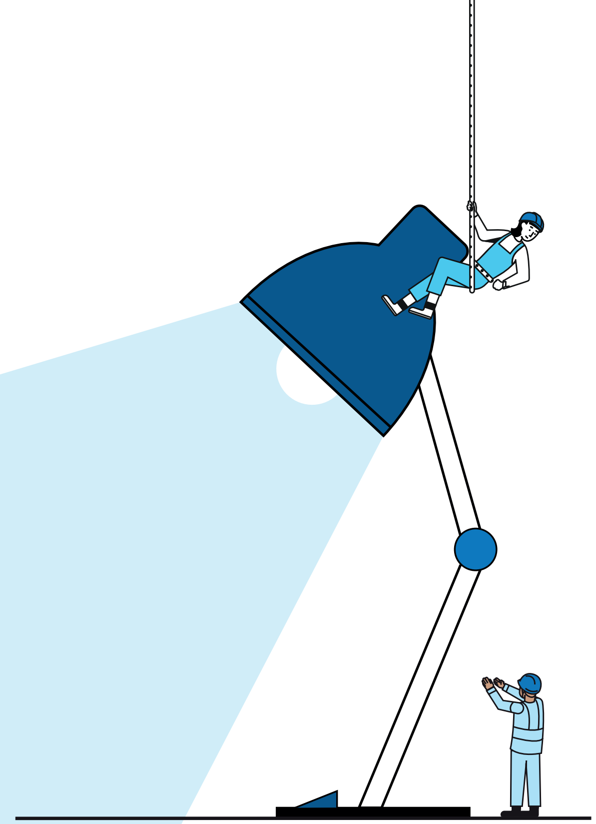
Legal & General Group Plc



2022 Tax Supplement

Foreword from our Group Chief Financial Officer

We aim to run our business and our tax affairs in a sustainable and responsible way. Our approach to tax is part of this ethos of creating social and economic value.

At Legal & General, we are working together to realise our purpose: to improve the lives of our customers, build a better society for the long term and create value for our shareholders. We call this inclusive capitalism and we deliver it through the investments we make and in how we do business.

Contents

Annual report:
group.legalandgeneral.com/reports

Our tax strategy

Our tax strategy is set to be sustainable, well-governed, fair and transparent.

Our behaviours

We always consider the group's reputation, and corporate and social responsibilities when considering tax.

We work with HM Revenue & Customs (HMRC) and other tax authorities cooperatively, collaboratively and on a real time basis where possible.

We consider tax as part of every major business decision. We contribute to the development of UK and international tax policy and legislation where we can.

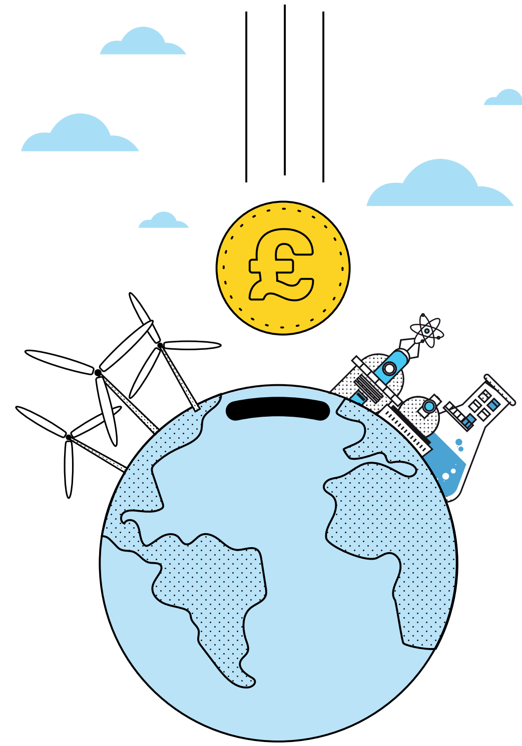
Our approach to tax is consistent with our values. We manage tax risk consistently with the group's three lines of defence risk management framework.

Our actions

We meet all our legal requirements, making all appropriate tax returns and tax payments accurately and on time in the territories in which we operate.

We do not undertake any transactions with the sole purpose of creating a tax benefit in excess of what is intended by relevant tax legislation, or what is outside of the group's risk appetite, or is not in line with our group Code of Ethics.

We operate appropriate tax risk governance processes, including Board oversight.



Our tax strategy in action

Sustainable and responsible tax management is part of our approach to inclusive capitalism and how we do business.

"Our tax strategy sets out our attitude to our tax affairs and how we conduct ourselves. Paying and collecting the right taxes at the right time is part of our overall approach."

Grace Stevens
Chief Tax Officer

We aim to be:

- **sustainable in the long term** – our group's tax rate depends on our business performance and not artificial tax planning
- **well governed** – we manage tax risk like any other risk in our business and invest in our people
- **fair** – we recognise the impact tax has on wider society and undertake to act responsibly in all tax matters
- **transparent** – we seek to explain the taxation of our business to all our stakeholders.

Our tax strategy helps us meet those aims and is reviewed by our Board of Directors and approved annually by our Audit Committee. As Chief Tax Officer I have day-to-day responsibility for our strategy and how we implement it in line with our values.

Jeff Davies, the Group Chief Financial Officer, is the named executive member of the Board with ultimate responsibility for our tax affairs.

The Group Tax team at Legal & General is responsible for the development, management, and delivery of the tax strategy for the group. This includes responsibility for the group's tax policy, external influence, risk management, advice, reporting and compliance, while providing tax insight across all parts of our business and of course making sure that we have the right people in the right roles.

This tax supplement sets out our tax strategy for the group – what we will and will not do in relation to tax – and provides a more detailed review of how much tax we pay, where we pay it and of the numbers in the annual report and accounts.

