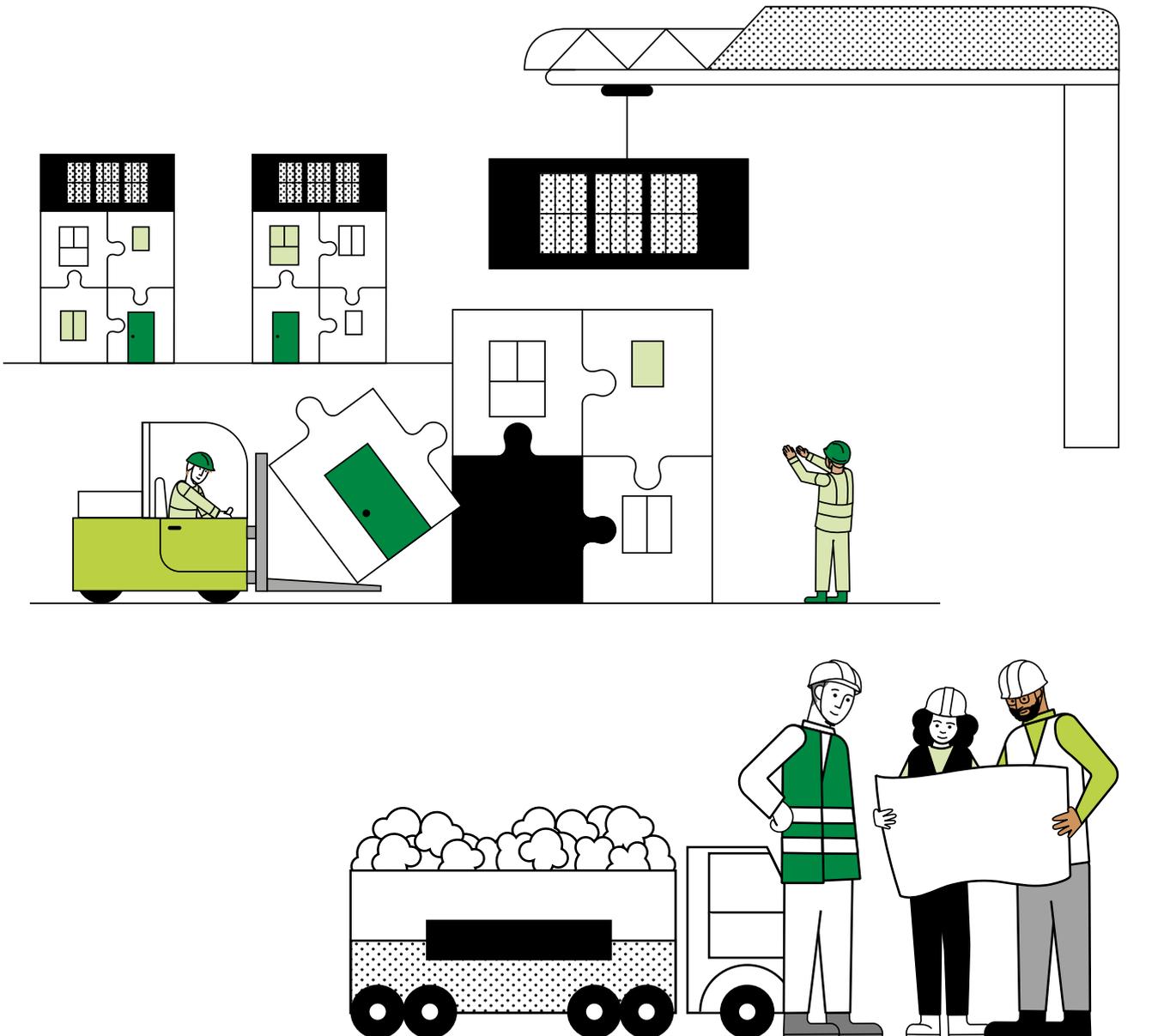


# Modern Slavery and Human Trafficking Statement

2022



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This is our seventh Modern Slavery & Human Trafficking Statement. It is published in accordance with section 54 of the Modern Slavery Act 2015. It sets out the steps taken by Legal & General Group plc ('The Group' or 'We') and its subsidiaries during the year ending 31st December 2022 to prevent modern slavery and human trafficking occurring in its business and value chains."

