Climate and nature report 2025

Legal & General Group Plc

In line with recommendations by the Task Force on Climate-Related Financial Disclosures (TCFD)

Contents

Addressing climate change and tackling nature loss have long been a part of our strategy. They are material financial issues, and are key to sustainable growth.

Reporting on our progress

Our Climate and nature report is a supplement to our Annual report and accounts. See our full 2025 reporting suite below, as well as our 2026 Climate and nature transition plan, which sets out our long-term approach to the climate transition (the transition).

Reporting on our progress

Annual report and accounts

Social impact report

Climate and nature transition plan

Climate and nature glossary

This report has been created in accordance with the 11 recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). It is a supplement to our Annual report and accounts, which contain our material climate-related disclosures. This report gives us the space we need to discuss in further detail our approach to climate change and wider environmental issues.

Chief Executive Officer's statement

190
Years of history

10,548
Employees

£1,756m
Adjusted Operating profit[1]

FTSE 100

£1.2tn
Assets under management

£108.3bn
Proprietary assets[2]

1. Adjusted operating profit measures the pre-tax result, excluding the impact of investment volatility, economic assumption changes caused by changes in market conditions or expectations and exceptional items.
2. We define proprietary assets as total investments to which shareholders are directly exposed, minus derivative assets, accounting loans and cash and cash equivalents.
3. 2025 continues series of world's three warmest years – Met Office
4. Renewables overtake coal as world's biggest source of electricity – BBC News

Sustainable growth for a simpler, better-connected L&G

For 190 years, L&G has been bold in its ambitions to help address society's biggest challenges – from supporting people in retirement to investing in the real economy. Our purpose, Investing for the long term. Our futures depend on it, guides our actions today as we confront the twin crises of climate change and nature loss. These are long-term issues that require urgent commitment, and as a long-term business, we are determined to be part of the solution.

The world is experiencing unprecedented change. The past three years[3] have been the warmest on record, and in 2025 renewable energy overtook[4] coal as the leading global source of electricity. While the science shows that limiting warming to 1.5°C remains technically possible, delayed global action has increased both uncertainty and the scale of transformation required across industries and financial systems.

Understanding the importance of protecting nature is also growing rapidly. Our colleagues joined global leaders at COP30 in Belém, on the edge of the Amazon, where discussions centred on elevating nature finance, improving adaptation measures and accelerating delivery against climate commitments. Our early adoption of the Task Force on Nature-related Financial Disclosures (TNFD) framework is shaping our solutions, such as our investment in Pudding Wood, a site that will generate high-quality carbon credits a restoring biodiversity in England.

Climate and nature risks are increasingly material for economies. We have a responsibility to understand these dynamics. Doing so is essential to manage risk and contribute meaningfully to solutions.

Our people continue to build the expertise needed to assess risks and capture opportunities. In 2025 we leveraged this capability through initiatives such as the L&G Nature and Social Outcomes strategy, facilitating high-impact emerging market debt, and the L&G Togo sustainable development loan, which showcases the power of strategic partnerships to mobilise private capital for positive outcomes.

> "Our purpose, Investing for the long term. Our futures depend on it, guides our actions today as we confront the twin crises of climate change and nature loss."

António Simões
Group CEO

In 2024 we set out our strategy for sustainable growth, sharper focus and enhanced returns. A successful climate transition underpins all three. We continue to execute against this strategy, engaging constructively with companies and policymakers to move towards net zero. We have already taken, and will continue to take, significant steps to mitigate climate risks, adapt to anticipated impacts and position our business for long-term success in a low-carbon economy.

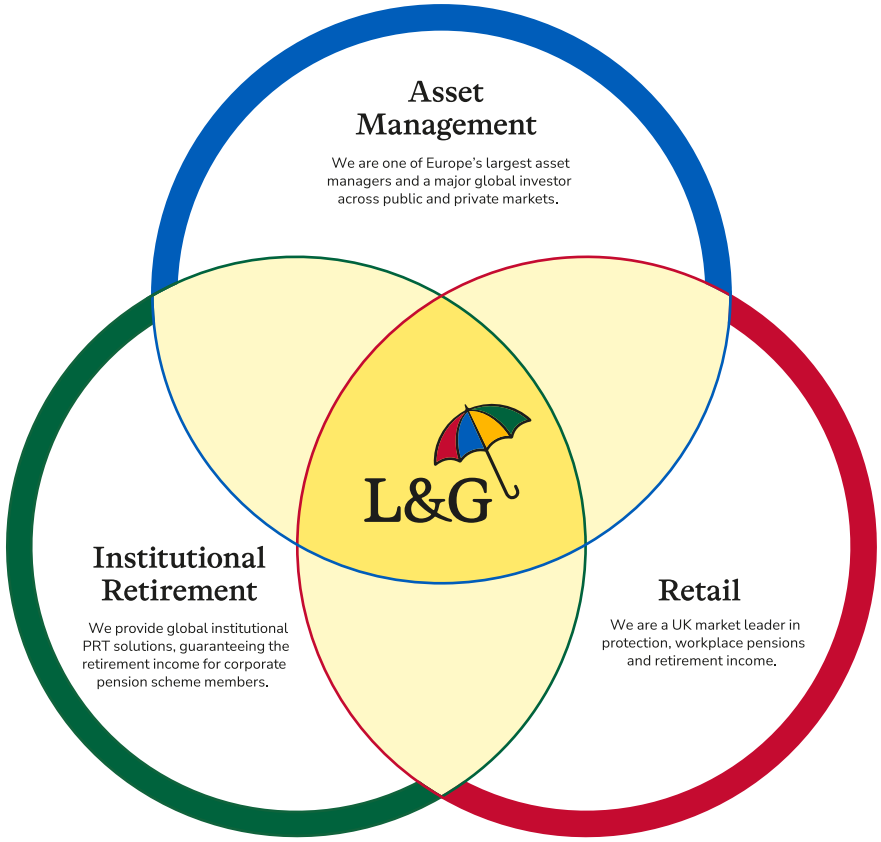
As we enter 2026, we are increasingly aware of how global biodiversity loss impacts national security and economic stability. This reinforces our commitment to integrating climate and nature considerations into our growth partnerships and broader strategic decisions. Policymakers and organisations investing in adaptation and transition will shape the resilience of societies and economies in the years ahead.

As I look to the future, I'm passionate in my belief that the depth of our expertise and the dedication of our people must be steered towards meeting and mitigating the challenges of climate change and nature loss – through our investments, our engagement and our operations – we will continue to invest for the long term. Our futures depend on it.

António Simões
Group CEO

L&G at a glance

We aim to be leaders in retirement and protection solutions, and a leading global asset manager with public and private markets capabilities.



Discover more
Annual report and accounts

L&G's assets under management (AUM) split by Asset Manager and Asset Owner activities

Asset owner

£4bn Proprietary assets managed by external asset managers

£104bn Proprietary assets managed by our in-house Asset Management business

£1,089bn[1] Assets managed by Asset Management on behalf of our external clients

Asset manager

ESG ratings and recognition

CDP A List 2025

2025 Financial System Benchmark Top 25

MSCI AAA

Corporate ESG Performance Prime
RATED BY ISS ESG

SUSTAINALYTICS
Low risk

FTSE4Good

1. Asset Management's AUM also includes £280.0 billion of unit-linked assets, of which £113.9 billion relates to Workplace and Retail savings.

Sustainability overarching approach

Our approach to Responsible Business stems from our purpose and is defined by our commercial objectives and the economic value we create

Our purpose

Investing for the long term. Our futures depend on it.

Commercial strategy

- Sustainable Growth
- Sharper Focus
- Enhanced Returns

Delivered through our three businesses

- Institutional Retirement
- Asset Management
- Retail

Sustainability strategy

- Long-term financial wellbeing
- Better communities in which to live and work
- Game-changing environmental solutions
- Engaging customers and employees with our impact

Running our business in a responsible way

Material issues

We have assessed the most significant issues, risks and opportunities for the Group to tackle in its sustainability efforts. These material issues are at the interface of our purpose, our commercial strategy and our sustainability approach.

For further information about our material issues, please see page 9 and our social impact report page 5

Our climate and nature strategy

We continue to deliver against our transition ambitions, promoting a 1.5°C Paris-aligned transition while investing for the long term.

Our purpose

Investing for the long term. Our futures depend on it.

Our execution strategy

Using climate and nature considerations to shape our investing, risk management and operations

Asset owner

Reducing the intensity of our financed emissions:

- Undertake responsible and climate aligned investing to decarbonise our proprietary assets.

Investing in the transition where it creates long term value:

- Investing in technology, infrastructure solutions and transitioning companies.
- Investing in nature-based solutions.

More information in our 2026 climate and nature transition plan page 10

Asset manager

Contributing to a net zero-aligned transition as an asset manager with £1.2 trillion of AUM.

- Work with industry to develop and enhance our collective approach to climate investing.
- Work with clients to achieve their net zero targets through solutions-led investment products.

Decarbonising real estate equity

- Deploying our real estate net zero roadmap.

More information in our 2026 climate and nature transition plan page 16

Our operations

Decarbonising our operations:

- Improve the energy efficiency of our occupied offices and real estate that we actively manage.
- Enhance the efficiency of new homes brought to the market.
- Manage business travel emissions.
- Engage with our employees.

More information in our 2026 climate and nature transition plan page 18

Adaptation and nature

- Further embed nature into governance, investment, risk and procurement frameworks.
- Build our understanding of, and strategic approach to, adaptation.
- Deliver internal training on wider climate and nature-related issues throughout the group.

Our engagement strategy

Engaging to support long-term value creation and a more resilient economy

Asset owner

Working for outcomes to ensure that our business remains resilient:

- Stay actively engaged with developments in policy, regulation, frameworks and industry best practice, both directly and via engagement with global associations.
- Partner with our Asset manager investee engagement activities to encourage our investments to transition.

More information in our 2026 climate and nature transition plan page 22

Asset manager

Driving greater action to address financially material climate and nature risk in the real economy consistent with our fiduciary duty.

- Deepen engagements with companies and policymakers to address bottlenecks.
- Engage with underperforming transition companies to unlock potential value
- Expand the universe where companies are held to account through voting under the CIP.

More information in our 2026 climate and nature transition plan page 23

Our operations

Decarbonising our operations:

- Engage with our key suppliers on their net zero strategies.
- Engage with occupiers, managing agents and facilities managers across real estate assets.
- Engage with leading industry bodies, to remain abreast of emerging best practices and standards.

More information in our 2026 climate and nature transition plan page 25

Adaptation and nature

- Deepen engagement with nature issues across all stakeholders.
- Engage to a greater extent with adaptation-related issues across all stakeholders.

Oversight and governance

Our key targets and progress

Here we highlight our progress over 2025.

Metric	Asset owner	Asset manager	Our operations
	GHG emissions intensity of our investments	**Net zero alignment of assets under management**	**Operational footprint (scope 1 and 2)**
Meaning	This is made up of our ownership share of the emissions related to the assets we invest in within the Group proprietary asset portfolio, as explained on pages 11 and 12. It includes equities, bonds and real estate, but not cash or cash equivalents, derivatives, accounting loans and any assets already covered in our operational footprint. It is measured per unit of investment.	We will work with clients and industry to develop and enhance our approach to climate investing, helping clients achieve their net zero targets through solutions-led investment products. In Private Markets, this also includes our real estate portfolio for which we have established a target to achieve net zero by 2050 (or sooner), supported by our net zero carbon roadmap.	This covers the operations we directly control, such as the energy from our occupied offices and from the management of assets within our Private Markets portfolio. See pages 15 and 16.
Targets	• Net zero asset portfolio, in line with a 'Paris' objective by 2050. • By 2030, reduce our portfolio GHG emissions intensity by 50%. • More granular SBTs, as detailed on pages 36 and 37.	• Net zero GHG emissions across all our AUM by 2050. • Net zero carbon for all of its real estate equity assets by 2050 or sooner. • 55% reduction in downstream leased real estate portfolio GHG emissions per square metre by 2030 from a 2019 base year.	• Net zero operational emissions by 2050. • We will reduce our absolute scope 1 and 2 GHG emissions by 42% by 2030 from our 2021 baseline[1] as validated by the SBTi. • Further more detailed targets are on pages 33 and 34.
Progress against our base year	• We have reduced the GHG emissions intensity of our investments by 35% from our 2019 target base year.	• Environmental specific engagements: 4,130 • Total emissions attributable to our AUM covered by our Climate Impact Pledge (CIP) - 80% • Real estate progress, 49%[2] reduction in the carbon intensity of the scope 3 emissions associated with the energy use per square metre, of our real estate equity occupiers, from a 2019 base year.	• We have reduced our scope 1 & 2 emissions (tCO_2e) by 26% from our 2021 target baseline[1]
Progress summary	We remain ahead of our 2030 decarbonisation target trajectory and have made good progress to date on our overall ambition. We expect fluctuations in our result year on year, due to both market movements and the relative composition of our asset portfolio, both reflected in the overall movement in 2025. We continue to see progress in investee company decarbonisation, with a reduction of 16% in emissions intensity in our utility sector holdings over 2025, and remain comfortable that this target is on track.	We held 4,130 engagements on financially material environmental issues in 2025, a significant increase from 2024. We continued to integrate sustainability and net zero criteria into new products, with 32% of new strategies featuring sustainability characteristics, and 20% of these net zero. For real estate assets, we continued to implement net zero measures, including occupier data quality improvements, which have supported scope 3 emissions reductions by replacing benchmark with actual data. We assess our approach towards our overall strategic target of total AUM net zero aligned by 2050 on a regular basis. Reflecting on the evolving client and industry approaches, we will continue to assess how our interim ambitions can best reflect our actions and impact. Where necessary, we will refine our approach to ensure it remains credible in the context of external developments and client expectations.	This year, we have recalculated our baseline and target progress in line with SBTi best practice. This was necessary due to the long-term nature of our science-based targets (SBTs) and significant changes to our underlying portfolio over the last few years. Recalculating the baseline ensures the integrity of our targets by only counting real emissions reductions as progress, as opposed to actions such as the disposal of an asset. Following the baseline recalculation, our target progress to date is 26% and we remain on track for our 2030 SBT and have made good progress in decarbonising our own operations and the assets we manage.

1. In line with SBTi guidance, our scope 1 & 2 target baseline is annually reviewed to reflect business and portfolio changes
2. Emission reductions have been supported by occupier data quality improvements, through the replacement of benchmark with actual data, For more information refer to our Real estate equity: Net-zero carbon roadmap

Evolving our approach to nature

The global context

The natural environment is fundamental to the long-term health of our social, economic and financial systems. It encompasses vital aspects of all our lives, from the food we eat to the air we breathe. Preventing and reversing nature loss is also essential in attempts to mitigate and adapt to the impacts of climate change.

Global awareness of the urgent need to protect nature has intensified, as is reflected in the Kunming–Montreal Global Biodiversity Framework and its commitment to safeguard 30% of land and sea by 2030. The UK Government has set legally binding targets to align with this framework, including halting species decline and restoring wildlife-rich habitats. Momentum continued this year at COP30 in Brazil, where accelerating action to protect against deforestation was a central theme. As with climate change, all businesses have a critical role to play in recognising nature-related risks and supporting opportunities that strengthen a resilient, nature-positive economy.

Our approach

L&G supports global efforts to halt and reverse nature loss by 2030, and we are building on the progress we have made in embedding climate-related considerations across our business model into our approach to nature. As we deepen our understanding of the ways in which nature underpins our activities, we are able to identify our material impacts and dependencies. To strengthen our approach, we have committed to being an early adopter of the TNFD, a framework that better enables us to integrate nature-related risks and opportunities into decision making while further improving our transparency.

> Nature underpins our economy. Investing in its resilience supports the long-term prosperity of our shareholders, customers, clients and communities.

Wendy Walford, Group Head of Climate & Nature Risk

Nature loss presents distinct challenges for our business, but we consider these issues through the same strategic lens as climate change. We assess our impacts and dependencies as an asset owner, through our operations, and as an asset manager, recognising that climate and nature are fundamentally interconnected. We continue to advance work to quantify how nature-related factors influence our business, both within our investment portfolio and across our operations. While this remains a complex and evolving area, we are committed to making meaningful progress and work with our industry to develop our understanding.

In 2025, we also published our Nature Framework, setting out why nature is considered a systemic risk and how we are responding to it, particularly through our engagement programmes. The Framework is supported by detailed existing and developing policies on deforestation, the circular economy, natural capital management, and water-related matters.

Metrics

As a supporter of the TNFD, we continue to align with its recommended metrics on a best-endeavours basis. The metrics outlined on page 35 highlights the exposure of our proprietary investment portfolio to nature-related impacts and dependencies. While access to reliable data remains a significant challenge for further alignment with TNFD guidance, we will continue to monitor improvements in external data capabilities and use them to build a more accurate understanding of our exposure to nature-related risks. We will maintain active engagement with these topics and integrate insights into our risk assessment processes as they emerge.

1,303

Number of nature-specific engagements made through our Asset Management division in 2025

35- 47%

Proportion of proprietary assets exposed to highly nature-dependent sectors

Asset owner

As with climate risk, our primary exposure to nature-related risks lies in our £108.3 billion of proprietary assets, where we have full control over the investment strategy. Addressing nature risks within this portfolio is essential for protecting and creating long-term value. Our metrics given on page 35 align with TNFD guidance for financial institutions, and we continue to develop the quantification of the risks, using this to inform us how our capital can be directed towards nature-positive outcomes.

Asset manager

Nature loss is a systemic risk that must be managed to protect value in our £1.2 trillion of AUM over the long term. These are primarily the assets we manage on behalf of our clients. As an asset manager, we have made nature a core pillar of our engagement with policymakers and investee companies. We have also developed nature-positive investment products that deliver strong commercial performance while supporting positive nature and social outcomes.

Our operations

Our operations are our direct interface with nature, and we have reported our environmental performance metrics, such as on waste and water, for several years.

In 2025, we also explored how to optimise the environmental performance of some of the land we own to lessen the environmental impact of our business. Our initial focus has been on an afforestation and habitat-creation initiative at Pudding Wood, a 155-hectare site in southern England (see page 10).

Climate and nature-related risks and opportunities

In 2025 we began a further assessment of our sustainability impacts, risks and opportunities (IRO), building on the findings of our 2023 review.

The objective was to ensure that the most material topics for L&G continued to be addressed. The findings of this round of review will be used to shape a revised Group sustainability strategy, which is expected to be reviewed and approved by our Group Management Committee in 2026.

We continue to use the taxonomy of issues identified in 2023. It includes 201 sustainability topics grouped into 59 themes and 11 mega-themes. We take 'sustainability topics' to mean themes which originate outside the Group, can be classified as 'ESG concerns, and are interoperable across industries and sectors of the economy.

Assessment steps

- Taxonomy definition
- Assessment of topic relevance and materiality to the Group
- Assessment of the fitness of our strategic approach
- Governance reviews

In considering their relevance to the Group, we considered each topic's ability to affect cash flows, access to finance or cost of capital over the short, medium and long term; the extent to which a given topic is a systemic risk or presents a reputational risk to the Group; and an evaluation of the Group's ability to impact its unfolding.

We have conducted our annual top-down review of the long-list against the conclusions drawn in 2023 and the Group's sustainability-related strategies. Although certain issues have increased and decreased in priority due to changes in our operating context, our overall approach to the most material issues, risks and opportunities remains appropriate: for example, we are already reframing our climate and nature strategy to take greater account of the need for adaptation, and we are very aware of the need for our sustainability strategies to reflect the emerging risks and opportunities presented by artificial intelligence.

Because our assessment and its implications for sustainability strategy remain subject to governance review, we have built our 2025 reporting around our previous IRO findings, responding to changes where appropriate.

Discover more
Social impact report

Our results

The table below sets out in more detail what we consider to constitute each theme. See our Social impact report for more detail.

Related to social impact

- Accessible and affordable housing
- Financial inclusion
- Infrastructure and real estate
- Health and wellbeing
- Corporate culture
- Diversity and inclusion
- Transparency of reporting

Related to social impact

- Climate change mitigation
- Biodiversity and ecosystem loss

Climate and nature-related opportunities and risks continued

While the risks from climate change and nature loss are increasingly clear, the transition to net zero, and the reallocation of capital to nature-positive outcomes, also creates opportunities. This page highlights material climate and nature-related opportunities and risks that our businesses have identified.

These are long-term assessments informed by our strategic priorities. They have changed slightly from previous years.

The impacts of these challenges on our businesses differ. This is detailed throughout this report. Impacts are also likely to shift over time, and we have used a heat map approach to illustrate when a specific opportunity or risk is likely to emerge most strongly. The impacts identified do not take account of management actions we will take.

Our opportunities are covered in more detail in the Strategy chapter, and risks in the Governance and risk management chapter.

Short, medium and long term

- Our short-term horizon looks at a three-year period.
- Our medium-term horizon looks forward up to 10 years.
- Our long-term horizon looks at the time horizon up to 2050.

TCFD recommendation

Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.

Key

Institutional Retirement
Asset Management
Retail

High impact · Medium impact · Low impact

Opportunities

Strategic pillar	Potential opportunities	Business area(s) most impacted	Horizon term: Short	Med.	Long
Asset owner	Directing our investments to support a low-carbon transition while investing in corporate, infrastructure and real estate climate and nature-based solutions.		High	High	High
Asset manager	Attracting and retaining clients by supporting them to decarbonise their investment portfolios, for example through net zero-aligned investment products and the provision of data and analytical tools.		High	High	High
	Managing funds that provide clients with access to financing opportunities in transition technologies and infrastructure and nature-positive outcomes.		High	High	High
Our operations	Enhanced returns from investing in homes and commercial properties by enabling them to operate with net zero carbon emissions and helping to protect and restore nature.		High	High	Medium
	Increasing our market differentiation through investment in low-carbon real estate, including reduced embodied carbon.		High	Medium	Low
	Protecting our returns by developing real assets with high levels of climate resilience.		Low	Medium	Medium

Risks

Strategic pillar	Potential opportunities	Business area(s) most impacted	Horizon term: Short	Med.	Long
Asset owner	Investments in sectors or companies which are adversely exposed to a transitioning economy lose value or are downgraded, and investments prove ineffective resulting in loss.		High	High	High
	Disruptive technology, including AI, impacting the value of investments.		Medium	High	High
	Increased frequency and severity of extreme weather events or increased nature loss, impacting on the value of physical assets or the value of companies with high exposures to these risks.		Medium	High	High
Asset manager	Loss of market share if investment solutions are perceived as not meeting evolving client needs.		Low	Medium	Medium
	A breach of evolving legislative or regulatory requirements may expose us to litigation or regulatory sanction and damage our brand.		High	Medium	Low
	Reputational risk from not meeting our own commitments, or if activities across the Group are not aligned.		Medium	Medium	High
Our operations	High delivery costs of low-carbon or nature-positive solutions for residential and commercial properties impacting viability.		High	Medium	Low
	High delivery costs due to changing climate and nature-related disruptions to our supply chain, leading to increased costs and material shortages.		Low	Medium	High
	Property values fall due to increased risk of extreme weather impacts, higher insurance costs or poor energy efficiency.		Low	Medium	High
	Not having the right skills for the future, or weakness in processes or systems, leads to customer detriment or reputational damage.		Low	Low	Low

Execution strategy

Overview

Our execution strategy sets out the actions we are taking to support our business. It focuses on areas where we have more direct control to drive meaningful progress against our climate goals.

As a financial services group, these actions are dependent on external factors such as an enabling policy environment, availability of assets that meet our investment needs, credible decarbonisation within the companies and sectors we invest in and technological advances.

> We are executing L&G's Climate & Nature strategy, delivering real world progress, strengthening nature- positive outcomes and increasing our climate resilience.

Carl Moxley
Group Climate Director

Key highlights

35%
portfolio GHG emissions intensity reduction

26%
reduction in scope 1 & 2 emissions from our 2021 baseline[1]

£4.4bn
Investment in transition finance

100%
of directly procured electricity from renewable sources

Pudding Wood

Building on our expertise in developing and managing real assets, we are exploring how we can bring the same approach to nature-based solutions. At the heart of this is Pudding Wood, a 155-hectare site in southern England, where we have designed a project to deliver high-integrity carbon credits while restoring local biodiversity. These credits will support our commitment to achieve net zero for group-wide business travel from 2030.

The site design includes planting 140,000 native trees and creating diverse new habitats, including broadleaved woodland, wildflower meadows and ponds, while enhancing existing ecosystems. We are targeting the establishment of new populations of local priority species such as the nightingale, great crested newt, hazel dormouse and Bechstein's bat.

During 2025, we worked with ecologists and arboriculture specialists to produce the site design, gathered baseline environmental data, engaged the local community in helping to shape the social benefits, and initiated the first phase of planting.

The project's key milestones include the completion of our first planting season in April 2026, concluding fully in early 2027 following a second winter of planting, with carbon credits being available from the site around four years later.

The site is expected to deliver approximately 25,000 high-integrity carbon credits during its lifecycle – supporting efforts to tackle the twinned crises of climate change and nature loss while increasing public engagement with nature. Crucially, the project is providing us with insights into how investments in nature-based solutions could be scaled up in the UK.

1. In line with SBTi guidance our scope 1 & 2 target baseline is annually reviewed to reflect business & portfolio changes.

The photograph on this page shows tree planting at our Pudding Wood site. We use plastic tree guards, using a minimum of 50% recycled material, to protect young saplings from wildlife during establishment. They are removed between years two to five, once the trees are able to support themselves, and are recycled at end of use.

Execution strategy

Asset owner

We have incorporated climate change and nature considerations into how we invest our £108.3 billion of proprietary assets[1].

2025 Performance progress

- We remain on track against our 2030 decarbonisation target for the GHG emissions intensity of our investments, achieving a 35% reduction[2].
- We extended our investments in climate and nature solutions, including debt conversions for nature and clean energy infrastructure.
- We continue to evolve our understanding of our impacts and dependencies on nature, exploring our investment portfolio's exposure to deforestation, and highly nature-dependent sectors.

2025 Highlights

- £4.4 billion invested in Transition Finance.
- £0.3 billion invested in Nature-based solutions.
- Continued progress to phasing out investments in coal and oil sands by 2030, with less than 1% portfolio exposure[3] remaining.
- Continued focus on delivering against our more granular SBTi-verified targets (see Metrics and Targets section for more detail).

Our strategy

Our primary climate risk exposure lies in our proprietary assets[1]. We believe that addressing this systemic risk in our proprietary asset[1] portfolio, is key to protecting value over the long term.

Our investment approach aims to mitigate risks by reducing the intensity of our financed emissions and maximising our impact by investing in the transition.

Our proprietary assets

Our proprietary assets[1] are the £108.3 billion of assets that L&G own and where we control the investment strategy. Our proprietary assets contain both direct and traded securities across different asset classes.

TCFD recommendation

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

Through reducing the intensity of our financed emissions

We are committed to a net zero asset portfolio, in line with a 'Paris' objective, by 2050, for our £108.3 billion of proprietary assets. Our proprietary asset portfolio is managed under a decarbonisation strategy that combines transitioning to lower-carbon investments through new business flows and phasing out high-carbon legacy holdings. Engagement with investee companies is central to ensuring alignment with Paris-aligned pathways, supported by exclusions where necessary. Success depends on investee decarbonisation, supportive government policy, and the availability of attractive transition assets.

