

Legal & General (Portfolio Management Services) Limited (“PMS”)

# Task Force on Climate-related Financial Disclosures (TCFD) aligned report 2025





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# Introduction

Since 30 June 2023, Financial Conduct Authority (FCA) regulations have meant that companies like Legal & General (Portfolio Management Services) Limited (referred to as PMS) must make climate-related information available, consistent with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). The aim is to increase transparency on climate-related risks and opportunities.

## Purpose

This is the fourth annual entity-level report setting out how PMS take climate-related risks and opportunities into account in administering investments on behalf of clients and consumers.

This entity report should be read in conjunction with the **Legal & General (L&G) Group TCFD report** which is referenced as 'L&G – Climate and nature report 2025' throughout this document.

## Compliance statement

The disclosures in this report, including the product reports cross referenced, comply with the TCFD recommendations, entity reporting requirements and product level reporting requirements set out in chapter 2 of the Environment, Social and Governance sourcebook. Data limitations are set out in the Data Limitations section.



**Katharine Photiou**  
MD, Workplace Savings  
25 June 2026

## Reporting period

This report is prepared as at 31 December 2025 and covers the reporting period from 1 January 2025 to 31 December 2025.

## TCFD in-scope business assets

As an asset owner this report is designed to describe how the overall TCFD in-scope business assets are governed, how strategy is set, how climate risks are managed and where there are any differences in approach between the relevant products and that taken by the L&G Group.

The TCFD in-scope business assets are unit-linked funds and pre-set investment portfolios in relation to personal pension schemes, stakeholder pension schemes and insurance-based investment products. The assets being administered by PMS cover:

- WorkSave Pension Plan (WPP)
- Legal & General Personal Pension (LGPP)



# TCFD recommendations

## Governance

Regulatory requirement	Information on how this is being met
<p>Disclose the organisation’s governance around climate-related risks and opportunities.</p>	<p><b>Governance</b>                      Details of the Legal &amp; General Group approach are detailed in the latest <a href="#">L&amp;G – Climate and nature report 2025</a>. The 2025 report was published in March 2026.</p> <p>Information about the Workplace and Retail Savings approach to governance, strategy and risk management in terms of climate risk management, is incorporated in the <a href="#">L&amp;G – Climate and nature report 2025</a>.</p> <p>The Group report details the Group’s approach to climate risk management, along with governance and strategy in this important area. Since PMS adopts the Group approach in these areas, you should read the Group report for more detail about how L&amp;G as a whole approaches these topics. Further information follows about how the principles and approaches are applied for Workplace and Retail Savings business.</p> <p><b>Material deviations from the Group report</b>                      None have been identified. Additional clarification is provided in this report concerning the TCFD in-scope business, which has been included in the ‘TCFD in-scope business assets’ section above.</p> <p>The Group has formally committed to be an early adopter of the Taskforce on Nature-related Financial Disclosures (TNFD) global framework. This was a voluntary decision, and one also taken by other large global organisations. FCA regulations do not currently require disclosures consistent with TNFD recommendations for companies like PMS.</p>
<p>a) Describe the board’s oversight of climate-related risks and opportunities.</p> <p>b) Describe management’s role in assessing and managing climate-related risks and opportunities.</p>	<p>These recommendations are addressed for Workplace Savings and Retail Savings in the ‘Governance’ section of the <a href="#">L&amp;G – Climate and nature report 2025</a> (page 56). The L&amp;G Group’s governance approach is set out in the <a href="#">L&amp;G – Climate and nature report 2025</a> (pages 22-23).</p>

## Delegations

Regulatory requirement	Information on how this is being met
<p>A firm must briefly explain in its TCFD entity report how the firm’s strategy under the TCFD Recommendations and Recommended Disclosures has influenced the decision-making and process by which it delegates functions, selects delegates, and relies on services, strategies or products offered or employed by third parties, including delegates.</p>	<p>The Board uses Legal &amp; General’s Asset Management division as the primary asset manager, making day-to-day investment decisions in relation to funds. This is referenced as ‘Asset Management’ throughout this document. Asset Management and PMS adopt the L&amp;G Group approach and seek to align on views and strategy through ongoing oversight and collaboration</p> <p>The Workplace business also receives advice from an independent investment adviser. See the ‘Risk management’ section of this report for further information.</p>

