

# **Southern Housing Group Pension Plan - 2017 Section**

ESG Report

31/03/2022

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## Scheme Summary

Policy Number:  
Statement Date:

IS0009136  
31/03/2022

Funds	Holdings	Unit Price	Value	%	Fund Manager ESG Credentials	Engagement & Voting Records
Apollo Total Return (01 Oct 2021 - 30 Sep 2023) Fund Quarterly	72,500	99.063274	7,182,087	21.56%	Yes	Engagement Only
L&G Life CN AAA-AA-A Corporate Bond — All Stocks Index Fund	69,877	93.056346	6,502,512	19.55%	Yes	Yes
M&G Total Return Credit Investment Fund	104,960	99.606636	10,454,704	31.43%	Yes	Engagement Only
BMO LDI Equity-linked Real DLDI Sub-Fund	19,196	167.230671	3,210,201	9.65%	Yes	Engagement Only
BMO LDI Nominal Dynamic LDI Fund	575,330	1.711559	984,711	2.96%	Yes	Engagement Only
BMO LDI Real Dynamic LDI Fund	1,891,529	2.603757	4,925,081	14.81%	Yes	Engagement Only
<b>Total</b>			<b>33,259,296</b>	<b>100.00%</b>		

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## Fund Manager ESG Credentials

Questions	Apollo	BMO
Do you have an ESG policy that is integrated into the investment process?	Yes. In 2020, Apollo revised its Responsible Investing and ESG Policy with specific sub-policies for each asset class and for Apollo as a firm.	Yes
Do you have a firm ESG rating?	No	Bank of Montreal (aka BMO Financial Group), our parent company, is rated as follows: MSCI ESG – AA Sustainalytics – 85.9 (out of 100) Robeco SAM – 77 ISS Quality score – 1 (1 being best, 10 being worst) CDP Climate Score – 7
Please provide your UNPRI survey scores	Apollo became a signatory in October 2020 and Apollo's Transparency Report and Assessment Reports are not yet available.	2020 scores: Strategy & Governance: A+ Listed Equity - Incorporation: A+ Listed Equity - Active Ownership: A+ Fixed Income - SSA: A Fixed Income - Corporate Financial: A Fixed Income - Corporate Non-Financial: A Private Equity: A Property: B
Do you have a Climate Change policy that is integrated into the investment process?	Climate is integrated within the environmental aspect of Apollo's Responsible Investing and ESG policy.	Yes
Are Senior Management accountable for ESG or Climate Change risks?	Yes. Sustainability and ESG are discussed weekly in Apollo's Management Committee. Firm-wide decisions on ESG issues are made at the most senior level, led by the firm's ESG Steering Committee, which is chaired by Apollo's Global Head of ESG and includes Apollo's Chief Sustainability Officer and certain members of the Executive and Management Committees.  Apollo's Chief Sustainability Officer, together with Apollo's Sustainability and Corporate Responsibility Committee and the relevant dedicated responsible investment professionals, are responsible for internal oversight and reporting of ESG and Responsible Investing policy implementation.	Yes. For example, senior management will have workplace diversity targets incorporated in their objectives.
Do you have a dedicated team that considers ESG and Climate Change related factors?	Yes. Apollo has made recent investments in leadership and expertise roles in areas of ESG and sustainability. These recent investments build upon Apollo's long-standing ESG program. The firm's broader sustainability strategy will be overseen by the firm's Chief Sustainability Officer.  The ESG Steering Committee, which is comprised of certain members of the firm's Executive and Management Committees and numerous investment professionals with respect to both general and specific ESG issues, draws on recommendations from Apollo's cross-functional Green Teams from the Credit, Private Equity, and Real Assets businesses. Also, Dave Stangis, a Senior Partner and Chief Sustainability Officer, leads Apollo's sustainability strategy and reports to Mr. Kleinman and Mr. Zelter. Mr. Stangis also partners with Ms. Medley to build upon Apollo's long-standing ESG program.  Apollo's ESG efforts are supported by an ESG team at Apollo including ESG counsel and associates, as well as a dedicated ESG team at Paul, Weiss, Rifkind, Wharton & Garrison LLP.	Yes