Table 1: Total Group assets analysed by investment class

	Direct investments[4] 2025 £m	Traded securities[5] 2025 £m	Total 2025 £m	Total 2024 £m
Equities	**1,400**	**672**	**2,072**	2,948
Bonds[3]	**27,067**	**60,678**	**87,745**	87,172
Derivative assets	**–**	**41,625**	**41,625**	49,195
Property[4]	**6,839**	**–**	**6,839**	5,955
Loans	**194**	**1,070**	**1,264**	2,714
Financial investments	**35,500**	**104,045**	**139,545**	147,984
Cash and cash equivalents	**187**	**2,714**	**2,901**	3,757
Other assets	**1,040**	**–**	**1,040**	1,479
Total investments	**36,727**	**106,759**	**143,486**	153,220
Retained US portfolio[5]	**2,780**	**4,108**	**6,888**	–
Total investments + Retained US portfolio	**39,507**	**110,867**	**150,374**	
Non-retained US portfolio			**3,705**	
Total proprietary assets[1]			**108,289**	97,554

1. We define proprietary assets as total investments to which shareholders are directly exposed, minus derivative assets, accounting loans and cash and cash equivalents.
2. From a 2019 base year.
3. Investments with more than 5% revenue exposure to coal and oil sands.
4. Direct investments, which generally constitute an agreement with another party, represent an exposure to untraded and often less volatile asset classes. Direct investments also include physical assets, bilateral loans and private equity, but exclude hedge funds.
5. Traded securities are defined by exclusion. If an instrument is not a direct investment, then it is classed as a traded security.
6. Bonds include lifetime mortgage loans of £5,756 million (31 December 2024: £5,861 million).
7. Retained US portfolio includes the investment portfolio of the US PRT business that the Group will continue to be exposed to after completion of the sale.

Execution Strategy continued

However, the global trajectory currently overshoots the 'Paris' objective, increasing the risk of unmet commitments, while data gaps and inconsistent methodologies continue to challenge accurate disclosure. We remain ahead of our 2030 decarbonisation target trajectory and have made good progress to date on our overall ambition. In 2025 we have seen decarbonisation within our utility sector holdings, through a combination of trading activity alongside portfolio investee decarbonisation.

We expect short term fluctuations in our result year on year due to both market movements and the relative composition of our asset portfolio which can be both positive or negative. Over the last year, we have seen a 2% reduction in our overall progress arising from foreign exchange rate movements and increasing sovereign exposure, which currently has a higher emission intensity than our non-sovereign portfolio, offsetting our utility sector decarbonisation. We expect these impacts to reverse in the medium term and remain comfortable that our 50% reduction by 2030 target is on track

Through investing in the transition where it creates long term value

We remain committed to directing our investments to support the transition where this aligns with our risk appetite and regulatory criteria, and we see a significant investment opportunity in doing so. We invest across a range of asset classes, each with considered strategies to support the transition to net zero and to date, we have invested £4.4 billion in transition finance, including £1.7 billion in renewable energy, £2.1 billion in green bonds and £0.6 billion in other solutions (such as technology, infrastructure and real estate), which supports the transition and helps build our resilience to climate risk. We are committed to increasing the financing of climate solutions where it creates long-term shareholder and customer value, while also reporting progress on investments in nature-based solutions.

Direct investments, which total £39.5 billion, span private credit, real estate and infrastructure with climate and nature considerations integrated into decision-making processes, as described in our 2026 Transition Plan.

Temperature Alignment target metrics

We call out our dependencies in the text to the right and these are particularly important in relation to the underlying methodology supporting the SBTi temperature rating metrics (as detailed further in the Metrics and Targets section), which rely on investee companies adopting Science based targets. These metrics measure and provide a score for the implied warming potential of a company depending on the target ambition of the company.

The methodology sets a default temperature (3.2 degrees) where there is no target, and this has a very significant impact on our overall results given the proportion of companies that have not yet set their own targets. Whilst there continues to be progress, with over 40% of global market capitalisation[1] having science based targets, we do not have confidence that this target is achievable in the short term as it would rely on a very significant shift and adoption over 2026. We will continue to engage, but we are heavily reliant on the actions of others.

Nevertheless, we believe that a longer term trajectory target and perspective remains important. As a result, we had identified these targets as "focus areas" last year and have been engaging with the release of the longer term SBTi Financial Institution Net Zero Standard in June 2025, as part of the associated expert advisory group, which has further considered "portfolio climate alignment" target requirements. We are also supporting wider industry developments on this topic. As these discussions and industry best practice evolves, we will review our "portfolio climate alignment" target approach over 2026 and will provide an update on this review within our 2026 Climate and Nature reporting.

Nature and adaptation

We have invested £0.3 billion in Nature-based solutions while we are building our understanding of the wider Group proprietary assets' exposure to nature-related risks. We started by focusing on risks that cross the climate and nature risk nexus (such as risks from deforestation), while also referring to the TNFD guidance for financial institutions.

Over 2025, we continued to build our nature investment data capability, focusing on the metrics covering deforestation and sectors with material nature-related dependencies metrics.

In relation to deforestation, 10% of our holdings, as at end 2025, are with c.400 companies who have been identified on data sources related to tracking potential deforestation risk exposures, suggesting possible risk exposure. To understand more, we continue to deepen our oversight and underwriting where we can to mitigate exposure identified while data provision matures, including continued industry engagement alongside Asset Management.

Looking wider than deforestation, 35–47% of our holdings are currently exposed to a set of sectors considered to have material nature-related dependencies and impacts, as described in the TNFD financial sector guidance[2]. A range is provided, noting the data gaps and resultant uncertainties in mapping our exposures to the defined sectors.

Dependencies

Our transition will be dependent on investee entities having, and delivering on, their decarbonisation targets; as well as the delivery of government policy, and the availability of attractive assets for investing in the transition. The world is not currently on a pathway that will limit global warming to 1.5°C, which increases the risk of us not meeting our long-term commitments. The lack of reliable, accurate, verifiable, consistent climate and nature-related data continues to make accurate disclosures and assessments of both opportunities and risks challenging.

Image Source: The AfDB

Togolese Republic supported by African Development Fund

In 2025, L&G was co-mandated lead arranger on a sustainable development loan totalling €200 million to the Togolese Republic, benefitting from a Partial Credit Guarantee from the African Development Fund (ADF), the concessional lending arm of the African Development Bank (AfDB). This is the first time L&G have lent directly to an emerging market sovereign.

The opportunity was identified to support sustainable development opportunities in Togo and is the first loan issued under Togo's sustainable finance framework. The use of proceeds includes projects related to climate adaption initiatives, biodiversity preservation programmes, sustainable agriculture development, access to clean and affordable energy and pollution control measures.

Togo has limited access to long term, affordable climate financing and faces structural barriers in meeting its sustainable development goals. This financing supports critical environmental and social programmes aligned with national SDG targets, reinforcing strong governance signals about Togo's commitment to sustainable development. The transaction establishes a replicable model for insurance-backed sovereign financing in emerging markets, enabling access to long term, competitively priced capital for countries that traditionally face prohibitive borrowing costs.

1. https://sciencebasedtargets.org/reports/sbti-trend-tracker-2025
2. https://tnfd.global/wp-content/uploads/2024/06/TNFD-Additional-guidance-for-financial-Institutions_v2.0.pdf?v=1728035523

Asset manager

Asset Management is committed supporting long term value creation by helping our clients manage the risks and seize the opportunities linked to the challenges of climate change and nature loss aligned with our clients' interests

2025 performance progress

- We achieved 1st place in Global Canopy's Forest 500 annual assessment in the financial institution category for deforestation, reflecting the continued strength of our work in nature.
- In 2025, we continued to see tangible improvements through our Climate Impact Pledge, with a higher proportion of companies assessed meeting our minimum expectations.
- We achieved a 49% reduction in the carbon intensity of the scope 3 emissions associated with the energy use of our real estate equity occupiers, from a 2019 base year

2025 Highlights

- We see increasing interest in responsible investment with £496 billion invested in responsible investment strategies, accounting for 42% of our total AUM
- In 2025 we expanded our product range, with 32% of new products having sustainability considerations, of which 20% are aligned to net zero.
- We launched the Nature and Social Outcome (NASO) strategy, which is committed to investing $235 million (£183 million) in emerging markets to advance nature conservation and sustainable development.

Through the products we offer

Our investment philosophy and processes are focused on creating value for our clients over the long term. To this end, our responsible investing approach incorporates financially relevant sustainability characteristics into investment decisions, where consistent with the achievement of investment objectives, and works alongside our engagement efforts, targeting value creation to support real world outcomes.

Since we set our net zero aligned AUM by 2050 ambition in 2021, we have worked towards our interim threshold of managing 70% of eligible net zero aligned AUM by 2030 (excluding government securities and derivatives).This includes 100% of L&G's own listed investments, which are already managed to net zero aligned objectives.

Responsible investing and net zero frameworks

We are committed to embedding sustainability considerations across asset classes and investment strategies.

We believe that incorporating financially material sustainability criteria, where relevant to our clients, can create long term value and drive positive change. Our integrated responsible investment framework outlines how we aim to drive value through aligning our strategies towards clear, consistent and demonstrable sustainability objectives. ensuring consistency with regulatory expectations. Alongside this, our net zero approach sets out standards for net zero aligned funds and portfolios, guiding product development to meet evolving client needs.

Developing products and solutions

Within Asset Management, we have developed a range of tools to embed climate and nature considerations into our investment decisions and client solutions, in line with client needs. These include proprietary ESG assessments that inform our engagement with companies, as well as our voting and investment decisions.

Key examples include the L&G ESG Score – used in the development of investment solutions; the Climate Impact Pledge - our flagship engagement programme (see Asset Management engagement section for more detail on page 19); and the Future World Protection List, which excludes companies that fail to meet globally accepted business practices on human rights, sustainability, or L&G's minimum requirements on the carbon transition.

Throughout 2025, we continued extensive dialogue with clients and consultants on climate and nature to better understand their position and priorities. Over the past five years, the discussions have evolved from a focus on portfolio alignment alone to a broader recognition that higher-emitting 'brown' companies require capital, supported by deep engagement to transition successfully.

Execution Strategy continued

This is exemplified in our Climate Action strategy, which invests in companies that are 'climate laggards' and engages with them to drive real-world outcomes. We will continue to broaden the accessibility of this fund range in response to evolving client needs. In 2025, we built on our commercial momentum in Climate and Nature with the launch of new strategies.The NASO strategy[1], launched in 2025, is committed to investing $235 million (£183 million) in emerging markets to advance nature conservation and sustainable development.

The strategy leverages innovative, credit-enhanced financial structures and deploys capital through projects that aim to deliver strong commercial returns alongside measurable positive outcomes for people and the environment. We will continue to invest in sustainable financing opportunities in emerging markets, aiming to build on L&G's current total commitment of $1.2 billion (£860 million).

The L&G NTR Clean Power (Europe) Fund, which reached final close in March 2025, supports climate change mitigation, through investment in clean power infrastructure assets across Europe. We are exploring further related strategies with this partnership to enable us to continue to support investments that can accelerate the transition to a low-carbon energy system.

Outlook and dependencies

We assess our approach towards our overall strategic target of total AUM net zero aligned by 2050 on a regular basis. We have made tangible progress towards this overall aim, through our actions and active engagement. Our progress towards meeting our interim target has been as expected to date but we foresee increasing challenges with the accelerated adoption of climate investment required over the next few years.

Therefore, we will review how our interim plans and targets can best reflect achievement of our net zero 2050 objective, taking into account evolving client and industry approaches. Our progress is dependent on a supportive policy environment, increased data quality and availability, and the willingness of investee companies to integrate financially material climate and nature considerations into their strategies.

IDB Amazonia Bond

As part of the L&G Nature and Social Outcomes strategy, L&G participated in the world's first Amazonia Bond, issued by the Inter-American Development Bank (IDB), focused on protecting one of the planet's most vital ecosystems. The bond was issued under the IDB's new Sustainable Debt Framework and aligned with the Amazonia Bond Issuance Guidelines developed by IDB and the World Bank, with the proceeds financing projects that aim to help curb deforestation, conserve biodiversity, and strengthen local livelihoods and economic resilience across the Amazon region.

Our operations

We are changing the way we operate to decarbonise our business.

2025 performance progress

- We remain on track to deliver our SBTi validated scope 1 and 2 emissions reduction target of 42% reduction in location based emissions by 2030 from a 2021 baseline[1]. To date, we have achieved a 26% reduction in our scope 1 & 2 emissions from our 2021 baseline[1].

2025 highlights

- We have achieved several targets during 2025, namely;
  - 100% of directly procured electricity was from a renewable source.
  - we diverted 100% of waste from landfill.
  - we exceeded our target to reduce core occupied office waste.

Our operational strategy

Our objective is simple, to reduce emissions from our operations in line with our SBTi validated target and our wider net zero and nature ambitions. In doing so, not only will we actively drive emissions reductions, but we will also future proof our businesses by minimising our exposure to climate and nature risks and strengthening our overall performance.

Our operations, whilst smaller in terms of annual carbon emissions than those from our investments, are a key component of our climate transition, impacting both our own carbon footprint and our pathway to achieving net zero.

Our operational emissions are created by the £20 billion of assets we own within our real estate equity and our housing and urban regeneration businesses, alongside the activities of our 10,548 employees working predominantly in the UK but with a wider global presence.

These are emissions over which we have more direct control and therefore have the opportunity and a strong commitment to effectively manage and reduce. Our operational footprint also includes the emissions associated with our procurement of £978 million of goods and services from over 2,000 suppliers.

Our primary aim is to improve the energy efficiency of our occupied offices and the real estate that we actively manage, focusing predominantly on removing gas from buildings we own and control, and by improving the energy efficiency of our operations.

To enable us to track our progress and to ensure we align with the latest scientific thinking, we have set a SBT to reduce our scope 1 & 2 emission by 42% by 2030 from a 2021 baseline[1]. This target is set on location-based emissions, and means that whilst we procure all our electricity from renewable sources, our focus is on the delivery of energy efficiencies across our business rather than simply reviewing energy procurement options.

Through the management of the offices we occupy

Whilst our core occupied offices only represents 8% of our scope 1 & 2 emissions, it is an area where we have direct control. We have therefore, set a target specifically for our core occupied offices, 'from 2030, our occupied offices[2] scope 1 and 2 will operate with net zero emissions'. This target informs our office location strategy, shaping how we come together to work and collaborate in our offices. A key milestone towards achieving this target is the planned move to a new Head Office in 2027, which modelling indicates will be twice as efficient as our current head office.

Through the management of the real estate we own and manage

We hold an extensive real estate portfolio, across commercial and residential property, through managed funds and operational assets in our housing and urban regeneration businesses. The emissions associated with managing these assets, produced from the fuels and electricity that we purchase and control as a landlord, are the largest contributor (c17.5k tCO_2e) to our operational footprint.

For our real estate portfolios we have committed to achieve net zero carbon by 2050 (or sooner), and that from 2030, all new homes we deliver will be enabled to operate at net zero carbon emissions.

The primary objective of these commitments is to future-proof our portfolios, as we believe this will protect our own and third-party capital by mitigating risks associated with climate change, and add value to retained assets. The portfolio is also captured by our commitment to achieve 55% reduction in carbon intensity across scope 3 emissions associated with occupier energy use by 2030.

Our sustainability data strategy has been strengthened through improved accuracy and robustness of occupier data. We've achieved this by;

- Installing automated meter readers across our assets to collect occupier consumption data
- Embedding digital occupier engagement platform, Vizta, across 512 assets.
- Collecting supplier-specific energy consumption data, minimising the need to collect directly from occupiers. This significantly increased data coverage, in particular for our housing businesses.

1. In line with SBTi guidance our scope 1 & 2 target baseline is annually reviewed to reflect business & portfolio changes.
2. Applies to offices L&G employees occupy where L&G have direct operational control, as defined by the Global Real Estate strategy.

Execution Strategy continued

Our Integrated Energy Solutions (IES) framework also supports progress towards net zero by accelerating the deployment of technologies such as on-site renewable energy generation, electric vehicle (EV) charging, and the potential for microgrid and battery storage projects. This strategic and holistic approach has supported the installation of photo-voltaic panels on 63 assets, EV chargers on 123 assets, with a pipeline of 35 additional projects currently in development.

Given substantial interactions between assets and nature throughout the real estate value chain, we consider biodiversity an important aspect of responsible property management. We are therefore taking the following actions;

- Aligning all new developments with Biodiversity Net Gain (BNG) planning requirements supported by internal guidance to facilitate regulatory implementation.
- Across existing assets, the Industrial Property Investment Fund (IPIF) partnered with Biora to develop a biodiversity strategy. Using satellite technology and AI, initial baselining was conducted for over 40 sites, providing estimates of current biodiversity and identifying improvement opportunities. This analysis will support the Fund in determining the ecological and commercial considerations associated with delivering BNG.

Working with specialists XDI and Marsh we've conducted granular physical climate risk analysis across all real estate portfolios and have continued to evolve our approach to managing associated risks. More information is available in the Scenarios section.

Dependencies

Whilst the success of our transition to net zero will ultimately be defined by the decisions we make, external dependencies also have a role to play in our transition. For example, we are reliant on electricity grids decarbonising at their committed pace to enable us to meet our targets.

Net zero standards continue to evolve, and we may need to adapt our strategy to align with industry best practices and emerging technological advancements.

Our actions to manage our operational footprint to 2030 may not lead to a linear annual reduction, as we are in a period of business growth. This means that we may see an increase in our absolute carbon footprint before the impact of our carbon reduction and energy efficiency actions result in a more rapid reduction in carbon to achieve our 2030 targets. We plan to scale up these initiatives to 2030, as well as seeking new innovative solutions to support our operations.

We have, and will continue to, prioritise emissions reductions; however, we recognise that to achieve net zero status, we will require high quality carbon offsets to address residual emissions in the future.

Given the ongoing challenges with the voluntary carbon offsetting market, we are creating our own nature-based solutions project and nature partnerships to generate robust nature-based carbon credits to meet our future net zero requirements.

One Piccadilly Gardens

Across our real estate portfolio, we are implementing measures to remove gas in line with our aim of phasing out all landlord gas by 2030 for landlord-controlled areas. This includes One Piccadilly Gardens, Manchester in the Managed Property Fund, where we fully electrified the building by removing an obsolete gas boiler and replacing it with all-electric technology. Removing gas and installing a combination of the air source and water source heat pumps enabled us to deliver significant carbon savings and other sustainability-related improvements, following completion in 2025. This includes:

- Projected savings of 110 tCO_2e annually.
- Improving the building EPC rating from D to B, whilst maintaining a fully operational building for the existing tenants.
- Increasing the Managed Property Fund's utilisation of renewable energy sources.

Although the cost was higher for the heat pump than for a like-for-like replacement of the gas boiler, the forecasted carbon savings and appeal in the market for all electric buildings enabled the Managed Property Fund to hit its annual energy reduction target from this project.

Engagement Strategy

Overview

Our engagement strategy outlines how we advocate for and promote positive climate and nature outcomes. It seeks to work with partners who we are dependent on if we want to see real world impacts from our climate ambitions. It recognises that the changes needed to decarbonise require system wide changes and is targeted to safeguard and drive long-term value for our clients, customers and shareholders.

While outcomes cannot be guaranteed, strategic engagement enables us to amplify our impact, help shape enabling environments, and support the systemic changes required to meet long-term climate and biodiversity goals.

> The financial implications of climate change and nature degradation can be mitigated by genuine transition and action in the real economy. Our engagements with companies, policymakers and other key stakeholders are focused not just on disclosures, but on the actions needed to address obstacles to change.

Amelia Tan Head of Responsible Investment and Stewardship, Asset Management

Key highlights

56%
CIP covers total corporate securities by value that we invest in on behalf of our clients

49%[1]
reduction of carbon intensity of occupier energy use across real estate equity assets

76%[2]
of suppliers by spend have a science-based target.

80%
Carbon emissions attributable to AUM covered by the Climate Impact Pledge

Fortum

Challenge

In 2022, the Nordic energy company Fortum committed to become carbon-neutral by 2050, and although the company had produced disclosures related to its plan to achieve this, we believed that it needed to go further in developing a resilient strategy that would support sustainable value creation. As a result, we co-led investor engagement with Fortum within the Climate Action 100+ initiative (CA100+).

Impact

In 2023, after a series of collaborative engagements the company expanded its climate change ambitions. Although undeniably ambitious, we continued engagement with Fortum to understand how it would implement its plans.

In 2025, the SBTi approved Fortum's 1.5°C-aligned science-based emission reduction targets. The company also disclosed its transition plan, which included detail on how it would meet its emissions reduction targets. Furthermore, in 2025 the company published its most recent Climate Lobbying Review, taking our feedback into consideration.

We recognise Fortum's progress on its transition approach and we have publicly supported their meaningful improvement. As a result, in 2025 we stepped back from our co-lead position within CA100+, and we have focused our engagement efforts on other companies to bridge the gap between their plans and the benchmarks we hold them to.

1. From a 2019 baseline.
2. We define a target as science based if it is aligned to SBTi criteria i.e. is a mid term reduction target with enough ambition to align with the global net zero trajectory.

Engagement strategy continued

Asset owner

As a Group (including Asset Owner activities) we engage mainly to keep abreast of developments in policy, regulation, frameworks and industry best practice, inputting our expertise and knowledge to help shape these so there is certainty and a supportive enabling framework for the sectors in which we operate..

We also advocate for more consistent disclosures to ensure the risks from climate and nature are clearly shown and are comparable as this ensures more robust investment decision making.

2025 Highlights

- We engaged widely across our stakeholder groups on climate and nature topics.
- Recent engagement examples include regular dialogue with the UK Government, active participation at COP30 and London Climate Action Week (LCAW) and responding to regulatory and policy driven consultations from the PRA and Department for Energy Security and Net Zero (DESNZ) respectively.
- Ongoing engagement with the NZAOA and SBTi in relation to financial sector decarbonisation.

Working for outcomes to ensure our business remains resilient:

Climate change and nature loss present interconnected and material risks to the financial system which can only be fully addressed via collective action. We believe that constructive engagement with companies, policymakers and all key stakeholders is the best way to catalyse this collective action and ensure continued progress towards net zero. This in turn helps to ensure a more supportive policy and regulatory framework and assists investees and suppliers to implement changes in their own organisations thus advancing credible, transparent and effective climate and nature action.

Outlook and dependencies

As an Asset Owner – we value active engagement across our whole portfolio, executing this through our Asset Management approach to encourage our investments to transition, encourage more consistent disclosure and ensure we are protecting the value of our assets.

Our portfolio emissions directly relate to the carbon footprint of our investee companies and counterparties. An important aspect of our decarbonisation strategy is through active engagement across the economic landscape, and specifically investee companies, to support sector and economy-wide decarbonisation.

Alongside close monitoring of the political and regulatory landscape, we continue to engage with policymakers, regulators and investee companies in support of climate action. While there are challenges in measuring the impact of our engagement, our strategy is based on active engagement with consequences. This is pursued by our Asset Management division on the group's behalf, with climate and nature identified as a key theme within our Investment Stewardship activities and summarised in our annually updated CIP programme and Nature Framework. More information on our engagement approach is given in the Asset Manager activities in the following page.

We also engage with sovereigns, particularly in relation to policy and regulation considerations, to create the most effective investment environment for scaling long-term investment into the transition.

Increased dialogue with borrowers pre- and post-investment is being used to improve disclosure and drive more positive outcomes across the portfolio. This includes working with borrowers to incorporate ESG into deal structures, such as the development of sustainability-linked loan structures and the incorporation of ESG reporting covenants. Sustainability-linked loan structures incentivise a borrower to achieve specific sustainability-related targets and have been used across several sectors, including to support housing associations with their net zero transition.

We review our engagement strategy across the Group at least annually, to ensure it is still informed by science and aligned with our key priorities and risk appetite.

Key 2025 engagements include:

- Clients - signatory to the Sustainability Principles Charter for the Bulk Annuity Process, including contributing to the creation of the Bulk Annuity Sustainability Survey (BASS)[1]
- SBTi - Financial Institution Net Zero Standard Expert Advisory Group and Corporate Net Zero Standard v2 draft consultation response
- NZAOA - Policy Track Co-Lead, alongside continual engagement with Monitoring, Reporting and Verification (MRV) and Financing the Transition Work tracks
- COP30 - In support of NZAOA policy objectives
- Department for Energy Security and Net Zero (DESNZ) - Consultation response on Transition Plan requirements
- PRA - Consultation response on CP10/25
- Climate Financial Risk Forum (CFRF) - Financial Resilience Working Group, providing case study input into "Quantitative Climate Scenario Analysis in Financial Decisions"[2] publication.
- World Economic Forum (WEF) - Contributed to the "Nature Positive: Corporate Assessment Guide for Financial Institutions"[3] publication
- Energy Transition Commission (ETC) Commissioners - Four commissioned reports and numerous other briefing notes published in 2025
- Aldersgate Group – Contributed to a number of responses and consultations.
- In addition to the above, we had an active presence at industry events throughout the year, including at London Climate Action Week (LCAW), where we participated in talks highlighting the growing activities in relation to adaptation and nature, as highlighted in the Execution strategy sections.

1. https://www.accountingforsustainability.org/en/about-us/our-networks/asset-owners-network/bulk-annuity-sustainability-principles-charter.html
2. https://www.fca.org.uk/publication/corporate/quantitative-climate-scenario-analysis-financial-decisions-case-studies.pdf
3. https://reports.weforum.org/docs/WEF_Nature_Positive_Corporate_Assessment_Guide_for_Financial_Institutions_2025.pdf

Asset manager

We have been committed to active engagement to represent investor rights since L&G's Asset Management business was established in 1970, and our dedicated Investment Stewardship team was formed in 2000.

Our 'universal ownership' approach to investment stewardship reflects our belief in using corporate engagement and policy dialogue to drive long-term value creation and shape the future by encouraging more sustainable, long-term practices from the companies and assets in which we invest..

We also maintain active dialogue with our clients, using each engagement as an opportunity to confirm our climate and nature goals are aligned with client expectations.

2025 Highlights

- We conducted 4,130 engagements on financially material environmental issues in 2025, including climate change, deforestation and climate mitigation.
- L&G contributed to the development of the Practice Standards for Debt Conversion Projects for Nature, Resilience and People as members of the Advisory Group.

Through our engagement

Climate Impact Pledge (CIP)

As a universal owner on behalf of our clients, we seek to address systemic risks that are financially material. We believe climate change is a financially material issue for our clients' portfolios and that recognising risks and opportunities in scaling solutions for a low-carbon transition is key to long-term value creation. Our Climate Impact Pledge (CIP)[1] is a two-fold engagement programme that promotes best practice on climate and nature across 20 climate-critical, high-emitting sectors.

The quantitative stream assesses over 5,000 companies, and the qualitative stream focuses on direct engagements with 'dial-movers' in climate critical sectors. It covers 56% of the corporate securities we manage and 80% of associated emissions as at 31 December 2025.

In 2025, we continued to see tangible improvements through CIP, with a 46% reduction in companies identified for votes against in our quantitative stream, and a 24% reduction in companies identified for votes against driven by 'dial-mover' engagements versus 2024, reflecting improved company alignment on climate and nature expectations.

One company was reinstated following progress, while escalation remained in place where standards were not met[2]. Further detail is available in our 2026 Climate and nature transition plan.