## Risk Management

Regulatory requirement	Information on how this is being met
<p>Disclose how the organisation identifies, assesses, and manages climate-related risks.</p>	<p>These recommendations are addressed for Workplace Savings and Retail Savings in the Risk Management section of the <b>L&amp;G – Climate and nature report 2025</b> (page 56).</p> <p>The L&amp;G Group’s approach to risk management is set out in the <b>L&amp;G – Climate and nature report 2025</b> (pages 24-29).</p>
<p>a) Describe the organisation’s processes for identifying and assessing climate-related risks.</p>	<p><b>L&amp;G – Climate and nature report 2025</b> (page 25): ‘Our approach to risk identification, risk management approach’. These sections provide an overview on Asset Management’s process to identify and manage climate-related risks.</p> <p>The Workplace business also receives advice from an independent investment adviser who operate a proprietary Responsible Investment ratings framework for asset managers and provide oversight support for Asset Management’s policies and practices</p> <p>In this way, an independent view of Responsible Investing, and the associated climate risks, are considered in the regular fund monitoring conducted by the Fund Risk Oversight Committee (FROC) on behalf of the Board. The FROC use the Responsible Investing policy outputs when monitoring funds within the Workplace pension products investment ranges. This is particularly useful for assessing the positioning of externally managed funds within the range.</p>

Regulatory requirement	Information on how this is being met
<p>b) Describe the organisation’s processes for managing climate related risks.</p>	<p><b>L&amp;G – Climate and nature report 2025</b> (pages 26-29): ‘Risk management approach’. These sections provide an overview on Asset Management’s process to identify and manage climate-related risks, which is aligned with the L&amp;G Group and supported by the L&amp;G Board. In line with the Group approach, the FROC would initially seek to engage with the fund manager should there be any concerns around Responsible Investing, with the potential for divestment should there be a lack of tangible and acceptable progress. These policies address climate factors as one aspect of several within Responsible Investing.</p> <p><b>Asset Management – Active Ownership Report 2025</b> (pages 24–51): ‘Climate and Nature’. This section provides detail on Asset Management’s environmental engagement activities that encourage better disclosure and practices improving our primary asset manager’s ability to assess climate related risks.</p> <p><b>Asset Management – Climate Impact Pledge 2025</b> (page 6). Outlines Asset Management’s flagship engagement programme on climate change and sanction escalations taken against investees not meeting minimum standards.</p>
<p>c) Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organisation’s overall risk management.</p>	<p><b>L&amp;G – Climate and nature report 2025</b> (pages 22-23): ‘Governance’. This section describes L&amp;G management’s role in assessing and managing climate-related risks and opportunities.</p>

## Strategy

Regulatory requirement	Information on how this is being met
<p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning where such information is material.</p> <p><b>ESG Sourcebook 2.2.3R (1)</b> When preparing information for a TCFD entity report in a manner consistent with recommended disclosure (c) under the strategy recommendation in the TCFD Recommendations and Recommended Disclosures, a firm must explain:</p> <p>a) its approach to climate-related scenario analysis; and</p> <p>b) how the firm applies climate-related scenario analysis in its investment and risk decision making process.</p>	<p>These recommendations are addressed for Workplace Savings and Retail Savings in the Strategy section of the <b>L&amp;G – Climate and nature report 2025</b> (page 56).</p> <p>The L&amp;G Group’s strategy is set out in the <b>L&amp;G – Climate and nature report 2025</b> (pages 4-20).</p>

