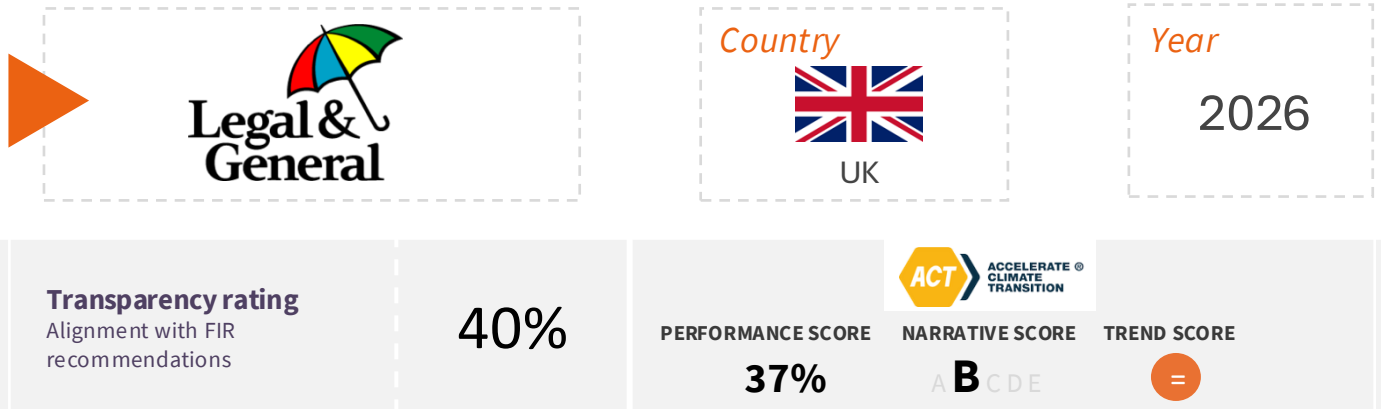


# SAY ON CLIMATE ASSESSMENT



Legal & General Group plc is putting its climate and nature transition plan to a vote for the second time, having submitted its first climate plan back in 2023.

The company **has net-zero targets for 2050 as an Asset owner (AO), Asset manager (AM) and for its operations**. It also has medium-term emissions reduction targets as an institutional investor and for its operations. However, **the company does not have a clear emissions reduction target for asset management (AM), even though it has committed to 70% of assets under management being net-zero by 2030**.

It reports on numerous elements relating to its action plan, particularly regarding the commitments made with companies, but it remains **difficult to measure the contribution of these actions to its emissions reduction targets**. For the AO segment, the share of investments in fossil fuels remains higher than that in investments for the transition in 2025 (£4.8 billion vs. £4.4 billion). Furthermore, it would be appreciated if the group **went further in its fossil fuel policy**, which currently commits only to phasing out thermal coal and oil sands. Also, we regret that transparency regarding climate-related remuneration criteria is deteriorating. Finally, we encourage the company to renew the process of putting its transition plan to a vote.

## SUMMARY

- ▶ [Assessment based on the FIR analysis grid](#)
- ▶ [Assessment according to ACT](#)
- ▶ [FIR Recommendations Grid](#)
- ▶ [ACT evaluation methodology](#)
- ▶ [ACT evaluation methodology for the generic sector](#)

As early as 2021, the **Forum for Responsible Investment (FIR)** called for the widespread adoption of rigorous Say on Climate (SOC) measures. Following an initial initiative in 2022, it co-signed [an open letter with 48 French and European signatories](#) in March 2023 and again [in 2025](#), to encourage the development of SOC. At the same time, in 2022, the FIR began analysing the climate plans of French companies that put them to a shareholder vote. Having joined forces in 2023, the **FIR and ADEME** expanded their partnership in 2024 by working with **Ethos and the World Benchmarking Alliance** to analyse the transparency and performance of companies' climate plans, based on the [ACT methodology](#). Once again this year, these organisations will work together to examine the climate plans of **European companies** submitted to a consultative shareholder vote at their general meetings in 2026.

The analyses will be published progressively in the run-up to their AGMs. As in previous years, the FIR wishes **to commend the efforts of companies that contribute to improving shareholder dialogue and encourages companies to repeat the Say on Climate exercise annually**.

