ESG approach to major renovations
- (D) Guidelines on our ESG approach to standing real estate investments
- (E) Guidelines on pre-investment screening
- (F) Guidelines on our approach to ESG integration into short-term or 100-day plans (or equivalent)
- (G) Guidelines on our approach to ESG integration into long-term value creation efforts
- (H) Guidelines on our approach to ESG reporting
- (I) Guidelines on our engagement approach related to third-party property managers
- (J) Guidelines on our engagement approach related to tenants
- (K) Guidelines on our engagement approach related to construction contractors
- (L) Our responsible investment policy(ies) does not cover real estate-specific ESG guidelines

FUNDRAISING

COMMITMENTS TO INVESTORS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 2	CORE	OO 21	N/A	PUBLIC	Commitments to investors	1, 4

For all of the funds that you closed during the reporting year, what type of formal responsible investment commitments did you make in Limited Partnership Agreements (LPAs), side letters, or other constitutive fund documents?

- (A) We incorporated responsible investment commitments in LPAs (or equivalent) as a standard default procedure
- (B) We added responsible investment commitments in LPAs (or equivalent) upon a client's request
- (C) We added responsible investment commitments in side letters upon a client's request
- (D) We did not make any formal responsible investment commitments for the relevant reporting year
- (E) Not applicable; we have not raised funds in the last five years

PRE-INVESTMENT

MATERIALITY ANALYSIS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 3	CORE	OO 21	RE 3.1	PUBLIC	Materiality analysis	1

During the reporting year, how did you conduct ESG materiality analysis for your potential real estate investments?

- (A) We assessed ESG materiality for each property, as each case is unique
 - Select from dropdown list:
 - (1) for all of our potential real estate investments
 - (2) for a majority of our potential real estate investments
 - (3) for a minority of our potential real estate investments
- (B) We performed a mix of property level and property type or category level ESG materiality analysis
- (C) We assessed ESG materiality at the property type or category level only
- (D) We did not conduct ESG materiality analysis for our potential real estate investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 3.1	CORE	RE 3	N/A	PUBLIC	Materiality analysis	1

During the reporting year, what tools, standards and data did you use in your ESG materiality analysis of potential real estate investments?

- (A) We used GRI standards to inform our real estate ESG materiality analysis
- (B) We used SASB standards to inform our real estate ESG materiality analysis
- (C) We used the UN Sustainable Development Goals (SDGs) to inform our real estate ESG materiality analysis
- (D) We used GRESB Materiality Assessment (RC7) or similar to inform our real estate ESG materiality analysis
- (E) We used climate disclosures, such as the TCFD recommendations or other climate risk and/or exposure analysis tools, to inform our real estate ESG materiality analysis
- (F) We used the UN Guiding Principles on Business and Human Rights (UNGPs) to inform our real estate ESG materiality analysis
- (G) We used geopolitical and macro-economic considerations in our real estate ESG materiality analysis
- (H) We used green building certifications to inform our real estate ESG materiality analysis
- (I) We engaged with the existing owners and/or managers (or developers for new properties) to inform our real estate ESG materiality analysis
- (J) Other

DUE DILIGENCE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 4	CORE	OO 21	N/A	PUBLIC	Due diligence	1

During the reporting year, how did material ESG factors influence your selection of real estate investments?

- (A) Material ESG factors were used to identify risks
Select from dropdown list:
 - (1) for all of our potential real estate investments
 - (2) for a majority of our potential real estate investments
 - (3) for a minority of our potential real estate investments
- (B) Material ESG factors were discussed by the investment committee (or equivalent)
Select from dropdown list:
 - (1) for all of our potential real estate investments
 - (2) for a majority of our potential real estate investments
 - (3) for a minority of our potential real estate investments
- (C) Material ESG factors were used to identify remedial actions for our 100-day plans (or equivalent)
Select from dropdown list:
 - (1) for all of our potential real estate investments
 - (2) for a majority of our potential real estate investments
 - (3) for a minority of our potential real estate investments
- (D) Material ESG factors were used to identify opportunities for value creation
Select from dropdown list:
 - (1) for all of our potential real estate investments
 - (2) for a majority of our potential real estate investments
 - (3) for a minority of our potential real estate investments
- (E) Material ESG factors informed our decision to abandon potential investments in the due diligence phase in cases where ESG risks were considered too high to mitigate
Select from dropdown list:
 - (1) for all of our potential real estate investments
 - (2) for a majority of our potential real estate investments
 - (3) for a minority of our potential real estate investments
- (F) Material ESG factors impacted investments in terms of the price offered and/or paid

Select from dropdown list:

- (1) for all of our potential real estate investments
- (2) for a majority of our potential real estate investments
- (3) for a minority of our potential real estate investments
- (G) Material ESG factors did not influence the selection of our real estate investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 5	CORE	OO 21	N/A	PUBLIC	Due diligence	1

Once material ESG factors have been identified, what processes do you use to conduct due diligence on these factors for potential real estate investments?

(A) We conduct a high-level or desktop review against an ESG checklist for initial red flags

Select from dropdown list:

- (1) for all of our potential real estate investments
- (2) for a majority of our potential real estate investments
- (3) for a minority of our potential real estate investments

(B) We send detailed ESG questionnaires to target properties

Select from dropdown list:

- (1) for all of our potential real estate investments
- (2) for a majority of our potential real estate investments
- (3) for a minority of our potential real estate investments

(C) We hire third-party consultants to do technical due diligence on specific material ESG factors

Select from dropdown list:

- (1) for all of our potential real estate investments
- (2) for a majority of our potential real estate investments
- (3) for a minority of our potential real estate investments

(D) We conduct site visits

Select from dropdown list:

- (1) for all of our potential real estate investments
- (2) for a majority of our potential real estate investments
- (3) for a minority of our potential real estate investments

(E) We conduct in-depth interviews with management and/or personnel

(F) We conduct detailed external stakeholder analysis and/or engagement

(G) We incorporate ESG due diligence findings in all of our relevant investment process documentation in the same manner as for other key due diligence, e.g. commercial, accounting and legal

Select from dropdown list:

- (1) for all of our potential real estate investments
- (2) for a majority of our potential real estate investments
- (3) for a minority of our potential real estate investments

(H) Our investment committee (or an equivalent decision-making body) is ultimately responsible for ensuring all ESG due diligence is completed in the same manner as for other key due diligence, e.g. commercial, accounting and legal

Select from dropdown list:

- (1) for all of our potential real estate investments
- (2) for a majority of our potential real estate investments
- (3) for a minority of our potential real estate investments

(I) Other

- (J) We do not conduct due diligence on material ESG factors for potential real estate investments

SELECTION, APPOINTMENT AND MONITORING OF THIRD-PARTY PROPERTY MANAGERS

SELECTION PROCESS OF THIRD-PARTY PROPERTY MANAGERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 6	CORE	OO 21, OO 26	N/A	PUBLIC	Selection process of third-party property managers	1, 4

During the reporting year, how did you include material ESG factors in all of your selections of third-party property managers?

- (A) We requested information from potential third-party property managers on their overall approach to material ESG factors
- (B) We requested track records and examples from potential third-party property managers on their management of material ESG factors
- (C) We requested information from potential third-party property managers on their engagement process(es) with stakeholders
- (D) We requested documentation from potential third-party property managers on their responsible procurement practices, including responsibilities, approach and incentives
- (E) We requested the assessment of current and planned availability and aggregation of metering data from potential third-party property managers
- (F) Other
- (G) We did not include material ESG factors in our selection of third-party property managers

APPOINTMENT PROCESS OF THIRD-PARTY PROPERTY MANAGERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 7	CORE	OO 21, OO 26	N/A	PUBLIC	Appointment process of third-party property managers	1, 4

How did you include material ESG factors when appointing your current third-party property managers?

- (A) We set dedicated ESG procedures in all relevant property management phases
Select from dropdown list:
 - (1) for all of our third-party property managers
 - (2) for a majority of our third-party property managers
 - (3) for a minority of our third-party property managers
- (B) We set clear ESG reporting requirements
Select from dropdown list:
 - (1) for all of our third-party property managers
 - (2) for a majority of our third-party property managers
 - (3) for a minority of our third-party property managers
- (C) We set clear targets on material ESG factors

Select from dropdown list:

- (1) for all of our third-party property managers
- (2) for a majority of our third-party property managers
- (3) for a minority of our third-party property managers
- (D) We set incentives related to targets on material ESG factors
 - Select from dropdown list:
 - (1) for all of our third-party property managers
 - (2) for a majority of our third-party property managers
 - (3) for a minority of our third-party property managers
- (E) We included responsible investment clauses in property management contracts
 - Select from dropdown list:
 - (1) for all of our third-party property managers
 - (2) for a majority of our third-party property managers
 - (3) for a minority of our third-party property managers
- (F) Other
- (G) We did not include material ESG factors in the appointment of third-party property managers

MONITORING PROCESS OF THIRD-PARTY PROPERTY MANAGERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 8	CORE	OO 21, OO 26	N/A	PUBLIC	Monitoring process of third-party property managers	1, 4

How do you include material ESG factors when monitoring current third-party property managers?

- (A) We monitor the performance of quantitative and/or qualitative targets on material environmental factors
 - Select from dropdown list:
 - (1) for all of our third-party property managers
 - (2) for a majority of our third-party property managers
 - (3) for a minority of our third-party property managers
- (B) We monitor the performance of quantitative and/or qualitative targets on material social factors
 - Select from dropdown list:
 - (1) for all of our third-party property managers
 - (2) for a majority of our third-party property managers
 - (3) for a minority of our third-party property managers
- (C) We monitor the performance of quantitative and/or qualitative targets on material governance factors
 - Select from dropdown list:
 - (1) for all of our third-party property managers
 - (2) for a majority of our third-party property managers
 - (3) for a minority of our third-party property managers
- (D) We monitor progress reports on engagement with tenants
 - Select from dropdown list:
 - (1) for all of our third-party property managers
 - (2) for a majority of our third-party property managers
 - (3) for a minority of our third-party property managers
- (E) We require formal reporting at least yearly

Select from dropdown list:

- (1) for all of our third-party property managers
- (2) for a majority of our third-party property managers
- (3) for a minority of our third-party property managers
- (F) We have discussions about material ESG factors with all relevant stakeholders at least yearly

Select from dropdown list:

- (1) for all of our third-party property managers
- (2) for a majority of our third-party property managers
- (3) for a minority of our third-party property managers
- (G) We conduct a performance review of third-party property managers against targets on material ESG factors and/or a financial incentive structure linked to material ESG factors

Select from dropdown list:

- (1) for all of our third-party property managers
- (2) for a majority of our third-party property managers
- (3) for a minority of our third-party property managers
- (H) We have internal or external parties conduct site visits at least yearly

Select from dropdown list:

- (1) for all of our third-party property managers
- (2) for a majority of our third-party property managers
- (3) for a minority of our third-party property managers
- (I) Other
- (J) We do not include material ESG factors in the monitoring of third-party property managers

CONSTRUCTION AND DEVELOPMENT

CONSTRUCTION REQUIREMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 9	CORE	OO 21, OO 24	N/A	PUBLIC	Construction requirements	1

What ESG requirements do you currently have in place for all development projects and major renovations?

- (A) We require the management of waste by diverting materials (e.g. from construction and demolition, reusable vegetation, rocks and soil) from disposal
- (B) We require the minimisation of light and noise pollution that would affect the surrounding community
- (C) We require the performance of an environmental and social site impact assessment
- (D) We require the protection of the air quality during construction
- (E) We require the protection and restoration of the habitat and soils disturbed during construction and/or during previous development
- (F) We require the protection of surface water, groundwater and aquatic ecosystems by controlling and retaining construction pollutants
- (G) We require constant monitoring of health and safety at the construction site
- (H) We require engagement with local communities and other stakeholders during the design and/or planning process
- (I) Other
- (J) We do not have ESG requirements in place for development projects and major renovations

MINIMUM BUILDING REQUIREMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 10	CORE	OO 21, OO 24	N/A	PUBLIC	Minimum building requirements	1

What minimum building requirements do you have in place for development projects and major renovations?

- (A) We require the implementation of the latest available metering and internet of things (IoT) technology**
 Select from dropdown list:
- (1) for all development projects and major renovations**
 - (2) for a majority of our development projects and major renovations
 - (3) for a minority of our development projects and major renovations
- (B) We require the building to be able to obtain a recognised green and/or healthy building certification for new buildings**
 Select from dropdown list:
- (1) for all development projects and major renovations**
 - (2) for a majority of our development projects and major renovations
 - (3) for a minority of our development projects and major renovations
- (C) We require the use of certified (or labelled) sustainable building materials**
 Select from dropdown list:
- (1) for all development projects and major renovations**
 - (2) for a majority of our development projects and major renovations
 - (3) for a minority of our development projects and major renovations
- (D) We require the installation of renewable energy technologies where feasible**
 Select from dropdown list:
- (1) for all development projects and major renovations**
 - (2) for a majority of our development projects and major renovations
 - (3) for a minority of our development projects and major renovations
- (E) We require that development projects and major renovations become net-zero carbon emitters within five years of completion of the construction**
 Select from dropdown list:
- (1) for all development projects and major renovations**
 - (2) for a majority of our development projects and major renovations
 - (3) for a minority of our development projects and major renovations
- (F) We require water conservation measures**
 Select from dropdown list:
- (1) for all development projects and major renovations**
 - (2) for a majority of our development projects and major renovations
 - (3) for a minority of our development projects and major renovations
- (G) We require common health and well-being measures for occupants**
 Select from dropdown list:
- (1) for all development projects and major renovations
 - (2) for a majority of our development projects and major renovations
 - (3) for a minority of our development projects and major renovations**
- (H) Other
- (I) We do not have minimum building requirements in place for development projects and major renovations

POST-INVESTMENT

MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 11	CORE	OO 21	RE 11.1	PUBLIC	Monitoring	1

During the reporting year, did you track one or more KPIs on material ESG factors across your real estate investments?