Regulatory requirement	Information on how this is being met
<p>a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.</p>	<p><b>L&amp;G – Climate and nature report 2025</b> (page 9): ‘Climate and nature-related risks and opportunities’. This section identifies L&amp;G’s material risks and opportunities related to climate and nature and describes their alignment with the Group’s strategic pillars, as well as their relevance to each division across the Group.</p> <p><b>L&amp;G – Climate and nature report 2025</b> (pages 26-29): ‘Risk management approach’ explains why and how Asset Management, assesses climate risks and opportunities. Further detail on the role of the CIP processes can be found throughout the report.</p> <p>Sector specific risk and opportunity considerations can be found in greater detail in available on <b>Asset Management’s CIP</b> website</p>
<p>b) Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning.</p>	<p><b>L&amp;G – Climate and nature report 2025</b> (pages 11-12): ‘Climate and nature-related risks and opportunities’. This section highlights L&amp;G’s strategic approach to the risks of climate change, and the potential opportunities created by the transition to net zero.</p> <p><b>Approach to net zero/published strategy for funds</b>                      In 2021, the L&amp;G Workplace business, in conjunction with the L&amp;G Mastertrust Trustees, published a statement on the <b>commitment to net zero by 2050</b>. The Workplace business has a range of pension funds that apply targets to lower carbon (decarbonisation) towards an end goal of net zero by 2050. There is a particular focus on the main default strategies, due to the large number of members, and pension Assets Under Administration, invested in these strategies. They are:</p> <ul style="list-style-type: none"> <li>• Lifetime Advantage Fund range</li> <li>• Target Date Fund range</li> </ul> <p>Both fund ranges comprise a series of funds that target a member’s retirement age. The Lifetime Advantage Fund range was launched in H2 2024. During the growth phase, the funds within this range allocate approximately 15% to private markets assets such as affordable housing, university spin-outs and renewable infrastructure. As a result, carbon emissions metrics are more difficult to measure for these holdings compared with publicly listed assets.</p> <p>Additionally, certain publicly listed investments are selected for their positive credentials, including Clean Energy, Clean Water, Pharma Breakthrough, Healthcare Breakthrough, and the Hydrogen Economy, or because they are considered crucial to the climate transition.</p> <p>In addition to the above, the Future World Multi-Asset Fund, the Multi-Asset Fund, and the L&amp;G Drawdown Lifestyle (a lifestyle profile that transitions members’ pension pots from the Multi-Asset Fund into the Retirement Income Multi-Asset Fund over a three-year period) were also operated within the default range. Following the completion of the default fund reviews and associated assessments, they have been assessed as no longer being appropriate for inclusion within the default investment strategy. This conclusion reflects their relative performance, suitability against updated default fund objectives, and alignment with current regulatory expectations for default arrangements. As a result, it has been determined that these funds will be phased out in an orderly manner in due</p>