## **Legal & General Group**

Modern Slavery and Human Trafficking Statement 2022

# About us

Established in 1836, we are a leading financial services group and major global investor, safeguarding people's financial futures.

We're committed to creating a better future for our individual customers and the society in which we live.

We've made it our business to build a stronger, more positive society by making a genuine societal and environmental impact that really lasts and keeps proving that good beyond business is good for business, especially when the outcome is brighter for everyone.

Our purpose is to improve the lives of our customers, build a better society for the long term and create value for our shareholders. This inspires us to use our long-term assets in an economically and socially useful way to benefit everyone in our communities.

This shapes how we work and helps us create our vision of **making a difference through inclusive capitalism.**

## Our approach and commitment to modern slavery

Modern slavery remains a significant global issue and as a global organisation we remain committed to playing our part in helping to eradicate it. This is our seventh Modern Slavery Statement, and it outlines the steps we took in 2022 to prevent slavery and human trafficking in our own operations and supply chain.

We have over 11,000 employees (90% of whom are based in the UK) and our investment management business has £1.2 trillion of assets under management, including investments in real estate and some of the world's largest companies. We are acutely aware that our position enables us to influence, lead and drive positive change in the communities in which we live and work and we take this responsibility very seriously.

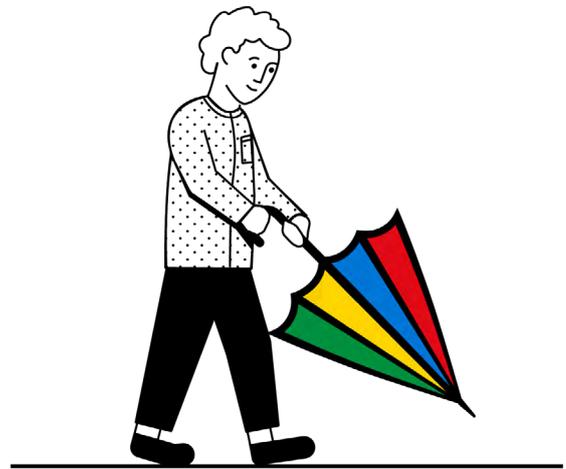
Whether in our direct operations or as investors of shareholder capital and client assets, we are guided by our commitment to inclusive capitalism: a principle which requires us to do business in an economically and socially useful manner. This underpins our approach to understanding modern slavery and taking all possible steps to address the issue.

“

We have remained committed to playing our part in supporting the global aim to eradicate modern slavery.”