(A) Yes, we tracked KPIs on environmental factors

Percentage of real estate assets this applies to:

- (1) >0 to 10%
- (2) >10 to 50%
- (3) >50 to 75%
- (4) >75 to 95%
- (5) >95%

(B) Yes, we tracked KPIs on social factors

Percentage of real estate assets this applies to:

- (1) >0 to 10%
- (2) >10 to 50%
- (3) >50 to 75%
- (4) >75 to 95%
- (5) >95%

(C) Yes, we tracked KPIs on governance factors

Percentage of real estate assets this applies to:

- (1) >0 to 10%
- (2) >10 to 50%
- (3) >50 to 75%
- (4) >75 to 95%
- (5) >95%

- (D) We did not track KPIs on material ESG factors across our real estate investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 11.1	PLUS	RE 11	N/A	PUBLIC	Monitoring	1

Provide examples of KPIs on material ESG factors you tracked across your real estate investments during the reporting year.

(A) ESG KPI #1

Electricity use

(B) ESG KPI #2

Gas use

(C) ESG KPI #3

Water use

(D) ESG KPI #4

Waste

(E) ESG KPI #5

Operational carbon

(F) ESG KPI #6

Social factors

(G) ESG KPI #7

Embodied carbon

(H) ESG KPI #8

(I) ESG KPI #9

(J) ESG KPI #10

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 12	CORE	OO 21	N/A	PUBLIC	Monitoring	1

During the reporting year, what ESG building performance data did you collect for your real estate assets?

(A) Energy consumption

Select from dropdown list:

- (1) for all of our real estate assets
- (2) for a majority of our real estate assets
- (3) for a minority of our real estate assets

(B) Water consumption

Select from dropdown list:

- (1) for all of our real estate assets
- (2) for a majority of our real estate assets
- (3) for a minority of our real estate assets

(C) Waste production

Select from dropdown list:

- (1) for all of our real estate assets
- (2) for a majority of our real estate assets
- (3) for a minority of our real estate assets

(D) Other

Specify:

Air Quality Data

Select from dropdown list:

- (1) for all of our real estate assets
- (2) for a majority of our real estate assets
- (3) for a minority of our real estate assets
- (E) We did not collect ESG building performance data for our real estate assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 13	CORE	OO 21, OO 26	RE 13.1	PUBLIC	Monitoring	1, 2

What processes do you have in place to support meeting your targets on material ESG factors for your real estate investments?

(A) We use operational-level benchmarks to assess and analyse the performance of assets against sector performance

Select from dropdown list:

- (1) for all of our real estate assets**
- (2) for a majority of our real estate assets
- (3) for a minority of our real estate assets

(B) We implement certified environmental and social management systems across our portfolio

Select from dropdown list:

- (1) for all of our real estate assets
- (2) for a majority of our real estate assets**
- (3) for a minority of our real estate assets

(C) We make sufficient budget available to ensure that the systems and procedures needed are established

Select from dropdown list:

- (1) for all of our real estate assets**
- (2) for a majority of our real estate assets
- (3) for a minority of our real estate assets

(D) We hire external verification services to audit performance, systems, and procedures

Select from dropdown list:

- (1) for all of our real estate assets**
- (2) for a majority of our real estate assets
- (3) for a minority of our real estate assets

(E) We collaborate and engage with our third-party property managers and/or tenants to develop action plans

Select from dropdown list:

- (1) for all of our real estate assets**
- (2) for a majority of our real estate assets
- (3) for a minority of our real estate assets

(F) We develop minimum health and safety standards

Select from dropdown list:

- (1) for all of our real estate assets**
- (2) for a majority of our real estate assets
- (3) for a minority of our real estate assets

(G) We conduct ongoing engagement with all key stakeholders, e.g. local communities, NGOs, governments, and end-users

(H) Other

(I) We do not have processes in place to help meet our targets on material ESG factors for our real estate investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 13.1	PLUS	RE 13	N/A	PUBLIC	Monitoring	1, 2

Describe up to two processes you put in place during the reporting year to support meeting your targets on material ESG factors.

(A) Process one

LGIM Real Assets has implemented Deepki, a new ESG data management and reporting platform, across all of our Real Estate Equity funds. This solution is crucial to ensuring that LGIM Real Assets is able to achieving its Net Zero objectives by giving us the tools us to capture fully automated, high quality ESG data across our whole real estate platform covering our managed and FRI assets. It also provides real-time data analytics and insight which enable us to implement specific asset and fund Net Zero strategies.

(B) Process two

LGIM Real Assets has launched Vizta, transformative platform, designed to streamline communication and collaboration in the commercial real estate sector. Its Sustainability page offers real-time, user-friendly visualisations of occupiers' Automatic Meter Reading data, guiding them to monitor and manage their energy usage effectively. This unique feature contributes to Vizta's mission to reduce the built environment's Co2 emissions, specifically Scope 3 emissions, supporting the goal of achieving net-zero carbon by 2050, all while fostering SME growth and driving social impact.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 14	CORE	OO 21	N/A	PUBLIC	Monitoring	1, 2

Post-investment, how do you manage material ESG risks and ESG opportunities to create value during the holding period?

(A) We develop property-specific ESG action plans based on pre-investment research, due diligence and materiality findings

Select from dropdown list:

- (1) for all of our real estate investments
- (2) for a majority of our real estate investments
- (3) for a minority of our real estate investments

(B) We adjust our ESG action plans based on performance monitoring findings at least yearly

Select from dropdown list:

- (1) for all of our real estate investments
- (2) for a majority of our real estate investments
- (3) for a minority of our real estate investments

(C) We, or the external advisors that we hire, support our real estate investments with specific ESG value-creation opportunities

Select from dropdown list:

- (1) for all of our real estate investments
- (2) for a majority of our real estate investments
- (3) for a minority of our real estate investments

(D) Other

- (E) We do not manage material ESG risks and opportunities post-investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 15	PLUS	OO 21	N/A	PUBLIC	Monitoring	1, 2

Describe how you ensure that material ESG risks are adequately addressed in the real estate investments where you hold a minority stake.

N/A

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 16	PLUS	OO 21	N/A	PUBLIC	Monitoring	1, 2

Describe how your ESG action plans are currently defined, implemented and monitored throughout the investment period.

LGIM Real Assets maintains Asset Sustainability Plans (ASP) for each operational asset. These detail every sustainability measure that could be applied to the Property to improve the sustainability performance over a 5 year period with budget costs, payback estimates and measures prioritised year by year. Such plans should be coordinated with annual fund strategy reports (where provided), planned maintenance plans and service charge budgets (where applicable) and should include provisions for the optimisation of all mechanical and electrical installations, together with capital cost proposals and payback estimates to upgrade Energy Performance Certificates. They also include travel plans, biodiversity plans, tenant liaison and community engagement plans, where appropriate. When new assets are acquired, actions from sustainability assessments are included in the ASP. ASPs are reviewed and updated annually ahead of budgeting cycles. Individual actions are held on our ESG data platform, Deepki, and reviewed with Property Managers and Facilities Managers as part of our fund-level Quarterly Sustainability Meetings.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 17	CORE	OO 21	N/A	PUBLIC	Monitoring	1

What proportion of your real estate assets has obtained a green or sustainable building certification?

- (A) All of our real estate assets have obtained a green or sustainable building certification
- (B) A majority of our real estate assets have obtained a green or sustainable building certification
- (C) A minority of our real estate assets have obtained a green or sustainable building certification
- (D) None of our real estate assets have obtained a green or sustainable building certification

STAKEHOLDER ENGAGEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 18	CORE	OO 21	N/A	PUBLIC	Stakeholder engagement	1, 2

How does your third-party property manager(s) engage with tenants?

- (A) They engage with real estate tenants on energy, water consumption and/or waste production**
Select from dropdown list:
 - (1) for all of our buildings or properties**
 - (2) for a majority of our buildings or properties
 - (3) for a minority of our buildings or properties
- (B) They engage with real estate tenants by organising tenant events focused on increasing sustainability awareness, ESG training and guidance**
Select from dropdown list:
 - (1) for all of our buildings or properties
 - (2) for a majority of our buildings or properties
 - (3) for a minority of our buildings or properties**
- (C) They engage with real estate tenants by offering green leases**
Select from dropdown list:
 - (1) for all of our buildings or properties**
 - (2) for a majority of our buildings or properties
 - (3) for a minority of our buildings or properties
- (D) They engage with real estate tenants by identifying collaboration opportunities that support targets related to material ESG factors**
Select from dropdown list:
 - (1) for all of our buildings or properties**
 - (2) for a majority of our buildings or properties
 - (3) for a minority of our buildings or properties
- (E) They engage with real estate tenants by offering shared financial benefits from equipment upgrades**
Select from dropdown list:
 - (1) for all of our buildings or properties**
 - (2) for a majority of our buildings or properties
 - (3) for a minority of our buildings or properties
- (F) Other
 - (G) Our third-party property manager(s) do not engage with tenants

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 19	PLUS	OO 21	N/A	PUBLIC	Stakeholder engagement	1, 2

During the reporting year, how did you or the organisations operating on your behalf engage with the local community above and beyond what is required by relevant regulations for asset design, use and/or repurposing?

We define social impact as the intentional, additional, and attributable economic, social and environmental benefits to communities as a result of our investment. We adopt a place-based approach. This means taking an asset-level view as to how we could intentionally contribute, deliver, and catalyse positive outcomes that address local needs.

The communities in which we operate face different challenges, have different wants and needs, it's therefore essential that the measurement of impact is adapted and flexed to consider the specific asset, and its context.

We have adopted this approach at The Dolphin Community and Shopping Destination in Poole. In partnership with the NHS, we welcomed the first outpatient assessment clinic in a shopping centre, and the first in Dorset, to help tackle long patient waiting lists. We now know that over half of patients stay and shop within the asset following their medical appointment. So, alongside delivering positive social outcomes for the community, we're bolstering footfall and revenue for our occupiers, creating a relevant and resilient asset, and therefore, driving returns for our investors.

Meanwhile, our Kingland initiative has transformed a once vacant section of the high street into an eclectic mix of independent retailers, selling a range of goods from plants to fish, coffee to restored furniture.

Through our intervention, these small businesses have been given the support they need to establish and grow, contributing to an ecosystem at The Dolphin, which also includes a flexible office and co-working facility, wellbeing hub and events space.

In addition, we have brought together a group of local stakeholders who represent some of the needs of the local community (Community Partnership) to co-create solutions to local issues such as anti-social behaviour, loneliness and unemployment. Members include charities, the NHS, local education institutions and the local council.

This model forms part of our long-term goal to deliver place-based social impact, creating a wellbeing hub which will engage and support residents. Pivoting The Dolphin away from a predominantly retail-led use will, we believe, uncover opportunities to generate social impact, help to secure its long-term future and provide a positive return for our investors.

EXIT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 20	CORE	OO 21	N/A	PUBLIC	Exit	4, 6

During the reporting year, what responsible investment information was shared with potential buyers of real estate investments?

- (A) Our firm's high-level commitment to responsible investment, e.g. that we are a PRI signatory
- (B) A description of what industry and asset class standards our firm aligns with, e.g. TCFD or GRESB
- (C) Our firm's responsible investment policy (at minimum, a summary of key aspects and firm-specific approach)
- (D) Our firm's ESG risk assessment methodology (topics covered in-house and/or with external support)
- (E) **The outcome of our latest ESG risk assessment of the property(s)**
 - Select from dropdown list:
 - (1) for all of our real estate investments
 - (2) for a majority of our real estate investments
 - (3) for a minority of our real estate investments
- (F) **Key ESG performance data on the property(s) being sold**

Select from dropdown list:

- (1) for all of our real estate investments
- (2) for a majority of our real estate investments
- (3) for a minority of our real estate investments
- (G) Other
- (H) No responsible investment information was shared with potential buyers of real estate investments during the reporting year
- (I) Not applicable; we had no sales process (or control over the sales process) during the reporting year

DISCLOSURE OF ESG PORTFOLIO INFORMATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 21	CORE	OO 21	N/A	PUBLIC	Disclosure of ESG portfolio information	6

During the reporting year, how did you report on your targets on material ESG factors and related data to your investors?

- (A) We reported through a publicly disclosed sustainability report
- (B) We reported in aggregate through formal reporting to investors
- (C) We reported at the property level through formal reporting to investors
- (D) We reported through a limited partners advisory committee (or equivalent)
- (E) We reported at digital or physical events or meetings with investors
- (F) We had a process in place to ensure that serious ESG incidents were reported
- (G) Other

Specify:

Fund level GRESB reporting

- (H) We did not report our targets on material ESG factors and related data to our investors during the reporting year

SUSTAINABILITY OUTCOMES (SO)

SETTING TARGETS AND TRACKING PROGRESS

SETTING TARGETS ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 1	PLUS	PGS 48	SO 2, SO 2.1, SO 3	PUBLIC	Setting targets on sustainability outcomes	1, 2

What specific sustainability outcomes connected to its investment activities has your organisation taken action on?

