




Gateway		Reason for interaction
<b>LEA 02</b> Discretionary Monetary	<b>Type of engagement</b> Individual/ internal staff engagements Collaborative engagements Service provider engagements	To support investment decisionmaking in & company related ESG issues To enhance corporate practice or identify the need to enhance corporate practice To support investment decisionmaking in & company related ESG issues To enhance corporate practice or identify the need to enhance corporate practice To support investment decisionmaking in & company related ESG issues To enhance corporate practice or identify the need to enhance corporate practice To support investment decisionmaking in & company related ESG issues To enhance corporate practice or identify the need to enhance corporate practice

# RI TRANSPARENCY REPORT

2020

## Local Government Superannuation Scheme

## About this report

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

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

## PRI disclaimer

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

## Usage restrictions

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OO 01	Mandatory	Gateway/Peering	General
OO 01.1	Select the type that best describes your organisation or the services you provide.		
	<input checked="" type="checkbox"/> Non-corporate pension or superannuation or retirement or provident fund or plan <input type="checkbox"/> Corporate pension or superannuation or retirement or provident fund or plan <input type="checkbox"/> Insurance company <input type="checkbox"/> Foundation <input type="checkbox"/> Endowment <input type="checkbox"/> Development finance institution <input type="checkbox"/> Reserve - sovereign or government controlled fund <input type="checkbox"/> Family office <input type="checkbox"/> Other, specify		
OO 01.3	Additional information. [Optional]		
	<p>LGS manages approximately USD 8.5 billion in superannuation assets for 87,000 members including employees working for local government or related employers throughout NSW and former local government employees. The fund is also open to members of the public.</p> <p>LGS is Australia's largest certified responsible investor, with investments across Australian and international shares, property, infrastructure, fixed interest, private equity and absolute return asset classes.</p>		

OO 02	Mandatory	Peering	General
OO 02.1	Select the location of your organisation's headquarters.		
	Australia		
OO 02.2	Indicate the number of countries in which you have offices (including your headquarters).		
	<input checked="" type="checkbox"/> 1 <input type="checkbox"/> 2-5 <input type="checkbox"/> 6-10 <input type="checkbox"/> >10		
OO 02.3	Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).		
	88		

OO 03	Mandatory	Descriptive	General
OO 03.1	Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.		
	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

OO 04	Mandatory	Gateway/Peering	General
OO 04.1	Indicate the year end date for your reporting year.		
	31/12/2019		
OO 04.2	Indicate your total AUM at the end of your reporting year.		
	Total AUM 12,492,048,477 AUD 8462108767 USD		
OO 04.5	Additional information. [Optional]		
	USD figure used throughout report based on AUD/USD exchange rate of 0.7006 as at 31 December 2019. Exchange rate taken from the RBA statistics.		

OO 05	Mandatory to Report, Voluntary to Disclose	Gateway	General												
OO 05.1	Provide an approximate percentage breakdown of your AUM at the end of your reporting year using the following asset classes and investment strategies:														
	<table border="1"> <thead> <tr> <th></th> <th>Internally managed (%)</th> <th>Externally managed (%)</th> </tr> </thead> <tbody> <tr> <td>Listed equity</td> <td>0.3</td> <td>40.6</td> </tr> <tr> <td>Fixed income</td> <td>0</td> <td>14.4</td> </tr> <tr> <td>Private equity</td> <td>0</td> <td>5.9</td> </tr> </tbody> </table>				Internally managed (%)	Externally managed (%)	Listed equity	0.3	40.6	Fixed income	0	14.4	Private equity	0	5.9
	Internally managed (%)	Externally managed (%)													
Listed equity	0.3	40.6													
Fixed income	0	14.4													
Private equity	0	5.9													

Property	5.4	2.5
Infrastructure	0	3.4
Commodities	0	1.1
Hedge funds	0	4.9
Fund of hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	7.4
Money market instruments	0	0
Other (1), specify	0	5.8
Other (2), specify	0	8.3

Externally managed "Other (1)" description

Opportunistic Alternatives

Externally managed "Other (2)" description

Credit Securities

**OO 06** Mandatory Descriptive General

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

- as percentage breakdown
- as broad ranges

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

- Yes
- No

OO 06.5 Indicate whether your organisation uses fiduciary managers.

- Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.
- No, we do not use fiduciary managers.

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

Data has been extrapolated from our custodian.

**OO 07** Mandatory to Report, Voluntary to Disclose Gateway General

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

<b>Externally managed</b>	40	SSA
	25	Corporate (financial)
	25	Corporate (non-financial)
	10	Securitised

**OO 08** Mandatory to Report, Voluntary to Disclose Peering General

OO 08.1 Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds or investments.

Asset class breakdown	Segregated mandate(s)	Pooled fund(s) or pooled investment(s)	Total of the asset class (each row adds up to 100%)										



[q] Other (2), specify	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %	100%																
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**OO 08.2** Additional information. [Optional]

Other (1) = Opportunistic alternatives  
 Other (2) = Credit Securities

**OO 09** Mandatory Peering General

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

95	Developed Markets
5	Emerging Markets
0	Frontier Markets
0	Other Markets

**OO 10** Mandatory Gateway General

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

<b>Listed equity – engagement</b>
<input checked="" type="checkbox"/> We engage with companies on ESG factors via our staff, collaborations or service providers. <input checked="" type="checkbox"/> We require our external managers to engage with companies on ESG factors on our behalf. <input type="checkbox"/> We do not engage directly and do not require external managers to engage with companies on ESG factors.
<b>Listed equity – voting</b>
<input checked="" type="checkbox"/> We cast our (proxy) votes directly or via dedicated voting providers <input checked="" type="checkbox"/> We require our external managers to vote on our behalf. <input type="checkbox"/> We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf
<b>Fixed income SSA – engagement</b>
<input checked="" type="checkbox"/> We engage with SSA bond issuers on ESG factors via our staff, collaborations or service providers. <input checked="" type="checkbox"/> We require our external managers to engage with SSA bond issuers on ESG factors on our behalf. <input type="checkbox"/> We do not engage directly and do not require external managers to engage with SSA bond issuers on ESG factors. Please explain why you do not.
<b>Fixed income Corporate (financial) – engagement</b>
<input checked="" type="checkbox"/> We engage with companies on ESG factors via our staff, collaborations or service providers. <input checked="" type="checkbox"/> We require our external managers to engage with companies on ESG factors on our behalf. <input type="checkbox"/> We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.
<b>Fixed income Corporate (non-financial) – engagement</b>
<input checked="" type="checkbox"/> We engage with companies on ESG factors via our staff, collaborations or service providers. <input checked="" type="checkbox"/> We require our external managers to engage with companies on ESG factors on our behalf. <input type="checkbox"/> We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.
<b>Fixed income Corporate (securitised) – engagement</b>
<input checked="" type="checkbox"/> We engage with companies on ESG factors via our staff, collaborations or service providers. <input checked="" type="checkbox"/> We require our external managers to engage with companies on ESG factors on our behalf. <input type="checkbox"/> We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

**OO 11** Mandatory Gateway General

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

Listed equity
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- We address ESG incorporation.
- We do not do ESG incorporation.

**Property**

- We address ESG incorporation.
- We do not do ESG incorporation.

**00 11.2** Select the externally managed assets classes in which you and/or your investment consultants address ESG incorporation in your external manager selection, appointment and/or monitoring processes.

Asset class	ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes
Listed equity	<p><b>Listed equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</li> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</li> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</li> <li><input type="checkbox"/> We do not do ESG incorporation</li> </ul>
Fixed income - SSA	<p><b>Fixed income - SSA - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</li> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</li> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</li> <li><input type="checkbox"/> We do not do ESG incorporation</li> </ul>
Fixed income - corporate (financial)	<p><b>Fixed income - corporate (financial) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</li> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</li> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</li> <li><input type="checkbox"/> We do not do ESG incorporation</li> </ul>
Fixed income - corporate (non-financial)	<p><b>Fixed income - corporate (non-financial) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</li> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</li> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</li> <li><input type="checkbox"/> We do not do ESG incorporation</li> </ul>
Fixed income - securitised	<p><b>Fixed income - securitised - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</li> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</li> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</li> <li><input type="checkbox"/> We do not do ESG incorporation</li> </ul>
Private equity	<p><b>Private equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</li> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</li> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</li> <li><input type="checkbox"/> We do not do ESG incorporation</li> </ul>
Property	<p><b>Property - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</li> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</li> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</li> <li><input type="checkbox"/> We do not do ESG incorporation</li> </ul>

Infrastructure	<p><b>Infrastructure - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</b></p> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
Commodities	<p><b>Commodities - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</b></p> <input type="checkbox"/> We incorporate ESG into our external manager selection process <input type="checkbox"/> We incorporate ESG into our external manager appointment process <input type="checkbox"/> We incorporate ESG into our external manager monitoring process <input checked="" type="checkbox"/> We do not do ESG incorporation
Hedge funds	<p><b>Hedge funds - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</b></p> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
Cash	<p><b>Cash - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</b></p> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
Other (1)	<p><b>Other (1) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</b></p> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
Other (2)	<p><b>Other (2) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</b></p> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation

**OO 11.3b** If your organisation does not integrate ESG factors into investment decisions on your externally managed assets, explain why not.

We do not integrate ESG factors into Commodities investment decisions because of the short term nature of the investment.

**OO 11.4** Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

We employ external fund managers to manage the majority of our investments. To ensure that external managers are fulfilling our fiduciary duty, we integrate responsible investment parameters into the selection, appointment and monitoring processes including:

- Selection – When looking to appoint new external fund managers, we assess their approach to Responsible Investment (RI) to ensure that they incorporate ESG risks into their systematic investment decision making process.
- Appointment – ESG reporting requirements are included in new investment management agreements with external fund managers.
- Monitoring – We monitor our investment portfolios to measure ESG and carbon performance and to ensure that our managers are adhering to the LGS SRI Policy. LGS monitors compliance of the Restriction Lists (negative screening) through our custodian, JPM. LGS developed proprietary methodology to monitor managers and portfolios across all asset classes. This ratings system refers to ESG integration which we correlate with investment return over time.

in 2020, LGS will consider the measurement of impact within investments cycling through each asset class in line with Investment Committee Reviews.

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

Core modules	
<input checked="" type="checkbox"/>	Organisational Overview
<input checked="" type="checkbox"/>	Strategy and Governance
RI implementation directly or via service providers	
Direct - Listed Equity incorporation	
<input checked="" type="checkbox"/>	Listed Equity incorporation
Direct - Listed Equity active ownership	
<input checked="" type="checkbox"/>	Engagements
<input checked="" type="checkbox"/>	(Proxy) voting
Direct - Other asset classes with dedicated modules	
<input checked="" type="checkbox"/>	Property
RI implementation via external managers	
Indirect - Selection, Appointment and Monitoring of External Managers	
<input checked="" type="checkbox"/>	Listed Equities
<input checked="" type="checkbox"/>	Fixed income - SSA
<input checked="" type="checkbox"/>	Fixed income - Corporate (financial)
<input checked="" type="checkbox"/>	Fixed income - Corporate (non-financial)
<input checked="" type="checkbox"/>	Fixed income - Securitised
<input checked="" type="checkbox"/>	Private Equity
<input checked="" type="checkbox"/>	Property
<input checked="" type="checkbox"/>	Infrastructure
Closing module	
<input checked="" type="checkbox"/>	Closing module

OO LE 01	Mandatory to Report, Voluntary to Disclose	Gateway	General
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OO LE 01.1 Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies.

0	Passive
0	Active - quantitative (quant)
100	Active - fundamental and active - other

OO SAM 01	Mandatory to Report, Voluntary to Disclose	Gateway	General
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OO SAM 01.1 Provide a breakdown of your externally managed listed equities and fixed income by passive, active quant and, active fundamental and other active strategies.

Listed equity (LE)	0	Passive
	49	Active - quantitative (quant)
	51	Active - fundamental and active - other

Fixed income - SSA	0	Passive
	0	Active - quantitative (quant)
	100	Active - fundamental and active - other
Fixed income - Corporate (financial)	0	Passive
	0	Active - quantitative (quant)
	100	Active - fundamental and active - other
Fixed income - Corporate (non-financial)	0	Passive
	0	Active - quantitative (quant)
	100	Active - fundamental and active - other
Fixed income - Securitised	0	Passive
	0	Active - quantitative (quant)
	100	Active - fundamental and active - other

OO SAM 01.2 Additional information [Optional].

OO PR 01 Mandatory to Report, Voluntary to Disclose Descriptive General

OO PR 01.1 Indicate the level of ownership you typically hold in your property investments.

- a majority stake (50% and above)
- a significant minority stake (10 and above, and under 50%)
- a limited minority stake (<10%)
- a mix of ownership stakes
- N/A, we manage properties, new constructions and/or refurbishments on behalf of our clients, but do not hold equity in property on their behalf

OO PR 01.2 Provide a breakdown of your organisations allocation to Real Estate Investment Trusts (REITs) or similar

- >50%
- 10 – 50%
- <10%
- 0%

OO PR 01.3 Additional information. [Optional]

LGS manages one of the most sustainable direct property portfolios in Australia. It comprises eight high quality assets located throughout the state of NSW. The portfolio consists of 4 office buildings, 3 retail centres and 1 multi-unit industrial estate. It is actively managed by the LGS in house specialist property team. LGS aims to minimise environmental impact and preserve long term value of the assets whilst making a positive contribution to society.

OO PR 02 Mandatory to Report, Voluntary to Disclose Gateway General

OO PR 02.1 Provide a breakdown of your organisation's property assets based on who manages the assets.

Property assets managed by	Breakdown of your property assets (by number)
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Managed directly by your organisation	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Managed via third-party property managers appointed by you	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Managed by other investors or their property managers	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Managed by tenant(s) with operational control	<input type="radio"/> > 50% <input type="radio"/> 10-50% <input type="radio"/> < 10% <input checked="" type="radio"/> 0%
Total 100%	

**OO PR 02.2** Additional information. [Optional]

The LGS direct property portfolio is managed via two third party property managers - Knight Frank and Jones Lang La Salle (JLL). The externally managed property investments are managed by other investors and their property managers.

**OO PR 03** Mandatory to Report, Voluntary to Disclose Descriptive General

**OO PR 03.1** Indicate up to three of your largest property types by AUM.

Types	Main property types (by AUM)
Largest property type	<input type="radio"/> Industrial <input type="radio"/> Retail <input checked="" type="radio"/> Office <input type="radio"/> Residential <input type="radio"/> Leisure/Hotel <input type="radio"/> Mixed use <input type="radio"/> Other, specify
Second largest property type	<input type="radio"/> Industrial <input checked="" type="radio"/> Retail <input type="radio"/> Office <input type="radio"/> Residential <input type="radio"/> Leisure/Hotel <input type="radio"/> Mixed use <input type="radio"/> Other, specify
Third largest property type	<input checked="" type="radio"/> Industrial <input type="radio"/> Retail <input type="radio"/> Office <input type="radio"/> Residential <input type="radio"/> Leisure/Hotel <input type="radio"/> Mixed use <input type="radio"/> Other, specify

**OO PR 03.2** Additional information.

The LGS direct property portfolio comprises eight assets diversified by value in the following sectors - 4 office (57%), 3 retail (34%) and 1 industrial (9%). The externally managed property investments cover a mix of office and retail sites.

**OO Checks** Checks

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

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

✓ Yes

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

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

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

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

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

**Investment Beliefs:**

ESG factors and sustainability are important considerations in driving both long-term investments returns and reducing risk, and these factors are likely to become more important in all investment decisions. The Sustainable and Responsible Investment (SRI) Policy recognises that LGS is long-term in nature, and that the long-term prosperity of the economy and the wellbeing of members depends on a healthy environment, social cohesion and good governance of LGS and the companies in which it invests. As a universal investor with index holdings, LGS has an interest in all major companies in Australia and overseas.

**Strategy:**

Mission - With a focus on local government and sustainability, we provide personalised, high quality service and solutions to our members representing good value.

Vision - To enhance the retirement income of our members.

Goals - LGS has four key strategic goals covering growth, brand, investments and capability. ESG is incorporated into the underlying targets for each of these.

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

LGS invests on behalf of our members using a responsible investment approach. We believe that this approach minimises risk, generates better long term returns and is in line with our members' interests. A responsible investment approach means integrating ESG considerations into investment decision making processes.

LGS is the largest whole of fund certified responsible investor in Australia having been externally certified by the Responsible Investment Association Australasia (RIAA) <https://www.lgsuper.com.au/about-us/riaa/> with investments across Australian and international shares, property, infrastructure, fixed income, private equity and absolute return asset classes.

The LGS Sustainable and Responsible Investment (SRI) Policy provides a formal framework for integrating ESG considerations into all of our investments. Reviewed annually, the LGS SRI Policy details our internal processes for assessing and undertaking investments. It is available online at <https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf>. This Policy sets down the sustainability principles by which LGS will be managed and the requirements for all investments made by LGS. It covers the total investment portfolio, with specific policies for public and private equity investments and direct property. It includes the following strategies:

**ESG integration:**

We aim to integrate, monitor and manage ESG risks throughout the investment process to ensure we are safeguarding our members' interests. Key ESG integration strategies we use include:

- **Negative screens** - We will not invest in controversial industries and limit our exposure to activities which we view as long term investment risks. LGS' negative screens exclude approximately 272 companies globally involved in tobacco, controversial weapons, gambling, coal mining, coal fired electricity and oil tar sands.

- **Positive screens** - We seek investment opportunities that have a positive social and/or environmental impact on society e.g. renewable energy generation, recycling plants, waste management, schools, hospitals and sustainable agriculture. We currently have approximately AU\$4.7 Billion invested in sustainable and low carbon investments.
- **SRI Overlay** - We short sell or replace stocks when our fund managers are unable to direct funds away from controversial or high risk companies through investments in co-mingled trusts.
- **Investment practices** - We monitor our investments for ESG risks and engage with our fund managers and advisors on how to integrate ESG considerations into the investment process. To ensure that external managers are fulfilling our fiduciary duty, we integrate responsible investment parameters into the selection, appointment and monitoring processes.

**Active ownership:**

We are committed to being an active owner of our investments and believe that by working with the superannuation industry and engaging with companies on ESG issues, we can minimise potential risks across our investment portfolio, maximise member returns and make a difference to society. Engagement strategies we use to influence change include:

- **Company engagement** - We actively engage with companies about ESG issues through one-on-one meetings, briefings, phone calls and letters.
- **Proxy voting** - We undertake voting at shareholder meetings for the companies we invest in and publish our decisions before meetings to ensure transparent voting practices.
  - LGS' latest proxy voting report can be found at <https://www.lgsuper.com.au/assets/Documents/Proxy-Reports/Proxy-Voting-Report-Dec-2019.pdf>
- **Industry collaboration** - We work with the superannuation industry to advocate for change on environmental, social and/or governance risks across industries.
- **Transparency** - We disclose comprehensive information about our sustainable and responsible investment practices to raise awareness about how we manage our members' retirement savings.
  - LGS' latest carbon emissions report can be found at <https://www.lgsuper.com.au/investments/responsible-investment/sustainable-investment-reports-and-policies/carbon-emissions-report-december-2019/>
  - LGS' latest ESG risk report can be found at <https://www.lgsuper.com.au/investments/responsible-investment/sustainable-investment-reports-and-policies/lgs-esg-report-december-2019/>.

No

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

	Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.
--	--

We assess and monitor this risk across our entire portfolio and in all asset classes using our own proprietary methodology. See SG 1.9CC for more information. Fund managers are required to consider and identify transition and physical risk as part of the investment process.

We participated in the 'Just Transition' by adopting a positive thematic themed investment. Applied not only in listed equities but in fixed income and private assets.

In the unlisted space we are encouraging our managers to provide case studies to evidence thought process in this regard.

Our methodology incorporates scoring non fundamental ESG Risk (including climate change risk) and correlation with performance.

In 2020, we are initiating measurement of impacts via UNSDG mapping (Climate Action maybe one of these).

No

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

	Describe the associated timescales linked to these risks and opportunities.
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Short, medium and long term.

No

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

No

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

	Describe
--	----------

LGS considers Climate Change Risk as one of the most important issues facing the fund. We address this in the Sustainable and Responsible Investment Policy October 2019, Sustainable and Responsible Investment Guidelines October 2019 and the Active Ownership Policy October 2019.

LGS assesses and monitors this risk across our entire portfolio in all asset classes via Annual Reviews. We assess ESG integration and correlation with investment performance using proprietary methodology which has been developed in house. This method is utilised for on-boarding, monitoring & maintenance as well as the removal of fund managers. The results are contained within our Investment Committee Papers as well as in public reporting. Publicly we do this via our website in the form of i) ESG quality reports for all domestic and international equity fund managers ii) Carbon Emissions reports for all domestic and international equity managers. We are committed to reporting in line with the TCFD (Task Force for

Climate related Financial Disclosure). We measure Weighted Average Carbon Intensity (a recommendation of the TCFD) and publicly report this data.