## SAY ON CLIMATE ASSESSMENT



### Net Zero 2050 Ambition

There are three categories of activities:

- Asset owner: *Net Zero* target aligned with the Paris Agreement by 2050 (includes equities, bonds and owner-occupied property in the portfolio)\*
  - Asset manager: working in partnership with clients, managing 100% of assets under management *to be net-zero* emissions by 2050
  - Operations: *Net zero* for emissions linked to its operations
- ▷ Regarding offsetting, L&G explains that it will use offsetting without providing figures or a detailed explanation of the nature of the projects

### Reference scenario(s) used

- For its operations, Scope 1&2 targets aligned with SBT 1.5°C by 2030
  - As an Asset Manager: several SBTi-validated targets covering the financing of power generation projects, real estate, and its portfolios of listed equities, corporate bonds and loans to listed companies, covering 47% of its total assets
- ▷ No specific reference scenario for the asset management business
- ▷ AO targets for listed equity portfolios, corporate bonds and loans to listed companies are expressed in temperature terms and are not aligned with a 1.5°C scenario (2.1°C for Scopes 1 & 2 and 2.5°C for Scopes 1 to 3 of portfolio companies by 2026); an intensity reduction target, but not validated by the SBTi (-50% vs. 2019 by 2030)

### Current GHG emissions (2025 vs 2024)

SCOPE 1	SCOPE 2 (lease-based)*	SCOPE 3
5,398 tCO <sub>2</sub> e (vs 9,665) 0.2%	14,523 tCO <sub>2</sub> e (vs 17,753) 0.1%	5,709,153 tCO <sub>2</sub> e (vs 5,118,289) of which 5,485,773 relates to investments 99.7%

35% reduction in the carbon intensity of the owner-occupied portfolio since 2019 (but a 1.8% increase compared to 2024)

26% reduction in operational emissions (Scopes 1 & 2, lease-based) compared to 2021

▷ The scope of reporting on financed emissions covers the owner-occupied portfolio, i.e. £107.3 billion of assets in 2025, thus excluding assets under management for external clients

### Short-term GHG emissions reduction target (before 2030)

By 2025:

- AO: -35% in intensity (tCO<sub>2</sub>e/£ invested) compared to 2019; alignment of corporate portfolio temperatures: 2.5°C (Scopes 1 & 2) and 2.7°C (all scopes)
  - AM: reporting on the reduction in Scope 3 emissions associated with energy used (expressed in m<sup>2</sup>) by occupants within the property portfolio: -49% compared to 2019
  - Operations: -26% compared to 2021 for Scopes 1 & 2
- ▷ The AO reporting scope does not include derivatives, which represent approximately 38% of the value of owned assets in 2025
- ▷ The temperature targets for 2026 (2.1°C (Scopes 1 & 2) and 2.5°C (all scopes)) of the companies invested in for the AO portfolio do not appear to be on track to be met next year
- ▷ Regarding the AM segment, the company reports on GHG emissions reductions solely for the property portfolio
- ▷ No reduction targets disclosed for the period between 2025 and 2030

### Medium-term GHG emissions reduction target (between 2030 and 2040)

By 2030:

- AO: target of a 50% reduction in intensity compared to 2019, not validated by SBTi
- Sub-targets validated by SBTi for:
- the property portfolio: -58% (tCO<sub>2</sub>/m<sup>2</sup>) compared to 2019
  - the portfolio of financed electricity generation projects: maintaining the carbon intensity of electricity generation at 60 gCO<sub>2</sub>e/kWh compared to 2021 and financing only 1.5°C-aligned projects;
  - listed equity and corporate bonds/loans: alignment target of 2.1°C (Scopes 1&2) and 2.5°C across all scopes
- ▷ According to SBTi, its AO targets (including temperature targets for listed equity portfolios and corporate bonds/loans by 2026) cover only 47% of its total investments
- ▷ SBTi targets for its listed equity portfolios, corporate bonds and loans to listed companies, expressed in temperature terms (rather than emissions reductions), do not extend beyond 2026 and are not aligned with either 1.5°C or 2°C