(A) Sustainability outcome #1

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) The UN Sustainable Development Goals (SDGs) and targets
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights
- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity

(10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

(1) Environmental

- (2) Social
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

COP26 Commitment on Eliminating Agricultural Commodity Driven Deforestation from Investment Portfolios

(4) Number of targets set for this outcome

- (1) No target
- (2) One target**
- (3) Two or more targets

(B) Sustainability outcome #2

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) The UN Sustainable Development Goals (SDGs) and targets
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights

- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
 - (9) The Convention on Biological Diversity
 - (10) **Other international, regional, sector-based or issue-specific framework(s)**
- (2) Classification of sustainability outcome
- (1) **Environmental**
 - (2) Social
 - (3) Governance-related
 - (4) Other
- (3) Sustainability outcome name
- Finance for Biodiversity Pledge
- (4) Number of targets set for this outcome
- (1) No target
 - (2) **One target**
 - (3) Two or more targets
- (C) Sustainability outcome #3**
- (1) Widely recognised frameworks used to guide action on this sustainability outcome
- (1) The UN Sustainable Development Goals (SDGs) and targets
 - (2) **The UNFCCC Paris Agreement**
 - (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
 - (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
 - (5) The EU Taxonomy
 - (6) Other relevant taxonomies
 - (7) The International Bill of Human Rights
 - (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
 - (9) The Convention on Biological Diversity
 - (10) Other international, regional, sector-based or issue-specific framework(s)
- (2) Classification of sustainability outcome
- (1) **Environmental**
 - (2) Social
 - (3) Governance-related
 - (4) Other
- (3) Sustainability outcome name
- LGIM's commitment to net zero emissions by 2050
- (4) Number of targets set for this outcome
- (1) No target
 - (2) One target
 - (3) **Two or more targets**
- (D) Sustainability outcome #4**
- (1) Widely recognised frameworks used to guide action on this sustainability outcome
- (1) The UN Sustainable Development Goals (SDGs) and targets
 - (2) The UNFCCC Paris Agreement
 - (3) **The UN Guiding Principles on Business and Human Rights (UNGPs)**
 - (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
 - (5) The EU Taxonomy
 - (6) Other relevant taxonomies
 - (7) The International Bill of Human Rights

- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) Environmental
- (2) Social**
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

UN PRI Advance

(4) Number of targets set for this outcome

- (1) No target
- (2) One target
- (3) Two or more targets**

(E) Sustainability outcome #5

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) The UN Sustainable Development Goals (SDGs) and targets
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights
- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)**

(2) Classification of sustainability outcome

- (1) Environmental
- (2) Social**
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

Diversity

(4) Number of targets set for this outcome

- (1) No target
- (2) One target
- (3) Two or more targets**

(F) Sustainability outcome #6

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) The UN Sustainable Development Goals (SDGs) and targets
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights

- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
 - (9) The Convention on Biological Diversity
 - (10) Other international, regional, sector-based or issue-specific framework(s)**
- (2) Classification of sustainability outcome
- (1) Environmental
 - (2) Social**
 - (3) Governance-related
 - (4) Other
- (3) Sustainability outcome name
- The Living Wage
- (4) Number of targets set for this outcome
- (1) No target
 - (2) One target**
 - (3) Two or more targets
- (G) Sustainability outcome #7**
- (1) Widely recognised frameworks used to guide action on this sustainability outcome
- (1) The UN Sustainable Development Goals (SDGs) and targets
 - (2) The UNFCCC Paris Agreement
 - (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
 - (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
 - (5) The EU Taxonomy
 - (6) Other relevant taxonomies
 - (7) The International Bill of Human Rights
 - (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
 - (9) The Convention on Biological Diversity
 - (10) Other international, regional, sector-based or issue-specific framework(s)**
- (2) Classification of sustainability outcome
- (1) Environmental
 - (2) Social**
 - (3) Governance-related
 - (4) Other
- (3) Sustainability outcome name
- Antimicrobial Resistance (AMR)
- (4) Number of targets set for this outcome
- (1) No target**
 - (2) One target
 - (3) Two or more targets
- (H) Sustainability outcome #8
 - (I) Sustainability outcome #9
 - (J) Sustainability outcome #10

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 2	PLUS	SO 1	SO 2.1, SO 4, SO 5	PUBLIC	Setting targets on sustainability outcomes	1

For each sustainability outcome, provide details of up to two of your nearest-term targets.

(A1) Sustainability Outcome #1: Target details

(A1) Sustainability Outcome #1:	COP26 Commitment on Eliminating Agricultural Commodity Driven Deforestation from Investment Portfolios					
(1) Target name	Eliminating ag. commodity deforestation from funds					
(2) Baseline year	2021					
(3) Target to be met by	2025					
(4) Methodology	<p>As a signatory, we commit to use best efforts to tackle commodity driven deforestation impacts in investment portfolios by 2025, and work towards the following milestones: By 2022: Assess exposure to deforestation risk, with a focus on ‘forest-risk’ agricultural commodities -- palm oil, soy, beef and leather, pulp and paper. Establish investment policies addressing exposure to agricultural commodity-driven deforestation. Deepen engagement of the highest risk holdings on deforestation in their supply chains By 2023: Disclose deforestation risk and mitigation activities in portfolios, including due diligence and engagement. By 2025: Publicly report credible progress, in alignment with peers, on the milestones to eliminate forest risk agricultural commodity-driven deforestation in the underlying holdings in our investment portfolios through successful company engagement.</p>					
(5) Metric used (if relevant)						
(6) Absolute or intensity-based (if relevant)	(1) Absolute					
(7) Baseline level or amount (if relevant):						

(8) Target level or amount (if relevant)

(9) Percentage of total AUM covered in your baseline year for target setting 100%

(10) Do you also have a longer-term target for this? (2) No

(B1) Sustainability Outcome #2: Target details

(B1) Sustainability Outcome #2: Finance for Biodiversity Pledge

(1) Target name Finance for Biodiversity Pledge

(2) Baseline year

(3) Target to be met by 2024

(4) Methodology
As a signatory to the Pledge, by 2024 at the latest we commit to:
• collaborating and knowledge sharing
• engaging with companies
• assessing impact
• setting targets
• reporting publicly

(5) Metric used (if relevant)

(6) Absolute or intensity-based (if relevant) (1) Absolute

(7) Baseline level or amount (if relevant):

(8) Target level or amount (if relevant)

(9) Percentage of total AUM covered in your baseline year for target setting 100%

(10) Do you also have a longer-term target for this?

(2) No

(C1) Sustainability Outcome #3: Target details

(C1) Sustainability Outcome #3: LGIM's commitment to net zero emissions by 2050

(1) Target name Interim 2030 target

(2) Baseline year 2019

(3) Target to be met by 2030

(4) Methodology

As part of LGIM's commitment to the Net Zero Asset Manager's Initiative, we have set a commitment to reach net zero greenhouse gas emissions by 2050 across all assets under management, with an interim target of 70% eligible AUM to be managed in line with this target by 2030.

Drawing on industry best practice, we have set out LGIM's key requirements for a fund or investment portfolio to be considered net-zero-aligned. Our methodology incorporates recommendations from the Paris-Aligned Investment Initiative's Net Zero Investment Framework, as well as the UN Net Zero Asset Owner Alliance and the Science-Based Targets Initiative's guidance for financial institutions. It incorporates core commonalities of these frameworks, including net-zero targets, decarbonisation pathways, targeted sector-based exclusions, engagement and allocation to green opportunities.

For this first interim target LGIM has excluded Government securities and Derivative assets due to lack of clear industry methodologies to account for these asset classes. The public report published by NZAMI outlines both this 70% figure and a 38% target figure for LGIM, which would be our target including derivatives and government securities.

(5) Metric used (if relevant)

Key indicators will include carbon intensity reductions consistent with a fair share of the 50% global reduction in CO2 identified as a requirement in the IPCC special report on global warming of 1.5°C, and/or implied portfolio temperature alignment of 1.5°C by 2030.

(6) Absolute or intensity-based (if relevant)

(1) Absolute

(7) Baseline level or amount (if relevant):

(8) Target level or amount (if relevant)

As part of LGIM's commitment to the Net Zero Asset Manager's Initiative, we have set a commitment to reach net zero greenhouse gas emissions by 2050 across all assets under management, with an interim target of 70% eligible AUM to be managed in line with this target by 2030.

(9) Percentage of total AUM covered in your baseline year for target setting

38%

(10) Do you also have a longer-term target for this?

(1) Yes

(C2) Sustainability Outcome #3: Target details

(C2) Sustainability Outcome #3:

LGIM's commitment to net zero emissions by 2050

(1) Target name

Net zero by 2050 target

(2) Baseline year

2019

(3) Target to be met by

2050

(4) Methodology

Drawing on industry best practice, we have set out LGIM's key requirements for a fund or investment portfolio to be considered net-zero-aligned. Our methodology incorporates recommendations from the Paris-Aligned Investment Initiative's Net Zero Investment Framework, as well as the UN Net Zero Asset Owner Alliance and the Science-Based Targets Initiative's guidance for financial institutions. It incorporates core commonalities of these frameworks, including net-zero targets, decarbonisation pathways, targeted sector-based exclusions, engagement and allocation to green opportunities.

(5) Metric used (if relevant)

Key indicators will include carbon intensity reductions consistent with a fair share of the 50% global reduction in CO2 identified as a requirement in the IPCC special report on global warming of 1.5°C, and/or implied portfolio temperature alignment of 1.5°C by 2030.

(6) Absolute or intensity-based (if relevant)

(1) Absolute

(7) Baseline level or amount (if relevant):

(8) Target level or amount (if relevant)

(9) Percentage of total AUM covered in your baseline year for target setting 100%

(10) Do you also have a longer-term target for this? (2) No

(D1) Sustainability Outcome #4: Target details

(D1) Sustainability Outcome #4: UN PRI Advance

(1) Target name UN PRI Advance: Policy

(2) Baseline year

(3) Target to be met by 2023

(4) Methodology Publicly endorse the investor statement for the Initiative; Engage with at least one focus company during each year and where possible, for the full duration of the Initiative; Provide annual high-level reports back to the PRI Executive on their level of participation and progress of the engagement; Attend PRI-organised Initiative meetings where reasonable

(5) Metric used (if relevant) Advance Initiative participants (both lead and collaborating investors) are required to have a policy commitment to respect human rights

(6) Absolute or intensity-based (if relevant)

(7) Baseline level or amount (if relevant):

(8) Target level or amount (if relevant)

(9) Percentage of total AUM covered in your baseline year for target setting 100%

(10) Do you also have a longer-term target for this? (2) No

(D2) Sustainability Outcome #4: Target details

(D2) Sustainability Outcome #4: UN PRI Advance

(1) Target name UN PRI Advance: due diligence process

(2) Baseline year

(3) Target to be met by

(4) Methodology Publicly endorse the investor statement for the Initiative; Engage with at least one focus company during each year and where possible, for the full duration of the Initiative; Provide annual high-level reports back to the PRI Executive on their level of participation and progress of the engagement; Attend PRI-organised Initiative meetings where reasonable

(5) Metric used (if relevant) Advance Initiative participants (both lead and collaborating investors) are required to have a human rights due diligence process.

(6) Absolute or intensity-based (if relevant)

(7) Baseline level or amount (if relevant):

(8) Target level or amount (if relevant)

(9) Percentage of total AUM covered in your baseline year for target setting 100%

(10) Do you also have a longer-term target for this? (2) No

(E1) Sustainability Outcome #5: Target details

(E1) Sustainability Outcome #5:	Diversity
(1) Target name	Gender diversity
(2) Baseline year	
(3) Target to be met by	
(4) Methodology	Assessment using third-party data and direct engagement.
(5) Metric used (if relevant)	Number of women on company boards
(6) Absolute or intensity-based (if relevant)	
(7) Baseline level or amount (if relevant):	
(8) Target level or amount (if relevant)	Expectation for global companies to reach a minimum of 30% women on the board since 2010. Asking UK and US large cap companies for at least one woman at executive committee level.
(9) Percentage of total AUM covered in your baseline year for target setting	
(10) Do you also have a longer-term target for this?	(2) No

(E2) Sustainability Outcome #5: Target details

(E2) Sustainability Outcome #5:	Diversity
(1) Target name	Ethnic diversity
(2) Baseline year	
(3) Target to be met by	2024
(4) Methodology	Assessment using third-party data and direct engagement

(5) Metric used (if relevant)	Number of people of ethnic diversity at board level
(6) Absolute or intensity-based (if relevant)	
(7) Baseline level or amount (if relevant):	
(8) Target level or amount (if relevant)	at least one person of ethnic diversity on UK FTSE100 and FTSE250 boards and US S&P500 and Russell 1000 boards by 2024
(9) Percentage of total AUM covered in your baseline year for target setting	
(10) Do you also have a longer-term target for this?	(2) No

(F1) Sustainability Outcome #6: Target details

(F1) Sustainability Outcome #6:	The Living Wage
(1) Target name	The Living Wage
(2) Baseline year	
(3) Target to be met by	2025
(4) Methodology	Third-party data assessment and company engagement.
(5) Metric used (if relevant)	Whether a company discloses their living wage strategy by 2025.
(6) Absolute or intensity-based (if relevant)	
(7) Baseline level or amount (if relevant):	
(8) Target level or amount (if relevant)	

(9) Percentage of total AUM covered in your baseline year for target setting

(10) Do you also have a longer-term target for this?