Our climate collaborations include[3]:

- Better Buildings Partnership
- Climate Action 100+
- Finance for Biodiversity Pledge
- Glasgow Financial Alliance for Net Zero
- Institutional Investors Group on Climate Change
- Nature Action 100
- Net Zero Asset Managers initiative
- Principles for Responsible Investment (PRI)
- Science Based Targets initiative
- Sustainable Markets Initiative
- UK Green Building Council.

Engagement on nature

In 2025, we continued to increase our focus on nature through targeted engagement and achieved 1st place in Global Canopy's Forest 500 annual assessment in the financial institution category for deforestation. Our Deforestation Progress report summarises the progress we have made in achieving our deforestation milestones, in line with the Finance Sector Deforestation Action commitment.

Engagement in Private Markets

Within Private Markets[4], we tailor engagement to each asset class to focus where we can have an impact. In real estate, this means working with occupiers, and facilities and property managers to support our sustainability initiatives (see page 20).

In private credit, we engage with borrowers to assess ESG risks and identify opportunities for positive outcomes. This includes ESG assessment at pre-investment, incorporating ESG considerations into transaction structures such as sustainability-linked or use-of-proceeds loans, and ongoing post-investment engagement to monitor ESG risks and KPIs.

Collaborations and policy engagement

In 2025, we continued to demonstrate thought leadership and market engagement, maintaining a strong external presence through public convening, industry initiatives and policy engagement, including participation in the annual PRI conference, and collaboration with peers and asset owners on climate and nature finance issues. L&G also contributed to the development of the Practice Standards for Debt Conversion Projects for Nature, Resilience and People as members of the Advisory Group. This follows L&G's commitments to multiple debt conversions in developing countries since 2021 across Ecuador, Belize, Gabon and Cote d'Ivoire.

Dependencies

Progress in achieving climate and nature goals is dependent on the willingness of companies to embed sustainability into core strategies, treating it as fundamental to long-term success. Progress will also rely on strong policy frameworks that drive changes needed, paired with reliable data and transparent reporting, critical for tracking progress and for company accountability.

1. am.landg.com/en-fi/institutional/responsible-investing/climate-impact-pledge/
2. Companies are divested from selected funds with £236 billion in assets in total (as at 31 December 2025), including funds in the Future World Fund range, Asset Management's ESG Fund ranges, and the established standard default investment options in L&G Workplace Pensions and the L&G Mastertrust. Companies are divested up to a pre-specified tracking-error limit. If the tracking-error limit is reached, holdings are reduced rather than fully divested. Asset Management's total AUM was £1,197 billion as at 31 December 2025.
3. For our climate collaborations, we are at all times entirely responsible for our investment and voting decisions, and always act completely independently when determining our own strategies and practices, which we do solely for the benefit of our clients.
4. L&G's private markets platform manages private assets across real estate, infrastructure and private credit across a range of solutions for pension schemes and institutional clients. As a leading investor and owner-operator in private markets, L&G looks to meet the needs of our stakeholders by fostering long-term relationships and delivering positive outcomes.

Our operations

Our ability to achieve our operational near-term targets and overall net zero ambition is dependent on how we engage with a range of stakeholders, from employees, building occupiers, building managers and supply chain partners.

Details on how we engage with key partners and employees to deliver the operational elements of our strategy are given below.

2025 highlights

- 76% of suppliers, by spend with a science-based carbon reduction target[1]
- Our award-winning Symphony Model, a smart building & optimisation strategy.
- Alongside our Carbon Disclosure Project (CDP) A list rating for Climate & Supply chain we also completed the Forest and Water questionnaires for the first time in 2025, achieving B in both, strengthening our external engagement on key nature topics.

Our Employees

Our employees are critical to the success of our strategy, we therefore need to ensure they are equipped with the necessary knowledge and tools. To meet this need we deliver training on nature and climate at all levels;

- At board level we focus on raising awareness around climate scenario analysis to ensure our boards and senior leaders understand climate-related risks and opportunities under different future pathways and how inputs to these models impact the credibility of outputs.
- We have an ESG training academy for our employees, to increase visibility of key climate and nature topics and show how they interact with key L&G roles.
- We have dedicated climate and nature pages on our internal hub (intranet) which includes information on our targets and performance, as well as information on how employees can make sustainable choices.
- During 2025 we initiated a Climate & Nature Symposium, drawing together expertise from across our business. The symposium provides a platform for internal experts to connect and share expertise on core and emerging climate and nature related topics across the Group.
- At Pudding Wood, our woodland creation project near Gatwick, we have been engaging with the community and other local stakeholders, including wildlife organisations and Gatwick Airport, to ensure open dialogue and to inform them of our progress.

Real Estate Assets

Across our real estate assets we work with our occupiers to improve data coverage through measures including sub-metering, collaboration on net-zero initiatives, and strengthened net-zero clauses in leases, supported by our digital occupier platform, Vizta. Our engagement also includes working closely with our facilities and property managers through annual targets, quarterly engagements and performance monitoring, ensuring alignment between operational teams and strategic sustainability objectives.

Our award-winning Symphony Model, a smart buildings and optimisation strategy, encapsulates this coordinated approach, improving occupier experience and air quality, reducing maintenance costs and generating energy savings.

Supply chain

The procurement of £978 million of goods and services, from over 2,000 suppliers, has associated impacts on climate and nature. We are strengthening our processes, including a new third-party risk management tool, to enable us to better monitor supply chain partners and to ensure that we align our core procurement decisions with our net zero and nature ambitions and to work with aligned partners in our value chain.

We engage with our key suppliers to encourage their decarbonisation which in turn assists our decarbonisation pathway. Our suppliers are the experts in their fields and we aim to work in collaboration with them to build efficient carbon reduction innovations into our supply chain.

We need our supply chains to reduce their carbon emissions at pace to meet our net zero ambitions. We have a science-based target which focuses on engagement with our key suppliers. Our target is, 'by end of 2026, 80% of our suppliers, by spend, will set a science-based carbon reduction target[1].'

During 2025, to assist our supply chain partners to take steps to meet our target, we commenced a supplier outreach programme, which we will deploy further over the coming years, including holding our first Power in Partnership Supplier Sustainability Summit in early 2026.

This is a targeted programme, focusing on engaging with our key suppliers on net zero and wider environmental and nature topics, to help encourage action and to share best practice and where appropriate resources and guidance. With the ultimate aim of influencing our supply chain partners to take action to positively reduce the emissions from our supply chain.

External bodies

We also engage with a range of external experts and industry bodies which help us stay abreast of emerging best practice and standards. As an example, we are contributing to the UK Net Zero Carbon Building Standard, which is under development and aims to establish a unified methodology for defining and verifying a net zero carbon building in the UK. Our involvement has been through working groups and pilot studies conducted on eight assets in 2025, which have informed our teams and helped to advance the standard's objectives.

1. We define a target as science based if it is aligned to SBTi criteria i.e. is a mid term reduction target with enough ambition to align with the global net zero trajectory.

Governance and risk management

Overview

Environmental management is key to our success, as we are investing for the long term. Accountability is shared across the business and is led by the Group Board, which is supported by the Group Environment Committee (GEC), chaired by our Group Climate Director. Our revised climate governance has been fully embedded to ensure we continue to meet evolving environmental demands within our new organisational structure. The risks from climate change and nature loss continue to be integrated into our risk management framework.

The impacts of both climate change and nature loss are unpredictable, and the pace of global progress towards net zero continues to lag. Delivering on our strategic climate and nature ambitions in a changing environment needs to be underpinned by careful risk management. Continuous monitoring is therefore essential given the speed and complexity of changes in the environment, policy, technology, available data and the market.

We continue to evolve our governance and processes to ensure alignment with our business, as well as the latest science. We have refreshed our Climate transition plan in 2026, incorporating nature for the first time, as well as our learnings over the last 3 years. This update sets out our refined approach to navigating a rapidly changing environment.

> Responsibility for our climate and nature strategy sits with the Group Board and Group Management Committee and we recognise that managing climate and nature risks and seizing the related opportunities are fundamental to long-term value.

Nilufer Kheraj OBE
Non-Executive Director, with a focus on climate

Board oversight

The Group Board ('the Board') is ultimately accountable for the long-term stewardship of the Group. Responding to climate change and addressing nature loss, and the opportunities and risks associated with these issues, are of key significance to the Board.

The Board has collective responsibility for the oversight of environmental matters, with Nilufer Kheraj, OBE, a Non-Executive Director on the Board, having a responsibility to give specific focus to climate change and nature loss in her role. This ensures climate and nature-related risks and opportunities across the Group are raised on all relevant topics discussed by the Board.

Throughout the year, the Group Chief Executive Officer's (CEO), Chief Financial Officer's (CFO) and Chief Risk Officer's (CRO) Reports to the Board highlighted and discussed climate change, particularly in relation to the Group's risk appetite and climate as an emerging risk and the Group's continued resilience and assessment of preparedness for different climate outcomes.

The Board was kept updated on the Group's projected performance against the key climate commitments set out in the forward-looking Group strategy. During 2025 the Board also considered climate and nature investment opportunities and stewardship.

Throughout the year, executives and senior leaders received updates on the progress of our new head office at 10 Coleman Street, which we will begin occupying in 2027. These updates covered redevelopments and design developments, with a focus on sustainability and high design standards that support the Group's sustainable growth agenda and net-zero commitment. Further detail is provided in page 49 of our Annual report. The Board was also updated on the progress of our pilot land development project for nature-based solutions.

The Group Risk Committee (GRC) oversees the risks associated with climate change and interrelated nature loss, to ensure exposures are controlled in line with the Group's risk appetite. This ensures that management actions are also aligned.

Alongside regular updates on the risks associated with climate change and nature loss, the GRC receives regular climate-specific management information. In 2025, the GRC specifically considered: the Group's climate risk management approach and how we will continue to evolve this to ensure it remains reflective of the underlying risks as well as how we are approaching our management of broader nature-related risks; the increased regulatory expectations from the PRA, and developments on Own risk and solvency assessment (ORSA) scenarios focussing on potential climate-related financial impacts across the business .

Our Group Climate Director holds responsibility for coordinating the Group's response to climate change and incorporating nature-related opportunities and risks. The role has the senior manager responsibility of ensuring an appropriate strategy is in place to understand, identify, measure, monitor, control and report the opportunities and risks from climate change in line with the risk strategy and risk appetite parameters set by the Board. The Group Climate Director also supports management in the development of both strategic opportunities, and the appropriate processes to monitor and report exposures to the risks arising from climate change.

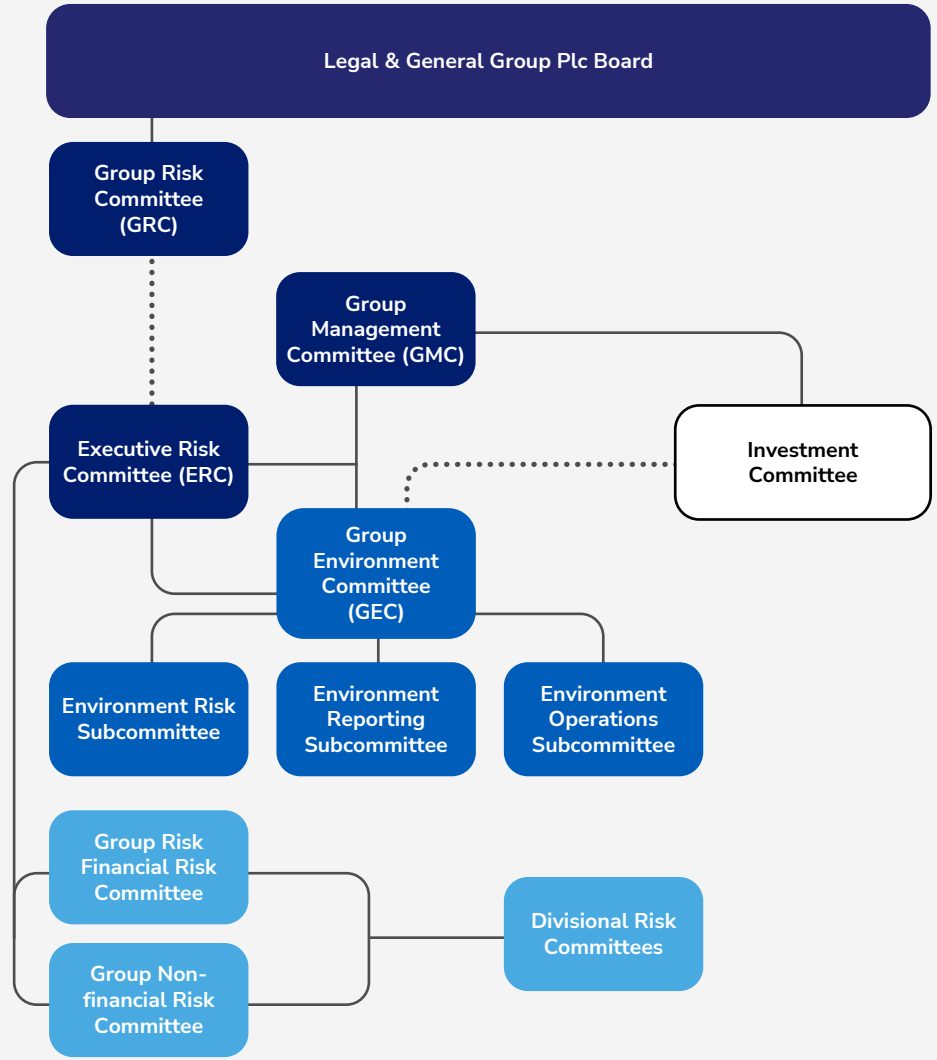
The Board, through the GRC, Executive Risk Committee (ERC) and Group Management Committee (GMC), has delegated oversight of the management of environmental risks to the GEC.

TCFD recommendations

Describe the Board's oversight of climate-related risks and opportunities.

Describe management's role in assessing and managing climate-related risks and opportunities.

Our governance framework



Group Environment Committee

The GEC met five times in 2025 in accordance with its annual plan. The GEC is chaired by the Group Climate Director with membership including: the Group CFO, Group CRO, Institutional Retirement CEO, Retail CEO and Asset Management Chief Investment Officer (CIO). The level of seniority in its membership helps ensure that there is a single forum to provide oversight on our response to environmental issues, ensures consistency, encourages debate and demonstrates the importance we place on our response to these issues.

The Group Climate Director has responsibility for oversight of climate and nature risk identification and management for the Group. The divisional CEOs ensure climate and nature risks are embedded within their respective divisions. They are the ultimate owners of the risks, responsible for identifying, managing and monitoring climate and nature-related risks and opportunities within the risk appetites agreed at the GEC.

To ensure a consistent group-wide approach and to support how we are implementing our ambitious strategy, the GEC has clearly defined relationships with other Group oversight committees. These interactions are designed to ensure that management of the risks and opportunities arising from climate and nature are integrated across the Group's governance system and embedded into the existing risk management framework.

The role of the GEC

The GEC is responsible for providing strategic direction of the Group's environmental response, including to climate and nature, with reference to the Group's broader strategy. This includes:

- setting the Group strategy for managing environmental impact, including setting targets, monitoring them and reporting on performance
- providing central oversight of the Group's management of environmental impact to help ensure that sustainability informs strategic planning and decision making across all Group activities (including investments)
- overseeing that management practices are in line with the Group's risk appetite, our climate and nature strategy and risk policy
- promoting internal awareness and understanding of environment-related risks and opportunities considering the transition and physical risks, and
- identifying opportunities associated with environment, climate and nature and their potential impact on the Group's assets and liabilities, in the short, medium and long term.

These responsibilities are demonstrated in table 2, shown to the right, which sets out the key activities of the GEC during 2025. The GEC is supported by three subcommittees to review and challenge performance against tolerances and targets: the Environment Risk Subcommittee; the Environment Operations Subcommittee and the Environment Reporting Subcommittee, which was established to carry out horizon scanning and integration of environment reporting requirements. The GEC is further supported by working groups that focus on specific regulatory topics.

Additional governance is also in place at an entity-level, where relevant, across the Group. Asset Management, as the investment management division, is where climate risks are the most material from a governance and risk management perspective. In Asset Management, ESG oversight is integrated within the existing governance and oversight structure.

Specific ESG oversight requirements include delivery of portfolio ESG objectives, maintenance and application of the net zero framework and the coordination of ESG programmes, alongside advising the Asset Management Executive Committee on responsible investing matters. We have disclosed some specific further detail on legal entity governance on page 56.

Table 2: GEC key decisions and discussions during 2025

	Action
Metrics and targets	Commissioned and approved findings from detailed progress reviews against our SBTs, with particular focus on temperature-alignment pathways and business travel emissions.
	Approved our methodology for measuring and reporting our carbon footprint, including the carbon accounting basis of preparation.
	Approved metrics and targets, including investment metrics, incorporating a review of their effectiveness and methodology, and the application of the rebaselining framework.
Assessing our exposure	Reviewed and approved updates to key policies, including deforestation, environmental risk and fossil fuels. Endorsed the reporting of Asset Management's progress against the COP26 Deforestation commitment, covering progress on assessment and engagement undertaken with investee companies on deforestation risks.
	Assessed our exposure to physical risks through quarterly trend updates and model refinements and oversaw delivery of enhanced flood data and an expanded suite of flood-risk metrics.
	Reviewed our climate-related collaboration and membership commitments to assess associated reputational risks, ensure cross-Group consistency, and support regular evaluation of external memberships in line with our risk management requirements.
Risk appetite	Oversaw and directed our response to the PRA's updated requirements on managing climate-related financial risks, drawing on a comprehensive gap analysis to inform updates to our framework.
	Reviewed and approved updates to the controls used to manage our exposure to climate and nature-related risks, ensuring continued alignment with our risk-appetite framework.
Setting our strategy	Set climate-related expectations within our strategic planning process, ensuring integration of climate considerations into long-term business and risk decisions.
	Approved our engagement strategy for COP30 to support strategic positioning and advance priority climate objectives.
	Approved the approach for the refresh of our Climate and nature transition plan to ensure alignment with our strategy, evolving expectations and long-term priorities.
Oversight	Monitored the Group's progress against our climate and nature commitments, ensuring clear accountability for delivery across the organisation.
	Provided strategic oversight of our nature-based solutions project.
	Provided central oversight of activities and actions relating to climate and nature risk.

Risk management framework

We manage our business to align with the mitigation of climate change beyond the 1.5°C 'Paris' objective and to be resilient to the risks of different climate outcomes.

Our key risk monitoring metrics are:

- investment portfolio GHG emission intensity
- operational footprint decarbonisation.

The risks from climate change represent another dimension of our existing risk exposures and are embedded in the way we manage these risks. Our governance structure is used to support the Group's understanding and management of these risks.

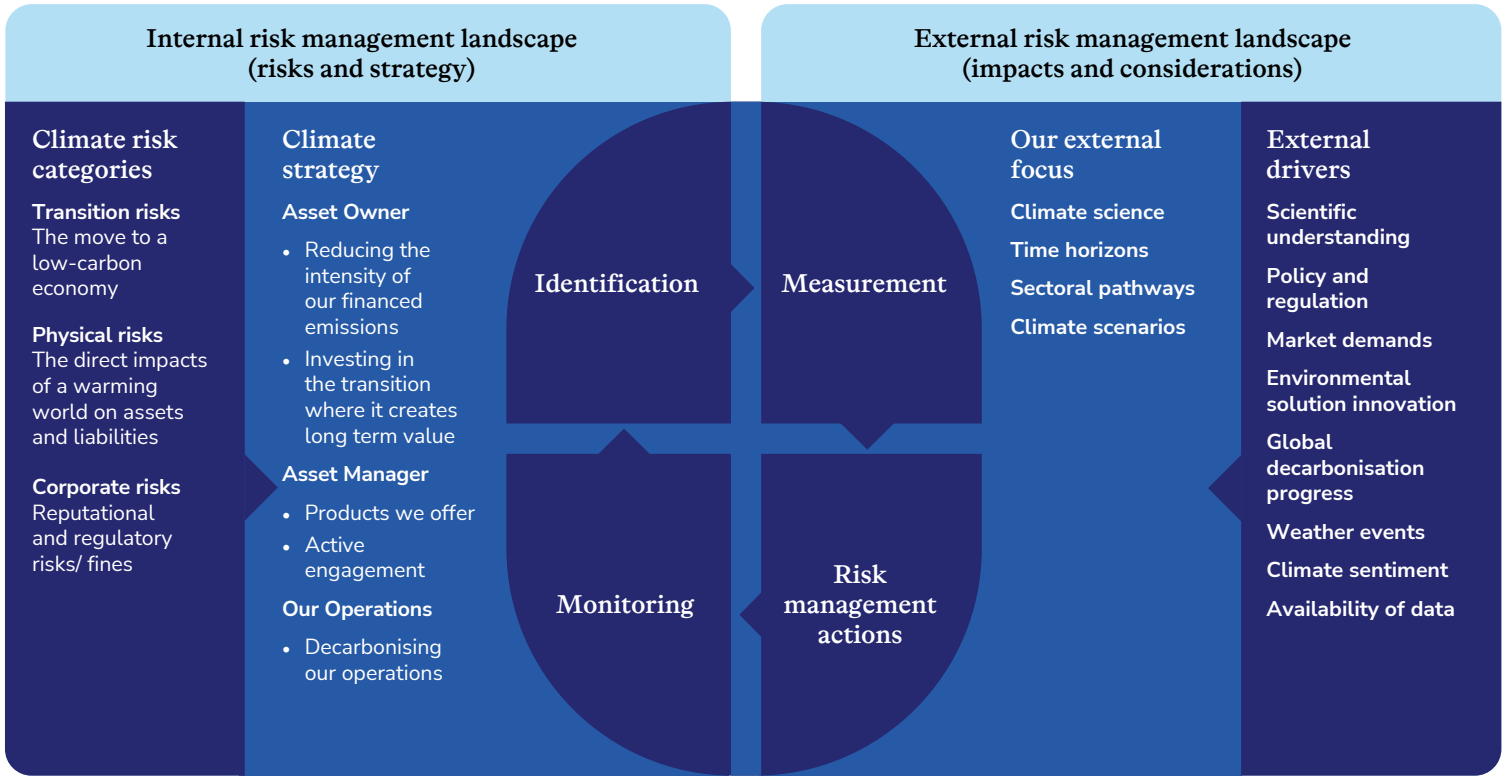
The uncertain nature of the risks from climate change and nature loss, and the lack of historical data to support decision making, makes quantifying the risks more difficult than some other areas of our risk profile.

However, it is widely recognised that actions taken today will influence the likelihood of different climate outcomes and impact on future risk exposures. This, alongside climate scenario analysis, informs our risk management framework.

Our Scenarios chapter provides more detail about this analysis. These scenarios incorporate a longer-term time horizon into their analysis, and we also use narrative scenarios to further test our resilience. Informed by this work, we have carried out a detailed assessment of how we could expect these risks to emerge across our business model.

Climate change and nature loss risks and wider environmental risks will emerge through our current risk exposures, and the relevant Group policies set out our approaches to identifying, assessing, measuring, managing and monitoring these risks. On the following pages, we set out our key risk management actions and clarify why our main focus is on transition risk.

Our risk landscape



TCFD recommendation

Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.

Our approach to risk identification

We have integrated climate risk management into our existing risk and governance framework and have carried out a detailed assessment of how we could expect climate and nature risks to emerge across our business model.

We are earlier in the journey with nature-related risks and continue to incorporate these, building on our integration of climate risk. We regularly review our approach to climate risk identification to ensure our risk management remains appropriate and proportionate to the underlying risks.

The risks from climate change and nature loss are far-reaching, uncertain and broad-ranging. As much of our balance sheet is based on assumptions and expectations of future experience, risks can materialise through both actual change in experienced profits or losses, as well as changes in those future expectations.

Focusing on transition risk

We focus on transition risk because successful delivery of 'Paris' implies a fundamental change to the global economy in the short term. We think this is the key near-term issue and source of risk for our business, specifically for our investment portfolio. While we have established risk management practices to manage physical risks, our insurance liabilities are not linked to losses due to damage of any underlying asset. Physical risks are mostly limited to some of our assets and operations, and we continue to monitor our exposure, taking appropriate actions as required.

TCFD recommendation

Describe the organisation's processes for identifying and assessing climate-related risks.

Type of risk	Possible effects arising from climate change and nature loss
From the products we write	
Longevity (for annuities)	More extreme climate events may lead to changes in life expectancy and thus impact our assumptions. These changes will emerge gradually as the effects are experienced or through increased certainty around future climate pathways and the associated health impacts.
Mortality/morbidity (for life and critical illness cover)	Similar to longevity, the impacts will emerge gradually, so our future assumptions will be impacted before there are material changes in the number of claims.
Reinsurance counterparty	While we would not expect climate change to pose significant risk to our short-term counterparty exposures, it may impact long-term reinsurance counterparties, who are likely to have a similar exposure to the prudential risks as outlined under longevity and mortality/ morbidity above, as well as being further exposed to the physical risks due to their property and casualty businesses. This could change our assessment of the counterparty risk.
From the investments we hold	
Market	May cause changes to asset values, asset returns and other market risk exposures, such as: • equity and property risk through asset values being exposed to a (potentially sudden) repricing to reflect transition risks to a low or carbon-neutral economy, or due to more frequent and severe weather events and longer-term shifts in climate impacting on asset values, either through actual experience or changed anticipated future experience • possible enhanced asset returns, for example increases in equity valuations for companies enabling the transition to a low-carbon economy • other macroeconomic factors such as interest rates, inflation and foreign exchange rates.
Credit	May cause movements in credit spreads and credit rating transitions: • credit spread movements due to similar processes as those driving changes in the equity valuation described above • credit rating transitions due to changes in either actual or anticipated default rates.
Client funds	May impact all client funds which are exposed to the material financial risk posed by climate change and nature loss. Note, that it is our clients who ultimately choose specific mandates and bear the risks, but we can have a positive impact by helping them to take action on climate/environmental change, via disclosure of climate metrics and assessment of the implications of climate change on their assets, or offering products with reduced exposure.
From the environments we operate in	
Our operations	We have direct exposure to climate change and nature loss through our operational carbon footprint and the supply chain that supports it. This may be through physical impacts on our operations and offices, or through transitional risks impacting on our operational processes and costs. This could impact our ability to meet our operational decarbonisation targets.
People, processes, systems and external events	As we change how we invest and operate and the products and services we offer, we must ensure we have the right skills for the future and update our systems and processes to incorporate climate change considerations. Our commitments assume that governments will implement required policy changes; the firms we invest in will deliver their targets; and, there will be societal change on an unprecedented scale over the next decade.
Evolving regulation and legislation	We operate in highly regulated markets and the regulatory approach continues to evolve. New interpretations of compliance expectations could require changes to our products or business processes. This may expose us to financial penalties, remediation costs or reputational damage.
Evolving sentiment	Sentiment is often subjective and our approach might fail to resonate with all stakeholders. This may expose us to reputational risk.

Risk management approach

Materiality assessment

Our risk management approach to the financial risks arising from climate change and nature loss reflects our strategy and the materiality of the exposures we have. When assessing materiality, we consider both how the Group is affected by climate change and nature loss, as well as the Group's own impact.

The effect of future uncertainty over climate change pathways is that the evaluation of climate-related risks and impacts has a high degree of estimation uncertainty, with a wide range of possible outcomes greater than our materiality for the Group's consolidated financial statements.

