



CLIMATE TRANSPARENCY REPORT 2020

Local Government Superannuation Scheme

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-6724C4BE-A46B-4FA9-8F1F-E094559C8CB0/79894dbc337a40828d895f9402aa63de/html/2/?!lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	✓	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
Name	Local Government Superannuation Scheme
Signatory Category	Non-corporate pension or superannuation or retirement or provident fund or plan
Signatory Type	Asset Owner
Size	US\$ 5 - 9.99 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2007
Region	Oceania
Country	Australia
Disclosure of Voluntary Indicators	100% from 38 Voluntary indicators

Local Government Superannuation Scheme

Reported Information

Public version

Strategy and Governance

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.

Investment policy

SG 01	Mandatory	Public	Core Assessed	General
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

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

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	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.

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?

Yes

Describe the associated timescales linked to these risks and opportunities.

Short, medium and long term.

No

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

Yes

No

**SG 01.9
CC**

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

Yes

Describe

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

Governance and human resources

SG 07 CC

Mandatory to Report Voluntary to Disclose

Public

Descriptive

General

**SG 07.5
CC**

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- 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

- 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

- 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

ESG issues in asset allocation

SG 13**Mandatory****Public****Descriptive****PRI 1****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

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	Public	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.
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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 thematics, we participate in opportunistic investing in positive thematics 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

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.

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.

Other

**SG 13.5
CC**

Indicate who uses this analysis.

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

**SG 13.6
CC**

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

Yes

Describe

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.

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.

Further work will be considered in climate scenario analysis in the upcoming year.

No

**SG 13.7
CC**

Indicate whether a range of climate scenarios is used.

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

**SG 13.8
CC**

Indicate the climate scenarios your organisation uses.

Provider	Scenario used	
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input checked="" type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input type="checkbox"/> RE Map	
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution	
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	<input type="checkbox"/> BNEF reference scenario	
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input type="checkbox"/> RPC 6	
IPCC	<input type="checkbox"/> RPC 4.5	
IPCC	<input type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (1) please specify:</div> 2 degree investing initiative.
Other	<input type="checkbox"/> Other (2)	
Other	<input type="checkbox"/> Other (3)	

SG 14	Mandatory to Report Voluntary to Disclose	Public	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.

	trillions	billions	millions	thousands	hundreds
Total AUM			951	141	566
Currency	USD				
Assets in USD			951	141	566

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.

- None of the above

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

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Weighted average carbon intensity	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> 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)	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> 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	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> 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	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> 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	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> 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	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority 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

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.

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) but do not as yet 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.

- 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

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.

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 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. 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	Public	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.
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	%
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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
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Energy efficiency / Clean technology

	Asset class invested
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Listed equity

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

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

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

- Fixed income - Securitised
- Private equity

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

0.1

Property

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

- Infrastructure

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

0.1

- 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. 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

- Listed equity

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

0.26

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

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

5

- 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. 27.2% of this mandate is invested in building related energy efficiency activities.

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 corporates.

Property: 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.

- Sustainable forestry

Asset class invested

- Listed equity

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

0.01

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

- Sustainable agriculture

Asset class invested

- Listed equity

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

0.01

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

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

0.1

- 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

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

0.1

- 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

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

0.1

- Property
- Infrastructure

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

0.1

- 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

Listed equity

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

0.18

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

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

0.1

- 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. 28.8% of this mandate is invested in water related activities including pollution control, infrastructure and treatment technologies.

Infrastructure: A small allocation within a large infrastructure fund to water filtration and treatment plants in NSW.

Private equity: One of our private equity funds invests in wastewater treatment in China.

Other area, specify

Waste and pollution control

Asset class invested

Listed equity

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

0.2

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

No