(2) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 2.1	PLUS	SO 1, SO 2	N/A	PUBLIC	Setting targets on sustainability outcomes	1

For each sustainability outcome, provide details of up to two of your long-term targets.

	(1) Target name	(2) Long-term target to be met by	(3) Long-term target level or amount (if relevant)
(C1) Sustainability Outcome #3: LGIM's commitment to net zero emissions by 2050	Interim 2030 target	2050	Net zero emissions by 2050 or sooner across all assets under management ('AUM')

FOCUS: SETTING NET-ZERO TARGETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 3	PLUS	SO 1	Multiple, see guidance	PUBLIC	Focus: Setting net-zero targets	General

If relevant to your organisation, you can opt-in to provide further details on your net-zero targets.

- (A) Yes, we would like to provide further details on our organisation's asset class-specific net-zero targets
- (B) Yes, we would like to provide further details on our organisation's net-zero targets for high-emitting sectors
- (C) Yes, we would like to provide further details on our organisation's mandate or fund-specific net-zero targets
- (D) No, we would not like to provide further details on our organisation's asset class, high-emitting sectors or mandate or fund-specific net-zero targets
- (E) No, our organisation does not have any asset class, high-emitting sectors or mandate or fund-specific net-zero targets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
NZAM 1	PLUS	NZAM, SO 3	SO 3.1, SO 3.2	PUBLIC	Focus: Setting net-zero targets	General

Select the relevant asset class breakdown for your organisation to report on your net-zero targets.

- (A) PRI's standard asset class breakdown
- (B) Asset class breakdown as per the NZAOA's Target Setting Protocol

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 3.1	PLUS	SO 3	N/A	PUBLIC	Focus: Setting net-zero targets	General

Provide details of your nearest-term net-zero targets per asset class.

- (A) PRI asset class breakdown
 - Listed equity

Target details

(A) PRI asset class breakdown: Listed equity

(1) Baseline year 2019

(2) Target to be met by 2030

(3) Emissions included in target (1) Scope 1
(2) Scope 2
(3) Scope 3

(4) Methodology It is important to note that there is considerable variation in approaches as to how asset managers have interpreted net zero guidance and established their net zero AUM targets. While this is particularly so between active and passive managers, even in large passive houses, the level of ambition in targets and stringency of approach varies noticeably. The latest NZAMI update report shows an average of 39% AUM target.

We have taken an ambitious but honest and prudent approach, aiming to be fully transparent in how we are approaching aligning assets to net zero and what we can credibly label as net zero assets. LGIM's AUM target may therefore appear lower than some of our peers because we have taken a more stringent and what we believe to be a more credible approach to defining net zero alignment, and because we are assuming that sovereigns and derivatives cannot be considered net-zero aligned until a consistent methodology is agreed.

We would also note that, among our competitors, the use of the definition "SBT or equivalent" as equal to "net zero aligned" is far less stringent than LGIM's definition.

Drawing on industry best practice, we have set out LGIM's key requirements for a fund or investment portfolio to be considered net-zero-aligned. Our methodology incorporates recommendations from the Paris-Aligned Investment Initiative's Net Zero Investment Framework, as well as the UN Net Zero Asset Owner Alliance and the Science-Based Targets Initiative's guidance for financial institutions. It incorporates core commonalities of these frameworks, including net-zero targets, decarbonisation pathways, targeted sector-based exclusions, engagement and allocation to green opportunities.

Key indicators will include carbon intensity reductions consistent with a fair share of the 50% global reduction in CO2 identified as a requirement in the IPCC special report on global warming of 1.5°C, and/or implied portfolio temperature alignment of 1.5°C by 2030.

(5) Metric used	(9) Other
(6) Baseline amount	
(7) Current amount (if different from baseline amount)	
(8) Targeted reduction with respect to baseline	50%
(9) Percentage of total AUM covered in your baseline year for target setting	38%
(10) If coverage is below 100% for this asset class, explain why	For this first interim target, LGIM has excluded government securities and derivative assets due to the lack of clear industry methodologies to account for these asset classes. As a result, the 70% target that LGIM has set to be managed in line with net zero covers eligible asset classes only. We will be reviewing our target every two years, taking into account developments across our client base and the markets in which we operate.

Fixed income

Target details

(A) PRI asset class breakdown: Fixed income

(1) Baseline year 2019

(2) Target to be met by 2030

(3) Emissions included in target
 (1) Scope 1
 (2) Scope 2
 (3) Scope 3

(4) Methodology
 It is important to note that there is considerable variation in approaches as to how asset managers have interpreted net zero guidance and established their net zero AUM targets. While this is particularly so between active and passive managers, even in large passive houses, the level of ambition in targets and stringency of approach varies noticeably. The latest NZAMI update report shows an average of 39% AUM target.

We have taken an ambitious but honest and prudent approach, aiming to be fully transparent in how we are approaching aligning assets to net zero and what we can credibly label as net zero assets. LGIM's AUM target may therefore appear lower than some of our peers because we have taken a more stringent and what we believe to be a more credible approach to defining net zero alignment, and because we are assuming that sovereigns and derivatives cannot be considered net-zero aligned until a consistent methodology is agreed. We would also note that, among our competitors, the use of the definition "SBT or equivalent" as equal to "net zero aligned" is far less stringent than LGIM's definition.

Drawing on industry best practice, we have set out LGIM's key requirements for a fund or investment portfolio to be considered net-zero-aligned. Our methodology incorporates recommendations from the Paris-Aligned Investment Initiative's Net Zero Investment Framework, as well as the UN Net Zero Asset Owner Alliance and the Science-Based Targets Initiative's guidance for financial institutions. It incorporates core commonalities of these frameworks, including net-zero targets, decarbonisation pathways, targeted sector-based exclusions, engagement and allocation to green opportunities.

Key indicators will include carbon intensity reductions consistent with a fair share of the 50% global reduction in CO2 identified as a requirement in the IPCC special report on global warming of 1.5°C, and/or implied portfolio temperature alignment of 1.5°C by 2030.

(5) Metric used (9) Other

(6) Baseline amount

(7) Current amount (if different from baseline amount)

(8) Targeted reduction with respect to baseline 50%

(9) Percentage of total AUM covered in your baseline year for target setting 38%

(10) If coverage is below 100% for this asset class, explain why
For this first interim target, LGIM has excluded government securities and derivative assets due to the lack of clear industry methodologies to account for these asset classes. As a result, the 70% target that LGIM has set to be managed in line with net zero covers eligible asset classes only. We will be reviewing our target every two years, taking into account developments across our client base and the markets in which we operate.

- Private equity
- Real estate

Target details

(A) PRI asset class breakdown: Real estate

(1) Baseline year 2019

(2) Target to be met by 2030

(3) Emissions included in target
(1) Scope 1
(2) Scope 2
(3) Scope 3

(4) Methodology
Across our real estate equity assets, we have set an SBTi validated target to 2030 support our trajectory to net zero, which commits us to reduce the operational energy and carbon of our landlord-controlled areas through a 42% reduction in absolute operational carbon emissions (scope 1 & 2).
As part of the process, we have set a further "SBT-aligned" target across scope 3 emissions associated with occupier energy use, where we have committed to reducing our downstream leased asset GHG emissions by 55% per square metre by 2030 from a 2019 base year. Both targets are aligned with 1.5°C 'Paris' pathways.
Note, the responses below refer to the scope 1 & 2 target.

(5) Metric used (9) Other

(6) Baseline amount 23, 857 tCO2e

(7) Current amount (if different from baseline amount) 16, 292 tCO2e

(8) Targeted reduction with respect to baseline 42%

(9) Percentage of total AUM covered in your baseline year for target setting 100%

(10) If coverage is below 100% for this asset class, explain why

- Infrastructure
- Hedge funds
- Forestry
- Farmland
- Other

TRACKING PROGRESS AGAINST TARGETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4	PLUS	SO 2	SO 4.1	PUBLIC	Tracking progress against targets	1

Does your organisation track progress against your nearest-term sustainability outcomes targets?

(A1) Sustainability outcome #1:

(A1) Sustainability outcome #1: COP26 Commitment on Eliminating Agricultural Commodity Driven Deforestation from Investment Portfolios

Target name: Eliminating ag. commodity deforestation from funds

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

(B1) Sustainability outcome #2:

(B1) Sustainability outcome #2: Finance for Biodiversity Pledge

Target name: Finance for Biodiversity Pledge

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

(C1) Sustainability outcome #3:

(C1) Sustainability outcome #3: LGIM's commitment to net zero emissions by 2050

Target name: Interim 2030 target

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

(C2) Sustainability outcome #3:

(C2) Sustainability outcome #3: LGIM's commitment to net zero emissions by 2050

Target name: Net zero by 2050 target

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

(D1) Sustainability outcome #4:

(D1) Sustainability outcome #4: UN PRI Advance

Target name: UN PRI Advance: Policy

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

(D2) Sustainability outcome #4:

(D2) Sustainability outcome #4: UN PRI Advance

Target name: UN PRI Advance: due diligence process

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

(E1) Sustainability outcome #5:

(E1) Sustainability outcome #5: Diversity

Target name: Gender diversity

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

(E2) Sustainability outcome #5:

(E2) Sustainability outcome #5: Diversity

Target name: Ethnic diversity

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

(F1) Sustainability outcome #6:

(F1) Sustainability outcome #6: The Living Wage

Target name: The Living Wage

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4.1	PLUS	SO 4	N/A	PUBLIC	Tracking progress against targets	1

During the reporting year, what qualitative or quantitative progress did your organisation achieve against your nearest-term sustainability outcome targets?

(A1) Sustainability Outcome #1: Target details

(A1) Sustainability Outcome #1: COP26 Commitment on Eliminating Agricultural Commodity Driven Deforestation from Investment Portfolios

(1) Target name: Eliminating ag. commodity deforestation from funds

(2) Target to be met by: 2025

(3) Metric used (if relevant)

(4) Current level or amount (if relevant)

(5) Other qualitative or quantitative progress: We have been assessing credit and equity exposure to deforestation risk, through a focus on select industries with high exposure to commodity-driven deforestation through their direct operations and/or supply chain. LGIM's deforestation policy outlines our approach to assessing and integrating deforestation considerations into investment tools, expanding our stewardship activities and reporting to clients.

This includes implementing a new voting policy to hold companies in deforestation-critical sectors to account for meeting our minimum standard expectations with regard to action on deforestation. From 2023, companies in critical sectors for which we have data and without a deforestation policy or programme in place will be subject to a vote against the board chair (or equivalent resolutions). As part of this engagement campaign, we have identified over 100 companies subject to voting sanctions for not meeting the minimum expectation of having a deforestation policy or programme in place, as stated in our deforestation policy. Voting sanctions will be applied from the 2023 AGM season. As part of our Climate Impact Pledge, we also carry out direct engagements with large and influential companies within the apparel, food, forestry, paper and pulp sectors on their approaches and actions in relation to deforestation.

(6) Methodology for tracking progress

We will continue to monitor our exposure and the impact of our campaigns, using the data available to us, and qualitative assessment.

(B1) Sustainability Outcome #2: Target details

(B1) Sustainability Outcome #2:

Finance for Biodiversity Pledge

(1) Target name

Finance for Biodiversity Pledge

(2) Target to be met by

2024

(3) Metric used (if relevant)

(4) Current level or amount (if relevant)

(5) Other qualitative or quantitative progress

Collaborating and knowledge sharing: Our collaborative work through, for example, the IPDD (Investors Policy Dialogue on Deforestation) and with initiative such as FAIRR (with whom we have collaborated on sustainable agriculture) are examples of how we are continuing to work towards this commitment. We engage with companies on biodiversity under our Climate Impact Pledge, which contains specific expectations related to biodiversity, requiring companies to take account of both their impact and dependencies on biodiversity. We can track progress using our Biodiversity metric which we have integrated into our LGIM ESG Score. By setting these qualitative and quantitative targets, we have been working towards our specific commitments as signatories of this Pledge. We report publicly on our progress in our annual Active Ownership report, our quarterly ESG Impact Reports, and our annual Climate Impact Pledge update.

(6) Methodology for tracking progress

We will continue to monitor our exposure and the impact of our campaigns, using the data available to us, and qualitative assessment.

(C1) Sustainability Outcome #3: Target details

(C1) Sustainability Outcome #3:

LGIM's commitment to net zero emissions by 2050

(1) Target name

Interim 2030 target

(2) Target to be met by

2030

(3) Metric used (if relevant)

Key indicators will include carbon intensity reductions consistent with a fair share of the 50% global reduction in CO2 identified as a requirement in the IPCC special report on global warming of 1.5°C, and/or implied portfolio temperature alignment of 1.5°C by 2030.