Tax commitments, sustainability, and inclusive capitalism

Our guiding principal of inclusive capitalism helps us to put our business's resources, including our capital and expertise, to work on meeting society's needs. Our total tax contribution here in the UK and in the other jurisdictions in which we operate, is one way in which we improve people's lives.

Tax commitments:

- We recognise that our stakeholders in tax not only include our investors, tax authorities, customers, and employees, but also wider society.
- We aim to provide useful information to our stakeholders to help them understand how we manage our tax affairs and the contribution we make to society through the taxes we pay. This includes voluntarily disclosing additional information which we consider useful for our stakeholders to better understand our tax affairs.
- We aim to have an open, cooperative, and collaborative working relationship with HMRC, and other tax authorities where appropriate, across all our taxes.
- We believe that open consultation with governments results in more informed and sustainable tax legislation. We work with governments both directly and via industry trade bodies to respond to consultations and to explain the impact of proposals on our business, customers, and investors.
- We engage with a range of interested parties and non-governmental organisations to discuss concerns about the tax system and responsible and transparent tax practices of large companies. We recognise the expectations society, governments and consumers have for large companies on tax responsibility and transparency.
- As a significant investor, we ensure we speak to the companies we invest in about their tax policy and management as part of our overall engagement with them on governance and environmental and social impact.

Sustainability and inclusive capitalism

We believe that all the products and services we offer have the potential to create significant social and economic good while having a positive environmental impact, and so sustainability is at the centre of how we run our business.

Our businesses activities – retirement, capital investment, investment management and insurance – work together to deploy capital to where it's needed and to ensure we meet our obligations to our clients and customers. We invest customers' assets in profitable, socially and environmentally beneficial ways to create value today and tomorrow.

Not only that, but by taking a patient, long-term approach to inclusive capitalism, our businesses work together to make a difference for our customers and their communities.

Inclusive capitalism sees us invest in renewable energy solutions, from energy efficient homes to fusion power, to reduce carbon emissions and support net zero commitments.

The UK government offers tax incentives to those businesses that undertake certain activities and support policy objectives. Incentives offered by the government include research and development expenditure credit (RDEC) and capital allowances. Where the activities undertaken meet the qualifying criteria, we are able to benefit from these incentives.

Social impact report:
Our 2022 social impact report is available on our group website. See: group.legalandgeneral.com/reports

Our year in review

As part of our commitment to tax transparency, this tax supplement expands on the information given in our annual report and accounts. This includes our total tax contribution, consolidated country-by-country data and an explanation of our tax charge.

Our 2022 tax position

We have included our year-on-year total tax contribution for the past five years in this report to provide easy context for our tax contribution. In 2022, our total tax contribution was £1,838 million.

Our effective tax rate in 2022 was 13.9% (2021: 17.9%) This is lower than the headline UK rate of 19% that applied for 2022, and lower than the prior year, due to the combined effect of the different rates of tax that we pay on our overseas businesses and specific adjustments (for example, UK tax credits for tax that we pay overseas). The effective tax rate on our operating profits has remained consistent at 16%.

Looking ahead

2022 has seen a changing political and economic climate. This inevitably creates uncertainties in the wider tax environment in which Legal & General operates, and has prompted discussion of the role that tax should play in our society and the economy.

Governments are seeking to promote growth and fund increasing spending demands, as well as tackling the impact of rising interest rates and inflationary pressures on wages.

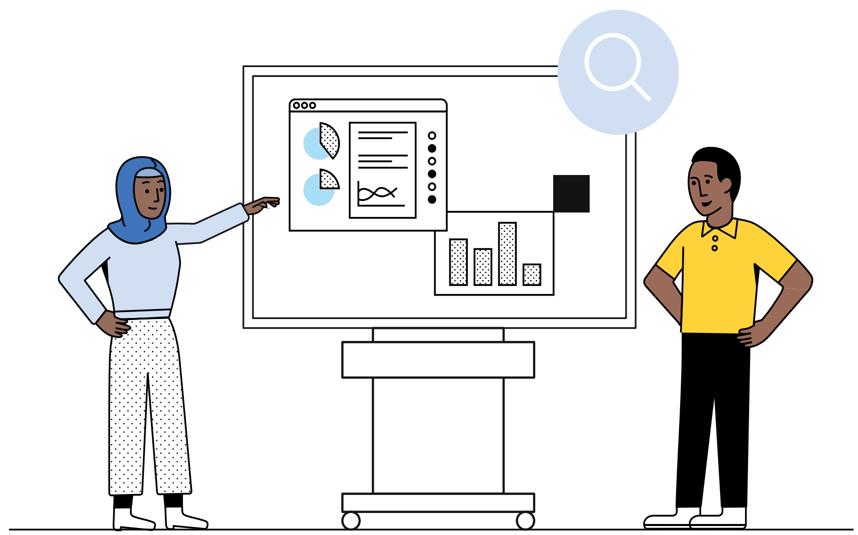
We have already seen the introduction of windfall taxes, particularly in the energy sector, to address concerns on the contributions made by large businesses. In the UK, this debate has resulted in various policy changes during the year, although the planned increase in the rate of corporation tax to 25% from 1 April 2023 has been retained. For individuals, and as a sign of contrasting pressures on government policy, the income level at which the 45% additional tax rate becomes payable has been reduced, whilst the 1.25% social care levy has been abolished. These changes impact our businesses, our employees and our customers.

New accounting standards, tax legislation and tax reporting requirements continue to add to the complexities that businesses face. We recognise that governments, investors and other stakeholders have justifiably high expectations of compliance, risk management and transparency.

Our approach remains consistent with a focus on engaging with all our stakeholders and supplementing our disclosures on tax where we believe these will add value.

