Capital at risk.

Private Markets Real Estate Climate Report 2024

Asset Management at L&G, Private Markets

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Introduction

Introduction

2024 was the warmest year since records began in 1850, and the last decade had the 10 warmest years over this period. During this time, the world temporarily breached 1.5°C of warming, contributing to significant risks posed by climate change[1].

As a long-term investor, we believe we have a responsibility and fiduciary duty to invest in assets which we believe will deliver a more resilient and responsible future. This is supported by our commitment to achieve net zero carbon by 2050 (or sooner) across L&G's Private Markets real estate equity investments[2].

This report forms the second of L&G's Private Markets Real Estate Climate Reports (Climate Report) capturing the climate-related commitments we have made and the steps we are taking to increase the resilience and sustainability of all of L&G's Private Markets operational real estate assets consisting of real estate equity assets which are managed in funds and operational assets in our housing and urban regeneration businesses.

The report has been developed to align with the Task Force on Climate-related Financial Disclosure (TCFD) recommendations, building on the contributions the division has made as a part of L&G's Climate and Nature Report since 2017. Disclosures against TCFD-aligned climate-related metrics have been made. The report also aligns with the Better Buildings Partnership (BBP) guidance around climate resilience strategies for commercial real estate.

While global action on addressing climate is facing headwinds, it is now more important than ever to take action to reduce the impacts of physical climate risk and decarbonise. This is why we continue to focus on future-proofing our assets against climate risk, which we believe is becoming increasingly more influential on real estate value and performance.

> "We believe that having a robust climate resilience strategy is essential to delivering against our net zero by 2050 commitment and protecting returns. We are continuously evolving our approach to implement impactful measures not only to manage the risks, but to also seize the opportunities."

Shuen Chan, Head of Responsible Investment and Sustainability, Private Markets

L&G's Private Markets real estate equity at a glance

Who we are

Private Markets at L&G is a capability within L&G Asset Management, a global financial services group and major global investor, that manages across private credit, real estate equity, infrastructure equity and venture capital investments.

What we do

L&G's Private Markets have been an investor in UK commercial, alternative and residential real estate since 1971. L&G's Private Markets are responsible for over £18.5 billion in real estate equity assets, across 24 products and £1.2 billion across its housing and urban regeneration businesses.

Portfolio summary

	Real estate equity	Housing & urban regeneration businesses
AUM	£18.5bn	£1.2bn
Products	• 7 balanced funds • 7 specialist funds • 4 segregated mandates • 6 joint ventures	• 3 businesses

Source: L&G Private Markets, 2024. AUM data estimates at 31 December 2024.

1. climate.copernicus.eu/copernicus-2024-first-year-exceed-15degc-above-pre-industrial-level
2. Net-zero targets are not guaranteed to be achieved.

Key climate-related initiatives

Key initiative[1]	Outcomes	Progress in 2024	Commentary
Asset Sustainability Plans (ASPs) Aiming to have ASPs in place for all assets in the portfolio.	**91%** of assets with completed ASPs over the reporting year[2]	**+8%**	Targeting all operational assets. However, ASPs may not yet be recorded for newly acquired or newly operational assets.
Landlord Gas Aim to phase out all landlord gas by 2030.	**86%** of assets without landlord gas[3]	**+7%**	Measures ongoing to phase out gas for all assets.
Data Coverage Amount of occupier data obtained via oautomated meter readers (AMRs) and manual data collection throughout the year.	**46%** of assets by floor area with at least 1 AMR at year end[4]	**+22%**	Targeting 80% actual occupier data coverage in the short term and 100% in the long term. AMRs have been installed throughout 2024 to help achieve this.
	70% of assets by floor area able to report actual occupier data at year end[5]	**+15%**	
Occupier Engagement Engage with occupiers to meet joint sustainability targets and objectives.	Sustainability-related occupier engagement through **community engagement events, tenant surveys, direct conversations** and activities	**Ongoing engagement**	Ongoing engagement via Vizta, a dedicated occupier platform. Developing fund-specific engagement strategies. Improving engagement monitoring for reporting.
Net-Zero Audits Carry out net-zero carbon audits in all priority assets[6].	**28%** of assets with net-zero carbon audits (170 audits conducted)	**+7%**	Continuing to identify outstanding priority assets and carry out net-zero carbon audits and implement learnings across the portfolio.
EPC Ratings Work to improve EPC ratings across the fund to meet Minimum Energy Efficiency Standards (MEES) and exceed them where possible.	**93%** of assets with EPC A-C rating	**+9%**	EPCs monitored and upgraded, ensuring MEES requirements are met.
Climate Risk Assess and understand climate risk to integrate findings into current and future acquisition and investment decisions.	**93%** of assets modelled to have low or medium climate risk in 2050 under a high emissions scenario[7]	Not applicable	Forward-looking climate risk integrated across the asset life cycle.

Source: L&G, 31 December 2024

1. Performance against the ASP, landlord gas, data coverage, net-zero audits and EPC ratings sustainability initiatives is only collected and reported for real estate equity assets. For other operational real estate assets in our housing and urban regeneration businesses, which entered the portfolio in 2024, we have yet to report against these initiatives due to data availability. We will seek to report against them in the next reporting period.
2. Data over the reporting year offers an overview of the fund's performance throughout the year, considering all operational assets, including those acquired and disposed of during the year.
3. Landlord gas figures include void units that have been assumed under landlord control following a tenant vacating an asset or unit.
4. Year-end data provides a snapshot of the portfolio performance as of 31 December 2024, following changes in portfolio assets and levels of data coverage throughout the year.
5. Assets which have the capacity to report actual data, through AMRs, manual data readings and other methods, rather than relying on benchmarked data.
6. Priority assets are determined on different variables such as high rent roll, strategic occupiers, asset type, and lot size.
7. The high emissions scenario is representative of Representative Concentration Pathways (RCP) RCP 8.5, which is a climate pathway where greenhouse gas emissions continue to grow unmitigated, leading to a best estimate global average temperature rise of 4.3° C by 2100.

Our climate resilience journey and progress

L&G's Private Markets have worked continuously to improve its ability to assess and manage climate-related risks and seize climate-related opportunities. Our journey to developing climate resilience has been summarised below.

2019

- **Signatory** to the Better Buildings Partnership Climate Commitment

2020

- Publication of our first **net-zero carbon roadmap**
- Started completing **net-zero audits** for existing assets

2021

- First **forward-looking climate risk assessment** with XDI climate modelling

2022

- New **science-based targets to 2030** set for Scope 1, 2 and 3
- **100%** of landlord purchased **electricity** from REGO-backed **renewable sources**
- Launch of **Vizta digital platform** to support occupier engagement
- Launch of **sustainability re-use exchange** for occupiers

2023

- **Occupier energy data** collected for **over 12 million** square feet of property
- Expanded rollout of **automated meter readings**
- Forward-looking **climate risk assessment for 100%** of real estate assets
- Integration of **climate adaptation measures** into updated modelling results
- Qualitative approach to assessing **transition risks enhanced**

Progress in 2024

- **Climate scenario modelling conducted for housing and urban regeneration businesses** to cover all real estate investments in the new Private Markets structure
- Launched new **Integrated Energy Solutions programme**, a holistic approach to on-site renewables, electric vehicle (EV) charging and microgrids
- Conducted initial modelling to assess the **financial impact of climate risk** and integrate it into internal valuation models
- Developing an **enhanced due diligence** process incorporating forward-looking climate risk and resilience insights and UK Net Zero Carbon Buildings Standard aligned decarbonisation requirements
- Developing a **Climate Resilience Framework** to formalise the assessment of asset-level climate resilience and implementation of adaptation measures

Next steps

- Continue to develop the valuation uncertainty model and assess financial impacts
- Roll out enhanced due diligence approach and Climate Resilience Framework
- Roll out pilot projects to understand requirements for meeting the UK Net Zero Carbon Buildings Standard

Source: L&G, 2024

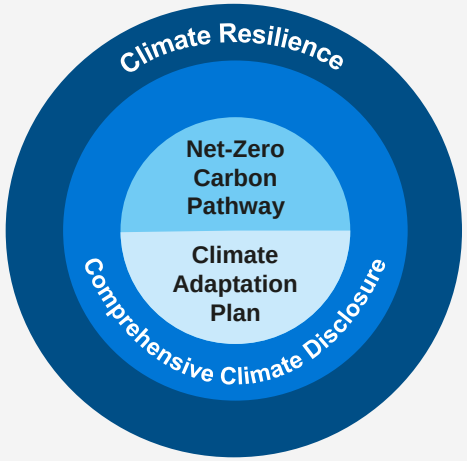
Strategy

Strategy

L&G's Private Markets' responsible investment and sustainability strategy

At L&G, we believe a responsible and sustainable approach to asset management will enable our business to deliver long-term positive value across Private Markets. This is underpinned by our Responsible Investment Policy and Framework for Real Estate Equity (Responsible Investment Policy - Real Estate Equity) that sets out our approach to responsible investing. We integrate sustainable and responsible investment across our decision making by identifying and managing the issues that are, in our view, the most material to our assets and where we believe we have an opportunity to deliver positive social and environmental outcomes. These material issues are captured in our Responsible and Sustainable Investment Themes; a strategic framework that helps guide our priorities, strategies and targets. Climate mitigation and resilience are prioritised as key themes in the framework.

Components of climate resilience



A climate-resilient business has a strategy in place to:

Mitigate the worst impact of climate change by becoming 'net zero' carbon before 2050

Adapt to operating in a world in which climate-driven disruption is more frequent and severe

Disclose climate-related information to investors, regulators and other stakeholders in a useful and timely way

Source: Adapted from BBP Climate Resilience Guide - Components of a climate resilience strategy, 2022

Our commitment to climate resilience

We believe effective strategy is at the heart of meeting our responsible investment commitment and supporting the resilience of our assets. In 2019, we became a signatory to Better Buildings Partnership (BBP) Climate Commitment[1]. By becoming a signatory, we have committed to achieve net-zero carbon emissions for our real estate platform by 2050 (or sooner) and aligned our strategic approach to climate resilience to the BBP Climate Resilience Guide[2].

Principles underpinning our approach to climate resilience

We are continuously reviewing our climate strategy to improve how we assess and manage climate risks. The evolution of our climate strategy has been guided by top-down principles such as reporting requirements, impacts from changing future climate trends and climate-related commitments, and bottom-up principles such as developing a tailored approach to assessing and managing climate risk to build asset level resilience.

Principles underpinning our approach to climate resilience

Top-down principles

Reporting
Evolving regulatory and voluntary reporting requirements and expectations

Future Climate Trends
Considering the impact of forward-looking scenarios on our assets and portfolios

Our commitments
BBP Climate Change Commitment incorporating net-zero and climate resilience requirements

Capturing asset-level insights
Tailored approach to risk assessment, generating decision useful information to inform risk management and build asset level resilience

Bottom-up principles

Source: L&G, 2024

1. BBP Climate Commitment: https://www.betterbuildingspartnership.co.uk/member-climate-commitment
2. BBP Climate Resilience Guide for Commercial Real Estate (2022): https://www.betterbuildingspartnership.co.uk/sites/default/files/media/attachment/BBPClimate%20Resilience%20for%20Commercial%20Real%20Estate.pdf

Climate scenarios and time horizons

Understanding the different types and impacts of physical and transition risks across different time horizons and climate scenarios is essential to guiding our climate risk strategy. In line with our strategic investment horizons, our climate strategy focuses on assessing and managing risks across the following time horizons:

- **Short term** looking at a three-year period
- **Medium term** looking forward up to 10 years
- **Long term** looking forward to 2050

In addition, our strategy considers physical risks across two emissions scenarios aligned with the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCP) and three transition scenarios for transition risks. With our focus on delivering long-term value, we embed a risk averse approach. Physical risks are disclosed and integrated based on the expected outcomes from a 'high emissions', RCP 8.5 scenario, where physical impacts are expected to be the greatest and transition risks based on an 'orderly transition', where transition risk impacts are expected to be most severe. This improves the resilience of our operations and strengthens our ability to adapt across a range of future scenarios.

