

Legal & General Group plc Scope 1 & 2 Carbon Emissions Reporting Criteria

Background

As a supporter of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD), Legal & General Group plc (L&G) commit to disclosing climate-related financial information through an annual Climate Report which aligns to TCFD recommendations and is supplementary to its Annual Reports and Accounts.

In line with the UK Government's Streamlined Energy and Carbon Reporting requirements (SECR), L&G's Greenhouse Gas Emission (GHG) information is set out in its Annual Report and Accounts and its accompanying Climate Report, both published in March.

Annually, in May, L&G also publish a Sustainability Report which includes its carbon footprint and a more detailed breakdown of Scope 1 and 2 carbon emissions data.

Introduction

This carbon emissions reporting criteria document sets out how L&G prepare its GHG emissions reporting for Scope 1, Scope 2 (location-based) and Scope 2 (market-based).

It is the responsibility of L&G management to ensure that appropriate procedures are in place to report GHG emissions performance data, in all material respects, as set out in this document.

These procedures ensure that:

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

Scope

L&G disclose its annual Scope 1 and 2 carbon emissions for the whole of Legal & General Group, its subsidiaries and joint ventures¹. L&G apply the operational control approach, i.e. L&G include all operations directly controlled, such as the energy from occupied offices, landlord activities, as well as the construction of new homes within L&G's housing business and joint ventures. Joint ventures are included in L&G's carbon emissions footprint where L&G are the majority shareholder, or have operational control.

The carbon emissions data that is reported is aligned with the Group's financial reporting period, 1st January to 31st December, unless otherwise stated.

L&G include newly acquired businesses as soon as the appropriate processes and systems are implemented to enable consistent data collation and L&G group level consolidation. The results of disposed businesses are included up to the date of disposal.

¹ Joint ventures are included in our footprint where we are the majority shareholder, or have operational control.

Reporting Standards

L&G's reporting disclosures follow the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol)², and the UK Government's SECR³ requirements. In line with these reporting standards L&G disclose Scope 1 and Scope 2 carbon emissions.

Scope 1: direct carbon emissions: Direct GHG emissions occur from sources that are owned or controlled by L&G, for example, emissions from combustion in owned or controlled boilers.

Scope 2: indirect carbon emissions: emissions from the generation of purchased electricity. We report our Scope 2 emissions in accordance with GHG Protocol guidance:

- a) Location based: the carbon emissions from purchased (power) are calculated using the national grid average emission conversion factors in the countries we operate.
- b) Market based: all electricity purchased is converted to carbon emissions using factors from contractual instruments which L&G has purchased or entered into.

Data Collection

In building L&G's Scope 1 and 2 carbon emissions footprint, internal carbon reporting procedures are implemented to capture and collate data.

GHG data is collected across the business and aggregated to provide a groupwide carbon footprint. All of the underlying data for carbon emissions is collated by each business using consistent methods of collection, including the use of extrapolations and estimations.

The data is subject to review and approval by each business before being submitted for aggregation at the L&G group level. Following submission, it is further reviewed by the Group Environment Team to confirm the accuracy, completeness and reliability of the data submitted. This detailed check is based on levels of significance and materiality. Queries are raised, with local teams to address anomalies.

L&G'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 actual usage in other parts of our business or industry benchmarks.

L&G utilise a range of data sources which are outlined below.

Scope 1 carbon emissions:

- Purchased fuels: invoices and expenses system for vehicle fuels.
- Gas purchased: meter readings, energy contractor reports, invoices and estimates based on relevant industry benchmarks.

Scope 2 carbon emissions:

- Electricity purchased: meter readings, energy contractor reports, invoices and estimates based on relevant industry benchmarks.
- District heating: energy contractor reports.
- Self-generated electricity: meter readings.

² The Greenhouse Gas Protocol Corporate Reporting standard: <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/850130/Env-reporting-guidance_inc_SECR_31March.pdf

Fugitive emissions (included within Scope 1):

- Invoices for top up gases and regulatory 'F-gas' registers.

Conversion Factors

L&G's carbon emissions are calculated using publicly available emission conversion factors. Consumption data, such as kWh or litres of fuel, is converted into tonnes of CO_{2e}. The primary source of L&G's emission conversion factors are:

- The Department for Business, Energy and Industrial Strategy (BEIS) 2021
- For our International operations in the US, The United States Environmental Protection Agency (EPA), 2021

For Scope 2 market-based methodology, the carbon emissions are determined by contractual instruments which L&G has purchased or entered into such as Renewable Energy Guarantees of Origin ('REGO'), power purchasing agreements and utility contracts.

Exclusions

We apply exclusions in accordance with the GHG Protocol and the UK Government's guidance on SECR requirements.

Our primary exclusions are joint ventures where we are not the majority shareholder or we do not have operational control.

In some instances where it has not been possible to obtain relevant data or we are not able to apply an appropriate and valid estimation, we have excluded that from our reporting until it can be appropriately measured.

Please note, in 2021 CALA Homes owned 27 vehicles, which due to limited access to accurate data, are excluded from Scope 1 and instead included within our scope 3 emissions. This equates to less than 1% of the CALA Homes footprint and is therefore not considered a material issue.

Restatement of reported data

Our expectation is that we report all our data accurately and completely. However 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 processes.

Where we believe there is a material impact, we will restate our previously reported data along with an explanatory note.