The introduction of any new taxes or levies must be clear in their aims and what they are setting out to achieve. This is particularly important where 'green' taxes are being introduced to incentivise businesses and wider society to adopt environmentally friendly behaviours. We believe that paying tax is an important contribution to society, and that the tax regime should endeavour to balance the needs of all stakeholders across society, whilst ensuring that policies do not create unintended consequences.

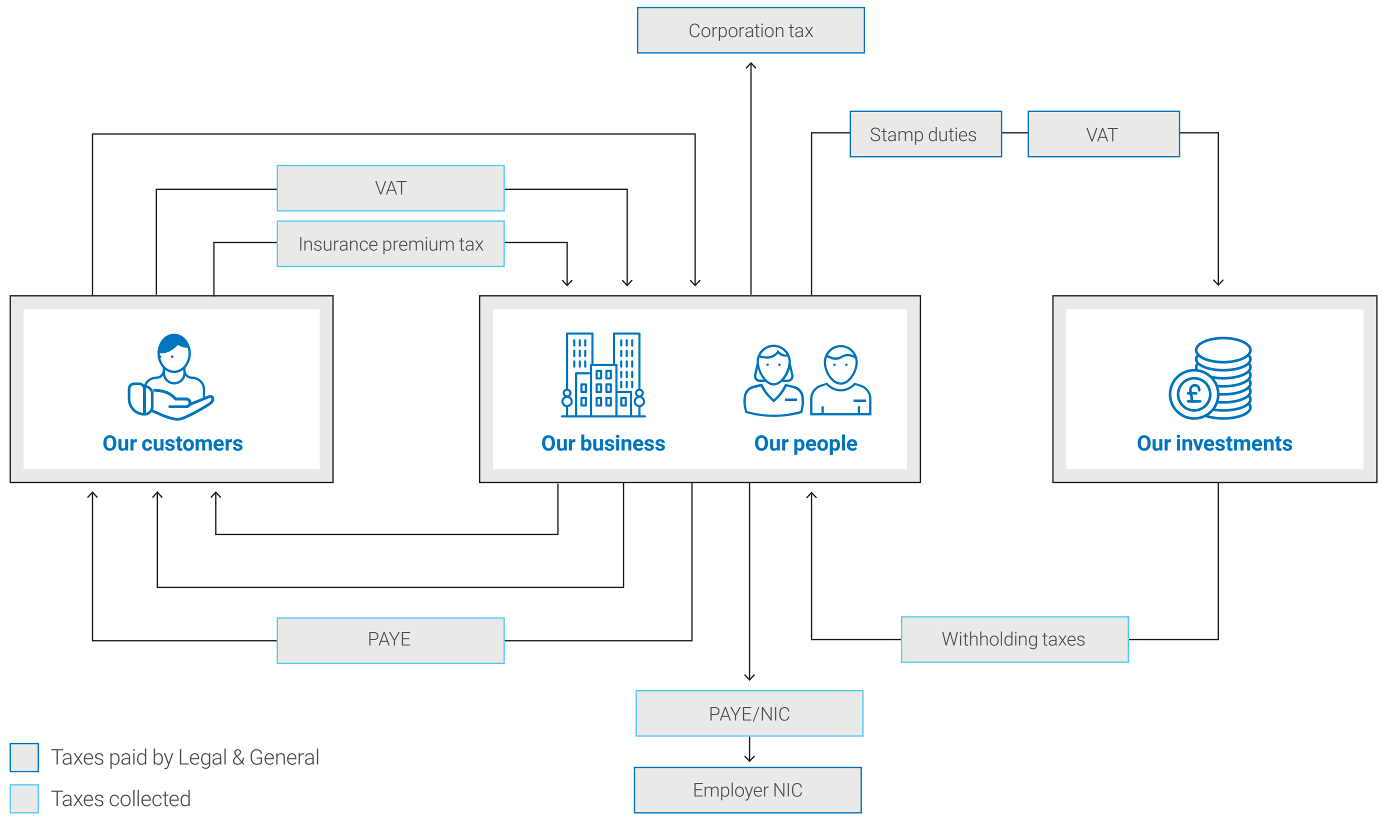
We monitor risks and complexities across all the territories in which we operate, to ensure we pay the right tax, at the right time, in the right place, consistent with our tax strategy



Our tax universe

Tax encompasses more than just a charge on a company's profits. We pay and collect taxes at all parts of our business cycle, from the premiums we invest to the tax we pay on our profits.

The taxes we pay primarily arise where our business assets, capital, people, and customers are located – where we have real economic substance.



Business

Tax on our profits, employment taxes and transaction taxes.

Customers

For example, income tax withheld and paid to HMRC on annuity payments.

People

Income tax, NIC and social care levy withheld and paid to HMRC.

Investments

For example, withholding taxes on investment returns and transaction taxes.

Our total tax contribution

At Legal & General we pay and collect a number of taxes – for our business, our people, our customers, and our investments. We pay and collect various taxes in the countries in which we operate.