Another public document, the "LGS Responsible Investment Snapshot 2019" outlines in detail how we address climate risk (amongst other ESG risks). This is implemented via the application of Negative Screens (or our Restrictions List), Positive Screens and the SRI Overlay. We actively address Climate Change via our Active Ownership Policy which includes i) Voting for specific climate related resolutions ii) Direct Engagement with corporates and iii) Industry Collaboration with the UN Principles for Responsible Investment, Australian Council of Superannuation Investors, Investor Group on Climate Change and the Responsible Investment Association of Australasia.

No

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

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

specify

Portfolio Carbon Footprint biannual report published on the LGS Website. The latest Carbon Footprint report can be found at <https://www.lgsuper.com.au/investments/responsible-investment/sustainable-investment-reports-and-policies/carbon-emissions-report-december-2019/>

We currently do not publish TCFD disclosures

**SG 02** **Mandatory** **Core Assessed** **PRI 6**

**SG 02.1** Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

Policy setting out your overall approach

URL/Attachment

- URL  
<https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf>
- Attachment (will be made public)

Formalised guidelines on environmental factors

URL/Attachment

- URL  
<https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf>
- Attachment (will be made public)

Formalised guidelines on social factors

URL/Attachment

- URL  
<https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf>
- Attachment (will be made public)

Formalised guidelines on corporate governance factors

URL/Attachment

- URL  
<https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf>
- Attachment (will be made public)

Fiduciary (or equivalent) duties

URL/Attachment

- URL  
<https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf>
- Attachment (will be made public)

Asset class-specific RI guidelines

URL/Attachment

- URL  
<https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf>
- Attachment (will be made public)

Sector specific RI guidelines

	URL/Attachment
<input checked="" type="checkbox"/> URL	<a href="https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf">https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf</a>
<input type="checkbox"/> Attachment (will be made public)	
<input checked="" type="checkbox"/> Screening / exclusions policy	
	URL/Attachment
<input checked="" type="checkbox"/> URL	<a href="https://www.lgsuper.com.au/assets/Uploads/Active-Ownership-Policy.pdf">https://www.lgsuper.com.au/assets/Uploads/Active-Ownership-Policy.pdf</a>
<input type="checkbox"/> Attachment (will be made public)	
<input checked="" type="checkbox"/> Engagement policy	
	URL/Attachment
<input checked="" type="checkbox"/> URL	<a href="https://www.lgsuper.com.au/assets/Uploads/Active-Ownership-Policy.pdf">https://www.lgsuper.com.au/assets/Uploads/Active-Ownership-Policy.pdf</a>
<input type="checkbox"/> Attachment (will be made public)	
<input checked="" type="checkbox"/> (Proxy) voting policy	
	URL/Attachment
<input checked="" type="checkbox"/> URL	<a href="https://www.lgsuper.com.au/assets/Uploads/Active-Ownership-Policy.pdf">https://www.lgsuper.com.au/assets/Uploads/Active-Ownership-Policy.pdf</a>
<input type="checkbox"/> Attachment (will be made public)	
<input type="checkbox"/> We do not publicly disclose our investment policy documents	

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

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

	URL/Attachment
<input checked="" type="checkbox"/> URL	<a href="https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf">https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf</a>
<input type="checkbox"/> Attachment	

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

	URL/Attachment
<input checked="" type="checkbox"/> URL	<a href="https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf">https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf</a>
<input type="checkbox"/> Attachment	

Time horizon of your investment

	URL/Attachment
<input checked="" type="checkbox"/> URL	<a href="https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf">https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf</a>
<input type="checkbox"/> Attachment	

Governance structure of organisational ESG responsibilities

	URL/Attachment
<input checked="" type="checkbox"/> URL	<a href="https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf">https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf</a>
<input type="checkbox"/> Attachment	

ESG incorporation approaches

	URL/Attachment
<input checked="" type="checkbox"/> URL	<a href="https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf">https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf</a>
<input type="checkbox"/> Attachment	

Active ownership approaches

	URL/Attachment
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- URL  
<https://www.lgsuper.com.au/assets/Uploads/Active-Ownership-Policy.pdf>
- Attachment

Reporting

URL/Attachment

- URL  
<https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf>
- Attachment

Climate change

URL/Attachment

- URL  
<https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf>
- Attachment

We do not publicly disclose any investment policy components

**SG 02.3** Additional information [Optional].

LGS is advised by ACSI for proxy voting recommendations in the Australian Equities market. ACSI's proxy voting recommendations can be found at the below link.  
<https://acsi.org.au/images/stories/ACSIDocuments/ACSI-Governance-Guidelines-2019.pdf>

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

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

Yes

**SG 03.2** Describe your policy on managing potential conflicts of interest in the investment process.

The LGS Board has ultimate responsibility for the oversight of conflicts management and adopts a comprehensive approach to managing situations where a conflict may arise. The same approach is applied throughout the organisation. The Board retains overall responsibility for ensuring that arrangements, policies and processes for managing and monitoring conflicts are in place and Responsible Persons understand their obligations.

The policy has identified a three stage approach as outlined below:

1. Identify the conflict – what are potential or actual conflicts, and how they may arise in the Trustee's normal business operations.
2. Manage and assess the conflict – in accordance with the principles in this policy.
3. Disclose the conflict – in accordance with the principles in this policy, including detailed registers. In some cases, conflicts may arise between different classes or types of Scheme members or beneficiaries.

The Conflicts of Management Framework requires that all members and beneficiaries be treated equitably. Conflicts are not limited to financial matters and care is taken to protect confidential information.

The latest Conflicts of Management Framework for LGS can be found at (<https://www.lgsuper.com.au/assets/Trust-Deed-and-Trustee-documents/Conflicts-Management-Framework.pdf>).

More information on LGS' corporate governance and the LGS Board can be found at (<https://www.lgsuper.com.au/about-us/corporate-governance/>).

No

**SG 04** **Voluntary** **Descriptive** **General**

**SG 04.1** Indicate if your organisation has a process for identifying and managing incidents that occur within investee entities.

Yes

No

**SG 04.2** Describe your process on managing incidents

We regularly review the ESG ratings and analyst coverage of portfolio companies to ensure they are managing relevant ESG issues and in turn, complying with our SRI Policy. We also monitor the news and engage with our external fund managers to ensure we are aware of any issues that are arising. Should a company be downgraded in their ratings or be subject to media enquiry, we will assess the severity of the issue and look to engage with the company to determine how they are managing the issue. If we feel that the issue/incident is not being managed appropriately, we may look to include the company on our restrictions list.

Our service provider ACSI, in addition to setting objectives for companies at the start of every year, also monitors incidents that emerge during the course of the year and set objectives around those as they occur. Examples of issues emerging throughout the year include tailings dam failures and wage fraud issues. In addition, other issues include lobbying associations inconsistent with Paris Agreement Goals and underpayment of wages at investee companies. ACSI's process when these occur is to engage with the company to understand the issue, and then set objectives that we believe the company should work towards to rectify the issues and avoid a similar issues in future.

This process is also applied to unlisted investments as we are regularly updated on ESG issues at portfolio companies.

**SG 05** **Mandatory** **Gateway/Core Assessed** **General**

**SG 05.1** Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.



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

SG 05.2	Additional information. [Optional]
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LGS' direct property portfolio sets annual objectives for the environmental performance of the portfolio and its tenants and monitors performance on a quarterly basis. Current targets include 5 star NABERS Energy with 100% GreenPower and 4.0 star NABERS Water ratings for the whole portfolio. We also aim for 80% of our tenants to be signed up to 100% GreenPower (renewable energy).

In other asset classes, the LGS ESG and Responsible Investment objectives are implemented in two ways:

1. Specific ESG and RI actions & goals are set in the half yearly objectives of internal RI staff and outcomes are monitored in the half yearly performance review. Objectives might include looking at ESG research providers, assisting in a sector review & manager search, or reviewing the negative screen criteria in the SRI Overlay.
2. LGS has a well established RI policy and governance framework to support Responsible Investment and ESG integration in our investment process. Most of our work in responsible investment is therefore working on the implementation of the policy. This involves close co-ordination with the LGS Chief Executive Officer and, in particular, the LGS Chief Investment Officer and Portfolio Managers on sector and manager mandate reviews. Additionally, the Head of Responsible Investment participates in LGS Investment Committee meetings, must provide a report on all ESG/RI activities and provide an ESG assessment on all new mandates submitted for approval.
3. An ESG/RI Review is performed for each asset class depending on the Investment Committee work programme.

SG 06	Voluntary	Descriptive	General
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SG 06.1	List the main responsible investment objectives that your organisation set for the reporting year.
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Responsible investment processes
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- Provide training on ESG incorporation

Key performance indicator
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Key staff undertake PRI Academy modules and attend relevant RI conferences

Progress achieved
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RI staff members attended various RI related conferences including ACSI's Climate Change Reporting, Reporting Against The Modern Slavery Act and IGCC's TCFD Reporting Masterclass. RI Staff members also participated in various RI related collaborative engagements which include listed companies such as Coles, Origin Energy and BHP. The new Responsible Investment Analyst will undertake the Getting Started in RI module of the PRI Academy.

- Provide training on ESG engagement

Key performance indicator
---------------------------

Key staff undertake PRI Academy modules and attend relevant RI conferences

Progress achieved
-------------------

RI staff members attended various RI related conferences including ACSI's Climate Change Reporting, Reporting Against The Modern Slavery Act and IGCC's TCFD Reporting Masterclass. RI Staff members also participated in various RI related collaborative engagements which include listed companies such as Coles, Origin Energy and BHP. The new Responsible Investment Analyst will undertake the Getting Started in RI module of the PRI Academy.

- Improved communication of ESG activities within the organisation

Key performance indicator
---------------------------

Increased communication and engagement on the LGS RI and sustainability program across the organisation.

Progress achieved
-------------------

Members of the LGS Responsible Investment Team completed two presentations on the LGS RI program for our internal staff - one for our shareholders (DEPA) and the other specifically to LGS CRM.

We have also updated ESG Quality, Carbon Emissions Reports and Proxy Voting reports so these are more member friendly, analytical and meaningful. LGS' biannual carbon emissions and ESG risk report are distributed to members of the Marketing team to increase awareness on current ESG performance and for inclusion within various communication and presentation materials as required. Content on LGS ESG related activities was also included on the LGS intranet, twitter feed and staff newsletter.

The RI team produces a quarterly newsletter showcasing investments within each asset class from a responsible investment perspective.

- Improved engagement to encourage change with regards to management of ESG issues

Key performance indicator
---------------------------

PRI - IPR ACSI - Increased analyst engagement IGCC - Climate Action 100+ Participation RIAA - Impact Measurement Webinars

Progress achieved
-------------------

In 2019, we participated in 31 collaborative and direct engagement activities covering a variety of issues including climate change, remuneration structures, staff underpayment and general sustainability performance.

- Improved ESG incorporation into investment decision making processes

**Key performance indicator**

Introduce new manager ESG due diligence and monitoring processes.

**Progress achieved**

In 2016/17 we developed a new methodology for reviewing the ESG capabilities and performance of external managers. The methodology was initially developed for listed equities and has now been applied to private equity, infrastructure, opportunistic alternatives and fixed income. We are continually looking to refine, update and improve the ESG Manager rating methodology with the model now being applied across the entire portfolio.

In 2019, we completed proprietary methodology for ESG ratings with a view to rank all our fund managers. This was applied to all asset classes and we correlated these rankings with performance of all fund managers. This methodology is applied for onboarding, managing & monitoring and removing fund managers.

- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

**ESG characteristics of investments**

- Over or underweight companies based on ESG characteristics

**Key performance indicator**

Increase allocation to companies with positive ESG ratings via the LGS SRI Overlay.

**Progress achieved**

We have maintained proactive investment in positively rated companies in the LGS SRI Overlay.

- Improve ESG ratings of portfolio
- Setting carbon reduction targets for portfolio
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

**Other activities**

- Joining and/or participation in RI initiatives

**Key performance indicator**

Participation in collaborative RI initiatives including PRI, ACSI, RIAA and IGCC led events and projects.

**Progress achieved**

In 2019, we participated in 31 collaborative and direct engagement activities covering a variety of issues including climate change, remuneration structures, staff underpayment and general sustainability performance.

- Encouraging others to join a RI initiative

**Key performance indicator**

Increasing membership of RI organisations in Australia.

**Progress achieved**

We showcase research (eg. RIAA) in both internal RI presentations as well as to our members via AGM presentations.

- Documentation of best practice case studies

**Key performance indicator**

Contribute to RI best practice case studies.

**Progress achieved**

Ongoing. Case studies that profiled LGS throughout 2019 include:

- 2019 UNPRI Leaders Group
- Achieved Australia's first Carbon Neutral Property Portfolio Certification
- Responsible Investment Association Australasia's (RIAA) Responsible Investment Super Study 2019.
- Super Review Money Management- "\$12 billion FUM milestone proof responsible investing works"
  - ◊ <https://superreview.moneymanagement.com.au/news/superannuation/12-billion-fum-milestone-proof-responsible-investing-works>

LGS was previously included in the below case studies:

- Asset Owner Disclosure Project for leading practices on managing climate risks
- Norwegian sovereign wealth fund review of global RI practices

- Using case studies to demonstrate engagement and ESG incorporation to clients
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

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

**Roles**

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

**Select from the below internal roles**

- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
  - Head of Responsible Investment
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
- Other role, specify (1)
- Other role, specify (2)

- External managers or service providers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment

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

Responsibilities for overseeing and/or implementing RI related activities within LGS include:

- **Board** - The LGS Board has ultimate responsibility for the oversight of the LGS RI program. The Board meet on a monthly basis and provide final review and approval for the LGS SRI Policy and participation in RI related activities (this follows review and approval by the CEO and Investment Committee). Details of Board members including their qualifications and experience are available on the LGS website at <https://www.lgsuper.com.au/about-us/board-and-executive-team/board-of-directors/>.
- **Investment Committee** - The board-level LGS Investment Committee consists of six people, four from the LGS Board and two external independents.

The Investment Committee meet every 6 weeks to review LGS' strategic asset allocation, investment mix and potential new investment opportunities. An RI report is prepared for each investment committee meeting. This report covers recent RI related activities and engagements that we have undertaken in addition to ESG reviews of potential new investment opportunities. The Investment Committee are responsible for overseeing the implementation of the LGS SRI Policy, including any changes to the policy (which is reviewed on at least an annual basis). The IC also reviews all ESG/RI asset class reviews.

- **CIO** - The LGS CIO oversees the Investments Team which includes the RI team. The Head of RI reports to the CIO and seeks their feedback and approval for RI policy reviews and related implementation activities.
- **Head of Responsible Investment** - The LGS Head of RI has the main responsibility for overseeing the RI program for LGS. They are responsible for the development and review of all RI related policies, including the LGS SRI Policy and the LGS Proxy Voting Policy as well as overseeing all RI related activities, including memberships in bodies such as the PRI. The head of RI also produces all annual asset class reviews and provides thought leadership for example adopting global best practice and research to the LGS Investment Portfolio.
- **Portfolio managers** - The LGS Portfolio Manager utilises ESG data provided by the RI team members for the internally managed SRI Overlay.
- **Investment analysts** - The LGS Investment Analysts provide support to the RI team when required, including holdings analysis, manager engagement, due diligence and internal process building.
- **Dedicated RI staff** - The LGS Responsible Investment Analyst and Administrator are responsible for implementing all RI related policies and activities including proxy voting, company engagement, negative screens, reporting, participation in collaborative initiatives and manager reviews.
- **External managers or service providers** - Depending on the asset class and type of investment (trust vs. active mandate), RI parameters are usually included in the investment management or service agreement for external managers and service providers. In the majority of cases, the external manager is required to provide a level of oversight and accountability for RI performance and is also responsible for implementation across their portfolio, with some input from LGS.

SG 07.3	Indicate the number of dedicated responsible investment staff your organisation has.
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3

SG 07.4	Additional information. [Optional]
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Alongside our internal staff (Head of Responsible Investment, Responsible Investment Analyst and Responsible Investment Administrator) who manage responsible investment, we utilise ACS's governance, research, engagement and proxy voting team to implement our responsible investment program.

SG 07 CC	Mandatory to Report, Voluntary to Disclose	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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	Board members or trustees
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Other Chief-level staff or heads of departments
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Portfolio managers
--	--------------------

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

	Investment analysts
--	---------------------

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

	Dedicated responsible investment staff
--	--

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

	External managers or service providers
--	--

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

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

Responsibilities for overseeing climate-related issues and activities within LGS include:

- **Board** - The LGS Board has ultimate responsibility for the oversight of our approach to climate change. The Board meet on a monthly basis and provide final review and approval for the LGS SRI Policy (including carbon investment restrictions) and participation in climate related activities.
- **Investment Committee** - The LGS Investment Committee consists of six people, four from the LGS Board and two external independents. The Investment Committee meet up to 8 times per year to review LGS' strategic asset allocation, investment mix and potential new investment opportunities. An RI report is prepared for each investment committee meeting. This report covers recent climate change related activities and engagements that we have undertaken in addition to ESG and carbon reviews of potential new investment opportunities. The IC are also provided with an update on our exposure to low carbon investments and potential new investment opportunities. The Investment Committee are responsible for overseeing the implementation of the LGS SRI Policy, including any changes to the policy (which is reviewed on at least an annual basis).
- The Board, Investment Committee and Responsible Investment team are advised by ACSI for the Australian Equities market. ACSI, on behalf of members, manager and monitors climate-related priority companies and provides updates to member funds via formal semi-annual engagement reports and other informal member briefings on a quarterly basis. These reports track progress on climate-related objectives for specific companies and provides updates on broader climate change trends in the market. ACSI prioritise companies for engagement on climate change risk and are exploring voting recommendations for laggard companies where there has been no progress in engagement.

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

- **Head of Responsible Investment** - The LGS Head of RI has the main responsibility for overseeing our approach to managing climate change risks and opportunities. They are responsible for the development and review of all RI related policies, including our commitment to managing climate risks and the carbon investment restrictions in the LGS SRI Policy and our approach to engagement on climate issues in the LGS Active Ownership Policy. They are also responsible for overseeing all climate change related activities, including participation in industry working groups on climate change (e.g. PRI and IGCC) and external engagements with companies on climate risks and opportunities.
- **Portfolio managers** - The LGS Portfolio Manager utilises carbon data provided by the RI team members for the internally managed SRI Overlay.
- **Dedicated RI staff** - The LGS Responsible Investment Analyst and Administrator are responsible for implementing all climate-related components of LGS policies and activities including proxy voting, company engagement, negative screens, reporting, participation in collaborative initiatives and manager reviews.
- **External managers and service providers** - Depending on the asset class and type of investment (trust vs. active mandate), RI parameters including carbon related investment restrictions and performance reporting are usually included in the investment management or service agreement for external managers and service providers. In the majority of cases, the external manager is required to provide a level of oversight and accountability for RI performance and is also responsible for implementation across their portfolio, with some input from LGS. ACSI, on behalf of members, manages and monitors climate-related priority company engagement and provides updates to member funds via formal semi-annual engagement reports and other informal member briefings on a quarterly basis. These reports track progress on climate-related objectives for specific companies and provides updates on broader climate change trends in the market. Management can also be informed on climate-related issues through ACSI's Member Council and climate specific events and meetings.

**SG 07.8 CC** Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.

- Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)
- Request incorporation of TCFD into regular client reporting
- Request that external managers complete PRI climate indicator reporting
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide
- Other
- We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

SG 08	Voluntary	Additional Assessed	General
SG 08.1	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.		
	Board members/Board of trustees		
SG 08.1b	RI in personal development and/or training plan		
	<input checked="" type="checkbox"/> Responsible investment included in personal development and/or training plan		
SG 08.2	Describe any activities undertaken during the reporting year to develop and maintain Board members' skills and knowledge in relation to responsible investment.		
	The Investment Committee receives responsible investment reports that provide updates on LGS' RI program and industry developments. The Investment Committee also review RI assessments of ESG risks that are undertaken for all asset classes and new manager proposals. The new PRI Academy module for trustees was also promoted following its release and has been completed by the Chair of the LGS Investment Committee.		
	<input type="checkbox"/> None of the above		
	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee		
SG 08.1a	RI in objectives, appraisal and/or reward		
	<input checked="" type="checkbox"/> Responsible investment KPIs and/or goals included in objectives		
	<input checked="" type="checkbox"/> Responsible investment included in appraisal process		

- Variable pay linked to responsible investment performance
- None of the above

**SG 08.1b** RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

**Other C-level staff or head of department**

**SG 08.1a** RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

**SG 08.1b** RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

**Portfolio managers**

**SG 08.1a** RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

**SG 08.1b** RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

**Investment analysts**

**SG 08.1a** RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

**SG 08.1b** RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

**Dedicated responsible investment staff**

**SG 08.1a** RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

**SG 08.1b** RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

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

LGS does not have a variable remuneration component to our compensation.

