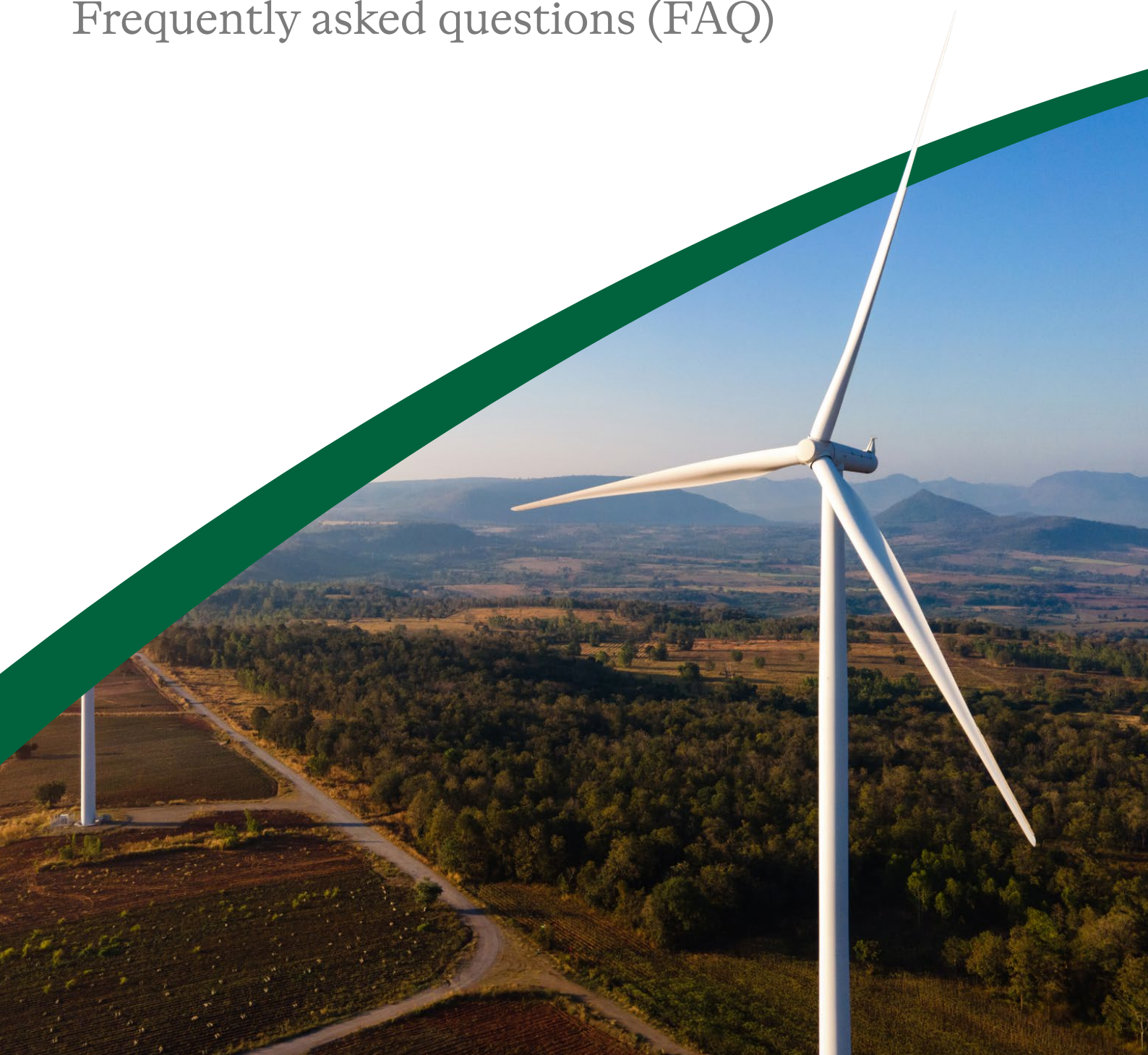




# Your investments and climate change

Frequently asked questions (FAQ)



# **This document provides further information on the process behind the Taskforce on Climate-related Financial Disclosures (TCFD) reporting, addressing any additional questions. This document is for members of Workplace and Retail Savings pensions.**

## **I can't see a report for a particular fund that I am invested in/interested in. Why?**

For the purposes of TCFD reporting, funds are classed as 'in-scope' or 'on demand'. The information contained in this document and on the main webpage refers to 'in-scope funds' only. In-scope is for members in Contract schemes (WPP, Group Stakeholder, Buy-out Plans) and Retail Savings pensions. Where these funds don't have suitable climate metrics data available, a report will not be provided for them.