Tax paid

These are taxes paid directly to the tax authorities in the countries in which we operate including corporation tax on profits, employer NICs and withholding taxes on investment income. 2022:

£838m

+

Tax collected

These are taxes generated in our value chain but not directly suffered by Legal & General. We collect these taxes and pay them on to relevant tax authorities. 2022:

£1,000m

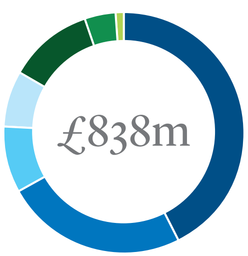
=

Total tax contribution

The total value of taxes that Legal & General have responsibility for – it is the sum of all the taxes paid and collected. 2022:

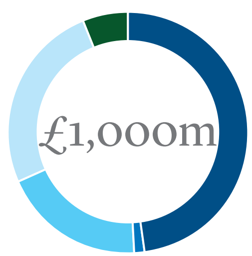
£1,838m

Total taxes paid



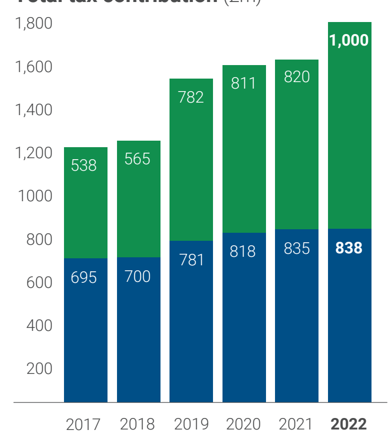
- **£358m** Profit taxes
- **£204m** Withholding taxes suffered in the UK
- **£74m** UK property and other taxes
- **£63m** UK irrecoverable VAT and premium taxes
- **£96m** UK payroll taxes
- **£35m** Other overseas taxes
- **£8m** Overseas profit tax

Total taxes collected



- **£480m** UK PAYE deducted from policyholders
- **£13m** UK property and other taxes
- **£193m** UK VAT and premium tax
- **£254m** UK payroll taxes
- **£60m** Overseas taxes

Total tax contribution (£m)



Total taxes paid Total taxes collected

Our global tax footprint

Our consolidated group includes approximately 450 entities, including companies, branches, funds, trusts, and partnerships operating across the globe.

We have corporate offices in the UK, US, Bermuda, Hong Kong, Ireland, Japan and China, together with branches in a number of European territories. Our global investing footprint covers most of the world.

Our group's asset management, insurance and savings activities can be complex and involve significant transactional volumes and values as well as cross-border transactions. Where we suffer and pay tax reflects the reality of the global nature of our business.

Reinsurance

Legal & General operate a global reinsurance hub in Bermuda to act as the reinsurance hub for the group and to support the growth of our international pension risk transfer business.

Our Bermudan operations are staffed by our dedicated team of insurance and finance professionals. As there are no profit taxes in Bermuda, the taxes we pay in Bermuda are on our people and property.

Bermuda is one of the largest reinsurance markets in the world with a highly qualified and experienced local workforce; a robust, Solvency II equivalent, regulatory framework and the Bermuda Monetary Authority (BMA) is a well-established regulator. Bermuda has a highly qualified and experienced workforce.

Investment funds

We have established collective investment schemes, which are investment funds or entities, in the UK, US, Jersey, Ireland and Luxembourg. It is common to set up funds in jurisdictions like these that generally do not impose an additional layer of tax on the fund itself, as well as for operational reasons.

Regardless of what territory the fund is established in, investors will pay tax on their returns in line with the tax rules of the jurisdiction they are resident in. In some situations, investors may also pay tax in the jurisdiction that the fund is located; for example, overseas investors may pay UK tax on rental income from UK properties.

Where our group companies invest in these funds, they pay corporation tax in their country of residence (usually the UK) on any investment return.

Although the funds do not typically pay additional tax in the territory in which they are resident, funds may receive some investment return, such as dividends, net of withholding taxes which are imposed by other territories. It is sometimes possible to reclaim these taxes depending on the tax agreements in place between the relevant jurisdictions. We routinely undertake tax reclaims on behalf of our funds where this is in line with local law and industry practice. This reclaim process is typically undertaken by our custodians with oversight from Group Tax.

Where we feel that the application of withholding tax is contrary to the law, we file claims with the respective tax authorities, for example where withholding taxes are suffered on certain investments in EU territories. These claims may result in litigation against the respective tax authority. Where claims are made on behalf of the funds, the net proceeds of successful claims are paid to the relevant funds.

Our global tax contribution can be broken down as:

Country	2022 profits[1]	2022 total corporation tax charge	Profit taxes paid[2]	Other taxes paid	Taxes collected	2022 total tax contributions	2021 profits[1]	2021 total tax contribution
UK	1,729	264	562	233	940	1,735	1,916	1,561
US	434	104	6	33	55	94	18	88
Bermuda	495	–	–	1	1	2	549	2
Ireland	5	1	2	1	2	5	6	4
Other[3]	(4)	–	–	–	2	2	(1)	–
Total	**2,659**	**369**	**570**	**268**	**1,000**	**1,838**	**2,488**	**1,655**

All figures in £million
1. IFRS profit before tax.
2. Includes withholding taxes suffered on our overseas investments.
3. This covers the other territories we operate in, none of which are individually material.

Our global tax footprint
continued

Global minimum tax regime

There has been significant progress in 2022 in the development of the Organisation for Economic Co-operation and Development (OECD)'s proposals for a global minimum tax rate of 15%. This is being introduced from 2024, by the UK, EU and other OECD members, as part of multi-national efforts to create a level playing field for tax collection on an international basis, and to combat tax avoidance through artificially shifting profits to territories with lower tax rates.

As part of these measures, the UK is also introducing a new domestic minimum tax to ensure that large businesses operating in the UK pay a minimum of 15% on those operations. These rules impose significant compliance obligations on large businesses, and we are monitoring developments closely.