**SG 08.4** Describe the level of experience board members/trustees/chief-level staff have with incorporating ESG factors into investment decision-making processes.

The staff have over a decade of experience in incorporating ESG factors into the LGS investment decision making process.

SG 09

Mandatory

Core Assessed

PRI 4,5

**SG 09.1** Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Principles for Responsible Investment

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

Advanced

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

LGS has been a signatory to the Principles of Responsible Investment (PRI) since 2007 and actively participates in a range of PRI led activities and working groups. Activities include:

- Climate Action 100+ - We are a founding signatory/supporter to the new Climate Action 100+ initiative that aims to increase engagement and action on climate risk with the top listed companies around the world.
- Facebook Collaboration - Letter on participation in reviewing of content re FB, AMZN, Twitter.
- Access to Medicine Foundation Statement and SDG3.
- UNPRI - Discussion re IPR and effects in SAA.
- RIAA - Impact measurement webinar and application to LGS investment performance.
- CGI Glass Lewis - Participation in Director Forums (Governance)
- ACSI - Head of RI is a Board member of ACSI.

Asian Corporate Governance Association

Australian Council of Superannuation Investors

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

Advanced

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

LGS is a founding member and client of the Australian Council of Superannuation Investors (ACSI). A representative of LGS was also previously a director of ACSI. LGS also participates in the ACSI Member Council and regularly participates in ACSI related events and activities, including engagement meetings with listed companies and contributing to papers and guidelines. LGS is actively involved in engagement and advocacy pieces produced by ACSI.

A representative of LGS also participated in a new initiative from ACSI to build a Data Portal and provided feedback and recommendations to improve the functionality and data accessibility.

AVCA: Sustainability Committee

France Invest – La Commission ESG

BVCA – Responsible Investment Advisory Board

CDP Climate Change

CDP Forests

CDP Water

CFA Institute Centre for Financial Market Integrity

Climate Action 100+

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

Advanced

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

We are a founding signatory/supporter to the new Climate Action 100+ initiative that aims to increase engagement and action on climate risk with the top listed companies around the world. LGS participates and leads engagements in companies to understand climate risks and improve climate related financial disclosures.

We are the lead investor for WOW - coordinating investor participation, engagement with company chairs/directors as well as with IR staff.

We are engaged with other Australian CA100+ participants in staying abreast with high emitting companies which are consequently higher risk.

Code for Responsible Investment in SA (CRISA)

Council of Institutional Investors (CII)

Eumedion

Extractive Industries Transparency Initiative (EITI)

ESG Research Australia

Invest Europe Responsible Investment Roundtable

Global Investors Governance Network (GIGN)

Global Impact Investing Network (GIIN)

Global Real Estate Sustainability Benchmark (GRESB)

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

Moderate

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

LGS was the first Australian member of GRESB. LGS participates in the GRESB survey for our own internally managed direct property portfolio (AUD\$754 million across 8 properties). LGS achieved a 4 star rating in 2019. LGS' Head of RI was involved in the launch of the GRESB property

results.

Green Bond Principles

	Your organisation's role in the initiative during the reporting period (see definitions)
Basic	
	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
	We reviewed the new Green Bond Principles following the release in 2017 and used them to inform the development of the green bond section of our internal manager ESG rating framework.

HKVCA: ESG Committee

Institutional Investors Group on Climate Change (IGCC)

	Your organisation's role in the initiative during the reporting period (see definitions)
Basic	
	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
	LGS collaborates with the IGCC through its membership and involvement with the IGCC in Australia.

Interfaith Center on Corporate Responsibility (ICCR)

International Corporate Governance Network (ICGN)

Investor Group on Climate Change, Australia/New Zealand (IGCC)

	Your organisation's role in the initiative during the reporting period (see definitions)
Advanced	
	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
	LGS is actively involved with IGCC and participates in related events and activities. LGS representatives attend IGCC events including the IGCC TaskForce for Climate Related Financial Disclosures (TCFD) masterclass and the IGCC AGM. LGS views climate change as the most significant investment risk for our portfolio.

International Integrated Reporting Council (IIRC)

Investor Network on Climate Risk (INCR)/CERES

Local Authority Pension Fund Forum

Principles for Financial Action in the 21st Century

Principles for Sustainable Insurance

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

Responsible Investment Association of Australasia (RIAA)

	Your organisation's role in the initiative during the reporting period (see definitions)
Advanced	
	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
	LGS is a long standing member of RIAA which is the peak industry body for professionals working in responsible investment in Australia and New Zealand. LGS provides regular input into RIAA newsletters and presents regularly at their various events throughout the year.  LGS was featured in the RIAA Super Study in 2019 which recognises leading funds within Responsible Investment.

Responsible Finance Principles in Inclusive Finance

Shareholder Association for Research and Education (Share)

United Nations Environmental Program Finance Initiative (UNEP FI)

United Nations Global Compact

Other collaborative organisation/initiative, specify

Other collaborative organisation/initiative, specify

Asian Investor Group on Climate Change (AIGCC)

	Your organisation's role in the initiative during the reporting year (see definitions)
Basic	
	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
	LGS attends seminars organised by AIGCC.

Other collaborative organisation/initiative, specify

Other collaborative organisation/initiative, specify

Green Building Council of Australia

	Your organisation's role in the initiative during the reporting year (see definitions)
Advanced	
	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
	In 2019 we undertook the GBCA's GreenStar performance assessment for our property portfolio and were awarded a 5 star rating, representing Australian excellence in sustainability performance. For more information on LGS' involvement in Australian green property initiatives, refer



SG 09.2	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1
Indicate approximately what percentage (+/- 5%) of your externally managed assets under management are managed by PRI signatories.			
75%			

SG 10	Mandatory	Core Assessed	PRI 4
-------	-----------	---------------	-------

SG 10.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
---------	--

Yes

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

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

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

The LGS RI team provides training to our CRM's. The LGS RI team also provides guidance on ESG related issues to our portfolio manager, investment analysts, operational and marketing staff.

Frequency of contribution
---------------------------

- Quarterly or more frequently  
 Biannually  
 Annually  
 Less frequently than annually  
 Ad hoc  
 Other

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

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

LGS provides financial support by being fee-paying clients of industry research groups such as MSCI ESG Research and the Australian Council of Superannuation Investors (ACSI)

Frequency of contribution
---------------------------

- Quarterly or more frequently  
 Biannually  
 Annually  
 Less frequently than annually  
 Ad hoc  
 Other

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

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

LGS has completed own empirical research in all asset classes developing proprietary methodology to measure ESG risk correlation to performance. These data sets now form the basis for systematic application to investment decision making processes.

Frequency of contribution
---------------------------

- Quarterly or more frequently  
 Biannually  
 Annually  
 Less frequently than annually  
 Ad hoc  
 Other

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

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

Since 2010, LGS has included a specific clause on our commitment to Responsible Investment and our SRI Policy in all new Investment Management Agreements. We also have scheduled regular ESG and Responsible Investment issue reporting as part of our external managers regular performance reporting. We actively engage with all of our managers to encourage them to share their PRI Transparency and Assessment reports to us and publicly. Where they are not members, we encourage them to join. Greater transparency is required of all fund managers via the ESG annual D.D questionnaires.

Frequency of contribution
---------------------------

- Quarterly or more frequently

- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Spoke publicly at events and conferences to promote responsible investment

Description
LGS representatives speak at events and conferences on responsible investment on a regular basis. In 2019 the head of Portfolio Management and the CIO spoke at 2 conferences related to responsible investment. In 2019, the CIO spoke at 9 member forums and the AGM with regards to responsible investment related topics. Head of RI made presentations to shareholders and CRMs on RI.
Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

Wrote and published in-house research papers on responsible investment

Encouraged the adoption of the PRI

Description
We require all of our external managers to provide their UNPRI assessment and transparency report as part of their asset class annual review. Where they are not members, we encourage them to join. It is not mandatory that external managers employed by LGS join the PRI. However, given LGS' emphasis on ESG and RI in determining mandates, potential managers need to demonstrate good understanding of ESG and commitment to RI. Greater transparency is required of all fund managers via the ESG annual D.D questionnaires.
Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

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

Wrote and published articles on responsible investment in the media

A member of PRI advisory committees/ working groups, specify

Description
LGS is currently a member of the Climate Action 100+ initiative. LGS representatives lead and participate in engagements with companies to understand climate risks and increase climate related financial disclosures.
Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

On the Board of, or officially advising, other RI organisations (e.g. local SIFs)

Description
The Head of Responsible Investment sits on the Board for the Australian Council for Superannuation Investors (ACSI) and is on ACSI Asset Owner Stewardship Code Committee.
Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

Other, specify

specify description

Extensive public disclosure of RI related information on LGS website.

Description

LGS strongly favours transparency and disclosure. Our website contains significant amounts of information on our policies, processes and approach to ESG and RI as well as reporting. LGS is also regularly in trade and mainstream media on ESG and RI issues. In 2019 there were 70 media articles profiling our RI activities across Australia and internationally.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

No

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

SG 11 Voluntary Additional Assessed PRI 4,5,6

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

Yes

If yes

- Yes, individually
- Yes, in collaboration with others

SG 11.2 Select the methods you have used.

- Endorsed written submissions to governments, regulators or public policy-makers developed by others
- Drafted your own written submissions to governments, regulators or public-policy markers
- Participated in face-to-face meetings with government members or officials to discuss policy
- Other, specify

SG 11.3 Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.

Yes, publicly available

- <https://acsi.org.au/submissions/acsi-submission-to-the-gri-on-tax-and-payments-to-governments/>
- <https://acsi.org.au/submissions/acsi-submission-on-simplifying-clarifying-and-enhancing-the-integrity-and-efficiency-of-the-asx-listing-rules/>
- <https://acsi.org.au/submissions/acsi-submission-to-the-board-of-taxation-on-the-post-implementation-review-of-the-tax-transparency-code/>

No

No

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

In 2019 our public policy and regulatory engagement was undertaken via our involvement with ACSI. Issues focused on tax and tax transparency, ASX Listing Rules, Modern Slavery Act, Whistleblower policies, executive remuneration, climate change and culture.

- ACSI submission to the GRI on Tax and Payments to Governments
  - <https://acsi.org.au/submissions/acsi-submission-to-the-gri-on-tax-and-payments-to-governments/>
- ACSI submission on Simplifying, Clarifying and Enhancing the Integrity and Efficiency of the ASX Listing Rules
  - <https://acsi.org.au/submissions/acsi-submission-on-simplifying-clarifying-and-enhancing-the-integrity-and-efficiency-of-the-asx-listing-rules/>
- ACSI submission to the Board of Taxation on the Post-implementation review of the Tax Transparency Code
  - <https://acsi.org.au/submissions/acsi-submission-to-the-board-of-taxation-on-the-post-implementation-review-of-the-tax-transparency-code/>
- ACSI Submission on the Modern Slavery ACSI 2018 – Draft Guidance for Reporting Entities
  - <https://acsi.org.au/submissions/acsi-submission-on-the-modern-slavery-act-2018-draft-guidance-for-reporting-entities/>
- ACSI submission on ASIC Consultation Paper 321: Whistleblower policies
  - <https://acsi.org.au/submissions/acsi-submission-on-asic-consultation-paper-321-whistleblower-policies/>
- APRA discussion paper 'Strengthening prudential requirements for remuneration'
  - <https://www.apra.gov.au/consultation-on-remuneration-requirements-for-all-apra-regulated-entities>

**SG 12.1** Indicate whether your organisation uses investment consultants.

- Yes, we use investment consultants

**SG 12.2** Indicate how your organisation uses investment consultants in the selection, appointment and/or monitoring of external managers.

- We use investment consultants in our selection and appointment of external managers

Asset class
<input checked="" type="checkbox"/> Listed Equity (LE)
<input checked="" type="checkbox"/> Fixed income - SSA
<input checked="" type="checkbox"/> Fixed income - Corporate (financial)
<input checked="" type="checkbox"/> Fixed income - Corporate (non-financial)
<input checked="" type="checkbox"/> Fixed income - Securitised
<input checked="" type="checkbox"/> Private equity (PE)
<input checked="" type="checkbox"/> Infrastructure (INF)
<input checked="" type="checkbox"/> Property (PR)
<input type="checkbox"/> Other asset classes

- We use investment consultants in our monitoring of external managers

Asset class
<input checked="" type="checkbox"/> Listed Equity (LE)
<input checked="" type="checkbox"/> Fixed income - SSA
<input checked="" type="checkbox"/> Fixed income - Corporate (financial)
<input checked="" type="checkbox"/> Fixed income - Corporate (non-financial)
<input checked="" type="checkbox"/> Fixed income - Securitised
<input checked="" type="checkbox"/> Private equity (PE)
<input checked="" type="checkbox"/> Infrastructure (INF)
<input checked="" type="checkbox"/> Property (PR)
<input type="checkbox"/> Other asset classes

- We do not use investment consultants for selection, appointment and monitoring of external managers.

**SG 12.3** Indicate if your organisation considers responsible investment in the selection, appointment and/or review processes for investment consultants.

- Responsible investment is considered when evaluating investment consultants' investment beliefs, strategies and policies in the selection process.
- Responsible investment is considered when evaluating investment consultants' public commitment to, and promotion of, responsible investment in the selection process.
- Responsible investment is considered when reviewing investment consultants' approach to investment manager ratings, research and recommendations in the monitoring process.
- Consultants' responsibilities in terms of responsible investment in manager selection, appointment and monitoring processes are included in our contractual agreements with the investment consultants.
- We do not consider responsible investment in the selection, appointment and/or review processes for investment consultants.

**SG 12.4** Indicate whether you use investment consultants for any the following services. Describe the responsible investment components of these services.

- Custodial services

**Describe how responsible investment is incorporated**

Our investment restrictions are monitored through our custodian to ensure compliance with the LGS SRI Policy.

- Investment policy development

**Describe how responsible investment is incorporated**

Responsible investment is integrated into the development of investment beliefs with the LGS Investment Committee.

- Strategic asset allocation

**Describe how responsible investment is incorporated**

As per the LGS investment restrictions, the fund will not actively invest in companies that derive any revenue from controversial weapons and tobacco. LGS will not actively invest in companies that derive 10% or more of their revenue from armaments, gambling and old growth logging or more than 33% of revenue from high carbon activities including coal mining, oil tar sands mining and coal-fired electricity generation. The fund will also not invest in companies that display high ESG risk. While these restrictions formally cover listed Australian and international equities, where possible LGS will endeavour to extend these restrictions across other asset classes including fixed income, credit and unlisted assets. These investment restrictions alter LGS' sector weightings.

- Investment research

**Describe how responsible investment is incorporated**

We purchase external ESG research to integrate into investment research and company engagement processes.

- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

- No, we do not use investment consultants.

SG 13	Mandatory	Descriptive	PRI 1
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**SG 13.1 Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).**

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

**Describe**

We consider climate change to be the greatest risk facing our investment portfolio. We are committed to managing the risks and taking advantage of the opportunities associated with climate change. The fund performed scenario analysis a few years ago. Our asset consultant is performing this review again this year.

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

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

**We do the following**

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

**SG 13.3 Additional information. [OPTIONAL]**

As per the LGS investment restrictions, the fund will not actively invest in companies that derive any revenue from controversial weapons and tobacco. LGS will not actively invest in companies that derive 10% or more of their revenue from armaments, gambling and old growth logging or more than 33% of revenue from high carbon activities including coal mining, oil tar sands mining and coal-fired electricity generation. The fund will also not invest in companies that display high ESG risk. While these restrictions formally cover listed Australian and international equities, where possible LGS will endeavour to extend these restrictions across other asset classes including fixed income, credit and unlisted assets. These investment restrictions alter LGS' sector weightings.

SG 13 CC	Mandatory to Report, Voluntary to Disclose	Descriptive	General
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**SG 13.4 CC Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.**

- Initial assessment

**Describe**

The fund performed scenario analysis a few years ago. Currently our asset consultant is performing this again for the board with results to inform SAA decisions.

We also apply latest research both from Mercer and UNPRI in looking at valuation effects for example, in 'high' risk sectors such as oil and gas.

Due to screening which has been in place for many years, exposure to companies where coal is a principal operation is negligible.

We analysed our listed equities portfolio holdings against the results of the Forecast Policy Scenario (FPS), part of the Inevitable Policy Response (IPR) Framework and performed an initial assessment of our climate-related policy and regulatory risks to determine if any further analysis would be required.

- Incorporation into investment analysis

**Describe**

LGS has used research from asset consultants and PRI to stress test the LGS portfolio for high risk sectors. Given our investment practice and screening which has been in place for many years, the risks are considered low.

Given we also invest in positive thematic, we participate in opportunistic investing in positive thematic both via listed and unlisted investments.

Carbon investment restrictions. Manage exposure to carbon in the longer term for listed equities and fixed income. Future plans to extend restrictions across other asset classes including credit and unlisted assets.

We analysed our portfolio holdings across both listed equities and fixed income against numerous scenarios including the IEA's 2 degree scenario and the 2 degree investing initiative to see how we can improve our approach to managing climate risks and opportunities.

- Inform active ownership

Describe
<p>LGS reviews each resolution on case by case basis and generally votes in favour of increasing responsibility for and disclosure on climate change related risk. The results of scenario analysis produced internally, received from industry groups and external research providers are considered for incorporation into these decisions on a case by case basis.</p> <p>We have a strong focus on engaging with companies to ensure they have a plan to transition their business activities away from high carbon intensive activities and ensure they can participate in a low carbon economy.</p>
<input type="checkbox"/> Other

SG 13.5 CC	Indicate who uses this analysis.
<input checked="" type="checkbox"/> Board members, trustees, C-level roles, Investment Committee <input type="checkbox"/> Portfolio managers <input checked="" type="checkbox"/> Dedicated responsible investment staff <input type="checkbox"/> External managers <input checked="" type="checkbox"/> Investment consultants/actuaries <input type="checkbox"/> Other	

SG 13.6 CC	Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.			
<input checked="" type="checkbox"/> Yes				
<table border="1"> <thead> <tr> <th style="background-color: #0070C0; color: white;">Describe</th> </tr> </thead> <tbody> <tr> <td> <p>We analysed our portfolio holdings across both listed equities and fixed income against numerous scenarios including the IEA's 2 degree scenario and the 2 degree investing initiative to see how we can improve our approach to managing climate risks and opportunities.</p> <p>We also analysed our listed equities portfolio holdings against the results of the Forecast Policy Scenario (FPS), part of the Inevitable Policy Response Framework and assessed our climate-related policy and regulatory risks.</p> <p>Further work will be considered in climate scenario analysis in the upcoming year.</p> </td> </tr> <tr> <td> <input type="checkbox"/> No         </td> </tr> </tbody> </table>		Describe	<p>We analysed our portfolio holdings across both listed equities and fixed income against numerous scenarios including the IEA's 2 degree scenario and the 2 degree investing initiative to see how we can improve our approach to managing climate risks and opportunities.</p> <p>We also analysed our listed equities portfolio holdings against the results of the Forecast Policy Scenario (FPS), part of the Inevitable Policy Response Framework and assessed our climate-related policy and regulatory risks.</p> <p>Further work will be considered in climate scenario analysis in the upcoming year.</p>	<input type="checkbox"/> No
Describe				
<p>We analysed our portfolio holdings across both listed equities and fixed income against numerous scenarios including the IEA's 2 degree scenario and the 2 degree investing initiative to see how we can improve our approach to managing climate risks and opportunities.</p> <p>We also analysed our listed equities portfolio holdings against the results of the Forecast Policy Scenario (FPS), part of the Inevitable Policy Response Framework and assessed our climate-related policy and regulatory risks.</p> <p>Further work will be considered in climate scenario analysis in the upcoming year.</p>				
<input type="checkbox"/> No				

SG 13.7 CC	Indicate whether a range of climate scenarios is used.
<input checked="" type="checkbox"/> Analysis based on a 2°C or lower scenario <input type="checkbox"/> Analysis based on an abrupt transition, consistent with the Inevitable Policy Response <input type="checkbox"/> Analysis based on a 4°C or higher scenario <input type="checkbox"/> No, a range is not used	

SG 13.8 CC		Indicate the climate scenarios your organisation uses.		
Provider	Scenario used			
IEA				
IEA	<input checked="" type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario			
IEA				
IEA				
IEA				
IRENA				
Greenpeace				
Institute for Sustainable Development				
Bloomberg				
IPCC				
IPCC				
IPCC				
IPCC				
Other	<input checked="" type="checkbox"/> Other (1)	<table border="1"> <thead> <tr> <th style="background-color: #0070C0; color: white;">Other (1) please specify:</th> </tr> </thead> <tbody> <tr> <td>2 degree investing initiative.</td> </tr> </tbody> </table>	Other (1) please specify:	2 degree investing initiative.
Other (1) please specify:				
2 degree investing initiative.				
Other				

Other		
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SG 14	Mandatory to Report, Voluntary to Disclose	Additional Assessed	PRI 1
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SG 14.1	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.
---------	--

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

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

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

	Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.
Total AUM	951,141,566 USD
	0 USD

	Specify the framework or taxonomy used.
	10% of the entire fund invested in low carbon assets in five assets classes including Australian and emerging market renewable energy, infrastructure, green bonds, listed equities, and private equity.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

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

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

	other description
	We engage with companies in the energy, resources and banking sectors to ensure they are incorporating climate change risks and opportunities into their business strategies.
	<input type="checkbox"/> None of the above

SG 14.4	If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.
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- **Carbon portfolio audits by MSCI ESG Research**
  - Every six months we assess our listed equity managers on the carbon performance of the companies in their portfolios and publish the results on our website. We monitor our exposure to fossil fuel intensive companies to better understand carbon risks and opportunities and determine future restriction thresholds and engagement priorities. These reports focus on our total carbon footprint based on ownership of companies (i.e. tonnes CO2e/\$ million invested and total CO2e), but also provide intensity measures (i.e. tonnes CO2e/\$ million sales) to enable us to compare companies within the same or similar sectors. A summary of the results of these audits is published on the LGS website at <https://www.lgsuper.com.au/investments/sustainable-investment/sustainable-investment-reports-and-policies/>.
- **ESG Portfolio audits by MSCI ESG Research**
  - Every six months we assess our domestic and international listed equities portfolios on the ESG performance of the companies in their portfolios and publish the results on our website. We monitor our portfolio's ESG Quality Score which provides an indication of constituent

companies' ability to manage risk and opportunities arising from ESG exposures as well as the score of each individual 'E','S','G' pillar to better understand opportunities and determine future restriction thresholds and engagement priorities.