\*excludes cash, derivatives and accounting loans

Caption:

- All criteria for achieving full marks have been met, but suggestions for improvement regarding transparency
- ▷ Shortcomings preventing a full score

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## SAY ON CLIMATE ASSESSMENT



- AM: net-zero target for the DC Property Sustainable Fund, a 55% reduction in the carbon footprint of the property portfolio (tCO<sub>2</sub>/m<sup>22</sup>) compared with 2019, and management of 70% of eligible net-zero assets (excluding government securities and derivatives)

▷ AM: an emissions reduction target applying only to the DC Property Fund and the property portfolio, on an intensity basis; derivatives and sovereign debt are excluded from the targets

- Its operations: -42% vs. 2021 in absolute terms for Scope 1 and 2 emissions

▷ Does not include Scope 3 emissions outside of investments

### Long-term GHG emissions reduction target (2050 or earlier)

▷ Net Zero ambition for AO, AM and operations, but no reduction targets set beyond 2030

### Measures in the action plan

Several categories of actions can be distinguished:

1. Portfolio measurement and targets
2. Active engagement: 4,130 engagements on climate and environmental issues by 2025
3. Environmental escalation
4. Policies and exclusions
5. Monitoring and reporting

AO:

- Description of the action plan for private credit and infrastructure debt, for the real estate portfolio and infrastructure equity, as well as for listed equity and bond portfolios

- Aims to phase out investments linked to thermal coal (if >5% of turnover is exposed to thermal coal mining or electricity generation without a plan to phase out thermal coal by 2030 or earlier) and exposures to oil sands by 2030

▷ The company's reported fossil fuel\* exposure in 2025 is still higher than that of transition investments, amounting to £4.8 billion (vs. £4.4 billion).

AM:

Target to increase the proportion of companies that have signed up to the Climate Impact Pledge (CIP) programme and are likely to face sanctions through voting. The CIP covers 56% of the value of the securities of companies in which the AM invests on behalf of its clients and 80% of the emissions attributable to its holdings in companies/equity portfolios as at 31/12/2025 (15 companies remain on the CIP divestment list (for the funds concerned); progress measured against votes against (46% reduction in companies identified for votes against in 2025 vs. 2024)

▷ The direct result of engagement actions on investment (1 company regaining investment eligibility in 2025) appears low given the number of companies engaged

▷ The company does not clearly report on progress towards the target of 70% of assets under management being managed "in alignment with a net-zero objective" by 2030 and suggests that it may revise this target

Operations (occupied offices and managed property):

Key initiatives include: 'net-zero' audits, integrated energy solutions, new developments and major refurbishments, and the phasing out of gas (key performance indicators: for owner-controlled areas, phasing out all gas from owner-occupied properties by 2030), move to a new headquarters in 2027, which, according to modelling, will be twice as efficient as their current offices; 76% of suppliers, in terms of expenditure, have set a science-based carbon reduction target (new target of 80% by the end of 2026); 100% of electricity purchased directly comes from renewable sources

▷ No estimate of the contribution of these actions to emissions reduction targets, net-zero alignment or temperature reduction

### Alignment of CAPEX/OPEX investments

£4.4 billion in investments in the energy transition: including renewable energy, green bonds and other solutions related to technology, infrastructure and real estate

▷ Within the reporting scope (£107.3 billion), investments in the energy transition account for approximately 4% of the proprietary portfolio's investments

\*Direct exposure to fossil fuels + exposure to companies in the oil and gas sector (Urgewald Global Oil & Gas Exit List)

Caption:

- All criteria for achieving full marks have been met, but suggestions for improvement regarding transparency
- ▷ Shortcomings preventing a full score

Next slide →

## SAY ON CLIMATE ASSESSMENT



### Remuneration

- Variable 2025: targets relating to the 50% reduction in carbon intensity by 2030 for the AO division, the operational target and the sustainability component in commercial decisions;

▷ no real weighting of the annual variable against climate criteria, which can only reduce the variable but not increase it depending on whether or not the criteria are met

▷ for 2026: the climate-related criteria and targets to be met are not clearly disclosed

- Long-term action plan: in 2026: part of the plan relates to progress towards the target of a 50% reduction by 2030 (in intensity) for the AO portfolio and towards the target of a 42% reduction in Scopes 1 & 2 emissions from its operations by 2030

▷ The weighting of climate targets is unclear for the long-term 2026 period, and the portfolio temperature criterion that featured in 2025 has been removed.

