



# **LGIM Real Assets (Operator) Limited (RAO)**

Legal Entity TCFD Aligned Report

# Purpose

This is L&G - Asset Management Limited's annual TCFD aligned entity-level report setting out how LGIM Real Assets (Operator) Limited (RAO) takes climate-related risks and opportunities into account when administering investments on behalf of clients and consumers.

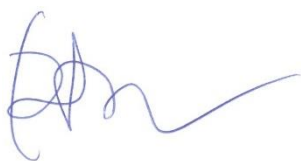
Legal & General Group Plc's TCFD aligned report, referenced as the L&G – Climate and Nature Report 2024 throughout this document, sets out our group-wide strategy and approach regarding climate-related risks and opportunities. This RAO TCFD aligned entity report should be read in conjunction with L&G – Climate and Nature Report 2024, which includes aggregated group metrics that are relevant to RAO and the assets it administers.

This report is designed to describe how TCFD in-scope assets are governed, how strategy is set, how climate risks are managed and where there are differences in approach as outlined in the L&G Climate and Nature Report 2024.

RAO is an alternative investment fund manager and unregulated collective investment scheme operator, regulated by the FCA.

## 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 Environmental, Social and Governance sourcebook.



Signed:

## Reporting period

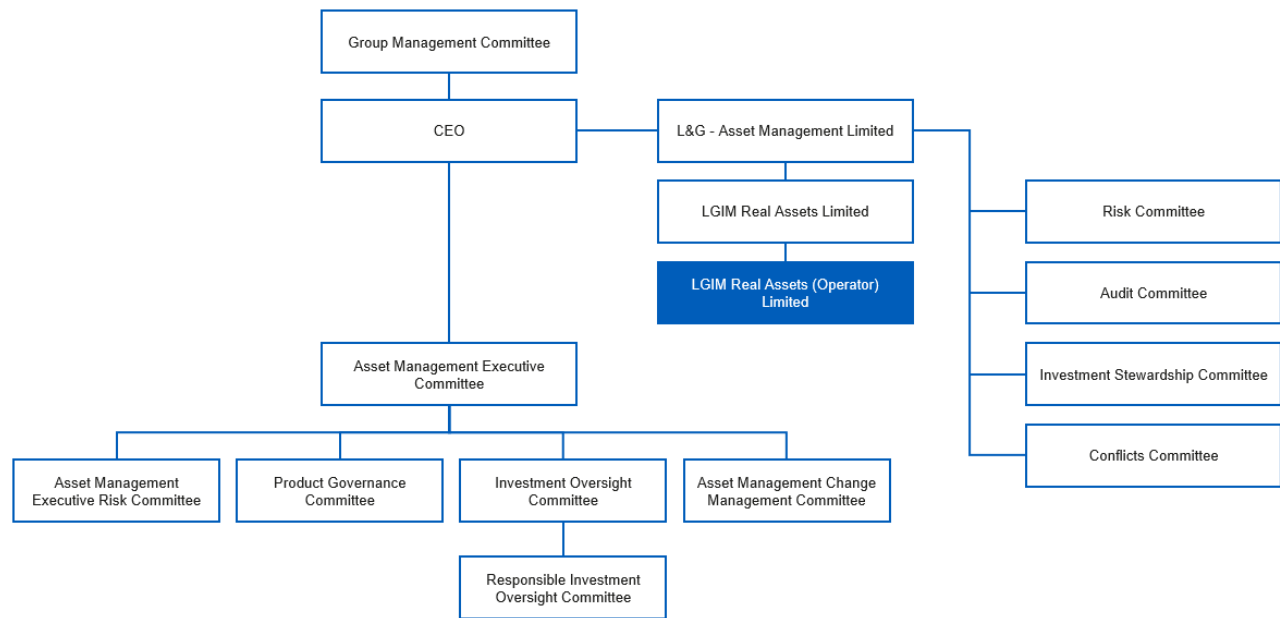
This report is prepared as at 31 December 2024 and covers the reporting period from 1 January 2024 to the reporting date.