Our scenario modelling enables us to assess how the impacts from climate change may emerge under a range of climate scenarios and time horizons. Given our business model, we assess the most material financial risks from the potential impact of climate change on the value and credit rating of our assets.

As detailed in the Scenarios chapter, we have invested in our capability to develop possible transition pathways to differing warming outcomes. The scenarios presented show potential portfolio impacts under a given scenario. They are not forecasts or predictions, nor are we saying they are equally likely. However, these scenarios do inform our understanding of transition risk, identifying sectors where the transition is likely to be more disruptive and the potential timeline of impacts. As a signatory of the PRI, we also monitor the progress of the Inevitable Policy Response scenario work, alongside other bespoke scenarios.

Management actions

We deploy a range of management actions to control our exposure to climate-related risks associated with our investments and operations, to meet our risk management objectives, including:

1. an established framework for environmental commitments
2. application of exclusions and environment-related escalation
3. physical risk controls
4. review of our existing tolerance framework to incorporate climate and nature considerations
5. active engagement.

Measurement

Climate transition risks are primarily measured in relation to our carbon exposures. We are committed to reducing the carbon footprint of both our operations and our investment portfolio GHG emission intensity (measured in units of CO_2 equivalent) to align with the 'Paris' objective.

We appreciate that nature-related risks could have significant macroeconomic implications and be a source of risk to financial stability. We continue to build up our nature data capability while noting that specific and locality-driven risks arise within complex operational and investee supply chains, where data collection and measurement activities are particularly challenging.

Investment portfolio footprint

We measure the contribution of our investments to CO_2e emissions, calculating portfolio economic carbon emission intensities at both Group and divisional level.

Through our climate scenario analysis, we measure the risks to assets and liabilities. This is measured through the impacts on equity and bond valuations and credit ratings, in each scenario.

Assessment of our investment portfolio is dependent on good-quality, comparable cross-industry data and disclosures of climate-related metrics and impacts. This enables us to steer our investments successfully, identify and manage risks, deliver on our climate ambition of decarbonising our portfolio and comply with our own disclosure objectives. We are supportive of the need for global consistency with regards to reporting, disclosure and labelling.

Operational footprint

We measure and monitor the direct carbon emissions of all our operational businesses. We have set SBTs covering our scope 1 and 2 operational emissions. These targets have been verified by the SBTi, and we monitor progress made against these.

Risk management approach continued

1. Established framework for progress towards our climate commitments

Achieving our Group commitments will be challenging, reflecting the complexity of addressing the systemic issue of climate change and nature loss. Due to the transformational nature of a successful net zero transition, strong partnerships are needed to support a common vision and long-term objectives. Our climate collaborations can be found in the engagement strategy chapter. Over 2025, our approach to these collaborations was reviewed to ensure continued alignment with our strategy. Our framework accounts for all GHGs and covers scope 1, 2 and material scope 3 emissions (see page 32).

Our progress and long term goals are supported by annual and interim targets to enable regular monitoring of progress towards our commitments. These commitments are supported by our Climate and nature transition plan, which has been updated in 2026, against which progress is reviewed and publicly reported on at least annually and overseen by the GEC. Our commitments are credibly aligned with the latest science. They are only achievable if the other parties, on whom we are dependent, also decarbonise on a 'Paris'-aligned trajectory. Our commitments are made in the expectation that governments will deliver on their own commitments and the required policy actions will be implemented to ensure they remain aligned with the 'Paris' objective. We continue to incorporate nature into this framework.

2. Exclusions and environment-related escalation

Our risk management approach recognises the importance of engagement with investee companies. Our Investment Management Agreements (IMAs) have climate-specific clauses that enable us to manage our targets, including exclusions that focus on key areas of transition risk (such as coal and oil sands activity and unconventional drilling and CIP exclusions). The IMAs enable collaborative management against climate targets. We also take account of the full range of emission-intensive sectors within our portfolio management approach, through our environment-related escalation process.

Environment-related escalation

Our escalation process currently addresses high carbon, high temperature alignment, coal, unconventional oil and water management elements, with the elements evolving through time. Individual issuers are identified from underlying criteria within each element, including where the carbon intensity is greater than a defined threshold across relevant sectors. This acts as an early warning system and provides a degree of control over the accumulation of risk through time. Companies continue to be assessed on a range of criteria, including our assessment of the underlying transition and physical risks. Our approach recognises that oil and gas will follow different phase-down pathways, taking particular assessment of unconventional oil and gas production (such as Arctic oil), and that counterparties' own transition plans will impact on our assessment of the underlying risks. In 2025, we added 2 issuer exclusions from new investments, while we have reduced our legacy exposure to excluded names by £73 million. The escalation process is also supported by more defined exclusions, where there is a clear incompatibility with the 'Paris' objective.

Exclusions

Asset Management's CIP outlines the minimum standards for sectors in relation to climate change, nature degradation, and the transition to a net zero economy. If minimum standards are not met, the company may be subject to voting sanctions and divestment consequences for the funds adopting CIP exclusions[1].

Coal and oil sands activity

We recognise that coal's role in the current energy mix is incompatible with the 'Paris' objective, which is why our fossil fuel policy focuses on this sector. We continue to evolve our coal and oil sands policy, maintaining our trajectory towards phasing-out investments in coal by 2030, with the current details set out below.

Building on Asset Management's coal policy, the Group has implemented investment exclusions on those companies that have a material proportion of their revenue from the mining and extraction of thermal coal, from coal-based energy production or from oil sands. Within our own balance sheet, last year we tightened our policy to explicitly add new investment exclusions to issuers with more than 5% revenue exposure to either thermal coal mining or coal-based power production without 2030 or earlier phase-out plans.

Given the historical role of coal in the global energy system and the size of our investment portfolio, we have c.£2.0 billion of exposure to companies, mostly Utilities, within our proprietary assets which report that some aspect of their revenue is linked to coal.

Aligned to our above commitment for a 2030 exit from thermal coal mining/coal-based power production, we have begun assessing the phase-out plans of our underlying investments, only permitting holdings that expect to have below 5% exposure in 2030.

Today, we have £0.8 billion (<1%) exposure to holdings with above 5% revenue exposure to thermal coal mining/coal-based power production, of which a proportion have credible phase-out plans. We do not have any significant exposure to oil sands.

Direct investments in new oil and gas infrastructure projects

In line with our fossil fuel policy, we will not invest in new oil, gas and associated energy infrastructure projects that are not aligned with 'Paris'-objectives. This is consistent with the NZAOA oil and gas position[2]. Our approach will ensure we are thoughtful in how we support a transition, by considering regional and global energy infrastructure needs.

Deforestation

We have developed and will continue to evolve our investment deforestation policies. We have in place exclusions in relation to violators of the UN Global Compact standards which include deforestation controversies. We maintain exclusions of names called out as engagement laggards through the CIP, where an insufficient zero deforestation policy, among other climate considerations, has led to an exclusion restriction. We will continue to leverage the activities of Asset Management's stewardship and engagement approach as set out in the Asset Management deforestation policy to engage on this topic[3].

1. These exclusions are also applied to the Group's proprietary assets. We will carry out in-depth assessment and engagement with 'dial-mover' companies over a period of two years. We will report on progress and continue to vote annually, while outcomes against engagement objectives and related capital allocation decisions will be assessed and made every two years. Companies in the current CIP exclusion list are added to the Group's own investment list, helping to drive change in the market by supporting our engagement with the use of the Group's own balance sheet capital.
2. https://www.unepfi.org/wordpress/wp-content/uploads/2023/03/NZAOA-Position-on-the-Oil-and-Gas-Sector.pdf
3. https://www.legalandgeneral.com/asset/49027a/globalassets/lgim/_document-library/esg/lgims-deforestation-policy0823-update_v0.4.pdf

Risk management approach continued

Coal and oil sands policy

Where we (via Asset Management) invest on behalf of others[1]	Where we have direct investment control
Legal & General – Asset Management Limited and its subsidiaries will exclude from investments those companies that are involved in the mining and extraction of thermal coal as set out below. For more detail about which investments this applies to, please see the coal policy[1].	
Coal mining Screening will be carried out and exclusions will be applied to those companies that generate 20% or more of their revenues from coal mining and extraction.	**No new investments** in issuers with more than 5% revenue exposure without a 2030 or earlier thermal coal phase-out plan[2,3]. Intention to phase out legacy investments in issuers with **more than 5%** revenue exposure by 2030[2].
Coal power generation Screening will be carried out and exclusions will be applied to those companies that generate 20% or more of revenues from coal-fired power generation. We retain the ability to invest where a company has set out a clear 'Paris'-aligned plan to phase out coal by 2030 in OECD countries and by 2040 in non-OECD countries. We retain the ability to fund specific issuing entities, where a company has non-coal subsidiaries.	**No new investments** in power generation companies with over 10GW absolute coal capacity[3]. **No investments** in new coal mining or coal plants and no further investment in companies that are investing in new coal capacity[3].
Oil sands Screening will be carried out and exclusions will be applied to those companies that derive **more than 20%** of revenues from oil sands (sand and rock material that contains crude bitumen).	**No new investments** in issuers with more than 5% revenue exposure[2,3].

3. Physical risk controls

Where specific investments pose an unacceptable exposure to physical risk, we deploy tools such as physical risk modelling, categorisation of exposures, incorporation into the underwriting process and clear exposure limits. We have developed and will continue to evolve our approach for limiting exposure to physical risks across the different geographies in which the Group is active.

4. Review of our existing tolerance framework to incorporate climate considerations

The risks from climate change represent another dimension of our existing risk exposures. To ensure that these considerations are integrated across the Group's governance system, our existing framework is regularly reviewed and updated. For example, we now also extend our fossil fuel exclusion policy into relevant new contractual documentation for reinsurance transactions.

5. Active engagement

Alongside close monitoring of the political and regulatory landscape, an important part of our strategy remains to engage with policymakers, regulators and investee companies in support of climate action. This benefits our own shareholders and the wider market. This is actively pursued by Asset Management on the Group's behalf.

Climate Impact Pledge (CIP)

Through Asset Management's dedicated engagement programme, the CIP, we continue to be committed to helping companies step up on their climate and nature-related commitments, build resilient strategies for the transition and succeed in the low-carbon world.

Launched in 2016 in response to the Paris Agreement, the CIP covers 20 'climate critical' sectors, identifying voting and potential divestment sanctions (for applicable funds).

Given the important connections between climate change and nature, the CIP also incorporates expectations around biodiversity and, for relevant sectors, deforestation. We discuss how this forms a part of our strategy on page 19, and we disclose our metrics on page 38.

Our targeted approach, using voting and investment sanctions to encourage companies to step up on sustainability, has contributed to companies making improvements to their climate targets and strategies. This has significant risk management benefits.

Global research and engagement groups (GREGs)

During 2025, work continued within the GREGs, which bring together experts from our Investments and Stewardship teams, to research and identify the challenges and opportunities across sectors and asset classes, for key sustainability issues, including climate change.

Monitoring

Monitoring and updating our measurements and management actions over time is critical. This helps to ensure the risk management framework captures adequately the extended time horizons associated with climate risks.

Our understanding of the risks from climate change and nature loss and the actions that are needed to mitigate them are based on science. This continues to evolve. The actions that the world is taking will to some extent inform the actions that we can take. Through our own work, we continue to progress our understanding and quantification of climate risk, and appreciate that our understanding of the risks arising from nature loss are less mature.

1. cms.lgim.com/globalassets/lgim/_document-library/capabilities/lgimh-coal-policy.pdf
2. Aligned with initial SBTi requirements on which L&G's existing SBTs are based. 5% is a materiality threshold that acknowledges the fact that data quality issues can lead to higher than 0% exposure disclosed by data providers and also that a minimal fossil fuel powered exposure can be required for base load or balancing generation from renewables.
3. This is tracked via relevant third-party data with differing reliability – an area which remains challenging for asset owners.

Risk management approach continued

We expect ISSB to increase convergence in the financial sector over time and continue to monitor developments closely to develop our understanding of what the new standards mean for our calculation methodology, timeframe and scenario definition. While we monitor and disclose our metrics, the underlying methodologies evolve, reflecting the availability and quality of data, regulatory expectations and emerging industry practices.

Our business entity-level risk management

Group-level climate risk management is cascaded down to all our businesses via the divisional committee structures. Where appropriate, the senior leaders from the divisions are members of the GEC, ensuring adequate oversight at this level. Asset Management, as the investment management division, is the most material division from a governance and risk management perspective. Our Institutional Retirement and Retail businesses engage with Asset Management as their primary asset manager, to obtain climate data and conduct scenario analysis. This information is an integral part of their risk management process and an area our individual businesses expect to continue developing their understanding of over time. Specific further entity-level disclosures are on page 56.

TCFD recommendation

Describe the organisation's processes for managing climate-related risks.

Physical risk

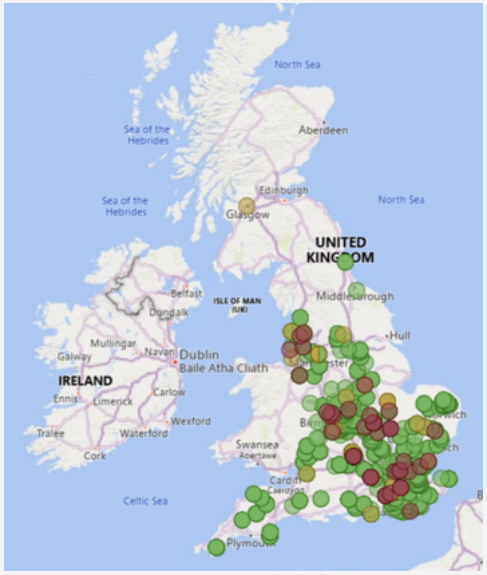
In our Private Markets business, we are continuously reviewing and evolving our approach to assessing climate risk to ensure we are aligned with industry best practice. Working with climate risk specialists at Marsh and climate modelling provider XDI, we have focused on enhancing our incorporation of climate risk considerations as a part of our due diligence approach and ongoing management of our real estate equity assets.

Flood risk has been embedded within our investment strategy for many years and is a key component of our standard due diligence process for all property acquisitions. Recently, we have enhanced the investment due diligence process for all real estate equity acquisitions to further incorporate forward-looking climate risk modelling across a wider range of hazards, and to better support the integration of future climate perils into investment decisions.

To further support our approach to improving climate resilience across new and existing assets, we have also developed a new Climate Adaptation Toolkit. Following a granular asset level physical climate risk assessment process, the toolkit provides guidance to support the review and prioritisation of risk mitigation measures for any assets identified to be exposed to physical risks, utilising a suite of adaptation considerations. This new process is now being rolled out across the platform.

More information is available in our Private Markets Real Estate Climate Report[1].

Climate risk score across England and Scotland for our housing and urban regeneration businesses under a high emissions scenario[2,3]



Climate risk score distribution (% of assets)

	2020	2030	2050
Low risk	92 %	91 %	91 %
Medium risk	2 %	3 %	3 %
High risk	6 %	6 %	6 %

Low risk
Medium risk
High risk

Source: Climate modelling provider, XDI, and L&G's assessment of real estate equity assets in the housing and urban regeneration businesses across England and Scotland as at 31 December 2024 for a high emissions scenario, in line with the IPCC Representative Concentration Pathway (RCP) 8.5 'business as usual' scenario. Note: assets in the Channel Islands not shown as well as three assets held in the US. Assumptions, opinions and estimates are provided for illustrative purposes only. There is no guarantee that any forecasts made will come to pass.

1. https://am.landg.com/asset/4a1ab6/globalassets/lgim/_document-library/responsible-investing/real-estate-equity-climate-report-2024.pdf/
2. Statistics have been calculated based on the average damage ratio (expected damage loss as a proportion of an asset reinstatement value) from all climate hazards.
3. Seven climate hazards are assessed: river flood; surface water flood; coastal inundation; forest fire; extreme wind; coastal erosion; freeze thaw.

Engagement and remuneration

Engagement

As a large asset manager, we will continue to address financially material climate and nature risks in the real economy consistent with our fiduciary duty. Engagement is a key part of our approach outlined below.

1. Transparency

We publish our assessment of companies against our expectations:

- L&G ESG Score rates c.17,000 companies.
- Our CIP rates 5,000+ companies across 20 climate-critical sectors.

We publish our policies, our latest views and our expectations of companies on our website and blog.

2. Engagement

Company engagement:

- We undertook over 4,000 engagements with companies on environmental topics in 2025.
- Under our CIP, we targeted 100+ companies for in-depth engagement across 20 'climate-critical' sectors.

In 2025, we conducted our largest ever outreach campaign, writing to the board chairs of nearly 2,900 companies assessed under our CIP quantitative assessment tool.

3. Escalation

If a company does not meet sector 'red lines', as set out in sector guides published on our website and communicated with the company, we may vote against the chair at its AGM, considering overall progress on climate and nature. Under our CIP, 273 companies out of the CIP universe were identified as being subject to voting sanctions for not meeting our minimum standards during 2025.

4. Measuring progress

Climate Impact Pledge:

- 245 companies identified for votes against in the quantitative stream, a 46% improvement versus 2024.
- 28 companies identified for votes against in the qualitative stream, a 24% improvement versus 2024.
- Following improvement, 1 company was reinstated in applicable funds: Cosco Shipping Holdings.
- 15 companies remain on the CIP divestment list (for applicable funds).

Remuneration

Beginning in 2021, we set climate-related targets in our executive directors' remuneration.

Annual variable pay (AVP)

Purpose

AVP incentivises and rewards the achievement of annual financial performance and delivery of strategic priorities. 50% of AVP is received in cash and 50% of the AVP award is deferred into restricted shares for a further three years, reinforcing retention and alignment with shareholders.

Climate considerations

30% of AVP is based upon the achievement of strategic objectives, which includes ESG. In addition, progress against key environmental commitments may act as a modifier to AVP outcomes if sufficient progress has not been made. For 2025, environmental performance measures are aligned to our key commitments in our 2025 Climate and nature report.

This includes progress on portfolio carbon emissions intensity reduction and delivery of our operational emissions SBT in line with annual and interim milestones.

Performance share plan (PSP)

Purpose

The PSP provides a direct and transparent link between executive pay and the delivery of shareholder returns over the longer term. The PSP is a conditional award of shares, subject to a performance period of no less than three years and a holding period such that no awards are released before five years from the grant.

Climate considerations

The 2025 PSP award has a 20% weighting directly linked to how the business has performed against its climate commitments.

This includes our operational emissions SBT, investment portfolio temperature rating and portfolio GHG emission intensity reduction with a weighting of 10%, 5% and 5% respectively.

For the 2026 PSP, progress against climate commitments has been incorporated into a broader performance measure considering L&G's progress against its overall strategic priorities with the new performance measure having an increased weighting of 30%. Further details of the performance conditions and targets can be found in the Directors' report on remuneration in the Annual report and accounts.

Discover more
Annual report and accounts on page 86

Metrics and targets

Overview

Our metrics and targets sit at the core of how we monitor, manage and communicate our progress in addressing climate- and nature-related risks and opportunities.

They convert our strategic ambition into quantifiable indicators that support decision-making, enable external stakeholders to assess our performance and create accountability across our business. Together, they form a framework that guides both short-term actions and long-term planning.

We continue to strengthen our underlying data and methodologies so that our metrics remain robust, consistent and aligned to emerging standards. This includes expanding the scope of our measurements, improving the granularity of our emissions data and developing additional indicators that capture our broader environmental impacts and dependencies.

Targets represent the trajectory of change we are committed to delivering. Our SBTi-validated targets provide a scientifically grounded pathway for decarbonisation and act as a reference point for assessing whether current actions are sufficient to meet future ambition. We remain transparent about the assumptions that underpin our targets and the methodology used in developing them, recognising that periodic refinement may be required as the external environment evolves.

By setting out our metrics and targets clearly, we aim to provide a comprehensive view of our performance and progress, grounded in transparency and continuous improvement.

> “Strong metrics and targets help us measure progress and stay accountable. We continue to improve our data and methodologies as expectations and standards evolve.”

Adrian Chapman
Head of Group Climate Investment Oversight

Emissions breakdown

The size of each scope of emissions within our footprint, and our ability to reduce them, are considerably different.

As a financial institution, our scope 3 emissions are our largest source of emissions, and category 15 (investments) emissions make up by far the largest segment of this total. Our own investment activity is fundamental to decarbonising our investments; however, there are factors outside of our control (such as carbon emitted by individual entities, market movements and lags in underlying data) which can cause significant volatility in the calculated metrics. We have indirect control over the reduction of these emissions.

Scope 1 and 2 emissions are significantly smaller in absolute terms; however, our control over the reduction of these emissions is greater. While there are still dependencies associated with these emissions (such as the speed at which electricity grids decarbonise), overall, the direct actions we take have a greater impact on reducing the emissions from these categories.

TCFD recommendation

Disclose scope 1, scope 2 and, if appropriate, scope 3 GHG emissions and the related risks.

Definitions

Scope 1: Direct GHG emissions.

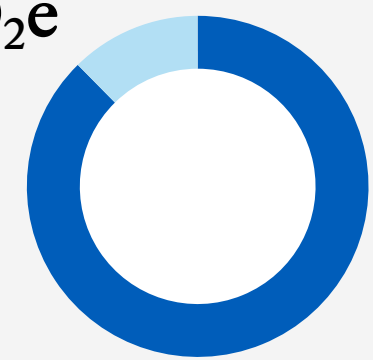
Scope 2: Indirect GHG emissions from the consumption of purchased electricity, heat or steam.

Scope 3: Other indirect emissions not covered in scope 2 that occur in the value chain of the reporting company.

Scope 1

Direct GHG emissions

5,398 tCO_2e

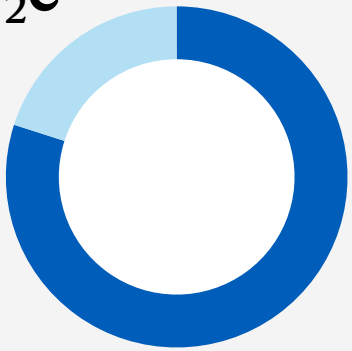


	tCO_2e
UK	4,730
International	668

Scope 2

Indirect GHG emissions

14,523 tCO_2e

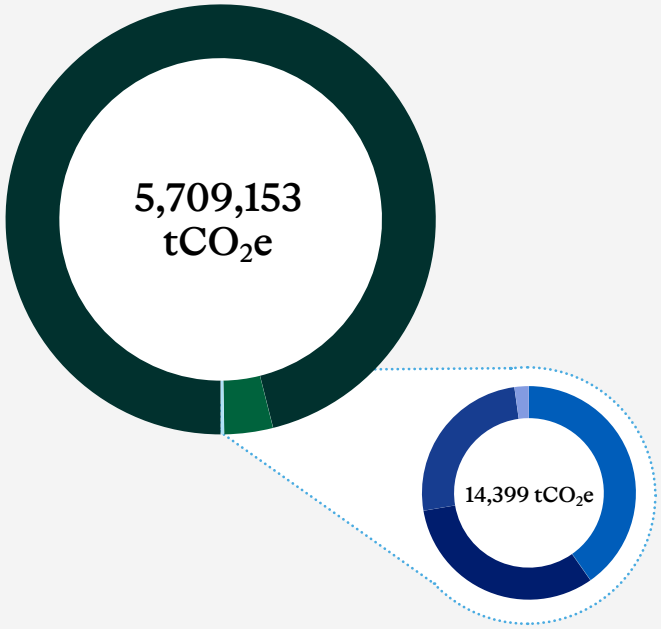


Location-based	tCO_2e
UK	11,625
International	2,898

Scope 3

Other indirect GHG emissions

	tCO_2e
Category 3. Fuel and energy-related activities	5,795
Category 5. Waste	3
Category 6. Business travel	4,617
Category 7. Homeworking (excluding employee commuting)	3,671
Category 8. Upstream leased assets (serviced offices)	313
Category 13. Downstream leased assets	208,981
Category 15. Investments	5,485,773



Commitments in detail

On page 6 we outlined our key targets to deliver. We summarise all our commitments here and outline the key milestones for us to deliver as part of our longer term Climate transition plan to achieve net zero by 2050.

These pages supplement our journey to net zero with our detailed commitments, as well as their interim milestones. These more granular pages focus on 'what' we plan to achieve, with the earlier narrative in this report setting out the 'how'.

Below, we have drawn out the commitments we disclosed in our 2024 Climate and Nature report which were planned would be completed 2025.

Our commitments achieved during 2025

Commitment	By	Update
We will report progress on the milestones to reduce agricultural commodity driven deforestation in our investment portfolios[4], and we will increase investment in nature-based solutions.	2025	As in previous years, we have disclosed that c.10% of our proprietary assets, by value, as at end 2025, are with c.400 companies which have been identified on data sources related to tracking potential deforestation risk exposures. In addition, we have invested £0.3 billion in nature-based solutions.
Asset Management will report progress on the milestones to reduce agricultural commodity-driven deforestation in our investment portfolios through successful company engagement[4].	2025	Progress report published[4] in December 2025, outlining the steps we have taken over the past few years to address potential agricultural commodity-driven deforestation risks within our investment portfolios.
We will divert 100% of waste from landfill by 2025 in all offices and directly delivered housing development projects where we are responsible for waste management.	2025	Achieved We will continue to divert 100% of waste from landfill in all occupied offices.
We will reduce overall waste volumes per core occupied office by 20% from a 2019 base year.	2025	We have exceeded this target, noting that it was set pre-pandemic, when office occupancy levels were higher. We will continue to disclose this metric in our annual disclosures.
We will purchase 100% of directly procured electricity group-wide from renewable sources.	2025	Achieved We will continue to purchase 100% of directly procured electricity from renewable sources.