### Annual advisory vote on implementation

No information.

### Consultative vote every three years on strategy

Consultation already scheduled for 2023 on the transition plan, but no commitment to renew

Caption:

- All criteria for achieving full marks have been met, but suggestions for improvement regarding transparency
- ▷ Shortcomings preventing a full score



PERFORMANCE SCORE

**37%**

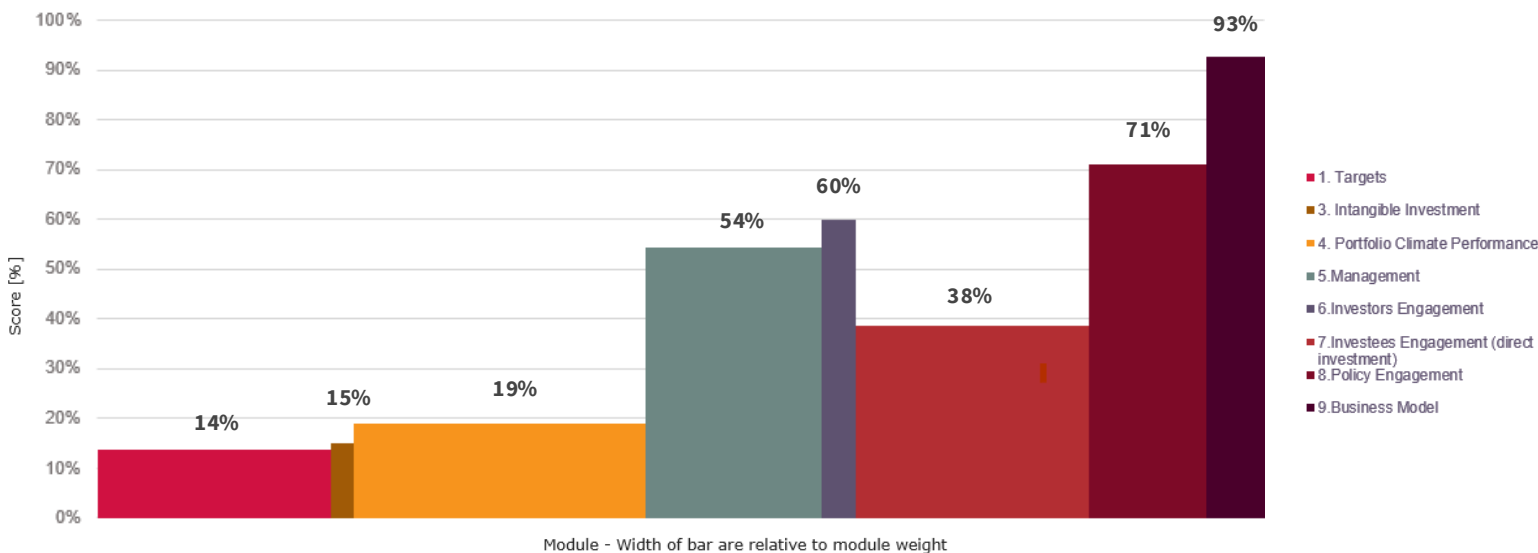
NARRATIVE SCORE

**B** A C D E

TREND SCORE



ACT Investors finance methodology



Transition plan assessment criteria

**Performance score**

**1. Targets :** L&G does have carbon intensity targets but they do not include scope 3 of investees which represents on average 75% of total emissions. This hides the majority of the company's climate impact and brings significant distortion to its climate strategy by favoring investment in company that have low operational (scope 1 & 2) impacts but potentially large indirect (scope 3) impacts.

**3. Immaterial investment :** L&G has ESG training for employees and management, but there is no disclosure on the share of employees receiving climate related training, no share of training costs specific to climate topics, and no development plan aimed to build internal capabilities and expert recruitment.