Do you rely on any third parties to provide ESG and Climate Change related analysis/research?	<p>Our investment teams will leverage publicly disclosed information directly from the issuers as well as access to ESG data services such as Bloomberg for raw ESG data KPIs and SESAMm for natural language processing data and analytics associated with ESG risks and opportunities. We are currently evaluating multiple other data providers to assist but not replace our evaluation of ESG credit risks within our investment process. We are currently evaluating the potential for undertaking physical climate risk assessment for this fund. As it pertains to climate, we are currently evaluating both internal and external material data that is relevant for a specific issuer based on widely accepted ESG materiality frameworks.</p>	<p>We utilise a wide range of service providers across our business, including MSCI ESG, Institutional Shareholder Services (ISS), Investment Association's Institutional Voting Information Service (IVIS), broker research, proxy insight, Sustainalytics, Bloomberg and Non-Governmental Organisations (NGOs). Our research is also informed by our networks that may provide briefings and publications, including the UN PRI, International Corporate Governance Network (ICGN) and Asian Corporate Governance Association (ACGA).</p> <p>We are currently in the process of selecting a new, additional data provider that will specifically enable us to deepen our analysis of climate change risks. In addition, we are in the process of selecting a partner to enable rolling out our SDG income stream mapping to client portfolios.</p>
Do you create your own ESG or Climate Change related scores?	<p>In Apollo's credit business, analysts prepare proprietary ESG risk scores for the majority of corporate credit issuers. The risk management of the fund's exposure to sustainability risk is based on our internal ESG credit rating process and oversight. While fundamental oversight of all credit risks (including ESG risks) are the responsibility of each individual investment team, our highest risk ESG ratings across the E, S and G pillars of a particular issuer require additional review. Investors are required to present a detailed analysis of the sustainability risks as well as risk mitigants that may support continued exposure. Outcomes from this ESG credit risk assessment may include divestment, reduction in exposure and/or engagement on material ESG issues. Additionally, our ESG credit ratings leverage our technology platform with the highest risk ESG credit ratings distributed for review to investment teams on a daily basis.</p> <p>ESG Corporate Credit Rating Sample Template In Apollo's sector-based ESG credit overall score and momentum:</p> <ol style="list-style-type: none"> <li>1) analysts consider identified qualitative and quantitative ESG factors;</li> <li>2) ESG credit risk ratings are assigned to applicable subthemes;</li> <li>3) momentum scores are assigned to pillars, enabling reflection of a forward-looking trajectory;</li> <li>4) overall and pillar ESG credit risk ratings are automatically generated by weight; and</li> <li>5) explanation for E, S, G, and overall ratings are provided.</li> </ol>	<p>Yes, we apply our own in-house ESG scoring system, often using market ESG data inputs.</p>
Does your company have a policy on equality and diversity in the workplace?	Yes	<p>We have a global diversity and inclusion working group focusing on race, gender, orientation, age and social background. We have set up targets for a gender-balanced population in which 40-60% of our employees are female and 40-60% are male. We also participate in a number of industry initiatives such as Girls Who Invest, The Diversity Project and we are a signatory to the 30% Club.</p>
Do you provide any reporting publicly or to clients with regard to ESG and Climate Change related issues? How often?	At a firm level, Apollo provides regular updates about its ESG program to limited partners through its ESG Annual Report.	<p>Yes, we provide an annual review of our Responsible Investment practice, annual impact reports for our responsible funds, quarterly updates and ad hoc (c.monthly) investment viewpoints.</p>