**Sir Nigel Wilson**

Chief Executive Officer, Legal & General



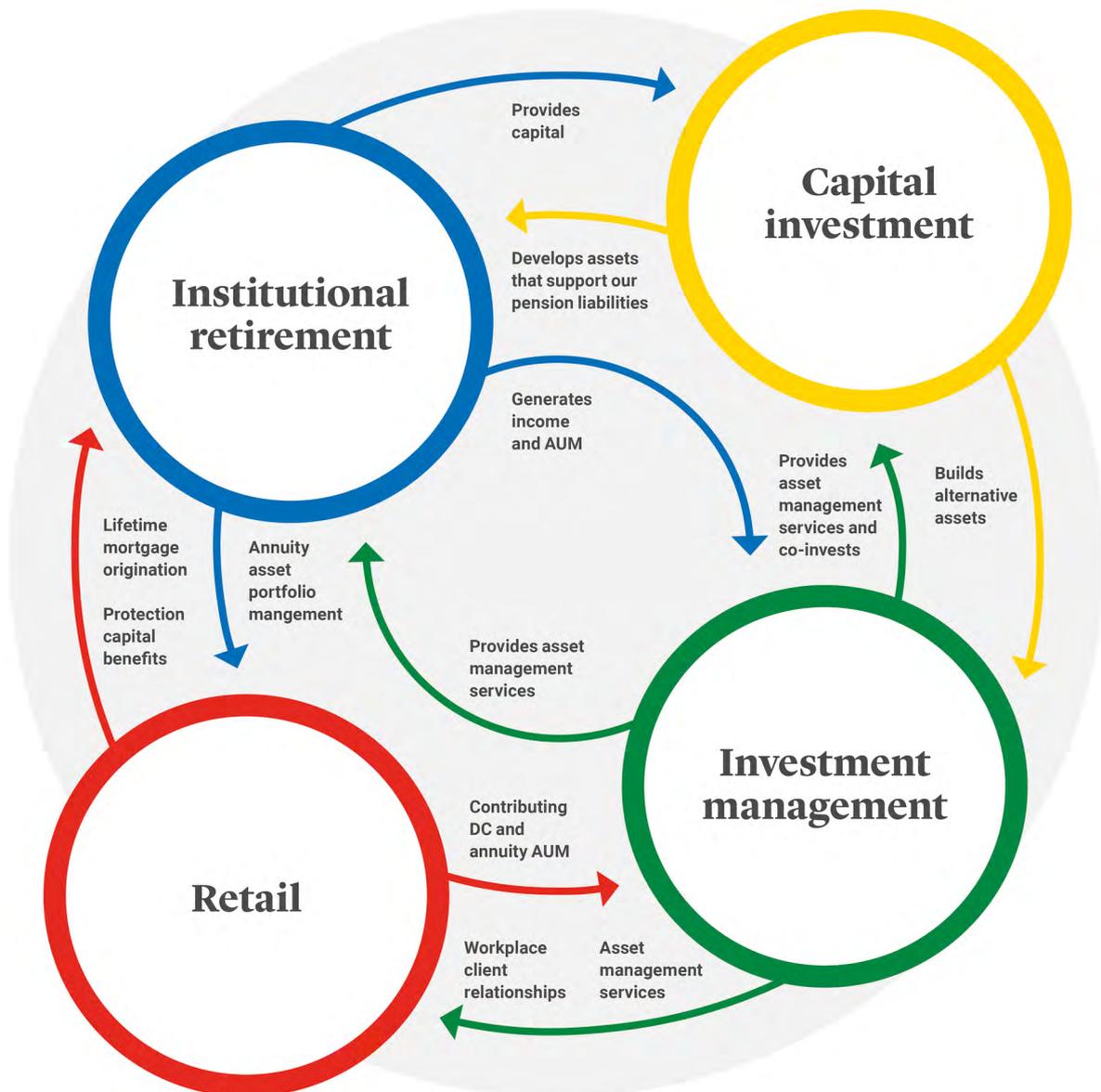
We understand our responsibility to prevent, mitigate and remediate where appropriate the risks of human trafficking, forced, bonded and child labour; and to respect human rights in our operations and our supply chain. We acknowledge that there may be human rights impacts within our value chains, but we will not tolerate a culture that does not take these impacts seriously.

Our Modern Slavery Strategy continues to be aligned with the United Nations Guiding Principles on Business and Human Rights. This strategy is also supported by our Supplier Code of Conduct and Human Rights policies, which apply across the Legal & General Group and its subsidiaries, and set out our obligations to customers, employees and communities in our own operations and supply chain.

We take any breach of our policies or allegations of labour abuse extremely seriously. We provide independent and confidential whistleblowing hotlines that enable our employees, suppliers, and their staff around the world to raise concerns on this or any other issue.

# Our business structure

Our operating divisions work across four broad lines of business, delivering financial services which contribute to the long-term health of the economy and society. These four activities work together to deploy capital where it's needed, and to ensure we meet our obligations to our clients and customers. We do this by investing in profitable, environmentally and socially beneficial ways to create value today and tomorrow.



## ● Retail

We are a leading provider of UK retail retirement and protection solutions and US brokerage term life insurance.

## ● Investment management

We are one of the world's largest asset managers and a major global investor.

## ● Institutional retirement

We provide institutional pension risk transfer solutions, guaranteeing the retirement income for corporate pension scheme members.

## ● Capital investment

We use some of our customers' pension assets, as well as the group's shareholder capital, to make long-term investments in assets such as clean energy, housing and SME finance.

# Our policies



Our human rights agenda holds us and our people to account in operating to high standards within our own business. We are a Real Living Wage Employer (and a member of the Living Wage Foundation), a signatory to the UN Global Compact and an advocate of the UN Guiding Principles on Business and Human Rights and the UN Sustainable Development Goals. We continue to support behaviours which are consistent with International Labour Organisation's Core Conventions. We have incorporated the internationally recognised Ethical Trading Initiative (ETI) Base Code within our Supplier Code of Conduct.