TCFD recommendation

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

Physical risk scenario[1]	Transition risk scenarios[2]	Risk impacts
Low emissions: IPCC RCP 2.6 Low emissions scenario that aims to keep global warming below 2°C by 2100 with significant action contributing to an emissions decline.	**'Orderly transition'** Immediate policy action to reduce emissions to meet the Paris Agreement.	Immediate, coordinated decarbonisation efforts achieving net zero by 2050, with significant immediate costs to meet these demands. Physical risks less severe, but likely in the long term.
	'Disorderly transition' Delayed action to transition the economy to meet the Paris Agreement.	Delayed, uncoordinated decarbonisation efforts to achieve net zero by 2050, with higher transition risks in the medium term. Physical risks less severe, but still likely to occur in the medium to long term.
High emissions: IPCC RCP 8.5 High emissions scenario due to no climate change action with temperatures rising by ~+4°C by 2100/	**'Hothouse world'** No policy action towards net zero with financial risks related to physical climate impacts.	No policy action, but permanently stunted GDP growth and large economic and social shifts. Chronic changes to weather patterns and ecosystems, causing severe impacts on a global scale.

Source: L&G, 2024.

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

1. IPCC 5th Assessment Report (2014): https://ar5-syr.ipcc.ch/topic_futurechanges.php.
2. FCA transition risk scenario definitions: https://www.fca.org.uk/publication/corporate/cfrf-guide-2023-scenario-analysis-guide-asset-managers.pdf

Climate-related risks and opportunities: Summary

We acknowledge that climate change will have a material impact on our business. The table below highlights the most material climate-related opportunities and risks to our businesses and their impact across time horizons and climate scenarios. These are long-term assessments informed by our strategic priorities. They remain consistent with previous years. More detail on how these risks were assessed and how they are managed and mitigated is available in the Risk Management chapter.

TCFD recommendation

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

	Top risks and impacts	Opportunities	Time horizon			Most material scenario
			Short	Medium	Long	
Transition risks	**Carbon policy:** Increasing burden on regulatory requirements (e.g. EPCs under MEES). • Increased resources and costs associated with aligning assets to evolving regulatory landscape	• Proactively aligning assets will improve their desirability and minimise intervention costs • Carbon pricing or penalties could increase demand for efficient assets	●	●	●	Orderly transition
Transition risks	**Investor sentiment, disclosure requirements and reputation:** Ability to meet increasing investor requirements and expectations on sustainability disclosure and performance. • Increase resources and costs to meet reporting requirements • Increased scrutiny on reporting and performance against targets • Reduction in asset values and income for assets with weaker sustainability credentials	• Publicly disclosing actions to minimise risks and improve performance will support transparency and reputation • High sustainability credentials will help increase valuations, returns and investment • Focusing on planned intervention opportunities now will help to minimise costs of unplanned actions in the future	●	●	●	Disorderly transition
Transition risks	**Pricing impact and demand:** Increasing link between market demand and carbon performance. • Reduced asset values and stranding asset risk for high carbon, inefficient assets • Capex and retrofit costs to meet market increasing expectations • Increased tenant default risk due to changing consumer preferences	• Meeting and getting ahead of market expectations will help increase asset valuations, rental values and tenancy demand	●	●	●	Disorderly transition
Physical risks	**Flooding (riverine, surface water and coastal):** Increased duration and intensity of precipitation, snow melt, and rising sea levels will exacerbate riverine, surface water, and coastal flooding. • Inability to secure planning and carry out new developments • Physical damage causing costly repairs and costs to implement adaptation measures • Decline in asset value or stranded asset risk • Supply chain, distribution and regional infrastructure disruption	• Proactively improving asset resilience can help reduce exposure and repair costs, as well as reduce stranded asset risk • Understanding flood risk can inform better strategic investment decisions away from high-risk areas	●	●	●	Hothouse world
Physical risks	**Soil subsidence:** • Physical damage causing costly repairs • Costs to implement adaptation measures • Increased insurance costs	• Understanding risks and ensuring buildings are designed to manage the risk can reduce insurance premiums and potential repair costs	●	●	●	Hothouse world
Physical risks	**Extreme wind:** Impacts from storms and heavy wind, exacerbated by changes to sea temperatures and seasonal patterns. • Physical damage causing costly repairs • Costs to implement adaptation measures	• Understanding risks and ensuring buildings are designed to manage the risk can reduce insurance premiums and potential repair costs	●	●	●	Hothouse world

● Low financial exposure & impact ● Medium financial exposure & impact ● High financial exposure & impact

Source: L&G, 2024.

Assumptions, opinions and estimates are provided for illustrative purposes only.

Climate-related risks and opportunities: Physical climate modelling results

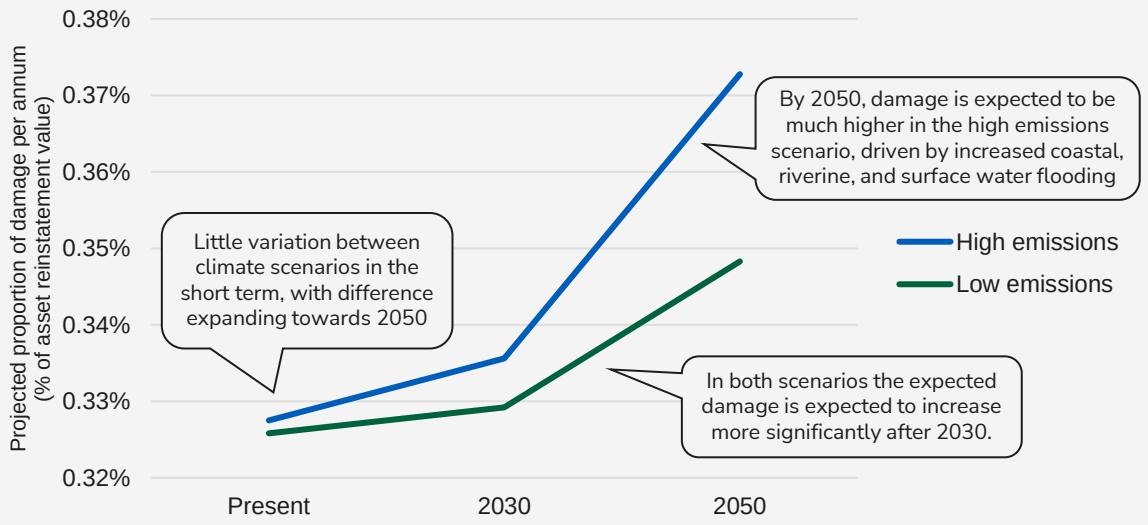
L&G's Private Markets have proactively collaborated with climate modelling provider XDI and external climate modelling specialists at Marsh since 2021 to deepen our understanding of physical climate risks and the impacts on our assets. This has been crucial in responding to risks and strengthening the resilience of our portfolio and business governance and strategy.

The outcomes of the climate scenario modelling conducted for real estate equity assets at year-end 2024 are provided below. More detail on how the risks are identified is available in the Risk Management chapter.

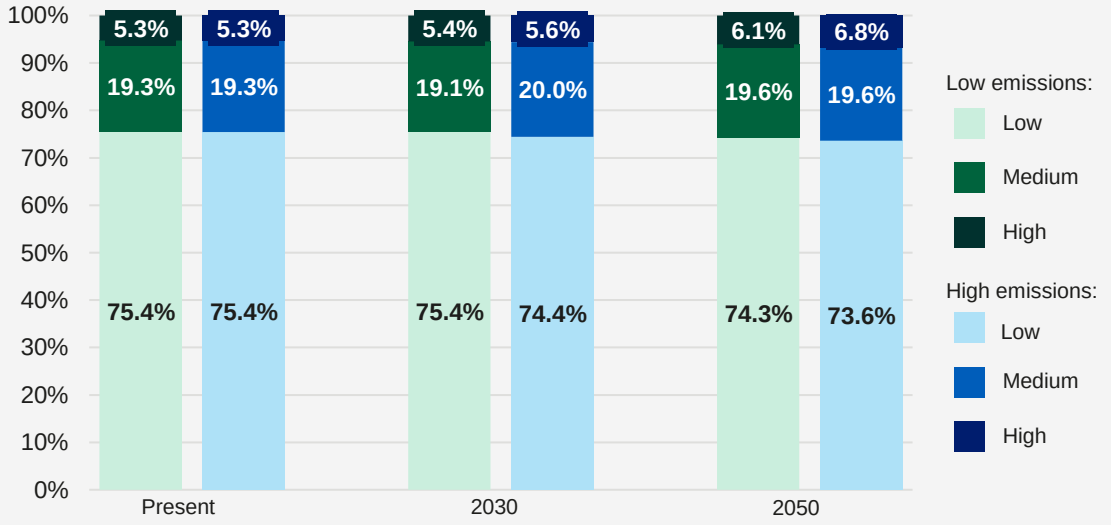
The graphs show the projected change in physical climate risk-related damage across our real estate equity assets. The physical climate risk-related metric is derived from the projected average proportion of damage that an asset could face in a given year as a result from climate hazard impacts, across seven climate perils. For the analysis below, we have assumed that all assets have the same value, kept constant over time. Climate risk scores are assigned to assets based on the projected proportion of damage per annum across all modelled climate hazards, with the following risk bands:

- **Low risk:** <0.2% projected damage per annum
- **Medium risk:** 0.2% to 1% projected damage per annum
- **High risk**: >1% projected damage per annum

Climate risk projected proportion of damage (high emissions scenario)



Climate risk score distribution (% of assets)[1]



Source: XDI and L&G assessment of assets as at 31 December 2024.

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

1. The average proportion of damage to an asset each year due to climate-relative hazards and produces a 'risk score' per asset. Climate risk score analysis is based on L&G's Private Markets assets aggregated across all perils. Risk score bandings are based on the projected average damage ratio at an asset level.

Climate-related risks and opportunities: Physical climate modelling results cont.