- The latest ESG report for December 2019 can be found at <https://www.lgsuper.com.au/investments/responsible-investment/sustainable-investment-reports-and-policies/lgs-esg-report-december-2019/>.

- **Taskforce for Climate-related Financial Disclosure**

- We have disclosed our approach to managing climate risks and opportunities via the PRI annual reporting process, in line with TCFD recommendations.
- Our half yearly Carbon Emissions Report is reported broadly in line with TCFD guidelines and assesses LGS' Portfolio Carbon Footprint for our listed equities using the (WACI) Weighted Average Carbon Intensity (t CO2e / \$M Revenue) measure recommended by the TCFD.
- The latest Carbon Emissions report for December 2019 can be found at <https://www.lgsuper.com.au/investments/responsible-investment/sustainable-investment-reports-and-policies/carbon-emissions-report-december-2019/>.

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

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Weighted average carbon intensity	Minority of assets	Used to measure and assess the degree of reliance of our portfolios' revenue on carbon emission.	328 t CO2e / \$M Revenue	Weighted Average Carbon Intensity is calculated by using the carbon intensity (Scope 1 + 2 Emissions / \$M Sales) for each portfolio company and calculating the weighted average by portfolio weight.
Carbon footprint (scope 1 and 2)	Minority of assets	Used to track energy efficiency and carbon performance over time to ensure we are reducing emissions	Scope 1 = nil Scope 2 = nil due to the purchase of renewable energy (100% GreenPower)	Australian national Greenhouse Account Factors 2016
Portfolio carbon footprint	Minority of assets	Used to enable comparison with other factors	250.4 t CO2e / \$M Invested	Sum of all emissions in the portfolio divided by the amount invested.
Total carbon emissions	Minority of assets	Allows us to understand our total carbon exposure (and track it over times with a view to reduce it) and identify potential high emitting companies for engagement	640,540 tonnes CO2e	Sum of all emissions in the portfolio based on our ownership share
Carbon intensity	Minority of assets	useful to compare like for like companies within the same/similar sectors	430.4 tonnes CO2e/\$m sales	The ratio of portfolio carbon emissions normalised by the investor's claims on sales
Exposure to carbon-related assets	Majority of assets	to understand our exposure to carbon related assets relative to a 2 degree scenario	Renewable power capacity, Gas power capacity, Coal power capacity, oil production, gas production, coal production, ICE vehicles, Hybrid vehicles, Electric vehicles	n/a

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

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

Please describe
<p>LGS considers Climate Change Risk as one of the most important issues facing the fund. We address this in the Sustainable and Responsible Investment Policy February October 2019, Sustainable and Responsible Investment Guidelines October 2019 and the Active Ownership Policy October 2019.</p> <p>LGS assesses and monitors this risk across our entire portfolio in all asset classes via Annual Reviews. We assess ESG integration and correlation with investment performance using proprietary methodology which has been developed in house. This method is utilised for on-boarding, monitoring &amp; maintenance as well as the removal of fund managers. The results are contained within our Investment Committee Papers as well as in public reporting. Publicly we do this via our website in the form of i) ESG quality reports for all domestic and international equity fund managers ii) Carbon Emissions reports for all domestic and international equity managers. We are committed to reporting in line with the TCFD (Task Force for Climate related Financial Disclosure). We measure Weighted Average Carbon Intensity (a recommendation of the TCFD) but do not as yet publicly report this data.</p> <p>Another public document, the "LGS Responsible Investment Snapshot 2019" outlines in detail how we address climate risk (amongst other ESG risks). This is implemented via the application of Negative Screens (or our Restrictions List), Positive Screens and the SRI Overlay. We actively address Climate Change via our Active Ownership Policy which includes i) Voting for specific climate related resolutions ii) Direct Engagement with corporates and iii) Industry Collaboration with the UN Principles for Responsible Investment, Australian Council of Superannuation Investors, Investor Group on Climate Change and the Responsible Investment Association of Australasia.</p>

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

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

- Yes

Please describe
<p>We engage with the listed companies in which we invest through a variety of channels, including direct engagement with company board members and senior executives, via fund managers and through our involvement in industry groups and associations such as ACSI and the IGCC.</p>



As part of annual reviews of all our assets classes, we engage with external managers about TCFD disclosure and adoption. We follow ACSI recommendations and ask clients to address direct engagement and direct active ownership work. We generally vote for all annual general meeting resolutions in favour of TCFD reporting and climate change related disclosure including the AGMs for Origin Energy.

LGS' half yearly Carbon Emissions Report is reported broadly inline with TCFD guidelines and assesses LGS' Portfolio Carbon Footprint for our listed equities using the (WACI) Weighted Average Carbon Intensity (t CO<sub>2</sub>e / \$M Revenue) measure recommended by the TCFD. We believe adopting TCFD within our Carbon Emissions Report will promote awareness and encourage industry peers to follow suit.

The latest Carbon Emissions report for December 2019 can be found at <https://www.lgsuper.com.au/investments/responsible-investment/sustainable-investment-reports-and-policies/carbon-emissions-report-december-2019/>.

Our external ESG provider, ACSI, uses company engagement and proxy voting advice for ASX-listed companies as tools for managing climate change risks and opportunities.

ACSI has been engaging with ASX companies for years on the disclosure and integration of climate-related risks and opportunities. ACSI engages with a broad range of companies on climate risk and also prioritises particular companies given their materiality and exposure. For 2019, there were 20 companies which ACSI focused on TCFD adoption as a primary concern.

ACSI is also actively supporting members' efforts in the Climate Action 100+ initiative, directly engaging companies alongside members who are lead investors and providing other insights like briefing members on discussions to date. LGS is the lead investor for WOW as part of Climate Action 100+

ACSI also uses proxy voting advice as a mechanism to create engagement on climate-related resolutions and as a tool for signalling where improvement on climate-related issues can be made.

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

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

SG 15.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.
10%	

SG 15.3	Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.
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Area
------

Energy efficiency / Clean technology

Asset class invested
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- Listed equity  
0.1Percentage of AUM (+/-5%) per asset class invested in the area
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)  
0.1Percentage of AUM (+/-5%) per asset class invested in the area
- Fixed income - Securitised
- Private equity  
0.1Percentage of AUM (+/-5%) per asset class invested in the area
- Property  
5Percentage of AUM (+/-5%) per asset class invested in the area
- Infrastructure  
0.1Percentage of AUM (+/-5%) per asset class invested in the area
- Commodities
- Hedge funds
- Cash
- Other (1)
- Other (2)

Brief description and measures of investment
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**Listed equity:** Allocation to specific mandate to invest in companies generating at least 50% of revenues from renewable energy, water treatment, waste and recycling and resource efficiency. 8% of this mandate is invested in renewable and alternative energy generation.

**Fixed income - SSA:** Allocation to green bonds issued by supranational agencies such as the IFC and European Investment Bank.

**Fixed income - corporate (financial and non-financial):** Allocation to green bonds issued by Australian and international corporates.

**Private equity:** Two mandates in a well-diversified 'clean technology' private equity 'fund-of-fund' investing in early stage and growth technologies in the area of environmental, resource and low carbon products and services.

**Property:** We purchase 100% GreenPower for all base building electricity requirements across our direct property portfolio. We have also installed solar panel arrays at 4 of our properties, with plans to expand this where feasible.

**Hedge funds:** LGS has allocated investment to a fund that invests in the Australian electricity wholesale market and related derivatives including renewable energy certificates and/or any other environmental related markets.

**Infrastructure:** We invest in two renewable energy infrastructure funds that includes solar and wind generation.

Renewable energy

Green buildings

Asset class invested
<input checked="" type="checkbox"/> Listed equity 0.26Percentage of AUM (+/-5%) per asset class invested in the area <input type="checkbox"/> Fixed income - SSA <input type="checkbox"/> Fixed income - Corporate (financial) <input type="checkbox"/> Fixed income - Corporate (non-financial) <input type="checkbox"/> Fixed income - Securitised <input type="checkbox"/> Private equity <input checked="" type="checkbox"/> Property 5Percentage of AUM (+/-5%) per asset class invested in the area <input type="checkbox"/> Infrastructure <input type="checkbox"/> Commodities <input type="checkbox"/> Hedge funds <input type="checkbox"/> Cash <input type="checkbox"/> Other (1) <input type="checkbox"/> Other (2)
Brief description and measures of investment
<p><b>Listed equity:</b> Allocation to specific mandate to invest in companies generating at least 50% of revenues from renewable energy, water treatment, waste and recycling and resource efficiency. 27.2% of this mandate is invested in building related energy efficiency activities.</p> <p><b>Fixed income - SSA:</b> Allocation to green bonds issued by supranational agencies such as the IFC and European Investment Bank.</p> <p><b>Fixed income - corporate (financial and non-financial):</b> Allocation to green bonds issued by Australian corporates.</p> <p><b>Property:</b> The LGS direct property portfolio achieves an average 6 star NABERS Energy rating with 100% GreenPower, and 5 star NABERS Energy rating without GreenPower as result of an extensive energy efficiency program for over 8 years.</p>

Sustainable forestry

Asset class invested
<input checked="" type="checkbox"/> Listed equity 0.01Percentage of AUM (+/-5%) per asset class invested in the area <input type="checkbox"/> Fixed income - SSA <input type="checkbox"/> Fixed income - Corporate (financial) <input type="checkbox"/> Fixed income - Corporate (non-financial) <input type="checkbox"/> Fixed income - Securitised <input type="checkbox"/> Private equity <input type="checkbox"/> Property <input type="checkbox"/> Infrastructure <input type="checkbox"/> Commodities <input type="checkbox"/> Hedge funds <input type="checkbox"/> Cash <input type="checkbox"/> Other (1) <input type="checkbox"/> Other (2)
Brief description and measures of investment
<p><b>Listed equity:</b> Allocation to specific mandate to invest in companies generating at least 50% of revenues from renewable energy, water treatment, waste and recycling and resource efficiency. 18.7% of this mandate is invested in sustainable forestry, food and agriculture related activities.</p>

Sustainable agriculture

Asset class invested
<input checked="" type="checkbox"/> Listed equity 0.01Percentage of AUM (+/-5%) per asset class invested in the area <input type="checkbox"/> Fixed income - SSA <input type="checkbox"/> Fixed income - Corporate (financial) <input type="checkbox"/> Fixed income - Corporate (non-financial) <input type="checkbox"/> Fixed income - Securitised <input checked="" type="checkbox"/> Private equity

0.1Percentage of AUM (+/-5%) per asset class invested in the area

- Property
- Infrastructure
- Commodities
- Hedge funds
- Cash
- Other (1)
- Other (2)

**Brief description and measures of investment**

**Listed equity:** Allocation to specific mandate to invest in companies generating at least 50% of revenues from renewable energy, water treatment, waste and recycling and resource efficiency. 18.7% of this mandate is invested in sustainable forestry, food and agriculture related activities.

- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education

**Asset class invested**

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure

0.1Percentage of AUM (+/-5%) per asset class invested in the area

- Commodities
- Hedge funds
- Cash
- Other (1)
- Other (2)

**Brief description and measures of investment**

**Infrastructure:** One of our infrastructure mandates is for community infrastructure, including owning and operating schools across Australia.

**Private equity:** primary and high schools in India, post-secondary school education institutions in Brazil, career training services in China,

- Global health

**Asset class invested**

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity

0.1Percentage of AUM (+/-5%) per asset class invested in the area

- Property
- Infrastructure

0.1Percentage of AUM (+/-5%) per asset class invested in the area

- Commodities
- Hedge funds
- Cash
- Other (1)
- Other (2)

**Brief description and measures of investment**

**Private equity:** Significant investments across multiple private equity funds include a hospital group in China, regional hospital and health centres in China, hospitals and related healthcare services in Finland, manufacture of medical devices including hearing aids,

pharmaceuticals development and manufacture, behavioural health care management, low cost health insurance, health IT systems, eye care services, medical school/university in the United States, aged, disabled and veteran care in Australia and Germany and cancer treatment services.

**Infrastructure:** One of our infrastructure mandates is for community infrastructure, including owning and operating hospitals across Australia.

Water

Asset class invested
<input checked="" type="checkbox"/> Listed equity 0.18Percentage of AUM (+/-5%) per asset class invested in the area <input type="checkbox"/> Fixed income - SSA <input type="checkbox"/> Fixed income - Corporate (financial) <input type="checkbox"/> Fixed income - Corporate (non-financial) <input type="checkbox"/> Fixed income - Securitised <input type="checkbox"/> Private equity <input type="checkbox"/> Property <input checked="" type="checkbox"/> Infrastructure 0.1Percentage of AUM (+/-5%) per asset class invested in the area <input type="checkbox"/> Commodities <input type="checkbox"/> Hedge funds <input type="checkbox"/> Cash <input type="checkbox"/> Other (1) <input type="checkbox"/> Other (2)

Brief description and measures of investment
<p><b>Listed equity:</b> Allocation to specific mandate to invest in companies generating at least 50% of revenues from renewable energy, water treatment, waste and recycling and resource efficiency. 28.8% of this mandate is invested in water related activities including pollution control, infrastructure and treatment technologies.</p> <p><b>Infrastructure:</b> A small allocation within a large infrastructure fund to water filtration and treatment plants in NSW.</p> <p><b>Private equity:</b> One of our private equity funds invests in wastewater treatment in China.</p>

Other area, specify

Waste and pollution control

Asset class invested
<input checked="" type="checkbox"/> Listed equity 0.2Percentage of AUM (+/-5%) per asset class invested in the area <input type="checkbox"/> Fixed income - SSA <input type="checkbox"/> Fixed income - Corporate (financial) <input type="checkbox"/> Fixed income - Corporate (non-financial) <input type="checkbox"/> Fixed income - Securitised <input type="checkbox"/> Private equity <input type="checkbox"/> Property <input type="checkbox"/> Infrastructure <input type="checkbox"/> Commodities <input type="checkbox"/> Hedge funds <input type="checkbox"/> Cash <input type="checkbox"/> Other (1) <input type="checkbox"/> Other (2)

Brief description and measures of investment
<p><b>Listed equity:</b> Allocation to specific mandate to invest in companies generating at least 50% of revenues from renewable energy, water treatment, waste and recycling and resource efficiency. 22.4% of this mandate is invested in waste and recycling related activities. In addition, we have investments with a listed equity manager that relates to recycling plants and waste to energy plants.</p>

No

SG 17	Mandatory	Descriptive	General
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SG 17.1	Describe how you address ESG issues for externally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
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Asset Class	Describe what processes are in place and the outputs or outcomes achieved
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Hedge funds - DDQ	Select whether you use the PRI Hedge Fund DDQ	
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Hedge funds	LGS RI Policy applies. <a href="https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf">https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf</a>	
Cash	LGS RI Policy applies in addition to the fund manager's individual RI policies. <a href="https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf">https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf</a>	
Other (1) [as defined in Organisational Overview module]	<b>Opportunistic alternatives:</b> ESG is integrated into the selection, appointment and monitoring processes for new and existing opportunistic alternative investments, managers and strategies	
Other (2) [as defined in Organisational Overview module]	<b>Credit Securities:</b> ESG is integrated into the selection, appointment and monitoring processes for new and existing credit securities investments, managers and strategies. Three mandates with specific allocations to green bonds and negative screens.	

SG 18	Voluntary	Descriptive	General
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SG 18.1 Indicate whether any specific features of your approach to responsible investment are particularly innovative.

Yes

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

The LGS Board has always had a long-term commitment to responsible investment which commenced in 2001 when it divested tobacco stocks. LGS has long held the view that management of ESG risks in its investment portfolios is fundamental to fulfilling its fiduciary duties to members - acting in the best interest to generate strong long-term retirement savings.

The LGS RI Policy requires the addressing of ESG risks across the entire investment portfolio with multiple asset classes. As a long-term institutional asset owner, it can be difficult to address these risks, however, as we have built internal staffing resources, LGS has attempted to do so with some innovative product and mandate designs, including the following examples:

- **LGS Sustainable Global Government bonds** - LGS introduced an innovative approach across our entire allocation to global government bond securities. The process integrates data on the countries' exposure to ESG issues as part of the investment approach. It also allocates up to 20% of the portfolio to green bonds issued by supranational agencies such as the IFC and European Investment bank. These AAA rated bonds offer similar yields to other bonds however the funds raised are devoted to climate change adaptation and mitigation projects in developing countries.
- **ESG enhanced passive international equities** - LGS developed an ESG-integrated enhanced-passive international equities mandate managed by Hermes Funds Management, a group known for their capabilities in ESG and responsible investment. This is one of the first quantitative international equities mandates globally that explicitly integrates ESG signals into the investment process. The manager is also able to attribute investment out-performance to ESG issues.
- **Thematic** - LGS has exhibited leadership by investing in thematic investments (mainly addressing climate change risks) across a number of asset classes.
- **Strategic Asset Allocation** - LGS work in integrating climate change risks into our Strategic Asset Allocation process, which to our knowledge, is one of the first examples globally.
- **Property** - As evident in the section on Property investments, LGS' efforts in reducing our energy consumption on our property portfolio through use of energy efficient technologies is another example of innovation and leadership which results in the following achievements in 2019.
  - Achieved Carbon Neutral status for all NABERS rated buildings, certified by the Government's Climate Active Carbon Neutral Standard in May 2019
  - Portfolio Average NABERS Energy rating of 5.1 stars without GreenPower (6 stars with GreenPower)
  - Portfolio Average NABERS Water rating of 3.7 stars
  - Achieved a 4 Star rating for the 2019 Global Real Estate Sustainability Benchmark (GRESB)
  - Achieved a 5 Star GBCA Green Star - Performance Portfolio Certified Rating, which represents
  - Australian Excellence' in sustainable building operations. Certified in November 2017, valid until June 2020. (renewal underway)
  - 89% of tenants signed up to 100% GreenPower
- Over the past 3 years LGS has developed proprietary methodology to assess ESG risk across all asset classes. We correlate this with investment performance over time to prove our hypothesis that high grade ESG integration can indeed lead to long term sustainable outperformance for our members.

No

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

Selection, Appointment and Monitoring

Do you disclose?