Asset owner

Commitment	By	Milestone (where relevant)	By	On track off | on
We are targeting a net zero asset portfolio by 2050, in line with a 'Paris' objective, and continue to evolve our interim targets against this objective.	2050	We will reduce portfolio GHG emission intensity by 50% and increase financing of low-carbon technology and infrastructure[1].	2030	
We have set SBTs in accordance with the SBTi. As set out on page 12, we will review our "portfolio climate alignment" target approach over 2026 and will provide an update on this review within our 2026 Climate and Nature reporting.	2030	**Focus area:** Align the (SBTi-defined) portfolio temperature score for our listed equity, corporate bonds and corporate loans portfolio, within our shareholder investments as follows[2]: • from 2.4°C at end 2021 to 2.1°C by end 2026, covering portfolio company scopes 1 and 2 • from 2.9°C at end 2021 to 2.5°C by end 2026, covering portfolio company scopes 1, 2 and 3.	2026	
		Further asset class and sector-specific targets (covering real estate and electricity generation project finance portfolios summarised on page 36).	2030	
We will continue to evolve our thermal coal exclusion criteria, phasing out investment-related coal and oil sands exposures by 2030[2].	2030	Coal exclusions restrict new investments in issuers with more than 5% revenue exposure to either thermal coal mining or power production without 2030 or earlier thermal coal phase-out plans.	Active	
We will report progress in the pursuit of eliminating agricultural commodity-driven deforestation in our investment portfolios[3] and we will increase investment in nature-based solutions.	Ongoing	We will disclose deforestation risk and mitigation activities in our portfolio	Active	
		We will report progress on investment in nature-based solutions and defining associated financing criteria	Active	

1. From a 2019 base year.
2. Investment with more than 5% revenue exposure by 2030.
3. Focusing on palm oil, soy, beef and leather, pulp and paper.cocoa, coffee, and rubber sectors. Asset Management's 2025 publication: https://am.landg.com/asset/4aece0/globalassets/lgim/_document-library/capabilities/investment-stewardship/deforestation-progress-report.pdf

Discover more
Climate and nature transition plan 2026

Commitments in detail continued

Asset manager

Commitment	By	Milestone (where relevant)	By	On track off | on
Asset Management is committed to work in partnership with our clients to reach net zero GHG emissions by 2050 or sooner across all AUM.	2050	**Focus area:** In partnership with clients, Asset Management will target 70% of AUM to be managed in alignment with net zero[1,2]. Our progress towards meeting our interim target has been as expected to date but we foresee increasing challenges with the accelerated adoption of climate investment required over the next few years. Therefore, we will review how our interim plans and targets can best reflect achievement of our net zero 2050 objective, taking into account evolving client and industry approaches.	2030	on
Asset Management is committed to achieving net zero carbon for all of its real estate equity assets by 2050 or sooner.	2050	Asset Management will target net zero operational carbon within the Sustainable DC Property Fund by 2030.	2030	on
		Asset Management will target the removal of fossil fuels within areas of commercial property we control by 2030. In isolated instances where this is not possible, Asset Management commits to publishing a list of affected assets and a roadmap to removing fossil fuels subsequent to 2030.	2030	on
		We have set an SBT-aligned target to reduce Asset Management's downstream leased real estate portfolio GHG emissions per square metre by 55% by 2030 from a 2019 base year.	2030	on

1. Excludes sovereigns and derivative securities until such time as agreed methodologies exist.
2. See pages13 and14 for further details.
3. Inline with SBTi guidance our scope 1 & 2 target baseline is annually reviewed to reflect business & portfolio changes.
4. Applies to offices L&G employees occupy where L&G have direct operational control, as defined by the Global Real Estate strategy.
5. We define a target as science based if it is aligned to SBTi criteria i.e. is a mid term reduction target with enough ambition to align with the global net zero trajectory.

Our operations

Commitment	By	Milestone (where relevant)	By	On track off | on
We will reduce our energy usage in line with our journey to net zero and source energy from renewable sources.	2050	We have set a SBT to reduce absolute scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 base year[3].	2030	on
		From 2030, our occupied offices (scope 1 and 2) will operate with net zero emissions[4].	2030	on
		We will continue to purchase 100% of directly procured electricity group-wide from renewable sources.	Active	on
All new homes delivered from 2030 will be enabled to operate at net zero carbon, both regulated and unregulated energy.	2030			on
We will use hybrid working practices and technology to actively reduce the business miles we travel in line with our commitments to net zero.	2050	From 2030, our group-wide business travel will operate with net zero carbon emissions.	2030	on
We will protect the natural resources we use through the implementation of sustainable procurement principles.	2050	By end of 2026, 80% of our suppliers, by spend, will set a science-based carbon reduction target[5].	2026	on
We will protect and minimise the use of water resources in the spaces we create and occupy.	2050	By 2030, our core occupied offices[4] will consume a maximum of 22 litres of water per person per day in line with the Real Estate Environment Benchmark.	2030	on
		Zero water pollution incidents.	Active	on
We aim to minimise and design out waste through the careful implementation of the principles of the circular economy.	2050	We will continue to divert 100% of waste from landfill in all core occupied offices[4].	Active	on

Asset owner

Changes to comparative and baseline amounts

Prior-year comparative figures and baseline metrics have been re-presented following methodology and data-quality changes introduced in 2025. The affected metrics relate to refinements to the intensity metrics for private credit proxy allocation and improved data mapping and quality for corporate oil and gas exposures. Updated metrics and previously reported metrics are included in our asset owner detailed metrics dashboard in table 7 on page 39.

GHG emissions intensity of our investments

Our investment emissions, generated within our investment portfolios and classified as scope 3 category 15, creates the largest contribution to our carbon footprint. We have implemented targets that support our commitment to align with a 'Paris' objective.

Methodology and data approach

Our primary metric is the GHG economic emissions intensity of our portfolio of Group proprietary assets[1]. This is the total of all the GHGs produced by our share of the assets that we invest in, and is reported using CO_2e[2] emissions data.

Please refer to our Basis of Preparation on pages 50 to 55 for further detail on the methodology.

Progress in 2025

Table 3 shows the 2025 Group investment portfolio GHG emission intensity score of 51.2 tCO_2e/£m invested (2% increase from 2024; and (35)% decrease from the 2019 base year). When applied to the £107.3 billion of assets in this analysis, this gives an absolute footprint of 5.5 million tCO_2e emissions (2024: 4.8 million tCO_2e), with the increase primarily driven by the higher proprietary asset portfolio value.

Within the annual movement over 2025, an 0.2% increase is attributed to the change in updated portfolio emissions (from the updated company emissions disclosures, and from trading activity) by holding EVIC constant, as shown in table 3. The movement contains decarbonisation within our utility sector holdings, through a combination of trading activity alongside portfolio investee decarbonisation. This movement is offset by increasing sovereign exposure, which currently has a higher emission intensity than our non-sovereign portfolio, although we expect this impact to reverse in the medium term.

An increase of 1.8% is then attributed to changes in the investee EVIC and foreign exchange rate movements in 2025, illustrating the impact that market movements can have on economic emission intensity metrics. Table 5 shows the large contribution to the overall score from the utilities and government sectors.

Table 3: Group investment portfolio GHG emission intensities

Measure	2024[3]	2025 (constant EVIC[4])	2025
Investment portfolio economic GHG emissions intensity (tCO_2e/£m EVIC)	50.3	50.4	**51.2**
Movement from 2024 – actual (%)		0.2 %	**1.8 %**
Movement from 2019 – actual (%)	(37)%	(36)%	**(35)%**
Movement from 2019 – expected (%)		(24)%	
PCAF Data quality score	2.3		**2.1**
Investment portfolio economic GHG emissions intensity ex-sovereigns (tCO_2e/£m EVIC)	44		**41**
Investment portfolio weighted average GHG emissions intensity (WACI) (tCO_2e / $m revenues)	116		**106**

Table 4: Portfolio GHG emission intensities breakdown by asset class

Score Breakdown	% by value	Standalone emissions (tCO_2e/£m EVIC)	GHG emissions (million tCO_2e)	PCAF Data quality score
Bond	92%	54.7	5.4	2.1
Property	7 %	11.1	0.1	2.1
Equity	1 %	24.2	0.0	2.2
Total	**100 %**	**51.2**	**5.5▲**	**2.1**

Table 5: Portfolio GHG emission intensities breakdown by sector

Score Breakdown	% by value	Standalone emissions intensity (tCO_2e/£m EVIC)	GHG emissions (million tCO_2e)	PCAF Data quality score
Utilities	9 %	133.1	1.3	2.1
Energy	4 %	174.2	0.8	2.2
Materials	1 %	389.7	0.3	1.3
Industrials	6 %	50.6	0.3	2.2
Government	23 %	85.0	2.1	1.2
Other	57 %	10.9	0.7	2.5
Total	**100 %**	**51.2**	**5.5▲**	**2.1**

1. Total proprietary assets of £108.3 billion (2024: £99.1 billion) comprises £107.3 billion (2024: £96.1 billion) assets qualifying as scope 3 investment emissions and £1.0 billion (2024: £1.5 billion) of operating assets captured in the operational footprint.
2. Carbon dioxide (CO_2) is the most significant contributor to global anthropogenic GHG emissions, which also includes other gases such as methane and nitrous oxide. The equivalent warming impact of non-CO_2 GHG emissions are measured as tonnes of CO_2 equivalent (tCO_2e).
3. Comparatives and baseline amounts have been re-presented following methodology changes to proxy allocation in the private credit portfolio.
4. Enterprise Value Including Cash (EVIC) set as market valuation of equity plus book value of debt (or book value in the absence of market valuations).

Deloitte has provided independent limited assurance in accordance with the International Standard for Assurance Engagements 3000 ('ISAE 3000') and Assurance Engagements on Greenhouse Gas Statements ('ISAE 3410') over the selected metrics identified with an ▲. Deloitte's full unqualified limited assurance opinion, which includes details of the selected metrics assured, can be found on pages 57 and 58.

Asset owner continued

Mid and long-term trajectories

While we stay ahead of our target trajectory, we may still see continual volatility from changes in the global economy, as explained below. We remain focused on our mid to long-term decarbonisation target of a 50% decarbonisation by end-2030, as shown in Chart 1.

In any one period, the portfolio GHG emissions intensity is impacted by changes in the following:

- organic changes in the emissions from the entities we invest in (noting, that the available data generally relates to emissions for the previous year for corporate issuers, with greater lags for sovereign emissions data)
- the underlying size/revenues of the company or corresponding sovereign metric
- the market value of our holdings
- changes in methodology

Changes in the emissions coming from our investments and our investment activity are key to decarbonising our portfolios in the medium and long term. However, in the short term, factors outside of our control, such as the carbon outcomes of the entity, market movements, and the lag in the reporting of the underlying emissions data, have the potential to create significant volatility in the calculated metrics. We try to identify the underlying trends through techniques such as holding the company size constant over the reporting year, as seen in Chart 1.

Changes in methodology are, and will be, separately isolated where possible and excluded from the decarbonisation progress assessment .

Science-based targets (SBTs)

In 2023, we announced our SBTs which have been independently validated by the SBTi. In line with this commitment, we have started to track the associated physical carbon intensity metrics, whereby the emissions are normalised by a measure of physical output, for certain asset class and sector subsets of the portfolio, in line with SBTi requirements[1].

Our performance to date within our electricity generation project finance and real estate equity investment portfolios is given in Table 6. In 2025, we note a reduction in each emission intensity metric, reflecting the progress being made in each sector, within our portfolio.

Our associated portfolio temperature rise targets are given on page 37.

Use of proxy data

Where third-party data is not available, we have adopted several proxy approaches to address the coverage gap. For some asset classes, asset class-specific approaches are employed, while for others that are not covered in our datasets, we use sector-based proxies. Proxy approaches are used for the following other asset classes: real estate, lifetime mortgages, private debt and private equity. See pages 51 to 54 for further detail on the data and material proxy methodologies.

Chart 1: Group investment portfolio target decarbonisation pathway

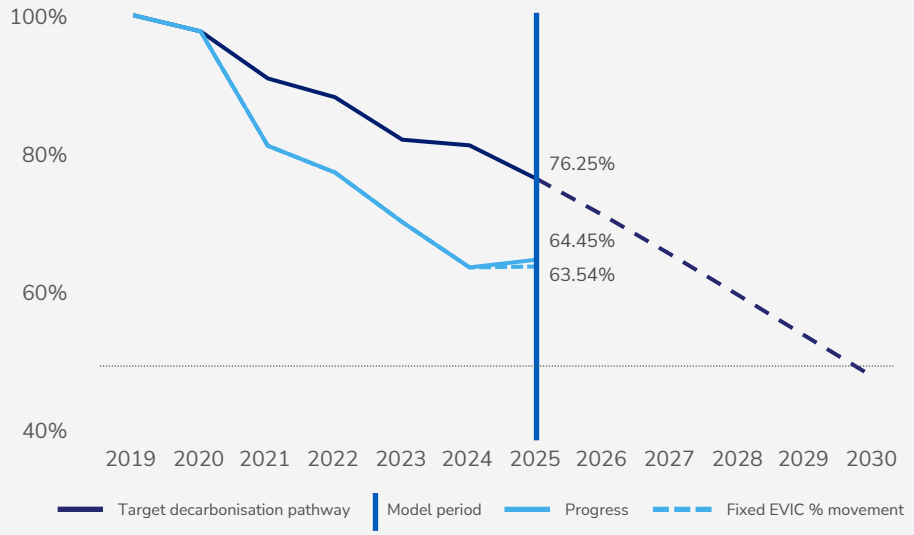


Table 6: SBTs – Emission-based

Metric	Measurement	Baseline	Target	2025
We commit to maintain the emissions intensity of our electricity generation project finance portfolio, within our shareholder investments, at or below 0.060 $KgCO_2e/kWh$ from 2021 through 2030 and only finance 1.5°C aligned electricity generation projects.	$kgCO_2e$ / kWh	0.060	0.060	0.011
We commit to reduce our real estate investment portfolio GHG emissions by 58% per square metre by 2030 from a 2019 base year.	tCO_2e / m^2	0.058	0.024	0.036
We commit to reduce our downstream leased asset GHG emissions by 55% per square metre by 2030 from a 2019 base year.	tCO_2e/m^2	0.055	0.025	0.027

1. sciencebasedtargets.org/resources/files/Financial-Sector-Science-Based-Targets-Guidance.pdf

Asset owner continued

Alignment metrics

To complement the portfolio GHG emission intensity metrics, we continue to evolve our use of multiple alignment metrics to measure and manage investment impact. Our existing temperature alignment metrics measure and provide a score for the implied warming potential of a company (or aggregate portfolio) while we will review our "portfolio climate alignment" target approach over 2026.

L&G implied temperature alignment

L&G's implied temperature alignment metric describes the climate transition pathway (temperature scenario) each company is expected to align to, based on both historical decarbonisation trends and targets the company has set. It reflects the direct link between global carbon emissions and the likely severity of global warming and allows investors to measure their impact on climate change and evaluate their performance relative to SBTs.

There are three key steps to the calculation of implied temperature alignment:

1. Project a company's carbon emission pathway to 2030.
2. Project relevant science-based sector emission targets using decarbonisation pathways from climate scenarios.
3. Rate a company's implied temperature alignment by assessing carbon intensity against science-based sector targets.

For most companies, implied temperature alignment is calculated on the basis of scope 1 and 2 emissions. Scope 3 emission estimates are included for financials, and oil and gas companies. We use a qualitative scoring methodology for midstream companies' alignments. Electric utilities are assessed on their projected energy mix and the GHG emissions per unit of electricity (tCO_2e/MWh) relative to regional benchmarks. For sovereign bonds, we incorporate Climate Action Tracker country-level assessments, country-level decarbonisation targets and historical carbon data to calculate sovereign alignment scores[1].

Our implied temperature alignment methodology covers listed equities, corporate bonds, sovereign bonds and quasi-sovereign bonds. It does not cover real estate, alternatives or private equity due to data availability, and our 2025 scores are shown on chart 2, alongside the scores for broadly equivalent benchmark indices.

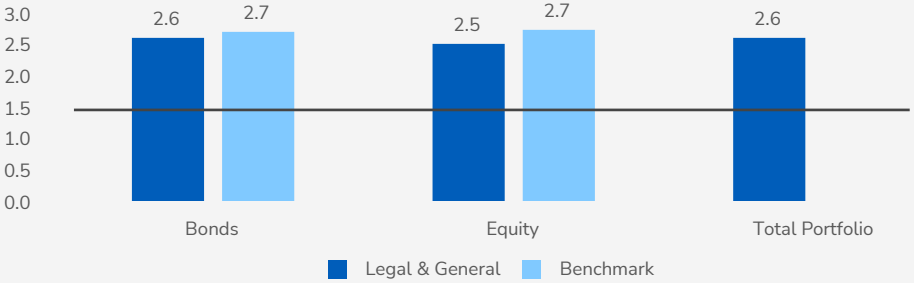
CDP-WWF Portfolio Temperature Rise (PTR)

In line with the commitment to our validated SBTs, we also measure and set targets on our associated PTR score. This metric is based on the original methodology published by a partnership between the CDP and the World Wide Fund for nature (WWF), which scores companies in relation to their published targets[2].

Under this methodology, we calculate two metrics, one on the basis of scope 1 and 2 investee emissions and a second including scope 3 investee emissions.

We note that there are numerous portfolio temperature metrics in development across the industry and advise caution in comparing scores across different methodologies at this stage. A key distinction between the L&G and CDP-WWF methodologies relates to assessing the credibility of published targets. Individual implied temperature alignment scores are subject to an internal assessment whereas the PTR scores directly apply published ambitions. PTR scores also do not cover sovereign and quasi-sovereign bonds.

Chart 2: 2025 implied portfolio temperature alignment (°C)



Progress in 2025

Our published target on our PTR score is that we commit to align the SBTi-defined PTR score for our listed equity, corporate bonds and corporate loans portfolios within our shareholder investments as follows:

- From 2.4°C[2] at end 2021 to 2.1°C (ECOTS aggregation)[3] by end 2026, covering portfolio company scopes 1&2.
- From 2.9°C[2] at end 2021 to 2.5°C (ECOTS aggregation)[3] by end 2026, covering portfolio company scopes 1,2 & 3.

As noted on page 12, our PTR metric was identified as a focus area last year. We will review our "portfolio climate alignment" target approach over 2026. Our 2025 PTR metric was 2.5°C, covering portfolio company scope 1 & 2, and 2.7°C, covering portfolio company scope 1,2 &3.

1. climateactiontracker.org/
2. cdn.cdp.net/cdp-production/comfy/cms/files/files/000/003/741/original/Temperature_scoring_-_beta_methodology.pdf
3. Enterprise value including cash emissions weighted temperature score (ECOTS)

Asset owner continued

Nature Metrics

We continue to build our understanding of the Group proprietary assets' exposure to nature-related risks. We focus on risks that cross the climate and nature risk nexus (such as risks from deforestation), while also referring to TNFD guidance for financial institutions.

Deforestation

Investment deforestation risk exposure generally arises from deforestation activity within complex investee supply chains making related data collection and measurement activities challenging.

That said, building on our Deforestation Policy[1] within our Asset Management division, we can assess companies based on sector, commodity, geography, and controversies or incidents related to deforestation and human rights in operations and supply chains.

Chart 3 shows that 10% of our holdings, as at end 2025, are with c.400 companies who have been identified on data sources related to tracking potential deforestation risk exposures. Data sources include Forest 500, CDP Forest, Sustainalytics and SPOTT. We internally score the issuers identified above, based on differing levels of deforestation management and expect our exposure to actual deforestation risks to be less than 10%, noting that 9% exposure sources from less than 150 companies.

We continue to deepen our oversight and underwriting where we can to mitigate exposure identified while data provision matures, including continued industry engagement alongside Asset Management.

TNFD metrics

The TNFD Financial sector guidance[2] calls for two particular metrics as follows:

- (FI.C0.0) – Exposure to sectors: The Taskforce recommends that financial institutions disclose a metric that represents the exposure to a defined set of sectors considered to have material nature-related dependencies and impacts
- (FI.C0.1) – Exposure to sensitive locations: The Taskforce recommends that financial institutions disclose a metric that represents their exposure to companies with assets and/or activities in sensitive locations.

Chart 4 shows that 35-47% of our holdings are currently exposed to a set of sectors considered to have material nature-related dependencies and impacts, as described in the TNFD financial sector guidance[2]. A range is provided, noting the data gaps and resultant uncertainties in mapping our exposures to the defined sectors.

In relation to FI.C0.1, low data coverage within industry datasets creates difficulties in reaching portfolio conclusions. However, we have observed where data coverage exists, that exposure to sensitive locations is not concentrated within certain sectors and could be a systemic challenge across all sectors, with many sizeable companies in differing locations flagging up operations in sensitive locations.

As such we will continue to engage on these topics,through our Nature Framework[3], while also further embedding these topics into internal risk assessment considerations.

Chart 3: Exposure to issuers identified in datasets with potential deforestation risks

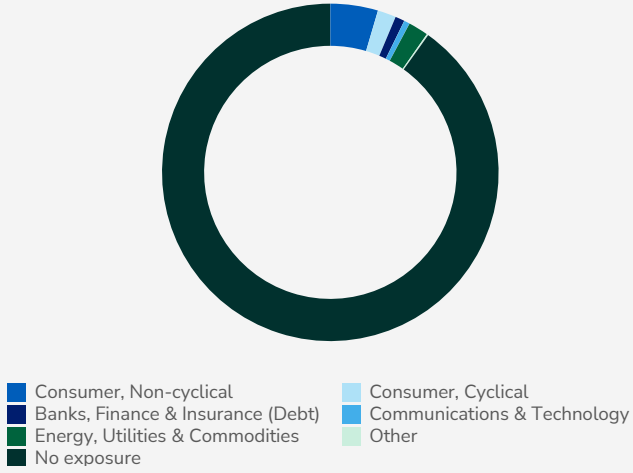
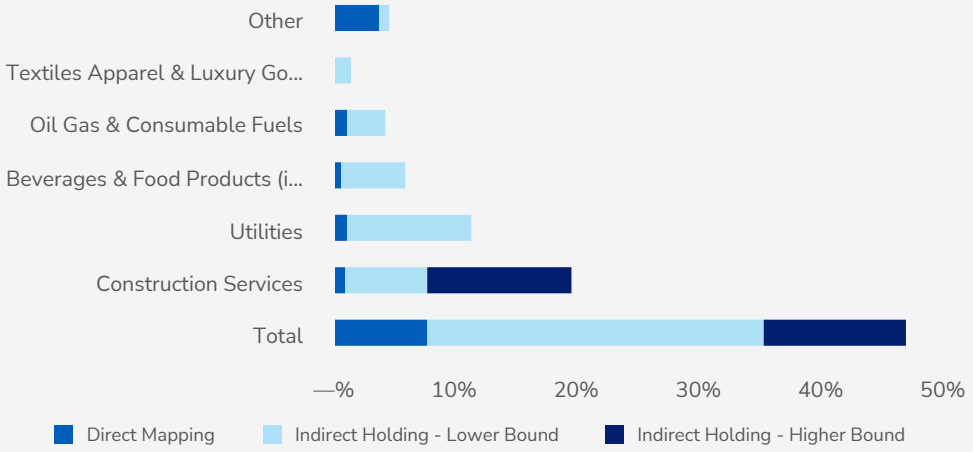


Chart 4: Portfolio exposure to sectors with material nature-related dependencies and impacts



1. https://am.landg.com/asset/4a7df4/globalassets/lgim/_document-library/esg/lgims-deforestation-policy---0823-update_v0.pdf
2. https://tnfd.global/wp-content/uploads/2024/06/TNFD-Additional-guidance-for-financial-Institutions_v2.0.pdf?v=1728035523
3. https://blog.landg.com/asset/4a7dea/globalassets/lgim/_document-library/capabilities/nature-policy-document.pdf

Asset owner continued

Detailed metrics

As we continue to build our understanding of our climate and nature-related opportunities and risks, we are improving our quantification of our opportunities and risks in relation to both our investments and our operations. These metrics are sourced from organisations such as the ISSB and NZAOA.

We focus on the primary metrics earlier in this chapter. Table 7 provides a full asset owner metric dashboard as at 31 December 2025 and compares the current year metric with both the prior years and the base year, where available. This provides useful context as to the trajectory of our emissions.

We endeavour to continue to build on these metrics over future iterations of our reporting and include additional metrics where possible particularly as we see methodologies on nature-related metrics improve.

Table 7: Metrics dashboard

Metric [1]	Metric measurement	Base year (re-presented) [2]	2024 (as reported)	2024 (re-presented) [3]	2025
Proprietary Asset Exposure					
Portfolio Value	£bn	83.7	96.1		107.3
Renewable Energy Investments	£bn	1.4	1.6		**1.7**
Transition Finance investments [4]	£bn		4.0		**4.4**
Direct Fossil fuel exposure [5]	£bn		1.3		**1.7**
Corporate oil and gas exposure [6]	£bn		1.9	4.2	**3.1**
Scope 3 Investments (Proprietary assets) - Financed Emissions					
Investment portfolio economic GHG emissions intensity (EVIC)	tCO2e / £m EVIC	79[3]	51	50	**51▲**
Investment portfolio economic GHG emissions intensity (2019 reduction)	%		(37)%	(37)%	**(35)%**
Investment portfolio economic GHG emissions intensity (static EVIC)	tCO2e / £m EVIC (prior year)		54		**50**
Investment portfolio economic GHG emissions intensity (2019 reduction,static EVIC)	%		(33)%		**(36)%**
Investment portfolio economic GHG emissions intensity ex sovereigns (dynamic EVIC)	tCO2e / £m EVIC		45	44	**41**
Investment portfolio economic GHG emissions intensity (corporate bonds & equities, real estate and infrastructure) – NZAOA target metric [7]	tCO2e / £m EVIC	82	58		**49**
Investment portfolio weighted average carbon intensity (WACI)	tCO2e / $m revenues		117	116	**106**
Investment portfolio GHG emissions	million tCO2e	6.6[3]	4.9	4.8	**5.5▲**
Scope 3 Investments (Proprietary assets) – Physical Intensity Emissions					
Real estate investment portfolio physical carbon emissions intensity	tCO_2e / m^2	0.058	0.044		**0.036**
Electricity generation project finance portfolio physical carbon emissions intensity [2]	kgCO2e / kWh		0.054		**0.011**
Scope 3 category 15(Asset Management division-wide) – financed emissions					
AUM economic GHG emissions intensity (EVIC) [8]	tCO2e / £m EVIC		72		**68**
Scope 3 Category 13 – Physical Intensity Emissions					
Downstream leased assets physical carbon emissions intensity	$tCO2e / m^2$	0.055	0.038		**0.027**
Scope 3 Investments (Proprietary assets) – Temperature Portfolio Alignment					
Implied portfolio temperature alignment – Internal methodology	°C (ROTS aggregation)[9]		2.5		**2.6**
Portfolio Temperature Rating – SBTi methodology - Scope 1&2	°C (ECOTS aggregation) [10]		2.5		**2.5**
Portfolio Temperature Rating – SBTi methodology - - Scope 1,2&3	°C (ECOTS aggregation) [10]		2.8		**2.7**

1. Metrics are based on the latest available data (one-year lag for listed equity and debt; two-year lag for sovereigns). The 2025 metrics generally reflects 2024 data.
2. Base year is 2019 for all metrics except for Electricity generation project finance emission intensity which is 2021.
3. Comparatives and baseline metrics have been re-presented. See page 35 for details.
4. Defined as renewable energy, green bonds and other technology, infrastructure and real estate climate solutions.
5. Direct private investments in fossil fuel-related projects and companies.
6. Measured as exposure to companies called out on the Urgewald Global Oil and Gas exit list: //gogel.org/gogelexplained
7. NZAOA metrics are reported with a one-year lag. The 2025 figure reflects the end-2024 score.
8. Covering £0.9 trillion of listed bonds and equities.
9. ROTS: Revenue owned emissions weighted temperature score.
10. ECOTS: Enterprise value including cash emissions weighted temperature score.

Deloitte has provided independent limited assurance in accordance with the International Standard for Assurance Engagements 3000 ('ISAE 3000') and Assurance Engagements on Greenhouse Gas Statements ('ISAE 3410') over the selected metrics identified with an ▲. Deloitte's full unqualified limited assurance opinion, which includes details of the selected metrics assured, can be found on pages 57 and 58.

Our operations

Operational carbon footprint

Our operational carbon footprint captures the annual emissions from all Group operations under our operational control, including subsidiaries and joint ventures. This covers activities such as energy use in our directly managed offices and relevant landlord operations. We also track our wider environmental impacts and apply operational controls to manage them, supported by our ISO14001-accredited Environmental Management System.

Methodology and data approach

The data reported in tables 8 & 9 align with the Group's financial reporting period unless otherwise stated in our Basis of Preparation on pages 50 to 55, which details how we collate GHG emissions data for our carbon footprint.