Physical climate risk profile

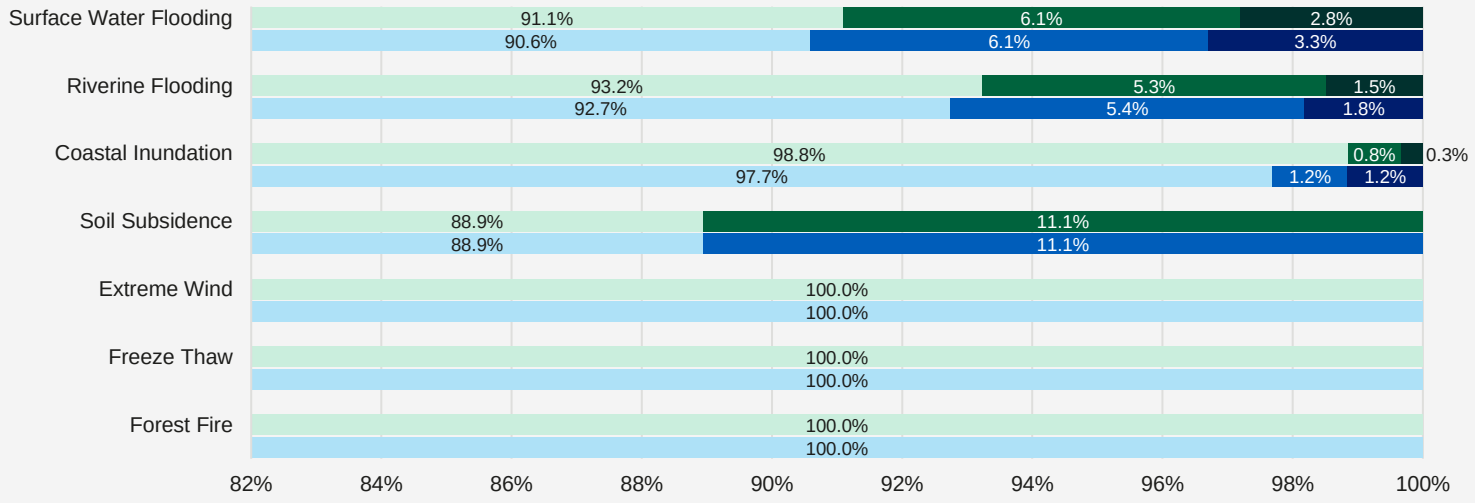
Based on the climate scenario modelling, we have assessed the risk exposure of real estate equity assets to be relatively low, with c. 5% of assets having a high-risk exposure at present rising to c. 6.8% by 2050 under the high emissions scenario. Assets with medium risk remain fairly constant, increasing 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.

Across both scenarios our risk exposure is increasing in line with expectations. We are developing our climate strategy and approach to risk management to improve the resilience of our portfolio and manage associated risk impacts. 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. More detail provided in the Climate Strategy section.

The figure below shows the risk profile by peril and projected change out to 2050.

Peril-level risk scores (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. Note that discrepancies in percentages summing to 100% is due to rounding. Source: XDI and L&G's Private Markets assessment of assets as at 31 December 2024.

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

1. 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.

Climate-related risks and opportunities: Physical climate modelling results cont.

Peril-level analysis

L&G's Private Markets assess climate risk across seven key climate perils. The main driver of climate exposure has been identified as flooding, including riverine flooding, coastal inundation, and surface water flooding. In the present day, 3% of assets are at high-risk from surface water flooding, 1.52% of assets are at high-risk from riverine flooding and 0.3% of assets are at high-risk from coastal inundation. This is a reduction in risk exposure from last year, when 11% assets had high risk from coastal inundation and 10% of assets had high risk from surface water flooding. This was largely driven by the sale of high flood risk properties in 2024. Flood risk exposure increased out until 2025 as the impacts from climate change became more severe.

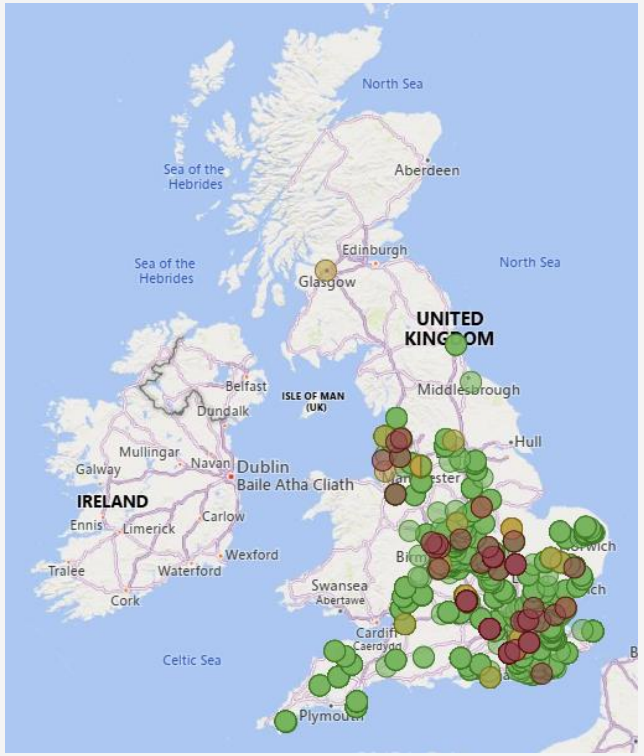
As part of our risk management process related to flooding, we will seek to examine existing mitigation measures and explore opportunities to enhance resilience against future events.

Climate risk analysis for housing and urban regeneration businesses

For assets in our housing and urban regeneration businesses, a subset of new assets that entered the Private Markets portfolio in 2024, a streamlined climate risk analysis was conducted. The analysis identified high-risk assets under a high emissions scenario. For high-risk assets, a full analysis was conducted to identify the most material climate hazards and the expected financial impact. More details are provided in the Risk Management chapter. In subsequent analysis, we will look to align with our standard process for real estate equity assets.

The map and table below demonstrate the risk profile of the housing and urban regeneration businesses and how the risk is distributed across the England and Scotland. Climate risk exposure remains low and relatively constant under a high emissions scenario, with only 6% of assets being at high risk from now until 2050.

Climate risk score across England and Scotland for housing and urban regeneration businesses (high emissions scenario)



Climate risk score distribution (% of assets):

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

Low risk
Medium risk
High risk

Source: XDI and L&G's Private Markets assessment of assets as at 31 December 2024 for the high emissions scenario. Note that 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.

Climate strategy: Our net-zero strategy

Supporting the transition to a low-carbon world is a core component of our responsible investment framework. As an investor, lender, builder and landlord, we recognise that the built environment is a significant contributor to climate change. 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 to our operational footprint.

Through our engagement with stakeholders and particularly occupiers, we seek to effect positive change in the assets in which we invest and are committed in our efforts to advance the transition to a low-carbon world, taking action to achieve net-zero emissions.

Our real estate equity portfolio is committed to achieving net-zero carbon by 2050 or sooner[1]. Our portfolio is subject to an operational science-based target (SBT) to achieve an absolute reduction of 42% of Scope 1 and 2 emissions by 2030 (from a 2029 baseline), and a commitment to a 55% reduction in the carbon intensity of the Scope 3 emissions associated with the energy use of our occupiers by 2030 (from a 2019 baseline). Our Real Estate Equity: Net Zero Carbon Roadmap is regularly updated and sets out our approach to decarbonisation and our progress against these targets. These targets are also used to set annual fund and asset level Scope 1 and 2 energy reduction targets for real estate equity assets across L&G's Private Markets, which are monitored on a quarterly basis. We have also set the target for all new homes to be operating at net-zero carbon by 2030.

TCFD recommendation

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

Our net-zero journey

2024

Highlights:

- We have successfully reduced our Scope 1 and 2 emissions, achieving a 41% reduction from our 2019 baseline, keeping our SBT on track[2].
- We continue to reduce our Scope 1 emissions. This reduction is being driven by on-site renewables, ongoing energy efficiencies and planned electrification programmes.
- We successfully reduced the carbon intensity of occupier energy use across real estate equity assets by 30% from our 2019 baseline, aligning with our SBT.

2030

42% reduction in our absolute Scope 1 and 2 GHG emissions (2019 base year)

All new homes will be capable of operating at net-zero carbon

55% reduction in carbon intensity of occupier energy use across real estate equity assets (2019 base year)

2050

Net zero operational carbon footprint

Net zero carbon across real estate equity platform

1. Net-zero targets are not guaranteed to be achieved.
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.

Climate strategy: Our climate resilience strategy

Through our analysis we have identified key metrics that represent the current and future climate risk of our portfolio. L&G Private Markets understands that integrating these metrics into current decision-making and future strategy is critical to improving the resilience of our portfolio.

In 2024, we worked with climate specialists Marsh and climate modelling partners XDI to develop a Climate Resilience Framework to enhance our climate resilience strategy.

In addition to flood risk, which has always been embedded within our due diligence process, we are working towards better integrating forward-looking climate risk modelling across a wide range of hazards into our standard due diligence process. The information from these assessments will be shared with the investment committee to enable it to make a more informed investment decisions.

We had previously assessed flood risk data and on-site resilience and required adaptation as part of our due diligence process. However, introducing climate modelling will better integrate forward-looking risk and resilience considerations.

This process will be supported by a new Climate Adaptation Toolkit that will guide transaction, technical due diligence, and asset management teams to more comprehensively assess on-site resilience and review and prioritise adaptation measures for assets. The Climate Adaptation Toolkit will also be applied to existing assets which are found to have high risk or have experience a climate-related event. This will include an updated and streamlined process for assessing on-site resilience and potential adaptation measures for assets identified to be at risk to improve resilience and meet risk thresholds. This new process will be rolled out across the platform in 2025.

Real Estate Equity Climate Resilience Framework

Climate modelling
Identify risk via review of physical climate analysis modelling results

Climate adaptation
Review and prioritise risk mitigation based on assessment of adaptation

Implementation
Implement adaptation measures to prioritised assets

Portfolio physical climate modelling
Regular portfolio modelling to assess the future impact of climate perils across climate scenarios

Physical climate due diligence
Climate modelling during due diligence to identify peril-level risk flags

Climate adaptation toolkit

Asset resilience survey: Captures key asset information to assess asset resilience and inform required adaptation solutions

Adaptation playbook: Governance and guidance on how to assess and implement adaptation solutions

Adaptation matrix: Tool with adaptation options per climate peril and property type for implementation

Adaptation implementation
- Resilience measure implementation
- Risk training and upskilling
- Cost-benefit analysis for adaptation

Disclosure and reporting
- Quantify and document portfolio resilience
- Disclosure at portfolio and fund level

Source: Marsh and L&G, 2024

Climate strategy: Our climate resilience strategy cont.

Flood risk strategy

Flooding is the greatest risk to the portfolio. As such, we have developed a focused approach to assess and manage the risk.

Climate due diligence: Flood risk is assessed as part of the standard acquisition due diligence process. We have a Flood Risk Policy where properties in high-risk flood zones (Environment Agency (EA) Flood Zone 3) are not considered for investment unless a detailed review confirms no risk to structure or operation, and properties in medium-risk flood zones (EA Flood Zone 2) are required to be investigated in more detail.

Forward-looking flood zone assessments: For real estate equity assets we conduct regular forward-looking flood zone assessments at building level to assess how assets may be impacted by more severe and frequent flooding in the future.

Increasing asset-level granularity in our climate modelling: For real estate equity assets identified as medium (Flood Zone 2) or high risk (Flood Zone 3), now or in the future, we capture 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 to provide a more accurate risk profile. If assets are still expected to remain at risk, the Climate Adaptation Toolkit will be applied to help guide the more granular assessment of existing risk mitigation measures and potential adaptation measures.

Case study: Forward-looking flood risk modelling as part of due diligence

Challenge:

EA mapping was reviewed during the due diligence phase of a potential industrial acquisition opportunity, finding that the site is subject to high flood risk in a Flood Zone 3.

To assess the flood risk in more detail and understand what potential adaptation measures could help reduce risk, the fund worked with climate modelling provider XDI to conduct forward-looking flood risk modelling.

Impact:

The more detailed climate modelling confirmed a high risk of surface water and riverine flooding, both now and in the future. This information influenced the investment decision, contributing to the decision not to proceed with the acquisition due to the flood risk.

Source: L&G, 2024.