The ETI Base Code is founded on the conventions of the International Labour Organisation (ILO) and is an internationally recognised code of labour practice. It stipulates the following nine provisions:

1. Employment is freely chosen
2. Freedom of association and the right to collective bargaining are respected
3. Working conditions are safe and hygienic
4. Child labour shall not be used
5. National Living wages are paid
6. Working hours are not excessive
7. Discrimination is not practised
8. Regular employment is provided
9. No harsh or inhumane treatment

## Human Rights Policy

This policy applies to all our employees worldwide, anyone doing business for or with Legal & General and others acting on our behalf. This applies to all locations where we conduct business and to all company-sponsored events. The policy stipulates that it is every Legal & General employee's responsibility to maintain a work environment that reflects respect for human rights and is free from all discrimination and harassment.

## Supplier Code of Conduct

The purpose of this policy is to clarify and safeguard the relationship between Legal & General and its suppliers, to establish standards that ensure our suppliers operate ethically, are environmentally responsible and that workers are treated with respect and dignity. Our suppliers must have processes in place to maintain these standards and be able to provide evidence if required.

## Whistleblowing Policy

The whistleblowing policy is proactively communicated to employees and supported by compulsory training programmes for all employees. It is important to us that our employees feel confident and safe in raising ideas, questions and concerns. Our people can also report concerns anonymously.

## Supplier selection

It is important that we only work with suppliers who share our values and vision, particularly on issues as important as human rights and modern slavery. Our Supplier Code of Conduct, as detailed above in the policies section, sets out the standards, ethics, rights and responsibilities that govern the relationships our business has with its value chain partners. We hold regular discussions with material<sup>2</sup> key suppliers about working standards within the value chain and, after onboarding, continue to work with each supplier to drive improvement within the business.

We are further enhancing our due diligence during the sourcing process to ensure that we appropriately test, measure and score suppliers bidding for new business to ensure we only select those aligned with our values.

## Due diligence

For the past five years, we have had methods of due diligence in place, such as supplier questionnaires and clauses within supplier and partner contracts, which ensure compliance with the Modern Slavery Act 2015.

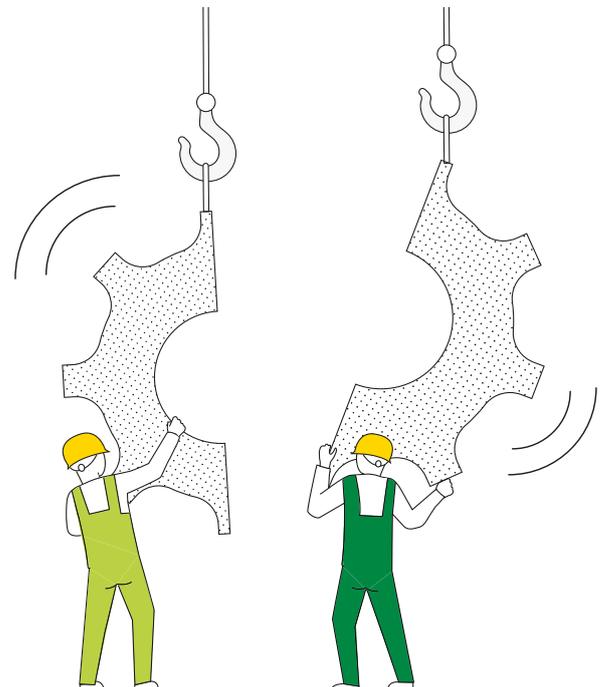
We continued to work with Achilles in 2022 within our Real Assets business. Achilles undertook specialist construction site audits and the resultant findings were consistent with audit findings from the construction sector as a whole. No incidents of modern slavery were noted or reported in 2022.



## Escalation, whistleblowing and grievance mechanisms

- Within our Real Assets business, we reviewed the escalation policy should there be an occurrence of modern slavery and made positive changes to improve internal and external escalation procedures.
- All employees have access to the Employee Handbook, which contains details of all our human rights related policies, such as Whistleblowing, Grievance and Disciplinary policies.
- Our Supplier Code of Conduct requires our suppliers to adhere to the Modern Slavery Act 2015. We check for grievance and whistleblowing mechanisms during site visits and in audits where they are deployed.

In the UK, government and charity-led reporting mechanisms can lead to forms of remedy for potential victims of trafficking and slavery. However, we know that this is not necessarily available in other countries at present, so our response should any issue come to light overseas would be tailored specifically to that country and include work on the ground with credible non-governmental organisations, charities and consultants.