## Delegations

L&G - Asset Management Limited is the holding company for the L&G Asset Management group of companies and is a wholly-owned subsidiary of Legal & General Group Plc. It acts as the holding company for the L&G Asset Management group of companies, including LGIM Real Assets Limited ("LGIM RA"), monitoring and overseeing the performance of L&G Asset Management as a whole. The L&G - Asset Management Limited Board is responsible to its shareholder, Legal & General Group Plc, for promoting the long-term success of L&G - Asset Management Limited and in particular, for outlining L&G Asset Management's strategic priorities, monitoring management's performance against those strategic aims, setting the risk appetite, ensuring that effective controls are in place and that the division is adequately resourced.

As a direct subsidiary of L&G - Asset Management Limited, LGIM Real Assets (Operator) Limited ("RAO") leverages and benefits from the wider governance structure of L&G Asset Management. Formal delegations are in place to support the framework and enable committees of L&G Asset Management to focus on matters on behalf of RAO. This includes matters relating to climate-related risks and opportunities and would include

forums such as the Responsible Investment Oversight Committee (which is a sub-committee of the L&G Asset Management Investment Oversight Committee), as well as the L&G Asset Management Executive Committee, the L&G - Asset Management Limited Risk Committee, the L&G - Asset Management Limited Investment Stewardship Committee, the L&G - Asset Management Limited Audit Committee, the L&G - Asset Management Limited Conflicts Committee, the L&G Asset Management Executive Risk Committee, the L&G Asset Management Product Governance Committee, and the L&G Asset Management Change Management Committee, all of which undertake duties on behalf of RAO as illustrated in the abbreviated chart below.



All committees oversee climate-related risks and opportunities.  
As at 31 December 2024

Governance

Disclose the organisation’s governance around climate-related risks and opportunities.

**Governance:** These recommendations are addressed in the Governance section of the L&G – Climate and Nature Report 2024. Specific references and examples are provided below with relevant sources on where additional information is published.

<b>Recommended Disclosure a)</b>  Describe the board’s oversight of climate-related risks and opportunities.	<p>Please see the ‘Delegations’ section above, which highlights how L&amp;G’s board/committees are structured and how they oversee climate-related risks and opportunities.</p> <p>RAO is an indirect, wholly owned subsidiary of L&amp;G - Asset Management Limited, and as such, the governance arrangements of RAO sit within the wider governance framework of the L&amp;G Asset Management division.</p> <p>L&amp;G Asset Management has a robust corporate governance framework in place that brings authority and accountability, enables effective decision-making, and allows oversight of the implementation of L&amp;G Asset Management’s strategic objectives and climate-related</p>
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risks and opportunities. Additional governance specific to L&G Private Markets is also highlighted below.

*For examples of how we manage oversight of climate-related risks and opportunities specifically, please see references below:*

[L&G - Climate and Nature Report 2024](#)

(page 31) *Board oversight* – This section outlines L&G's board oversight of climate-related risks and opportunities.

[L&G Asset Management – Active Ownership Report 2024](#)

(page 14) *Rigorous governance and resourcing* – This section details L&G Asset Management's governance structure and how responsible investment strategy is fully integrated and overseen across our formal governance committees.

[L&G Asset Management – Real Estate Equity Climate Report 2024](#)

(page 17) *Board oversight* – This section outlines the governance structure and responsibilities for overseeing and escalating climate-related risks across L&G Private Markets.

**Recommended Disclosure b)**

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

[L&G - Climate and Nature Report 2024](#)

(page 31-32) *Board Oversight / Group Environment Committee* - These sections describe the L&G management team's role in assessing and managing climate-related risks and opportunities.

[L&G Asset Management – Active Ownership Report 2024](#)

(page 14) *Rigorous governance and resourcing* – This section details L&G Asset Management's governance structure and how responsible investment strategy is fully integrated and overseen across our formal governance committees.

(page 18) *A broad range of responsible investing capabilities* – This section details L&G Asset Management's resources and team allocated to responsible investment activity.

[L&G Asset Management – Real Estate Equity Climate Report 2024](#)

(page 18) *L&G Private Markets Responsible Investment and Sustainability Team* - This section outlines management's role in assessing, managing, and integrating climate-related risks across L&G Private Markets.