Regulatory requirement	Information on how this is being met																					
	<p>course. From 2025 onwards, assets held within these funds have been transitioning to the Lifetime Advantage Funds for relevant products. Progress and key developments relating to this transition within the L&amp;G Workplace business will be reported to FROC at the appropriate stages.</p> <p>The progress towards decarbonisation targets for these default funds is regularly reported to the FROC, at a minimum during the preparation of TCFD Entity reports. Decarbonisation within the L&amp;G default funds is measured using Weighted Average Carbon Intensity (WACI).</p> <p>The decarbonisation progress of funds used within the Workplace standard default investment options has been measured to the end of 2025, using WACI. Percentage reductions in WACI measurements for these funds is shown in the table below, alongside the 2025 and 2030 interim targets for the funds.</p>																					
	<p>Targets are based on carbon scope 1 &amp; scope 2 emissions relative to the issuer’s Enterprise Value Including Cash (EVIC), based on tonnes of Carbon Dioxide Equivalent (tCO2e) per \$1million US Dollars invested.</p> <table border="1" data-bbox="819 711 2136 1123"> <thead> <tr> <th data-bbox="837 724 1375 775">Fund</th> <th data-bbox="1375 724 1800 775">Progress to end 2025*</th> <th data-bbox="1800 724 2119 775">2030 target</th> </tr> </thead> <tbody> <tr> <td data-bbox="837 775 1375 826">Multi-Asset Fund</td> <td data-bbox="1375 775 1800 826">-44% (exceeding its -25% target)</td> <td data-bbox="1800 775 2119 826">-50%</td> </tr> <tr> <td data-bbox="837 826 1375 877">Future World Multi-Asset Fund</td> <td data-bbox="1375 826 1800 877">-52% (exceeding its -30% target)</td> <td data-bbox="1800 826 2119 877">-55%</td> </tr> <tr> <td data-bbox="837 877 1375 928">Retirement Income Multi-Asset Fund</td> <td data-bbox="1375 877 1800 928">-62% (exceeding its -25% target)</td> <td data-bbox="1800 877 2119 928">-50%</td> </tr> <tr> <td data-bbox="837 928 1375 979">Target Date Fund – growth phase</td> <td data-bbox="1375 928 1800 979">-73% (exceeding its -50% target)</td> <td data-bbox="1800 928 2119 979">-65%</td> </tr> <tr> <td data-bbox="837 979 1375 1031">Target Date Fund – retirement phase</td> <td data-bbox="1375 979 1800 1031">-67% (exceeding its -30% target)</td> <td data-bbox="1800 979 2119 1031">-50%</td> </tr> <tr> <td data-bbox="837 1031 1375 1082">Lifetime Advantage Fund - growth phase</td> <td data-bbox="1375 1031 1800 1082">-21% (exceeding its -9% target)</td> <td data-bbox="1800 1031 2119 1082">-36%</td> </tr> </tbody> </table> <p data-bbox="819 1145 2136 1222">* Progress is measured relative to September 2024 data for the Lifetime Advantage Fund (Growth) and end-2019 data for the other funds listed. As a result, the Lifetime Advantage Fund (growth) is at an early stage of implementation, and progress metrics reflect its limited operating history rather than full-cycle outcomes.</p> <p data-bbox="819 1238 2136 1289">The funds’ 2035 interim targets are being calibrated and are expected to be published in the 2026 entity report (to be published in June 2027).</p> <p data-bbox="819 1311 2136 1362"><b>L&amp;G – Climate and nature report 2025</b> (page 28) outlines Asset Management’s targeted engagement campaign aimed at addressing the systemic issue of climate change</p>	Fund	Progress to end 2025*	2030 target	Multi-Asset Fund	-44% (exceeding its -25% target)	-50%	Future World Multi-Asset Fund	-52% (exceeding its -30% target)	-55%	Retirement Income Multi-Asset Fund	-62% (exceeding its -25% target)	-50%	Target Date Fund – growth phase	-73% (exceeding its -50% target)	-65%	Target Date Fund – retirement phase	-67% (exceeding its -30% target)	-50%	Lifetime Advantage Fund - growth phase	-21% (exceeding its -9% target)	-36%
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## Metrics and targets

Regulatory requirement	Information on how this is being met
<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<p><b>Metrics and targets</b></p> <p>The L&amp;G Group's overarching metrics and targets are provided in the 'Metrics and targets' section of the <b><u>L&amp;G – Climate and nature report 2025</u></b>, on pages 31-41.</p> <p>This Entity Level Report focuses on the strategy, targets and risks associated with managing assets and selecting appropriate funds to offer to pension scheme members reflecting the FCA success criteria “We will be successful if new disclosures enable clients and consumers to make better informed decisions when granting mandates and selecting investment products.”</p> <p>Product level metrics are disclosed in the product level TCFD disclosure reports.</p>
<p>a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities with its strategy and risk management process.</p>	<p>Workplace and Retail Savings Product Level Reports contain the following metrics:</p> <ul style="list-style-type: none"> <li>● Total carbon emissions</li> <li>● Scope 1 emissions</li> <li>● Scope 2 emissions</li> <li>● Scope 3 emissions</li> <li>● Weighted Average Carbon Intensity (WACI)</li> <li>● Total carbon footprint</li> <li>● Implied temperature alignment</li> <li>● Climate value-at-risk</li> </ul> <p>All metrics have been supplied by Asset Management in line with the L&amp;G Group's interpretation of current regulation and best practice as at the time of calculation.</p> <p>Historical metrics are also available in product reports to allow a comparison between 2023, 2024 and 2025 metrics. The WACI metric is a particularly useful metric to compare progress over time and across TCFD products.</p> <p>Each Product Report contains the definition and calculation method for each metric.</p> <p>The implied temperature alignment metric demonstrates how each in scope fund and lifestyle profile fits with a below two degrees scenario.</p>

## Location of Product level reports

The main web page for TCFD reports is [legalandgeneral.com/tcfd](https://legalandgeneral.com/tcfd).