Table 8: Operational GHG emissions

Emissions source (tCO_2e)	2024	2025
Scope 1 & 2 (location based)	27,418	**19,921**
Scope 1	9,665	**5,398▲**
UK	8,983	**4,730**
International	682	**668**
Scope 2 (location based)	17,753	**14,523▲**
UK	14,653	**11,625**
International	3,100	**2,898**
Scope 2 (market based)[2]	3,652	**383▲**
UK	1,264	**383**
International	2,388	—
Fugitive emissions (included in scope 1)	664	**572**
Scope 3 operational emissions		
Category 3 - Fuel and energy-related activities	7,474	**5,795**
Category 5 - Waste	308	**3**
Category 6 - Business travel	7,799	**4,617▲**
Category 7 - Homeworking	3,323	**3,671▲**
Category 8 - Upstream leased assets (serviced offices)	239	**313▲**
Scope 1 & 2 intensity ratio		
Emissions per employee	2.3	**1.9**

Table 9: Operational environmental metrics

		Metric measurement	2024	2025
Energy use	Gas	kWh	41,525,000	**26,095,000**
	Electricity	kWh	77,796,000	**71,798,000**
	District Heating	kWh	1,424,000	**2,183,000**
	Fuel	kWh	9,123,000	**238,000**
	Total Energy Use	**kWh**	129,868,000	**100,314,000**
% of renewable electricity	Group	tCO_2e	86	**100**
Water management				
Total water consumption	Core occupied offices	Cubic meters	14,590	**15,054**
Water consumption	Core occupied offices	lpppd[3]	28	**31**
Water pollution incidents		Incidents	–	–
Waste management				
Total waste	Core occupied offices	tonnes	272	**185**
Waste generation	Core occupied offices	kg/employee	25	**18**
Waste to landfill	Core occupied offices	% of total	2	–
Waste recycled	Core occupied offices	% of total	38	**50**
Sustainable procurement				
Certified Timber	L&G Affordable Homes	% FSC/PEFC	94	**97**
	Surburban Build to Rent	% FSC/PEFC	100	**100**

Reporting framework

In calculating our operational carbon footprint, we have reported on the emission sources required under the Companies Act 2006 (Strategic report and Directors' report) Regulations 2013 and have followed the requirements of the Streamlined Energy and Carbon Reporting (SECR) framework.

GHG emissions data is reported in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard 'operational control' method. Emissions factors for fuels and electricity are published at: https://www.gov.uk/government/organisations/department-for-energy-security-and-net-zero

1. Joint ventures are included in the scope 1 and 2 footprint where the Group has operational control. Where the Group does not have operational control the joint venture emissions are captured in scope 3 category 15. Please refer to our Basis of Preparation (page 50) for details of how we collate our GHG data for our operational carbon footprint.
2. Scope 2 market based figure in 2025 is district heating/cooling only.
3. lppd = litres per person per day.

Deloitte has provided independent limited assurance in accordance with the International Standard for Assurance Engagements 3000 (ISAE 3000) and Assurance Engagements on Greenhouse Gas Statements (ISAE 3410) over the selected metrics identified with an ▲. Deloitte's full unqualified limited assurance opinion, which includes details of the selected metrics assured can be found on pages 57 and 58.

Our operations continued

Progress in 2025

We are decarbonising our operations in line with our transition plan commitments and our scope 1 & 2 SBT. As signalled in last years disclosure, we have recalculated our scope 1 & 2 SBT baseline. This was necessary due to the long-term nature of our SBTs and significant changes in our underlying portfolio over the last few years, including the sale of Cala Homes. Recalculating the baseline ensures the integrity of our targets by only counting real emissions reductions as progress, as opposed to actions such as the disposal of an asset. This is in line with SBTi best practice and maintains the high carbon accounting standards expected by our board and stakeholders.

Following the baseline recalculation[1], our target progress to date is a 26% reduction from our 2021 baseline[2] and remains aligned with our planned pathway. This has been driven by positive actions such as improving efficiency, removing gas from assets, installing on-site renewables, as well as benefiting from grid decarbonisation. Whilst no longer part of our carbon footprint, under our ownership and before its sale, Cala Homes reduced emissions by almost 39%. This demonstrates our commitment to actively decarbonising the businesses we own and manage.

As a result changes in business and asset ownership, our reported progress may fluctuate year-on-year, especially when there has been a significant level of transactions within a calendar year. However, our overall target, 42% reduction from our 2021 baseline by 2030,

Our core occupied offices

We continue to see a reduction in the emissions from our core occupied offices through the ongoing implementation of our location strategy and the adoption of energy efficiency measures . These are our largest offices, where we have direct control over their operation. We are on track to meet our 2030 operational net zero commitment, noting that the definition of a net zero aligned office will be clarified in the UK Net Zero Carbon Building Standard which will be released in 2026.

All core occupied offices targets are on track and we successfully delivered the follow targets during 2025;

- 100% of directly procured electricity was from a renewable source.
- we diverted 100% of waste from landfill.
- we exceeded our target to reduce core occupied office waste.

Our management of real estate we own and manage

We remain on track to meet our commitments to reduce our scope 1 & 2 emissions from the real estate we own and manage and our commitment to ensure that new homes delivered from 2030 will be enabled to operate at net zero carbon.

We recognise that there are long-term impacts from the new homes we deliver and we continue to improve their energy use intensity, as well as reducing the embodied carbon.

We continue to implement a series of programmes across our commercial and residential assets. These programmes include a range of activities including installation of on-site renewables, ongoing energy efficiency measures and planned electrification (gas removal) programmes. The ongoing greening of the national electricity grids continue to have a positive impact on our reported emissions.

During 2025 we have improved our access to data and reduced our reliance on benchmarks which has improved the quality of the data we report and enable us to make more informed decisions at asset level.

Business travel

Our 2025 emissions from business travel are 4,617tCO_2e and have decreased by 40% from our 2024 footprint, partly driven by an update in external emissions factors and a shift in business travel behaviours. We continue to take steps to reduce emissions such as introducing more controls and governance over when and how we travel for business purposes, including linking carbon and finance budgets. We are improving the accessibility of sustainability information at the point of travel booking, to help employees make informed and sustainable travel choices.

We continue to have dependency on the overall sustainability of the travel sector in achieving this target of " from 2030, our group-wide business travel will operate with net zero emissions[1]" and recognise the need for high integrity offsetting arrangements in the short to medium term to reduce emissions whilst this sector continues to decarbonise, such as our own nature restoration project within our Pudding Wood site and our nature partnerships.

Our supply chain

76% of our suppliers, by spend, have a science-based carbon reduction target and we are on track to meet our commitment to increase this to 80% by the end of 2026. This helps us ensure that we are working with like-minded supply chain partners who share our net zero ambition.

We achieved CDP A listing for Supplier Engagement Assessment for the second year running, reflecting the great progress we are making within our supply chain.

Our carbon removal strategy

We have, and will continue to, prioritise emissions reductions; however, we recognise that to achieve net zero status, we will require high quality carbon offsets to address residual emissions.

Given the ongoing challenges with the voluntary carbon offsetting market, we are creating our own nature-based solutions project and nature partnerships to generate robust nature-based carbon credits to balance carbon from our offices and business travel.

We are currently growing and funding the nature-based solutions we know we will require in future years to meet our net zero commitments. This approach ensures credible offsets, ensuring additionality and delivering wider community benefits.

1. Our baseline recalculation framework has been prepared in accordance with the GHG Protocol Corporate Accounting guidelines, as well as the SBTi Corporate Near-Term Criteria Version 5.2, SBTi Financial Sectoral SBT Guidance V2 and the World Resources Institute base year recalculation methodologies for structural changes. The key drivers for any change in baseline are changes in ownership, methodology or correction of errors.
2. Our recalculated 2021 baseline is 26,739 tCO_2e

Scenarios

Overview

Climate scenario analysis is a tool for helping us understand the implications of possible climate pathways in the transition to net zero. We use scenarios to explore the role our organisation can play, alongside policy and corporate action.

Our in-house framework focuses on energy and land system transition, and macroeconomic physical risks, and is applied across L&G's traded assets and Asset Management products.

Scenarios do not provide projections of the future. They are inherently uncertain: our model is based on over 100 unique data sources and over two million variables and assumptions.

Physical climate risk is an area of particular uncertainty. Impacts may be highly localised, and become more severe as more time passes. Estimates on the magnitude of these risks for financial assets, across corporate operations, diverge significantly.

We will continue to evolve our framework in line with industry developments, aiming to expand our scenarios to include our non-traded asset portfolio. There remain limitations, due to the amount of variables and how far scenarios project into the future (such as impact of climate tipping points and management actions), but these are reflected in how we use the outputs from this work. As global actions continue to lag behind what is required to meet 1.5°C targets, the most economically disruptive scenario to our business (Delayed Below 2°C) becomes more relevant – incentivising us to act on climate change.

> While there are undoubtedly some headwinds, and the path may not be linear, our analysis indicates the direction is clear: the global economy will decarbonise.

Nick Stansbury
Head of Climate Solutions - Investment, Asset Management

Navigating scenario modelling at L&G

The need for scenario analysis

Scenario analysis provides a structured lens to evaluate key features of transitioning to a net-zero economy, physical risk for our assets, and pathways for resilience and adaptation. Scenario modelling exercises educate us on possible financial impacts and future management actions under plausible climate pathways. Scenario analysis also informs valuation uncertainty across balance sheet assets and liabilities. We use both quantitative and qualitative scenarios to assess how the impacts from climate change may emerge under a range of time horizons.

Our scenarios

We leverage our scenario modelling capabilities across diverse use cases, applying tailored toolkits where appropriate, and partnering with external climate risk specialists to enhance and expand our modelling expertise.

It is important to remember the output from our quantitative scenarios are not projections of the future. There are many assumptions underpinning our scenarios, any of which could prove incorrect with the potential of invalidating all, or key parts, of our scenarios. As part of our risk management approach, we benchmark our scenarios against the Network for Greening the Financial System (NGFS) where relevant. The table below gives an overview of our approach to scenario modelling.

Table 10: Overview of our approach to scenario modelling

In-house scenario (s)	Approx. carbon budget	Portfolio coverage	Modelling framework(s) / Toolkits	
			Transition Risk	Physical Risk
Net Zero 1.5°C	RCP 1.9	Traded assets Private markets (private credit, infrastructure, real estate)	L&G Destination@Risk toolkit sector pathways, land-based model and assumptions Private Markets models developed in collaboration with Marsh	XDI physical climate risk specialist models
Below 2°C	RCP 2.6			
Delayed Below 2°C				
High Emissions	RCP 8.5	Private markets	Private Markets models developed in collaboration with Marsh	

L&G Destination@Risk Modelling Framework

Our in-house Climate Solutions team develop our own bottom-up scenarios of how energy and land systems may evolve by 2060. In modelling plausible pathways we make difficult trade-offs between minimising the impacts from short-term policy changes and long-term physical risks from climate change. Our L&G Destination@Risk ('D@R') framework and toolkit translate these scenarios into company-, sector- and portfolio level implications to enable us to develop our broader strategy, including our asset owner, asset manager and operations activities.

Key metrics of our L&G D@R framework are:

- climate risk: potential risk to asset valuations from various climate scenarios, and
- temperature alignment: assessing companies' contributions to changes required to reach global climate commitments.

*[Footnote to be added]

Data caveats

Outputs from our model, which translates scenarios into asset value risks, must be viewed in light of key modelling choices. The model focuses on asset valuations and credit ratings based on current exposures, holding portfolio composition (apart from rebalancing after maturity) and keeping company behaviour constant to 2060. The model does not factor in growth or decarbonisation targets, and excludes low carbon transition opportunities. Emissions data, used for temperature alignment and risk calculations, relies on third party sources; many listed companies provide only estimates or no data, and private companies are not covered due to limited disclosure. We continue to encourage improved emissions measurement and reporting through our engagement activities.

In addition, our modelling allows us to explore key insights from our climate pathways including changes to emissions and carbon prices and implications for the global energy mix, land cover change and biodiversity impacts.

Scenario analysis use cases

- Real assets underwriting and risk assessment
- Balance sheet resilience testing
- Quantifying progress against targets
- Validation of internal model expert judgements and assumptions
- Informing asset valuation uncertainty

Fund level analysis

2025 development highlights

- L&G Destination@Risk model and data updates to reflect an extended 2025-2060 modelling period and global action seen to date.
- Development of bespoke ORSA narrative scenarios for bottom-up qualitative analysis.
- Incorporation of forward looking physical and transition climate risk analysis into valuation uncertainty analysis under different scenarios.
- Introduction of climate specific stresses into routine profitability stress testing.

Climate pathways

This year, we have updated our scenarios to incorporate the latest technology costs and extend our horizon to 2060.

Emissions and carbon prices

All our scenarios see GHG emissions peak by 2030. In the inaction scenario, gradual reductions over the following decades see emissions fall to around 45 Gt by 2060. Our 1.5°C scenario ('Net-Zero') achieves net zero CO_2 emissions between 2050-55, just before the Delayed below 2°C ('Delayed') scenario. The Below 2°C ('Below-2') scenario still has positive CO_2 emissions by the end of our modelling period, but we expect it would also reach net zero around 2065-70.
To achieve these emissions reductions, global carbon prices (per tCO_2e) in the Net-Zero and Below-2 scenarios would need to reach around $100 and $50 by 2030, and $550 and $200 by 2050, respectively. In the Delayed scenario, prices only rise from 2035, reaching around $700/$tCO_2e$ by 2050[1].

Global energy mix

Across all pathways, total fossil fuel demand declines to 2060. In the Inaction scenario, the decline is modest, with total fossil fuel demand falling by around 15% over the period 2030-2060, primarily driven by phase-out of coal power generation in favour of cheaper renewable energy. Demand reduction is much more pronounced in the decarbonisation scenarios, and affects not just coal but oil and gas as well, with total fossil fuel demand falling by 71% and 75% in the net zero and delayed scenarios respectively, and 60% in the Below-2 scenario.

The central driver of these declines is the deployment of solar (included in 'other' in chart 7), which has continued to exceed expectations in recent years. In updating our scenarios this year, we have nearly doubled the solar installation figures for 2050 across all pathways– including Inaction. This also means more direct electrification of end uses is feasible, and our scenarios rely less on hydrogen and carbon capture and storage than before.

Land use change

Chart 8 shows global land cover change relative to 2020, with negative values indicating decline and positive values growth. Carbon pricing creates afforestation incentives, leading to forest cover gains by 2040 in all three decarbonisation scenarios, versus continued losses in Inaction. Net forest growth largely replaces pastures and rangelands. Cropland expands with rising food and bioenergy demand in Inaction, but in decarbonisation scenarios carbon pricing spurs yield enhancing technologies, boosting productivity and reducing land dedication to cropland. While global biodiversity would continue to decline in our inaction pathway, our decarbonisation scenarios would prevent further loss and reverse some of the loss incurred since 2020.

Chart 5: Global GHG emissions (gigatonnes of CO_2e/year)

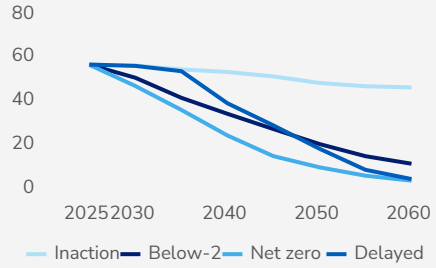


Chart 6: Global carbon price $/$tCO_2e$

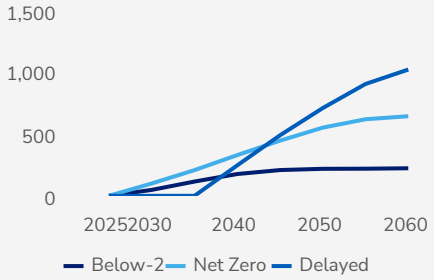


Chart 7: Share of global primary energy demand (%)

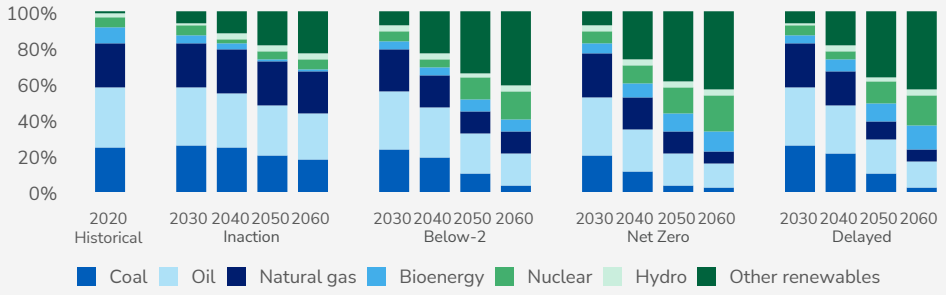
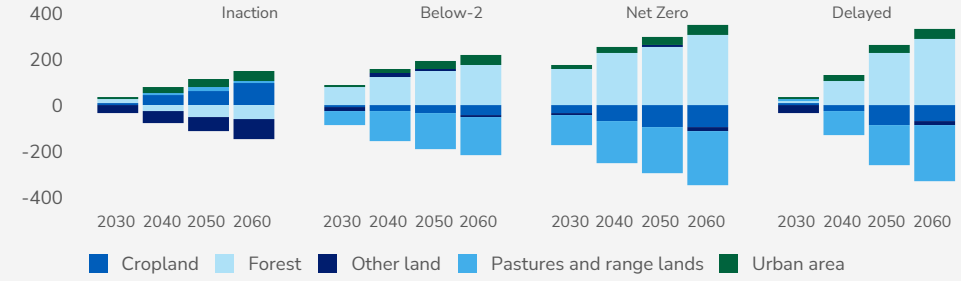


Chart 8: Land cover change relative to 2020 (million ha)



Exploration of physical risks

Peril level analysis

Our Private Markets team assess climate risk across seven key climate perils – surface water flooding, riverine flooding, coastal inundation, soil subsidence, extreme wind, freeze thaw, and forest fire for real estate assets. Understanding the nature and impact of these perils can inform better strategic investment decisions away from high-risk areas, and ensure buildings are designed to manage the risk, reducing insurance premiums and potential repair costs and protecting asset values.

Based on the climate scenario modelling on our 2024 portfolio[1], we have assessed the risk exposure of real estate equity assets to be relatively low, with c. 5% of assets having a high-risk exposure at present rising to c. 6.8% by 2050 under the high emissions scenario. Assets with medium risk remain constant, increasing by c. 0.3% between the present day and 2050 under a high emissions scenario.

There is a similar trajectory in modelled results from 2020 to 2050 under both the high and low emissions scenario, with a slight divergence in the projected average proportion of damage in high emissions scenario after 2030. The potential financial implications arising from physical climate impacts can be estimated by multiplying this metric with an asset's reinstatement value to get a total cost of damage on an annualised basis.

Where we identify assets to have high risk exposure, we will seek to better understand asset-level risk and resilience and implement measures to improve resilience, where possible. Chart 9 shows the risk profile by peril and projected change out to 2050.

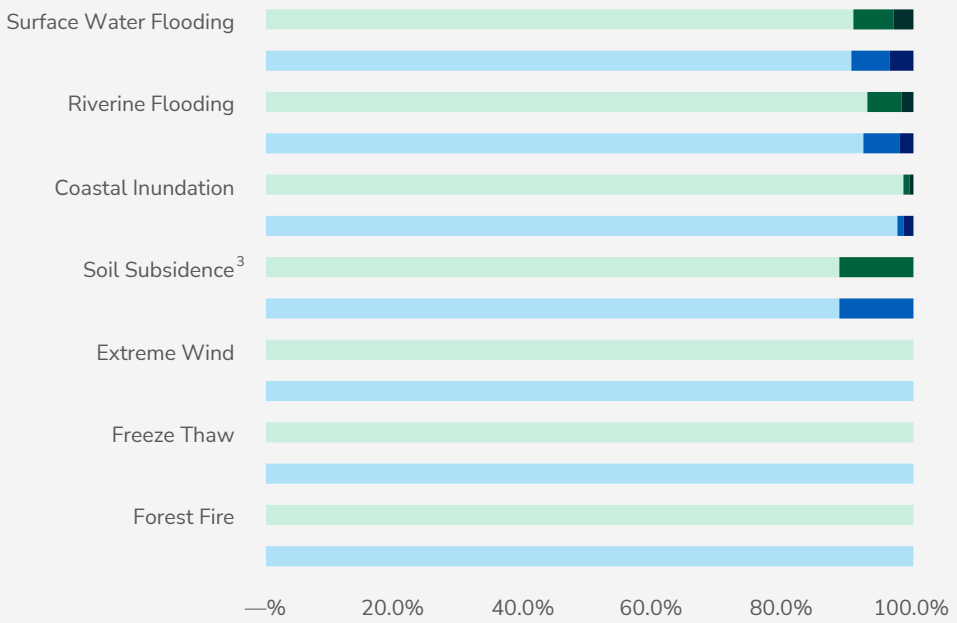
Understanding the potential impacts of climate change requires robust analysis of physical risks alongside transition risks. We have enhanced our modelling capabilities, particularly in our Private Markets business, to assess how acute events, such as floods and storms, may affect asset values, operations, and long-term resilience. This modelling provides a forward-looking view of vulnerabilities across our portfolios, combining external climate hazard data with proprietary methodologies to estimate financial implications under different warming pathways. By quantifying exposure to multiple perils, we can identify concentrations of risk, evaluate resilience measures, and inform strategic decisions.

In our Private Markets business, we continually review and evolve our approach to assessing climate risk to ensure alignment with industry best practice. We have collaborated with climate risk specialists at Marsh and climate modelling provider XDI to develop a Climate Resilience Framework, supporting systematic assessment, monitoring, management, and reporting of physical climate risk for existing assets and new acquisitions. This has included capturing more detailed, asset-specific information, including building age, floor height, existing asset level flood defences and emergency response plans to feed into the climate risk model and provide a more accurate risk profile.

We have also evolved our technical due diligence requirements, integrating forward-looking climate risk data across various hazards into the investment committee process for all new real estate acquisitions. This builds on our comprehensive flood risk due diligence, which also considers any necessary resilience measures.

More information is available in our Private Markets Real Estate Climate Report[2].

Chart 9: Peril-level risk score (high emissions scenario)[1]



Low, medium and high risk scores are representative of the percentage of assets in the portfolio that are exposed to a given climate-peril in 2020 and 2050 under a high emissions scenario. Peril-level risk scores are analysed for present day and 2050 risk levels under a high emission scenario as of 31 December 2024[1].

Source: XDI and L&G's Private Markets assessment of assets as at 31 December 2024[1].

Assumptions, opinions and estimates are provided for illustrative purposes only. There is no guarantee that any forecasts made will come to pass.

1. Modelled portfolio is reported with a one-year lag. The 2025 portfolio assessment will be published later in 2026 in the updated Private Markets Real Estate Climate Report.
2. https://am.landg.com/asset/4a1ab6/globalassets/lgim/_document-library/responsible-investing/real-estate-equity-climate-report-2024.pdf/
3. The climate modelling applies a blanket assumption of 'medium' risk scoring for the soil subsidence climate peril to all high-rise structures. Mitigating factors such as adaptation measures or specific building characteristics are not accounted for. As such, this risk may be overstated, which is considered in strategic decision-making regarding this risk.

Group portfolio scenario impacts

Our approach

We deploy the L&G D@R toolkit to evaluate climate risk and company alignment for our proprietary assets. Scenario results are produced for the Below-2, Net-Zero and Delayed pathways, focused on transition risks. We do not model our portfolio under the Inaction scenario as we expect this scenario to be driven by physical risks.

Active trading

We have modelled the impacts on our portfolio assuming no active trading beyond expected rebalancing, at or after, maturity. In practice, we expect to create value through back-book optimisation via active trading, managing our exposure to downgrades and credit risk.

The toolkit allows us to evaluate climate risk and alignment at a company-, sector- and portfolio level by:

1. Converting scenarios into company- and sector- level financial impacts on various metrics including net income, balance sheet and cash flows, covering both transition and physical impacts of the scenario.
2. Using asset valuation models to translate these company financial impacts into corporate security impacts (i.e. equity and bond valuations and bond ratings).
3. Converting country-level scenario impacts into sovereign bond valuations using our sovereign bond valuation model.

As highlighted earlier, it is important to remember that these scenarios are not projections of the future, but they provide insight into what management actions can be called upon through time.

Bond downgrades

Bonds are central to our portfolio, so we assess climate risks on credit quality and sector exposure. As a long-dated 'buy-and-hold' investor, our balance sheet is more sensitive to downgrades and defaults than price movements.

Chart 10 shows that 99% of our holdings are investment grade, with BBB-rated bonds (carrying the greatest credit risk) comprising 27% of the portfolio; only 10% of these are in high carbon sectors (defined as energy, utilities, material and industrials). We expect such exposures to decline as we reduce portfolio carbon intensity and lower the change of transition-driven downgrades. While our bespoke portfolios allow sector flexibility, we remain broadly diversified (Chart 11).

For this analysis, we modelled £40.9 billion (44% of the Group's £93.6 billion bond assets) line by line. Chart 12 shows cumulative downgrades to sub investment grade by 2060 of 2%,6% and 5% under three scenarios, versus 5%, 12% and 17% without rebalancing. Starting from a static balance sheet, where portfolio rebalancing is assumed, our model implements basic rebalancing actions for holdings that are sub-investment grade at or after maturity, to reduce the instances where holdings are reinvested into sub-investment grade positions. Most downgrades arise from high carbon sectors, with the Delayed scenario also driving notable GDP impacts. Sector outcomes vary across the scenarios, with winners and losers over time—for example, some utilities face severe risks while others remain resilient. As impacts beyond 2060 exceed current portfolio duration, future allocations will adapt to climate trends and reduce exposure to materially affected issuers.

Chart 10: Portfolio ratings by valuation (%)

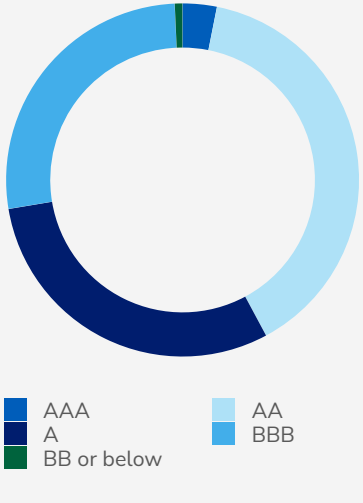


Chart 11: Industry sector by valuation (%)

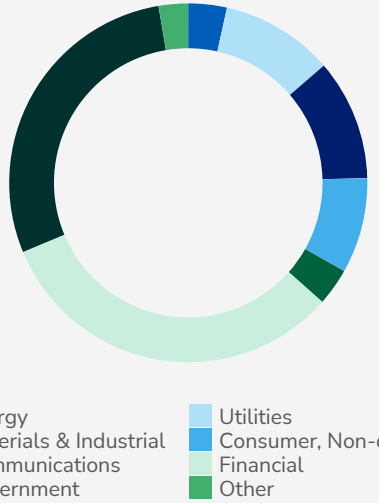
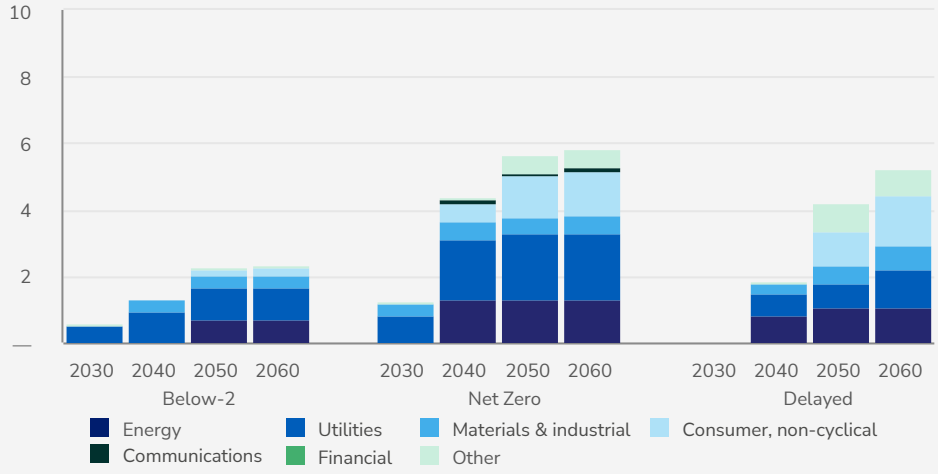


Chart 12: Cumulative downgrades to sub-investment grade (%)



Group portfolio scenario impacts continued

Equities

We also model c.£0.2 billion of our £0.6 billion proprietary traded equity portfolio line by line, with coverage limited by data availability; unmodelled holdings are assumed to follow the modelled portfolio. Chart 13 shows 2060 impacts of 13.3%, 22.4% and 30.9% under the Below-2, Net-Zero and Delayed pathways, consistent with 2024 results, assuming a static equity mix. Transition risk dominates across scenarios, while physical risks remain muted. Equity values are driven by company performance rather than investor expectations, and climate risk is not yet fully priced in. We expect value reductions in high carbon or high-risk sectors, though ongoing active management should mitigate these impacts.