<p>Do ESG related factors get considered with respect to performance management of investment companies and funds?</p>	<p>ESG is an integral part of the investment thesis. When evaluating a potential investment, Apollo investment professionals assess potential ESG issues that could impact value. The ESG evaluation includes identifying ESG risks, risk mitigants, and ESG opportunities. Investment analysts across all asset classes review potential investments for relevant ESG risks as a matter of good business practice. Apollo's collaborative approach to each aspect of the investment process ensures that the collective knowledge of the team is maximized and that a variety of perspectives are considered.</p> <p>This is illustrated in Apollo's credit business, which encompasses numerous strategies and over 100 funds and other investment products. Apollo identifies and assesses relevant ESG risks in applicable debt investments and factors these risks into an overall assessment of a particular position. Analysts may perform due diligence to assess the overall sustainability of a business and, where applicable, what measures a company has in place to avoid financial or reputational ESG risks. Investment professionals may also review for relevant ESG opportunities that could inform an analysis, where applicable, of the creditworthiness of an issuer or borrower. Apollo incorporates an ESG analysis into investment memos to the extent memos are prepared, and where applicable.</p>	<p>Yes. The Global Equities team considers ESG factors directly in the analysis of the business model and in the assessment of management quality and flex assumptions and discount rates based on these factors where appropriate. To flag key ESG risks and opportunities, the Global Equities team works with the RI team and an important data source that we use MSCI ESG Research ratings and analysis. The MSCI ESG approach identifies key issues by industry for each company and rates companies on social, environmental and governance performance both in absolute terms and relative to their specific industry.</p>
<p>Are you signatories of the FRC UK Stewardship Code or equivalent?</p>	<p>While Apollo is not currently a signatory to the UK Stewardship Code, we are currently in the process of evaluating joining it.</p> <p>However, as of October 2020, Apollo is a signatory to UNPRI and the Operating Principles for Impact Management. Apollo is also a member of the SASB Alliance, the Ceres Investor Network on Climate Risk and Sustainability, the ESG Data Convergence Project, Impact Capital Managers, the ILPA Diversity in Action Initiative, the Board Diversity Action Alliance, CEO Action Coalition for Diversity &amp; Inclusion, and the Thirty Percent Coalition. Apollo has aligned its ESG Report Volume 12 with the UN Sustainable Development Goals ("SDGs") and the Global Reporting Initiative ("GRI") Standards.</p>	<p>Yes</p>

## Fund Manager ESG Credentials

Questions	Legal & General	M&G
Do you have an ESG policy that is integrated into the investment process?	Yes, our policies are implemented consistently at a firm-wide level. LGIM's purpose is to create a better future through responsible investing. Aligned to this purpose, ESG is a central underpinning to all of LGIM's activities and especially within strategic initiatives. LGIM has developed and publicly disclosed its policies for stewardship activities. Our policies are reviewed annually and updated where necessary to ensure they remain aligned with the various evolving regulations, best practice and client feedback.	Yes
Do you have a firm ESG rating?	<p>LGIM has an award-winning Investment Stewardship team, with a track record of over 20 years. External validation and oversight keep us on our toes and propels us forward to keep improving. We participate in industry-wide assessments of our engagement and stewardship processes and are proud to have been nominated by industry bodies like the ICGN, ICSC and UN PRI for our:</p> <ul style="list-style-type: none"> <li>• Engagement activities disclosure</li> <li>• Market-wide involvement in lobbying activities</li> </ul> <p>• Strong implementation of ESG and corporate governance matters into our stewardship activities.</p>	Yes
Please provide your UNPRI survey scores	<p>2020 scores:</p> <p>Strategy &amp; Governance: A+</p> <p>Listed Equity - Incorporation: A+</p> <p>Listed Equity - Active Ownership: A+</p> <p>Fixed Income - SSA: A+</p> <p>Fixed Income - Corporate Financial: A</p> <p>Fixed Income - Corporate Non-Financial: A</p> <p>Property: A</p>	<p>2020 scores:</p> <p>Strategy &amp; Governance: A+</p> <p>Listed Equity - Incorporation: A+</p> <p>Listed Equity - Active Ownership: A+</p> <p>Fixed Income - SSA: A+</p> <p>Fixed Income - Corporate Financial: A+</p> <p>Fixed Income - Corporate Non-Financial: A+</p> <p>Fixed Income - Securitised: A</p> <p>Property: A</p> <p>Infrastructure: A+</p>
Do you have a Climate Change policy that is integrated into the investment process?	Yes	Yes