(4) Current level or amount (if relevant)

(5) Other qualitative or quantitative progress

In order to work towards our 2030 target, LGIM has been working with clients to develop new funds that are aligned to our Net Zero framework, and evolve funds in our existing range. This has included the launch of our first Net Zero aligned active fund (L&G Net Zero Global Corporate Bond Fund, launched in May 2022), which has been followed by the launch of several more Net-Zero aligned funds managed by the Active Fixed Income Team. In the Solutions space, we have also added two Net Zero aligned Buy and Maintain funds.

(6) Methodology for tracking progress

Drawing on industry best practice, we have set out LGIM's key requirements for a fund or investment portfolio to be considered net-zero-aligned. Our methodology incorporates recommendations from the Paris-Aligned Investment Initiative's Net Zero Investment Framework, as well as the UN Net Zero Asset Owner Alliance and the Science-Based Targets Initiative's guidance for financial institutions. It incorporates core commonalities of these frameworks, including net-zero targets, decarbonisation pathways, targeted sector-based exclusions, engagement and allocation to green opportunities.

(C2) Sustainability Outcome #3: Target details

(C2) Sustainability Outcome #3:

LGIM's commitment to net zero emissions by 2050

(1) Target name

Net zero by 2050 target

(2) Target to be met by	2050
(3) Metric used (if relevant)	Key indicators will include carbon intensity reductions consistent with a fair share of the 50% global reduction in CO2 identified as a requirement in the IPCC special report on global warming of 1.5°C, and/or implied portfolio temperature alignment of 1.5°C by 2030.
(4) Current level or amount (if relevant)	
(5) Other qualitative or quantitative progress	In order to work towards our 2030 target, LGIM has been working with clients to develop new funds that are aligned to our Net Zero framework, and evolve funds in our existing range. This has included the launch of our first Net Zero aligned active fund (L&G Net Zero Global Corporate Bond Fund, launched in May 2022), which has been followed by the launch of several more Net-Zero aligned funds managed by the Active Fixed Income Team. In the Solutions space, we have also added two Net Zero aligned Buy and Maintain funds.
(6) Methodology for tracking progress	Drawing on industry best practice, we have set out LGIM's key requirements for a fund or investment portfolio to be considered net-zero-aligned. Our methodology incorporates recommendations from the Paris-Aligned Investment Initiative's Net Zero Investment Framework, as well as the UN Net Zero Asset Owner Alliance and the Science-Based Targets Initiative's guidance for financial institutions. It incorporates core commonalities of these frameworks, including net-zero targets, decarbonisation pathways, targeted sector-based exclusions, engagement and allocation to green opportunities.

(D1) Sustainability Outcome #4: Target details

(D1) Sustainability Outcome #4:	UN PRI Advance
(1) Target name	UN PRI Advance: Policy
(2) Target to be met by	2023
(3) Metric used (if relevant)	Advance Initiative participants (both lead and collaborating investors) are required to have a policy commitment to respect human rights
(4) Current level or amount (if relevant)	

(5) Other qualitative or quantitative progress
 LGIM is a PRI Advance collaborative investor for utility company Southern Co. We had our first engagement with Southern Co in June 2023 where we touched on human rights commitments, application into subsidiaries, human rights risk assessments, grievance and monitoring mechanisms in place, potential risks of forced labour in supply chains and influence on suppliers through PPAs. Also, we touched on how they are embedding human rights requirements within new suppliers onboarding and discussed health and safety, working conditions, living wage and working hours.

(6) Methodology for tracking progress

(D2) Sustainability Outcome #4: Target details

(D2) Sustainability Outcome #4: UN PRI Advance

(1) Target name UN PRI Advance: due diligence process

(2) Target to be met by

(3) Metric used (if relevant) Advance Initiative participants (both lead and collaborating investors) are required to have a human rights due diligence process.

(4) Current level or amount (if relevant)

(5) Other qualitative or quantitative progress Human rights due diligence process: Using information from a reputable third-party data provider, LGIM monitors the companies in which we invest for UNGC violations. Perennial violators are placed on our Future World Protection List and excluded from relevant LGIM funds.

(6) Methodology for tracking progress

(E1) Sustainability Outcome #5: Target details

(E1) Sustainability Outcome #5: Diversity

(1) Target name Gender diversity

(2) Target to be met by

(3) Metric used (if relevant)	Number of women on company boards
(4) Current level or amount (if relevant)	
(5) Other qualitative or quantitative progress	In the first half of 2023, we voted against 7 companies across FTSE100 & S&P500 with all-male executive leadership teams, and 1,645 companies for lack of board level gender diversity.
(6) Methodology for tracking progress	Third-party data assessment and engagement

(E2) Sustainability Outcome #5: Target details

(E2) Sustainability Outcome #5:	Diversity
(1) Target name	Ethnic diversity
(2) Target to be met by	2024
(3) Metric used (if relevant)	Number of people of ethnic diversity at board level
(4) Current level or amount (if relevant)	
(5) Other qualitative or quantitative progress	Over 2020-2023 we voted against 4 large cap companies for lack of ethnic diversity on the board.
(6) Methodology for tracking progress	Third-party data assessment and engagement

(F1) Sustainability Outcome #6: Target details

(F1) Sustainability Outcome #6:	The Living Wage
(1) Target name	The Living Wage
(2) Target to be met by	2025
(3) Metric used (if relevant)	Whether a company discloses their living wage strategy by 2025.

(4) Current level or amount (if relevant)

(5) Other qualitative or quantitative progress

During 2022, LGIM held 38 company engagements with 23 individual companies to discuss income inequality. Of these engagements, 12 were collaborative with other investors and LGIM led the engagements with three companies (PVH, Tesco and Walmart). Additionally, following the shareholder resolution that LGIM co-filed with ShareAction for Sainsbury's 2022 AGM, calling on the company to become a living-wage accredited employer, Sainsbury's increased wages again for all employees in October 2022, and again in January 2023, taking the hourly pay rate for London employees to £11.95 and the national rate to £11. Store discounts were increased in October and free food during shifts will be extended for a further 6 months of 2023.

(6) Methodology for tracking progress

Third-party data assessment and engagement.

INDIVIDUAL AND COLLABORATIVE INVESTOR ACTION ON OUTCOMES

LEVERS USED TO TAKE ACTION ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 5	PLUS	SO 2	Multiple	PUBLIC	Levers used to take action on sustainability outcomes	1, 2, 5

During the reporting year, which of the following levers did your organisation use to take action on sustainability outcomes, including to prevent and mitigate actual and potential negative outcomes?

- (A) Stewardship with investees, including engagement, (proxy) voting, and direct influence with privately held assets
Select from drop down list:
 - (1) Individually
 - (2) With other investors or stakeholders
- (B) Stewardship: engagement with external investment managers
- (C) Stewardship: engagement with policy makers
Select from drop down list:
 - (1) Individually
 - (2) With other investors or stakeholders
- (D) Stewardship: engagement with other key stakeholders
Select from drop down list:
 - (1) Individually
 - (2) With other investors or stakeholders
- (E) Capital allocation

- (F) Our organisation did not use any of the above levers to take action on sustainability outcomes during the reporting year

CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 6	PLUS	SO 5	N/A	PUBLIC	Capital allocation	1

During the reporting year, how did your organisation use capital allocation to take action on sustainability outcomes, including to prevent and mitigate actual and potential negative outcomes?

(A) Across all sustainability outcomes

(1) Capital allocation activities used	(2) Sector allocation (4) Divestment from assets or sectors
(2) Explain through an example	Under our Climate Impact Pledge, we may divest from companies (within certain funds) with whom we engage directly and which, following engagement, have not made sufficient progress versus our minimum expectations for their sector. Companies that do make progress may be reinstated into the relevant funds (having previously been excluded). In our 2023 update, we added Air China and Cosco Shipping Holdings to our divestment list, and reinstated China Mengniu Dairy.

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1:	COP26 Commitment on Eliminating Agricultural Commodity Driven Deforestation from Investment Portfolios
(1) Capital allocation activities used	(4) Divestment from assets or sectors
(2) Explain through an example	Hormel Foods is currently on our Climate Impact Pledge divestment list. While the company has made progress towards net-zero targets and on two product lines sourcing from solely regenerative farms, the company still does not have a comprehensive zero-deforestation policy, and has no targets for Scope 3 upstream agricultural emissions.

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2: Finance for Biodiversity Pledge

(1) Capital allocation activities used

(4) Divestment from assets or sectors

(2) Explain through an example

Food producer Loblaw is currently on our Climate Impact Pledge divestment list. The firm's interim Scope 3 targets have not yet been published and no comprehensive zero deforestation policy is in place.

(D) Sustainability Outcome #3:

(D) Sustainability Outcome #3: LGIM's commitment to net zero emissions by 2050

(1) Capital allocation activities used

(4) Divestment from assets or sectors
(5) Other

(2) Explain through an example

Under our LGIM Coal Policy, we divest (or will not invest in) companies which fail to meet our minimum standards regarding thermal coal production, use of thermal coal for power generation, and thermal coal extraction. For funds we have committed to managing in line with net zero emissions, LGIM will also exclude companies making new investments in thermal coal and oil sands. Across all LGIM funds, we will use active and escalating engagements to help companies meet our minimum expectations.

We have also integrated targets for implied temperature alignment and carbon-related outcomes within investment strategies that impact capital allocation and portfolio construction. Our Net Zero Framework sets out the criteria required to directly support this sustainability outcome.

Under our LGIM Coal Policy, we divest (or will not invest in) companies which fail to meet our minimum standards regarding thermal coal production, use of thermal coal for power generation, and thermal coal extraction. For funds we have committed to managing in line with net zero emissions, LGIM will also exclude companies making new investments in thermal coal and oil sands. Across all LGIM funds, we will use active and escalating engagements to help companies meet our minimum expectations.

We have also integrated targets for implied temperature alignment and carbon-related outcomes within investment strategies that impact capital allocation and portfolio construction. Our Net Zero Framework sets out the criteria required to directly support this sustainability outcome.

(E) Sustainability Outcome #4:

(E) Sustainability Outcome #4: UN PRI Advance

(1) Capital allocation activities used

(4) Divestment from assets or sectors

(2) Explain through an example

Using information from a reputable third-party data provider, LGIM monitors the companies in which we invest for UNGC violations. Perennial violators are placed on our Future World Protection List and excluded from relevant LGIM funds.

(F) Sustainability Outcome #5:

(F) Sustainability Outcome #5: Diversity

(1) Capital allocation activities used

(2) Explain through an example

N/A

(G) Sustainability Outcome #6:

(G) Sustainability Outcome #6: The Living Wage

(1) Capital allocation activities used

(2) Explain through an example

N/A

(H) Sustainability Outcome #7:

(H) Sustainability Outcome #7: Antimicrobial Resistance (AMR)

(1) Capital allocation activities used

(2) Explain through an example

N/A

STEWARDSHIP WITH INVESTEES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 8	PLUS	SO 5	N/A	PUBLIC	Stewardship with investees	2

During the reporting year, how did your organisation use stewardship with investees to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) Across all sustainability outcomes

(1) Describe your approach

The LGIM Investment Stewardship team's purpose is to protect clients' assets through raising market ESG standards and best practice. We believe that real change is achieved by being an engaged and active owner. We are active proponents of the benefits of the global stewardship codes in improving the quality of stewardship and ownership across the markets in which we invest.

We actively monitor investee companies in order to ensure that they act in the best interest of shareholders and create long-term value for our clients.

Our stewardship activity is guided by our global stewardship themes. These themes reflect systemic ESG issues affecting the global markets and companies in which our clients are invested, and where we believe we can have an impact. Within our respective themes, we use our LGIM ESG scores to identify companies with which we plan to engage – this data-driven approach to company engagement helps us identify “leading laggards” on which to concentrate our direct engagement activities. These companies are those that have been identified as influential in their sectors, where we believe that we can effect ESG improvements through engagement, and which will then have a knock-on, positive impact across the relevant sector. This supports our overall aim of improving ESG standards not just at individual companies, but across the global markets in which our clients are invested.

This means that our stewardship activity is undertaken with strategic outcomes in mind, aligning our thematic, company and public policy engagement, as well as our voting activity, in order to achieve these.

(2) Stewardship tools or activities used

(1) Engagement
(2) (Proxy) voting at shareholder meetings
(3) Filing of shareholder resolutions or proposals

(3) Example

As one of the world's largest diversified mining companies, with strong exposure to metals needed to decarbonise the global economy, we believe Glencore has a key role to play in the energy transition. Nevertheless, the company's exposure to thermal coal is material and, given the need to rapidly phase out coal to meet the company's own 1.5°C target, we have expressed our concerns about the lack of time-bound commitments to reduce or exit this business line entirely during our six engagements with the company since 2020. We welcomed the company's commitment to prioritise investments in metals that support the energy transition and to strengthen its interim emissions reduction targets. But our concerns regarding its thermal coal exposure and future plans led us to vote against the company's climate transition plan at its 2022 AGM. Additionally, in line with LGIM's 'engagement with consequences' approach, we identified the company as a 'leading laggard' as part of our Climate Impact Pledge programme, and applied voting sanctions against the chair at the same AGM. In 2022, we pledged to increase pressure on companies that fail to put suitably ambitious and credible transition plans to a shareholder vote, by filing shareholder resolutions. In light of our ongoing concerns at Glencore, we are putting our commitment into effect by co-filing a shareholder resolution at Glencore's 2023 AGM, requesting that the company disclose how its thermal coal production is aligned with the Paris Agreement objective of limiting the increase in global temperature to 1.5°C.