Case study shown for illustrative purposes only. The above information does not constitute a recommendation to buy or sell any security.

Integrating climate risk through the investment lifecycle

We take advantage of strategic intervention points throughout the investment life cycle to assess and manage transition and physical risks and implement measures to support our decarbonisation commitments and improve climate resilience. Key activities to assess and manage risks, include, but are not limited to:

TCFD recommendation

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

Integration activities

Asset management	**Asset Sustainability Plans (ASPs)**	• All assets are required to have an ASP, which includes short- and long-term plans with asset specific measures to improve the asset's social and environmental impact. ASPs are part of an integrated sustainability reporting platform providing full transparency and accountability. • Where required, an EPC improvement plan and outcomes of net-zero carbon audits caried out on targeted assets, are key inclusions of an ASP.
	Improving operational efficiency	• All landlord purchased electricity is from REGO-backed renewable sources. • Funds and assets have operational energy reduction targets and where required, ASPs include EPC improvement plans, and decarbonisation plans based on NZC audits. • Gas removal programmes in place with aim of phasing out all landlord gas by 2030. • New UK NZC Building Standards pilots launched to meet new NZC standards. • Facilities and property teams are targeted to improve operational performance and continue to roll-out building control systems such as Demand Logic and Symphony across key assets.
	On-site renewables	• Optimising the implementation of on-site renewables by carrying out a platform-wide renewable energy feasibility assessment to identify and prioritise assets for implementation • Integrated Energy Solutions (IES) on-site renewable energy strategy launched to assess opportunities to develop on-site renewable generation, electric vehicle charging & microgrids.
	Performance monitoring & reporting	Comprehensive sustainability data strategy to improve coverage and quality, and quarterly performance reporting and review, including: • Working with data platform provider Deepki to support our remote data collection and sustainability reporting capabilities, as well as facilitating engagement with occupiers. • Improving occupier data quality and coverage by launching a programme to sub-meter occupier energy use, continuing the roll out of landlord AMRs, and working with data analytics platform Arbnco, which collects supplier-specific energy consumption data, reducing the need to collect data from occupiers.
	Occupier engagement	Extensive and targeted occupier engagement, particularly in relation to Scope 3 emissions, which make up the majority of our emissions: • Standard lease agreements updated to incorporate requirements on collaboration around net-zero, changes to MEES data requirements and enhanced occupier engagement on broader sustainability topics. • Vizta, a digital occupier engagement platform allowing better communication with occupiers. It provides a range of services, including a sustainability dashboard.
	Climate resilience & adaptation	• Regular forward-looking flood risk assessments at building level to assess how assets may be impacted by more severe and frequent flooding in the future. • Regular forward-looking climate risk assessments conducted across the portfolio, with building-level information incorporated to improve granularity. High-risk assets are subject to more detailed asset-level assessments to assess on-site resilience and make strategic decisions around implementing adaptation solutions, with support of the Climate Adaption Toolkit moving forwards. • Seeking to update climate resilience approach for existing assets to better assess asset-level resilience and implement potential adaptation solutions for managing risk.
	Internal governance	• Fund and asset management teams have annual internal energy and carbon reduction targets. Performance monitored and reported in quarterly sustainability meetings. • Regular meetings with fund, development and transactions teams and sustainability leads (asset managers leading and supporting sustainability integration across the fund), and the Responsible Investment and Sustainability team to ensure implementation of the Responsible Investment Policy - Real Estate Equity. • Fees of management agents and facility managers are linked to energy and carbon performance to help incentivise decarbonisation. • Technical building performance engineers are responsible for planned maintenance on assets and ensure the maintenance work align with NZC roadmaps and ASPs.

Integrating climate risk through the investment lifecycle cont.

Integration activities cont.

Acquisitions	**Sustainability integration at acquisition**	• Integration of key sustainability-related indicators into investment committee decision-making, including EPCs, building certifications and operational carbon performance and decarbonisation requirements in line with the UK Net Zero Carbon Buildings Standard • Flood risk assessed as standard, with standard forward-looking climate risk assessments to be implemented. • Net-zero carbon audits required for all new acquisitions.
Developments & refurbishments	**Development & refurbishment guidance**	Guidance and minimum standards on climate-related factors, including: • Net-zero requirements incorporated into Brief for Sustainable Works for all new developments and major refurbishments to set net-zero targets and carry out operational and embodied carbon studies. • NABERS Design for Performance adopted for all new office developments and major refurbishments over 2,000m2. • New in-house tool developed to conduct cost-effective and efficient net-zero carbon modelling for industrial refurbishments

Highlights in 2024

Real estate equity

We have continued to develop initiatives to support our progress towards net zero. We launched our Integrated Energy Solutions (IES) framework, a holistic and strategic approach towards on-site renewables, which aims to integrate on-site renewable energy generation, electric vehicle charging, microgrid and battery storage projects. As of the end of 2024, 27 assets had ongoing IES projects. We have also rolled out a net-zero carbon modelling tool for industrial refurbishments to support the transitioning of industrial assets to net-zero carbon. This tool provides a simple, quick and cost-effective route for our design teams to identify the best road to decarbonisation.

Vizta, our occupier engagement platform, has now been embedded across 427 assets as at year-end 2024. The platform supports occupiers with decarbonisation by providing them with detailed energy-use profiles and access to tools and resources, including sustainability insights, live chat support, and regular thought leadership pieces. We have strengthened our sustainability data strategy, improving the accuracy and robustness of occupier data. This is supported by the roll-out of AMRs, which have now been installed in more than 240 assets, a c. 41% increase from 2023 as at year-end 2024.

In 2024 we updated the standard sustainability-related indicators assessed for new investments. We introduced the assessment of current operational energy intensity and the assessment of the net-zero carbon limit and targeted operational energy use intensity in line with the emerging UK Net Zero Carbon Buildings Standard to better understand current performance and decarbonisation requirements into the investment committee's decision-making.

In 2024 we worked with climate risk specialists Marsh and XDI to improve how we assess climate risks at acquisition. We worked towards integrating forward-looking climate risk modelling across a range of hazards in the standard due diligence process. We also developed a Climate Resilience Framework which lays out how we assess asset-level climate risk and resilience and implement adaptation measures. This includes a new Climate Adaptation Toolkit which provides guidance supporting the review and prioritisation of risk mitigation measures for assets identified to be exposed to physical risks, utilising a suite of adaptation considerations. This new process will be rolled out across the platform in 2025.

We continued to assess the impact that the climate is having on real estate valuation and integrate climate factors into valuation models and valuation uncertainty analysis. This enables enhanced portfolio analysis and quantification of exposures supporting business planning.

Housing and urban regeneration businesses

Robust and accurate data is key as we move towards our 2030 commitment of delivering new homes that are able to operate at net-zero carbon emissions. 2024 saw great strides taken by the housing businesses to improve monitoring and collection of Scope 1 and 2 data with the ongoing roll-out of a dedicated internal platform for reporting.

We also sought to improve standards where we are directly responsible for development. For example, Inspired Villages Group (IVG) opened the UK's first net-zero carbon (regulated energy) retirement community at Millfield Green in 2024. For our Affordable Homes (LGAH) and Suburban Build to Rent (SBTR) businesses, where we mainly acquire homes from developers, 61% of homes transacted by LGAH and 100% by SBTR were gas free in 2024. Both businesses are targeting a staged phase-out of gas from their acquisitions, having already committed to this for direct delivery schemes.

Integrating climate risk throughout the investment lifecycle cont.

Planned improvements

In addition to the planned work to roll out the enhanced climate due diligence process and Climate Resilience Framework, L&G is planning further improvements for integrating physical and transition risk throughout the investment lifecycle across its Private Markets capabilities[1].

We are continuing to monitor and review our acquisition process and requirements to ensure that changing transition risks are understood prior to acquisition, integrated into investment decisions and managed with suitable plans once acquired. For example, we have integrated the assessment of operational performance and decarbonisation requirements in line with the incoming UK Net Zero Carbon Buildings Standard into our acquisition process. We will be rolling out pilot projects to assess asset–level performance against decarbonisation requirements and understand the retrofit actions needed to meet the requirements.

In our development and refurbishment standards we are also reviewing carbon targets, certification requirements and minimum standards to manage transition risks and support our net-zero commitments. Looking forward, this will aim to include alignment with the UK Net Zero Carbon Buildings Standard. We will continue to review and update our sustainable development requirements so that our investments align with the need to address climate change, and we optimise the effectiveness and efficiency of implementing adaptation measures. We will work with developers during the planning and design phase to integrate adaptation measures.

We will also continue the roll out of ASPs for all assets and conduct NZC audits to investigate performance and develop action plans for transitioning assets. Improving occupier data quality and coverage by working with data analytics platforms that support automatic occupier data collection and continuing to roll out sub-metering of occupier energy use and landlord AMRs continues to be an area of focus.

Case study: Decarbonising Sure Store, York

Challenge:

One of our industrial funds developed a 35,000 sq ft self-storage facility in York. To target low embodied upfront and operational carbon from early-design stage and to meet energy usage intensity targets, a Whole Life Carbon Assessment was conducted to align with the fund's strategy and our net-zero carbon roadmap.

Impact:

The development achieved best-in-class sustainability credentials by generating on-site renewable power, and future-proofing battery installation. The project is projected to enhance income returns and capital growth and outperformed several industrial benchmarks for both embodied and operational carbon.

1. Source: L&G, 2024.

Case study shown for illustrative purposes only. The above information does not constitute a recommendation to buy or sell any security.

Governance

Governance

Managing physical and transition climate-related risks is key to our success, as we are investing for the long term. Accountability is shared across the business and is led by the L&G Group Board. The key decision-making bodies that influence L&G's Private Markets climate strategy, and the process for escalating identified material sustainability risks from operational teams to the board-level, are outlined in the next section.

Board oversight

The Private Markets Responsible Investment Oversight Matters (RIOM) committee is responsible for overseeing L&G's Private Markets responsible investment and sustainability characteristics, objectives, commitments, investment strategies and risk management framework.

The RIOM is a sub-committee of the Private Markets Management Committee (Private Markets ManCo) and is chaired by the Private Markets Head of Responsible Investments & Sustainability. RIOM members are represented by senior heads of the business areas across L&G Asset Management and meet on a quarterly basis. The RIOM escalates material issues to relevant L&G Asset Management decision-making bodies to deliberate on issues when raised.

The L&G Board has collective responsibility for the oversight of environmental matters, with Nilufer Kheraj, a Non-Executive Director on the Board, having a responsibility to focus on climate change in her role. The Group Board is supported by the Group Environmental Committee (GEC), chaired by the Group Climate Director, which is responsible for setting the Group's sustainability strategy, managing environmental impact, including setting targets, monitoring them and reporting on performance, and identifying climate-related risks and opportunities. The Global Head of Private Markets is a standing attendee on quarterly meetings of the GEC.

The GEC is supported by three subcommittees where L&G's Private Markets Responsible Investment and Sustainability members are represented. These subcommittees review and challenge sustainability performance against tolerances and targets established by the GEC. More information can be found in the L&G Group Climate and Nature Report 2024.

TCFD recommendation

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

Governance cont.