<p>Are Senior Management accountable for ESG or Climate Change risks?</p>	<p>We have many people across the business contributing to our ESG insights and research. They sit across various teams with different levels of responsibility relating to ESG but all feed into our responsible investing capabilities.</p> <p>As at the end of June 2022, there are a total of 47 LGIM employees with roles dedicated to ESG, some of which are outlined in more detail below.</p> <ul style="list-style-type: none"> <li>• There are 20 people in our global Investment Stewardship team, led by Kurt Morriesen. The team is responsible for developing and carrying out LGIM's investment stewardship and responsible investment activities as well as the oversight, implementation and integration of ESG across the firm.</li> <li>• Nick Stansbury, Head of Climate Solutions, leads our energy transition approach and is one of our most prominent spokespeople on this topic. He leads our Climate Solutions team which has a total of four team members.</li> <li>• As Global Head of Responsible Investment Integration, Michael Marks' role spans all functions within LGIM from investment stewardship, distribution and investment teams to operational functions such as data and technology; embedding ESG across the firm in all areas and ensuring that focus is maintained on delivering the capabilities required by all stakeholders.</li> <li>• Amelia Tan has recently joined LGIM as the Head of Responsible Investing Strategy for Investments (January 2022). This role ensures that LGIM stays at the cutting edge of innovation within responsible investing and creates a coordinated approach across asset classes, which is embedded throughout our funds and portfolios.</li> <li>• Caroline Ramscar, Head of Sustainable Solutions, is responsible for engaging with clients on sustainability and the development of responsible investment solutions. This is a role which was created to develop LGIM's sustainable strategy. Two further colleagues are dedicated to supporting clients' journeys to adopt more responsible investing strategies.</li> <li>• LGIM's Real Assets team has a team of seven dedicated ESG experts working across the range of private credit and real estate strategies that we manage.</li> </ul>	<p>Yes</p>
<p>Do you have a dedicated team that considers ESG and Climate Change related factors?</p>	<p>As at the end of June 2022, we also have a further 62 colleagues across Investments whose roles have very substantial contribution to our responsible investing capabilities and whose objectives reflect this although their responsibilities are broader than solely ESG.</p> <p>Our Global Research and Engagement Groups (GREGs) bring together colleagues from across LGIM to identify the challenges and opportunities that will determine the resiliency of sectors and the companies within them. The output from the group strengthens and streamlines the firm's engagement activities across investments and stewardship, to enable us to collectively set goals and targets at a company level with one voice, whilst supporting and guiding our investment decisions across the capital structure. As at the end of June 2022, there are over 70 participants which includes members of our investment teams primarily along with representation from Investment Stewardship, who overlap on these groups.</p>	<p>Yes</p>

