

# Our Climate strategy

## Invest, influence, operate



- Our purpose is to improve the lives of our customers, build a better society for the long term and create value for our shareholders.
- Addressing climate change is one of our six long-term growth drivers and it is embedded in how we run our business.
- Our response to sustainability is built on three strategic pillars:



How we **invest** our assets: we believe that the key source of climate risk to our business and potential to effect positive environmental change is through the shareholder-owned assets.



Using our scale as an asset manager, pension provider and an active direct investor to **influence**, support the transition to a low-carbon economy, and reduce risk of adverse physical outcomes.



How our businesses **operate**: through reducing the carbon footprint of both our direct carbon footprint and the buildings we create, and improving the lives of our staff, customers and other stakeholders.



Image of Aeolus Wind Farm in County Mayo, Ireland (owned by NTR, a L&G direct investment)

# Our Journey to net zero

Working towards credible climate targets



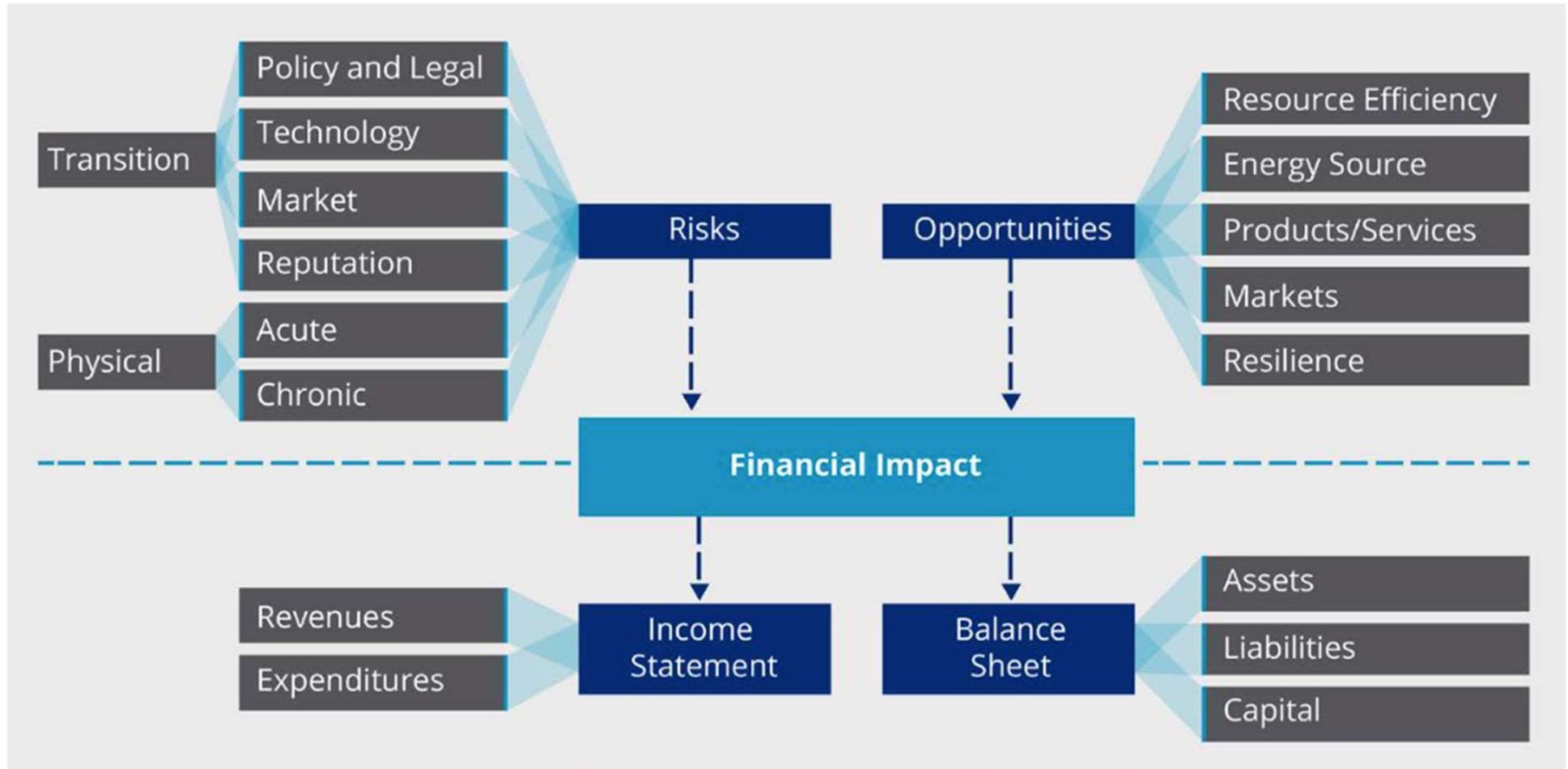
	Commitments <sup>1</sup>	Date	Achievements to date
<b>Invest</b>	Reduce the Group's portfolio carbon emission intensity by 18.5% by beginning of 2025	2025	End 2021 numbers suggest comfortably on track to achieve this target, although uncertainty over extent of Covid impact and its unwind.
	Reduce the Group's portfolio carbon emission intensity by half by 2030 and achieve net zero by 2050	2030, 2050	Updated policy for thermal coal including phase out by 2030 <sup>2</sup> and introduced policy for phasing out financing of agricultural <sup>3</sup> driven deforestation. High carbon exclusions / escalations.
<b>Influence</b>	70% of AUM (excluding sovereigns and derivatives) to be in 'Net-zero aligned' funds by 2030.	2030	Target set in Nov 2021 as part of NZAMI membership. Net-zero aligned funds defined.
	Reduce the operational carbon and energy intensity of LGIM Real Assets' landlord-controlled areas (Scope 1 and 2 emissions) by 60%	2030	Embedded new carbon reduction requirements into acquisitions, new developments and refurbishments and initiated roll-out of net zero audits for assets to identify carbon saving opportunities
<b>Operate</b>	Enable all new homes we build from 2030 to operate with net zero carbon emissions	2030	Our CALA development in Linlithgow achieved an EPC A rating and our Modular Homes development in Selby is on track to achieve an EPC A rating
	We have committed to the Science Based Target initiative (SBTi)	2022	We are building out our target metric suite, covering both our core operational and our proprietary investment-financed emissions
	Operational footprint (offices and travel) to be net zero by 2030 and across full operations by 2050	2030 2050	Targeting net zero in operation for new Cardiff office 'The Interchange'