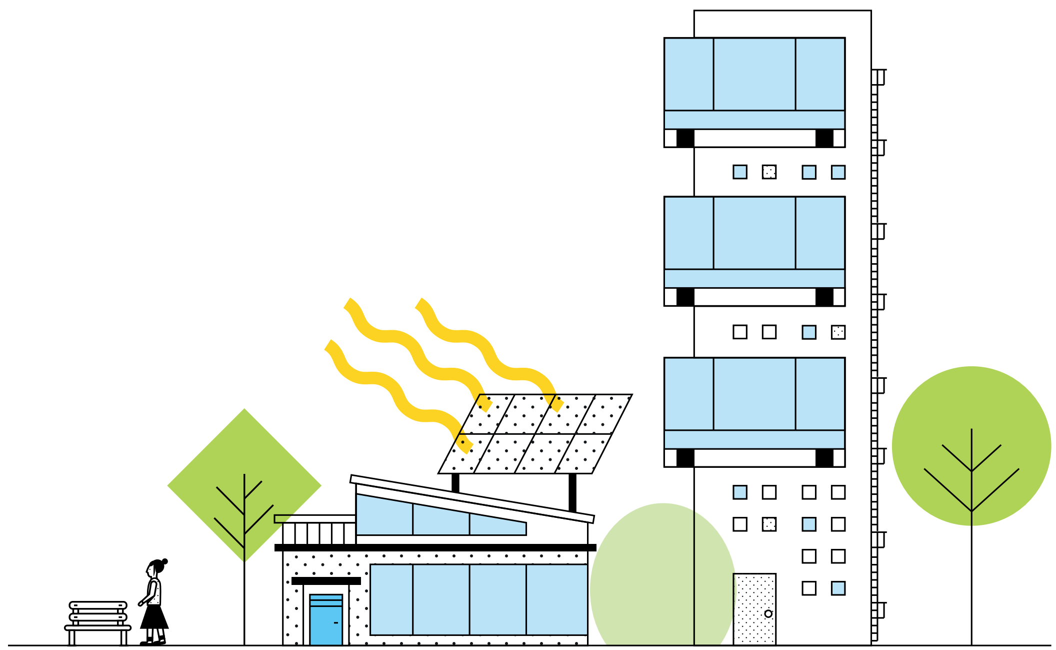
Under the proposed rules, the group is expected to be liable to top-up tax from 1 January 2024 on profits arising in territories with low tax rates. The group's liability to top-up tax will depend on the details of the legislation when it is enacted.

Transfer pricing

We apply arm's length transfer pricing principles to payments between group companies, ensuring the prices applied are representative of the prices that would have been applied between two independent parties.

The arm's length pricing we apply is in line with our group transfer pricing policy and from globally accepted standards such as the OECD Transfer Pricing Guidelines, which are applied consistently across all countries we operate in.

Where these transactions arise between two companies in different territories, in addition to applying the local tax laws of the jurisdiction, we may seek third party advice to ensure those payments are priced correctly.



Tax in our financial statements

Our tax expense

We publish information about the group's tax expense in Note 30 to our financial statements. In 2022, the total tax expense attributable to equity holders was £369m which is the equivalent of a tax rate of 13.9%. This compares to the rate of corporation tax applicable to UK companies in 2022 of 19%.

The rate at which we pay tax is principally driven by the 0% rate of taxation on profits arising in our Bermudan reinsurance hubs, as well as adjustments relating to the finalisation of our tax position with tax authorities including HMRC.

Our tax expense is made up of current and deferred tax. Current tax is an estimate of the cash tax to be paid to tax authorities in respect of our profits for the year. Deferred tax is an accounting balance which represents timing differences between when income and expenses are recognised for accounting purposes, and when they are brought into tax.

Tax expense in the consolidated income statement

The tax expense attributable to equity holders differs from the tax calculated on profit before tax at the standard UK corporation tax rate as follows:

	2022 £m
Profit before tax attributable to equity holders	2,659
Tax calculated at 19%	505
Adjusted for the effects of:	
Recurring reconciling items:	
(Lower) higher/rate of tax on profits taxed overseas	(84)
Income not subject to tax	(3)
Non-deductible expenses	(1)
Differences between taxable and accounting investment gains	(9)
Other property and foreign taxes	6
Unrecognised tax losses	17
Double tax relief	(20)
Non-recurring reconciling items:	
Adjustments in respect of prior years	(21)
Impact of the revaluation of deferred tax balances	(21)
Tax attributable to equity holders	**369**
Equity holders' effective tax rate	**13.9%**

Our tax rate reconciliation

As a UK headquartered group, we explain how our total tax expense attributable to equity holders reconciles to the expense we would incur by simply applying the UK corporation tax rate of 19% to our accounting profits.

We split this reconciliation between recurring adjustments and non-recurring adjustments. Recurring adjustments are expected every year, driven by the structure of our business. Non-recurring adjustments are caused by one-off events.

Higher/(lower) rate of tax on profits taxed overseas

Different countries tax profits at different rates. Legal & General's principal activities are in the UK, US, and Bermuda, and we pay tax at different rates on the profits arising in each of these countries.

Income not subject to tax

UK tax law exempts qualifying foreign and UK non-group dividends received from corporation tax.

Non-deductible expenses

UK tax law does not allow companies to claim tax relief for some expenses incurred in the normal course of our business activities. This can include expenses relating to projects (such as acquisitions and disposals) and customer entertaining.

Differences between taxable and accounting investment gains

There can be differences in how tax is calculated on gains and losses on investments, compared to accounting profits. For example, under UK tax law, gains and losses on the sale of subsidiary businesses may be exempt from tax.

Other property and foreign taxes

During the year a new UK tax was enacted, Residential Property Developers Tax (RPDT). The RPDT estimate of tax charge is included in this reconciling item along with other foreign taxes suffered.

Tax in our financial statements
continued

Unrecognised tax losses
Most jurisdictions allow a taxpayer to offset a loss incurred one year against a profit arising in a future year, or against profits arising elsewhere in the group. However, it may not be possible to obtain relief for losses in certain situations depending on expectations of future profits and the requirements of tax law.

Double tax relief
We are taxed on our foreign income both in the UK and in the country the income arose. UK tax law allows us to claim some or all of the foreign tax suffered back as double tax relief against our UK tax charge.