<p>Do you rely on any third parties to provide ESG and Climate Change related analysis/research?</p>	<p>Yes - Bloomberg, CDP, Diligent, HSBC, InfluenceMap, ISS, IVIS, Maplecroft, Refinitiv, RepRisk, Sustainalytics</p> <p>We obtain a large ESG raw data set from a wide range of data and analysis providers which can be used for voting, engagement, research, index/portfolio construction and management. We typically licence raw data from such providers, as opposed to off-the-shelf ESG scores/rating, as we believe our knowledge and expertise of investing and engaging with companies are best placed to identify material and relevant ESG factors. This quantitative data is supplemented by qualitative research from academic and NGO research as well as sell-side broker reports.</p>	<p>We have built on the existing ESG support available to investment teams through the following third party providers:</p> <ul style="list-style-type: none"> <li>• MSCI ESG Research: providing ESG information, analysis, screening and climate change related information</li> <li>• ISS: Provides ESG information, analysis and screening, and is additionally, specifically used to monitor companies deemed to be in breach of the UN Global Compact principles on human rights, labour rights, bribery &amp; corruption, and the environment. <ul style="list-style-type: none"> <li>• We carry out voting through ISS's Proxy Exchange system.</li> </ul> </li> </ul> <p>Other data sources include: Sustainalytics: ESG Research, Eikon: ESG Research and RepRisk: ESG Research</p> <p>With regards to carbon intensity, we currently use:</p> <ol style="list-style-type: none"> <li>1. The MSCI Carbon Portfolio Analytics tool, which allows us to analyse the carbon-related risks and characteristics within a chosen portfolio, in comparison to the carbon-related risks and characteristics of its benchmark.</li> <li>2. Once portfolio carbon exposures have been assessed, the next step is to stress test portfolios for different climate change scenarios. For part of this analysis, we participated, alongside other leading investors, in a pilot scheme convened by the UN Environment Programme – Finance Initiative (UNEP FI) to develop a tool to conduct these stress tests in portfolios across Equities, Fixed Income and Real Estate.</li> <li>3. We have also been examining other scenario analysis tools to understand their methodologies and identify which is most useful when analysing M&amp;G's holdings, including offerings from providers such as 427, CarbonWise and PACTA.</li> </ol>
<p>Do you create your own ESG or Climate Change related scores?</p>	<p>We have developed a rules-based methodology by which to score companies against ESG metrics; this generates the LGIM ESG Score. The LGIM ESG Score aligns with how we engage with, and vote on, the companies in which we invest. To facilitate this process, we publish the scores and explain the metrics on which they are based. In addition, the ESG score is used by our index teams in the creation of ESG aligned index-products.</p> <p>We have identified 30 ESG indicators based on our expertise and experience in corporate reporting, corporate disclosures and transparency.</p> <p>We developed the scores with the aim of improving market standards globally, while monitoring ESG developments across our entire investment universe. The scores help drive our engagement process and are aligned with LGIM's voting policy and principles – we are more likely to vote against companies with poor scores at their annual general meetings (AGMs).</p>	<p>Yes</p>

Does your company have a policy on equality and diversity in the workplace?	<p>We recognise everyone is different and we want to embrace and celebrate these differences. Our commitment to promoting a positive approach to equality of opportunity via a diverse and inclusive workforce applies to all employment policies and practices, including those relating to:</p> <ul style="list-style-type: none"> <li>• recruitment and selection</li> <li>• terms and conditions of employment</li> <li>• working environment</li> <li>• training and development</li> <li>• promotion and career progression</li> <li>• redundancy and redeployment</li> </ul> <p>We ensure our diversity and inclusion principles and goals are met through a variety of means. These may include:</p> <ul style="list-style-type: none"> <li>• assigning groupwide and divisional goals and targets.</li> <li>• encouraging focused action on D&amp;I through objective setting, performance, and reward.</li> <li>• tracking progress against goals internally and using data to inform decision-making.</li> <li>• gathering insight from our people (include those who've just left and those new to L&amp;G). <ul style="list-style-type: none"> <li>• engaging our people proactively on different themes to raise profile, educate and inspire action.</li> <li>• celebrating diverse voices and perspectives.</li> <li>• investing in learning and development.</li> </ul> </li> <li>• benchmarking L&amp;G's progress externally and gathering perspective from specialists outside the firm.</li> </ul>	Yes
Do you provide any reporting publicly or to clients with regard to ESG and Climate Change related issues? How often?	Yes - Quarterly	Quarterly
Do ESG related factors get considered with respect to performance management of investment companies and funds?	<p>ESG factors are embedded into our evaluation of investment opportunities across many investment strategies to identify unrewarded risk, and protect and enhance the long-term value of all our clients' investments. Our investment framework is designed with several objectives in mind:</p> <ul style="list-style-type: none"> <li>• Encouraging companies to improve their behaviour, and the quality of their ESG disclosures, we can raise the standards of entire markets, and help generate sustainable, long-term returns for our clients <ul style="list-style-type: none"> <li>• Assessing a company's ESG risks: we see unmanaged ESG factors, meanwhile, as posing potential risks and opportunities, which can have a material impact on the performance of investments</li> </ul> </li> <li>• Identifying the winners of the future, the companies to which investors will allocate ever-larger amounts of capital.</li> </ul>	Yes
Are you signatories of the FRC UK Stewardship Code or equivalent?	Yes - LGIM has been a signatory to the UK Stewardship Code every year since its inception and we provide copies of our responses on our website.	Yes