## Strategy

*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.*

**Strategy:** These recommendations are addressed in the Strategy section of the L&G - Climate and Nature Report 2024. Specific references and examples are provided below with relevant sources on where additional information is published. Fund-level strategies are disclosed in the product level TCFD disclosures listed further below.

<b>Recommended Disclosure a)</b>  Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	<a href="#">L&amp;G - Climate and Nature Report 2024</a> (page 11) <i>Climate and nature-related opportunities and risks</i> – This section highlights L&G's material climate and nature-related opportunities and risks that have been identified over the short, medium and long term.  <a href="#">L&amp;G Asset Management – Real Estate Equity Climate Report 2024</a> (page 7) <i>Climate-related risks and opportunities: Summary</i> - Describes the climate-related risks and opportunities across L&G Private Markets' real estate equity assets, and the time horizons and climate scenarios they are expected to be most material in. (page 8-10) <i>Climate-related risks and opportunities: Physical climate modelling results</i> – Provides detail on the physical climate risk exposure to L&G Private Markets' real estate equity across time horizons and climate scenarios.
<b>Recommended Disclosure b)</b>  Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	<a href="#">L&amp;G - Climate and Nature Report 2024</a> (pages 13 – 14) Our strategy - This section describes the impact of climate-related risks and opportunities on L&G, including Asset Management's business, strategy and financial planning. For example, directing our investments to support the transition where this aligns with our risk appetite and regulatory criteria.  <a href="#">L&amp;G – Climate Transition Plan 2023</a> (page 7) This page provides detail on L&G's strategy on climate-related risks including how climate-related risks and opportunities are factored into relevant products and investment strategies; see also the 'Invest' and 'Influence' sections.  <a href="#">L&amp;G Asset Management – Real Estate Equity Climate Report 2024</a> (page 11-13) <i>Climate Strategy</i> – This section describes L&G Private Markets' net zero carbon strategy and climate resilience strategy for managing transition and physical climate-related risks. (page 14-16) <i>Integrating climate risk throughout the investment lifecycle</i> – This section details how climate risk is integrated into strategic intervention points throughout the investment life cycle.  <a href="#">2023 Update - Real estate equity: Net-zero carbon roadmap</a> Details L&G Private Markets' real estate equity's strategy to transition the real estate portfolio to net-zero carbon by 2050, including progress made against the strategy.

**Recommended Disclosure c)**

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

[L&G - Climate and Nature Report 2024](#)

(page 19-20) *Our strategy* – This section describes how L&G operates and manages its real estate equity business to support its climate transition plan and achieve its net zero commitments.

(page 44-46) *Group portfolio scenario impact* – This section describes the impact climate- and nature-related risks have on the L&G's equity and debt portfolios across time horizons and climate scenarios.

(page 47) *Scenario risk analysis – strategic resilience* – This section describes mitigations to L&G's transition risk exposure and how this impacts its resilience to different climate scenarios.

[L&G – Climate Transition Plan 2023](#)

(page 7) – This page provides detail on L&G's strategy on climate-related risk; specifically, through the decisions L&G Asset Management makes on its investments and the influence it has through its stewardship activity as detailed throughout the remainder of the transition plan.

(page 27) - This page describes how scenario analysis has been used as part of L&G Asset Management's initial underwriting process and assessment of value for directly held investments.

[L&G Asset Management – Real Estate Equity Climate Report 2024](#)

(page 5-6) *Strategy* – These pages demonstrate L&G Private Markets' commitment and approach to climate resilience across time horizons and climate scenarios.

## Risk Management

*Disclose how the organisation identifies, assesses, and manages climate-related risks.*

**Risks management:** These recommendations are addressed in the Governance and Risk Management section of the L&G - Climate & Nature Report 2024. Specific references and examples are provided below with relevant sources on where additional information is published.