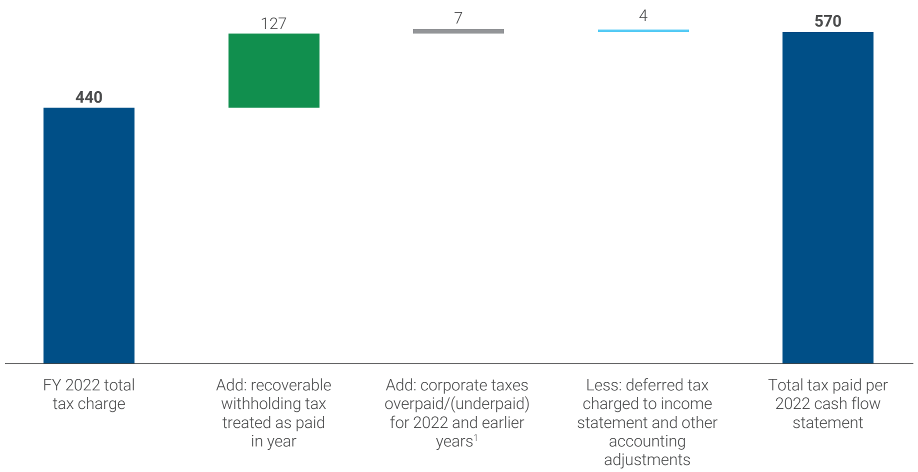
Prior year adjustments
The tax charge included in the accounts is management's best estimate of the tax we will pay on our 2022 results based on the information available at the time. When we come to file our tax returns, there may be differences between the expense in the accounts and what we owe to HMRC and other tax authorities. This true-up is reflected in the subsequent period's accounts as a prior year adjustment.

Impact of the revaluation of deferred tax balances
Deferred tax is calculated on differences between the accounting value of assets and liabilities and their respective tax values. Deferred tax is also recognised in respect of unused tax losses to the extent it is probable that future taxable profits will arise against which the losses can be utilised.

Deferred tax assets and liabilities are revalued each year based on the tax rates that are expected to apply in the future when the tax is paid, or when the tax relief is given. In March 2021, the UK government announced an increase in the headline rate of UK corporation tax to 25% from 1 April 2023, which was confirmed in the Autumn Statement. As such, we have revalued our UK deferred tax balances to the higher rate, 25%.

Cash flow reconciliation
The chart below reconciles the tax charge in the income statement (£440m) to the tax paid in the statement of cash flows £570m).

Financial Year 2022 reconciliation from total tax charge to total tax paid (£m)



1 We make payments in advance to HMRC based on our forecast profits and we pay/ receive the difference following finalisation of our corporation tax returns.

Uncertain tax positions
We may provide for uncertain tax positions, where there is an amount which may become payable to tax authorities. We report these uncertain tax positions in accordance with the relevant IFRS standards.

These provisions are subject to internal review by the Tax Risk Committee and are subject to audit by our auditors. We may seek third party validation, in particular where these amounts are material, or there is significant uncertainty. Where these amounts are material, they are agreed with the Board, and disclosed in our annual report and accounts.

The uncertain tax treatment legislation was implemented by HMRC during the year for any tax returns filed after 1 April 2022 and requires tax payers to disclose any relevant tax positions to HMRC as part of those filings. We have reported any uncertain tax treatments to HMRC in line with the new legislation.

Our tax governance framework

Responsibility for our group's management of tax risk ultimately rests with the Board, with day to day responsibilities for the implementation of the group's tax strategy and supporting tax policies resting with the Chief Tax Officer.

Our tax risk management policy is aligned with the group's three lines of defence risk governance model, which includes a formal assessment of tax-related risks and a reporting process to ensure that tax risk in the business is managed in line with tax risk appetite. The risk rating of an issue will determine how far it is escalated through the risk governance structure, including ultimately to the Board.

How we measure tax risk

Group-wide tax risks are monitored by the Tax Risk Management Committee. This consists of the relevant tax senior management and the Chief Tax Officer who meet regularly to assess existing and emerging tax risks across the business, covering all taxes. The measurement of tax risk can be both qualitative and quantitative, and is based on the view of qualified and experienced tax professionals within Group Tax. We may seek an external view for any potentially significant risks.

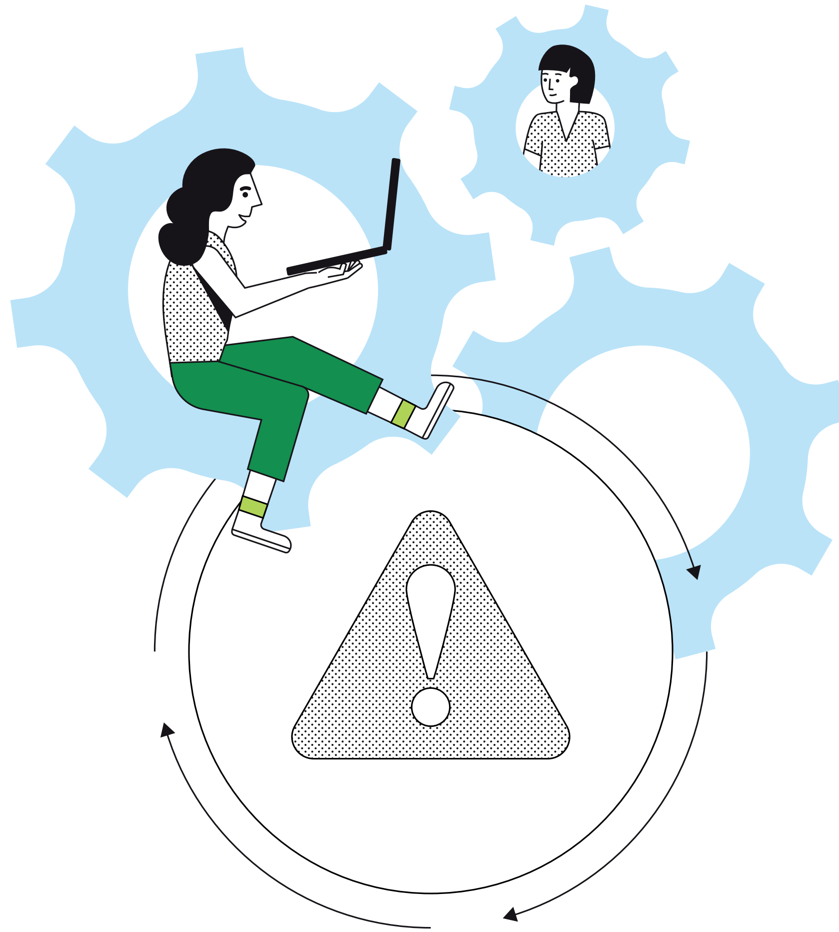
The Committee assess tax risks against a scale, aiming to ensure that all tax risks are well understood and appropriately monitored and managed. The appropriate level of control is determined by the likelihood of the risk event occurring, and the materiality of the risk.