You can find more information on measurement requirements in the relevant entity report which can be found on the main [TCFD web page](#).

## **Why do some funds have gaps in the year-on-year comparisons?**

For most of the metrics, the reporting requirements came into effect in June 2023 (using data from December 2022). We therefore have three years of available data to report. Two additional metrics (scope 3 emissions and climate value at risk) were then added for the second year of reporting, published in June 2024 using data from December 2023, meaning two years of available data to report.

Aside from those considerations, metric availability will depend on the launch date of the fund, as shown on page one of the product report. Where a fund doesn't have comparison data for one or more previous years, data will become available in future reporting cycles once an appropriate period has passed.

## **Can you explain the climate-related figures?**

The product reports, produced for funds and lifestyle profiles, contain a description of the metrics and details on how they are calculated.

## **Why does the total carbon emissions figure only include scope 1 and scope 2 emissions?**

Scope 1 & 2 emissions are distinct and separate from scope 3 emissions and therefore should not be combined. The use of scope 3 data can also be challenging due to the current data quality.

This is the second year that scope 3 emissions have been included in the reporting. Data quality for scope 3 emissions can be hampered by poor disclosure and a lack of consistency in the measurement across companies. However, it is improving rapidly, and should start to be incorporated further into analytical

and reporting processes, although challenges will remain and there could be variation across companies from different industries and regions.

The published scope 1 and scope 2 emissions figures should generally add up to the published total scope 1 & 2 emissions figure. However, there may be some funds where this is not the case due to the report showing figures rounded up to the nearest whole figure.

## **Can I compare metrics between different investments?**

### **Scope 1, scope 2 and total carbon emissions metrics**

Each product report contains a description of these metrics and details on how they are calculated. These are measures of emissions for that particular investment. Some funds contain a large amount of assets (see the 'fund size' figure at the top of the first page.) A large fund might also have a large amount of carbon emissions. Similarly, a small fund might have very small carbon emissions.

For this reason, these metrics are not so useful for comparing different investments.

### **WACI and carbon footprint measures**

Both these measures use weighted average calculations. For this reason, they are useful metrics to compare the climate-related measures of different investments.

A weighted average accounts for the relative importance and size of the different assets that are included. We will hold varying levels of assets within a fund, for example we may hold more shares in one company over another. We use a weighted average to allow for the different importance of the carbon data for assets according to size held, based on the market value at the reporting date. This weighted average paints a clearer picture than an equally split average would.

## **Can I compare scenario analysis between different investments?**

Climate scenario and risk analysis is based on modelling per asset class (for example multi-asset, equities, corporate bonds, government bonds) rather than at a specific fund level. The relevant asset class has therefore been included for each named fund or lifestyle profile. More detail on climate scenario and risk analysis is included in the individual product reports.

The asset class used for scenario analysis is shown at the top of each fund report. This has been determined by the holdings within the fund at the end of 2024. It is designed to help us to explore a range of possible climate futures and understand the potential climate-related risks for a particular asset class, rather than as a comparable exercise between funds and lifestyle profiles.

### **Can you explain any differences in the data between the last three years. For example, coverage percentage or metric value?**

Several factors may result in changes to key metrics or fund coverage. This includes things such as:

- the fund value has gone up or down in size over time,
- a change in the fund's or lifestyle profile's investment mix, such as investing more or less in equities or bonds, or reducing or increasing holdings in a particular company or sector,
- increased data availability,
- companies included in the fund improving their metrics, such as carbon footprint.

### **Why does a metric figure published in last years' report differ from the 2023 figure shown in the newly published 2024 report?**

Such differences will typically be minor (a difference of + or - 1) and are due to rounding. Asset coverage percentages are rounded down to not overstate the level of data availability, and metric figures are rounded up to not understate the climate metric position of the fund. In some cases, the differences could be due to a restated figure being made available since the previous year. For example, where a company provides new carbon emission information.

### **What progress are you making on achieving your net zero ambition for your default investment options?**

Information can be found in the relevant legal entity TCFD-aligned reports.

For WorkSave Pension Plan (WPP) and Legal & General Personal Pension (LGPP), please refer to page 8 of the [Legal & General Portfolio Management Services Limited \(PMS\) legal entity TCFD-aligned report 2024](#).