<p><b>Recommended Disclosure a)</b></p> <p>Describe the organisation's processes for <i>identifying</i> and assessing climate-related risks.</p>	<p><a href="#">L&amp;G - Climate and Nature Report 2024</a> (page 34) <i>Our approach to risk identification</i> – This section provides an overview of how L&amp;G identifies and assesses climate-related risks. Through integrating climate risk management into our existing risk and governance framework, we have carried out a detailed assessment of how we could expect climate and nature risks to emerge across our business model.</p> <p><a href="#">L&amp;G – Climate Transition Plan 2023</a> (page 27) – This page describes how L&amp;G Private Markets has identified flood risk as the most significant physical climate hazard to the UK-based portfolio.</p> <p><a href="#">L&amp;G Asset Management – Real Estate Equity Climate Report 2024</a> (page 21-23) <i>Approach to identifying climate risks and opportunities</i> – This section provides an overview of L&amp;G Private Markets' approach to identifying physical and transition climate-related risks for real estate equity assets.</p>
<p><b>Recommended Disclosure b)</b></p> <p>Describe the organisation's processes for <i>managing</i> climate-related risks.</p>	<p><a href="#">L&amp;G - Climate and Nature Report 2024</a> (page 35-38) <i>Risk management approach</i> – This section provides an overview of L&amp;G's process to identify and manage climate-related risks. It details the management actions we deploy to control our exposure to climate-related risks associated with our investments and operations, to meet our risk management objectives.</p> <p><a href="#">L&amp;G Asset Management – Active Ownership Report 2024</a> (pages 24 – 42) <i>E: Climate</i> – This section provides detail on our climate engagement activities that encourage better practices and disclosure improving our ability to assess climate-related risks.</p> <p><a href="#">L&amp;G – Climate Transition Plan 2023</a> (page 26-28) <i>Key risks and uncertainties</i> – This section explains key climate risks and uncertainties and includes details of how they will be managed or mitigated.</p> <p><a href="#">L&amp;G Asset Management – Real Estate Equity Climate Report 2024</a> (page 24) <i>Risk management approach</i> – This section details L&amp;G Private Markets' process for managing and monitoring climate-related risks of real estate equity assets on an ongoing basis.</p> <p><a href="#">2023 Update – Real estate equity: Net-zero carbon roadmap</a> (page 18-23) <i>Delivering on our net-zero strategy</i> – Details L&amp;G Private Markets real estate equity's strategy to transition the real estate portfolio to net-zero carbon by 2050, as a key component for managing transition climate-related risks.</p>

<p><b>Recommended Disclosure c)</b></p> <p>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.</p>	<p><a href="#">L&amp;G - Climate and Nature Report 2024</a> (page 33) <i>Risk management framework</i> – This page provides an overview of our risk management framework and risk landscape. It explains how climate risks are embedded into our risk management process, and how, alongside scenario analysis, it informs the assessment of how we could expect climate risks to emerge across our business model.</p> <p><a href="#">L&amp;G Asset Management – Active Ownership Report 2024</a> (pages 7 – 16) <i>Responsible Investment</i> – This section outlines L&amp;G Asset Management's responsible investment process and the incorporation of climate-related risks and considerations into our activities.</p> <p><a href="#">L&amp;G Asset Management – Real Estate Equity Climate Report 2024</a> (page 20) <i>Risk management framework</i> – This section provides an overview of the risk management framework used for identifying, assessing, monitoring, and controlling climate-related risks and how it is integrated into overall risk management procedures.</p>
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## Metrics and Targets

*Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.*

**Metrics and targets:** Our overarching metrics and targets are provided in the Metrics and Targets section of Real Estate Equity – Climate Report 2024. Specific references and examples are provided below with relevant sources on where additional information is published. Fund level metrics and targets are disclosed in the product level TCFD disclosure report listed further below.

### Recommended Disclosure a)

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

#### [L&G - Climate and Nature Report 2024](#)

(pages 23-29) *Metrics and targets* – This section focuses on the key metrics L&G uses to measure progress against decarbonising our business and meeting our climate commitments. These are integral to our business strategy and risk management framework.

#### [L&G – Climate Transition Plan 2023](#)

(page 31) *How we monitor our progress* – This section covers L&G's primary metrics for measuring progress against climate commitments.

#### [L&G Asset Management – Real Estate Equity Climate Report 2024](#)

(page 25-28) *Metrics and targets* – This section focuses on key metrics L&G Private Markets uses to monitor and assess climate-related risks and opportunities across its operational activities and track performance against its decarbonisation targets and commitments.