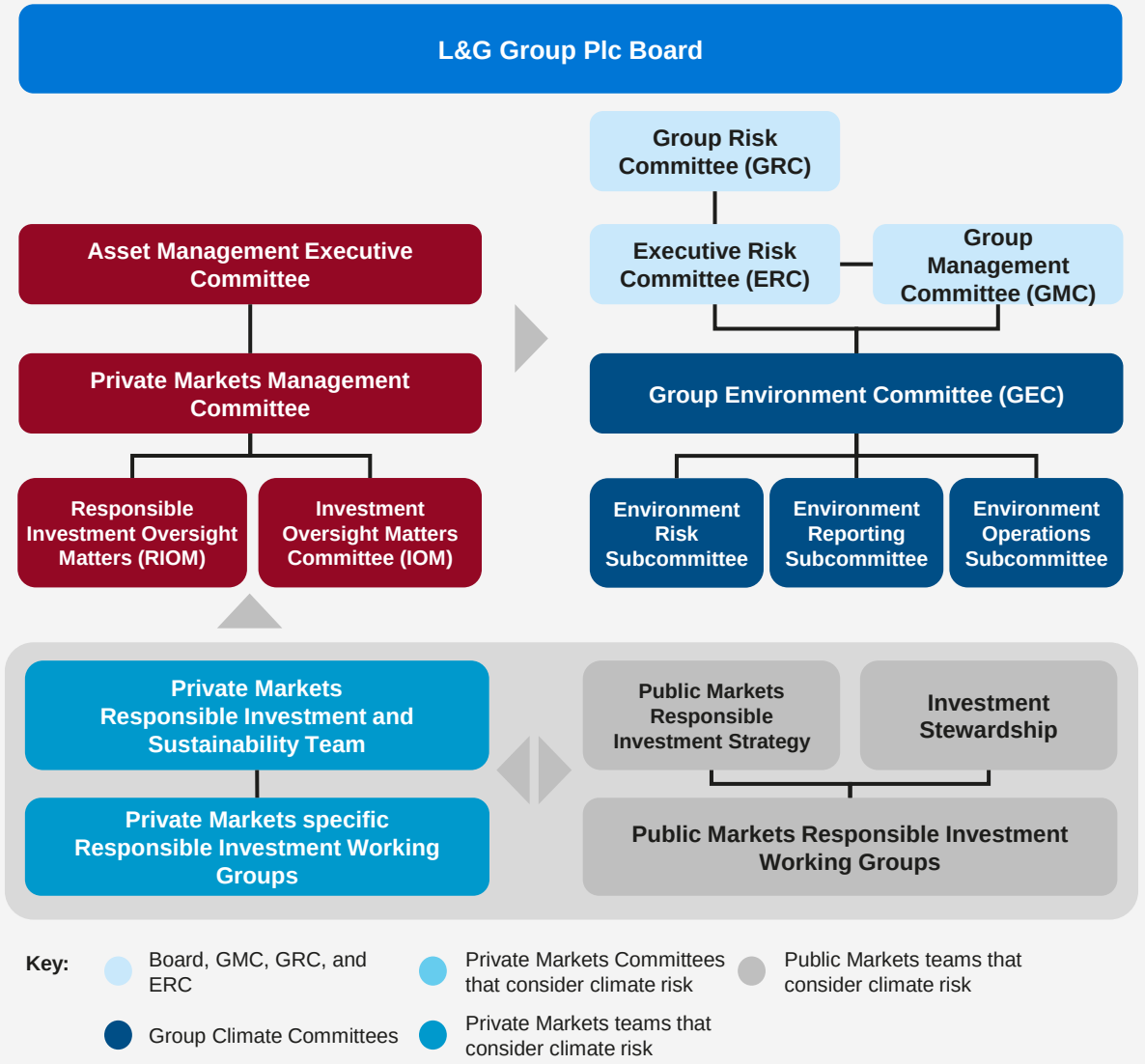
L&G's Private Markets Responsible Investment and Sustainability Team

L&G's Private Markets business has a well-established, experienced in-house Responsible Investment and Sustainability (RI&S) team, responsible for driving sustainability across the division. The team is led by the Private Markets Head of Responsible Investment and Sustainability who reports into the Global Head of Private Markets. The team supports integration and responsible and sustainable investment efforts for the Private Markets platform and is responsible for developing the strategies and frameworks related to climate risk assessment, monitoring and management.

The RI&S team works closely with the transactions, development, fund management, asset management and operations teams to integrate physical and transition climate-related risks throughout the investment lifecycle, considering risks identification and management, performance monitoring and implementation. Internal working groups have been established to foster more effective collaboration, including the Fund Integration Group, which brings together responsible investment leads across property funds as it looks to drive further innovation and integration.

TCFD recommendation

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



Source: L&G, 2024

Risk management

Approach to managing climate-related risks

We are committed to addressing climate change risks and aim to integrate climate resilience throughout the portfolio. We manage our business to align with the mitigation of climate change beyond the 1.5°C 'Paris' objective and to be resilient across different climate outcomes[1]. Our key risk monitoring metrics for real estate equity are:

- Absolute landlord GHG emissions
- Carbon intensity of occupier energy use
- Flood risk exposure or similar

Climate change represents a dimension of our existing risk exposures and is embedded in our overarching risk management approach. Our governance structure is used to support the assessment and management of climate change.

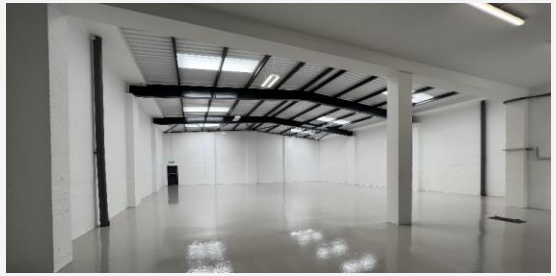
The uncertain nature of climate change, and the lack of historical data to support decision-making, makes quantifying climate-related risks more difficult than some other areas of our risk profile. However, it is widely recognised that actions taken today will influence the likelihood of different climate outcomes and impact on future risk exposures. This, alongside the climate scenario analysis we conduct, informs our risk management framework. The following sections on our approach to identifying climate-related risks and opportunities provide 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 wider environmental risks emerge through our current risk exposures. As such, we take a holistic view to risk management across the short, medium, and long term. This informs L&G's Private Markets and Group policies and operational procedures setting out our approach to identifying, assessing, measuring, managing and monitoring climate change risks throughout the lifecycle of our investments. The following pages set out these key risk management actions.

TCFD recommendation

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

Case study: Net-zero carbon modelling tool for industrial refurbishments



Challenge:

An industrial fund designed a toolkit that could be used to estimate energy use intensity (EUI) reduction requirements and associated refurbishment works to meet 2050 net-zero carbon objectives. The fund sought to reduce the total costs of net-zero carbon audits and EUI assessments. The fund worked with specialists to build a net-zero carbon modelling tool for industrial refurbishments. The toolkit was trialled across number of schemes with the goal of assessing the financial benefit gained from improving asset-level energy consumption and efficiency.

Impact:

Following the completion of the trial phase, the fund is using the toolkit on works across the portfolio. The tool calculates the current and targeted EUI, the predicted new EPC, the embodied carbon associated with required refurbishment works, and an overview of performance with and without on-site PV. This simple and cost-effective solution saves a significant amount of time and cost compared to more traditional assessment approaches.

Source: L&G, 2024.

Case study shown for illustrative purposes only. The above information does not constitute a recommendation to buy or sell any security.

1. The Paris Agreement's "1.5°C objective" refers to the goal of limiting global warming to 1.5°C above pre-industrial levels. This objective is a key part of the agreement's broader goal of holding global temperature increases to well below 2°C. The 1.5°C target aims to significantly reduce the risks and impacts of climate change compared to a 2°C scenario. https://unfccc.int/process-and-meetings/the-paris-agreement#:~:text=It%20entered%20into%20force%20on,above%20pre%2Dindustrial%20levels.%E2%80%9D

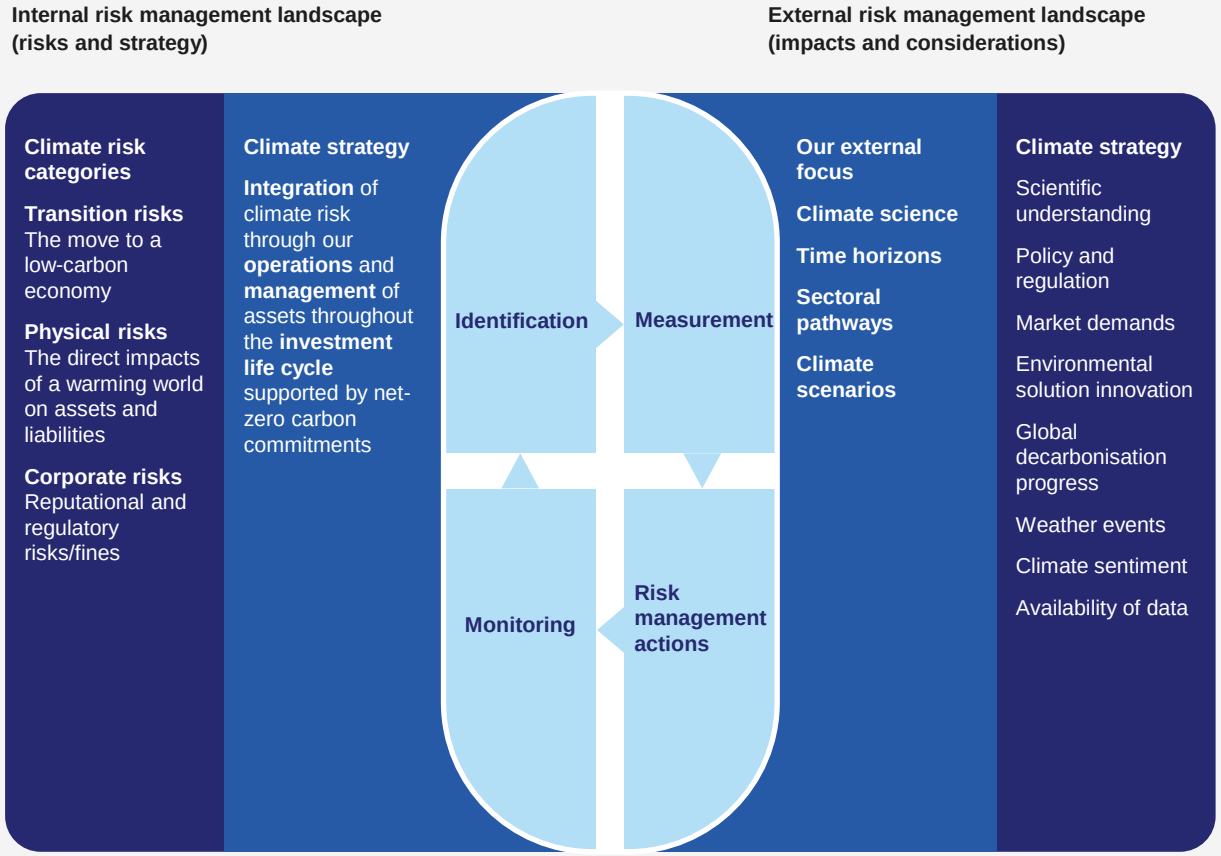
Risk management framework

L&G Group's risk management framework comprises individual company boards and formal committees responsible for overseeing risk review functions, risk management policies and risk assessment processes. These are underpinned by defined risk principles describing the behaviours, practices and culture to support effective risk governance. L&G's Private Markets aligns with the risk management framework set out at L&G Group level.

The risk management framework is fully embedded within operational procedures and is designed to facilitate the identification, assessment, monitoring and control of risks, including climate-related risks. The framework provides assurance that risks are being appropriately identified and managed and that an independent assessment of risks is being performed.