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

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL

Disclosure to public and URL

- How responsible investment considerations are included in manager selection, appointment and monitoring processes
- Details of the responsible investment activities carried out by managers on your behalf
- E, S and/or G impacts and outcomes that have resulted from your managers' investments and/or active ownership
- Other

Biannually

<https://www.lgsuper.com.au/assets/factsheets/SustainableInvesting.pdf>  
<https://www.lgsuper.com.au/about-us/latest-news/investment-update-5/>

Listed equity - Incorporation

Do you disclose?

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

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL

Disclosure to public and URL

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

Biannually

<https://www.lgsuper.com.au/investments/sustainable-investment/our-approach/>

Listed equity - Engagement

Do you disclose?

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

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL

Disclosure to public and URL	
<input checked="" type="checkbox"/>	Details on the overall engagement strategy
<input checked="" type="checkbox"/>	Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals
<input checked="" type="checkbox"/>	Number of engagements undertaken
<input checked="" type="checkbox"/>	Breakdown of engagements by type/topic
<input checked="" type="checkbox"/>	Breakdown of engagements by region
<input type="checkbox"/>	An assessment of the current status of the progress achieved and outcomes against defined objectives
<input checked="" type="checkbox"/>	Examples of engagement cases
<input type="checkbox"/>	Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.)
<input type="checkbox"/>	Details on whether the provided information has been externally assured
<input checked="" type="checkbox"/>	Outcomes that have been achieved from the engagement
<input type="checkbox"/>	Other information
Biannually	
<a href="https://www.lgsuper.com.au/assets/Documents/Proxy-Reports/Proxy-Voting-Report-Dec-2019.pdf">https://www.lgsuper.com.au/assets/Documents/Proxy-Reports/Proxy-Voting-Report-Dec-2019.pdf</a> <a href="https://www.lgsuper.com.au/investments/responsible-investment/active-ownership/proxy-voting/">https://www.lgsuper.com.au/investments/responsible-investment/active-ownership/proxy-voting/</a>	

### Listed equity – (Proxy) Voting

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

Disclosure to public and URL	
Disclosure to public and URL	
<input checked="" type="radio"/>	Disclose all voting decisions
<input type="radio"/>	Disclose some voting decisions
<input type="radio"/>	Only disclose abstentions and votes against management
Quarterly or more frequently	
<a href="https://www.lgsuper.com.au/investments/responsible-investment/active-ownership/proxy-voting/">https://www.lgsuper.com.au/investments/responsible-investment/active-ownership/proxy-voting/</a> <a href="https://www.lgsuper.com.au/assets/Documents/Proxy-Reports/Proxy-Voting-Report-Dec-2019.pdf">https://www.lgsuper.com.au/assets/Documents/Proxy-Reports/Proxy-Voting-Report-Dec-2019.pdf</a>	

### Property

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

Disclosure to public and URL	
Disclosure to public and URL	
<input checked="" type="checkbox"/>	ESG information on how you select property investments
<input checked="" type="checkbox"/>	ESG information on how you monitor and manage property investments
<input checked="" type="checkbox"/>	Information on your property investments' ESG performance
<input type="checkbox"/>	Other
Quarterly or more frequently	
<a href="https://www.lgsuper.com.au/investments/how-we-invest-your-money/property-portfolio/">https://www.lgsuper.com.au/investments/how-we-invest-your-money/property-portfolio/</a> <a href="https://www.lgsuper.com.au/assets/Documents/Local-Government-Super-Sustainability-Policy-for-Direct-Property-June-20....pdf">https://www.lgsuper.com.au/assets/Documents/Local-Government-Super-Sustainability-Policy-for-Direct-Property-June-20....pdf</a>	

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



**SAM 01.1** Indicate which of the following ESG incorporation strategies you require your external manager(s) to implement on your behalf for all your listed equity and/or fixed income assets:

Active investment strategies					
Active investment strategies	Listed Equity	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised
Screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Thematic	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Integration	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SAM 02.1** Indicate what RI-related information your organisation typically covers in the majority of selection documentation for your external managers

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure
Your organisation's investment strategy and how ESG objectives relate to it	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG incorporation requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG reporting requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
No RI information covered in the selection documentation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

You selected an 'Other' option in table SAM 02.1 above, please specify

- Negative screens are also included in all IMAs for listed equities and some fixed income.
- Request internal policies of external managers (e.g. Code of Conduct; AMLCTF).

Explain how your organisation evaluates the investment manager's ability to align between your investment strategy and their investment approach

Strategy								
	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure
Assess the time horizon of the investment manager's offering vs. your/beneficiaries' requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Assess the quality of investment policy and its reference to ESG	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assess the investment approach and how ESG objectives are implemented in the investment process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's firm-level vs. product-level approach to RI	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assess the ESG definitions to be used	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ESG people/oversight

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure
Assess ESG expertise of investment teams	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the oversight and responsibilities of ESG implementation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review how is ESG implementation enforced /ensured	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Review the manager's RI-promotion efforts and engagement with the industry	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Process/portfolio construction/investment valuation**

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure
Review the process for ensuring the quality of the ESG data used	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree the use of ESG data in the investment decision making process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree the impact of ESG analysis on investment decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree ESG objectives (e.g. risk reduction, return seeking, real-world impact)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree manager's ESG risk framework	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree ESG risk limits at the portfolio level (portfolio construction) and other ESG objectives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review how ESG materiality is evaluated by the manager	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review process for defining and communicating on ESG incidents	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree ESG reporting frequency and detail	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SAM 02.3 Indicate the selection process and its ESG/RI components**

- Review ESG/RI responses to RfP, RfI, DDQ etc.
- Review responses to PRI's Limited Partners' Responsible Investment Due Diligence Questionnaire (LP DDQ)
- Review publicly available information on ESG/RI
- Review assurance process on ESG/RI data and processes
- Review PRI Transparency Reports
- Request and discuss PRI Assessment Reports
- Meetings with the potential shortlisted managers covering ESG/RI themes
- Site visits to potential managers offices
- Other, specify

**SAM 02.4 When selecting external managers does your organisation set any of the following:**

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure
ESG performance development targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESG score	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG weight	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Real world economy targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other RI considerations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

You selected an 'Other' option in table SAM 02.4 above, please specify

LGS is working to incorporate Impact Assessment against the United Nations Sustainable Development Goals (UNSDGs). LGS has also incorporated attribution analysis for low carbon and sustainable investments and is reported regularly to the Investment Committee.

**SAM 02.5 Describe how the ESG information reviewed and discussed affects the selection decision making process.[OPTIONAL]**

A comprehensive analysis of a prospective manager's ESG capabilities is included in the due diligence process during the selection phase. Where a manager has poor ESG performance and/or limited ability to meet the LGS ESG requirements, they will receive a low rating in the due diligence report that is presented to the LGS Investment Committee, along with recommendations for action should the manager be appointed. LGS' manager review methodology includes an

SAM 03	Mandatory	Additional Assessed	PRI 2
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**SAM 03.1** Indicate how your organisation typically evaluates the manager's active ownership practices in the majority of the manager selection process.

Engagement					
	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised
Review the manager's engagement policy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's engagement process (with examples and outcomes)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Ensure whether engagement outcomes feed back into the investment decision-making process	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other engagement issues in your selection process specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(Proxy) voting

	LE
Review the manager's voting policy	<input checked="" type="checkbox"/> Review the manager's voting policy - LE
Review the manager's ability to align voting activities with clients' specific voting policies	<input checked="" type="checkbox"/> Review the manager's ability to align voting activities with clients' specific voting policies - LE
Review the manager's process for informing clients about voting decisions	<input checked="" type="checkbox"/> Review the manager's process for informing clients about voting decisions - LE
Ensure whether voting outcomes feed back into the investment decision-making process	<input checked="" type="checkbox"/> Ensure that voting outcomes feed back into the investment decision-making process - LE
Review the number of votes cast as a percentage of ballots/AGMs or holdings and available rationale	<input checked="" type="checkbox"/> Review the number of votes cast as a percentage of ballots/AGMs or holdings and available rationale - LE
Other active ownership voting issues in your selection process; specify	<input checked="" type="checkbox"/> Other active ownership voting issues in your selection process; specify - LE

If you select any "Other" option(s), specify

Review manager's ability to transfer voting rights to LGS to carry out voting directly.

**SAM 03.2** Describe how you assess if the manager's engagement approach is effective.

- Impact on investment decisions
- Financial impact on target company or asset class
- Impact on ESG profile of company or the portfolio
- Evidence of changes in corporate practices(i.e. ESG policies and implementation activities)
- Other, specify
- None of the above

**SAM 03.3** Describe how you assess if the manager's voting approach is effective/appropriate

- Impact on investment decisions
- Impact on ESG profile of company or the portfolio
- Evidence of changes in corporate practices(i.e. ESG policies and implementation activities)
- Other, specify
- None of the above

SAM 04	Mandatory	Core Assessed	PRI 1
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**SAM 04.1** Indicate if in the majority of cases and where the structure of the product allows, your organisation does any of the following as part of the manager appointment and/or commitment process

- Sets standard benchmarks or ESG benchmarks
- Defines ESG objectives and/ or ESG related exclusions/restrictions
- Sets incentives and controls linked to the ESG objectives
- Requires reporting on ESG objectives
- Requires the investment manager to adhere to ESG guidelines, regulations, principles or standards
- Other, specify (1)
- Other, specify (2)
- None of the above

Asset class	
<input checked="" type="checkbox"/>	Listed equity (LE)
<b>Benchmark</b>	
<input checked="" type="checkbox"/>	Standard benchmark
<input type="checkbox"/>	ESG benchmark, specify
<b>ESG Objectives</b>	
<input type="checkbox"/>	ESG related strategy, specify
<input checked="" type="checkbox"/>	ESG related investment restrictions, specify
	LGS' Responsible Investment approach uses negative screening (i.e. Restriction Lists) to limit our exposure to companies with a high ESG risk profile for our listed equities and fixed income portfolios. When searching for new investment managers across all asset classes, due diligence should include a demonstration of how an assessment of ESG risks is incorporated into the investment process. The manager should specify the resources available to analyse ESG risks, including personnel and their expertise, and external research services used. More information can be found on the LGS Sustainable and Responsible Investment Policy : <a href="https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf">https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf</a>
<input checked="" type="checkbox"/>	ESG integration, specify
	We assess ESG integration for all managers on an annual basis using pre determined propriety methodology which rates all managers converting qualitative aspects into quantitative scores.
<input checked="" type="checkbox"/>	Engagement, specify
	We review the quality of engagement, the metrics used to measure intangibles such as culture.
<input checked="" type="checkbox"/>	Voting, specify
	We look at aspects of voting, philosophy alignment, coverage and disclosures.
<input checked="" type="checkbox"/>	Promoting responsible investment
	LGS promotes responsible investment principles during engagement with managers.
<input type="checkbox"/>	ESG specific improvements
<input type="checkbox"/>	Other, specify
<input checked="" type="checkbox"/>	ESG guidelines/regulation, principles/standards, specify
	We assess portfolio quality and emissions data/trends using external ESG data service providers. More information can be found on the LGS Sustainable and Responsible Investment Policy : <a href="https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf">https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf</a>
<b>Incentives and controls</b>	
<input checked="" type="checkbox"/>	We do not set incentives and controls
<b>Reporting requirements</b>	
<input type="radio"/>	Monthly
<input type="radio"/>	Quarterly
<input checked="" type="radio"/>	Bi-annually
<input type="radio"/>	Annually
<input type="radio"/>	Ad-hoc/when requested
<input checked="" type="checkbox"/>	Fixed income - SSA (SSA)
<b>Benchmark</b>	
<input checked="" type="checkbox"/>	Standard benchmark, specify
	JP Morgan Global Government Bond Index
<input type="checkbox"/>	ESG benchmark, specify
<b>ESG Objectives</b>	
<input type="checkbox"/>	ESG related strategy, specify
<input type="checkbox"/>	ESG related investment restrictions, specify
<input checked="" type="checkbox"/>	ESG integration, specify
	When reviewing fixed income managers, LGS assess managers using proprietary methodology which rates all integration processes and policies. This enables LGS to develop a quantitative score for each manager. More information can be found on the LGS Sustainable and Responsible Investment Policy : <a href="https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf">https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf</a>
<input checked="" type="checkbox"/>	Engagement, specify
	We review any engagement activity and methodology employed by managers.
<input type="checkbox"/>	Voting, specify
<input type="checkbox"/>	Promoting responsible investment

- ESG specific improvements
- Other, specify
- ESG guidelines/regulation, principles/standards, specify

We assess portfolio quality using external ESG service providers and other external sources. More information can be found on the LGS Sustainable and Responsible Investment Policy :<https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf>

#### Incentives and controls

- We do not set incentives and controls

#### Reporting requirements

- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly

- Fixed income - Corporate (financial)

#### Benchmark

- Standard benchmark, specify  
Bloomberg Ausbond Composite 0+ Year index
- ESG benchmark, specify

#### ESG Objectives

- Other, specify
- ESG related strategy, specify
- ESG related investment restrictions, specify

LGS' Responsible Investment approach uses negative screening (i.e. Restriction Lists) to limit our exposure to companies with a high ESG risk profile for our listed equities and fixed income portfolios. When searching for new investment managers across all asset classes, due diligence includes a demonstration of how an assessment of ESG risks is incorporated into the investment process. The manager specifies the resources available to analyse ESG risks, including personnel and their expertise, and external research services used. More information can be found on the LGS Sustainable and Responsible Investment Policy :<https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf>

- ESG integration, specify  
When reviewing fixed income managers, LGS assess managers using proprietary methodology which rates all integration processes and policies. This enables LGS to develop a quantitative score for each manager. More information can be found on the LGS Sustainable and Responsible Investment Policy :<https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf>
- Engagement, specify  
We review any engagement activities and methods employed by managers.
- Voting, specify
- Promoting responsible investment
- ESG specific improvements
- Other, specify
- ESG guidelines/regulation, principles/standards, specify

We assess portfolio quality using external ESG service providers and other external sources. More information can be found on the LGS Sustainable and Responsible Investment Policy :<https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf>

#### Incentives and controls

- We do not set incentives and controls

#### Reporting requirements

- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly

- Fixed income - Corporate (non-financial)

#### Benchmark

- Standard benchmark, specify  
Bloomberg Ausbond Composite 0+ Year index
- ESG benchmark, specify

ESG Objectives	
<input type="checkbox"/>	Other, specify
<input type="checkbox"/>	ESG related strategy, specify
<input checked="" type="checkbox"/>	ESG related investment restrictions, specify  LGS' Responsible Investment approach uses negative screening (i.e. Restriction Lists) to limit our exposure to companies with a high ESG risk profile for our listed equities and fixed income portfolios. More information can be found on the LGS Sustainable and Responsible Investment Policy : <a href="https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf">https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf</a>
<input checked="" type="checkbox"/>	ESG integration, specify  When reviewing fixed income managers, LGS assess managers using proprietary methodology which rates all integration processes and policies. This enables LGS to develop a quantitative score for each manager. More information can be found on the LGS Sustainable and Responsible Investment Policy : <a href="https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf">https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf</a>
<input checked="" type="checkbox"/>	Engagement, specify  We review any engagement activities and methods employed by managers.
<input type="checkbox"/>	Voting, specify
<input type="checkbox"/>	Promoting responsible investment
<input type="checkbox"/>	ESG specific improvements
<input type="checkbox"/>	Other, specify
<input checked="" type="checkbox"/>	ESG guidelines/regulation, principles/standards, specify  We assess portfolio quality using external ESG service providers and other external sources. More information can be found on the LGS Sustainable and Responsible Investment Policy : <a href="https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf">https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf</a>

Incentives and controls	
<input checked="" type="checkbox"/>	We do not set incentives and controls

Reporting requirements	
<input type="radio"/>	Ad-hoc/when requested
<input checked="" type="radio"/>	Annually
<input type="radio"/>	Bi-annually
<input type="radio"/>	Quarterly
<input type="radio"/>	Monthly
<input checked="" type="checkbox"/>	Fixed income - Securitised

Benchmark	
<input checked="" type="checkbox"/>	Standard benchmark, specify  Bloomberg Ausbond Composite 0+ Year index
<input type="checkbox"/>	ESG benchmark, specify

ESG Objectives	
<input type="checkbox"/>	ESG related strategy, specify
<input checked="" type="checkbox"/>	ESG related investment restrictions, specify  LGS' Responsible Investment approach uses negative screening (i.e. Restriction Lists) to limit our exposure to companies with a high ESG risk profile for our listed equities and fixed income portfolios. More information can be found on the LGS Sustainable and Responsible Investment Policy : <a href="https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf">https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf</a>
<input checked="" type="checkbox"/>	ESG integration, specify  When reviewing fixed income managers, LGS assess managers using proprietary methodology which rates all integration processes and policies. This enables LGS to develop a quantitative score for each manager. More information can be found on the LGS Sustainable and Responsible Investment Policy : <a href="https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf">https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf</a>
<input type="checkbox"/>	Engagement, specify
<input type="checkbox"/>	Voting, specify
<input type="checkbox"/>	Promoting responsible investment
<input type="checkbox"/>	ESG specific improvements
<input type="checkbox"/>	Other, specify
<input checked="" type="checkbox"/>	ESG guidelines/regulation, principles/standards, specify  We assess portfolio quality using external ESG service providers and other external sources. More information can be found on the LGS Sustainable and Responsible Investment Policy : <a href="https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf">https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf</a>

Incentives and controls	
<input checked="" type="checkbox"/>	We do not set incentives and controls

Reporting requirements	
------------------------	--

- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly

Private equity

**Benchmark**

- Standard benchmark, specify  
Cambridge Associates LLC U.S Private Equity Index
- ESG benchmark, specify

**ESG Objectives**

- ESG related strategy, specify
- ESG related investment restrictions, specify  
We advise managers of LGS investment restrictions that are contained in the standard due diligence questionnaire when on boarding PE managers. This is monitored.
- ESG integration, specify  
LGS has proprietary methodology to on board PE managers, rating all managers on a scale from laggard to leader. This takes aspects of ESG integration which may be qualitative and converts this to a score. More information can be found on the LGS Sustainable and Responsible Investment Policy :<https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf>
- Engagement, specify  
We assess soft skill set and influencing capabilities of PE managers.
- Voting, specify
- Promoting responsible investment  
LGS promotes responsible investment principles to during engagement with managers.
- ESG specific improvements
- Other, specify  
We include other aspects such as internal manager policy, financial conduct risk and governance & ownership at invested companies.
- ESG guidelines/regulation, principles/standards, specify

**Incentives and controls**

- We do not set incentives and controls

**Reporting requirements**

- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly

Property

**Benchmark**

- Standard benchmark, specify  
FTSE/EPRA NAREIT Developed Index Net TR fully hedged Mercer/IPD Australian Property Pooled Fund Index
- ESG benchmark, specify

**ESG Objectives**

- ESG related strategy, specify
- ESG related investment restrictions, specify
- ESG integration, specify
- Engagement, specify
- Voting, specify
- Promoting responsible investment  
LGS promotes responsible investment principles to during engagement with managers.
- ESG specific improvements
- Other, specify
- ESG guidelines/regulation, principles/standards, specify  
NABERS, GRESB More information can be found on the LGS Sustainable and Responsible Investment Policy

**Incentives and controls**

We do not set incentives and controls

**Reporting requirements**

- Monthly
- Quarterly
- Bi-annually
- Annually
- Ad-hoc/when requested

Infrastructure

**Benchmark**

- Standard benchmark, specify  
Australian 10 Year Government Bond Yield + 4%
- ESG benchmark, specify

**ESG Objectives**

- ESG related strategy, specify
- ESG related investment restrictions, specify
- ESG integration, specify  
LGS has developed proprietary methodology to rate ESG integration by our Infrastructure Managers. More information can be found on the LGS Sustainable and Responsible Investment Policy :<https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf>
- Engagement, specify  
We interview all defensive alternative managers throughout the year to determine engagement activities of managers with assets.
- Voting, specify
- Promoting responsible investment  
LGS promotes responsible investment principles to during engagement with managers.
- ESG specific improvements
- Other, specify  
We seek to measure impact in 2020.
- ESG guidelines/regulation, principles/standards, specify

**Incentives and controls**

We do not set incentives and controls

**Reporting requirements**

- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly

**SAM 04.3 Indicate which of these actions your organisation might take if any of the requirements are not met**

- Discuss requirements not met and set project plan to rectify
- Place investment manager on a "watch list"
- Track and investigate reason for non-compliance
- Re-negotiate fees
- Failing all actions, terminate contract with the manager
- Other, specify
- No actions are taken if any of the ESG requirements are not met

**SAM 05 Mandatory Core Assessed PRI 1**

**SAM 05.1 When monitoring managers, indicate which of the following types of responsible investment information your organisation typically reviews and evaluates**

LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure



ESG objectives linked to investment strategy (with examples)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Evidence on how the ESG incorporation strategy(ies) affected the investment decisions and financial / ESG performance of the portfolio/fund	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Compliance with investment restrictions and any controversial investment decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG portfolio characteristics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
How ESG materiality has been evaluated by the manager in the monitored period	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Information on any ESG incidents	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Metrics on the real economy influence of the investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PRI Transparency Reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
PRI Assessment Reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
RI-promotion and engagement with the industry to enhance RI implementation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Changes to the oversight and responsibilities of ESG implementation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other general RI considerations in investment management agreements; specify	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you select any 'Other' option(s), specify

As part of IMAs (Investment Management Agreements), LGS request from managers regular reporting. These relate to ESG issues which pertain to specific securities, statistics on company engagements, case studies and requirements to respond to ESG issues affecting the portfolio.