#### [2023 Update – Real estate equity: Net-zero carbon roadmap](#)

(page 5) *Setting new science-based targets* - Details L&G Private Markets real estate equity's metrics for measuring progress against its 2030 SBTi pathway and its 2050 net zero carbon target.

### Recommended Disclosure b)

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

#### [L&G - Climate and Nature Report 2024](#)

(pages 24 – 27) *Emissions breakdown* - These sections illustrate L&G's carbon footprint across Scope 1, 2 and 3 including for L&G Asset Management's financed emissions.

#### [L&G – Climate Transition Plan 2023](#)

(page 32-33) *Science-based targets* – This section details emissions disclosure aligned with L&G's SBTi disclosure.

#### [L&G Asset Management – Real Estate Equity Climate Report 2024](#)

(page 25-27) *Metrics and targets* - This section details L&G Private Markets' real estate equity assets' Scope 1, 2 and 3 GHG emissions and carbon footprint, and progress made against 2030 science-based targets.

#### [2023 Update - Real estate equity: Net-zero carbon roadmap](#)

(page 16-17) *Carbon emissions boundary* & (page 18-19) *Delivery strategy update* – These sections provide more detail on L&G Private Markets real estate equity's carbon footprint across Scope 1, 2 and 3 emissions, including emissions disclosure aligned with its SBTi disclosure and its performance against its 2050 NZC target.

<p><b>Recommended Disclosure c)</b></p> <p>Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</p>	<p><a href="#">L&amp;G - Climate and Nature Report 2024</a>          (page 23) <i>Key metrics and targets summary</i> – This page outlines the key metrics and targets we use to measure our progress in decarbonising our business and meeting our climate commitments.          (page 29) <i>Operational targets and commitments</i> - This page outlines L&amp;G's strategic commitments and targets to support our long-term approach to managing climate and nature risks.          (page 39) <i>Engagement and remuneration</i> – This page describes the remuneration incentives that are linked to climate commitments.</p> <p><a href="#">L&amp;G Asset Management – Active Ownership Report 2024</a>          (page 7) <i>Targeting long-term goals</i> – This section details L&amp;G Asset Management's climate-related targets and external commitments.</p> <p><a href="#">L&amp;G Asset Management – Real Estate Equity Climate Report 2024</a>          (page 11) <i>Climate strategy: Our net zero strategy</i> - This section illustrates L&amp;G Private Markets' real estate equity assets' 2030 and 2050 decarbonisation targets for managing transition climate-related risks.          (page 25) <i>Metrics and targets</i> – This section details the operational decarbonisation targets and commitments that L&amp;G Private Markets has set for its real estate equity assets.          (page 28) <i>Performance-linked objectives</i> – This section details the remuneration incentives that are linked to climate-related targets.</p> <p><a href="#">2023 Update - Real estate equity: Net-zero carbon roadmap</a>          (page 13-14) <i>Our Commitments</i> &amp; (page 18-19) <i>Delivery strategy update</i> – These sections provide more detail on L&amp;G Private Markets' real estate equity's climate-related targets and external commitments, including its 2030 SBTi target and 2050 NZC target.</p>
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### **In scope business/products/funds:**

Relevant product and portfolio level data will only be provided at client request.

**TCFD aligned product reports can be provided for RAO's in-scope products upon request.**

## **Key Risks**

The value of an investment and any income taken from it is not guaranteed and can go down as well as up, and the investor may get back less than the original amount invested. Past performance is not a guide to future performance.

## **Important Information**

The views expressed in this document are those of LGIM Real Assets (Operator) Limited and/or its affiliates ('L&G', 'we' or 'us') as at the date of publication. This document is for information purposes only and we are not soliciting any action based on it. The information above discusses general economic, market or political issues and/or industry or sector trends. It does not constitute research or investment, legal or tax advice. It is not an offer or recommendation or advertisement to buy or sell securities or pursue a particular investment strategy. Past performance should not be taken as an indication or guarantee of future performance and no representation, express or implied, is made regarding future performance.

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