**4. Portfolio Climate Performance :** L&G discloses that it holds assets in coal as well as oil and gas and does not have a clear definition of low-carbon or transitioning activities. However, on the positive side, the company employs a metric based on degrees Celsius to assess the alignment of its portfolio with the Paris Agreement target. This metric is employed to monitor risk and to guide investment decisions.

**5. Management :** The board is the body with the highest responsibility for climate change, but board members lack low-carbon transition expertise. An overall consistent transition plan was published but it lacks financial content and long-term actions. Climate change scenario testing is positive.

**6/7. Investees engagement :** Overall encouraging engagement program. Significant shortfall concern demonstration of impact, lack of ambitious engagement objectives, lack of transition plan requirement towards investees, lack of continuous improvement process of the engagement strategy once impact is reviewed.

**8. Public engagement :** Overall L&G's public engagement is aligned with its climate goals. The company could improve by putting in place a review process of its trade associations. No clear update has been identified regarding a formalised trade association review process.

**9. Business model :** L&G has shown promising actions to align its business model to a low-carbon economy and could go further by exploring climate dividends and complete integration of climate risks in asset pricing.

**Transition plan's consistency (narrative score):**

Data quality and reputation are positive. Important improvement that L&G could implement include additional alignment of L&G's core business with the low-carbon transition by having a clear divestment roadmap from all high emission sectors, and the inclusion of scope 3 of investees in L&G's climate strategy and disclosure.

**Trend score :** L&G has a transition plan but it does not plan significant improvements in its climate strategy and its implementation.

**Areas for improvement identified:**

The most important improvement concerns the inclusion of scope 3 of investees in L&G's climate strategy and disclosure. The company is also expected to end all new investments in fossil fuels, especially for exploration and unconventional activities, and communicate this clearly. In addition, to make its commitment to net zero more credible, the firm should provide more detail on how it encourages the companies in which it invests to develop credible transition plans.