For Group Stakeholder Pension, WorkSave Pension Trust (WPT), or WorkSave Buy Out Plan (WBOP), please refer to page 8 of the [Legal & General Assurance Society Limited \(LGAS\) legal entity TCFD-aligned report 2024](#).

You can also find detail in the [Responsible Investing Guide](#).

### **How are the figures combined for lifestyles?**

As a lifestyle profile can invest in more than one fund, we combine those funds' metrics in relevant proportions to show the overall figures for the lifestyle profiles. Sometimes, this may mean that we show metrics below the usual measurement thresholds. In particular, this could lead to the climate value at risk metric indicating a value of 0.0% - this is likely due to a low coverage percentage for the retirement phase being reported, with rounding then leading to the zero percent published figure.

### **What are the limitations of climate-related data and forward-looking metrics?**

Detail on this is provided in the relevant legal entity TCFD-aligned report.

- For WorkSave Pension Plan (WPP) and Legal & General Personal Pension (LGPP), please refer to page 10 of the [Legal & General Portfolio Management Services Limited \(PMS\) legal 3](#).
- For Group Stakeholder Pension, WorkSave Pension Trust (WPT), or WorkSave Buy Out Plan (WBOP), please refer to page 10 of the [Legal & General Assurance Society Limited \(LGAS\) 3](#).

### **I am a Workplace pension member, what should I do if I wish to choose a different fund(s) based on climate metrics?**

Unless you have already chosen your own funds, you will be invested in a default investment that has been chosen by your employer. It will have been selected, by your employer, with the aim of meeting the needs of the majority of its workforce. However, if you want to choose your own funds, you can do this via [your online account](#).

There are several different factors to consider when selecting the right pension investment for you. These include your risk appetite, financial goals, how and when you intend to access your pension savings, as well as your individual beliefs and values.

You may wish to refer to the ['Your Guide to Investing' document](#) that provides more detail on the basics of investing and what to think about if you want to make your own investment choices. There is also detail and contacts within this guide should you wish to seek financial advice and guidance before making a decision.

I have a Retail Savings pension, what should I do if I wish to choose a different fund(s) based on climate metrics?

If you wish to switch fund(s) you can do so via [MyAccount](#).

Any decision should be considered alongside your risk appetite, financial goals, how and when you intend to access your pension savings as well as your individual beliefs and values.

Is there any other information that will help me understand what climate-related actions you are taking as an organisation?

In addition to the fund and lifestyle product reports, more detail on our TCFD-aligned governance, strategy and management of climate risks are available in the following legal entity reports:

- [Legal & General Portfolio Management Services Limited \(PMS\) legal entity TCFD-aligned report 2024](#), covering WorkSave Pension Plan (WPP) and Legal & General Personal Pension (LGPP).
- [Legal & General Assurance Society Limited \(LGAS\) legal entity TCFD-aligned report 2024](#), covering Group Stakeholder Pension, WorkSave Pension Trust (WPT), WorkSave Buy Out Plan (WBOP).

Climate-related reports are also produced by some larger Trust schemes, but not all.

- For the WPT Mastertrust TCFD entity report, members can find this at:

<https://www.legalandgeneral.com/workplace/mastertrust/investments/sustainability-report/>

### **Where can I find more information on the Taskforce on Climate-related Financial Disclosures?**

You can visit the [Taskforce's website](#) for more information.

### **I need more detailed information, who can I contact at Legal & General?**

If you have any queries, please contact us online at:

[legalandgeneral.com/contact-us/pensions-and-retirement](https://legalandgeneral.com/contact-us/pensions-and-retirement)

## **More information relating to responsible investing approaches for pensions can be found on the [Legal & General Workplace ESG Hub](#).**

This includes the:

- [Active Ownership report](#) - how our asset management business engages with companies, regulators, policymakers, industry peers and other stakeholders around the world to help tackle issues which have the potential to affect society, the planet, and the long-term financial returns for members.
- [L&G Asset Management Climate Impact Pledge overview](#) - a targeted climate engagement programme in which our asset management business assesses approximately 5,000 companies worldwide – across 20 climate-critical sectors (including companies producing high greenhouse gas emissions) – on their climate governance, strategies, policies, metrics and targets.
- [Responsible Investing guide](#) - details of pension funds that incorporate responsible investing approaches.
- You can find more information on Legal & General Group's sustainability strategy on the [Legal & General Group website](#).