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1:

COP26 Commitment on Eliminating Agricultural Commodity Driven Deforestation from Investment Portfolios

(1) Describe your approach

We have launched LGIM's deforestation engagement campaign, writing to 300 companies from a set of deforestation-critical sectors within our investment portfolios, outlining our expectations, their specific current performance against these, and explaining LGIM's new deforestation voting policy.

(2) Stewardship tools or activities used

(1) Engagement
(2) (Proxy) voting at shareholder meetings

(3) Example While still early in the deforestation campaign, we have since followed up with direct engagements with a number of these companies and have further engagements planned. As part of this engagement campaign, we have identified over 100 companies subject to voting sanctions for not meeting the minimum expectation of having a deforestation policy or programme in place, as stated in our deforestation policy. Voting sanctions will be applied from the 2023 AGM season.

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2: Finance for Biodiversity Pledge

(1) Describe your approach Our Climate Impact Pledge engagement programme covers over 5,000 companies across 20 climate-critical sectors, incorporating a quantitative assessment using over 70 indicators, including metrics for biodiversity and deforestation. Those companies failing to meet our minimum expectations may be subject to voting sanctions. In addition to this quantitative assessment, we also select a subset of c.100 'dial mover' companies, which are influential in their sectors and lagging our minimum expectations. We engage with these companies directly in order to encourage them to meet our minimum expectations. Those which do not may be subject to voting and/ or divestment sanctions.

(2) Stewardship tools or activities used (1) Engagement
(2) (Proxy) voting at shareholder meetings

(3) Example For sectors with a clear link between biodiversity and net-zero strategies, companies should assess their impacts and dependencies with a view to managing risk, as well as mitigating and reversing negative impacts. We have divested from certain companies on account of their failure to meet our expectations, including those regarding deforestation.

(D) Sustainability Outcome #3:

(D) Sustainability Outcome #3:	LGIM's commitment to net zero emissions by 2050
(1) Describe your approach	Our Climate Impact Pledge engagement programme covers over 5,000 companies across 20 climate-critical sectors, incorporating a quantitative assessment using over 70 indicators, including metrics for biodiversity and deforestation. Those companies failing to meet our minimum expectations may be subject to voting sanctions. In addition to this quantitative assessment, we also select a subset of c.100 'dial mover' companies, which are influential in their sectors and lagging our minimum expectations. We engage with these companies directly in order to encourage them to meet our minimum expectations. Those which do not may be subject to voting and/ or divestment sanctions.
(2) Stewardship tools or activities used	(1) Engagement (2) (Proxy) voting at shareholder meetings
(3) Example	In our 2023 update, 299 companies were identified for AGM voting sanctions. Out of the c.100 'dial mover' companies with whom we engage directly, we added 2 to our divestment list (of 12 existing companies), and reinstated one.

(E) Sustainability Outcome #4:

(E) Sustainability Outcome #4:	UN PRI Advance
(1) Describe your approach	LGIM is a PRI Advance collaborative investor for utility company Southern Co.
(2) Stewardship tools or activities used	(1) Engagement
(3) Example	We had our first engagement with Southern Co in June 2023 where we touched on human rights commitments, application into subsidiaries, human rights risk assessments, grievance and monitoring mechanisms in place, potential risks of forced labour in supply chains and influence on suppliers through PPAs. Also, we touched on how they are embedding human rights requirements within new suppliers onboarding and discussed health and safety, working conditions, living wage and working hours.

(F) Sustainability Outcome #5:

(F) Sustainability Outcome #5:	Diversity
(1) Describe your approach	Since 2020, we have been engaging with companies on their commitments to ethnic diversity and have demanded transparent reporting. Our expectation was that, by 2021, companies would set ambitions related to the ethnic composition of their organisation, throughout the workforce, with a particular emphasis at the board level, which we believe generally sets the tone from the top. Our specific expectation was for FTSE 100 and S&P 500 companies to have at least one ethnically diverse board member by 2021. In September 2020, we launched our campaign, and wrote to 79 companies which fell below our expectations. In 2021, we re-ran the data and wrote to 37 companies that were still laggards.
(2) Stewardship tools or activities used	(1) Engagement (2) (Proxy) voting at shareholder meetings
(3) Example	The 2022 AGM season was therefore the first voting season during which we placed votes against specific companies due to a lack of board-level ethnic diversity. By the end of 2022, we voted against one company, Universal Health Services for lack of ethnic representation. 63% of shareholders also voted against the director at Universal Health Services; however, the company stated that this particular director will remain on the board as she brings gender diversity and relevant expertise.

(G) Sustainability Outcome #6:

(G) Sustainability Outcome #6:	The Living Wage
(1) Describe your approach	LGIM has been asking UK companies to pay the living wage since 2016. Particularly as the cost of living continues to increase, we encourage companies to make the living wage the 'new normal' for lower skilled employees. LGIM considers the impacts of income inequality and poverty a real concern.

We believe the impact it has on workforce productivity and depressed demand for goods and services has the potential to affect the value of the companies in which we invest on behalf of our clients. LGIM's expectations of companies are:

- i. companies should ensure they are paying employees a living wage; this requirement applies to all workers within their operations and to those working in their supply chains
- ii. Company boards should challenge decisions to pay employees less than the living wage
- iii. When reviewing executive pay, the remuneration committee should consider the pay practices at all levels of the organisation
- iv. Employees should be offered the opportunity to work at least 15 hours per week
- v. Priority should be given to the lowest paid employees when making annual pay increases.

(2) Stewardship tools or activities used

(1) Engagement
(3) Filing of shareholder resolutions or proposals

(3) Example

Since 2016, LGIM has been engaging with Sainsbury's, asking the company to pay real living wage to all employees. We also joined the collaboration of ShareAction's 'Good Work Coalition'. We escalated our engagement by co-filing a shareholder resolution in the company's 2022 AGM -this resolution was co-filed with ShareAction, and called on Sainsbury's to become a living-wage accredited employer. We increased public pressure through pre-declaration of our voting intentions in support of this shareholder resolution, ahead of AGM in July 2022.

Following filing of the shareholder resolution (filed in April 2022 for the July 2022 AGM), and subsequent engagement with stakeholders, Sainsbury's agreed to raise 'outer' to match 'inner' London wages. However, contractors were not included in this wage increase. While our co-filed shareholder resolution did not 'pass', we were pleased to see that Sainsbury's increased wages again for all employees in October 2022, and again in January 2023, taking the hourly pay rate for London employees to £11.95 and the national rate to £11. Store discounts were increased in October and free food during shifts will be extended for a further 6 months of 2023.

(H) Sustainability Outcome #7:

(H) Sustainability Outcome #7:

Antimicrobial Resistance (AMR)

(1) Describe your approach

Shareholder resolutions are part of our engagement strategy. We support proposals that seek to increase our rights in this regard (i.e. 'proxy access'), as this represents the ultimate tool to proactively change the status quo and hold boards to account. Our engagement process with companies is structured: we have a number of different 'levers' we can pull to escalate an issue – we use different tools depending on the company, market and topic that needs addressing. Filing a resolution puts pressure on a company and encourages them to discuss and resolve issues with us. This may encourage the company to propose and take action long before the shareholder meeting, thereby potentially avoiding the topic being included on their meeting agenda, which in turn could avoid a shareholder show-down and eventual public vote. This means our sought-after change can occur without the resolution ever being tabled.

(2) Stewardship tools or activities used

(1) Engagement
(2) (Proxy) voting at shareholder meetings
(3) Filing of shareholder resolutions or proposals

(3) Example

In late 2022, we elevated our work on an engagement campaign with McDonald's. For the last two years we supported AMR shareholder proposals filed at McDonald's, pre-declared our votes in relation to these resolutions, and engaged with the company. We also signed a collaborative investor letter under the leadership of ICCR asking the company to publish targets related to the reduction of medically important antibiotics for the routine prevention of disease in its global beef supplies, which in 2018 they had announced that they would do by end of 2020. Given insufficient progress on these issues, we decided it was time to further escalate our concerns. During the autumn of 2022, we were approached by The Shareholder Commons to co-file a shareholder proposal asking McDonald's to apply the World Health Organization Guidelines on Use of Medically Important Antimicrobials in Food-Producing Animals throughout its supply chains. We co-filed the shareholder proposal on 1 December 2022. The company has since released its antibiotics reduction targets, two years after the initial deadline.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 9	PLUS	SO 5	N/A	PUBLIC	Stewardship with investees	2

How does your organisation prioritise the investees you conduct stewardship with to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) We prioritise the most strategically important companies in our portfolio.

Describe how you do this:

Taking our Climate Impact Pledge as an example, we select c.100 'dial mover' companies, which are chosen for their size and potential to galvanise action in their sectors. Our Investment Stewardship team analyses each company in depth using public information, based on the framework set out in our net-zero sector guidelines that are published on our website.

Select from the list:

- 1
- 4

(B) We prioritise the companies in our portfolio most significantly connected to sustainability outcomes.

Describe how you do this:

Our stewardship activity is guided by our global stewardship themes. These themes reflect systemic ESG issues affecting the global markets and companies in which our clients are invested, and where we believe we can have an impact. Within our respective themes, we use our LGIM ESG scores to identify companies with which we plan to engage – this data-driven approach to company engagement helps us identify "leading laggards" on which to concentrate our direct engagement activities. These companies are those that have been identified as influential in their sectors, where we believe that we can effect ESG improvements through engagement, and which will then have a knock-on, positive impact across the relevant sector. This supports our overall aim of improving ESG standards not just at individual companies, but across the global markets in which our clients are invested.

This means that our stewardship activity is undertaken with strategic outcomes in mind, aligning our thematic, company and public policy engagement, as well as our voting activity, in order to achieve these.

Select from the list:

- 2
- 4

(C) We prioritise the companies in our portfolio to ensure that we cover a certain proportion of the sustainability outcomes we are taking action on.

Describe how you do this:

We make commitments in our Net Zero funds that at least 50% of the portfolio (on an emissions weighted basis) will either have a Science-Based Target or have been engaged on climate change issues.

Select from the list:

- 3
- 4

(D) Other

STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 11	PLUS	SO 5	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, how did your organisation use engagement with policy makers to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) Across all sustainability outcomes

(1) Describe your approach

As a major long-term investor with global coverage, LGIM engages with policymakers at an early stage to help them identify and address emerging risks, so they can take transformative steps to tackle systemic market issues and accelerate progress against complex global sustainability challenges. Our policy dialogue aims to produce real tangible change by designing, implementing and monitoring an effective and coherent policy, including a regulatory and legislative system that governs society, the environment and the economy. We engage with a broad range of stakeholders across the entire policy ecosystem. We believe understanding the policy and regulatory context and the relationships between these organisations is a crucial foundation of effective engagement.

(2) Engagement tools or activities used

- (1) We participated in 'sign-on' letters
- (2) We responded to policy consultations
- (3) We provided technical input via government- or regulator-backed working groups
- (4) We engaged policy makers on our own initiative
- (5) Other methods

(3) Example(s) of policies engaged on

Awareness of the damage caused by microplastics entering our water systems is increasing. In order to put pressure on the UK government to take action, we joined a collaboration led by First Sentier Investors, comprising 30 investors representing AUM of US\$5.6 trillion.¹⁵ As part of this collaboration, we co-signed a letter to the UK Department of Environment, Food and Rural Affairs (DEFRA), emphasising our support for the 2021 recommendations of the All Party Parliamentary Group on Microplastics. These stipulate that microfibre filters must be installed in new washing machines by 2025, which will help to reduce the amount of microplastics entering the water system. Our collaborative engagement group has also met with DEFRA and we will monitor further steps taken on legislative action following the recommendations made.

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1:	COP26 Commitment on Eliminating Agricultural Commodity Driven Deforestation from Investment Portfolios	
(1) Describe your approach	We believe the global impact of nature loss (including from deforestation) on the markets and companies in which our clients are invested is financially material.	
(2) Engagement tools or activities used		(5) Other methods
(3) Example(s) of policies engaged on	We are active members of the Investors Policy Dialogue on Deforestation (IPDD). This collaboration was established in 2020 and is an investor-led sovereign engagement initiative that aims to halt deforestation. Through our membership and participation, we contribute to discussions, research and engagements with governments in countries that are vulnerable to deforestation, engaging in policy dialogue. There has been a recent focus in workstreams on Indonesia and Brazil. LGIM co-chairs a recently-launched working group established by the IPDD. This group will engage on the deforestation-free commodity regulations being debated and implemented in the UK, US, Europe and latterly China. The working group aims to run for two years, and work will begin shortly; investors are invited to join the group.	