How we manage tax risk

Legal & General operates a "three lines of defence" policy for managing all operational risk, and tax is managed consistently with this. The first line of defence is the operational management of tax risks and the day-to-day management of tax processes. Responsibility for these lies both with our businesses and with Group Tax, where certain obligations are managed centrally. Tax risk is managed by employing appropriately qualified and experienced people in key tax-related roles, with specific tax responsibilities and accountabilities included in their job descriptions, acting under appropriate delegated authorities.

Group Risk provides a second line of defence by providing the tax function, with expert advice in the design and testing of tax-related control frameworks, and risk reporting. Group Tax work closely with Group Risk to ensure an appropriate risk framework is in place for tax matters across the group, including those operated by our business functions.

Group Internal Audit acts with independence for the last line of assurance and Group Tax can act in support if there is no conflict of interest with Group Tax. Group Financial Crime have responsibility for whistleblowing and reporting procedures related to the facilitation of tax evasion under corporate criminal offence legislation.



Our tax governance framework
continued

Our tax risks explained

The key tax risks for the group, together with acceptable risk level and approach to risk management, are stated below:

Our tax risks	Tax risks explained	Our risk appetite	Our risk management
Tax legislation and other regulations	New tax legislation, changes in interpretation or application of existing tax legislation, changes in tax rates and changes in accounting standards or other regulations, including tax policy, can generate significant tax risks. These changes may result in additional tax costs for the group and additional complexity in complying with new legislation or regulation.	We may accept and manage tax risk where the group's interpretation of the application of specific tax legislation differs from a tax authority's, but will not seek to apply an aggressive interpretation of tax legislation outside of what is understood to be intended. For high-value tax risks based on technical interpretation, group tax will typically obtain a pre-transaction validation of its technical position from reputable professional tax advisors.	We actively monitor new or changing tax legislation and where appropriate participate in consultations over proposed legislation, either directly or through trade bodies. We actively engage with tax authorities to understand changes in their interpretation of existing tax legislation and seek tax authority clearances on our interpretation where we can. If new legislation is not clear and potentially material to the group, we will engage with reputable professional advisors to help us gain clarity.
Reputational	Our tax strategy aims to balance the needs of our key stakeholders. However, our stakeholders' expectations on our tax behaviours and those of large corporates generally, are going through a period of unprecedented change. We need to understand these changes and where necessary adapt our tax behaviours to manage any impact on our reputation within our overall group risk appetite.	We have a very low risk appetite for suffering any detriment to our reputation that may be caused by our approach to, or decisions taken in respect of, taxation. We might take a stronger view with a tax authority to ensure the right outcome for our customers.	We actively work to understand our stakeholders' expectations of us on tax, for example through constructive co-operative working with HMRC, our Investor Relations teams' interaction with shareholders and our discussions with a range of non-governmental organisations, to understand our stakeholders' perspective on tax. Stakeholder influence is factored into the tax decision-making process to ensure we adopt a suitable approach to reputational risk.
Compliance and reporting	Ineffective management of our tax affairs could result in the group incurring excessive tax costs disproportionate to the group's results. Errors could be made, resulting in interest and penalty costs, as well as any payments of historical tax due. As well as cash tax due, we may be subject to additional costs related to increased audit activity from tax authorities.	All significant tax risks are reported and monitored in the group's risk management systems. Accepted tax risks are reported to relevant local risk and compliance committees, and if appropriate, will feed up to the Audit and Group Risk Committees in line with group procedures. We have low tolerance for tax risk arising from errors or omissions, late submission of tax returns or late tax payments for routine and established tax compliance obligations.	We actively manage tax risks associated with tax compliance and reporting processes by devoting considerable effort to ensuring that our compliance and reporting obligations are fulfilled using well-designed and controlled processes. We employ appropriately qualified and experienced people in key tax-related roles, with specific tax responsibilities and accountabilities included in their job descriptions. We act quickly to remediate omissions and where applicable disclose adjustments to the relevant stakeholders.
Transactional	Transactional tax risks can be generated through new product releases, corporate transactions or expanding operations into new countries. Failure to understand and effectively manage transactional tax risks could result in additional tax-related costs.	Tax risks for material transactions will usually only be accepted on the basis of full disclosure to, or clearances from, the tax authorities, where possible. We may accept greater levels of tax risk if it is determined as acceptable as part of the overall commercial risk assessment of a transaction.	We actively manage tax risks associated with new transactions, products and countries. We work in partnership with the relevant business areas to understand risk exposures. We mitigate our transactional tax risks by full disclosure to the tax authorities on a real-time basis. Where there is a particularly complicated or significant transaction, we will validate our assessment with appropriate tax advisors.