## SAY ON CLIMATE 2026 EVALUATION GRID

Based on monitoring of FIR recommendations

<b>Net Zero 2050 Ambition</b>	Whether the stated ambition to contribute to carbon neutrality by 2050 is present, along with clear explanations of how this neutrality will be achieved The level of negative emissions is limited	The ambition to contribute to carbon neutrality by 2050 is stated and the explanations on how to achieve this neutrality are clear. The level of negative emissions is high or unclear.	Ambition stated but very unclear on how the company intends to achieve carbon neutrality (no long-term targets, the targets set are not credible, heavy reliance on offsetting, etc.) or no stated ambition for carbon neutrality by 2050
<b>Reference scenarios used</b>	The company aligns its climate strategy with a 1.5°C warming scenario across all scopes and in the medium and long term	The company uses a reference scenario limiting warming to between 2°C and 1.5°C or 1.5°C for only part of its scope or only in the medium or long term	No reference scenario is explicitly mentioned, or the scenario(s) is/are not used to define the strategy
<b>Current GHG emissions</b>	Disclosure of greenhouse gas emissions in absolute terms; breakdown by scope; reduction in absolute emissions over the last three years	Insufficiently detailed disclosure of greenhouse gas emissions in absolute terms, or no justification provided for the increase in absolute emissions over the last three years	Lack of public data, or if the upward trend in emissions intensity and absolute emissions is poorly justified or not justified at all
<b>Short-term GHG emissions reduction target</b>	Whether the quantified emission reduction targets for before 2030, expressed at a minimum in absolute terms, cover all three scopes and are set in relation to the company's 1.5°C alignment pathway. This pathway has been scientifically validated.	If the quantified emission reduction targets for before 2030 do not cover the majority of the company's activities, or if these targets cover all activities but are on a trajectory between 2°C and 1.5°C	Lack of a quantified short-term emissions reduction target or unambitious short-term targets (reference year too distant, no absolute reduction, not scientifically validated, etc.)
<b>Medium-term GHG emissions reduction target</b>	If the quantified emission reduction targets for 2030, expressed at least in absolute terms, cover all three scopes and are aligned with a 1.5°C scenario. This trajectory has been scientifically validated	If the quantified emission reduction targets for 2030 do not cover the majority of the company's activities, or if these targets cover all activities but are on a trajectory between 2°C and 1.5°C	Absence of a quantified medium-term emissions reduction target or unambitious medium-term targets (reference year too distant, no absolute reduction, not scientifically validated, etc.)
<b>Long-term GHG emissions reduction target</b>	If the quantified emission reduction targets for 2050 or earlier, expressed at a minimum in absolute terms, cover all three scopes and are set in relation to the company's 1.5°C alignment trajectory. This trajectory has been scientifically validated	If the quantified emission reduction targets for 2050 or earlier do not cover the majority of the company's activities, or if these targets cover all activities but are on a trajectory between 2°C and 1.5°C	Lack of quantified long-term emission reduction targets or unambitious long-term targets (base year set too far in the past, no absolute reduction, not scientifically validated, etc.)
<b>Measures in the action plan</b>	Detailed measures for each scope of the company with sufficient detail, including short- and medium-term figures, enabling an assessment of the plan's alignment with the set targets	Detailed measures for each scope of the company, but the level of detail is insufficient to assess the degree of alignment with the set objectives (in particular, a lack of quantified measures)	Measures with little or no detail
<b>Alignment of investments (OPEX / CAPEX)</b>	Details the proportion of investments (OPEX and CAPEX) that contribute to meeting the set short- and medium-term objectives and explains how these investments enable the set objectives to be achieved	The information provided regarding the contribution of investments to meeting the set objectives does not make it possible to understand how the company achieves the set objectives	No investments contributing to the achievement of the stated objectives are specified
<b>Remuneration</b>	All variable components of executive directors' remuneration include at least one criterion that assesses the achievement of greenhouse gas emission reduction targets. The percentage of remuneration determined by this criterion is published; it represents a significant proportion (10% or more)	At least part of the variable component of executive directors' remuneration is subject to an undiluted criterion for reducing greenhouse gas emissions in line with the reduction trajectory defined by the company	The criterion incorporated into the remuneration of corporate officers relating to the reduction of greenhouse gas emissions is diluted, or does not follow the reduction trajectory defined by the company. Or there is no criterion linked to the reduction of greenhouse gas emissions in executive remuneration
<b>Annual consultation on implementation</b>	The company undertakes to consult shareholders annually on the implementation of the climate strategy	The company undertakes to consult shareholders on the implementation of the climate strategy in the coming years or is consulting for the second consecutive year or more	The company does not commit to consulting shareholders on the implementation of its climate strategy
<b>Consultation every three years on the strategy</b>	The company commits to consulting shareholders on its climate strategy at least every three years	The company commits to consulting shareholders on its climate strategy in the coming years or has done so for the second consecutive year or more	The company does not commit to consulting shareholders on its climate strategy

# ACT METHODOLOGY

# → IT'S TIME TO ACT

## WHAT IS ACT ?

A joint voluntary initiative of the UNFCCC secretariat Global Climate Agenda.

