



Legal & General to halve £81bn annuity portfolio's carbon emissions by 2030

Legal & General Retirement (LGR) today announces its commitment to reduce the carbon emission intensity¹ of its current £80.7bn annuity book by 18.5% by 2025, and plans to further reduce this to 50% by 2030.

Legal & General is also targeting a net-zero portfolio by 2050 and strongly supports the Paris Agreement aim to limit the global temperature rise to well below 2°C of pre-industrial levels.

This commitment comes as LGR launches its new Environmental, Social Impact and Governance (ESG) policy, the Pension Risk Transfer (PRT) sector's most comprehensive publicly available document outlining a provider's approach to ESG. The policy outlines how LGR will continue to ensure the security of policyholders' benefits in its £80.7bn annuity book through investments that have a positive impact across the UK.

The Government has highlighted the importance of tackling climate change with the Prime Minister's [Ten Point Plan for a Green Industrial Revolution](#), and has outlined aims for pension schemes to report on the effects of climate change as a financial risk in the Pension Schemes Bill. LGR's policy is aligned with this thinking and sets out the progress that Legal & General's Retail and Institutional Retirement divisions have made towards integrating ESG principles into LGR's annuity portfolio.

The policy covers, in detail, what action LGR is taking for each key area:

- **Environmental** – Focusing on portfolio decarbonisation and influencing the transition to a low-carbon economy.
- **Social impact** – Making sustainable investments in projects that generate positive societal impacts and deliver long term benefits, as well as driving local and global economic growth.
- **Governance** - Measuring and managing financial related risks including ESG to make society more resilient.

The approach aligns with the investment policies developed by Legal & General Investment Management (LGIM), a leader in ESG, which manages the assets in LGR's annuity portfolio. Through LGIM, Legal & General also advocates and encourages the uptake of ESG principles by the companies in which it invests, and across the wider financial services industry.

Laura Mason, Chief Executive Officer, Legal & General Retirement Institutional

“Legal & General are committed to investing where we can deliver a social good and achieve our ambition of driving “inclusive capitalism”, while delivering the returns that secure our pension policyholders benefits. This document, for the first time, captures our ESG policies in one place for our customers and investors, detailing the key principles that drive our corporate strategy and shape our culture.

“Climate change is a serious threat, and we recognise that our scale brings a responsibility to take action. I am proud of the ambitious targets we have set – including to halve the carbon emission intensity of our £81bn annuity book over the next 10 years - and am committed to putting this aim at the forefront of our decision-making.

“The insurance sector has an important role to play in using pension money to invest in sustainable projects across the UK, and I hope that our new policy document will highlight how we and others can play our part in tackling climate change”.

Notes to editors

References

¹ Carbon emission intensity defined as scope 1 + scope 2 emissions per £m of investment

About Legal & General

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with international businesses in the US, Europe, Middle East and Asia. With over £1.1 trillion in total assets under management, we are the UK's largest investment manager for corporate pension schemes and a UK market leader in pension risk transfer, life insurance, workplace pensions and retirement income.

About Legal & General Retirement Institutional

Legal & General Retirement Institutional (LGRI) works with trustees and sponsoring companies of defined benefit (DB) pension schemes of all sizes to settle their pension obligations and secure scheme members' benefits, through a full range of de-risking solutions. We work closely across divisions in the Legal & General Group, which has to date invested £26 billion in real assets including urban regeneration, clean and low-cost energy, housing and transport links.

Link to the report

[ESG \(legalandgeneral.com\)](https://www.legalandgeneral.com)

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