Our attitude to tax planning and the use of tax advisors

Tax planning

Tax law contains claims and elections and a wide variety of options whereby tax matters can be managed efficiently, and where such outcomes are expected and are widely regarded as within the spirit of the law. We will make use of government endorsed tax claims and elections, or seek to benefit from exemptions or similar mechanisms available within the tax legislation, but we will not undertake transactions whose sole purpose is to create a tax benefit which is in excess of what is generally understood to be intended by tax legislation.

We will undertake tax planning only in the context of wider business activity with real and commercial basis. Where we have a choice on how to structure a particular transaction, investment, or business, we will structure it in a tax efficient manner where we have concluded that it is a responsible and sustainable choice which fits with our business and tax strategy, in line with what we understand the intentions of the legislation to be for us, our policyholders and our investors. We do not base our decision on aggressive interpretations of the tax law.

Engagement with advisors

Legal & General is evolving in an ever-changing economic and regulatory environment. As a result, we engage appropriate external tax advisors to discuss and validate our understanding of the legislation on significant transactions or to provide insight or specialist advice on specific legislation, wider industry practice, or tax authority approach. We also use advisors for compliance or routine activity in some cases or locations where this is more cost-effective or operationally sensible.

Group Tax may receive tax advice from third parties, and we seek to engage appropriately qualified and experienced advisors; we will not engage advisors whose principal business involves the production or distribution of tax-avoidance schemes. We are fully compliant with UK legislation for the Disclosure of Tax Avoidance Schemes (DOTAS), the VAT Disclosure Regime (VADR) and the Directive on Administrative Cooperation (DAC) framework.

Our interaction with tax authorities, NGOs and other third parties

Tax authorities

Legal & General principally operates in the UK; however, an increasing proportion of our business is conducted overseas, particularly with our expansion into the US. We undertake to apply the same rigorous principles of transparency wherever we do business.

Where possible and practical, we will discuss new and complex tax positions with relevant tax authorities in real-time. For material issues this is often in advance of the transaction, or for other matters this would generally be before submission of the relevant tax returns. We may request generally available statutory or non-statutory clearances from relevant tax authorities in respect of specific transactions where there is material uncertainty or where the transaction is material to the group company involved. The complexity of tax law means that we may occasionally disagree with tax authorities on the technical interpretation of a particular area of tax law. We seek to resolve any differences of interpretation with tax authorities in a cooperative manner. In exceptional cases, we may resolve disputes through formal proceedings. Tax authorities understand that businesses come in different shapes and sizes, and due to the intricacies of existing legislation, new legislation may have unintended consequences. Consultations on legislation with businesses and business groups allow HMRC to shift the burden of considering detailed implications to taxpayers.

We actively participate in these consultations to the extent they impact our business or our customers, either alone or as part of a wider business forum, with the view to improving the quality and relevance of the legislation. By responding to consultations and taking part in business groups, we seek to mitigate any outcomes which we consider to be inconsistent with the policy objective, or to alert tax authorities to unintended consequences.

Non-governmental organisations (NGOs) and other third parties

Countries' approaches to taxation is increasingly undertaken on a joined-up basis, with harmonisation of requirements facilitated by NGOs, like the OECD and the EU. A need for greater tax transparency on a multinational level has led to the OECD Base Erosion and Profit Shifting (BEPS) framework and the EU Directive for Administrative Cooperation (DAC) framework.

We actively monitor developments as recommendations made by these groups are often adopted by tax authorities. Where appropriate we will respond to consultations on future principles in so far as these could impact us, with the aim of clarifying areas of uncertainty ahead of local implementation.

In preparing this report, we look at various reporting standards published by NGOs and investor bodies relating to tax transparency, to ensure our disclosures remain aligned with the expectations of our shareholders, investors and the wider public, for large corporate groups. We may take part in investor surveys where these relate to tax transparency or wider ESG objectives.

Demystifying tax – useful terms

Corporation tax (paid)
The tax we pay on the profits we earn.

Withholding tax (paid)
The tax we pay on our overseas investment income.

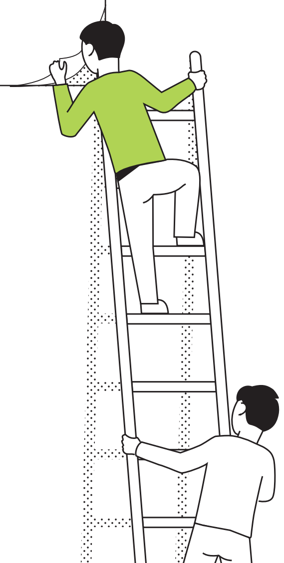
Property taxes (paid)
The taxes we pay on properties and infrastructure we hold as investments and use in our businesses, including business rates, and taxes on transactions when properties are bought and sold.

VAT (paid and collected)
The tax charged on the services we provide, less VAT we can recover on the goods and services we buy.

Payroll taxes (paid and collected)
The taxes we pay on wages earned by employees and collect from employee wages on behalf of governments – primarily PAYE and National Insurance contributions (NIC) in the UK.

Product-related taxes (paid and collected)
The taxes on our products, including income tax collected on pension business and payments to annuity holders.

Transactional (stamp) taxes (paid)
The tax paid on legal transactions in regard to the properties and shares we buy.



This document, published by Legal & General Group Plc on 15 March 2023, complies with its duty under paragraph 16(2) of Schedule 19 of Finance Act 2016 to publish a group tax strategy for the year ended 31 December 2022.

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