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2:	Finance for Biodiversity Pledge	
(1) Describe your approach	Climate and nature are intrinsically linked and mutually reinforcing. A changing climate threatens natural ecosystems, and nature loss amplifies climate change by reducing the ability of ecosystems to store carbon. Passing critical thresholds will spark runaway change from one equilibrium to another. LGIM has long advocated for greater action by policymakers to address these systemic risks and their underlying drivers that are now receiving greater global attention. For example, reforming significant government subsidies that harm the environment, particularly in the agriculture and fossil fuel sectors. While food systems currently contribute around a third of global greenhouse gas (GHG) emissions, ¹⁰ efforts to decarbonise the sector have plateaued. LGIM has championed a comprehensive, science-based international plan for sustainable agriculture and land use, and we believe that it is essential to meeting global commitments to net zero.	
(2) Engagement tools or activities used		(5) Other methods

(3) Example(s) of policies engaged on

As a member of the FAIRR initiative, a collaborative investor network focusing on ESG risks and opportunities caused by intensive animal production, LGIM co-led the movement to call on global leaders to develop a comprehensive science-based roadmap for sustainable agriculture and land use to limit global warming to 1.5C, while ensuring the protection and restoration of nature and our ecosystems. The initiative recommended that the United Nations Food and Agriculture Organisation (FAO) lead and coordinate the multilateral system to urgently develop the roadmap.

The initiative received support from global leaders, including former Secretary General of the United Nations Ban Ki-Moon and former President of Ireland Mary Robinson, along with a group of investors (including LGIM) managing US\$18 trillion in assets. At COP27, the UN FAO announced its commitment to publish a roadmap for agricultural and food systems by COP28 in November 2023. It is anticipated that the UN FAO's roadmap will set out clear targets and deliverables to protect the planet while developing sustainable food systems.

At LGIM, we are seeking a 'just transition' for economies to be both net zero and nature-positive, in which ecosystems are restored. We were pleased to see notable 'nature-related' events and 'nature-based solutions' being included in discussions for the first time.

(D) Sustainability Outcome #3:

(D) Sustainability Outcome #3: LGIM's commitment to net zero emissions by 2050

(1) Describe your approach

As part of our aim to achieve net zero emissions across all assets under management by 2050, we have committed to using our engagement with policymakers, regulators and companies to achieve this target.

(2) Engagement tools or activities used

(2) We responded to policy consultations
 (3) We provided technical input via government- or regulator-backed working groups

(3) Example(s) of policies engaged on

In May 2022, we submitted a letter in support of the US Securities and Exchange Commission's (SEC) proposed rule, 'Enhancement and Standardization of Climate-Related Disclosures for Investors'. This rule seeks to improve existing disclosures on climate-related risks that could have "a material impact on a business, results of operations, or financial condition". We complemented our regulatory comment with a public op-ed in Barron's, reiterating our support. Directionally, we believe the proposed rules represent a significant step forward in harmonising the existing set of disparate disclosure practices currently in the marketplace, and in fostering the publication of comparable and decision-useful data from our portfolio companies.

In 2022, BEIS invited evidence on the government's approach to delivery its net zero target, as part of an Independent Review of Net Zero, to ensure that delivering the net zero target does not place undue burdens on businesses or consumers. LGIM Real Assets fed into both a Legal and General Group response, and, through our active membership of the Better Buildings Partnership (BBP), provided evidence to support a built environment-specific response. This feedback contributed to the "Independent Review of Net Zero", which outlined 129 recommendations to deliver net zero at scale and lower cost.

(E) Sustainability Outcome #4:

(E) Sustainability Outcome #4:	UN PRI Advance
(1) Describe your approach	At LGIM, we aim to create a better world through responsible investment. This relates not only to the environment, but also to the management of social and governance factors, including human rights.
(2) Engagement tools or activities used	(1) We participated in 'sign-on' letters
(3) Example(s) of policies engaged on	Alongside 39 investors with AUM of over £4.5 trillion, we co-signed a letter to the UK government in support of a 'Business, Human Rights and Environment Act' which would require business to undertake human rights and environmental due diligence across their operations and value chains. We believe such legislation would ingrain a higher and measurable standard of human rights and environmental behaviours across the UK market, exerting a positive influence in global markets throughout the value chain.

(F) Sustainability Outcome #5:

(F) Sustainability Outcome #5:	Diversity
(1) Describe your approach	We believe that diversity within an organisation can lead to improved decision making, enhanced risk management, greater inclusivity and increased innovation. We engage with investee companies on diversity and set minimum expectations to signal this is an important topic to LGIM as stewards of capital.
(2) Engagement tools or activities used	(5) Other methods

(3) Example(s) of policies engaged on
 Through our membership of and collaboration with the Asian Corporate Governance Association ('ACGA'), we have joined their discussions with the Japan Financial Services Authority ('FSA') about corporate governance reform and about diversity. Last year, we helped to draft, and co-signed, an open letter to FSA and Tokyo Stock Exchange ('TSE'), which was shared with the Cabinet Office.

It was confirmed during our engagement with FSA that our view in the letter has fed into government's broader announcement on diversity at Japanese companies. The letter touched on the importance of strengthening female talent pipeline internally and expanding the pool of female executives. On 5 June, the Japanese Government's Gender Equality Bureau of the Cabinet Office announced the draft of the 2023 Main Policy for Women's Empowerment and Joint Gender Participation.

The Policy includes the following three measures:

I. Promote initiatives to realize a virtuous cycle of women's empowerment and economic growth, with the following targets:

(1) Strive to appoint at least one female officer by 2025

(2) Aim to increase the ratio of female officers to 30% or more by 2030.

(3) At the same time, we will further enhance training for female leaders who will be responsible for corporate management and support skill improvement through re-skilling.

II.

Strengthening efforts to improve women's income and economic independence

III. Realization of a society where women can live with dignity and pride.

(G) Sustainability Outcome #6:

(G) Sustainability Outcome #6: The Living Wage

(1) Describe your approach
 LGIM considers the impacts of income inequality and poverty a real concern. We believe the impact it has on workforce productivity and depressed demand for goods and services has the potential to affect the value of the companies that we invest our clients' assets in.

(2) Engagement tools or activities used

(5) Other methods

(3) Example(s) of policies engaged on
 While our activity so far on the Living Wage has been focused on companies and collaborations, a member of our team will be participating in a UNGC roundtable on the topic in October 2023.

(H) Sustainability Outcome #7:

(H) Sustainability Outcome #7:

Antimicrobial Resistance (AMR)

(1) Describe your approach

Antimicrobial resistance (AMR) is one of our global systemic engagement themes. The World Health Organisation (WHO) describes AMR as one of the top 10 global public health threats facing humanity today. The World Bank estimated in 2016 that AMR could result in a 3.8% loss in global GDP, an impact comparable to that of the 2008 financial crisis. Finally, a study published in January 2022 confirmed that 1.27 million deaths globally in 2019 were directly attributable to bacterial AMR, while 4.95 million deaths were indirectly linked to bacterial AMR. As a global investor across multiple asset classes, LGIM can see the widespread impact AMR may have across numerous sectors from healthcare and pharmaceuticals, to travel and leisure. In 2022 we continued our work on this important topic. Following on from our initial engagement with water utility companies in 2021, we decided to take a proactive policy-focused approach to progressing this topic. While international awareness of AMR is rising and commitments were made at G7 meetings in 2021, we believe the scale of action across both the public and private sectors remains insufficient to prevent catastrophic economic and human impacts.

(2) Engagement tools or activities used

(4) We engaged policy makers on our own initiative

(3) Example(s) of policies engaged on

Based on our corporate engagement with water utility companies and considering the crucial role of the water sector in AMR, in 2022 we wrote to 11 international organisations asking them to focus on four key areas to push for market-wide improvement: 1. Expand and strengthen sectoral coverage to highlight AMR in the environment, specifically when it comes to water and waterways. A coordinated effort is needed to highlight the risks that antibiotics in the environment, and especially in our water systems, present to humans and society at large.

2. Integrate AMR risks into sustainable finance, specifically regulation targeted at improving disclosure across the investment chain. LGIM recommends policymakers initially focus on regulation targeted at strengthening corporate disclosures across public and private markets, namely the IFRS International Sustainability Standards Board (ISSB) standards and activity based classification regulations such as the EU and UK Green Taxonomies.

Thereafter we recommend they move to disclosure regulation across the investment chain (similar to the European Union's Sustainable Finance Disclosure Regulation). 3. Build on existing work in line with WHO initiatives and establish a 'Global Multi-stakeholder Partnership Platform on AMR' that creates both an independent accountability mechanism and a focal point to guide countries and stakeholders to effectively tackle risks arising from AMR.

LGIM encourages investors, multilateral organisations (e.g. FAO, UN, WAOH (ex-OIE), WHO, UNEP, and OECD), and policymakers to actively support and participate in the establishment of the platform. 4. Implement robust enforcement mechanisms in cases of significant inaction.

LGIM believes governments must strengthen their monitoring and enforcement mechanisms to improve transparency and implementation. We suggest policymakers should consider incentivisation or application of a penalty factor, for example, an 'AMR tax' on those taking no action.

Ahead of COP27 in November 2022, in the letter we asked policymakers to consider the clear correlation between climate change, infectious diseases and AMR and to take a system-level approach, ensuring that policy designed to tackle either climate change or AMR is implemented in an integrated and complementary way.

STEWARDSHIP: ENGAGEMENT WITH OTHER KEY STAKEHOLDERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 12	PLUS	SO 5	N/A	PUBLIC	Stewardship: Engagement with other key stakeholders	2, 5

Does your organisation engage with other key stakeholders to support the development of financial products, services, research, and/or data aligned with global sustainability goals and thresholds?

(A) Across all sustainability outcomes

(1) Key stakeholders engaged

- (1) Standard setters
- (2) Reporting bodies
- (3) Stock exchanges
- (4) Credit rating agencies
- (5) Auditors
- (6) External service providers (e.g. proxy advisers, investment consultants, data providers)
- (8) NGOs
- (9) Other key stakeholders

(2) Provide further detail on your engagement

We are committed to engaging broadly with stakeholders around the world in order to improve ESG factors across the global markets in which our clients are invested. In addition to the engagement undertaken by the Investment Stewardship team, our Investment team are active in also engaging with the companies in which they invest, and our real assets team also use their engagements and influence in order to pursue their net zero commitments.

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1: COP26 Commitment on Eliminating Agricultural Commodity Driven Deforestation from Investment Portfolios

(1) Key stakeholders engaged (6) External service providers (e.g. proxy advisers, investment consultants, data providers)
(9) Other key stakeholders

(2) Provide further detail on your engagement While metrics related to deforestation are increasingly available, we recognise that more needs to be done to improve the standardisation and increase the scope and coverage of this data to support assessment across investors' portfolios. That is why, in collaboration with other Finance Sector Deforestation Action (FSDA) signatories, we have written to data providers to engage and work with them on further developing of their offering, particularly in relation to an increased set of key commodities.

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2: Finance for Biodiversity Pledge

(1) Key stakeholders engaged (1) Standard setters
(2) Reporting bodies
(5) Auditors
(6) External service providers (e.g. proxy advisers, investment consultants, data providers)
(9) Other key stakeholders

(2) Provide further detail on your engagement The Transition Plan Taskforce (TPT) is working to integrate nature into its expectations of good practice transition plans. Our CEO, Michelle Scrimgeour, sits on the Steering Committee of the TPT. A highlight from COP27 was the announcement by the TPT of the publication of its disclosure framework and implementation guidance. TPT's work enables consistent and comparable reporting of transition plans, and builds on the UK government's leadership on climate disclosure.

LGIM RA also collaborated with Better Buildings Partnership members and sustainability consultancy Greengage toon the creation of a commercial real estate framework to implement the Taskforce on Nature-related Financial Disclosures (TNFD).

(D) Sustainability Outcome #3:

(D) Sustainability Outcome #3: LGIM's commitment to net zero emissions by 2050

(1) Key stakeholders engaged

- (1) Standard setters
- (2) Reporting bodies
- (3) Stock exchanges
- (4) Credit rating agencies
- (5) Auditors

(2) Provide further detail on your engagement

LGIM has long been a supporter of the IFRS ISSB. We believe it is essential that data on ESG factors does not further proliferate and is coordinated in a way that mandates disclosures to be consistent, comparable and high-quality. Along with our parent company, L&G, we have responded to the recent ISSB consultation, recognising and supporting the building-block approach of the standard as the best way to achieve international adoption. This would mean the ISSB would set out the minimum required standard – to be built up and added to by country and regional regulators.

In LGIM Real Assets, we are also involved in developing the new UK Net Zero Carbon Buildings Standard, which will enable the industry to robustly prove built assets are net zero carbon and in line with UK climate targets. This includes participation in the Operational Energy Task Group, one of five Sector Group's which are creating the new Standard.

(E) Sustainability Outcome #4:

(E) Sustainability Outcome #4: UN PRI Advance

(1) Key stakeholders engaged

(9) Other key stakeholders

(2) Provide further detail on your engagement

LGIM is a member of ShareAction's Good Work Coalition. The Good Work Coalition aims to encourage UK companies to pay their employees a real living wage and to become accredited living wage employers. We have been working with this coalition since 2015. In April 2022, LGIM joined ShareAction in filing a shareholder resolution asking the company to become a living wage accredited employer. As an accredited living wage payer, the company would be obliged to ensure that all workers within its premises were earning the real living wage, including its contracted staff. Since filing the shareholder resolution, Sainsbury's has made three further pay increases to its directly employed workers, harmonising inner and outer London pay and is now paying the real living wage to its employees, as well as extending free food to workers well into 2023. We welcome these actions which demonstrate the value the board places on its workforce. We have asked the board to collaborate with other key industry stakeholders to bring about a living wage for contracted staff.