Combined portfolio

To complete the analysis, we combine the valuation impacts across our bond and equity portfolios, while also breaking down the impacts between physical and transitional risk drivers, with the resultant impacts shown in tables 11 and 12. As expected, the transitional risk impacts dominate the total impact, while the total valuation impact is heavily weighted by the larger bond portfolio.

Flood risk

For our real estate equity assets, the main driver of climate exposure has been identified as flooding, including riverine flooding, coastal inundation, and surface water flooding. Increased duration and intensity of precipitation, snow melt, and rising sea levels will exacerbate riverine, surface water, and coastal flooding. These perils could:

- reduce our ability to secure planning and carry out new developments,
- cause physical damage causing costly repairs and costs to implement adaptation measures
- reduce asset values or lead to stranded assets
- disrupt supply chains, distribution and regional infrastructure

As at the end of 2024, around 3% of real estate equity assets in our managed funds were found to be at high-risk from surface water flooding, 1.5% of assets at high-risk from riverine flooding and 0.3% of assets at high-risk from coastal inundation. This was a reduction in risk exposure from the previous year's assessment, where 11% assets had high risk from coastal inundation and 10% of assets had high risk from surface water flooding, largely driven by the sale of high flood risk properties in 2024. Flood risk exposure increases out until 2050 as the impacts from climate change become more severe. As part of our risk management process related to flooding, we will continue to seek to examine existing mitigation measures and explore opportunities to enhance resilience against future events.

More details, including an average climate risk across our real estate equity portfolio in 2060 under a high emissions scenario are shown in our risk management chapter.

Chart 13: Group equity portfolio impacts through time (%)

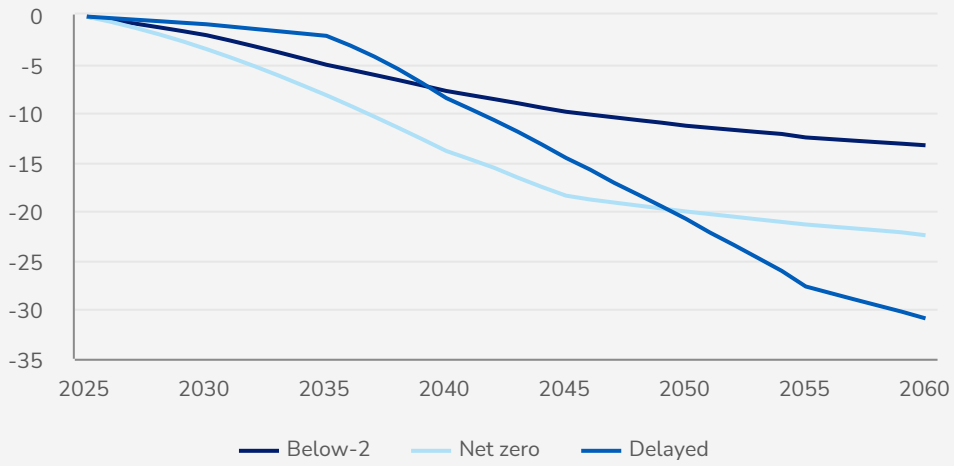


Table 11: Group portfolio undiscounted 2060 portfolio value impacts

By risk

	Below-2	Net Zero	Delayed
Physical risk	(0.2)%	(0.1)%	(0.2)%
Transition risk	(0.8)%	(1.8)%	(2.3)%
Total	(1.0)%	(1.9)%	(2.5)%

Table 12: Group portfolio undiscounted 2060 portfolio value impacts

By asset class

	Below-2	Net Zero	Delayed
Bonds	(0.9)%	(1.8)%	(2.3)%
Equities	(13.3)%	(22.5)%	(30.9)%
Total	(1.0)%	(1.9)%	(2.5)%

Resilience

Flexible portfolio management

Our exposure is primarily through listed financial assets, giving us flexibility to adjust our carbon position through trading if engagement does not deliver the desired outcomes. This provides more adaptability than businesses that must fundamentally change their operating models.

Low asset price volatility

We mainly hold investment-grade bonds matched to liabilities, meaning we are less exposed to price volatility than investors with more actively traded bond portfolios or higher equity allocations.

High quality investments

We continue to manage our balance sheet prudently and actively oversee our credit portfolio, seeking opportunities to enhance credit quality where appropriate. Climate considerations are embedded within our credit and market risk processes and will continue to evolve. Our portfolio-level decarbonisation targets help manage transition risk by reducing expected credit stresses, and our strategy also covers our equity holdings. Our balance sheet is well diversified across sectors, and our initial temperature-alignment assessment indicates no overweight exposure to the highest-emitting companies.

Balance sheet resilience testing

We have incorporated short-term climate scenarios into our ORSA and internal capital model, and we assess climate impacts across our direct investment asset classes. As at 31 December 2025, no material climate-related impacts on the Group's financial position or asset and liability valuations have been identified. Further detail on direct investment risk assessments is provided in the Governance and risk management chapter. We will continue embedding climate-scenario analysis—covering both transition and physical risks—across all assets and liabilities throughout 2026.

TCFD recommendation

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including 2°C or lower scenario.

Private Markets physical risk models

Through our analysis in Private Markets, we have identified key metrics that represent the current and future climate risk of our real estate portfolios and believe that integrating these metrics into current decision-making and future strategy is critical to improving asset resilience. This is supported by our Climate Resilience Framework, which helps us to consider integration of physical climate risk analysis at different intervention points across the asset lifecycle, such as the incorporation of climate risk considerations as part of our due diligence approach and ongoing management of our assets.

Private Markets Climate Adaptation Toolkit

To operationalise the Climate Resilience Framework, we have created a Climate Adaptation Toolkit. This is used to guide transaction and asset management teams to more comprehensively assess on-site resilience and review and prioritise adaptation measures. The Toolkit helps to reviews assets that trigger risk flags under our framework, providing practical guidance for key stakeholders on when and how to consider adaptation measures. Adaptation plans can then be developed, taking into consideration the wider strategic plans for the asset, such as the hold period, asset lifecycle and refurbishment timelines to minimise costs. We have conducted pilot climate adaptation assessments for high-risk assets and will continue to roll out the process across the portfolio in 2026.

Industry involvement

We participated in the Bank of England's Biennial Exploratory Scenario exercise[1] and continue to refine our climate-risk assessments through our involvement in the Climate Financial Risk Forum.

Transition risk
Physical risk
General

1. bankofengland.co.uk/stress-testing/2022/results-of-the-2021-climate-biennial-exploratory-scenario.

Additional information

Regulatory developments

L&G is committed to integrating the latest expectations for climate and nature-related financial disclosures. On 25 February 2026, the UK government published the UK Sustainability Reporting Standards, UK SRS1 and UK SRS2. This followed the update of the underlying International Sustainability Standards Board (ISSB) S1 and S2 standards in December 2025. These standards are currently under consultation by the FCA with a proposal to change the UK listing rules by 1 Jan 2027.

As a significant international investor, we both welcomed and continue to support the development of high-quality global standards for sustainability reporting. The availability of high quality and comparable data – gathered across jurisdictions and from both the private and public markets – is key for our business to be able to successfully manage its investments, identify and manage risks, and comply with our disclosure objectives.

It is critical that all market participants reach consistent levels of preparedness to ensure that the standards deliver maximum benefits to users.

We have developed our understanding of what the new standards mean for our reporting. We also stay abreast of international developments, most notably in the European Union.

Further development of accounting and reporting standards could materially impact the disclosures, metrics and targets' data contained in this report. Our approach and market practice in relation to the disclosures made in this report will evolve over time.

Greenhouse gas emission – Basis of preparation

Background

As a supporter of the Financial Stability Board's (FSB) TCFD, the Group commits to disclosing climate-related financial information through an annual Climate & nature report, which aligns to TCFD recommendations and is supplementary to the annual report and accounts.

These disclosures include the streamlined energy and carbon reporting (SECR) requirements required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (SI 2018/1155). The greenhouse gas (GHG) emissions data is reported in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and the Partnership for Carbon Accounting Financials (PCAF) standards where possible[1].

Introduction

The basis of preparation sets out how the Group prepares its reporting for scope 1, scope 2 (location and market) and relevant scope 3 categories of GHG emissions.

The management of the Group are responsible for ensuring that appropriate internal procedures are in place to report GHG emissions data, in all material respects, as set out in this report.

These procedures ensure that:

- the reported information reflects the Group's performance
- the data is meaningful and is consistent with the stated definitions and scope
- any specific exclusions are stated clearly and any assumptions made, as well as the accounting and calculation methods are clearly described
- the level of transparency is sufficient to enable users to have confidence in the integrity of the Group's reporting

Greenhouse Gas Emissions

The Group discloses its scope 1, 2 and relevant scope 3 GHG emissions for the whole of Legal & General Group, its subsidiaries, and joint ventures[2]. The definition of each scope and category aligns with the Greenhouse Gas Protocol and the GHG Technical Guidance for Calculating Scope 3 Emissions[3] and our approach to each relevant scope and category is explained in the Data Collection section of this basis of preparation.

A summary of the categories within Scope 3 is shown in table 13. Scope 1, 2, and 3 categories 6, 7, 8 and 15 data is subject to independent limited assurance by Deloitte (refer to page 57), prior to publication.

The Group applies the operational control methodology as set out in the Greenhouse Gas Protocol. This means we disclose GHG emissions for the following areas of Group activities.

- All directly controlled operations, such as the energy from the offices the Group occupies[4],
- The Group's landlord activities:
  - including property under the Group's control until point of occupation or sale
  - void properties under the Group's control
  - and the construction of new homes within the Group's housing business and joint ventures.

Annual GHG emissions data is aligned with the Group's financial reporting year, 1 January to 31 December[5], unless otherwise stated. Scope 3 category 15 GHG emissions data is predominantly based on January to December of the previous year for corporate investments, two years prior for sovereign investments, and the most up to date available data for direct investments (e.g. Real estate and private credit), reflecting the availability of carbon data reporting. Category 13 and 15 emissions are based on the investment holdings on 31 December 2025 (end of reporting year).

Table 13, scope 3 categories

Category	Description of Legal & General Approach
1 – Purchased goods and services	Relevant to our organisation.
2 – Capital Goods	Included within category 1.
3 – Fuel and energy related activities	Relevant to our organisation.
4 – Upstream transportation and distribution	Included in category 1.
5 – Waste generated in our operations	Relevant to our organisation.
6 – Business Travel	Relevant to our organisation.
7 – Homeworking (excluding employee commuting)	Relevant to our organisation.
8 – Upstream leased assets	Relevant to our organisation.
9 – Downstream transportation and distribution	Not applicable
10 – Processing of sold products	Not applicable
11 – Use of sold products	Not applicable
12 – End of life treatment of sold products	Not applicable
13 – Downstream leased assets	Relevant to our organisation.
14 – Franchises	Not applicable
15 – Proprietary assets	Relevant to our organisation.

1. Known deviations from PCAF 2022 standards are noted in our methodology in page 54.
2. Joint ventures are included in the scope 1 & 2 footprint where the Group has operational control. Where the Group does not have operational control the joint venture emissions are captured in scope 3 category 15.
3. The Greenhouse Gas Protocol's Technical Guidance for calculating scope 3 emissions (v1.0) is located here: Scope3_Calculation_Guidance_0.pdf.
4. Includes occupied offices where the management of the utilities is actively controlled by the Group.
5. Scope 1, 2 and scope 3 category 13 & 15 data for Private Markets data covers the period 1st January to 31st December noting that November and December data is estimated, based on prior year's November and December data, to account for utility company data lag periods..

Greenhouse gas emission - Basis of preparation continued

The Group includes newly acquired businesses as soon possible as the appropriate processes and systems are implemented to enable consistent data collation and group-level consolidation. The results of disposed businesses are included up to the date of disposal, in line with our financial reporting.

Base year emissions data, from 2021 for our operational emissions and from 2019 for our scope 3 category 15 emissions, is included in our reports to help demonstrate an emissions trajectory and progress against our targets.

Our 2021 and 2019 base years are our SBTi approved baselines[6], noting that an annual recalculation of the baseline may be required to uphold the integrity of our data and targets, ensuring that only actual emissions reductions are reported and counted as progress. During 2025, we have recalculated our baseline for scope 1 & 2 emissions[7]. This reflects changes in our ownership of assets and businesses within our operational footprint.

Exclusions

The Group applies exclusions in accordance with the GHG Protocol and the UK Government's guidance on SECR requirements. The Group's primary exclusions from scope 1, 2 and 3 categories 1-14 are joint ventures where the Group does not have operational control, noting that these are captured in scope 3 category 15.

For scope 3 category 15 we report our financed emissions based on our on balance-sheet[8] proprietary portfolio, which means we report on investments to which our shareholders maintain the investment risk. This excludes derivatives, cash or any emissions already reported under scope 1 or 2.

Data collection

In consolidating the Group's GHG emissions footprint, Group defined carbon reporting procedures are followed to capture and collate data. Group wide data owners, data types and frequencies of reporting are outlined in an internal data dictionary which is used to track and manage data throughout the annual reporting period.

Data is collected across the business and aggregated to provide a group-wide carbon footprint. All underlying data is collated by each business or at a group-level, using consistent and recognized data collection methods, for example, half-hourly meter readings, utility bills, supplier reports or expenses data for operational emissions and industry data supplies for scope 3 category 15 emissions.

The Group's approach is to use actual data where it is practical and feasible to do so. In some instances, it may be necessary to use estimated data or extrapolated data that is based on data from other parts of the business or industry benchmarks. In such cases, internal procedures are in place to manage the use of estimates where we do not have access to metered or invoiced data within the period. For example, CIBSE TM46[9] and REEB[10] benchmarks are used for emission calculation.

Data is subject to review and approval by each business before being submitted for Group level aggregation. Following submission, the data submitted, and conversion factors applied are subject to a further layer of review by the Group Climate Team. Queries are raised with data owners to address anomalies if they arise.

Scope 3 category 15 reporting is supported by third-party suppliers which provide underlying data sources of the financed emissions intensity.

The Group's GHG emissions are calculated using current and publicly available emission conversion factors. Consumption data, such as kWh or litres.

The Group's GHG emissions are calculated using current and publicly available emission conversion factors. Consumption data, such as kWh or litres of fuel, is converted into tCO_2e[11]. The primary source of the Group's emission conversion factors are:

- the Department for Energy Security and Net Zero (DESNZ)
- or international operations in the US, The United States Environmental Protection Agency (EPA).

The DESNZ conversion factors are released part way through the calendar year and are applied to the annual data set.

The Group utilises a range of data sources which are outlined below for each relevant scope and category of emissions.

Scope 1 emissions

- purchased fuels: invoices and expenses system for construction site and on-site generator fuels and vehicle fuels,
- gas purchased: meter readings, energy contractor reports, invoices and estimates based on relevant industry benchmarks, such as CIBSE TM46 and REEB.
- self-generated electricity: meter readings.
- Fugitive emissions: invoices and engineering reports for F-gas additions and regulatory 'F-gas' registers.

Scope 2 emissions

- purchased electricity: meter readings, energy contractor reports, invoices and estimates based on relevant industry benchmarks, such as CIBSE TM46 and REEB.
- district heating: meter readings, energy contractor reports, invoices and estimates based on relevant industry benchmarks, such as CIBSE TM46 and REEB.

For scope 2 market-based methodology, the GHG emissions are determined by contractual instruments which the Group has purchased or entered into such as Renewable Energy Guarantees of Origin ('REGO'), power purchasing agreements and utility contracts and therefore has a supplier specific greenhouse gas emission factor of zero.

There is a period for which electricity purchased on a renewable tariff cannot be evidenced as REGO-backed, because the REGO and the Group's reporting periods do not align[12]; therefore, REGO certificates allocated in a given year may not cover all electricity consumption within that reporting period. In this instance, a reasonable assumption is made for those months of consumption, that the electricity consumed is on a renewable tariff, as it is within the same contract period. Where REGO certificates are unavailable at the date of reporting, but the corresponding supplier contractual commitment is for 100% of the supply to be REGO backed, the relevant usage is reported as REGO-backed.

For those assets within our Private Markets business that are transitioning from a previous owners energy contracts, into the L&G standard renewable electricity contract, we purchase REGOs to match the consumption from this period.

6. To account for the impact of the pandemic our 2021 base year includes estimated emissions data from our Private Markets Real Asset Equity portfolio.
7. We have implemented our baseline recalculation framework which aligns with the GHG protocol reporting principles as well as the SBTi guidance.
8. Excluding on-balance sheet assets managed on behalf our clients. We reconcile our line by line carbon footprinting assets to the £107.3 billion of proprietary assets as they are reported in the accounts.
9. CIBSE – Chartered Institute of Building Services Engineers.
10. REEB – Better building partnership, Real Estate Environmental Benchmark.
11. We apply conversion factors (e.g. the Department for Energy Security & Net Zero) which converts energy usage (e.g. kwh) to tCO_2e, which includes all types GHGs (i.e. CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3)
12. The Renewable Energy Guarantees of Origin (REGO) reporting period for accredited generating stations is April to March each year. REGO: Submitting data and managing certificates | Ofgem.

Greenhouse gas emission - Basis of preparation continued

The consumption is obtained from invoices or half-hourly data where available. In the event invoices or half-hourly data cannot be obtained a 100kWh benchmark is used to calculate the assets average monthly consumption. This benchmark has been determined by our renewable energy procurement supplier based on their experience and assessment of typical consumption levels.

Scope 3 - Category 1: Purchased goods and services

We disclose the percentage of our suppliers, by spend, that have a science-based carbon reduction target[13]. Target data will be sourced from SBTi, publicly available data, and directly from our suppliers.

Scope 3 – Category 3: Fuel and energy-related activities

DESNZ guidance and conversion factors are applied to the data collected for the annual scope 1 and 2 footprint.

Scope 3 – Category 5: Waste

Waste is calculated based on data collected by business areas broken down, as a minimum, to the following disposal routes:

- Recycling
- Energy from waste
- Composting
- Landfill

Waste data is converted to GHG emissions by applying the relevant DESNZ conversion factors.

Scope 3 – Category 6: Business travel

Data is collected on the following modes of business travel: road-based mileage; air travel distance; rail travel distance. Where possible distance measures are used. A distance-based method involves determining the distance and mode of business travel, then applying the appropriate emission factor for the mode used.

The following data is collected:

- type of travel (for example emissions factors vary by distance and class of travel),
- specific types and size of vehicles used for travel (since transportation emission factors[14] vary by vehicle types) from transport providers,
- the specific passenger vehicle type and fuel used (since transportation emission factors vary by fuel types).

Where distance data is not available a spend-based method is used. This involves determining the amount of money spent on each mode of transport and applying a primary conversion factor to convert to distance and then a standard conversion factor to determine emissions.

Third-party travel booking providers, as part of contractual agreements, provide travel data on journeys undertaken. Information is collated from central and businesses expenses systems.

Data is collated at group-level and subject to an internal review with conversion factors applied. Queries are raised with data owners to address anomalies.

Scope 3 – Category 7: Homeworking

To account for the energy use from office equipment and home heating when employees are working from home instead of in an office, the DESNZ guidance and associated conversion factors are utilised[15].

The assessment of homeworking is based on UK regions, as the share of employees are located in the UK and there are currently no emissions factors for homeworking in other countries. Therefore, all employee home working emissions are calculated using the UK emissions factors.

Please note this methodology does not include a calculation for employee commuting.

Scope 3 – Category 8: Upstream leased assets

The Group does not have operational control of serviced offices (upstream leased assets), therefore an average data method is used to estimate emissions from leased buildings. This means estimating emissions for each leased asset, based on average data, such as average emissions per asset type or floor space.

This method has been selected because purchase records, electricity bills, or meter readings of fuel or energy use are not available or applicable.

The following information is used:

- floor space of each leased building (where not available average head counts are used and the following calculation applied to determine floor space: headcount x $7m^2$ = total m^2)[16],
- the BBP REEB are used to calculate electricity equivalent (kwh),
- appropriate DESNZ emissions factors are then applied.

Scope 3 – Category 11: Use of sold products

Energy Use Intensity data of homes built by the Group is collated from our housing businesses using a bespoke residential energy and carbon calculator.

Scope 3 – Category 13: Downstream leased assets

Where we do not manage our properties, our occupiers provide utility data, or we use benchmark data based upon property type and floor area. We use the following benchmark data sources:

- industry standard benchmarks: CIBSE and BBP REEB. Energy (and carbon) benchmarks for various types of property have been published in the UK for over 20 years, originating from the government-funded Energy Efficiency Best Practice Programme (EEBPP). The most recent update to these benchmarks was undertaken by CIBSE in 2008,
- in addition, the BBP has established more recent benchmarks for particular types of commercial buildings, predominantly offices and shopping centres. REEB 2024 office benchmark was used for this analysis.

By using a combination of these benchmarks, we establish an estimate of the GHG emissions associated with our direct property investments and identify which property sectors are, on average, most intensive in terms of GHG emissions.

13. We define a target as science based if it is aligned to SBTi criteria, i.e. is a mid-term reduction target with enough ambition to align with the global net zero trajectory. We would expect this to be between 40-50% reduction depending on the base year.
14. Emissions factors with radiative forcing are used for air travel, to account for the effects of altitude and differing flight phases.
15. Employees are defined as Full-Time Employee equivalent (annual average) and we used 365 days in the year.
16. $7m^2$ is sourced from the UK Government Employment Densities Guide 2010, which the Group uses for space planning purposes.

Greenhouse gas emission - Basis of preparation continued

Scope 3 – Category 15: Investments

The Group's category 15 data is made up of the Group's ownership share of the financed emissions related to the on-balance- sheet proprietary asset portfolio to which shareholders maintain the investment risk (referred to as 'Group proprietary assets[17]).

It includes bonds, equities, and investment property, but excludes cash, derivatives, or any assets already covered in our operational footprint.

The Group's primary metric is the GHG economic emissions intensity of the portfolio of Group proprietary assets. This is the total of all the GHG produced by our share of the companies and corporations that we invest in, per unit of investment, and is reported using CO_2e emission data. There are three components to this metric:

- the GHG emissions, CO_2e, in tonnes for each entity in which we are invested arising from the underlying scope 1 and scope 2 emissions directly connected with its operations,
- a unit of value to normalise the emissions by the underlying size of the entity we are investing in measured in £m. For our primary metric we use:
  - EVIC[18] for corporate issuers,
  - sovereign capital stock for sovereigns,
  - market valuation for each real estate investment,
- the size of our holding in the entity.

The investment portfolio emissions intensity is then calculated by weighting the normalised emissions (tonnes of CO_2e emissions per £m normaliser entity value as defined above) by the size of our investment and aggregating all holdings in our investment portfolio.

Where third-party data is not available, we have adopted several proxy approaches with the aim of filling the coverage gap. For some key asset classes, asset class-specific approaches are employed, while for others that are not covered in our datasets, we use sector-based proxies.

Proxy approaches are used for the following other asset classes: real estate, lifetime mortgages, private debt and private equity.

Our calculation methodology for our primary economic carbon intensity metric aligns with (unless stated):

- PCAF stock emission intensity methodologies using EVIC as the stock emission intensity normaliser, where available. Known deviations from the PCAF methodologies are stated below.
- TCFD's carbon footprint portfolio weighting methodology where intensities are weighted by portfolio value.

We also break down the results down by asset class and industry sector in line with PCAF guidance.

Note, for each years' calculations the emissions and revenues data refer to the most recently available reported carbon footprint scores and revenue information (which predominantly contains a one-year lag for listed equity and debt, and two- year lag for sovereigns). For example, the emissions (tCO_2e) and revenue data would generally refer to 2023 for the 2024 metric.

Scope 1, 2, and 3 categories 6,7,8 and 15 data is subject to independent limited assurance by Deloitte (refer to page 57), prior to publication. Checks are also undertaken at the half and full year period at a group-level, and data is shared with the GEC prior to inclusion in external disclosures.

Consideration of scope 3 category 13 and category 15 assets

There is a portfolio of properties where Asset Management Private Markets acts as the landlord whilst Institutional Retirement takes direct ownership. The investment portfolio emissions and related financed emissions intensity arising from such property holdings are reported as scope 3 Category 15, and not as scope 3 Category 13, avoiding duplication in the reported metrics. For the purposes of target setting the emissions from this property portfolio are reported within physical carbon intensity (tCO_2e/m^2) metrics for both scope 3 Category 13 and Category 15 calculations.

Scope 3 investment portfolio carbon footprint: underlying data approach

ISS data[20] provides a coverage of £23.9 billion of our corporate portfolio, and £21.6 billion of our sovereign portfolio (c.46% direct coverage of 2025 portfolio).

The following categories cover the approach to each asset class, including the techniques we apply to estimate and proxy GHG emissions in the absence of third-party emissions.

Corporate credit and listed equity

The carbon footprint calculation for these asset classes is purely data-driven, as follows:

- Primary carbon data provided by ISS, an external data provider,
- Corporate normaliser data (a unit of value to normalise the emissions by the underlying size of the entity we are investing in) sourced in two parts:
  - 'EVIC' scores provided by Refinitiv, also an external data provider, are used to normalise the emission scores within the Investment portfolio economic carbon intensity calculation,
  - 'Revenue' scores provided by ISS, used to normalise the emission scores within the investment portfolio WACI calculation.

GHG emissions and revenue data have a one-year lag.

Sovereigns

For sovereigns the Group also follows a data-driven methodology, as follows:

Economic GHG intensity metric (tCO_2e/£m invested):

- Numerator: GHGs within the country border per calendar year is the numerator, sourced from ISS,
- Divisor: adjusted IMF data[21] reflecting total capital stock per calendar year (this is broadly comparable to tCO_2e/£m EVIC for corporate bonds).