There is a well-established process for documenting and escalating any issues or errors, including an analysis of the cause of the issue and tracking any corrective or preventative actions through to completion, including notification to the client. The appropriateness of actions is independently monitored by both the Operational Risk Management and Compliance teams.

Our risk landscape



Source: L&G Climate and Nature Report, 2024.

Approach to identifying climate risks and opportunities

We acknowledge that climate change will have a material impact on our business. As a long-term investor, we have a responsibility to protect our clients' capital by mitigating the risk of stranded assets and increasing the long-term value.

This is supported by our target to achieve net zero carbon by 2050 (or sooner) and the actions we are undertaking to meet the decarbonisation commitment, including assessing the materiality of transition risks to help identify priority areas of strategic focus and risk management.

We have also proactively collaborated with climate modelling provider XDI and external climate modelling specialists at Marsh to comprehensively assess and understand the physical climate risks and their impacts on our assets. This has been crucial in responding to risks and strengthening the resilience of our portfolio and business governance and strategy in line with TCFD recommendations.

Approach to transition climate risk assessment

We conducted a qualitative review to determine the most material transition risks to the business based on an assessment of the impacts and probabilities across the 'orderly', 'disorderly' and 'hothouse world' transition scenarios, aligning with an industry standard approach to materiality assessments. The risks used for the assessment stem from a list of risks and opportunities that we identified for the real estate sector in 2022.

The impact of risks was assessed based on the business impact, financial impact and ease/cost of mitigation. Probability was assessed considering the likelihood, accounting for when the risk is likely to materialise across our short-, medium- and long-term time horizons, the frequency of the risk materialising, and the duration of impact if it materialises. The most significant risks identified in the qualitative materiality review were then assessed in more depth and are actively being addressed by mitigating measures. Details on the top risk impacts and related opportunities are presented in the Strategy chapter. We continue to monitor and assess these risks to ensure we remain abreast of changes in the market and improve our approach to managing them.

Transition risks identified for the real estate sector

Policy and legal	**Carbon policy -** Policy mandating building stock and developments to improve efficiencies and operational practices and embed climate resilience on site.
	Disclosure requirements - Increase in policy mandating the disclosure of ESG performance, integration and impact.
	Insurance costs - The physical impacts of climate change are extensive and cause the insurance industry to reassess premiums or withdraw cover.
	Liability - Financial penalties or sanctions for non-compliance on regulation.
Market	**Investor sentiment -** Shift in investor demand and attitude for more sustainable and energy efficient assets.
	Pricing impacts - Markets shift to meet growing demand for low or NZC assets with on-site climate resilience embedded. Demand shift away from certain geographies or sectors and changing consumer preferences.
	Energy market shift - Sustained damage from climate-related physical impacts or persistent transition-related market movements causing energy market volatility and supply chain risks.
Technology	**Decarbonisation technology -** The decarbonisation pathway demands an energy shift from fossil fuels to renewables. This will stimulate low carbon technological solutions. Buildings must adapt with these technologies to meet energy efficiency targets and reduce rising operational costs.
Reputation	**Reputation -** Potential harm to reputation for not being seen to be supporting the transition to a low carbon economy and/or mitigating physical climate risks.

Top risks identified

TCFD recommendation

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

Source: L&G, 2024

1. Net-zero targets are not guaranteed to be achieved.

Approach to identifying climate risks and opportunities cont.

Physical climate risk modelling for real estate equity

To comprehensively understand the current and future risk exposure associated with climate change, we have been conducting scenario analysis utilising physical climate models since 2021. We do this to evaluate the materiality of physical hazards on our portfolio on a regular basis and in the event of a material change to our portfolio. For the majority of our real estate equity assets, climate risk modelling was last conducted at year-end 2023 and for other operational assets in our housing and urban regeneration businesses modelling was last conducted at year-end 2024. The different modelling approaches taken for the real estate equity assets and the housing and urban regeneration businesses are described below.

Our modelling approach enables us to evaluate the risk exposure of our portfolios across a broad range of physical climate hazards, and how this is likely to change in the future under different climate scenarios. We quantify the physical damage, allowing us to project the financial impacts across the portfolio and integrate these findings into our investment strategies.

Streamlined modelling for housing and urban regeneration businesses

For operational real estate assets in our housing and urban regeneration businesses, we conducted climate scenario modelling for the first time in 2024. The properties had previously not been within the scope of TCFD and BBP Climate Commitment reporting requirements. We worked with climate modelling providers XDI to conduct first-pass physical climate risk modelling. The analysis was conducted under the high-emissions scenario, in line with our risk averse approach. An initial screening run was completed to determine the risk profile score profile of each asset and identify high-risk assets. For high-risk assets, a more detailed analysis was conducted to identify the most material climate hazards and the expected financial impact from now until 2100. Moving forward, we will look to align the assessment conducted for this subset of assets with our standard physical climate modelling process described above.

Standard physical climate modelling process for real estate equity

1. Define modelling variables and set up model

- Define climate scenarios for analysis: 2x climate pathways, high emissions scenario, RCP 8.5 and low emissions scenario, RCP 2.6
- Determine climate perils to be modelled: River Flood; Surface Water Flood; Coastal Flood; Wildfire; Windstorm; Subsidence; Freeze-thaw
- Define modelling timeframe: 2020 to 2100 with a focus on the period to 2050

2. Collect data and geocode assets

- Geolocate assets at building level accuracy
- Assign Unique Property Reference Number (UPRNs) to capture nuances across larger sites
- Allocate asset archetypes impacting vulnerability
- Enhance asset-level data by using existing available asset information, including building characteristics and adaptation measures, such as floor heights and flood barriers, to help reduce risk impacts

3. Quantify financial impacts

- Measure and quantify relative expected cost of damage of physical climate perils in the short, medium, and long term for all assets
- Establish standardised risk score thresholds throughout the portfolio to enable assignment of RAG aligned climate risk scores relating to average annual proportion of damage to an asset due to climate hazards

4. Inform climate strategy and resilience decisions

- Identify the assets that are at the highest risk
- Classify the key perils that contribute to the risk exposure of each asset
- Quantify the change in risk exposure over time and how this may influence the asset strategy
- Consider assets for the Adaptation Toolkit and implement adaptation measures where appropriate to improve resilience
- Findings inform platform climate strategy

Source: L&G, 2024.

Approach to identifying climate risks and opportunities cont.

Integrating asset-level data to inform risk impacts

We are continuously working to integrate asset-level data into the climate modelling we conduct to more accurately assess risk impacts and understand the resilience of our assets. We have focused on integrating asset-level data using a risk-based approach, focusing primarily on assets with medium to high flood risk. This includes incorporation of:

- Structural design specification: e.g. age, material of walls.
- Extreme wind: e.g. details on roof design
- Flooding: Resilience measures such as flood protection and height of ground floor level above surface.

Integrating asset-level data and climate adaptation measures into the climate analysis has contributed to an overall reduction in asset and portfolio level risk[1]. In a high emissions scenario, we modelled the following reduction risk impact:

- -10% in 2020 and -36% reduction in aggregate damage ratios by 2050[2].
- Exposure to flooding-related perils reduces, with most assets moving to lower risk categories. 17% of assets show a reduced climate risk score across all flood perils by 2050.

Moving forward we are using this analysis to help understand which adaptation measures had a material impact on the climate resilience of our assets, which will help to develop informed, data-driven adaptation plans with positive intended implications for the portfolio's climate risk profile. We are also seeking to further collect asset-level data and incorporate this into the climate risk analysis to more accurately understand and assess asset and portfolio risk profiles.

1. Enhanced data from XDI and L&G's Private Markets' assessment of assets as at 31 December 2024. Previous assessment from XDI and L&G's Private Markets assessment in 2023.
2. Damage ratio is the average proportion of damage to an asset each year due to climate-relative hazards and produces a 'risk score' per asset. Climate risk score analysis is based on L&G's Private Market's assets aggregated across all perils. Risk score bandings are based on the projected average damage ratio at an asset level

Risk management approach

Materiality

Our climate 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 of our assets.

Measurement

Climate transition risks are primarily measured in relation to our carbon exposures. We are committed to reducing the carbon footprint of our operations' GHG emissions intensity to align with the 'Paris' 1.5°C objective.

We measure and monitor the direct and indirect carbon emissions of all our operations and have set SBTs covering our Scope 1, 2 and 3 emissions. These targets have been verified by the SBTi, and we monitor progress made against these.

Climate physical risks are measured in relation to the risk exposure of our real estate equity portfolio using the physical climate risk modelling conducted in partnership with XDI.

Management

In addition to our climate strategy, which seeks to integrate climate risk throughout the investment life cycle of our assets from acquisition, asset management, refurbishment and development, to meet our climate commitments, we manage climate risks through specific policies, exclusions and risk thresholds.

Our Flood Risk Policy, detailed on page 15, prohibits investment in properties that are found to be in Flood Zones 2 and 3, according to the EA, unless a detailed review confirms no risk to structure or operations.

We are constantly reviewing our existing risk tolerances to incorporate climate considerations. For example, we are looking to integrate forward-looking climate modelling results as a tool for setting physical climate risk exposure tolerances. This will be integrated into acquisition and asset management processes with risk thresholds set requiring further investigation of asset level resilience and the implementation of adaptation measures, if required, for assets deemed to be at high risk.

Our net zero carbon roadmap and ongoing measures to support decarbonisation measures help the management of transition risks.

We also seek to engage closely with policymakers, regulators, occupiers, and industry networks on standards and benchmarks in support of climate action. This benefits our commitments on climate change and protecting and enhancing the value of our assets

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 performance against key climate-related metrics and targets can be seen on pages 25-28.

TCFD recommendation

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

Metrics and targets

Metrics and targets

We use a range of metrics to identify and understand our climate-related impacts and dependencies. This includes tracking metrics and monitoring progress against targets in a consistent way to understand development over time. We are committed to improving the ways that we disclose and monitor metrics to understand and quantify impact.

Our targets and commitments are integral to our business strategy and risk management, informing the ways that we approach our businesses development. They are fundamental to enhancing transparency and accountability and for demonstrating our performance against longer-term commitments. We have made progress against targets and invested in initiatives to improve the way we monitor development.

TCFD recommendation

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

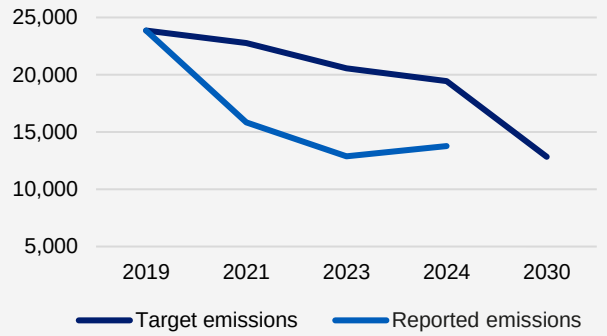
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Climate-related targets

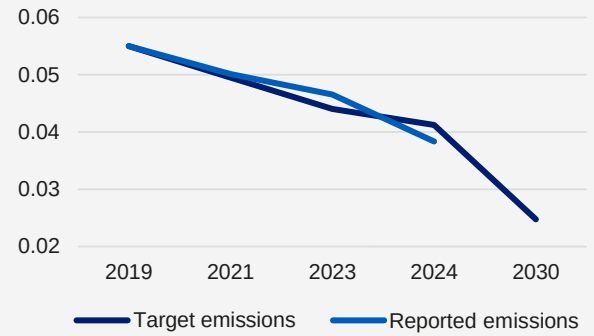
Metrics	2030 targets	2050 targets
Scope 1 and 2 emissions The energy associated with landlord-purchased gas and electricity.	**42%** reduction in our absolute Scope 1 and 2 GHG emissions (2019 base year)	**Net zero** operational carbon footprint
Scope 3 emissions The energy purchased by our occupiers.	**55%** reduction in carbon intensity of occupier energy use across real estate equity assets (2019 base year) **All new homes** will be capable of operating at net zero carbon	**Net zero** carbon across real estate equity platform

Progress against 2030 SBTi targets

Scope 1 and 2 emissions target (tCO_2e)[1]



Scope 3 emissions target (tCO_2e/m^2)[2]



Source: L&G, 2024.