## Engagement

Activity	Apollo Total Return Fund Quarterly	BMO LDI Equity-linked Real DLDI Sub-Fund	BMO LDI Nominal Dynamic LDI Fund
How many engagements have you had with companies in the past 12 months?	82	Equity-linked bond fund portfolios are very different to traditional equity or bond portfolios and so our engagement programme primarily focuses on trading counterparties and clearing members. This engagement work is structured both in terms of prioritisation (both in terms of companies to whom we have the greatest exposure and to companies whom we feel have the greatest ESG deficiencies) and in terms of progress monitoring against predefined milestones.	<p>H2 2021 Total engagements - 40 Companies Engaged - 14</p> <p>LDI portfolios are very different to traditional equity or bond portfolios and so our engagement programme primarily focuses on trading counterparties and clearing members. This engagement work is structured both in terms of prioritisation (both in terms of companies to whom we have the greatest exposure and to companies whom we feel have the greatest ESG deficiencies) and in terms of progress monitoring against predefined milestones.</p>
How many engagements were made regarding climate change?	14 (17%)		
How many engagements were made regarding board diversity?	36 (44%)		
How many engagements were made regarding waste reduction?	0		
How many engagements were made regarding financials?	0		
How many engagements were made regarding other issues?	32 (39%)		
Which form of engagement is most representative of the approach taken for this fund over the last 12 months: Sending standardised letters to companies Sending bespoke letters to companies Standard period engagement with companies Active private engagement on specific issues Active public engagement on specific issues	<p>Sending standardised letters to companies</p> <p>Sending bespoke letters to companies</p> <p>Standard period engagement with companies</p> <p>Active private engagement on specific issues</p>	Not provided	Not provided
Please discuss some of the key engagements and outcomes from the last 12 months.	<p><b>Banco General, SA - 04/05/2021</b> <b>Description</b> - Encouraged the management team to begin reporting GHGs during roadshow. <b>Result</b> - Management explained their progress in ESG (which is meaningful) and said they are considering GHG measurement. They also flagged that they have received similar requests from DFIs.</p> <p><b>Adani Ports and Special Economic Zone Limited - 18/06/2021</b> <b>Description</b> - Discussed with the company on steps taken to improve ESG - investment in Myanmar, exposure to Coal, governance, appointment of new CFO <b>Result</b> - Company announced exit from Myanmar, provided info to us on trajectory of coal throughput through its ports over the next 10 years, confirmed that no investments into Carmichael mine would be made from Adani Ports, constituted a Corporate Responsibility Committee comprising Independent Directors to provide assurance for all ESG commitments.</p>	<p><b>Counterparty:</b> Credit Suisse Group AG <b>Engagement Themes:</b> Climate Change <b>Milestones:</b> Publication of first TCFD report</p> <p><b>Counterparty:</b> Credit Suisse Group AG <b>Engagement Themes:</b> Climate Change <b>Milestones:</b> Publication of first TCFD report</p> <p><b>Counterparty:</b> Goldman Sachs Group <b>Engagement Themes:</b> Business Conduct <b>Milestones:</b> Signed up to the UN Principles for Responsible Banking</p>	<p><b>Counterparty:</b> HSBC Holdings Plc <b>Engagement Themes:</b> Labour Standards <b>Milestones:</b> Coal exit confirmed</p> <p><b>Counterparty:</b> JP Morgan Chase &amp; Co. <b>Engagement Themes:</b> Climate Change <b>Milestones:</b> Deforestation policies adopted</p> <p><b>Counterparty:</b> Banco Santander SA <b>Engagement Themes:</b> Climate change <b>Milestones:</b> Committed to net-zero GHG financed emissions by 2050, and align power generation portfolio with Paris Agreement by 2030</p> <p><b>Counterparty:</b> Deutsche Bank AG <b>Engagement Themes:</b> Climate change <b>Milestones:</b> Committed to decarbonize its credit and investment portfolios by 2050</p> <p><b>Counterparty:</b> Royal Bank of Canada <b>Engagement Themes:</b> Climate change <b>Milestones:</b> Committed to align financing portfolio to Paris Agreement and achieve group net zero carbon emissions by 2050</p>