**SAM 05.2** When monitoring external managers, does your organisation set any of the following to measure compliance/progress

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure
ESG score	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG weight	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESG performance minimum threshold	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Real world economy targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other RI considerations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SAM 06**

Mandatory

Additional Assessed

PRI 1

**SAM 06.1** When monitoring managers, indicate which of the following active ownership information your organisation typically reviews and evaluates from the investment manager in meetings/calls

Engagement					
	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised
Report on engagements undertaken (summary with metrics, themes, issues, sectors or similar)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Report on engagement ESG impacts (outcomes, progress made against objectives and examples)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Information on any escalation strategy taken after initial unsuccessful dialogue	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alignment with any eventual engagement programme done internally	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Information on the engagement activities' impact on investment decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other RI considerations relating to engagement in investment management agreements; specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(Proxy) voting

	LE
Report on voting undertaken (with outcomes and examples)	<input checked="" type="checkbox"/> Report on voting undertaken (with outcomes and examples) - LE
Report on voting decisions taken	<input checked="" type="checkbox"/> Report on voting decisions taken - LE
Adherence with the agreed upon voting policy	<input checked="" type="checkbox"/> Adherence with the agreed upon voting policy - LE
Other RI considerations relating to (proxy) voting in investment management agreements; specify	<input checked="" type="checkbox"/> Other RI considerations relating to (proxy) voting in investment management agreements; specify - LE
None of the above	<input type="checkbox"/> None of the above - LE

If you select any 'Other' option(s), specify

Provide the rationale for the Manager's recommendations in relation to any upcoming proxy voting resolutions and requirement to alert LGS to any resolutions that it believes has a material ESG angle.

SAM 07	Mandatory	Core Assessed	PRI 2
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**SAM 07.1** For the listed equities for which you have given your external managers a (proxy) voting mandate, indicate the approximate percentage (+/- 5%) of votes that were cast during the reporting year.

- Votes cast (to the nearest 5%)  
100%

Specify the basis on which this percentage is calculated.

- Of the total number of ballot items on which they could have issued instructions  
 Of the total number of company meetings at which they could have voted  
 Of the total value of your listed equity holdings on which they could have voted  
 We do not collect this information.

**SAM 07.2** For the listed equities for which you have given your external managers a mandate to engage on your behalf, indicate the approximate percentage (+/- 5%) of companies that were engaged with during the reporting year.

Proportion (to the nearest 5%)

**SAM 07.3** Additional information [OPTIONAL]

Whilst our managers are required to provide examples of ESG related company engagements they undertake, we do not track the total number of companies they engage with on our behalf.

SAM 08	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1
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**SAM 08.1** Describe how you ensure that best RI practice is applied to managing your assets

- Encourage improved RI practices with existing investment managers

Measures

Ability to implement LGS investment restrictions, responsiveness to ESG related information requests, knowledge of ESG issues, engagement with portfolio companies on ESG issues

- Move assets over to investment managers with better RI practices

Measures

We use the same proprietary methodology to remove managers. When measuring ESG integration, all relevant factors are taken into consideration as well as track record of returns. This is a systematic and objective process.

- Other, specify  
 None of the above

SAM 09	Mandatory	Additional Assessed	PRI 1,6
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**SAM 09.1** Provide examples of how ESG issues have been addressed in the manager selection, appointment and/or monitoring process for your organisation during the reporting year.

- Add Example 1

Topic or issue	Annual review of all international listed equities managers
Conducted by	Internal staff
Asset class	Listed Equity

Scope and process	As part of our Annual Review of all International Listed Equities Managers we applied our proprietary ESG ratings model to all international listed equity managers. We review ESG integration processes and in this way we are able to gauge the level of active engagement, incorporation of issues that pertain to specific sectors and how these will impact stock weightings. This is one part of a comprehensive process which looks at all aspects of Policy, Integration, Innovation, Active Ownership and ESG Quality.  Qualitative ESG aspects are converted to quantitative scores. We then correlate this with investment performance over time and have built data sets to prove the hypothesis that good ESG integration can lead to long term sustainable performance.
Outcomes	We are seeing promising results that indicate the adoption of a holistic ESG risk framework approach can deliver a higher probability of long term sustainable performance.

Add Example 2

Topic or issue	Annual review of all Private Equity Managers
Conducted by	Internal staff
Asset class	Private equity
Scope and process	On an annual basis we review the ESG integration process of all managers based on proprietary methodology . This is correlated with investment return to prove the hypothesis that good ESG integration can lead to long term sustainable performance.
Outcomes	ESG integration can lead to long term sustainable performance. Whilst still evolving we can see correlation between leader returns and comprehensive ESG integration.

Add Example 3

Add Example 4

Add Example 5

Add Example 6

Add Example 7

We are not able to provide examples

SAM Checks

Checks

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

**LEI 01.1** Indicate which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities; and the breakdown of your actively managed listed equities by strategy or combination of strategies.

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

Percentage of active listed equity to which the strategy is applied – you may estimate +/- 5%	85%
---	-----
- Thematic alone (i.e., not combined with any other strategies)
- Integration alone (i.e., not combined with any other strategies)
- Screening and integration strategies
 

Percentage of active listed equity to which the strategy is applied – you may estimate +/- 5%	13%
---	-----
- Thematic and integration strategies
- Screening and thematic strategies
- All three strategies combined
 

Percentage of active listed equity to which the strategy is applied – you may estimate +/- 5%	2%
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- We do not apply incorporation strategies

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

Where screening and integration is combined, the following process is utilised:

- LGS investment restrictions are applied.
- ESG integration elements are used in the final stock selection and removal process - LGS external fund managers have in house models which integrate ESG into company ratings that influence the size and position taken in the Portfolio.

Where screening, thematics and integration are combined, the following process is utilised:

- LGS investment restrictions are applied.
- Thematic overlay is then applied to narrow down investable universe e.g. all companies in investable universe must earn over 50% from environmental products or services.
- ESG integration elements are used in stock selection and removal process.

**LEI 02.1** Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

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

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

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

Yes

**LEI 02.3** Describe how you incentivise brokers.

The LGS SRI Overlay uses prime brokerage accounts for both ASX and international equities. This means that LGS can 'tag' or direct brokerage to the specific analyst in these broker houses that are producing ESG research. LGS has tagged research on its ASX companies to the ESG analyst. LGS also motivates brokers by reading their research and attending their events.

No

**LEI 02.4** Additional information. [Optional]

LGS sources ESG research from ESG research houses, sell side stock brokers, fund managers, engagement service providers, mainstream media, industry press, industry associations, NGO's and company media releases. This is used to inform the development of our RI policy and implementation of our RI activity program.

We use MSCI ESG Research to inform the development of our investment restrictions list and to identify our potential long investments for the SRI Overlay. A number of our managers also use MSCI ESG Research and Sustainalytics to inform their ESG and carbon integration strategies.

We source governance research from ACSI and CGI Glass Lewis for Australian and international listed companies respectively that is used to inform our voting decisions at company meetings.

We receive ESG research from brokers including Citi, Credit Suisse, Macquarie, Goldman Sachs, Morgan Stanley and HSBC.

We also review reports issued by Hermes EOS and industry associations and NGO's such as the IGCC and the 2 Degree Investing Initiative.

**LEI 03** Voluntary Additional Assessed PRI 1

**LEI 03.1** Indicate whether your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.

- Engagement
  - We have a systematic process to ensure the information is made available.
  - We occasionally make this information available.
  - We do not make this information available.
- (Proxy) voting
  - We have a systematic process to ensure the information is made available.
  - We occasionally make this information available.
  - We do not make this information available.

**LEI 03.2** Additional information. [Optional]

For all separately managed accounts across Australian and international listed equities, LGS retains the right to undertake our proxy voting directly (rather than allowing the fund manager to do this for us). This means that the voting is separated from the investment decision making/stock selection process. We also undertake direct engagements with companies in addition to indirect engagements undertaken by our external fund managers and services providers such as ACSI and CGI Glass Lewis. Information that is derived from our direct ESG engagement and proxy voting activities will be used to inform the development of our internal investment restrictions list and activity program. Information from this process may be raised with our fund managers thereby contributing to investment decision making.

**LEI 04** Mandatory Descriptive PRI 1

**LEI 04.1** Indicate and describe the type of screening you apply to your internally managed active listed equities.

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

**Description**

LGS will not make investments in companies that derive any revenue from:

- Controversial weapons;
- Tobacco.

LGS will not make investments in companies that derive more than 10% of their revenues in the following areas of activity:

- Armaments;
- Gambling;

- Old growth logging;
- Uranium mining and nuclear power.

LGS will also not make investments in companies that derive more than 33% of their revenues from carbon intensive activities including:

- Coal mining
- Coal fired electricity generation; and
- Oil tar sands.

LGS may also exclude companies with a high environmental, social or governance (ESG) risk profile and exhibiting poor management of these risks. Companies excluded under this screen may come from any industry sector.

Positive/best-in-class screening

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

Description
LGS invests in positive thematic and has a mandate which specialises in this area.

Norms-based screening

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

Description
LGS' negative screen for companies with high ESG risk is determined by MSCI ESG Research "ESG Impact Monitor" product. This assesses companies against 18 International Conventions and Norms.

**LEI 04.2 Describe how you notify clients and/or beneficiaries when changes are made to your screening criteria.**

The current set of LGS negative screens were established by the LGS Investment Committee in 2017, following multiple reviews of the original screens developed in 2001. The review of the screening criteria involved several facets, including:

- The amount of the revenue threshold for excluded criteria;
- Wording of the screens to ensure transparency and clarity;
- Review of the appropriateness of the existing screens; and
- Recommendation for any new screening criteria.

The review was undertaken with detailed paper(s) by internal LGS RI and investment staff using external ESG research and in dialogue with our existing managers along with ongoing review by the LGS Investment Committee. Factors that have been important in the review are:

- The number of companies that are excluded under a screen and the cumulative market capitalisations of the excluded companies. Risk and tracking error considerations are paramount.
- Reviewing ESG macro trends that might be creating new opportunities or altering valuations across industries
- LGS' acceptance that climate change represents the largest ESG risk for our members' long-term returns.
- The values of LGS members (as expressed by the current screens).
- LGS commits to regularly communicate the RI strategy to our members via: commentary in the Annual Report, updates in the quarterly newsletters and making information available on the LGS website.
- Our policy is publicly available and any changes are published to our website.

**LEI 05 Mandatory Core Assessed PRI 1**

**LEI 05.1 Indicate which processes your organisation uses to ensure ESG screening is based on robust analysis.**

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies.
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar.
- Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies.
- Trading platforms blocking / restricting flagged securities on the black list.
- A committee, body or similar with representatives independent of the individuals who conduct company research reviews some or all screening decisions.
- A periodic review of internal research is carried out.
- Review and evaluation of external research providers.
- Other; specify
- None of the above

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

- <10%

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

**LEI 05.3** Indicate how frequently third party ESG ratings are updated for screening purposes.

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

**LEI 05.4** Indicate how frequently you review internal research that builds your ESG screens.

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

**LEI 06** Voluntary Additional Assessed PRI 1

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

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

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

In the event that a breach occurs, the manager is:

1. Notified about the breach
2. Directed to exit the stock in question as soon as possible
3. Questioned on how the breach came about to ensure that a process improvement can be implemented to prevent future breaches.
4. Ensure that any loss to the fund due to adverse market movements/trading costs are reimbursed.

In the event there are continual breaches by the same manager, LGS may look to terminate their mandate.

**LEI 07** Mandatory Descriptive PRI 1

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

- Environmentally themed funds
- Socially themed funds
- Combination of themes

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

LGS has invested in several environmentally and socially themed funds across listed equities, property, private equity and infrastructure. These are all managed by external fund managers.

The environmentally and socially themed investments must meet all standard return and diligence thresholds. There is no question of trading off environmental or social return against financial return. Overall, LGS' environmentally and socially themed investments are fulfilling their investment objectives and have performed satisfactorily.

While the overall investment strategy is determined in house by LGS, external managers undertake on-going stock selection and portfolio management.

**LEI 08** Mandatory Core Assessed PRI 1

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

ESG issues	Proportion impacted by analysis	
Environmental	Environmental	
	<ul style="list-style-type: none"> <li><input type="radio"/> &lt;10%</li> <li><input type="radio"/> 10-50%</li> <li><input type="radio"/> 51-90%</li> <li><input checked="" type="radio"/> &gt;90%</li> </ul>	

Social	Social	
	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%	
Corporate Governance	Corporate Governance	
	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%	

LEI 08.2 Additional information. [Optional]

We review all ESG factors across all sectors and companies for all listed equities in Australia and overseas.

LEI 09 Mandatory Core Assessed PRI 1

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

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Third-party ESG ratings are updated regularly
- A periodic review of the internal research is carried out
- Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team
- ESG risk profile of a portfolio against benchmark
- Analysis of the impact of ESG factors on investment risk and return performance
- Other; specify
- None of the above

LEI 09.2 Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your integration strategy.

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

LEI 09.3 Indicate how frequently third party ESG ratings that inform your ESG integration strategy are updated.

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

LEI 09.4 Indicate how frequently you review internal research that builds your ESG integration strategy.

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

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

- ESG information is held within centralised databases or tools, and it is accessible by all relevant staff
- ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- Systematic records are kept that capture how ESG information and research were incorporated into investment decisions
- Other; specify
- None of the above

LEI 10 Mandatory to Report, Voluntary to Disclose Core Assessed PRI 1

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

- Economic analysis

Proportion of actively managed listed equity exposed to investment analysis

- <10%



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

Industry analysis

Proportion of actively managed listed equity exposed to investment analysis	
<input type="radio"/>	<10%
<input type="radio"/>	10-50%
<input type="radio"/>	51-90%
<input checked="" type="radio"/>	>90%

Quality of management

Proportion of actively managed listed equity exposed to investment analysis	
<input type="radio"/>	<10%
<input type="radio"/>	10-50%
<input type="radio"/>	51-90%
<input checked="" type="radio"/>	>90%

Analysis of company strategy

Proportion of actively managed listed equity exposed to investment analysis	
<input type="radio"/>	<10%
<input type="radio"/>	10-50%
<input type="radio"/>	51-90%
<input checked="" type="radio"/>	>90%

Portfolio weighting

Proportion of actively managed listed equity exposed to investment analysis	
<input type="radio"/>	<10%
<input type="radio"/>	10-50%
<input type="radio"/>	51-90%
<input checked="" type="radio"/>	>90%

- Security sensitivity and/or scenario analysis
- Fair value/fundamental analysis
- Other; specify

**LEI 10.3** Describe how you integrate ESG information into portfolio weighting.

For our internally managed SRI Overlay, we use MSCI ESG Research to develop a list of suitable long companies, which relies on strong ESG ratings and performance with limited controversies.

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

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

Yes

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

Attachment provided:

URL provided:

<https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf>

LEA 01.3 Indicate what your active engagement policy covers:

#### General approach to Active Ownership

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

#### Engagement

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

(Proxy) voting approach

#### Voting

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

Other

None of the above

No

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

Yes

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

- Outline of service provider's role in implementing your organisation's active ownership policy
- Description of considerations included in service provider selection and agreements
- Identification of key ESG frameworks which service providers must follow
- Outline of information sharing requirements of service providers
- Description of service provider monitoring processes
- Other, (specify)
- None of the above

No

**LEA 01.6** Additional information [optional]

Our collaborative engagement is carried out across various memberships and platforms, including:

ACSI - ACSI determines its engagement themes and company targets through the member council process, which meets on a regular basis. The ACSI team then lead engagement activities, which are open to members to join on request. We conduct engagement with ASX-listed companies in collaboration with our external ESG provider ACSI. ACSI's Governance Guidelines which covers engagement and voting can be found at <https://acsi.org.au/images/stories/ACSIDocuments/ACSI-Governance-Guidelines-2019.pdf>

CGI Glass Lewis - CGI Glass Lewis engage on our behalf for international equities. We selectively join calls where there are ESG issues of concern to our members (e.g. Apple).

RIAA - RIAA explores potential to collaborate on particular issues together with other investors. (e.g. Impact Measurement Project IMP).

PRI - We also connect with collaborative initiatives through the PRI collaboration platform. This facilitates our involvement with activities including co-signing letters/expectation statements and co-filing/supporting international shareholder resolutions.

Climate Action 100+ - We are also a member and highly involved in the engagement of ASX companies and action on climate risk as part of the Climate Action 100+ collaborative engagement initiative.

The nature of the collaborative engagement i.e. letter/meeting/specific request/highlighting issue will determine next steps and any follow up activities.

Insights from the above processes feed into our engagement with our external fund managers in relation to their portfolio composition as well as into the development of the LGS investment restrictions list.

**LEA 02** Mandatory Core Assessed PRI 1,2,3

**LEA 02.1** Indicate the method of engagement, giving reasons for the interaction.

Type of engagement	Reason for interaction
Individual / Internal staff engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via service providers

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

Yes

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

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

No

**LEA 03** Mandatory Core Assessed PRI 2

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

Yes

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

Type of engagement	Criteria used to identify/prioritise engagements

Individual / Internal staff engagements	<table border="1"> <thead> <tr> <th colspan="2" data-bbox="448 114 1396 152">Individual / Internal staff engagements</th> </tr> </thead> <tbody> <tr> <td><input checked="" type="checkbox"/></td> <td>Geography/market of the companies</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Materiality of the ESG factors</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Exposure (size of holdings)</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Responses to ESG impacts that have already occurred</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Responses to divestment pressure</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Consultation with clients/beneficiaries</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Follow-up from a voting decision</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Client request</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Breaches of international norms</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Other; (specify)</td> </tr> <tr> <td><input type="checkbox"/></td> <td>We do not outline engagement criteria for our individual engagements</td> </tr> </tbody> </table>	Individual / Internal staff engagements		<input checked="" type="checkbox"/>	Geography/market of the companies	<input checked="" type="checkbox"/>	Materiality of the ESG factors	<input checked="" type="checkbox"/>	Exposure (size of holdings)	<input checked="" type="checkbox"/>	Responses to ESG impacts that have already occurred	<input checked="" type="checkbox"/>	Responses to divestment pressure	<input checked="" type="checkbox"/>	Consultation with clients/beneficiaries	<input checked="" type="checkbox"/>	Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)	<input checked="" type="checkbox"/>	Follow-up from a voting decision	<input checked="" type="checkbox"/>	Client request	<input checked="" type="checkbox"/>	Breaches of international norms	<input type="checkbox"/>	Other; (specify)	<input type="checkbox"/>	We do not outline engagement criteria for our individual engagements				
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No

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

**LEA 04.2** Additional information. [Optional]

For ACSI's priority engagement companies, specific engagement issues are defined at the start of the calendar year. For all other companies, ACSI outlines key engagement topics and objectives prior to the meeting.

**LEA 05** Mandatory Core Assessed PRI 2

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

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

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

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

**LEA 06** Mandatory Additional Assessed PRI 2,4

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

Yes

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

Collaborating with other investors

- Issuing a public statement
- Filing/submitting a shareholder resolution
- Voting against the re-election of the relevant directors
- Voting against the board of directors or the annual financial report
- Submitting nominations for election to the board
- Seeking legal remedy / litigation
- Reducing exposure (size of holdings)
- Divestment
- Other; specify

Voting against other relevant resolutions at AGM.

No

LEA 07	Voluntary	Additional Assessed	PRI 1,2
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**LEA 07.1** Indicate whether insights gained from your organisation's engagements are shared with investment decision-makers.

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

**LEA 07.2** Indicate the practices used to ensure that information and insights gained through engagements are shared with investment decision-makers.

- Involving investment decision-makers when developing an engagement programme
- Holding investment team meetings and/or presentations
- Using IT platforms/systems that enable data sharing
- Internal process that requires portfolio managers to re-balance holdings based on interaction and outcome levels
- Other; specify
- None

**LEA 07.3** Indicate whether insights gained from your organisation's engagements are shared with your clients/beneficiaries.