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

1. Measured Scope 1 and 2 carbon emissions data, compared with science-based target initiative (SBTi) pathway (tonnes since 2019).
2. For Scope 3 carbon emissions data, data is only reported for the years 2019, 2021, 2023 and 2024. L&G's Private Markets will aim to report Scope 3 carbon intensity per annum in consecutive reported periods. The current reported Scope 3 data reported here is based on actual (47% or reported data) and benchmarked data (53% of reported data). We are working to improve the volume and quality of our Scope 3 data and have established an occupier engagement programme and a range of new data collection and engagement tools to support this process. At present, changes in Scope 3 emissions intensity can be primarily attributed to an increase in real data coverage vs benchmarked data and grid decarbonisation.

Progress against metrics and targets

The following metrics form part of our public disclosure, indicating how we define and measure success in managing climate-related issues. The data has been provided for all real estate assets and split by assets in the real estate equity and housing and urban regeneration businesses portfolio. The data is reported for the period 1 January 2024 to 31 December 2024.

TCFD recommendation

Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

L&G's Private Markets real estate:

Key metrics	2023	2024
Electricity (landlord purchased) (kWh)	54,594,021	**58,338,125**
Gas (landlord purchased) (kWh)	21,494,742	**22,587,847**
Scope 1 emissions (tCO_2e)[1]	3,932	**4,132**
Scope 2 emissions (tCO_2e) (location based)[2]	12,673	**13,418**
Total Scope 1 and 2 emissions (tCO_2e)	16,625	**17,550**
Carbon footprint (tCO_2e per £1 million invested at origination)[3]	0.907*	**0.891***
Scope 1 and 2 carbon intensity (tCO_2e / m^2)[4]	0.0018*	**0.0021***
Total Scope 3 emissions (tCO_2e)[5]	335,069*	**259,543**
Scope 3 carbon intensity (tCO_2e / m^2)	0.047*	**0.038***
Total carbon emissions (Scope 1, 2 and 3) (tCO_2e)	347,935*	**277,093**
Floor area (m^2) (NLA)	7,199,148*	**6,662,224***

Source: L&G, 2024.

*Data only includes real estate equity assets; data for the housing and urban regeneration businesses not included due to limited floor area data availability. We are working to improve the availability of floor area data.

1. Gas carbon emissions are calculated using government conversion factors.
2. Electricity carbon emissions are calculated using government conversion factors. Scope 2 emissions are location based for which we use UK national grid emission factors. All electricity purchased by L&G's Private Markets is from 100% natural renewable sources, for which we possess REGO certificates.
3. The carbon footprint metric is calculated using the total Scope 1 and 2 emissions and the purchase price of the assets of the Fund. Purchase price is used as a proxy for money invested. This is in line with the Partnership for Carbon Accounting Financials (PCAF) Global GHG Standard. The valuation of the assets in the fund has no direct relationship to the emissions associated with those assets. By using the asset purchase price of operational assets as the denominator instead of market value, this allows for more appropriate year-on-year comparison of the carbon footprint metric.
4. Carbon intensity is calculated using the net lettable area of the portfolio. Floor area from the housing and urban regeneration businesses are not included in this metric due to limited floor area data availability. We are working to improve data availability. We use this metric instead of Weighted Average Carbon Intensity (WACI), as it is the most appropriate approach for a real estate equity fund and is recommended by PCAF.
5. The energy purchased by our occupiers represents our Scope 3 emissions. The current Scope 3 data reported is based on actual and benchmarked data. We are working to improve the volume and quality of our Scope 3 data and have established an occupier engagement programme and a range of new data collection and engagement tools to support this process. 2023 Scope 3 data only includes data for our real estate equity assets. Scope 3 data has been collected for assets in our housing and urban regeneration businesses for the first time in 2024. Scope 3 data for our housing and urban regeneration businesses only includes emissions associated with Scope 3 Category 6: Business Travel emissions. We are yet to start collecting and reporting Scope 3 Category 13: Downstream Leased Assets for our housing and urban regeneration businesses. We are developing capabilities to collect occupier emissions data and will be seeking to report it for next year's reporting period.

Progress against metrics and targets cont.

Real estate equity

Key metrics	2023	2024	Y-o-Y change
Electricity (landlord purchased) (kWh)	46,151,426	49,383,045	**+6%**
Gas (landlord purchased) (kWh)	17,105,719	18,412,554	**+7%**
Scope 1 emissions (tCO_2e)	3,129	3,368	**+7%**
Scope 2 emissions (tCO_2e) (location based)	9,737	10,417	**+6%**
Total Scope 1 and 2 emissions (tCO_2e)	12,886	13,785	**+7%**
Carbon footprint (tCO_2e per £1 million invested at origination)	0.907	0.891	**-2%**
Scope 1 and 2 carbon intensity (tCO_2e / m^2)	0.0018	0.0021	**+14%**
Scope 1 & 2 emissions data coverage by floor area	100%	100%	**-**
Total Scope 3 emissions (tCO_2e) Scope 3 - Occupier gas use Scope 3 - Occupier electricity use Scope 3 – Other	335,069 163,014 170,606 1,449	253,803 106,701 146,149 953	**-32%** **-53%** **-17%** **-52%**
Total Scope 3 reported energy (kWh)	1,723,086,517	1,294,551,034	**-30%**
Total Scope 3 actual energy (kWh)	494,451,732	621,477,536	**+20%**
Scope 3 carbon intensity (tCO_2e / m^2)	0.047	0.038	**-24%**
Total carbon emissions (Scope 1, 2 and 3) (tCO_2e)	347,935	267,588	**-30%**
Scope 3 actual emissions data coverage by floor area over the reporting year[1]	35%	62%	**+27%**
Floor area (m^2) (NLA)	7,199,148	6,662,224	**-10%**

Housing and urban regeneration businesses[2]

Key metrics	2023	2024	Y-o-Y change
Electricity (landlord purchased) (kWh)	8,442,595	8,955,080	**+6%**
Gas (landlord purchased) (kWh)	4,389,023	4,175,293	**-5%**
Scope 1 emissions (tCO_2e)	803	764	**-5%**
Scope 2 emissions (tCO_2e) (location based)	2,936	3,001	**+2%**
Total Scope 1 and 2 emissions (tCO_2e)	3,739	3,765	**+1%**
Total Scope 3 emissions (tCO_2e)[3]	-	5,740	**New**
Scope 3 carbon intensity (tCO_2e / m^2)	-	0.017	**New**
Total carbon emissions (Scope 1, 2 and 3) (tCO_2e)	-	9,505	**New**

Source: L&G, 2024.

1. Scope 3 emissions data coverage refers to the total floor area of the platform for which we have been able to report Scope 3 data over the reporting year as at 31 Dec. 2024.
2. We are continuing to develop and improve data collection capabilities for our housing and urban regeneration businesses. These businesses have previously not been captured by BBP Climate Commitment reporting requirements and are not captured by TCFD reporting requirements. We are working towards improving data reporting capabilities for these assets and will report against the same set of metrics as reported against for the real estate equity assets in subsequent reporting periods.
3. Scope 3 data for our housing and urban regeneration businesses only includes emissions associated with Scope 3 Category 6: Business Travel emissions. We are yet to start collecting and reporting Scope 3 Category 13: Downstream Leased Assets for our housing and urban regeneration businesses. We are developing capabilities to collect occupier emissions data and will be seeking to report it for next year's reporting period.

Progress against metrics and targets cont.

Progress in 2024

The energy use in buildings is affected by a number of factors including occupancy levels, building use, efficiency and operation of energy using equipment, building fabric and external temperatures. Changes in portfolio composition and data accuracy and all of these factors can contribute to fluctuations in energy use figures per year.

In 2024, L&G continued to phase out gas across Private Markets real equity assets. This contributed to an increase in electricity consumption and associated Scope 2 emissions. Despite electrification progress, the platform also saw an increase in landlord-purchased gas and associated Scope 1 emissions. The increase in Scope 1 emissions and some of the rise in Scope 2 emissions was driven by an increase in void units across the platform contributing to greater landlord electricity and gas demand. Real estate equity saw a decrease in occupier consumption and associated Scope 3 emissions in 2024. This was largely driven by improvements in occupier data collection and reporting capabilities, increasing real occupier data coverage from 55% to 84% of portfolio floor area. Real occupier consumption was found to be lower than previously used benchmarked data. The fall in Scope 3 emissions was also driven by an increase in voids and sales across the portfolio resulting a lower lettable area. Our occupier engagement strategy also helped drive electrification and improve efficiencies among occupiers. The decrease in reported Scope 3 emissions is reflected in the drop in Scope 3 carbon intensity which captures the total Scope 3 emissions per square meter of net lettable area.

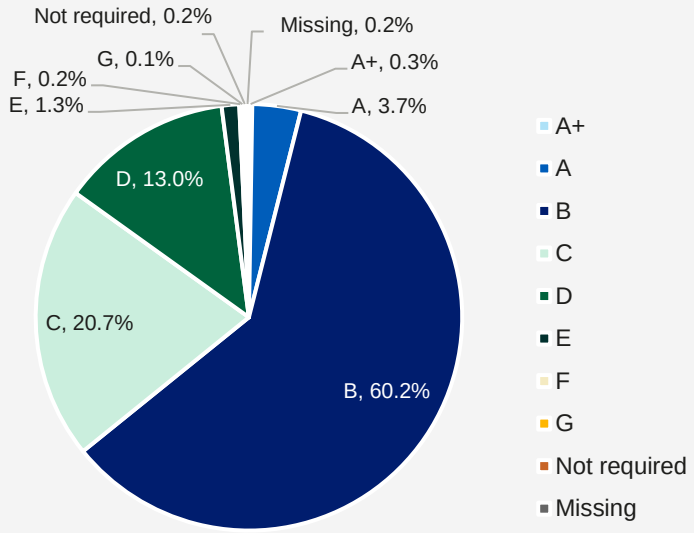
Due to this significant decrease in Scope 3 emissions, total emissions across the portfolio fell, despite the smaller increase in Scope 1 and 2 emissions.

The housing and urban regeneration businesses saw a decrease in Scope 1 emissions and increase in Scope 2 emissions. This was largely driven by the phasing out of gas and electrification of assets reducing landlord gas demand and increasing landlord electricity demand. Overall, total Scope 1 and 2 emissions remained relatively similar with a slight increase of c. 1% due to new SBTR homes entering the housing business.

With this being the first year collecting Scope 3 data and reporting on energy and carbon performance of assets in general for assets in the housing and urban regeneration businesses, more detailed commentary will be included in next year’s reporting.

Progress against metrics and targets cont.