## Voting

Activity	Apollo Total Return Fund Quarterly	BMO LDI Equity-linked Real DLDI Sub-Fund	BMO LDI Nominal Dynamic LDI Fund
Do you conduct your own votes?	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund
Do you use a third party to vote on your behalf?	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund
How many votes were proposed across the underlying companies in the fund?	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund
How many times did you vote in favour of management?	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund
How many times did you vote against management?	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund
How many votes did you abstain from?	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund
Please discuss some of the key votes and outcomes from the last 12 months.	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund

Other	Apollo Total Return Fund Quarterly	BMO LDI Equity-linked Real DLDI Sub-Fund	BMO LDI Nominal Dynamic LDI Fund
Do you monitor the carbon emission levels or similar of the underlying companies in the fund?	Yes. TCFD type 1A - 214,423 tons CO2e TCFD type 1B - 299,854 tons CO2e	Not provided	Not Provided
What is the target turnover rate for the portfolio?	There is no turnover target	Not provided	Not Provided
What was the actual turnover rate over the last 12 months?	42%	Not provided	Not Provided

## Engagement

Activity	BMO LDI Real Dynamic LDI Fund	L&G Life CN AAA-AA-A Corporate Bond - All Stocks Index Fund	M&G Total Return Credit Investment Fund
How many engagements have you had with companies in the past 12 months?	<p>H2 2021 Total engagements - 40 Companies Engaged - 14</p> <p>LDI portfolios are very different to traditional equity or bond portfolios and so our engagement programme primarily focuses on trading counterparties and clearing members. This engagement work is structured both in terms of prioritisation (both in terms of companies to whom we have the greatest exposure and to companies whom we feel have the greatest ESG deficiencies) and in terms of progress monitoring against predefined milestones.</p>	<p><b>Year to 31/03/22</b></p> <p>Total number of engagements:129</p> <p>Environmental topics: 82</p> <p>Governance topics: 34</p> <p>Social topics: 66</p> <p>Other topics: 21</p>	35
How many engagements were made regarding climate change?			<p>Environment - 23</p> <p>Social - 2</p> <p>Governance - 10</p>
How many engagements were made regarding board diversity?			
How many engagements were made regarding waste reduction?			
How many engagements were made regarding financials?			
How many engagements were made regarding other issues?			
Which form of engagement is most representative of the approach taken for this fund over the last 12 months: Sending standardised letters to companies Sending bespoke letters to companies Standard period engagement with companies Active private engagement on specific issues Active public engagement on specific issues	Not provided	Not provided	Not provided
Please discuss some of the key engagements and outcomes from the last 12 months.	<p><b>Counterparty:</b> HSBC Holdings Plc <b>Engagement Themes:</b> Labour Standards <b>Milestones:</b> Coal exit confirmed</p> <p><b>Counterparty:</b> JP Morgan Chase &amp; Co. <b>Engagement Themes:</b> Climate Change <b>Milestones:</b> Deforestation policies adopted</p> <p><b>Counterparty:</b> Banco Santander SA <b>Engagement Themes:</b> Climate change <b>Milestones:</b> Committed to net-zero GHG financed emissions by 2050, and align power generation portfolio with Paris Agreement by 2030</p> <p><b>Counterparty:</b> Deutsche Bank AG <b>Engagement Themes:</b> Climate