1. See [TCFD Report](#) and [Sustainability Report](#) for full list of commitments and achievements to date.

2. Current exclusions are forstocks where thermal coal is more than 15% of revenues of mining companies and 20% of power generating utilities by revenue or power generation (as appropriate). Exclusion trigger level will gradually decrease to 5% by 2030

3. Focusing on palm oil, soy, beef, pulp and paper

# Mechanisms of climate impact (assuming market efficiency)

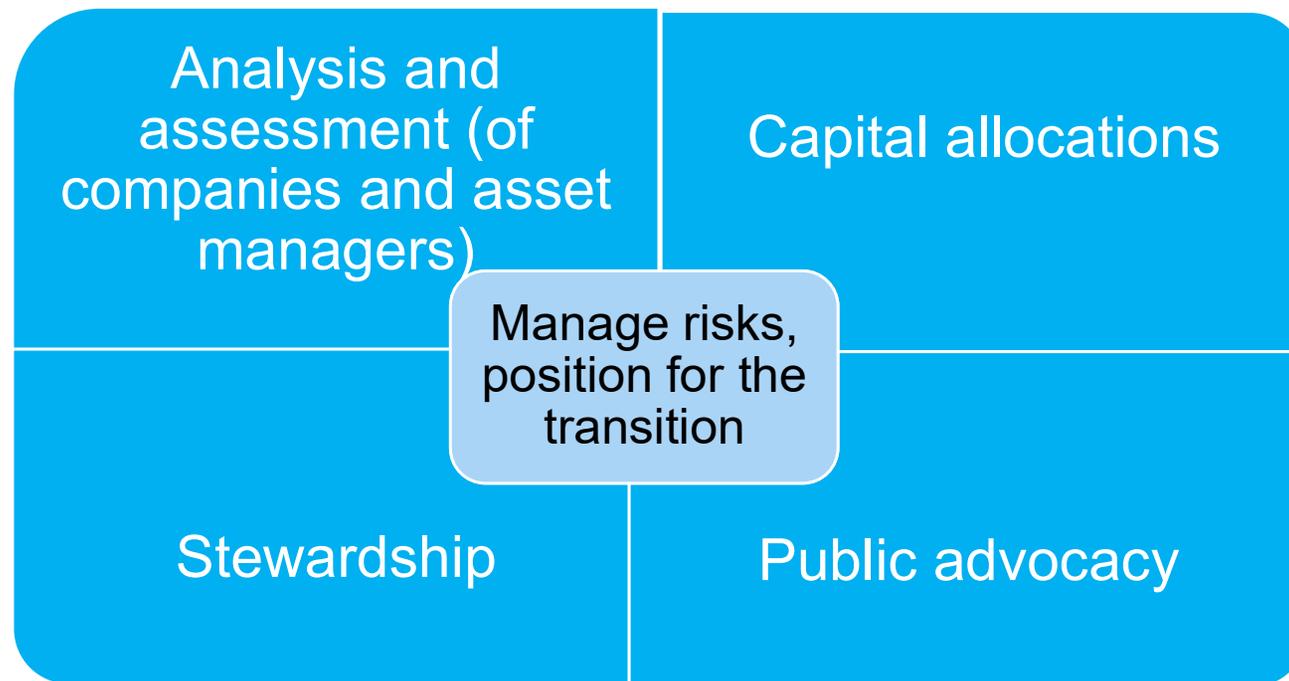


# Climate Data Landscape

	Carbon Emissions (Scope 1, 2 and 3)	Physical Risk	Climate Value at Risk	Projected Emissions	Implied Temperature Rise	Controversial Business Involvement	Green Revenue/ CapEx
<b>Example Use Case</b>	Compare historical snapshot of the carbon footprint of a portfolio vs. benchmark	Evaluate portfolio exposure to climate hazards (e.g. wildfires)	Estimate \$ impact of climate risk on a portfolio over time	Forecast future portfolio footprint vs. Net Zero target	Evaluate alignment of a portfolio with Paris Agreement (e.g. 2°C aligned)	Screen a portfolio for exposure to controversial industries (e.g. coal)	Evaluate portfolio exposure to climate solutions
<b>Typical Units</b>	Tons CO2-equivalent	Varies by vendor (typically a score)	Dollars	Tons CO2-equivalent	Degrees Celsius	% Revenue	% Revenue
<b>Typical Asset Class Coverage</b>	Public Equity, Corporate Fixed Income, Real Estate (reported)  Private Debt, Private Equity, Real Assets (estimated)	Real Estate, Real Assets, Munis	Public Equity, Corporate Fixed Income				

# Investors are using four main tools

Much can be done without specialized data



Sample “data-lite” approaches may focus on:

- carbon-intensive industries (e.g., fossil fuels, utilities)
- supply chain risk (e.g., water availability for semiconductors)