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

**LEA 07.4** Additional information. [Optional]

LGS employs external fund managers. We communicate with these managers on a regular basis and ESG issues are included on meeting agendas. This generally covers LGS' direct engagements with companies as well as discussion on the work of ACSI or other industry collaborative engagements.

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

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

**LEA 08.2** Additional information. [Optional]

- **Internal staff and collaborative engagements:** We have an internal system to track all engagements undertaken by LGS staff individually and through collaborative initiatives. The information collected includes the date of the engagement, the nature of the engagement, the name of the company, a summary of the ESG issue, who attended the engagement, any partners involved and any outcomes/commitments made for change. This system is updated following each engagement activity and following any action/commitment from the company after the engagement has taken place.
- **Service provider engagements:** ACSI tracks all formal company engagement meetings and provides semi-annual engagement updates to members.

**LEA 09** Mandatory to Report, Voluntary to Disclose Core Assessed PRI 2

**LEA 09.1** Indicate the proportion of companies in your listed equities portfolio with which your organisation engaged during the reporting year.

	<b>We did not complete any engagements in the reporting year.</b>	<b>Number of companies engaged</b> (avoid double counting, see explanatory notes)	<b>Proportion of companies engaged with, out of total listed equities portfolio</b>
Individual / Internal staff engagements	<input type="checkbox"/> We did not complete any engagements in the reporting year.	10	0.9
Collaborative engagements	<input type="checkbox"/> We did not complete any engagements in the reporting year.	21	1.8
Service-provider engagements	<input type="checkbox"/> We did not complete any engagements in the reporting year.	203	1.7

**LEA 09.2** Indicate the breakdown of engagements conducted within the reporting year by the number of interactions (including interactions made on your behalf).

<b>No. of interactions with a company</b>	<b>% of engagements</b>
<b>One interaction</b>	<input type="radio"/> >76% <input checked="" type="radio"/> 51-75% <input type="radio"/> 11-50% <input type="radio"/> 1-10% <input type="radio"/> None
<b>2 to 3 interactions</b>	<input type="radio"/> >76% <input type="radio"/> 51-75% <input checked="" type="radio"/> 11-50% <input type="radio"/> 1-10% <input type="radio"/> None
<b>More than 3 interactions</b>	<input type="radio"/> >76% <input type="radio"/> 51-75% <input type="radio"/> 11-50% <input checked="" type="radio"/> 1-10% <input type="radio"/> None
<b>Total</b>	<b>100%</b>

**LEA 09.3** Indicate the percentage of your collaborative engagements in which you were the leading organisation during the reporting year.

<b>Type of engagement</b>	<b>% leading role</b>
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Collaborative engagements	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="checkbox"/> None
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**LEA 09.4** Indicate the percentage of your service-provider engagements in which you had some involvement during the reporting year.

Type of engagement	% of engagements with some involvement
Service-provider engagements	<input type="radio"/> >50% <input checked="" type="checkbox"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

**LEA 09.5** Additional information. [Optional]

The above information applies to our Australian listed equities investments. We do not proactively engage with international companies due to limited resources however we have passively participated in a number of collaborative engagements with international companies and organisation e.g. co-signing letters (Facebook).

**LEA 10** Voluntary Additional Assessed PRI 2

**LEA 10.1** Indicate which of the following your engagement involved.

- Letters and emails to companies
  - In a minority of cases
  - In a majority of cases
  - In all cases
- Meetings and/or calls with board/senior management
  - In a minority of cases
  - In a majority of cases
  - In all cases
- Meetings and/or calls with the CSR, IR or other management
  - In a minority of cases
  - In a majority of cases
  - In all cases
- Visits to operations
  - In a minority of cases
  - In a majority of cases
  - In all cases
- Visits to supplier(s) in supplier(s) from the company's supply chain
- Participation in roadshows
  - In a minority of cases
  - In a majority of cases
  - In all cases
- Other

**LEA 11** Voluntary Descriptive PRI 2

**LEA 11.1** Provide examples of the engagements that your organisation or your service provider carried out during the reporting year.

Add Example 1

ESG Topic	<input checked="" type="checkbox"/> Climate Change
Conducted by	Service provider



Objectives	<p>ACSI seeks companies disclose reliable and sufficiently granular information for investors in line with the TCFD Framework that provides insights into how the company manages climate risks and how they are resilient under a low carbon economy. ACSI assesses companies against the following areas:</p> <ul style="list-style-type: none"> <li>• Climate transparency, governance &amp; policy</li> <li>• Transition risk management and disclosure</li> <li>• Physical risk management and disclosure</li> <li>• Paris-aligned targets</li> <li>• Just transition</li> <li>• Industry associations</li> </ul>
Scope and Process	<p>ACSI's focus is on 20 ASX300 companies from materials &amp; building, energy, transport and insurance sectors.</p> <p>Climate change was a topic of discussion raised with all 20 priority companies, and more broadly with other ASX300 companies who have a material exposure. In 2019, 18 of 20 companies progressed against our company specific objectives</p> <p>On average, ACSI met with all climate-risk priority companies twice and some companies up to five times.</p>
Outcomes	Company changed practice

Add Example 2

ESG Topic	<input checked="" type="checkbox"/> Labour practices and supply chain management
Conducted by	Service provider
Objectives	<p>Targets are bespoke to each company and are around improving their disclosure, governance, oversight and management of risks across the following areas:</p> <ul style="list-style-type: none"> <li>• wage fraud</li> <li>• supply chain and human rights</li> <li>• franchising</li> <li>• modern slavery</li> </ul> <p>An example for one company would be that 'ACSI is seeking to have the company report to a best practice standard on their labour hire suppliers' performance'.</p>
Scope and Process	<p>ACSI focus is on 10 companies in the ASX300 who have a material exposure to human capital risks. This includes wage fraud, supply chain and human rights, franchising and modern slavery risks.</p> <p>ACSI met formally with each priority company at least once and saw 8 out of the 10 companies make some material progress.</p>
Outcomes	Disclosure / report published

Add Example 3

ESG Topic	<input checked="" type="checkbox"/> Diversity
Conducted by	Service provider
Objectives	<p>ACSI's extended our gender diversity campaign to the ASX300 with the aim to increase the representation of women on company boards to 30%. Our objectives at companies were to see women appointed to the board and/or a commitment or demonstration of how they plan to achieve 30%.</p>
Scope and Process	<p>ACSI targeted 81 ASX300 companies who have either zero or one woman on their board, at the start of 2019. The engagement was conducted through face-to-face meetings, teleconferences, formal letters and proxy voting.</p> <p>Of the 81 companies targeted at the start of 2019, 34 companies appointed a female director to their board. Our program included 75 meetings with these target companies and resulted in ACSI opposing 16 director re-elections as they failed to demonstrate a plan to reach 30% women on their board.</p>
Outcomes	Company changed practice

Add Example 4

ESG Topic	<input checked="" type="checkbox"/> Executive Remuneration
Conducted by	Service provider
Objectives	<p>Improve aspects of remuneration practices and structure. These improvements included improving pay-for-performance alignment, the cessation of retention plans, making hurdles more challenging, introducing executive and director minimum shareholding requirements.</p>
Scope and Process	<p>ACSI had 37 ASX300 companies as priority targets for remuneration issues.</p> <p>Of the 37 remuneration priority companies ACSI saw over 70% of them improve their remuneration practices and structures.</p>
Outcomes	Company changed practice

Add Example 5

Add Example 6

- Add Example 7
- Add Example 8
- Add Example 9
- Add Example 10

LEA 12	Mandatory	Descriptive	PRI 2
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LEA 12.1	Indicate how you typically make your (proxy) voting decisions.
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Approach
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- We use our own research or voting team and make voting decisions without the use of service providers.
- We hire service providers who make voting recommendations and/or provide research that we use to guide our voting decisions.

Based on
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- The service-provider voting policy we sign off on
- Our own voting policy
- Our clients' requests or policies
- Other (explain)
- We hire service providers who make voting decisions on our behalf, except in some pre-defined scenarios where we review and make voting decisions.
- We hire service providers who make voting decisions on our behalf.

LEA 12.2	Provide an overview of how you ensure that your agreed-upon voting policy is adhered to, giving details of your approach when exceptions to the policy are made.
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We use the voting reports and recommendations provided by ACSI for the Australian market, which covers the ASX300.

We actively contribute to setting the ACSI Governance Guidelines which are used by ACSI's management to inform their voting recommendations and by us in exercising our voting rights. The Guidelines are co-written and approved by members via working groups and ACSI's Member Council.

Link to ACSI's Governance Guidelines:  
<https://acsi.org.au/wp-content/uploads/2020/01/ACSI-Governance-Guidelines-2019.pdf>

We publish the LGS Proxy Voting Report on a biannual basis. The latest Proxy Voting Report can be found at <https://www.lgsuper.com.au/assets/Documents/Proxy-Reports/Proxy-Voting-Report-Dec-2019.pdf>

LGS is advised by Glass Lewis for proxy voting recommendations in our international markets.

In 2019, we became a signatory to the Australian Asset Owner Stewardship Code. This can be found at <https://www.lgsuper.com.au/investments/responsible-investment/active-ownership/lgs-stewardship-statement/>.

LEA 12.3	Additional information.[Optional]
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LGS sources research and proxy voting recommendations from ACSI for our ASX holdings and ACSI and CGI Glass Lewis for our international holdings. ACSI's recommendations are based on its Corporate Governance Guidelines which outline superannuation funds' expectations in terms of corporate governance and ESG issues. As a broad rule LGS will vote in accordance with ACSI recommendations/Corporate Governance Guidelines for company annual meetings. However, from time to time we will consider voting against these when we believe there is a significant environmental, social or governance risk which has or could lead to a loss of shareholder value.

In addition we take into account the recommendations of our fund managers holding the stock in making informed decisions on behalf of our members.

LEA 14	Voluntary	Additional Assessed	PRI 2
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LEA 14.1	Does your organisation have a securities lending programme?
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- Yes

LEA 14.3	Indicate how the issue of voting is addressed in your securities lending programme.
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- We recall all securities for voting on all ballot items
- We maintain some holdings, so that we can vote at any time
- We systematically recall some securities so that we can vote on their ballot items (e.g., in line with specific criteria)
- We recall some securities so that we can vote on their ballot items on an ad-hoc basis
- We empower our securities-lending agent to decide when to recall securities for voting purposes
- We do not recall our securities for voting purposes
- Other (specify)
- No

LEA 15	Mandatory	Descriptive	PRI 2
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LEA 15.1	Indicate the proportion of votes participated in within the reporting year in which where you or the service providers acting on your behalf raised concerns with companies ahead of voting.
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- 100%
- 99-75%
- 74-50%

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

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

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

**LEA 15.3** Additional information. [Optional]

Prior to ACSI issuing voting recommendations to members, ACSI attempts to make contact with all companies, particularly if there is a controversial item or where ACSI may oppose the board on a resolution.

**LEA 16** Mandatory Core Assessed PRI 2

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

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

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

- Yes
- No

**LEA 16.4** Additional information. [Optional]

We include a rationale for all against votes (for ASX and international equities), which is published on our website before company meetings.

Prior to ACSI issuing voting recommendations to members, ACSI attempts to make contact with all companies, particularly if there is a controversial item or where ACSI may oppose the board on a resolution. When ACSI is making a recommendation against, ACSI engages with the company and seeks a response and rationale from the company for the report.

**LEA 17** Mandatory Core Assessed PRI 2

**LEA 17.1** For listed equities in which you or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

- We do track or collect this information
 

	Votes cast (to the nearest 1%)
100%	
	Specify the basis on which this percentage is calculated
<input checked="" type="checkbox"/>	Of the total number of ballot items on which you could have issued instructions
<input type="checkbox"/>	Of the total number of company meetings at which you could have voted
<input type="checkbox"/>	Of the total value of your listed equity holdings on which you could have voted
- We do not track or collect this information

**LEA 17.3** Additional information. [Optional]

ACSI issued voting advice for the entire ASX300.

**LEA 18** Voluntary Additional Assessed PRI 2

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

- Yes, we track this information

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

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

89%  
Against (opposing) management recommendations  
10%  
Abstentions  
1%

No, we do not track this information

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

100

**LEA 18.4** Additional information. [Optional]

Alongside all formal company meetings, ACSI always attempts to contact companies before publishing an against management recommendation to discuss the resolution.

**LEA 19** Mandatory Core Assessed PRI 2

**LEA 19.1** Indicate whether your organisation has a formal escalation strategy following unsuccessful voting.

Yes  
 No

**LEA 19.2** Indicate the escalation strategies used at your organisation following abstentions and/or votes against management.

- Contacting the company's board
- Contacting the company's senior management
- Issuing a public statement explaining the rationale
- Initiating individual/collaborative engagement
- Directing service providers to engage
- Reducing exposure (holdings) / divestment
- Other

**LEA 19.3** Additional information. [Optional]

Through our service provider, ACSI, we engage companies and undertake a series of escalation steps before and after company meetings. The level of escalation recommended by ACSI is dependent upon the nature and materiality of an issue and responsiveness of a company to engagement.

Generally, where ACSI recommends a vote in opposition to the board, depending on the materiality, the company may be put onto ACSI's engagement priority list for the following year.

Further escalation can include:

- Further engagement with board members and/or chair
- Expressing concerns to alternative company representatives (i.e. management, other non-executive directors)
- Working collectively with asset managers/other asset owners and holding discussions with other equity or bondholders
- Recommending additional votes against management on relevant proposals at general meetings (eg: ACSI's women on boards policy <https://acsi.org.au/wp-content/uploads/2020/02/2019-Voting-Policy-gender-diversity.pdf>)
- Speaking to regulators, industry bodies and advocating for policy change
- Expressing concerns publicly
- Encourage our membership and other industry participants to take up more pro-active stance

**LEA 20** Voluntary Descriptive PRI 2

**LEA 20.1** Indicate whether your organisation, directly or through a service provider, filed or co-filed any ESG shareholder resolutions during the reporting year.

Yes  
 No

**LEA 20.7** Additional information. [Optional]

We view shareholder resolutions as an important tool to complement direct and indirect engagement strategies.

Our external provider ACSI, provides analysis of shareholder resolutions on a case-by-case basis in the Australian market. ACSI will generally favor those proposals that result in the disclosure of information that is useful to shareholders and not overly prejudicial to their commercial interests. Resolutions should be linked to improved governance or transparency within the relevant company. A judgment on each proposal will be based on what is in the best interest of shareholders, and a thorough assessment of any potential impacts on the company

For international listed equities, CGI Glass Lewis applies the ACSI International Governance Guidelines which are generally supportive of increasing company disclosure and action to address material ESG issues. CGI Glass Lewis will highlight any shareholder resolutions they deem to be of interest to us. We also monitor the PRI collaboration platform to ensure we are aware of upcoming resolutions that may be material to our holdings.

Of the 273 shareholder resolutions lodged in 2019, we supported 179 of these.

**LEA 21** Voluntary Descriptive PRI 2

**LEA 21.1** Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.

Add Example 1

ESG Topic  Climate Change

Conducted by	Service provider
Objectives	<p>ACSI seeks companies disclose reliable and sufficiently granular information for investors in line with the TCFD Framework that provides insights into how the company manages climate risks and how they are resilient under a low carbon economy. ACSI assesses companies against the following areas:</p> <ul style="list-style-type: none"> <li>• Climate transparency, governance &amp; policy</li> <li>• Transition risk management and disclosure</li> <li>• Physical risk management and disclosure</li> <li>• Paris-aligned targets</li> <li>• Just transition</li> <li>• Industry associations</li> </ul>
Scope and Process	<p>ACSI's focus is on companies in the ASX300 who have a material exposure.</p> <p>ACSI provides analysis on climate-related resolutions by analyzing the climate change disclosures by the company and engages on where improvements can be made often seeking commitments from the company ahead of the AGM. Depending on the company's disclosures or commitments to improve ACSI will either recommend a vote in favour or against a shareholder proposal. In 2019, ACSI provided voting recommendations on 12 companies with climate-related resolution.</p>
Outcomes	Company changed practice

Add Example 2

ESG Topic	<input checked="" type="checkbox"/> Executive Remuneration
Conducted by	Service provider
Objectives	Ensure alignment of executive and shareholder interests, and appropriate board oversight.
Scope and Process	<p>ACSI provided our fund with voting advice on remuneration-related resolutions at each [ASX200/ASX300] company. (At least one remuneration vote is held by each company per year.)</p> <p>ACSI analyses the remuneration disclosures by the company and engages with the company on where improvements can be made or why remuneration was paid in certain outcomes. Depending on the company's disclosures, commitments to improve or discretion applied ACSI will either recommend a vote in favour or against.</p>
Outcomes	Company changed practice

Add Example 3

ESG Topic	<input checked="" type="checkbox"/> Labour practices and supply chain management
Conducted by	Service provider
Objectives	To ensure these companies have adequate systems, policies and practices in place to monitor and modify contractor/supplier behaviors. This includes encouraging public disclosure of training efforts, auditing outcomes, lists of suppliers and engagement with Governments where issues are systemic.
Scope and Process	<p>ACSI focus is on companies in the ASX200 who have a material exposure.</p> <p>ACSI provides analysis on LHR-based shareholder resolutions in the Australian market. For 2019, ACSI provided analysis on one LHR-based shareholder resolution.</p>
Outcomes	Company changed practice

Add Example 4

ESG Topic	<input checked="" type="checkbox"/> Diversity
Conducted by	Service provider
Objectives	Increase the representation of women on ASX300 company boards to 30%. Where companies fail to demonstrate a plan to reach 30% ACSI recommends votes against zero women boards.
Scope and Process	<p>Of the 81 companies targeted at the start of 2019, 34 companies appointed a female director to their board. Our program included 75 meetings with these target companies and resulted in ACSI opposing 16 director re-elections as they failed to demonstrate a plan to reach 30% women on their board.</p> <p>ACSI will make a recommendation based on actual appointments and commitments to improve gender diversity.</p>
Outcomes	Company changed practice

Add Example 5

ESG Topic	<input checked="" type="checkbox"/> Other governance
-----------	--

Conducted by	Service provider
Objectives	<p>Board composition and accountability:</p> <p>Broadly, there are two objectives:</p> <p>(1) Ensure appropriate board composition, including a majority of independent directors.</p> <p>(2) Ensure board accountability to shareholders for past decisions.</p>
Scope and Process	ACSI provides voting advice for the ASX300 on board composition and accountability (this includes diversity issues), via recommendations on director elections and re-elections.
Outcomes	Company changed practice

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

LEA 21.2	Additional information. [Optional]
<p>Our service provider ACSI makes all proxy voting recommendations in accordance with the Governance Guidelines which are created and approved by its member funds. The guidelines are available on the ACSI website: <a href="https://www.acsi.org.au/images/stories/ACSIDocuments/ACSI-Governance-Guidelines.Nov17.pdf">https://www.acsi.org.au/images/stories/ACSIDocuments/ACSI-Governance-Guidelines.Nov17.pdf</a></p> <p>ACSI informs companies of its voting recommendations before the meeting where possible, or after the meeting. ACSI frequently meets companies whose resolutions it opposed.</p>	

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

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

PR 01.2	Provide a URL or attach the document
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URL

<https://www.lgsuper.com.au/investments/how-we-invest-your-money/property-portfolio/>

Attach Document

No

PR 01.3	Provide a brief overview of your organisation's approach to responsible investment in property, and how you link responsible investment in property to your business strategy. [Optional]
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LGS is committed to ensuring that responsible management practices are in place to minimise the environmental impact of our properties and that we are making a positive contribution to society. LGS aims to continuously improve our sustainability performance and play a leadership role in the industry.

We endeavour to incorporate environmental and social considerations into all of our operations and investments, including the governance of our property portfolio.

The following principles provide the framework we use to set goals, promote continual improvements and maintain a culture that achieves the sustainability performance to which we aspire for our property portfolio. We strive to:

- Meet the requirements of environmental and social laws, as well as the policies, charters and other commitments to which we subscribe;
- Mitigate the effect our properties have on the environment and society by considering the environmental and social consequences of our investment management decisions;
- Address climate change risks;
- Minimise our energy use and carbon emissions and support renewable energy;
- Utilise sustainable materials and ensure resources are used efficiently;
- Minimise our waste generation and water usage;
- Provide healthy and safe workplaces for our employees and tenants;
- Ensure we conduct our business in a responsible manner and are respected by the community in which we operate;
- Regularly report the sustainability performance of our properties to tenants, members, local communities, the general public and other stakeholders;
- Engage our tenants, property and facilities managers, service providers, regulators and other relevant stakeholders to assist developing and implementing our property sustainability program and to seek feedback on our performance;
- Continually improve the building performance ratings targeting optimal performance;
- Ensure that our tenants and property and facilities managers have the necessary training, skills, knowledge and resources to meet our sustainability commitment and the requirements of this policy.
- Ensure that external managers of our direct wholesale fund mandates meet the intent of this document.