Sovereign GHG emissions data has a two-year lag.

17. We reconcile our line by line carbon footprinting assets to the £107.3 billion of proprietary assets as they are reported in the accounts.
18. EVIC set as market valuation (or book value in the absence of market valuations) of equity plus book value of debt.
19. www.carbonaccountingfinancials.com/files/downloads/PCAF-Global-GHG-Standard.pdf
20. Where we use ISS data to support our financed emissions results, we are unable to distinguish between location-based or market-based scope 2 data.
21. Due to the infrequency of publication of the underlying IMF data for total capital stock for sovereigns, estimation techniques are applied. Total capital stock is calculated using general government capital stock and private capital stock. Where data is not provided by the IMF, the Group calculate a proxy based on the average ratio of general government and private capital stock values. The timing of this calculation is aligned with the reporting period using extrapolation based on OECD gross fixed capital formation data where OECD data exists, or linear extrapolation where OECD data does not exist.

Greenhouse gas emission - Basis of preparation continued

Unscored credit and equity (both listed and unlisted)

For holdings that are not scored by other means, generally because of external emissions data being unavailable. The Group utilises a selection of methodologies, in the following order of preference or availability, for these holdings depending on their exposure and type:

1. Sourcing directly from companies' annual or sustainability reports with reference to the PCAF guidance
2. Based on third-party datasets such as ISS, IPCC or PCAF[22] database
3. Mapping to listed parent company with carbon disclosure
4. Mapping to a suitable proxy asset in the ISS database
5. Assigning a scored portfolio sector average, based on the BICS.

Property

The carbon analysis of the Group's property portfolio is based on several sources. Where we are responsible for the utility procurement, operation, and management of the Group's properties, through managing agents, we obtain energy and environmental data directly from site utility meters or from utility suppliers. Where we do not manage the properties, our occupiers provide utility data, or we use benchmark data based upon property type and floor area. We use the following benchmark data sources:

- offices and shopping centre: BBP's REEB[23]
- all other property types: CIBSE[24].

By using a combination of these benchmarks, we establish an estimate of the GHG emissions associated with our direct property investments and also identify which property sectors are, on average, most intensive in terms of GHG emissions.

For commercial property, our operational footprint (scope 1 and 2) includes assets that are owned and managed in connection with our businesses. This includes all assets we occupy where we procure energy but also includes assets owned and managed by us, i.e. where we procure energy on behalf of external occupiers. The Group scope 3 category 13 calculation additionally brings in the emissions associated with occupier energy use.

Our investment footprint applies fund level average emissions to all property assets, including those under development. This is due to known limitations in the underlying data where we are currently unable to disaggregate emissions at the individual property level.

LTMs

The Group's approach to LTMs lifetime mortgage (LTM) methodology is a based on a sector proxy of "consumer discretionary" where PCAF methodology has not yet been developed.

Other assets

We have assumed that no emissions apply to the cash and derivative exposures.

Restatement of reported data

Given the complexities associated with some of the data, including the use of estimates, there can be instances where it may be necessary to amend data reported in prior years, due to the availability of higher quality data or a change in the data collating or scoring methodology. Where the Group believes there is a material impact on previously reported data, the data will be restated along with an explanatory note[29]. We do not restate prior year results based off more up to date GHG emissions data.

PCAF data quality assessment

The Group has implemented the PCAF data hierarchy system and will disclose the portfolio data quality scores[19] for 2024.

The resulting data coverage is the portfolio emissions coverage with highest data quality scores.

Known data limitations

We rely on third- party databases (such as ISS) for our emissions data which is subject to each providers' quality considerations.

Portfolio sector averages are used where asset class specific emissions data does not exist. This sector mapping is currently carried out at 'BICS legacy level 1', as a pragmatic approach on the grounds of current modelling capacity and data availability. This presents a limitation as issuers of holdings could have multiple industry sectors, or the holdings could be the most relevant to an unlisted subsidiary of a listed parent of multiple sectors.

Known deviations from the PCAF methodology

Key deviations from PCAF standards in the Group's scope 3 category 15 emissions methodology are shown below:

- we do not currently include the scope 3 emissions of our investee companies, primarily due to the challenges of producing meaningfully comparable data across the highly diverse set of industries in which we invest,
- we use adjusted International Monetary Fund (IMF) data as the emission intensity normaliser for sovereign bonds within our full portfolio calculation, as opposed to adjusted Gross Domestic Product (GDP), as we believe the IMF data is the economically more comparable normaliser to EVIC which is used for other asset classes.
- lifetime mortgage (LTM) methodology is a based on a sector proxy of "consumer discretionary" where PCAF methodology has not yet been developed.

22. In our 2025 reporting for our private credit portfolio, PCAF factors will be subject to a one-year lag.
23. www.betterbuildingspartnership.co.uk/our-priorities/measuring-reporting/real-estate-environmental-benchmark
24. www.documents.pub/document/cibse-tm-46-energy-benchmarks
25. UNFCC: https://unfccc.int/topics/mitigation/resources/registry-and-data/ghg-data-from-unfccc
26. CAIT: https://datasets.wri.org/dataset/cait-country
27. Based on PCAF data quality score table for commercial real estate (weblink)
28. Based on PCAF data quality score table for commercial real estate (weblink)
29. Either a change of 5% or more from the original stated data or where there is a material impact from the operational business.

Greenhouse gas emission - Basis of preparation continued

Data quality calculation detail

Data sources

Third-party data sources are available to provide underlying financed emissions intensity. ISS also provides the data collection approach that we can use to determine PCAF data quality score for companies. The database includes a brief description relating to the quoted source of GHG emissions data, including 'Sustainability or Annual Reports', 'UNFCCC' (United Nations Framework Convention on Climate Change) and 'CDP' (Carbon Disclosure Project). This enables us to derive an approach combining the carbon proxy approach with the (ISS) carbon data source description. Carbon data sources and their PCAF score assignments are outlined in table 15.

Data quality score assignment

The data quality scoring approach is set up for compliance with PCAF data quality scoring system on best endeavour basis. The PCAF data quality score card is presented in table 14.

Table 14: PCAF data quality score card table:

Certain	Score 1	Audited GHG emissions data or actual primary energy data
	Score 2	Non-audited GHG emissions data or other primary data
	Score 3	Average data that is peer/ (sub)-sector specific
	Score 4	Proxy data on the basis of region or country
Uncertain	Score 5	Estimated data with very limited support

Table 15: PCAF scores by carbon source

ISS/ carbon data source description	Legal & General Carbon proxying approach	PCAF Score assigned	Reason for score
CDP	ISS-based (corporate holdings)	1 and 2	ISS company carbon data sourced from CDP disclosure
Sustainability or Annual Reports	ISS-based (corporate holdings)	1 and 2	ISS company carbon data sourced from sustainability or annual reports
UNFCCC	ISS-based (sovereign bonds)	1	ISS sovereign carbon data sourced from UNFCCC
Other Reported	ISS-based (corporate holdings)	1 and 2	ISS company carbon data sourced from other reported source
CAIT	ISS-based (sovereign bonds)	3	ISS sovereign carbon data sourced from CAIT
CDP	Industry sector average score mapped with BICS level 1	3	ISS company/ sovereign carbon data available but no EVIC data available hence industry sector average score used
Sustainability or Annual Reports			
Other Reported			
Modelled Emissions			
CAIT			
NULL			No match found in carbon dataset hence industry proxy set as final footprint score
Modelled Emissions	ISS-based (corporate holdings)	2 or 4	ISS company carbon data based on modelled emissions
NULL	Investment Cash Proxy	5	Investment cash-like items with carbon intensity score proxied on Legal & General liquidity fund
Actual building energy consumption and supplier-specific emission factors	Manual Proxy (Property)	1	Collected directly from landlord or occupiers
Offices and shopping centre: BBP's REEB. All other property types: Chartered Institute of Building Services Engineers ('CIBSE')	Manual Proxy (Property)	4	Apply to benchmark scores dependant on building type and floor area
NULL	Manual Proxy	1 - 5	Score manually sourced from multiple data sources hence data quality score allocated in line with the rest of this table
NULL	Not Scored	5	No match found in carbon dataset, no manual proxy applied and no BICS sector found hence holdings remain unscored

Entity-level disclosures

There are specific entity-level disclosure requirements, both for the US and UK.

For the UK these include the FCA rules and guidance for asset managers and certain FCA-regulated asset owners to make mandatory disclosures consistent with TCFD recommendations.

Our Workplace and Retail Savings business areas sit within our Retail division and have entities that fall within scope of the regulations. While we typically manage our response to climate change at a group-level, below are disclosures relevant to specific legal entities including Legal & General Assurance Society Limited (LGAS) our insurance entity, L&G Portfolio Management Services Limited (PMS) our investment entity and L&G America (LGA) our insurance entity in the US.

Below sets out which legal entities our business units conduct their activities via:

- Workplace: the business area that provides product management and governance support for Workplace members and conducts its activities via LGAS and PMS.
- Retail Savings: the business area that provides product management and governance support for our Retail account-holders in ISA and individual pension products and conducts its activities via PMS.

Strategy

Our Workplace business uses Asset Management as its primary asset manager, making day-to-day investment decisions in relation to funds. Workplace shares Asset Management's core investment beliefs relating to climate change, including where Asset Management applies a consistent approach to voting and engagement, pursuing innovation in tackling climate change, modelling energy transition, and targeted engagements.

Our Workplace business supports Asset Management's short and long-term targets, and both Asset Management and Workplace have published net zero targets for 2050, for the established standard default investment options.

Both businesses work together, to utilise relevant expertise and ensure their investment principles remain aligned.

The innovative Lifetime Advantage target date funds were made available to Workplace members in 2024 as a new default investment option. When setting commitments, Workplace uses time horizons as defined by Asset Management and Group climate risk structures.

Scenario analysis is conducted at an asset class level for internal Asset Management funds, by Asset Management as the primary asset manager. Entity- and product-level reports were successfully produced by 30 June 2025.

The Workplace and Retail Savings approach to measuring and assessing climate risk will continue to evolve. The Workplace business publishes a Statement of Investment Principles for its products, the Group Stakeholder and WorkSave Pension Plan, which incorporate information on TCFD.

Governance

For our UK legal entities, the Boards of our insurance entity, LGAS, and our investment entity, PMS, formally delegate the oversight of TCFD products (unit linked funds and pre-set investment portfolios) to the Fund Risk Oversight Committee (FROC), which meets at least quarterly. This delegation includes climate reporting responsibilities such as climate metrics. Climate risk is reported up to the LGAS and PMS Boards at least annually.

As the insurer, LGAS has the ultimate responsibility for funds made available across Workplace products. However, trustees of trust-based pension arrangements remain responsible for ongoing investment governance for the funds they make available to their members.

Climate risk is an important factor in governance of the standard default investment options (in the triennial reviews conducted by the Workplace business).

LGA, aligns its climate risk strategy to that of its parent, L&G. Climate risks, both physical and transition risks, are most relevant to LGA's investment strategy and a framework has been developed to identify and escalate these risks.

Risk management

For our UK legal entities, group-level climate risk management is cascaded down to all of our businesses. Our Workplace and Retail Savings businesses engage with Asset Management as their primary asset manager, to obtain climate data and to conduct scenario analysis within product-level reports. This information is an integral part of their climate risk management process and an area our individual businesses expect to develop their understanding of over time.

For Workplace and Retail Savings businesses, the setting of commitments and targets, Exclusions Policy, CIP and Active Ownership policies are managed by Asset Management. Reliance is placed on group-level committees to advise on the climate risk of business in relation to legal, technology, market, reputational and physical risks, and for ongoing management of Asset Management funds. As providers of unit linked pension funds, our Workplace and Retail Savings businesses are not direct shareholder in any investee companies, and instead invest in underlying funds which in turn will invest into other funds or hold securities such as Company shares.

For the US, LGA leverages the Group's risk management framework and has its own Climate Risk Committee which has been a sub-committee of the LGA Board since May 2023. The primary role of the LGA Climate Risk Committee is to ensure that adequate governance and oversight is in place for the assessment and management of the financial risks associated with climate change.

The LGA Climate Risk Committee includes LGA executive sponsorship and representatives from both the Protection and Pension Risk Transfer businesses. A non-executive director of the LGA Board and a representative from the Group Climate team serve on this Committee in an advisory capacity.

Metrics and targets

For our UK legal entities, entity- and product-level reports were successfully produced by 30 June 2025. Product-level reports cover in-scope funds and lifestyle profiles. The reports can be found at: legalandgeneral.com/workplace-dc/tcfd/.

Workplace has not provided separate TCFD product-level reports for funds managed by external fund managers. As data methodologies mature and become consistent and as sustainability disclosure requirements continue to mandate further disclosure, it is expected that this area will develop and enable greater transparency. TCFD metrics are now used as a quantitative measure of climate risk to support some governance decisions, for example, when assessing funds against anti-greenwashing rules.

For LGA, metrics are aligned to those used by Group and LGA provides relevant information to Group to enable measurement and management of its overall performance with respect to these metrics.

Independent Limited Assurance Report to the Directors of Legal & General Group Plc

Independent limited Assurance Report by Deloitte LLP to the Directors of Legal & General Group Plc on selected sustainability metrics (the "Selected Information") within the Climate and Nature Report for the reporting year ended 31 December 2025.

Our assurance conclusion

Based on our procedures described in this report, and evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 31 December 2025, as listed below and indicated with a ▲ in the Climate and Nature Report, has not been prepared, in all material respects, in accordance with the Applicable Criteria defined by the directors as set out in the Greenhouse gas emission Basis of Preparation 2025.

Scope of our work

Legal & General Group Plc has engaged us to perform an independent limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 (Revised), and Assurance Engagements on Greenhouse Gas Statements ("ISAE") 3410 ("ISAE 3410") issued by the International Auditing and Assurance Standards Board ("IAASB"), and our agreed terms of engagement.

The Selected Information in scope of our engagement for the year ended 31 December 2025, as indicated with a ▲ in the Climate and Nature Report, is as follows:

Selected Information	Reported Amount
Scope 1 emissions (tCO_2e)	5,398
Location-based scope 2 emissions (tCO_2e)	14,523
Market-based scope 2 emissions (tCO_2e)	383
Scope 3 category 6: business travel (tCO_2e)	4,617
Scope 3 category 7: Homeworking (excluding employee commuting) (tCO_2e)	3,671
Scope 3 category 8: Upstream leased assets (from serviced offices) (tCO_2e)	313
Scope 3 category 15: Investments GHG Emissions: Investment portfolio carbon footprint (million tCO_2e)	5.5
Scope 3 category 15: Investments GHG Emissions: Investment portfolio carbon intensity (tCO_2e/£m EVIC)	51

The Selected Information, as listed in the above table, needs to be read and understood together with the Applicable Criteria, named as Greenhouse gas emission Basis of Preparation, set out on pages 50 to 55 of the Climate and Nature Report, available online at group.legalandgeneral.com/en/reporting-hub/Sustainability.

Inherent limitations of the Selected Information

We obtained limited assurance over the preparation of the Selected Information in accordance with the Applicable Criteria. Inherent limitations exist in all assurance engagements.

Any internal control structure, no matter how effective, cannot eliminate the possibility that fraud, errors or irregularities may occur and remain undetected and because we use selective testing in our engagement, we cannot guarantee that errors or irregularities, if present, will be detected.

The self-defined Applicable Criteria, the nature of the Selected Information, and absence of consistent external standards allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact comparability of the Selected Information reported by different organisations and from year to year within an organisation as methodologies develop.

We draw your attention to the specific limitations, due to the nature of the Selected Information, set out in the "Key procedures performed" section below.

Directors' responsibilities

The Directors are responsible for:

- Selecting and establishing the Applicable Criteria.
- Preparing, measuring, presenting and reporting the Selected Information in accordance with the Applicable Criteria.
- Publishing the Applicable Criteria publicly in advance of, or at the same time as, the publication of the Selected Information.
- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Selected Information to ensure that they are free from material misstatement, including whether due to fraud or error.
- Providing sufficient access and making available all necessary records, correspondence, information and explanations to allow the successful completion of our limited assurance engagement.

Independent Limited Assurance Report to the Directors of Legal & General Group Plc continued

Our responsibilities

We are responsible for:

- Planning and performing procedures to obtain sufficient appropriate evidence in order to express an independent limited assurance conclusion on the Selected Information.
- Communicating matters that may be relevant to the Selected Information to the appropriate party including identified or suspected non-compliance with laws and regulations, fraud or suspected fraud, and bias in the preparation of the Selected Information.
- Reporting our conclusion in the form of an independent limited Assurance Report to the Directors.

Our independence and competence

In conducting our engagement, we complied with the independence and other ethical requirements of the ICAEW Code of Ethics. The ICAEW Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We applied the International Standard on Quality Management (UK) 1 ("ISQM (UK) 1") issued by the Financial Reporting Council. Accordingly, we maintained a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Key procedures performed

We are required to plan and perform our work to address the areas where we have identified that a material misstatement in respect of the Selected Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement in respect of the Selected Information, we performed the following procedures:

- Performed an assessment of the Applicable Criteria (the benchmarks used to measure or evaluate the underlying information) to determine whether they were suitable for the engagement circumstances.
- Performed analytical review procedures to understand the underlying subject matter and identified areas where a material misstatement of the Selected Information was likely to arise.
- Through inquiries of management, obtained an understanding of Legal & General Group Plc, its environment, processes, and information systems relevant to the preparation of the Selected Information sufficient to identify and further assess risks of material misstatement in the Selected Information, and provided a basis for designing and performing procedures to respond to assessed risks and to obtain limited assurance to support a conclusion.
- Through inquiries of management, obtained an understanding of internal controls relevant to the Selected Information, the quantification process and data used in preparing the Selected Information, the methodology for gathering qualitative information, and the process for preparing and reporting the Selected Information. We did not evaluate the design of particular internal control activities, obtain evidence about their implementation or test their operating effectiveness.
- Through inquiries of management, documented whether an external expert had been used in the preparation of the Selected Information, then evaluated the competence, capabilities, and objectivity of that expert in the context of the work performed and also the appropriateness of that work as evidence.
- Inspected documents relating to the Selected Information to understand the level of management awareness and oversight of the Selected Information.
- Performed procedures over the Selected Information, including recalculation of relevant formulae used in manual calculations and assessed whether the data has been appropriately consolidated.
- Performed procedures over underlying data on a statistical sample basis to assess whether the data had been collected and reported in accordance with the Applicable Criteria, including verifying to source documentation from third parties, where available, or to financial records used in the preparation of the consolidated financial statements of Legal & General Group Plc for the year ended 31 December 2025.
- Performed procedures over the Selected Information including assessing management's assumptions and estimates.
- Accumulated misstatements and control deficiencies identified and assessed whether material.
- Read the narrative accompanying the Selected Information with regard to the Applicable Criteria, and for consistency with our findings.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We performed our engagement to obtain limited assurance over the preparation of the Selected Information in accordance with the Applicable Criteria. We draw your attention to the following specific limitation:

- The investments GHG Emissions metrics (Scope 3 Category 15) include information provided by third-party sources. Our procedures will not include obtaining assurance over the information provided by third parties..

Use of our report

This report is made solely to the Directors of Legal & General Group Plc in accordance with ISAE 3000 (Revised), ISAE 3410 and our agreed terms of engagement. Our work has been undertaken so that we might state to the Directors of Legal & General Group Plc those matters we have agreed to state to them in this report and for no other purpose.

Without assuming or accepting any responsibility or liability in respect of this report to any party other than Legal & General Group Plc and the Directors of Legal & General Group Plc, we acknowledge that the Directors of Legal & General Group Plc may choose to make this report publicly available for others wishing to have access to it, which does not and will not affect or extend for any purpose or on any basis our responsibilities. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Legal & General Group Plc and the Directors of Legal & General Group Plc as a body, for our work, for this report, or for the conclusions we have formed.

Deloitte LLP
London

10 March 2026

Cautionary statement

The disclosures in this report, including the metrics, particularly targets, projections, forecasts and other forward-looking metrics, should be treated with caution, in particular given the uncertainty around the evolution and impact of climate change and around broader factors, such as impacts and dependencies on nature.

These disclosures and metrics include but are not limited to estimates of historical emissions and of historical climate change and forward-looking climate and nature-related metrics and estimated climate and nature-related projections and forecasts.

1. The topics addressed in this report such as climate change, impacts and dependencies on nature and associated risks cannot be evaluated in the same way as more conventional financial disclosures.

Primary reasons for this include:

- their unprecedented nature and complexity; the fact that projections of climate change and temperature and impacts on nature are long term as scenarios that play out over at least several decades and are therefore inherently more uncertain
- understanding about climate and nature-related risks continues to evolve
- climate-related and nature-related risks may also interact with non climate-related risks and vulnerabilities and compound impacts in ways not currently anticipated
- climate change, and impacts on nature and biodiversity-loss, and their related risks may be irreversible if certain limits are exceeded
- climate-related and nature-related risks, to a significant extent, arise due to factors outside of our control
- because the physical and transition risks are novel, they differ from the perspective of conventional risk identification, measurement and management (which generally focus on extreme events with a basis in prior experience)and the outcomes are thus more uncertain

This leads to significant uncertainties, assumptions and judgements underlying the disclosures and metrics included in this report that limit the extent to which they can be relied on.

2. The lack of reliable, accurate, verifiable, consistent and comparable data relating to climate and nature makes it challenging to accurately disclose or estimate data or metrics used to assess associated risk and opportunities.

In particular:

- finding the sources for relevant required data remains a challenge as does validating and standardising that data
- metrics and data, the models and supporting scenarios included in this report rely on third-party sources
- metrics and data, the models and supporting scenarios included in this report and the measurement technologies, analytical methodologies and services that support them, continue to develop.

3. There is a lack of standardisation, transparency and comparability of disclosure with many diverging disclosure frameworks and methodologies for calculating climate and nature-related disclosures and metrics, in particular, leading to estimates that are not directly comparable.

These differences are compounded by a lack of international coordination on data and methodology standards. Even where methodologies are publicly described, differences across data providers can still make resulting disclosures difficult to compare for investors and others evaluating climate or nature exposure across their holdings. In addition, the methodologies for estimating and calculating GHG emissions or emission intensities and other climate-related and nature-related metrics vary widely in their approaches. This could lead to under or over estimation of implied temperature rises and the attendant climate and nature risks.

4. Disclosures and metrics included in this report may require many methodological choices, estimates, judgements and assumptions about climate change, impact on nature, policies, technologies and other matters that are uncertain or not yet known.

5. Any material change in these variables may cause the assumptions and therefore, the disclosures, metrics and data based on those assumptions, to be incorrect.

6. Climate scenarios are not forecasts; rather they are projections of alternative plausible futures that are designed to build an understanding of the nature and size of changes that may occur in the future. They do not reflect all possible future pathways and, given their long-term nature, are inherently uncertain. These points will also remain relevant, as we expand our analysis to cover nature-related variables. In particular:

- these scenarios and the models that analyse them have limitations that are sensitive to key assumptions and parameters
- these scenarios cannot capture all of the effects of climate and nature-related policy and technology-driven outcomes
- scientific understanding of climate change and impacts and dependencies on nature continues to develop
- models cannot fully capture the range of societal changes that could result from climate change and from nature-related issues
- over-reliance on a limited number of the same prescribed models or scenarios may amplify systemic climate-related and nature-related risks.

7. This report and the information contained within it is unaudited[1]. Further development of accounting and/or reporting standards could materially impact the disclosures, metrics, data points and targets contained in this report. As standards and practices continue to evolve, it may mean subsequent reports do not allow a reader to compare disclosures, metrics, data points or targets from one reporting period to another on a direct like-for-like basis. In addition, the Group's climate risk capabilities and net zero transition strategy and plan and approach towards nature-related issues remain under development and the data underlying these and market practice in relation to the disclosures made in this report will evolve over time. As a result, disclosures are likely to be amended and updated.

8. Any opinions or views of third parties expressed in this report are those of the third parties identified and not of the Group, its affiliates, directors, officers, employees or agents. By incorporating or referring to opinions and views of third parties, the Group is not, in any way, endorsing or supporting such opinions or views.

Cautionary statement continued

9. While all reasonable care has been taken in preparing this report, neither the Group nor any of its affiliates, directors, officers, employees or agents make any representation or warranty as to its quality, accuracy or completeness and they accept no responsibility or liability for the contents of this material, including any errors of fact, omission or opinion expressed. Some of the information that appears in this report may have been obtained from public and other sources and, while the Group believes such information is reliable, it has not been independently verified by the Group and no representation or warranty is made by the Group as to its quality, completeness, accuracy, fitness for a particular purpose or as to the fact that its use does not infringe any intellectual property or other rights.
10. This report contains forward-looking statements and metrics, such as targets, climate scenarios and emissions intensity pathways, estimated climate and nature-related projections and forecasts. Words or phrases such as 'anticipate', 'effort', 'estimate', 'believe', 'budget', 'continue', 'could', 'expect', 'forecast', 'goal', 'guidance', 'intend', 'may', 'objective', 'outlook', 'plan', 'potential', 'predict', 'projection', 'seek', 'should', 'target', 'will', 'would' or similar expressions that convey the prospective nature of events or outcomes generally indicate forward-looking statements.

The many significant uncertainties, assumptions, judgements, opinions, estimates, forecasts and certain non-historical data underlying forward-looking disclosures and metrics (such as carbon and other emissions metrics) and metrics to assess climate-related or nature-related risk and opportunity outside of carbon exposure may limit the extent to which these climate-related or nature-related metrics are used to better understand risk and evaluate progress towards established strategies, targets, objectives and commitments and could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Any opinions and estimates should be regarded as indicative, preliminary and for illustrative purposes only. The expected and actual outcomes may differ from those set out in this report. It is possible that the assumptions drawn and the judgements exercised may subsequently turn out to be inaccurate. The judgements and data presented in this report are not a substitute for judgements and analysis made independently by the reader.

The statements in this report are based on current plans, expectations, estimates, targets and projections and are subject to significant uncertainties and risks and can be affected by other factors which may result in the Group being unable to achieve the current plans, expectations, estimates, targets or projections. Accordingly, undue reliance should not be placed on these statements.

Factors which may cause actual results, performance or events to differ materially from those expressed or implied in the forward-looking statements include (but are not limited to):

- changes in environmental, social or physical risks
- legislative, regulatory and policy developments, including those addressing climate change or impacts on nature and the way in which and speed at which those developments take place
- the development of standards and interpretations, including evolving practices in ESG and climate and nature reporting
- geopolitical developments which could have a material adverse effect on the markets in which the Group operates
- the ability of the Group, with government and other stakeholders, to mitigate the effects of climate change and impacts on nature effectively
- the delivery of policy actions and achievement of climate reduction targets and any nature-related targets by companies in which the Group invests and in the wider economy

Please see the Group's latest Annual report and accounts for further details of risks, uncertainties and other factors relevant to the business.

Any forward-looking statements made by or on behalf of the Group speak only as of the date they are made and, unless legally required, the Group assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information or for any other reason.

11. The information, statements and opinions contained in this report do not constitute an offer to sell or buy or the solicitation of an offer to sell or buy any securities or financial instruments nor do they constitute any advice or recommendation with respect to such securities or other financial instruments or any other matter.

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1. This is with the exception of scope 1, scope 2, and scope 3 (categories 6, 7, 8 and 15) metrics, which have been subject to independent limited assurance by Deloitte (see pages 57 to 58).