EPC ratings by number of certificates for real estate equity



Source: Greenrock, 31 Dec 2024.
*Please note, the chart above shows all units within the portfolio that are obliged to have an EPC rating. This includes all units in the portfolio (England, Wales, and Scotland). Assets and units that still have an EPC F and G rating will have an exemption from MEES.
Assumptions, opinions and estimates are provided for illustrative purposes only.

Policy update

The UK Energy Act 2011 made it unlawful to let residential or commercial properties for new leases from 1 April 2018 (existing leases from 1 April 2023), with an Energy Performance Certificate (EPC) rating of F or G.

The minimum energy efficiency standards (MEES) are currently under review with proposals for a minimum EPC rating of C by 2027 and B by 2030 for commercial leased properties.

In light of this, the fund will continue to stay abreast of changing legislation and ensure that we either meet the minimum standards or improve upon them.

Performance-linked objectives

Each fund has internal performance-linked management objectives, to help drive progress against our platform decarbonisation targets and alignment with the Responsible Investment Policy - Real Estate Equity. Each fund manager is responsible for managing and overseeing the delivery of fund's sustainability initiatives, working with the asset managers supporting the implementation at asset level. All fund and asset managers have annual performance objectives directly linked to sustainability-related initiatives

Future targets

We have been on track to meet our Scope 1 and 2 emissions target, and we believe we have been on track to meet our Scope 3 emissions target based on actual and benchmarked data. However, we recognise that changes in the global landscapes may impact political, regulatory, and market requirements and sentiment around decarbonisation and sustainability. As such, we remain focused on our medium- and long-term targets.

In 2025 we will aim to re-baseline our science-based targets to 2030, to take into account changes across the portfolio and bring them into alignment with a wider Group re-baselining exercise. This will provide us with a more accurate understanding of the progress we need to make to reach our decarbonisation commitments. With the enhancement of our climate resilience strategy in 2024, we will also explore possible metrics to quantify our physical risk exposure.

Appendix

Appendix

Assumptions and limitations

Carbon data limitations and assumptions	• Third party data and proprietary systems aggregate and monitor our ESG data. Reference to industry standards is used to understand in greater depth the sustainability-related performance of the assets. Carbon data is also independently assured. • ESG data may be based on certain assumptions, forecasts, calculations, views and opinions of L&G's Private Markets or third-party providers which may be based on current market trends or anticipated future events. Given the developing and innovative nature of these models, methodologies and assumptions and the inherent uncertainty in predicting forward-looking events, it cannot be guaranteed that the ESG data is always accurate or correct or that the ESG data will satisfy the aims or requirements of any specific client or investor. Any opinions, calculations or forecasts are not a guarantee of future events and L&G's Private Markets may update its models, methodologies and/or assumptions at any time. External factors and limitations on the data may result in differences between actual and calculated figures. • Furthermore, there may be ESG data that L&G's Private Markets or its third-party providers are unable to source due to the lack of availability of data sources. Where this occurs, L&G's Private Markets and its service providers will use industry best practice methodologies to estimate ESG data where appropriate. The proportion of estimated ESG data varies based on a number of factors, including the supplier and data type.
Climate model Input Data Limitations & Assumptions	• Location data quality for assets can limit accuracy of modelled outputs (e.g postcode). Where assets cannot be accurately geolocated, the modelled climate exposure may not be reflective of the risk exposure. We have used manual data validation to check each asset location based on the Unique Property Reference Number (UPRN), and limit the impact of poor geolocation where longitude and latitude data was not provided. Where asset data was limited (e.g. incomplete number of units, incomplete addresses, etc.), the centroid of the best approximation of asset location was modelled.
Climate Model Limitations & Assumptions	• Baseline climate peril data is used to model climate perils globally. The availability of data and historical monitoring of perils is limited in some regions. Where this is the case, the model is enhanced using simulated event sets to forecast the impact of projected climate perils (in line with standard Natural Catastrophe modelling practices). • Forecasts will become more refined over time, as all climate models contain assumptions about current and future risks and model simulations that will improve over time • Specific peril by peril limitations exist. Windstorm risk only considers extreme wind speeds from temperate windstorm and does not consider tropical cyclone / hurricane hazards (not relevant for assets located within UK and Europe). The model only accounts for current national defences (where data is available) and does not incorporate the assumption that defences may improve over time. • Each asset type is assigned an XDI archetype to allow the Climate Risk Engines to assess vulnerability. An XDI archetype is a generic analogue used to represent the characteristics of a subclass of assets, which can then be applied across multiple assets of the same kind. For this analysis, L&G's Private Markets has refined and develop specific archetypes for each asset type which has enabled a more accurate representation of the asset's resilience to physical climate risk.

Glossary

Assets under management (AUM)	Funds that are managed by our fund managers on behalf of investors. AUM represents the total amount of money that investors have entrusted with our fund managers to invest across our investment products.
Blue-green infrastructure	Strategically planned network of natural and semi-natural areas with other environmental features designed and managed to deliver a wide range of ecosystem service
Carbon emissions intensity	Carbon emissions intensity is the amount of emissions released per unit of another variable, such as CO_2e per £m. This enables a comparison of the emissions efficiency to be made between different sized operations.
Carbon footprint	Carbon footprint is the amount of emissions as a result of the associated activity. The carbon footprint metric is calculated using the total scope 1 and 2 emissions and the purchase price of the assets of the fund. Purchase price is used as a proxy for money invested. This is in line with the Partnership for Carbon Accounting Financials (PCAF) Global GHG Standard. The valuation of the assets in the fund has no direct relationship to the emissions associated with those assets. By using the asset purchase price as the denominator instead of market value, this allows for more appropriate year-on-year comparison of the carbon footprint metric.
Carbon offsetting	The process of financing schemes designed to either reduce or remove CO_2 in the atmosphere to compensate for carbon emissions that have occurred elsewhere.
Climate mitigation	Action to limit the greenhouse gases in the atmosphere that cause climate change.
Climate pathways	Scenarios that describe pathways to particular climate outcomes.
Climate resilience	The ability to prepare for, recover from, and adapt to physical impacts associated with climate change and impact associated with a transition to a low-carbon economy.
Climate transition plan	Sets out how an organisation plans to transition to a low-carbon economy. It includes not only its climate commitments, but the roadmap (and associated risks) to achieving them. For a UK-based financial services company, the plan should align with guidance from Glasgow Financial Alliance for Net Zero and the UK Transition Plan Taskforce.
Digital inclusion	The activities necessary to ensure equitable access to and use of information and communication technologies for participation in social and economic life including for education, social services, health, social and community participation.
Ecosystem	A dynamic complex of plant, animal and microorganism communities and the non-living environment, interacting as a functional unit.
Embodied carbon	Embodied carbon means all of the carbon dioxide emitted in producing materials or products. This includes the energy used to extract and transport raw materials as well as emissions from manufacturing processes and production.
Energy system	The energy system describes the system for supplying energy services to end users, encompassing the production, conversion, delivery, and use of energy.
EPC	An Energy Performance Certificate (EPC) provides a rating of the energy efficiency of a property on a scale of A-G. It is an estimate based upon a model of the intrinsic design of the building.
ESG	ESG stands for Environmental, Social and Governance.
Freeze thaw	Freeze-thaw weathering is a process of erosion that happens in cold areas where ice forms. A crack in a rock can fill with water which then freezes as the temperature drops. As the ice expands, it pushes the crack apart, making it larger

Glossary

Greenhouse gas (GHG)	Any of the seven gases covered by the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard – carbon dioxide (CO_2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6) and nitrogen trifluoride (NF3).
Green lease	Refers to a lease of a property, or a lease supplementary document, that includes clauses which are intended to help manage and improve the environmental and social performance of a building.
GRESB	The GRESB Real Estate Assessment is a mission driven and investor led organisation providing standardized and validated Environmental, Social and Governance (ESG) data to the capital markets. Established in 2009, GRESB has become the leading ESG benchmark for real estate and infrastructure investments across the world.
Intergovernmental Panel on Climate Change (IPCC)	Created to provide policymakers with regular scientific assessments on climate change, its implications and potential future risks, as well as to put forward adaptation and mitigation options.
LGIM	Legal & General Investment Management division.
L&G's Private Markets	Legal & General Investment Management Real Assets.
Local economic resilience	The capacity of the local economic system to respond positively to external shocks and long-term change, in particular related to the impacts related to climate change.
Low carbon economy	An economy which absorbs as much greenhouse gas as it emits.
MEES	The Minimum Energy Efficiency Standards (MEES) is a set of Minimum Energy Efficiency Standards set out by the Government for commercially-let properties.
Net zero	Achieving an overall balance between anthropogenic carbon emissions produced and carbon emissions removed from the atmosphere.
Operational carbon	Operational carbon is the term used to describe the emissions of carbon dioxide and other greenhouse gases during the in-use operation phase of a building.
Paris Agreement	The Paris Agreement was an agreement within the United Nations Framework Convention on Climate Change effective 4 November 2016. The objective is to limit the increase in average global temperatures to below 2°C, preferably to 1.5°C, compared to pre-industrial levels.
Physical risks	The risks from climate change that arise as a result of more frequent and severe weather events and longer-term shifts in climate.
REGO	The Renewable Energy Guarantees of Origin (REGO) scheme provides transparency to consumers, through certificates, about the proportion of electricity that suppliers source from renewable generation.
Representative Concentration Pathways (RCP)	Greenhouse gas concentration trajectories that indicate uncertainty in climate models to generate data on possible future climates. These scenarios are adopted by the IPCC. In this report L&G's Private Markets have used 2 RCP scenarios (RCP2.6 and RCP8.5).
Riverine flooding	When streams and rivers exceed the capacity of their natural or constructed channels to accommodate water flow and water overflows the banks, spilling out into adjacent land.

Glossary

Science Based Target Initiative (SBTI)	The Science Based Targets initiative (SBTi) is a joint initiative by CDP, the UN Global Compact (UNGC), the World Resources Institute (WRI) and WWF which aims to increase corporate ambition on climate action by enabling companies to set emission reduction targets consistent with the decarbonisation required by science to limit warming to less than 1.5°C / 2°C compared to preindustrial temperatures.
Scope 1 emissions	These are the direct emissions from the activities of an organisation or under their control. For example the emissions directly from burning gas in a boiler at an asset.
Scope 2 emissions	These are the indirect emissions from sources that are owned or controlled by on organisation. For example from the electricity purchased for an asset.
Scope 3 emissions	These are all of the other indirect emissions from activities of the organisation, occurring from sources not owned or controlled by the organisation. For example from procured goods and services.
Social impact	The effect an organisation's actions have on the well-being of the community. It involves making a positive difference in society, such as improving health, education, or the environment.
Soil subsidence	Downward movement of the ground, causing the property's foundation to sink. Can be caused by changes in groundwater level and drought.
Surface water flooding	Surface water flooding is also known as pluvial flooding. It occurs when the volume of rainfall exceeds the capacity of drains and surface water sewers and is unable to drain away through drainage systems or soak into the land, and instead flows over the land.
TCFD	The Task Force on Climate-Related Financial Disclosures (TCFD) is an organisation that was set up with the goal of developing a set of climate related financial risk disclosures, which can be adopted by companies to inform investors and other stakeholders about climate related risks and mitigation.
tCO_2e	Tonnes of carbon dioxide equivalent (CO_2e).
Transition risks	The risks from climate change that arise from the process of adjustment towards a low-carbon economy.

Contact us

For further information about Private Markets at L&G, please visit https://am.landg.com/en-uk/institutional/private-markets/

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