**Targets**

- Be at the very forefront of sustainability and environmentally responsible management.
- Continuous improvement in environmental performance.
- Average 5.0 stars NABERS Energy rating
- Average 4.0 stars NABERS Water rating
- Average 4.0 stars NABERS Waste rating (base building)
- GBCA 5-star Green Star Performance rating
- 80% of all tenancies to sign up to 100% GreenPower
- Carbon Neutral certification (base building) under the Climate Active Carbon Neutral Standard for Buildings
- Enhance communication and engagement with all stakeholders including tenants, public and service providers.

**Portfolio Highlights**

- Achieved Carbon Neutral status for all NABERS rated buildings, certified by the Government's Climate Active Carbon Neutral Standard in May 2019
- Portfolio Average NABERS Energy rating of 5.1 stars without GreenPower (6 stars with GreenPower)
- Portfolio Average NABERS Water rating of 3.7 stars
- Achieved a 4 Star rating for the 2019 Global Real Estate Sustainability Benchmark (GRESB)
- Achieved a 5 Star GBCA Green Star – Performance Portfolio Certified Rating, which represents 'Australian Excellence' in sustainable building operations. Certified in November 2017, valid until June 2020. (renewal underway)
- 89% of tenants signed up to 100% GreenPower

PR 04.1	Indicate if your organisation typically incorporates ESG issues when selecting property investments.
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Yes

PR 04.2	Provide a description of your organisation's approach to incorporating ESG issues in property investment selection.
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Local Government Super (LGS) views properties with lower ESG standards when selecting property investments, as this gives LGS an opportunity to add value by improving the assets efficiency and capital return.

PR 04.3	Indicate which E, S and/or G issues are typically considered by your organisation in the property investment selection process, and list up to three examples per issue.
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Environmental

Energy efficiency

Environmental example 1, description
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We installed energy efficient LED lighting upgrades, installation of solar PV panels and building analytics systems

Energy supply, Flooding, GHG emissions

Environmental example 2, description
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Reduction of emissions through purchase of 100% green power. Having a policy to sign up to 100% green power and installation of solar PV panels.

Transportation

**Environmental example 3, description**

We provide Goget share parking at most properties

Social

Building safety and materials

**Social example 1, description [OPTIONAL]**

We remove hazardous materials (eg. EPS) in buildings; cleaning contractors are required to use non-hazardous cleaning products.

Occupier Satisfaction

**Social example 2, description [OPTIONAL]**

We have tenant surveys and tenant engagement programs.

Other

**Social example 3, description [OPTIONAL]**

We use negative screens of potential tenants before being offered a lease in line with LGS SRI policy. e.g. tenants whose core business is in gambling, weapons and tobacco.

Governance

Supply chain governance

**Governance example 1, description**

We have a sustainable supply chain and procurement practices and compliance monitoring via property managers.

Conflicts of interest

Regulatory

No

**PR 04.4 Additional information. [Optional]**

LGS has not recently purchased any new investment properties. If it were to do so, extensive ESG due diligence would be required. This would include a report on the property's ESG performance to be provided by the vendor with review by an external resource and supplemented by internal ESG questions as part of formal due diligence.

PR 05	Voluntary	Additional Assessed	PRI 1,3
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**PR 05.1 Indicate what type of ESG information your organisation typically considers during your property investment selection process.**

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

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

Our direct property investments are local (no international investments). However, we do take into consideration various global standards.

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

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

**PR 06.2 Indicate how ESG issues impacted your property investment deal structuring processes during the reporting year.**

- ESG issues impacted the investment in terms of price offered and/or paid
- ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ESG issues were considered but did not have an impact on the deal structuring process



- Other, specify
- Not applicable, our organisation did not select any investments in the reporting year
- We do not track this potential impact

PR 07

Mandatory

Core Assessed

PRI 4

PR 07.1

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

Yes

PR 07.2

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

Selection process of property managers incorporated ESG issues

Types of actions

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

Coverage

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

Contractual requirements when appointing property managers includes ESG issues

Types of actions

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

Coverage

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

Monitoring of property managers covers ESG responsibilities and implementation

Types of actions

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

Coverage

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

No

PR 07.3

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

We engage external consultants to run a tender process on our behalf for the selection and appointment of our property managers. ESG components are comprehensively integrated into this process.

A comprehensive section on sustainability requirements is included within the Property Management Services Agreements for both our commercial and retail property managers. We also develop annual KPIs that cover key sustainability metrics in line with the LGS Sustainability Policy for Direct Property.

Once appointed we meet with our property managers on a monthly basis to discuss performance and sustainability issues across the portfolio. Issues are tabled at a monthly performance meeting and noted in the minutes and brought forward on the agenda for the next meeting. Issues remain tabled until solved. Sustainability elements that are managed by our property managers include:

- Water conservation
- Energy management
- Waste/landfill reduction and recycling
- Indoor air quality

- Operational efficiencies
- Work, health & safety and liability management
- Environmental risk management

Our property managers are formally monitored through an annual KPI review as well as a comprehensive annual contract review as provided under the Service Level Agreement.

PR 08	Mandatory	Gateway	PRI 2
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**PR 08.1** Indicate if your organisation, and/or property managers, considers ESG issues in post-investment activities relating to your property assets.

Yes

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

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

Tenancy renovations (including fitouts and minor refurbishments).

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

We work very closely together with our property managers to manage all possible ESG issues across our property portfolio. We meet with our commercial and retail property managers on a monthly basis to discuss sustainability performance across a number of metrics, and to explore new ESG opportunities for the portfolio. Examples of some of the ESG issues managed across our portfolio include:

- Energy and water efficiency
- Carbon emissions
- Waste and recycling
- Indoor environment quality
- Materials sourcing and supply chain management
- Transparency and reporting
- OH&S and liability management

No

PR 09	Mandatory	Core Assessed	PRI 2,3
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**PR 09.1** Indicate the proportion of property assets for which your organisation, and/or property managers, set and monitored ESG targets (KPIs or similar) during the reporting year.

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

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

Environmental

Target/KPI	Progress Achieved
Achieve an average NABERS Energy rating of 5 stars	Portfolio Average NABERS Energy rating of 5.1 stars without GreenPower (6 stars with GreenPower)
Achieve an average NABERS Water rating of 4 stars	Average NABERS Water rating of 3.7 stars
80% of tenants signed up to purchase 100% GreenPower.	89% tenants signed up to 100% GreenPower.

Social

Target/KPI	Progress Achieved
Enhance communication and engagement with all stakeholders including tenants, public and service providers.	We have improved our tenancy survey and developed a proactive engagement plan to help inform our communication efforts across the portfolio.

Governance

Target/KPI	Progress Achieved
Lease clauses mandating purchase of renewable energy	Achieved
Inclusion of sustainability schedules as part of leases outlining various sustainability expectations of tenants and the landlord	Achieved

We do not set and/or monitor against targets

PR 10	Voluntary	Descriptive	PRI 2
PR 10.1	Indicate whether your property assets are assessed against certification schemes, ratings and/or benchmarks		
<input checked="" type="checkbox"/> Yes			
PR 10.2	List the certification schemes, ratings and/or benchmarks your property assets are assessed against and what proportion of your property assets they apply to.		
<input checked="" type="checkbox"/> Add certification scheme, rating and benchmark 1			
Specify		NABERS	
Proportion of property assets these apply to		<input checked="" type="checkbox"/> >90% of property assets <input type="checkbox"/> 51-90% of property assets <input type="checkbox"/> 10-50% of property assets <input type="checkbox"/> <10% of property assets (in terms of number of property assets)	
<input checked="" type="checkbox"/> Add certification scheme, rating and benchmark 2			
Specify		GRESB	
Proportion of property assets these apply to		<input checked="" type="checkbox"/> >90% of property assets <input type="checkbox"/> 51-90% of property assets <input type="checkbox"/> 10-50% of property assets <input type="checkbox"/> <10% of property assets (in terms of number of property assets)	
<input checked="" type="checkbox"/> Add certification scheme, rating and benchmark 3			
Specify		Green Star Performance Portfolio Rating	
Proportion of property assets these apply to		<input checked="" type="checkbox"/> >90% of property assets <input type="checkbox"/> 51-90% of property assets <input type="checkbox"/> 10-50% of property assets <input type="checkbox"/> <10% of property assets (in terms of number of property assets)	
<input type="checkbox"/> No			
PR 10.3	Indicate if your organisation uses property specific reporting standards to disclose information related to your property investments' ESG performance.		
<input type="checkbox"/> Global Reporting Initiative (GRI) Construction & Real Estate Sector Supplement (CRESS) <input checked="" type="checkbox"/> Other property reporting standards, specify NABERS, GRESB, Green Star Performance <input type="checkbox"/> No property specific reporting standards are used			
PR 10.4	Additional information.		
We use NABERS ratings to monitor environmental performance across the LGS portfolios. In addition to using NABERS, we also participate in the GRESB survey to benchmark the performance of our buildings - for which we achieve a 'green star' rating. Additionally LGS has achieved a 5 star Green Building Council of Australia (GBCA) Green Star Performance rating in 2019.			

PR 11	Mandatory	Core Assessed	PRI 2
PR 11.1	Indicate the proportion of active property developments and major renovations where ESG issues have been considered.		
<input checked="" type="checkbox"/> >90% of active developments and major renovations <input type="checkbox"/> 51-90% of active developments and major renovations <input type="checkbox"/> 10-50% of active developments and major renovations <input type="checkbox"/> <10% of active developments and major renovations <input type="checkbox"/> N/A, no developments and major renovations of property assets are active			
PR 11.2	Indicate if the following ESG considerations are typically implemented and monitored in your property developments and major renovations.		
<input checked="" type="checkbox"/> Environmental site selection requirements <input checked="" type="checkbox"/> Environmental site development requirements <input checked="" type="checkbox"/> Sustainable construction materials			

- Water efficiency requirements
- Energy efficiency requirements
- Energy generation from on-site renewable sources
- Waste management plans at sites
- Health and safety management systems at sites
- Health and wellbeing of residents
- Construction contractors comply with sustainability guidelines
- Resilient building design and orientation
- Other, specify

PR 12	Mandatory	Core Assessed	PRI 2
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PR 12.1	Indicate the proportion of property occupiers your organisation, and/or your property managers, engaged with on ESG issues during the reporting year.
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- >90% of occupiers
- 50-90% of occupiers
- 10-50% of occupiers
- <10% of occupiers

PR 12.2	Indicate if the following practises and areas are typically part of your, and/or your property managers', occupier engagements.
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- Distribute a sustainability guide to occupiers
- Organise occupier events focused on increasing sustainability awareness
- Deliver training on energy and water efficiency
- Deliver training on waste minimisation
- Provide feedback on energy and water consumption and/or waste generation
- Provide feedback on waste generation
- Carry out occupier satisfaction surveys
- Health and wellbeing of residents
- Offer green leases
- Other, specify

PR 13	Voluntary	Additional Assessed	PRI 2
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PR 13.1	Indicate the proportion of all leases signed during the reporting year that used green leases or the proportion of Memoranda of Understandings (MoUs) with reference to ESG issues.
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- >90% of leases or MoUs
- 50-90% of leases or MoUs
- 10-50% of leases or MoUs
- <10% of leases or MoUs
- 0% of leases or MoUs
- N/A, no leases or MoUs were signed during the reporting year

PR 13.2	Additional information.
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All new and renewed leases have a sustainability schedule included within the lease with the exception of a few large retailers who currently have 10-20 year leases with options to renew on the same terms, which have not expired yet. We reviewed our green lease provisions in September 2016 to be in line with the Better Buildings Partnership 'silver' standard.

Our standard green lease provisions cover tenant and landlord expectations around:

- Cooperation and works - environmental initiatives, enabling upgrades, collaboration, fitouts and social initiatives.
- Management and consumption - energy, water, waste, IAQ management, transport, cleaning and procurement.
- Reporting and standards - information sharing, performance ratings, standards, metering and comfort.

PR 14	Voluntary	Additional Assessed	PRI 2
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PR 14.1	Indicate what proportion of property assets your organisation, and/or your property managers, engaged with the community on ESG issues during the reporting year.
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- >90% of property assets
- 50-90% of property assets
- 10-50% of property assets
- <10% of property assets

PR 14.2	Indicate if the following areas and activities are typically part of your, and/or your property managers', community engagement.
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- ESG education programmes for the community
- ESG enhancement programmes for public spaces
- Research and networking activities focusing on ESG issues

- Employment creation in communities
- Supporting charities and community groups
- Other, specify

PR 15	Voluntary	Additional Assessed	PRI 1,2
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**PR 15.1** Indicate whether your organisation measures how your approach to responsible investment in property investments has affected financial and/or ESG performance.

- We measure whether our approach to ESG issues impacts funds' financial performance

**PR 15.2a** Describe the impact on the following.

Describe the impact on:	Impact
Funds' financial performance	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact

- We measure whether our approach to ESG issues impacts funds' ESG performance

**PR 15.2b** Describe the impact on the following.

Describe the impact on:	Impact
Funds' ESG performance	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact

- None of the above

**PR 15.3** Describe how you are able to determine these outcomes.

LGS internally tracks carbon footprint, energy & water usage, waste & recycling rates for each property and are constantly looking at ways we can improve in these areas. e.g. sharing of ideas with sustainability staff at leading global real estate institutions.

In 2019, annualised electricity consumption and water consumption have reduced by 44% and 52% respectively in the retail portfolio since FY 09 lowering the operational costs of running the portfolio.

PR 16	Voluntary	Descriptive	PRI 1,3
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**PR 16.1** Provide examples of ESG issues that affected your property investments during the reporting year.

- Add Example 1

ESG issue	Maintain GreenStar Rating with GBCA
Types of properties affected	All properties
Impact (or potential impact) on investment	We achieved a 5 star GreenStar performance rating from the Green Building Council of Australia for the operation of our buildings, representing Australian excellence across the property sector. This helps to maximise the efficiencies across our portfolio and in turn, make our portfolio more attractive to prospective tenants who put a high value on sustainability.
Activities undertaken to influence the investment and the outcomes	External property managers are continuously engaged, with various actions undertaken across our retail and commercial properties to ensure that sustainability factors were integrated into all facets of property management.

- Add Example 2

ESG issue	Increased transparency for energy consumption
Types of properties affected	All properties
Impact (or potential impact) on investment	Historically we have relied on a mix of manual and automatic uploads of historical energy consumption data for the portfolio which increases the risk of errors in our performance data and means we are not able to manage issues in real time as they arise.

Activities undertaken to influence the investment and the outcomes	We worked with a service provider to build a platform that enables us to automatically capture key sustainability data across all of our properties in real time, so we are now able to actively identify anomalies and ensure energy and water consumption is minimised across all of our properties. Energy consumption from the retail portfolio has continued to trend down since the installation of solar panels at all centers in 2015. As a result, LGS achieved Carbon Neutral status for all NABERS rated buildings, certified by the Government's Climate Active Carbon Neutral Standard in May 2019 and achieved a Portfolio Average NABERS Energy rating of 5.1 stars without GreenPower (6 stars with GreenPower).
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Add Example 3

ESG issue	Facilitate greater tenant experience
Types of properties affected	All properties
Impact (or potential impact) on investment	By enhancing end of trip facilities (bicycle storage, showers, lockers etc.) and enabling Go-Get car share vehicles to park on site, we have been able to provide positive benefits to existing tenants, and in turn, make our properties more attractive to prospective tenants in the future.
Activities undertaken to influence the investment and the outcomes	<p>We improved the end of trip facilities at a number of our properties, including the construction of showers, bicycle storage and lockers. This facilitates a greater level of wellbeing for our tenants as a result of enabling more people to participate in cycling and physical activity.</p> <p>We also worked with car share company GoGet to provide car parking spaces for their car share vehicles and in turn, offered our tenants discounted rates to access these cars. By increasing car sharing we are able to help reduce excess car ownership, ultimately reducing carbon emissions.</p>

Add Example 4

ESG issue	Increasing water consumption
Types of properties affected	1 commercial property
Impact (or potential impact) on investment	Increasing water consumption increases overheads for tenants and negatively affects our sustainability performance.
Activities undertaken to influence the investment and the outcomes	<p>Water consumption tends to fluctuate depending on tenant occupancy. Sub-meters are being installed and monitored through Bueno Analytics which will allow much greater visibility of consumption. Sub-metering, dual flush toilets and water saver taps have been put in place throughout the retail portfolio.</p> <p>As a result, in 2019, LGS achieved a Portfolio Average NABERS Water rating of 3.7 stars.</p>

Add Example 5

ESG issue	Screening prospective tenants
Types of properties affected	All buildings
Impact (or potential impact) on investment	<p>Potential negative impact to occupancy and in turn, rental income, in the event that we do not provide approval for a prospective tenant to occupy our buildings due to our exclusions policy.</p> <p>Potential positive impacts to our reputation as a result of not allowing the prospective tenant to occupy our buildings due to the negative associations with their product and/or services.</p>
Activities undertaken to influence the investment and the outcomes	Following the development of our investment restrictions list, it is issued to our property team for use in screening prospective tenants for our retail and commercial properties. In the event that a company is on our restrictions list, we will not permit them to occupy our buildings.

CM1 01	Mandatory	Additional Assessed	General
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CM1 01.1	Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:
<input type="checkbox"/> Third party assurance over selected responses from this year's PRI Transparency Report <input type="checkbox"/> Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year <input type="checkbox"/> Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year) <input type="checkbox"/> Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year) <input checked="" type="checkbox"/> Internal verification of responses before submission to the PRI (e.g. by the CEO or the board) <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Whole PRI Transparency Report has been internally verified</li> <li><input type="checkbox"/> Selected data has been internally verified</li> </ul> <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above	

CM1 02	Mandatory	Descriptive	General
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CM1 02.1	We undertook third party assurance on last year's PRI Transparency Report
<input type="radio"/> Whole PRI Transparency Report was assured last year <input type="radio"/> Selected data was assured in last year's PRI Transparency Report <input checked="" type="radio"/> We did not assure last year's PRI Transparency report <input type="radio"/> None of the above, we were in our preparation year and did not report last year.	

CM1 03	Mandatory	Descriptive	General
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CM1 03.1	We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:										
<input checked="" type="checkbox"/> We adhere to an RI certification or labelling scheme											
CM1 03.2	Which scheme?										
<input type="checkbox"/> National SRI label based on the EUROSIF Transparency guidelines <input type="checkbox"/> B-corporation <input type="checkbox"/> UK Stewardship code <input checked="" type="checkbox"/> GRESB											
	<table border="1"> <thead> <tr> <th></th> <th>% of total AUM the scheme applies</th> </tr> </thead> <tbody> <tr> <td><input checked="" type="radio"/></td> <td>&lt; 25%</td> </tr> <tr> <td><input type="radio"/></td> <td>25-50 %</td> </tr> <tr> <td><input type="radio"/></td> <td>50-70 %</td> </tr> <tr> <td><input type="radio"/></td> <td>&gt;75 %</td> </tr> </tbody> </table>		% of total AUM the scheme applies	<input checked="" type="radio"/>	< 25%	<input type="radio"/>	25-50 %	<input type="radio"/>	50-70 %	<input type="radio"/>	>75 %
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<input type="checkbox"/> Commodity type label (e.g. BCI) <input type="checkbox"/> Social label <input type="checkbox"/> Climate label <input checked="" type="checkbox"/> RIAA											
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<input type="radio"/>	25-50 %										
<input type="radio"/>	50-70 %										
<input checked="" type="radio"/>	>75 %										
<input type="checkbox"/> Other											
<input type="checkbox"/> We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report <input type="checkbox"/> ESG audit of holdings <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above											

CM1 03.5	Additional information [OPTIONAL]
LGS is certified as a 'whole of fund' responsible investment by the RIAA.	

CM1 04	Mandatory	Descriptive	General
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CM1 04.1	Do you plan to conduct third party assurance of this year's PRI Transparency report?
<input type="radio"/> Whole PRI Transparency Report will be assured	

- Selected data will be assured
- We do not plan to assure this year's PRI Transparency report

CM1 07

Mandatory

Descriptive

General

CM1 07.1

Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed

- CEO or other Chief-Level staff
- The Board
- Investment Committee
- Compliance Function
- RI/ESG Team
- Investment Teams
- Legal Department
- Other (specify)