This page hosts not only the entity level reports for PMS, but also the TCFD Product reports.

## Data limitations and the actions being taken to address these

1. Asset Management provides all the data for product level reports. The data has been calculated in accordance with Asset Management methodologies, and their interpretations of the regulations. Data is not always available for 100% of a fund's holdings. We disclose each metric with a "coverage %" alongside, to show how much of a fund's holdings is being represented in the figures published.
2. Some funds have a very low coverage proportion, which could be misleading for customers. Metrics will only be published for the Workplace and Retail Savings business where total coverage is 30% or greater – this threshold strikes a balance between publishing for the majority of funds where data is available, whilst remaining clear and not misleading for customers.
3. Scenario analysis is not readily available for every fund. Qualitative scenario analysis is being provided on an asset class basis. "Heatmaps" are available, one each for Corporate Bonds, Equity, Sovereign Bonds, and Multi-Asset. Heatmap/scenario testing is provided for the representative asset class based on the dominant proportion of assets. Any other majority asset classes (e.g. Cash, Derivatives and Private Equity) do not have a heatmap/scenario testing at this time.
4. Proxies are not being used for missing metrics. If data is not available, it will be excluded from the calculation of the metric, with a resulting reduction in the coverage %.
5. Asset Management have confirmed that none of the L&G managed funds utilised by the Workplace and Retail Savings business have been assessed as "carbon intensive" for the purposes of TCFD reporting.
6. The most up to date metrics data has been obtained in respect of the year from 1 January 2025 to 31 December 2025. However, it should be noted that industry data is reported with some lag, so the figures represented in the product level reports are usually around two years old, and in some cases are older.
7. We recognise that significant progress has been made relative to 2030 decarbonisation targets for standard default investment options, with the 2025 interim targets met and exceeded, but also note that several factors could detract from progress made to date. We will continue to keep a watching brief on progress.
8. Data from other, external, fund managers has not been made available in the TCFD product level reports covering the year 2025. It cannot be guaranteed that other fund managers calculate their metrics in the same way as Asset Management, and as such there could be inconsistencies in approach, which would be misleading if used for customer facing product level reports. There is no mechanism to identify and address any deviations between the third party's approach and that of Asset Management, meaning any such deviations cannot be highlighted in this report, as required by regulation. The Workplace and Personal Investing business believe it would be unsuitable to signpost customers to third party reports designed for institutional or professional investors.

# Approach to reporting on Lifestyle profiles

- A lifestyle profile automatically moves a member's savings into different funds over a period of time. We have deemed our lifestyle profiles as meeting the definition of 'pre-set investment portfolio', and therefore report all lifestyle profiles which have assets greater than £100m in value, as detailed in the ESG Sourcebook. None of the lifestyle profiles we offer make up more than 10% of the total assets held by a firm within default arrangements in qualifying schemes. The AUM assessment was conducted as of February 2026.
- Lifestyle profiles metrics will pro-rata the metrics published for their component funds, rather than being calculated specifically for each Lifestyle, which may result in some "over-stating" (e.g. if a Lifestyle profile holds 75% Multi-Asset Fund and 25% Cash Fund, then the metrics will show metrics relating to 75% of all of the Multi-Asset Fund and 25% of all of the Cash Fund, rather than the metrics relating to AUM within the Lifestyle itself.) The report is indicative.
- Some lifestyle profiles make monthly switches over a period of many years, resulting in potentially several hundred combinations of funds during their switching phase. In order to provide a clear sample of information, we provide a snapshot of TCFD metrics at:
  - The outset of the lifestyle profile
  - Two years away from retirement – when every lifestyle profile has begun its switching phase
  - The "at-retirement" point, i.e. the end target point, of the lifestyle profile – when switches are complete.
- For scenario analysis purposes, all reported lifestyle profiles have been assessed as investing in multiple asset classes throughout the defined investment strategy lifecycle, and therefore we will publish 'multi-asset' scenario analysis from the four asset classes currently available.



**Legal & General (Portfolio Management Services) Limited.**

Registered in England and Wales No. 02457525.

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We are authorised and regulated by the Financial Conduct Authority.

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