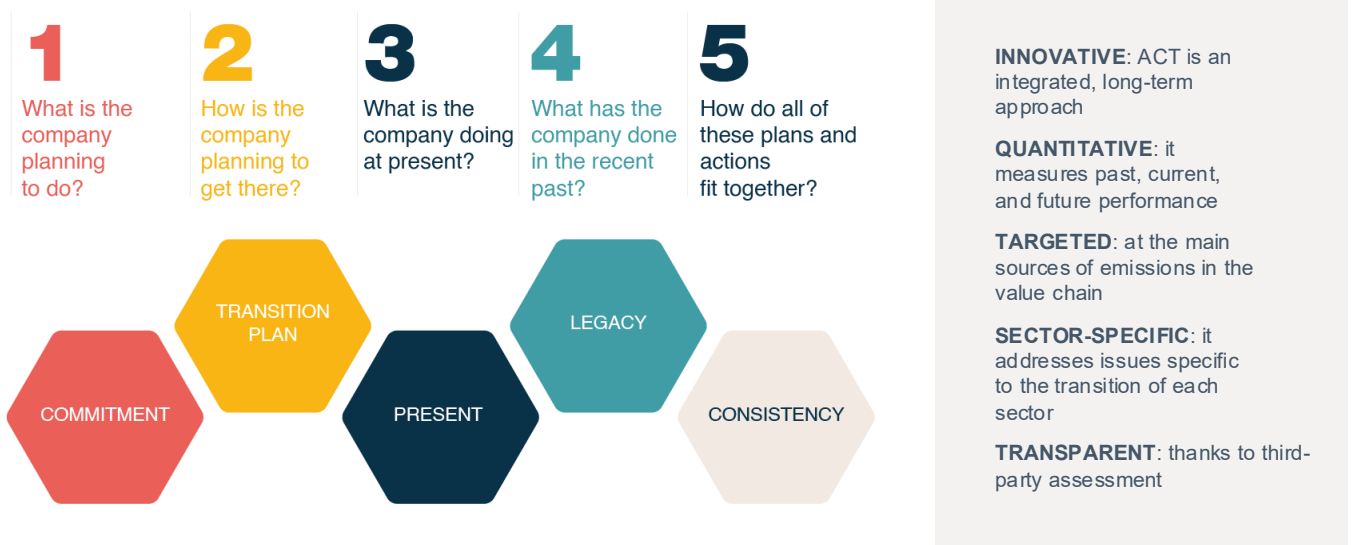
## WHY ACT ?

Drive climate action by companies and align their strategies with low-carbon pathways.

## HOW DOES ACT WORK ?

ACT provides sectoral methodologies as an accountability framework to assess how companies' strategies and actions contribute to the Paris mitigation goals.

## FRAMEWORK



## ACT ASSESSMENT

### ACT ASSESSMENT

**For what purpose?**  
Credibly measure the contribution to the net-zero objective in relation to sectoral low-carbon trajectories.

**For whom?**  
Companies with science-based objectives and/or a transition plan ready for assessment



# ACT METHODOLOGY

## Finance

The full ACT methodology for the Investors Finance sector can be found on our website. The detailed assessment is summarized in a score based on three criteria : performance, overall consistency and trend. It takes the following form:

- **Performance** : number between 1 and 20
- **Evaluation (consistency)** : letter between A and E
- **Trend** : + (improvement), - (deterioration), = (stable)

### Performance scoring

Module	Indicator
<b>Targets</b>	1.1 Alignment of scope 3 reduction targets
	1.2 Targets time horizon
	1.3 Achievement of past and current targets
	1.4 Engagement targets
	1.5 Financing targets
<b>Intangible investment</b>	3.1 Investments in human capital- training
<b>Portfolio climate performance</b>	4.1 Financial flows trend
	4.2 Portfolio alignment management
<b>Management</b>	5.1 Oversight of climate change issues
	5.2.2 Climate change oversight capability
	5.3 Low carbon transition plan
	5.4 Incentives to manage climate change
	5.5 Risk management
	5.6 Climate change scenario testing
<b>Investors engagement</b>	6.1 Strategy ton influence investors
	6.2 Activities to influence investors
<b>Investees engagement</b>	7.1 Strategy ton influence investees/ asset managers
	7.2 Activities to influence investees/ asset managers
	7.3 Activities to influence investees/ asset managers with fossil fuel and/ or deforestation link
<b>Policy engagement</b>	8.1 Financial institution policy on engagement with associations, alliances, coalitions or think thanks.
	8.2 Associations alliances coalitions or think thank do not have climate-negative activities or positions
	8.3 Positions on significant climate policies & lobbying
	8.4 Collaboration with public authorities
<b>Business model</b>	9.1 Tranformative measures facilitating climate investment reorientation & impact

#### Narrative scoring

1. Business model and strategy
2. Consistency and credibility
3. Reputation
4. Risks

#### Trend scoring

1. Probability of emissions' evolution
2. Evolution of business model and strategy

**Disclaimer:**

The information and assessments presented here do not in any way constitute investment or voting advice. Each organisation determines individually the most appropriate way to use this information.

Furthermore, the information and assessments contained in this document reflect a judgement at the time these assessments were made and do not guarantee that the most recent information from the company has been taken into account, as such information may have been published between the time of the assessment and the publication or consultation of this document.