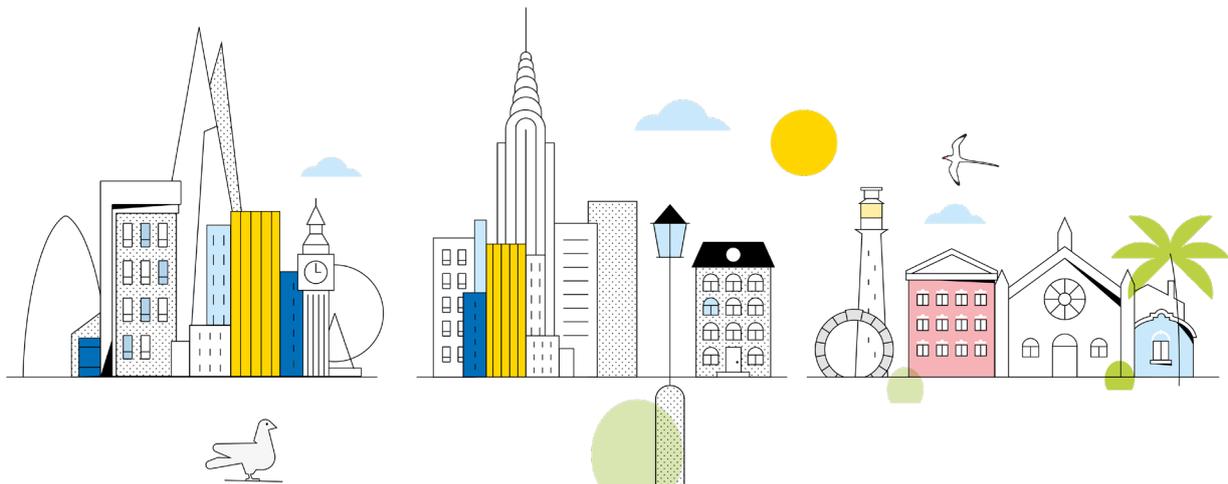
## Risk assessment

As a diverse organisation, the risk of modern slavery and human trafficking varies across the business. The following table outlines each of our business units and the corresponding risk profile in terms of modern slavery and human trafficking. This helps us to identify where the highest risks and pressure points are in the business and where extra focus and resource is needed. This list is regularly reviewed.

High	Medium	Low
<p>The following business units all fall under construction and as a result are classified as high risk. Construction is a high-risk industry with extensive use of self-employed, contracted, temporary and irregular labour as well as a relatively high use of migrant workers and a mixture of skilled and unskilled labour.</p> <p>Legal &amp; General businesses considered high risk:</p> <ul style="list-style-type: none"> <li>• Cala</li> <li>• Inspired Villages</li> <li>• Real Assets</li> <li>• Urban Regeneration - our large-scale development projects where we primarily work with large, tier one contractors</li> <li>• Modular Homes</li> </ul>	<p>The following business units are considered medium risk:</p> <ul style="list-style-type: none"> <li>• Affordable Homes</li> <li>• Suburban Build to Rent</li> <li>• Property and Workplaces - building maintenance and management of our offices which includes responsibility for higher-risk services such as cleaning and security.</li> </ul>	<p>The following business units are considered low risk:</p> <ul style="list-style-type: none"> <li>• Group IT - IT service and hardware are low risk industries. Although often outsourced, it requires a skilled and educated labour force which is deemed a lower modern slavery risk.</li> <li>• Group (non-construction, e.g., Human Resources, Finance, investment management, actuarial, customer service) - products and services procured are low risk industries and well paid labour.</li> </ul>

Our areas of higher risk are in the construction industry and our home building, real estate investment and asset management businesses all operate in this area. We are aware that unscrupulous businesses and criminal gangs continue to target construction businesses and consequently we remain vigilant to the threat of forced labour and modern slavery in this sector. With regard to our Modular Homes business, the factory has employees who are directly employed by Legal & General and we would therefore define this factory as medium-low risk in terms of modern slavery and human rights. However, the construction sites which often employ sub-contractors are deemed higher risk.

In 2021, we entered a 15-year joint venture partnership with NatWest Group Pension Fund, aiming to expand Inspired Villages' portfolio of retirement villages. The villages themselves, which are complete and occupied with residents, are considered medium risk but the sites that are currently being developed are classified as high risk given we are hiring contractors and procuring materials such as wood, steel and bricks. Value chains for these products can be at higher risk of modern slavery practices in certain places around the world.