change <b>Milestones:</b> Committed to decarbonize its credit and investment portfolios by 2050</p> <p><b>Counterparty:</b> Royal Bank of Canada <b>Engagement Themes:</b> Climate change <b>Milestones:</b> Committed to align financing portfolio to Paris Agreement and achieve group net zero carbon emissions by 2050</p>	Not provided	<p><b>Avantor Sciences - 20/07/2021</b></p> <p><b>Objective</b> - Following a Bloomberg article which raised concerns over the potential misuse of acetic anhydride outside of the regulated supply chain, we wanted biopharma and healthcare provider Avantor to increase disclosure of the customer due diligence process, specifically focusing on high risk jurisdictions.</p> <p><b>Action Taken</b> - M&amp;G started the engagement by initially writing to the company, requesting a meeting on the issue. Subsequently M&amp;G had a call with the head of Investor Relations</p> <p><b>Result</b> - Avantor have seized all acetic anhydride sales in Mexico following the distribution control issues. They have also seized sales in Africa, Asia and Latin America, which means the only distribution paths are now in the US and Europe. Whilst this is a positive step we have concerns that there are a number of other 'high risk products' still being sold in Mexico, Asia and other countries that could have a similar issue arise from a number of other products.</p> <p>Avantor has just published its first ESG report and they were receptive in future iterations to include further due diligence (DD) on the audit of the distribution paths. It is clear that at present there is no clear additional steps taken for high risk products specifically looking at high risk regions. The company clearly are not doing as much as we hoped to prevent a similar situation in the future, so we will continue to monitor for additional DD and disclosure of this process.</p>

## Voting

Activity	BMO LDI Real Dynamic LDI Fund	L&G Life CN AAA-AA-A Corporate Bond - All Stocks Index Fund	M&G Total Return Credit Investment Fund
Do you conduct your own votes?	Not applicable for this fund	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.	Not applicable for this fund
Do you use a third party to vote on your behalf?	Not applicable for this fund		Not applicable for this fund
How many votes were proposed across the underlying companies in the fund?	Not applicable for this fund	3	Not applicable for this fund
How many times did you vote in favour of management?	Not applicable for this fund	100%	Not applicable for this fund
How many times did you vote against management?	Not applicable for this fund	0%	Not applicable for this fund
How many votes did you abstain from?	Not applicable for this fund	0%	Not applicable for this fund
Please discuss some of the key votes and outcomes from the last 12 months.	Not applicable for this fund	There were no significant votes made in relation to the securities held by this fund during the reporting period.	Not applicable for this fund

Other	BMO LDI Real Dynamic LDI Fund	L&G Life CN AAA-AA-A Corporate Bond - All Stocks Index Fund	M&G Total Return Credit Investment Fund
Do you monitor the carbon emission levels or similar of the underlying companies in the fund?	Not Provided	Not provided	Not provided
What is the target turnover rate for the portfolio?	Not Provided	Not provided	Not provided
What was the actual turnover rate over the last 12 months?	Not Provided	0.36% (Calculated using information provided by LGIM and the FCA definition of portfolio turnover: [(Purchase of securities + Sales of securities) - (Subscription of units + Redemption of units)] ÷ [(Average Fund Value over 12 months) x 100].)	Not provided