(F) Sustainability Outcome #5:

(F) Sustainability Outcome #5: Diversity

(1) Key stakeholders engaged

(9) Other key stakeholders

(2) Provide further detail on your engagement

In November 2022, for the second year, LGIM supported the Russell 3000 Board Diversity Disclosure Initiative as an investor signatory. This initiative comprised a coalition of investor organisations calling on companies in the Russell 3000 Index to annually disclose the make-up of their boards of directors – inclusive of gender, race and ethnicity. An important ask, given the correlation between board diversity and long-term performance. Since 2020, the Illinois State Treasurer has led this initiative which includes 26 global investor organisations representing over US\$3 trillion in AUM. In 2022, the initiative wrote letters, taking a differentiated approach between top performers with individual-level disclosure (386 companies), middle performers with either partial or aggregate-level disclosure (1,847 companies), and bottom performers with no disclosure (702 companies). It is extremely promising to see that the level of disclosure in aggregate or by individual director has increased from 292 companies in 2020, to over 2,200 companies in 2022 – a significant increase over the span of two years.

(G) Sustainability Outcome #6:

(G) Sustainability Outcome #6: The Living Wage

(1) Key stakeholders engaged

(9) Other key stakeholders

(2) Provide further detail on your engagement

LGIM is a member of two collaborative engagement groups; ShareAction's Good Work Coalition and the Platform for Living Wage Financials. The Good Work Coalition aims to encourage UK companies to pay their employees a real living wage and to become accredited living wage employers. We have been working with this coalition since 2015. We joined the Platform for Living Wage Financials (PLWF) in 2022, to encourage, support, assess and monitor investee companies on their commitment to enable living wages and incomes for workers in their supply chains. LGIM carried out the assessment, scoring and engagement with three companies: PVH, Tesco and Walmart. In 2023, we plan to increase the number of companies that LGIM assess as part of the work carried out by the PLWF. During 2022, LGIM held 38 company engagements with 23 individual companies to discuss income inequality. Of these engagements, 12 were collaborative with other investors and LGIM led the engagements with PVH, Tesco and Walmart.

(H) Sustainability Outcome #7:

(H) Sustainability Outcome #7:

Antimicrobial Resistance (AMR)

(1) Key stakeholders engaged

(9) Other key stakeholders

(2) Provide further detail on your engagement

We have been collaborating with policymakers and peers, amplifying our voice to draw attention to and galvanise action on AMR. Writing a letter ensures we receive acknowledgement and a response, and forms the platform for future engagement with policymakers and peers at conventions, research events and policy groups. For example, we are members of Investor Action on AMR. The group was founded by the United Nations Principles for Responsible Investment (UNPRI), the UK Department of Health & Social Care, the Access to Medicine Foundation, and Farm Animal Investment Risk and Return (FAIRR). In collaboration with them we have gained access and signed letters to the G7, and supported the UN General Assembly Call to Action on AMR. These collaborations enable us to reach higher and further than we would alone, and are vital to garnering support among our peers, at national and international levels. We were delighted to contribute to the Citi GPS publication on Antimicrobial Resistance: The Silent Pandemic, which gathered

contributions from distinguished leaders in the field, such as Dame Sally Davies, Lord Jim O'Neill and Professor Timothy Walsh. We highlighted the financial materiality of AMR for investors, and the role that investors can play in mitigating the risks, through both direct company engagement, and engaging with policymakers and regulators.

STEWARDSHIP: COLLABORATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 13	PLUS	SO 5	N/A	PUBLIC	Stewardship: Collaboration	2

During the reporting year, to which collaborative initiatives did your organisation contribute to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) Initiative #1

(1) Name of the initiative	CA100+
(2) Indicate how your organisation contributed to this collaborative initiative	(A) We were a lead investor in one or more focus entities (e.g. investee companies)
(3) Provide further detail on your participation in this collaborative initiative	<p>LGIM co-leads the Fortum engagement as part of CA100+. We also engage with them under our Climate Impact Pledge. We have a productive and collaborative relationship with the company, and throughout our tenure as a co-lead within CA100+ we have overseen some significant commitments from the company, including its December 2021 production of its first lobbying report, which helped the company to gain joint-first place in InfluenceMap's assessment of lobbying activities of CA100+ companies, and the update in December 2022, which can be found here.</p> <p>During the quarter, following the company's exit from Uniper and ongoing exit from Russia, we were delighted to see that the company has further increased its climate change ambitions by:</p> <ul style="list-style-type: none"> • Bringing forward its carbon neutrality target (across Scopes 1, 2 and 3), to 2030 • Exiting all coal generation by the end of 2027 • Committing to set a 1.5°C aligned Science-Based Target. <p>As always, the devil is in the detail, so we are currently arranging further meetings with the company (first with the investor relations and sustainability teams, and then with the CEO) with the aim of fully understanding how the company will exit coal (with particular interest regarding the company's Polish assets). We would also like to know more about the timelines and details of the company's exit from Russia, and to include additional disclosures within its lobbying report. Additionally, we will continue to emphasise the minimum standards that we expect of companies in the sector, as set out by LGIM's Climate Impact Pledge Sector Guide, and as reflected by the CA100+ indicators. We look forward to the next steps in our long-standing relationship with Fortum.</p>

(B) Initiative #2

(1) Name of the initiative	ShareAction
(2) Indicate how your organisation contributed to this collaborative initiative	(B) We acted as a collaborating investor in one or more focus entities (e.g. investee companies)
(3) Provide further detail on your participation in this collaborative initiative	<p>As part of a collaboration of approximately 35 investors organised by ShareAction, representing over US\$7 trillion, we have been engaging with a number of leading global chemical companies to encourage them to implement credible decarbonisation strategies. The engagements have included 13 of the largest European chemical companies, including Koninklijke DSM, Air Liquide and BASF. The collaboration has requested that the companies formulate strategies to electrify chemical production processes, increase their use of renewable energy sources, phase in non-petrochemical feedstocks, and set Scope 3 targets aligned with a 1.5°C pathway.</p> <p>Progress has been made, with some companies (for example, BASF and LyondellBasell) confirming plans to reach net zero by 2050. Nevertheless, there is still much progress to be made, and the collaboration will continue this year focusing on clear plans to make the transition happen. Letters have been sent out to targeted companies and engagements started to take place at the end of the first quarter. At LGIM, we include the chemical sector within our Climate Impact Pledge as we believe that decarbonisation of the sector is a crucial part of the global journey to net zero, as the sector has links to and dependencies between many other industries and supply chains.</p>

(C) Initiative #3

(1) Name of the initiative	ShareAction's Good Work Coalition and the Platform for Living Wage Financials.
(2) Indicate how your organisation contributed to this collaborative initiative	(B) We acted as a collaborating investor in one or more focus entities (e.g. investee companies)
(3) Provide further detail on your participation in this collaborative initiative	<p>The Good Work Coalition aims to encourage UK companies to pay their employees a real living wage and to become accredited living wage employers. We have been working with this coalition since 2015. We joined the Platform for Living Wage Financials (PLWF) in 2022, to encourage, support, assess and monitor investee companies on their commitment to enable living wages and incomes for workers in their supply chains.</p>

LGIM carried out the assessment, scoring and engagement with three companies: PVH, Tesco and Walmart. In 2023, we plan to increase the number of companies that LGIM assess as part of the work carried out by the PLWF.

In April 2022, LGIM joined ShareAction in filing a shareholder resolution asking the company to become a living wage accredited employer.

As an accredited living wage payer, the company would be obliged to ensure that all workers within its premises were earning the real living wage, including its contracted staff. Since filing the shareholder resolution, Sainsbury's has made three further pay increases to its directly employed workers, harmonising inner and outer London pay and is now paying the real living wage to its employees, as well as extending free food to workers well into 2023.

We welcome these actions which demonstrate the value the board places on its workforce. We have asked the board to collaborate with other key industry stakeholders to bring about a living wage for contracted staff.

(D) Initiative #4

(1) Name of the initiative 30% Club Investor Group

(2) Indicate how your organisation contributed to this collaborative initiative (B) We acted as a collaborating investor in one or more focus entities (e.g. investee companies)

(3) Provide further detail on your participation in this collaborative initiative LGIM has been a long-standing member of the 30% Club Investor Group chapters in the UK, France and Japan, through which we support the push for greater diversity via sharing best practice and collaborative engagement efforts. In France, for example, LGIM has led engagements with Renault and co-led engagements with Kering – two SBF120 index constituents. Since 2017, listed companies in France must have a minimum of 40% of women on the board under the Copé Zimmermann law. The Rixain Law adopted in 2021 also enforces that executive committees must have 30% female representation by 2027 and 40% by 2030. We had the pleasure of speaking with French MP Marie-Pierre Rixain as part of the 30% Club in 2022 to exchange views.

CONFIDENCE-BUILDING MEASURES (CBM)

CONFIDENCE-BUILDING MEASURES

APPROACH TO CONFIDENCE-BUILDING MEASURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 1	CORE	N/A	Multiple indicators	PUBLIC	Approach to confidence-building measures	6

How did your organisation verify the information submitted in your PRI report this reporting year?

- (A) We conducted independent third-party assurance of selected processes and/or data related to the responsible investment processes reported in our PRI report, which resulted in a formal assurance conclusion
- (B) We conducted a third-party readiness review and are making changes to our internal controls or governance processes to be able to conduct independent third-party assurance next year
- (C) We conducted an internal audit of selected processes and/or data related to the responsible investment processes reported in our PRI report
- (D) Our board, trustees (or equivalent), senior executive-level staff (or equivalent), and/or investment committee (or equivalent) signed off on our PRI report
- (E) We conducted an external ESG audit of our holdings to verify that our funds comply with our responsible investment policy
- (F) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- (G) Our responses in selected sections and/or the entirety of our PRI report were internally reviewed before submission to the PRI
 - (H) We did not verify the information submitted in our PRI report this reporting year

THIRD-PARTY EXTERNAL ASSURANCE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 2	CORE	OO 21, CBM 1	N/A	PUBLIC	Third-party external assurance	6

For which responsible investment processes and/or data did your organisation conduct third-party external assurance?

- (A) Policy, governance and strategy
- (C) Listed equity
- (D) Fixed income
- (F) Real estate
 - Select from dropdown list:
 - (1) Data assured
 - (2) Processes assured
 - (3) Processes and data assured

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 3	PLUS	CBM 1	N/A	PUBLIC	Third-party external assurance	6

Provide details of the third-party external assurance process regarding the information submitted in your PRI report.

(1) Description of the third-party external assurance process

The scope 1 and 2 emissions associated with LGIM's real estate equity assets received independent limited third party assurance from Deloitte for the 2022 reporting year. Full details of this audit can be found in the attachment (p41 & 42).

(2) Assurance standard(s) used by the third-party assurance provider

- (A) PAS 7341:2020
- (B) ISAE 3000 and national standards based on this
- (C) Dutch Standard 3810N (Assurance engagements regarding sustainability reports)
- (D) RevR6 (Assurance of Sustainability)
- (E) IDW AsS 821 (Assurance Standard for the Audit or Review of Reports on Sustainability Issues)
- (F) Accountability AA1000 Assurance Standard (AA1000AS)
- (G) IFC performance standards
- (H) SSAE 18 and SOC 1
- (I) Other national auditing/assurance standard with guidance on sustainability; specify:
- (J) Invest Europe Handbook of Professional Standards
- (K) ISAE 3402 Assurance Reports on Controls at a Service Organisation
- (L) AAF 01/20
- (M) AAF 01/06 Stewardship Supplement
- (N) ISO 26000 Social Responsibility
- (O) ISO 14065:2020 General principles and requirements for bodies validating and verifying environmental information
- (P) **ASAE 3410 Assurance Engagements on Greenhouse Gas Statements**
- (Q) PCAF
- (R) NGER audit framework (National Greenhouse and Energy Reporting)
- (S) Auditor's proprietary assurance framework for assuring RI-related information
- (T) Other greenhouse gas emissions assurance standard; specify:

(3) Third-party external assurance provider's report that contains the assurance conclusion

<https://group.legalandgeneral.com/media/hf0ppmpl/climate-report-final-high-res.pdf>

INTERNAL AUDIT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 4	CORE	OO 21, CBM 1	N/A	PUBLIC	Internal audit	6

What responsible investment processes and/or data were audited through your internal audit function?

- (A) Policy, governance and strategy**
 Select from dropdown list:
- (1) Data internally audited
 - (2) Processes internally audited**
 - (3) Processes and data internally audited
- (C) Listed equity
 (D) Fixed income
 (F) Real estate

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 5	PLUS	CBM 1	N/A	PUBLIC	Internal audit	6

Provide details of the internal audit process regarding the information submitted in your PRI report.

The internal audit function has not evaluated the information submitted in the PRI report.

INTERNAL REVIEW

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 6	CORE	CBM 1	N/A	PUBLIC	Internal review	6

Who in your organisation reviewed the responses submitted in your PRI report this year?

- (A) Board, trustees, or equivalent
 (B) Senior executive-level staff, investment committee, head of department, or equivalent
 Sections of PRI report reviewed
- (1) the entire report**
 - (2) selected sections of the report
- (C) None of the above internal roles reviewed selected sections or the entirety of the responses submitted in our PRI report this year