# Key updates from 2022

## Real Assets

- Real Assets, part of our investment business, is one of the UK's largest owner-operators of commercial real assets. The platform is composed of equity and private credit with the equity business including real estate. We have a pivotal role to play in driving positive change through our investment decisions and active engagement with all our key stakeholders – investors, occupiers, borrowers, local communities and partners across our supply chain. The construction and operation workforce across the real estate portfolio is indirect by appointment to industry specialists and we work closely with them to meet their obligations on modern slavery prevention practices.
- Within the Property Development Team in the Real Assets business, a Modern Slavery Policy was developed and implemented on all new construction and building refurbishment projects with costs of more than £1million. We set standards for our consultant project managers to engage and collaborate with the main contractors to ensure they recognised their responsibilities for preventing and identifying modern slavery and human trafficking in their projects. This included hosting an in-person workshop run jointly with Stronger Together for our development and project managers, aimed to help the contractors establish their own frameworks and approaches to employment rights and modern slavery prevention in line with the Modern Slavery Act. The attendees welcomed the additional guidance and expertise in areas such as investigating, training and auditing.
- Our Modern Slavery Policy requires the main contractor on the project to:
  - Plan for any risk of modern slavery and human trafficking at an early stage in the project / development process.
  - Prepare and submit to Legal & General, a modern slavery risk project plan and strategy which stipulates that all stakeholders involved in the overall development (this might involve other sub-contractors) are required to sign up to / follow the GLAA protocol and adhere to the escalation requirements for a relevant breach under the Modern Slavery Act.
  - Ensure that the project has robust procurement methods, training, relevant communications (e.g., talks, notices and leaflets on site to enable modern slavery to be recognised, reported discreetly and remediated to protect the victims).
  - Arrange relevant modern slavery and responsible employment audits at appropriate stages, and to manage the remediation against actions raised.
  - Record all updates on a central database for auditing purposes.
- In 2022, 60 modern slavery risk plans were collated via our Project Managers and 32 detailed strategy plans by our main contractors. Six independent audits took place on construction sites in 2022, from which five generated minor employment contract queries which were promptly addressed further down the supply chain.

## Cala Homes

- Cala Homes is a UK national house builder, headquartered in Scotland with eight regional offices located throughout the UK. All its operating sites are currently in Scotland and England. Its main business activities are acquiring land for development and building premium homes. During 2022, Cala undertook the following action in respect of modern slavery:

### Employee training

- Cala maintained its high quality of employee training – raising awareness of the principal indicators of modern slavery.

### Memberships

- Cala maintained its memberships of the Supply Chain Sustainability School (labour group) and the GLAA Construction Forum, to drive improvements and progress across the industry.

### Suppliers and Subcontractors

- Cala continued to engage and collaborate effectively with its suppliers and subcontractors in respect of its compliance requirements with the Act and its collective understanding and transparency of the actual workforce on its sites and in its supply chains.

### Posters and awareness materials

- Cala continued to display posters, and other guidance materials, throughout its sites to highlight its commitment to preventing modern slavery and provided a direct hotline as well as a whistleblowing contact telephone number.

### Training

A training module designed to educate employees on the risk of modern slavery in workplaces, how to spot potential victims of modern slavery and how to report any instances was made available to all UK employees in 2022.

### Industry collaboration

We understand that collaboration is vital to tackling modern slavery in businesses and we will continue to work with business peers and industry bodies to help deliver this agenda.

We are members of the GLAA Construction Protocol. We actively collaborate with industry bodies such as the Homebuilders Federation and participate and collaborate in initiatives such as the Construction Clients Leadership Group and the Considerate Constructors Scheme.

In our capacity as an asset manager and an investor in listed companies, we were participants in an initiative spearheaded by Rathbones to call to account any FTSE 350 companies that may not be complying with the Modern Slavery Act 2015.

Collaborations in this space are critical in ensuring all businesses continue to play their part in helping to eradicate modern slavery. Being part of these groups also enables us to support peer businesses, learning from and challenging each other.

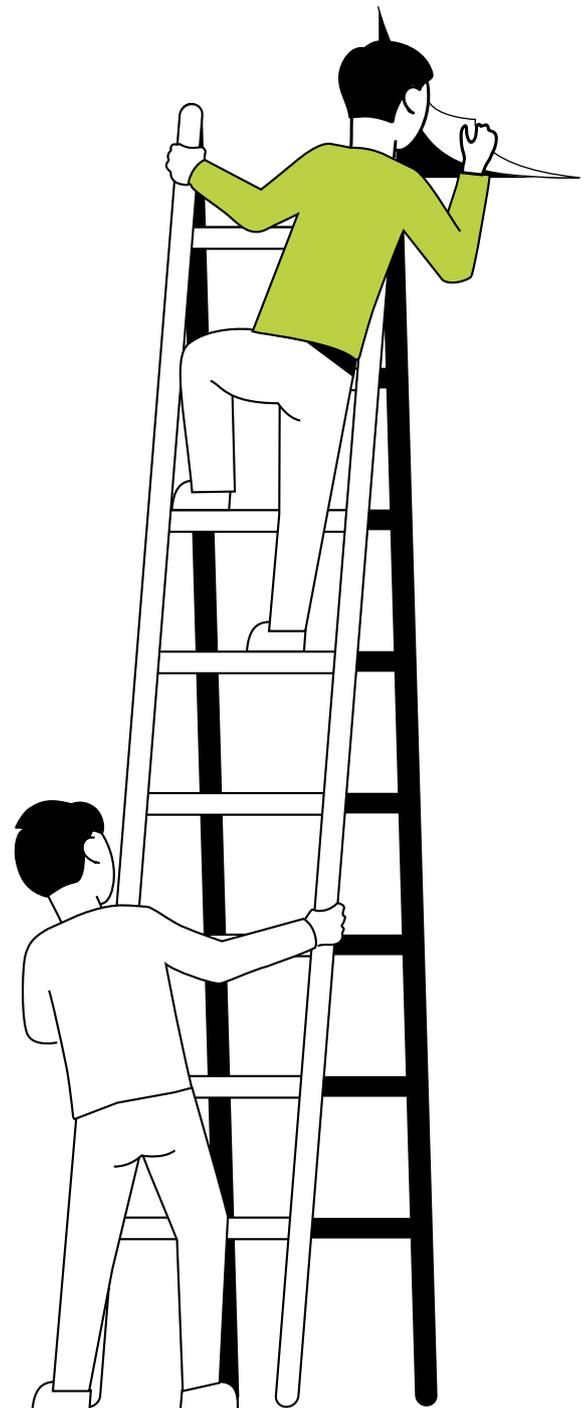
### Governance

We operate a robust committee and governance structure to manage our obligations on modern slavery effectively.

The Modern Slavery and Human Rights Committee brings together representatives from across our business who work collectively on this topic, ensuring the risk of modern slavery and human trafficking in our operations and supply chain is minimised. The meetings are chaired and facilitated by the Group Sustainability team which oversees all aspects of social sustainability including modern slavery for the Group.

While accountability for day-to-day prevention of modern slavery remains with our operating businesses, the Group Sustainability team provides a central point of oversight which helps us to coordinate governance and reporting of modern slavery issues. Also represented on the Committee is Unite, our recognised trade union in the UK. Their involvement helps us meet one of the provisions of the ETI base Code which is that 'Freedom of association and the right to collective bargaining are respected'.

The Modern Slavery and Human Rights Committee reports annually on its progress to the Group Board.



This statement is made and published in accordance with Section 54 of the Modern Slavery Act 2015.

This statement applies to all companies within the Legal & General group that are required to produce a statement, as listed in the Appendix. The statement has been approved by the Board of Legal & General Group plc on 7 March 2023 and has been signed on its behalf by Sir Nigel Wilson, CEO of Legal & General Group plc.

A handwritten signature in black ink, appearing to read 'Nigel Wilson', written in a cursive style.

**Sir Nigel Wilson**

**CEO, Legal & General Group plc**

**March 2023**

# Appendix: Scope of Statement

**This statement covers the following subsidiary companies of Legal & General Group plc that are required to have a statement under the UK Modern Slavery Act 2015.**

CALA Group (Holdings) Limited

CALA Management Limited

Inspired Villages Group Limited

Legal & General Affordable Homes (Development 2) Limited

Legal and General Assurance (Pensions Management) Limited

Legal & General Assurance Society Limited

Legal & General Capital Investments Limited

Legal & General Finance PLC

Legal & General Home Finance Limited

Legal & General Investment Management (Holdings) Limited

Legal & General Investment Management Limited

Legal & General Pensions Limited

Legal & General Property Limited

Legal & General Resources Limited

Legal & General Surveying Services Limited

Legal & General (Unit Trust Managers) Limited

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